

**Consolidated  
non-financial  
statement pursuant  
to Legislative  
Decree No. 254 of  
30<sup>th</sup> December 2016**

**Sustainability  
Report**

**2018**

*Translation from the Italian original which remains  
the definitive version*

**UBI**  **Banca**  
UNIONE DI BANCHE ITALIANE

Unione di Banche Italiane Joint Stock Company  
in abbreviated form UBI Banca

Head Office and General Management: Piazza Vittorio Veneto 8, Bergamo (Italy)  
Operating offices: Bergamo, Piazza Vittorio Veneto 8; Brescia, Via Cefalonia 74  
Member of the Interbank Deposit Protection Fund and the National Guarantee Fund  
Belonging to the IVA UBI Group with VAT No. 04334690163  
Tax Code, VAT No. and Bergamo Company Registration No. 03053920165  
ABI 3111.2 Register of Banks No. 5678 Register of Banking Groups No. 3111.2  
Parent company of the Unione di Banche Italiane Banking Group  
Share capital as at 31<sup>st</sup> December 2018: EUR 2,843,177,160.24 fully paid up  
PEC address: ubibanca.pec@pecgruppoubi.it

[www.ubibanca.it](http://www.ubibanca.it)

*Banking plays an important role in everyday life, supporting the financial decisions of individuals, families, enterprises and social organizations. This is even more the case at times of upheaval, with the emergence of new risk categories and requirements.*

*UBI Banca is one of Italy's leading retail banks. It is profoundly conscious of its responsibility as a decisive player in the country's economy, a responsibility that requires the ability both to listen and to communicate in the field in order to give direction to economic, as well as social, environmental and sustainable development issues.*

*Given this role, UBI Banca plans to implement its vision of a Bank of unique quality: solid, reliable, efficient and accessible. A bank that makes people's lives simpler and supports the local economy, finding new ways to create value by meeting the needs of customers, local communities and investors, and improving relations with its employees and suppliers. It does this by prioritizing regulatory compliance and respect for people and the environment, helping to promote the universal principles of the [Global Compact](#), of which UBI Banca is a signatory, and to implement the [Sustainable Development Goals \(SDGs\)](#) announced by the UN's 2030 Agenda.*



*Implementation of this vision depends on a sustainable growth strategy embodied by the principle of good banking, or “[Fare banca per bene](#)” (to bank fairly and well). In the first place, this means offering every customer excellent products, services and relations by combining simplicity, quality and innovation, knowing how to meet a healthy demand for credit, which creates growth, and managing customers' wealth responsibly. But “to bank fairly and well” also means contributing to the wellbeing of the community by supporting social and cultural initiatives and offering the best working conditions, and by cultivating people's talent, passions and commitment.*

*In all these areas, UBI Banca has developed important initiatives and innovations with products and services offering significant social and environmental benefits. For example, the Bank was the first in Italy to provide money transfers using smartphones through the UBI Pay app, and it offers investment products such as UBI Comunità Social Bonds or Pramerica's social and environmental SICAV funds as well as social project finance. More in general, UBI Comunità and UBI Welfare help create shared value for local areas and communities. UBI Banca has received Top Employer certification for several years, thanks to its focus on people and the quality of its work policies, including equal gender opportunities. Attention to the environment takes the form of a constant commitment to reducing CO<sub>2</sub> - the large-scale use of renewable energies is now well established - and the consumption of natural resources for example by increasing the use of recycled paper.*

*Socially useful innovation in banking services requires a constant commitment. This is based on awareness of the Bank's significant social role and we are pleased to see this has been recognized at the highest institutional levels: UBI Welfare, as happened in 2013 for UBI Comunità Social Bond and in 2015 for UBI Pay, was awarded the 2018 National Innovation Award, the "Premio dei Premi", given to UBI Banca by the President of the Senate.*

*There is of course always room for improvement, especially in the role the Bank can play in helping to orient the choices of its customers and suppliers to accommodate important social and environmental issues. This may include the responsible management of new technologies, the fight against corruption and money laundering, the reduction in inequality and poverty and the fight against and adaptation to climate change. However, we are moving in the right direction.*

*Sustainability is now an integral part of Group strategies, with an efficient system of principles, rules and processes, clear attribution of roles and responsibilities and mechanisms for involving stakeholders in identifying important sustainability issues (Corporate Governance). The risk management and internal controls framework is able to predict and manage the main risks in company activities. Specific sustainability goals are also included in the budget process and the Top management incentive programme.*

*In this way and with this level of commitment, UBI Banca will continue to stand out in the market. Its solidity and resilience will enable it to continue to create sustainable value over time for all of its stakeholders.*

Chairman of the Supervisory Board

Andrea Moltrasio

Chairman of the Management Board

Letizia Bricchetto Moratti

# Contents

<b>Group profile</b>	<b>5</b>
Location	5
Dimension	7
Activities and markets served	10
Key changes during the year	12
Commitments to sustainability	13
<b>Sustainability strategy</b>	<b>16</b>
Key impacts, risks and opportunities	17
<b>Corporate governance</b>	<b>21</b>
Governance model	22
Remuneration and incentives	22
Sustainability governance	23
Materiality analysis	26
Risk management	27
<b>Integrity in corporate conduct</b>	<b>28</b>
Values, principles, standards and norms of behavior	28
Compliance	29
Corruption, money laundering and usury	30
Anti-competitive behavior	31
Human rights	31
<b>Creation of value</b>	<b>35</b>
Economic value generated and distributed	35
<b>Customer relation</b>	<b>39</b>
Transparency	40
Responsible sales	40
General Data Protection	41
<b>Commitment to the local economy</b>	<b>43</b>
Local presence	45
Indirect economic impacts	45
<b>Enhancement and wellbeing of personnel</b>	<b>52</b>
Employment and turnover	53
Benefits and work-life balance	55
Occupational health and safety	58
Professional development	65
Training and education	66
<b>Dialogue with Trade Unions</b>	<b>70</b>
Freedom of association and collective bargaining	70
Management of industrial relations	71
<b>Equal opportunities and non-discrimination</b>	<b>72</b>
Equal opportunities	72
Non-discrimination	74
<b>Commitment to the community</b>	<b>75</b>
Access to financial services	76
Financial education	79

Dialogue with local institutions	80
Actions taken for social initiatives	81
Socially responsible investments	88
<b>Commitment to the environment</b>	<b>90</b>
Materials used	91
Energy consumption	92
Emissions	96
Waste	99
Products and services with specific environmental benefits	100
Attachment: calculation method	102
<b>Methodological note</b>	<b>106</b>
Reporting period and standards	106
Reporting content and topic boundaries	106
Approval of the document	109
Contacts	109
External assurance	109
; F=Vbhbh]bXYI	11'

## Group profile

[GRI 102-1 102-3]

Unione di Banche Italiane S.p.A. (UBI Banca in abbreviated form) is the parent bank of the UBI Banca Group (hereinafter also UBI) and was formed on 1<sup>st</sup> 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. Originally a “popular” co-operative bank, UBI Banca acquired its current legal form as an ordinary **joint-stock company** following a resolution of an Extraordinary Shareholders’ Meeting held on 10<sup>th</sup> October 2015 in accordance with Law No. 33 of 24<sup>th</sup> March 2015.

The **registered office** of the Bank is in **Bergamo** and its operating headquarters are in **Bergamo and Brescia**. In accordance with the Articles of Association, the Shareholders’ Meeting is held alternating between the city, or province, of Bergamo and Brescia, while the meetings of the Supervisory and Management Boards alternate between the cities of Bergamo and Brescia and, generally once a year, in the city of Milan.

### Location

[GRI 102-4 FS13]

The Group operates primarily in **Italy** and is active in all regions (except for Sicily), in 1,153 municipalities of 89 provinces.

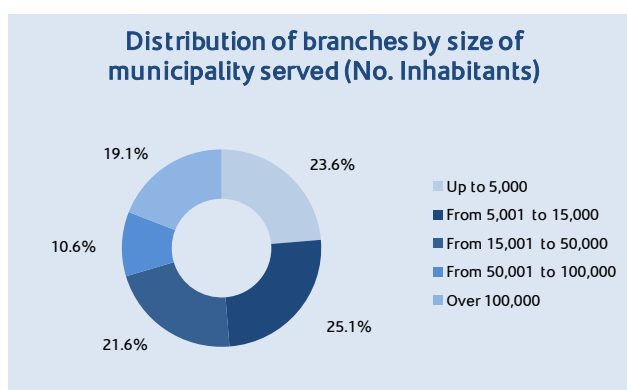
Physical proximity remains a characteristic of the Group's local presence and integration into communities, even in the context of a gradual rationalisation and optimisation of the distribution network as customers make increasing use of digital services. As part of the operations to rationalise the distribution network, 190 branches were closed in 2018, in February (with the integration of Nuova Cassa di Risparmio di Chieti into the Group) and in October.

Most of the branches are in the more developed areas of central and northern Italy, but the Group also has a significant presence in less developed regions<sup>1</sup> (230 branches amounting to 14% of the total) as well as small rural centres and mountain areas (one in 4 branches and one in 5 ATMs are in small municipalities<sup>2</sup>, while in 170 municipalities UBI is the only banking option present).

The **international presence** of the Group is limited to a few branches and representative offices in areas of greater interest in terms of international expansion projects for small and medium-sized Italian enterprises, two companies in Luxembourg and a minority stake in an asset management company in China<sup>3</sup>.

DISTRIBUTION NETWORK	2018	2017
Branches	1,648	1,838
Corporate clients units	81	106
Private banking units	82	82
POS	106,670	101,587
ATM	2,325	2,523
<i>of which:</i>	<i>evolved</i> <sup>1</sup>	
	394	317

<sup>1</sup> ATM equipped to receive payments with banknotes and cheques.



<sup>1</sup> Basilicata, Calabria, Campania and Apulia: regions that receive European Union funding as part of the “Competitiveness and Employment” objective programmes, together with Sicily, where the Group has no branches ([https://ec.europa.eu/regional\\_policy/sources/what/future/img/eligibility20142020.pdf](https://ec.europa.eu/regional_policy/sources/what/future/img/eligibility20142020.pdf)).

<sup>2</sup> Towns with populations of less than 5,000 inhabitants.

<sup>3</sup> Reports and Financial Statements 2018, Consolidated Management Report – *The distribution network and market positioning*.

Overall, the Group is present in 14 countries: 6 in the European Union and 8 elsewhere, none of which are on the Economic and Financial Affairs Council of the European Union (ECOFIN) list of non-cooperative jurisdictions for tax purposes.



(\* Joint-venture in which UBI Banca holds 25% of the total share.  
 (\*\*) Since 1<sup>st</sup> January 2019 it has finished operating.

The Group supports customers with their foreign operations through 37 commercial co-operation agreements with foreign banks and 3 trade facilitation agreements with the European Bank for Reconstruction and Development (EBRD), the International Finance Corporation (IFC) and the Asian Development Bank (ADB).

The development of the [multichannel platform](#) is continuing, with direct channels (digital and telephone) that are gradually expanding their services to complement those provided by the physical channel:

**Customer Service (telephone channel)**, traditionally supports customers with assistance and information on services and products. Since 2018 it has been increasingly integrated into retail sales and after-sales processes. During the year it has handled a total of 1.3 million telephone calls involving call handlers, 30% of which concerned sales and after-sales business activities, as well as 250,000 emails and live chats;

**Digital Channels**, which at the end of 2018 include approximately 1.7 million private individual customers with a digital services contract (47% of customers with a year-on-year increase of 3%, 88% of new account holders), mainly used to obtain information and manage payment instructions (between 60% and 70% of transactions depending on the type). The number of visits to digital channels has increased by 40% compared to 2017, mainly due to the development of the Mobile app channel, which is preferred by 60% of customers with an internet contract. The number of Mobile app visits per customer have increased from 12 to 15 per month;

**Remote selling**, sales and after-sales activities using direct channels (telephone and digital), which in 2018 related to an initial group of products: a) the “specialist online” mortgage which handled approximately 8% of the total new mortgages granted by the Group during the year; b) car insurance policy renewals (mainly on the telephone and the Mobile app); launched early in 2018, this process has reached approximately 15% of the Bank’s total renewals; c) payment of instalments using a Hybrid credit card, 85% of which are performed using direct channels; d) personal loans with the significant launch of making sales using digital processes available through the branch channel (15% of total new loan sales).



## Dimension

[GRI 102-5 102-7:9 308-1:2 414-1:2]

At the end of 2018 UBI Banca was the fourth largest banking group in Italy by all measures (market capitalisation, funding, lending and number of branches)<sup>4</sup>.

SOCIAL DIMENSION		2018	2017
Personnel <sup>1</sup>		20,459	21,463
<i>of which:</i>	<i>employees<sup>2</sup></i>	<i>20,416</i>	<i>21,421</i>
	<i>permanent</i>	<i>98.4%</i>	<i>99.3%</i>
Customers (thousands)		4,414	4,541
	<i>of which private individuals</i>	<i>89.2%</i>	<i>89.0%</i>
Shareholders <sup>3</sup>		138,716	145,700
Suppliers		12,103	12,765
	<i>of which strategic and/or regular on the approved</i>	<i>1,270</i>	<i>1,033</i>

<sup>1</sup> Data include other workers ( temporary workers and interns) at the end of the year. The 2017 data have been restated to take into account of three dismissals and two reinstatements at UBI Banca and a dismissal in UBI Leasing occurred during the year, with backdated effect. For data reported in the 2017 Consolidated non – financial declaration, see the document published on the Group’s website at <http://www.ubibanca.it/pagine/Bilancio-Sostenibilita-IT.aspx>.

<sup>2</sup> Recognised on the payroll.

<sup>3</sup> The information on the Group’s shareholders is the latest available to the company .

ENVIRONMENTAL DIMENSION	2018	2017 <sup>3</sup>
Total floor area of offices and branches (sq.m.) <sup>1</sup>	1,198	1,268
Energy consumption (Gj) <sup>2</sup>	694,115	671,926
CO <sub>2</sub> emission (tons) <sup>2</sup>	18,834.2	15,564.5
Paper consumption (tons)	1,881.6	2,408
Waste product (tons)	2,198	2,081

<sup>1</sup> Floor area on which data are calculated.

<sup>2</sup> Data not include energy consumption outside the organisation and the consequent emissions.

<sup>3</sup> The 2017 data relating to consumptions and CO<sub>2</sub> emissions have been restated to take into account of a consumption adjustment notified after the publication of Consolidated non – financial declaration. For data reported in the 2017 Consolidated non – financial declaration, see the document published on the Group’s website at <http://www.ubibanca.it/pagine/Bilancio-Sostenibilita-IT.aspx>.

## Shareholders and share capital<sup>5</sup>

On 10<sup>th</sup> October 2015, in compliance with the law, a Shareholders’ Meeting resolved to transform UBI Banca into a joint-stock company. The resolution became effective on 12<sup>th</sup> October 2015, the date on which the resolution was filed with the Bergamo Company Registrar. The former “registered shareholders” have now become ordinary shareholders. There is only one class of ordinary shares, each of which grants the bearer the right to vote in a shareholders’ Meeting.

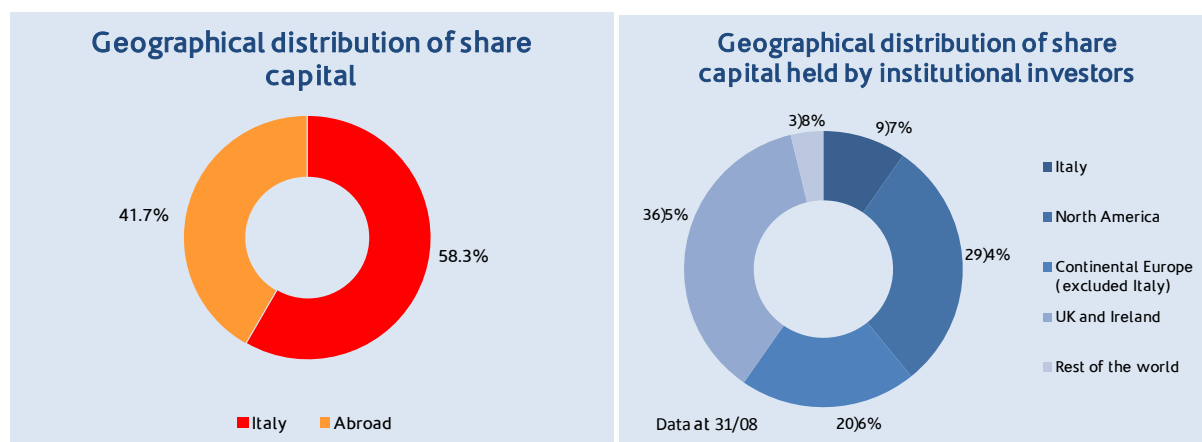
98.5% of shareholders are natural persons and over 66% of them are small investors (owning fewer than 1,000 shares). 87.4% of shareholders live in the regions of northern Italy, most of them in Lombardy (68% of shareholders).

In terms of capital, according to the results of the latest survey on the composition of shareholders, carried out by an external firm on the positions in August 2018, institutional








<sup>4</sup> Reports and Financial Statements 2018, Key figures and performance indicators and Consolidated Management Report – The *distribution network and market positioning*.

<sup>5</sup> Information on shareholders relates to the latest data held by the Bank. Further information, particularly concerning associations formed by shareholders and shareholders’ agreements, is given in the 2018 Report on Corporate Governance and Ownership Structure of UBI Banca S.p.A. in accordance with art.123-*bis* of the Consolidated Finance Law.

investors identified by name (including the Foundations) hold over 50% of the share capital. The 25 largest institutional shareholders of the Bank, with the exception of the Foundations, primarily operate over a medium to long-term time horizon in the following styles: Value (27.8%), Alternative (24.6%), Index (22%) Growth (11.7%), GARP (8.1%), and for the rest, other styles.



The share is covered by 21 brokerage houses, 16 of which are international. On 7<sup>th</sup> January 2019 it was listed with 107 of the main international stock market indices and some of the [leading ethical and sustainability indices](#) at the national and international levels. UBI Banca is also assessed by the main international ethical and sustainability rating agencies.

	ECPI Euro ESG Equity Index		FTSE4Good Index Series
	Euro Ethical Index, Euro CSR Index, Sustainable Index (rating A++) <sup>6</sup>		Italian Index, Italian Banks Index (rating EE) <sup>7</sup>
	Rating BBB <sup>8</sup>		Rating Average performer <sup>9</sup>
	Rating C <sup>10</sup> (Status Prime)		

## Personnel

99.8% of the Group's personnel are employees, almost all of them on permanent contracts. During the year there were an average of 43 other workers (temporary workers and interns) (43.9% women), almost all of whom were students on internships under arrangements with their universities.

<sup>6</sup> Axia rating scale: B, B+, B++, B+++, A, A+, A++, A+++.

<sup>7</sup> Standard Ethics rating scale: E-, E, E+, EE-, EE, EE+, EEE-, EEE, EEE+.

<sup>8</sup> MSCI rating scale: CCC, B, BB, BBB, A, AA, AAA.

<sup>9</sup> Sustainalytics rating scale: Underperformer, Average performer, Outperformer.

<sup>10</sup> ISS-Oekom rating scale: D-, D, D+, C-, C, C+, B-, B, B+, A-, A, A+ (from C qualification Prime).

EMPLOYEES BY GENDER AND EMPLOYMENT CONTRACT	2018			2017 <sup>1</sup>		
	Men	Women	Total	Men	Women	Total
Permanent	11,522	8,576	20,098	12,178	8,883	21,061
On temporary contracts	41	36	77	73	77	150
Apprentices	114	127	241	99	111	210
<b>TOTAL</b>	<b>11,677</b>	<b>8,739</b>	<b>20,416</b>	<b>12,350</b>	<b>9,071</b>	<b>21,421</b>
Full time	11,471	5,984	17,455	12,155	6,409	18,564
Part time	206	2,755	2,961	196	2,663	2,859

EMPLOYEES BY EMPLOYMENT CONTRACT AND GEOGRAPHICAL AREA	2018			2017 <sup>1</sup>		
	Permanent	Temporary	Total	Permanent	Temporary	Total
North	13,258	65	13,323	13,670	143	13,813
Center	5,137	2	5,139	5,480	3	5,483
South and islands	1,894	9	1,903	2,063	3	2,066
Abroad	50	1	51	58	1	59
<b>TOTAL</b>	<b>20,339</b>	<b>77</b>	<b>20,416</b>	<b>21,271</b>	<b>150</b>	<b>21,421</b>
With different residence province	4,086	32	4,118	4,183	67	4,250

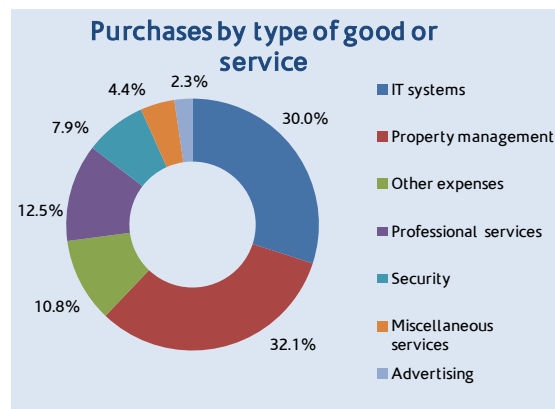
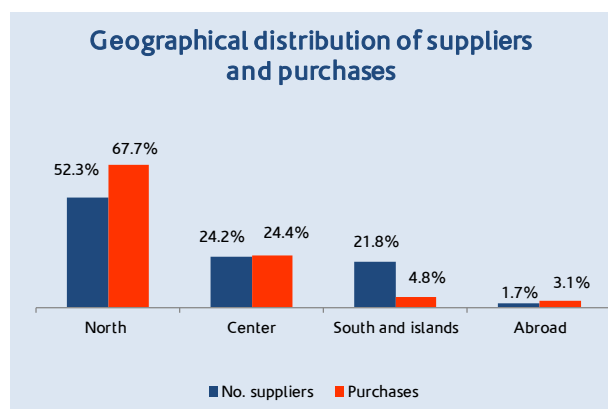
<sup>1</sup>The 2017 data have been restated to take into account of three dismissals and two reinstatements at UBI Banca and a dismissal in UBI Leasing occurred during the year, with backdated effect. For data reported in the 2017 Consolidated non – financial declaration, see the document published on the Group's website at <http://www.ubibanca.it/pagine/Bilancio-Sostenibilita-IT.aspx>.

WORKERS (excluding employees) BY GENDER AND EMPLOYMENT	2018			2017		
	Men	Women	Total	Men	Women	Total
Temporary workers	-	2	2	-	-	-
Interns	23	18	41	23	19	42
<b>TOTAL</b>	<b>23</b>	<b>20</b>	<b>43</b>	<b>23</b>	<b>19</b>	<b>42</b>

GROUP WORKFORCE	2018			2017		
	Men	Women	Total	Men	Women	Total
Total workers including employees	11.700	8.759	20.459	12.373	9.090	21.463

## Suppliers

The Group operates almost exclusively in Italy and 97% of purchases are from local suppliers, defined as suppliers resident in Italy. Where possible and appropriate, depending on the type of products or services purchased, use is made of suppliers that operate near our individual operating premises.



The Purchasing Department of UBI Sistemi e Servizi manages the purchasing cycle for Group companies in compliance with the provisions of the [Group Spending Regulations](#). These Regulations, which apply to all Group companies, govern the roles and responsibilities of those involved in 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.

The Group's Code of Ethics has a specific section on relations with suppliers, which must be oriented towards mutual satisfaction and be based on the observance of the principles of transparency, fairness, loyalty, integrity and competition<sup>11</sup>.

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. Contract clauses provide for UBI Sistemi e Servizi to have the right to verify or have verified by its agents that the supply of goods or the provision of services is carried out and that this complies with the applicable legislation.

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 €30,000.00<sup>12</sup> are listed on a Register of approved suppliers and managed using the [Supplier Portal](#). At the end of 2018, 1,270 suppliers were listed in the register (+22.9% compared to 2017 as a result of 250 new suppliers and 13 removed from the list).

The preferred suppliers for each commodity category are identified by giving each of them a [Global Score](#), 50% of which reflects the input score (which in turn is determined 60% by economic and capital soundness from external databases and 40% by certifications<sup>13</sup> and overall turnover); the remaining 50% of the score is obtained through periodic performance assessments (which in turn are determined 60% by fiscal responsibility assessment data and 40% percent by competitiveness assessments conducted by the Purchasing Department).

## Activities and markets served

[GRI 102-2 102-6 FS6]

The Group primarily provides retail banking and financial services for households, businesses and Third Sector organisations. The majority of the balance sheet assets (71.2%) are loans to customers and only 12.5% of them consist of financial assets (Italian and other corporate and government securities - particularly in Europe, but also in emerging nations - and, marginally, equity instruments and UCITS shares).<sup>14</sup>

CUSTOMER PORTFOLIO BY MARKET (Loans in millions of euro)		2018		2017	
Retail Market		44,393.1	57.4%	46,264.9	59.2%
of which:					
	Mass	27,033.3	60.9%	27,944.3	60.4%
	Affluent	3,787.4	8.5%	3,838.0	8.3%
	Small Business (small economic operators and SME)	12,776.4	28.8%	13,623.8	29.4%
	Authorities and institutions	796.1	1.8%	858.8	1.9%
Corporate Market		32,069.4	41.4%	30,942.0	39.6%
Private Market		953.6	1.2%	923.0	1.2%
<b>TOTAL</b>		<b>77,416.1</b>	<b>100.0%</b>	<b>78,129.8</b>	<b>100.0%</b>

Data include customers of UBI and IWBANK.

<sup>11</sup> Code of Ethics, paragraph 6.5, Relations with suppliers.

<sup>12</sup> The Portal enables each supplier intending to register to view and accept the "Rules on the use of the supplier portal of Unione di Banche Italiane Group", the "Privacy statement pursuant to art.13 of Legislative Decree No. 196 of 30<sup>th</sup> June 2003" and the "Code of Ethics and 231 Model Statement".

<sup>13</sup> Certifications: quality (ISO 9001 or equivalent), social (SA8000, OHSAS 18001 or equivalent), or environmental (ISO 14001 or equivalent, EMAS registration, listed on the Register of Environmental Operators).

<sup>14</sup> Reports and Financial Statements 2018, Consolidated Management Report - *Commercial activity and Financial activities*.

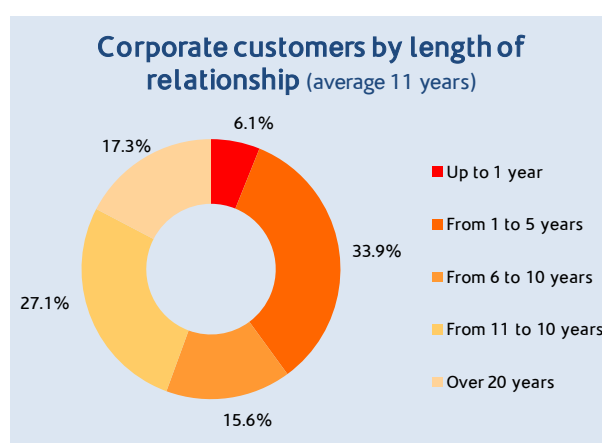
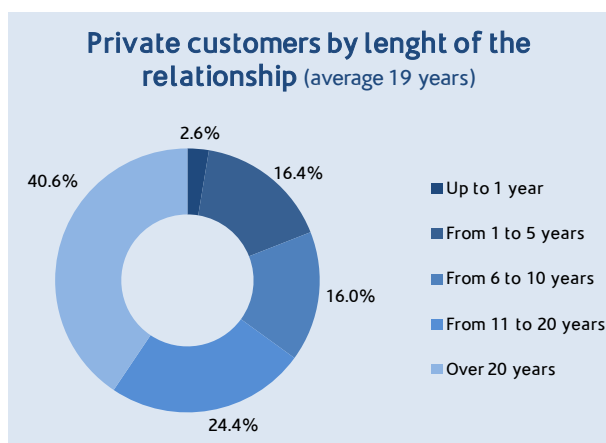
CUSTOMER PORTFOLIO BY NATURE AND DIMENSION (Loans in millions of euro)		2018		2017	
Private Individuals		31,774.3	41.0%	32,705.3	41.9%
of which:	Mass	27,033.3	85.1%	27,944.3	85.4%
	Affluent	3,787.4	11.9%	3,838.0	11.7%
	Private	953.6	3.0%	923.0	2.8%
Businessess		44,845.8	58.0%	44,565.8	57.0%
of which:	Small Business (small economic operators and SME)	12,776.4	28.5%	13,623.8	30.6%
	Corporate (SME)	16,238.0	36.2%	16,574.6	37.2%
	Large Corporate	15,831.4	35.3%	14,367.4	32.2%
Authorities and institutions		796.1	1.0%	858.8	1.1%
<b>TOTAL</b>		<b>77,416.1</b>	<b>100.0%</b>	<b>78,129.8</b>	<b>100.0%</b>

Data include customers of UBI and IWBank.

CUSTOMER PORTFOLIO BY NATURE AND GEOGRAPHICAL AREA (Loans in millions of euro)		2018		2017	
Private Individuals		27,314.1	48.2%	27,948.3	47.6%
of which:	North	16,855.8	61.7%	17,064.7	61.1%
	Center	7,591.8	27.8%	7,974.0	28.5%
	South and islands	2,866.5	10.5%	2,909.6	10.4%
Businessess		29,406.4	51.8%	30,770.9	52.4%
of which:	North	19,162.8	65.2%	19,748.2	64.2%
	Center	7,379.3	25.1%	8,260.1	26.8%
	South and islands	2,826.6	9.6%	2,713.0	8.8%
	Abroad	37.8	0.1%	49.7	0.2%
<b>TOTAL</b>		<b>56,720.5</b>	<b>100.0%</b>	<b>58,719.2</b>	<b>100.0%</b>

Data include customers of UBI and IWBank; Data don't include unallocated loans by geographical area, equal to 20,695.6 millions of euro.

The geographical distribution of funding and lending shows a preponderance of northern Italy, and more specifically Lombardy, as the Group's main market.<sup>15</sup>



In line with the composition of the Italian population, 3.6% of private individual customers are nationals who have emigrated from non-European countries.

The distribution of loans to businesses is consistent with our mission to support local economies: more than half of the Group's business involves manufacturing and service

<sup>15</sup> Reports and Financial Statements 2018, Consolidated Management Report – *The distribution network and market positioning.*

companies in a wide range of economic sectors, and primarily manufacturing, property, trade, and construction activities. The Group's customers are predominantly small and medium-sized enterprises, which in total account for two thirds of loans to businesses.

The distribution network is based on seven Macro Geographical Areas, along with the Bank's online brand (IWBANK Private Investments) and product companies (Pramerica and Pramerica Management Company, UBI Leasing, UBI Factor, UBI Trustee, Prestitalia and Bancassurance Popolari). IT activities and other support functions are managed by UBI Sistemi e Servizi, while training and professional and managerial development is carried out by UBI Academy.

IWBANK Private Investments mainly operates through two channels: the network of financial advisors for asset management products and an Online Trading platform that gives retail customers direct access to financial markets with two platforms, one free-of-charge and the other paid for.

## Key changes during the year

[GRI 102-10]

The project to integrate the New Banks was completed during the first quarter of the year with the merger of Banca Teatina, leading to the creation of the Chieti District Headquarters within the Marches and Abruzzo Macro Geographical Area and further local units with responsibilities including the management of problem credit within their area.

Substantial organisational changes at the Parent<sup>16</sup> were designed to strengthen compliance, risk management and governance by:

- assigning the role of Chief Compliance Officer to the Compliance Area Manager, in order to further increase the visibility and importance of Compliance, both within and outside the Group;
- reallocating anti-money laundering safeguards from the Chief Risk Officer to report directly to the Chief Executive Officer and the Management Board in order to ensure and facilitate the complete independence of the assessments;
- reallocating the Internal Validation unit to report directly to the Chief Risk Officer in order to strengthen the effectiveness and independence of the function;
- reorganising the units reporting to the Chief Audit Executive in order to optimise the supervision of activities, with a focus on increased enforceability;
- reinforcing the unit responsible for the Recovery and Resolution Plan, under the Chief Financial Officer, and the governance of conflicts of interest under the Chief General Counsel.

The main actions taken in the commercial area concerned the following:

- reviewing the approach to Customer segmentation, accelerating the programme of migration to direct channels and the redefinition of network roles, with a view to simplifying and strengthening commercial roles, introducing new roles and branch models in line with the new services models being offered;
- reorganising the units within Corporate & Investment Banking, strengthening both their areas of specialisation and the organisational separation between product units and sales units (creating a unit within Global Markets Sales to co-ordinate services for the provision of sales, consultancy and the execution of transactions, establishing a staff unit for Support and Controls to manage projects, controls and updates to regulations);
- reallocating complaints management and ADR (Alternative Dispute Resolution)<sup>17</sup> under the Chief Commercial Officer within the Customer Satisfaction unit, establishing a business unit to handle grievances and customer reports before a complaint is raised, in order to resolve problems as promptly as possible;

---

<sup>16</sup> Reports and Financial Statements 2018, Consolidated Management Report - *Significant events in 2018*.

<sup>17</sup> With the exception of appeals to the Financial Banking Arbitrator (ABF) and Arbitrator for Financial Disputes (ACF).

- implementing the unit responsible for managing the online channel under the Chief Commercial Officer, to improve the level of service offered through increased specialisation as a result of the merger of commercial, credit and operational-accounting activities into specialist units;
- establishing and consolidating the model for providing specialist support to the commercial network under the Chief Wealth and Welfare Officer, with reference to both the [Life and Pension](#) sector and the [Welfare and Protection](#) sector, through the creation of units to co-ordinate product specialists on the ground by their areas of responsibility;
- improving the administration of activities to regularise credits under the Chief Lending Officer through a reorganisation of the units responsible away from a categorisation by type of activity to one by geographical area, in order to enable each file to be managed in a consistent, timely and precise way throughout its life cycle.

IWBank, UBI Factor and Pramerica have also been affected by reorganisation of the business management units with the objective of making their commercial action even more effective. Lastly, the structure of the insurance company Bancassurance Popolari has been reviewed in line with the supervisory regulations concerning corporate governance and the internal control system.

## Commitments to sustainability

[GRI 102-12:13]

UBI Banca has governance mechanisms that comply with the requirements of the [Corporate Governance Code for Listed Companies](#), issued in 1999 by the committee for Corporate Governance formed by Borsa Italiana and updated in July 2015,<sup>18</sup> and maintains the commitment made in 2003 by the then BPU Banca, by endorsing the ten universal principles of the [Global Compact](#) in favour of human rights, the protection of labour and the environment and the fight against corruption.



In the commercial context the Group complies with the [European Code of Conduct on Home Loans](#) signed by the European consumer and banking associations and with the principles of the [Code of Marketing Communication Self-Regulation](#) of the “Istituto di Autodisciplina Pubblicitaria” (Italy’s advertising standards authority), first issued in 1966. In 2014 it adhered voluntarily to the “Italian Responsible Payments Code” promoted by Assolombarda (Lombard employers association), making a commitment to comply with terms and conditions agreed for the payment of suppliers and more generally to spread a culture of efficient, punctual and rapid payment practices. To date, contracts with suppliers provide for a maximum deferral of payment of 90 days (0.07% of the total from date of invoice and 0.52% of the total at end of month from date of invoice). The average payment period in 2018 was 31 days.

UBI Banca is also a member of sector associations and organisations that support initiatives and carry out projects to promote and disseminate good corporate social responsibility and sustainability practices:

- [Fondazione Sodalitas](#), whose mission is to contribute to the development of the Third Sector and the growth of a corporate social responsibility culture. UBI Banca takes an active part in various initiatives and supports the Sodalitas Social Innovation award and the Sodalitas Cresco Award for sustainable cities (UBI Banca is on the Steering Committee);
- [Social Value Italia](#), an association which promotes the development in Italy of a culture and the practice of social impact assessment as well as the use of methods to measure it (UBI Banca is a founding member and it is represented on the Management Board);



<sup>18</sup> Reports and Financial Statements 2018, Report on Corporate Governance and Ownership Structure of UBI Banca S.p.A.

- **Fondazione Triulza**, whose mission is to be a special centre for representing the needs and proposals of organisations in civil society in order to encourage the active involvement of citizens and ensure that their acceptance and inclusion (UBI Banca is a supporting member); in 2018 Triulza Foundation, alongside UBI Banca, which works on this as a supporting member, established the Social Innovation Academy within MIND (Milano Innovation District), to test and develop new proposals for training and projects in all areas of social innovation and sustainable development;
- **Social Impact Agenda per l'Italia**, an association founded to continue the activities of the Italian Advisory Board of the Social Impact Investment Task Force (SIIT). The association is part of the Global Social Impact Investment Steering Group (GSG) with the intention of making a contribution to achieving the 40 recommendations included in the Italian report *“La Finanza che include”* (inclusive finance) and strengthening social entrepreneurship through the development of social impact investments (UBI Banca is a founding member and it is represented on the Management Board);
- **Associazione Bancaria Italiana (ABI - Italian Banking Association)**, **ABI Lab** (Centre for banking research and innovation) as part of which there are working groups and observatories including the **Working Group on Financial and Social Inclusion and Bank-Migrant Relationships**, the **Consumer Bank Working Group**, which also deals with issues of access to banking, the Working Group on Banking Activities, the Environment and Climate Change the Observatory on Green Banking and the Observatory on Banks and the Green Economy;
- **Associazione Italiana degli Analisti e Consulenti Finanziari (AIAF – Italian association of financial analysts and advisors)**, whose aims are to develop the profession of financial analyst and advisor, to oversee professional qualification to the highest standards and to promote the study and culture of financial analysis in order to contribute to the transparency and efficiency of markets (UBI Banca is a supporting member);
- **Associazione Italiana Responsabili Antiriciclaggio (AIRA – Italian association of anti-money laundering managers)**, whose aim is to combine the demands to bring people together, share experiences and reflect on the issues in order to develop a culture of legality to the benefit of stakeholders on the financial intermediation and insurance market;
- **International Capital Market Association (ICMA)**, whose mission is to promote resilient and well-functioning debt capital markets, a necessary condition for economic growth;
- **Assofin** (the Italian Consumer and Mortgage Credit Association), which brings together the main financial operators involved in lending to families and seeks to contribute to transparency and promoting awareness within this sector, as part of which it has also established principles of conduct;
- **Assonebb** (National Association for the Encyclopaedia of Banking, Stock Exchange and Finance), which aims to disseminate financial and banking culture among the general public;
- **International Corporate Governance Network (ICGN)**, which has the mission of promoting effective standards of corporate governance to advance efficient markets and sustainable economies worldwide;





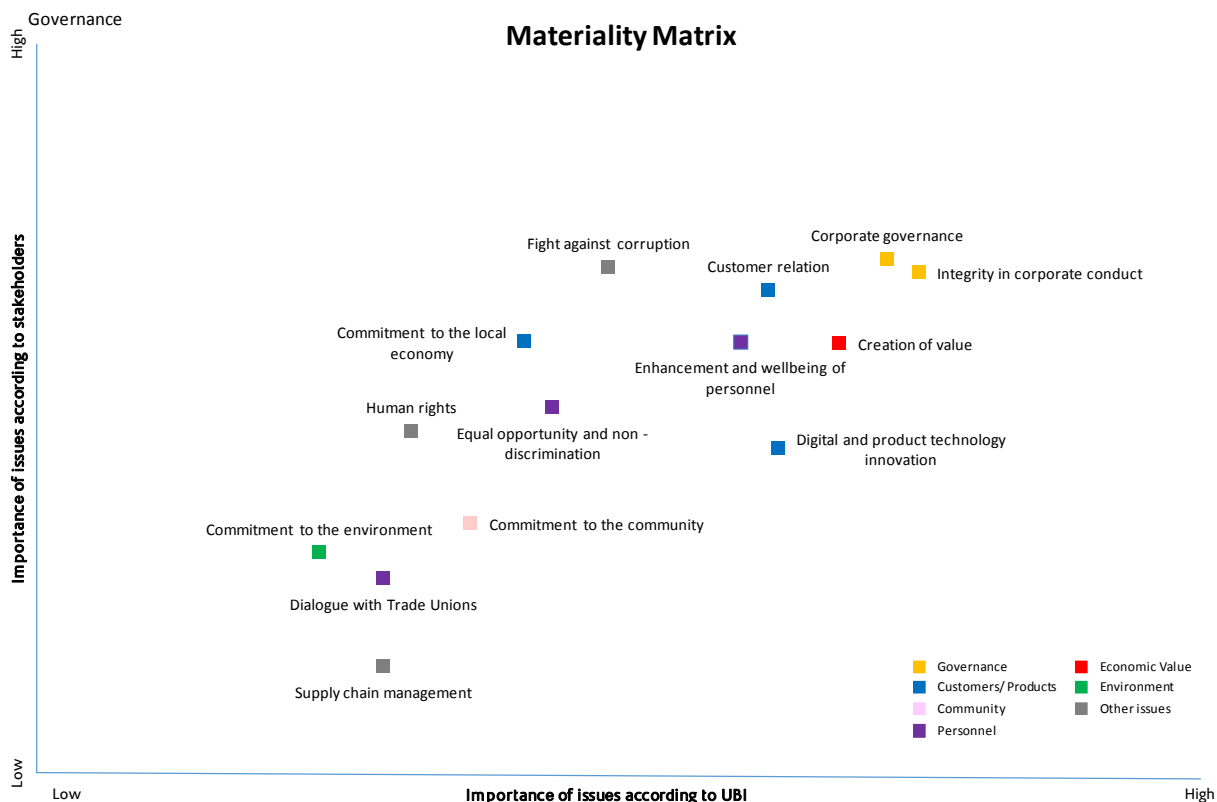
- **CSR Manager Network Italia**, a centre for the promotion and experimentation of sustainability, which helps to spread a culture of sustainability through the development of expertise and active participation in national and international debates;
- **Fondazione per l'Educazione Finanziaria e al Risparmio (Foundation for Financial Education and Savings)**, which promotes financial education in the broader sense of education for knowledgeable and active economic citizenship through the development and spread of financial and economic knowledge mainly among young people and in schools;
- **Human Foundation**, a not for profit organisation which promotes collaboration between companies, Public administration, social enterprises, foundations, institutional investors, economic operators and the world of finance in order to generate and implement innovative solutions to social problems. UBI Banca is a “Gold Ambassador” member and makes a scholarship grant available for participation in the Executive Master in Social Entrepreneurship (Mhuse);
- **Valore D (woman value)**, the first association of companies that promotes diversity and female talent and leadership for the growth of companies and the country through welfare and diversity policies, inclusive and balanced leadership and governance models and models of social innovation and sustainability, in order to orient personal study programmes for young women and overcome gender stereotypes in family and at work.



# Sustainability strategy

[GRI 102-14]

The Group’s sustainability strategy is guided by the Materiality matrix, which shows sustainability themes and priorities, identified by means of internal analysis and a structured stakeholder consultation process (Materiality analysis). The updating of the materiality analysis in 2018, also with increased involvement of internal and external stakeholders<sup>1</sup>, basically confirmed the important sustainability topics and priorities for action.



Specific sustainability objectives were added to the 2019 budget in relation to the priorities shown in the six areas of the Matrix, correlated to the social and environmental issues that are also referred to in Legislative Decree No. 254/2016, as shown in the table below.

Areas	2019 objectives
GOVERNANCE	<p>Introduce the one-tier model of <b>governance</b>, a development of the Bank’s sustainability model in a way that is better integrated with business risk management and a decision-making policy that is consistent with sustainability strategies. Guarantee <b>integrity in corporate conduct</b>, by respecting shared values and principles, monitoring non-compliance risks and actively managing reputational risk, with reference to <b>human rights</b>, <b>the fight against corruption</b> and <b>supply chain management</b>.</p>

<sup>1</sup> See also the Corporate Governance paragraph, page 21.

**ECONOMIC  
VALUE**

Guide the performance of the business towards the creation of value over a medium to long-term time horizon, directing the achievement of profit objectives and the soundness of the Business Plan by integrating sustainability objectives into annual budget planning.

**PERSONNEL**

Safeguard and enhance human capital, developing sustainability at all levels and maintaining a high level of organisational wellbeing.

**CUSTOMERS AND  
PRODUCTS**

Take advantage of market and positioning opportunities associated with supporting sustainable economic development, while safeguarding credit quality with a view to the medium to long term.

**COMMUNITY**

Take advantage of market and positioning opportunities associated with supporting important social causes and trends in the demand for sustainable products, monitor activities that are exposed to reputational risk and protect assets from future risks related to sustainability.

**ENVIRONMENT**

Show commitment to the fight against climate change and contribute to the achievement of goals for containing climate-damaging emissions.

**Key impacts, risks and opportunities**


[GRI 102-15 102-29 102-40 201-2]


The Group has launched specific processes and responsibilities for risk management, in order to ensure management continuity and protect the integrity of both tangible and intangible corporate assets for the benefit of all our stakeholders.

In formulating sustainability priorities and objectives, particular account has been taken of the social and environmental risks that may be generated or sustained in various areas of the Group's activities<sup>2</sup>, the associated opportunities and the impacts that the Group's activities may have on society and the environment, with particular reference to achieving the UN 2030 Agenda Sustainable Development Goals (SDGs).

Areas and priorities Stakeholders and SDGs affected	Potential risks	Mitigation safeguards adopted
<b>GOVERNANCE</b> <input type="checkbox"/> <b>Corporate Governance</b> ----- Shareholders Personnel Community	Shortcomings in the composition of the Governing bodies and decision-making and delegation mechanisms in relation to sustainability issues.	Model of governance in line with best practice as set out in the Corporate Governance Code for listed companies.  Induction programmes and systems to evaluate the

<sup>2</sup> Social and environmental risks were identified with reference to a market benchmark and publications by international institutions (the World Economic Forum, Task Force on Climate-related Financial Disclosures and Carbon Disclosure Project). The assessment took account of both external factors (associated with the main current global trends) and internal factors (associated with corporate processes).

	<p>Conflicts of interest and inconsistency of performance measurement and incentive systems with strategic objectives.</p>	<p>performance of the Corporate bodies.</p> <p>Internal control and risk management policies and systems.</p> <p>Remuneration and incentives policies.</p> <p>Participation in external organisations and initiatives for sustainable development and finances.</p>
<p><b>GOVERNANCE</b></p> <p>□ <b>Integrity in corporate conduct</b> (including Human rights, Fight against corruption and Supply chain management)</p> <p>-----</p> <p>Shareholders Personnel Community Suppliers</p> <p>-----</p> 	<p>Non-compliance with external regulations, agreements, standards and codes of self-regulation.</p> <p>Involvement in activities and practices that are illegal/controversial from an ethical, environmental or social viewpoint.</p>	<p>Code of Ethics, Model of organisation, management and control pursuant to Legislative Decree No. 231/2001, Code of conduct for Group employees and Whistleblowing Policy.</p> <p>Policies for management of non-compliance risk and dedicated organisational units (Audit and Compliance).</p> <p>Regulatory and organisational controls to prevent money laundering, the financing of terrorism, usury, conflicts of interest, operations with related parties and connected persons and the management of gifts.</p> <p>Policies for the management of reputational risk and activities in critical sectors (weapons, gold and gambling).</p>
<p><b>CREATION OF VALUE</b></p> <p>-----</p> <p>Shareholders Personnel Suppliers Public administration Community</p>	<p>Inadequate consideration of impacts, sustainability risks and opportunities and stakeholders' expectations in strategic planning and performance objectives.</p> <p>Changes in legislation or consumer preferences or market conditions, with particular reference to social and environmental issues.</p> <p>Negative perceptions of the brand and the</p>	<p>Strategic planning processes for the Group and performance measurement system.</p> <p>Integration of the monitoring of sustainability objectives into the budget.</p> <p>Risk Appetite Framework and risk management policies, including reputational risk.</p> <p>Regulatory and organisational controls for Disaster Recovery and</p>

	sustainability of the business or its products/services on the part of stakeholders.	operational continuity.
<p><b>PERSONNEL</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> <b>Enhancement and wellbeing of personnel</b></li> <li><input type="checkbox"/> <b>Equal opportunity and non-discrimination</b></li> <li><input type="checkbox"/> <b>Dialogue with Trade Unions</b></li> </ul> <hr/> <p>Personnel Community</p> <hr/> 	<p>Failure to attract talent develop human capital, loss of key resources.</p> <p>Incidents relating to non-discrimination and occupational health and safety.</p> <p>Tensions and/or unrest.</p>	<p>Procedures, responsibilities and organisational units for selecting, managing and providing continuing training to personnel and managing industrial relations.</p> <p>Remuneration and incentives policies.</p> <p>Model of organisation, management and control pursuant to Legislative Decree No. 231/2001.</p> <p>Occupational health and safety management system.</p>
<p><b>CUSTOMERS</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> <b>Customer relation</b> (including digital and product innovation)</li> </ul> <hr/> <p>Customers Community</p> <hr/> <ul style="list-style-type: none"> <li><input type="checkbox"/> <b>Commitment to the local economy</b></li> </ul> <hr/> <p>Customers Suppliers Community</p> <hr/> 	<p>Improper commercial practices.</p> <p>Lack of transparency and inadequate information on products and services.</p> <p>Incidents relating to privacy and data protection.</p> <p>Economic and social instability.</p> <p>Technical development and changes in legislation.</p> <p>Natural disasters, extreme weather events and other consequences of climate change.</p>	<p>Strategic guidelines and Business Plan.</p> <p>Policies relating to product development and management and regulations concerning transparency and commercial practices.</p> <p>Credit rules (responsible lending) and policies for the placement of financial products.</p> <p>Regulations and specific responsibilities relating to operational continuity, cyber security, privacy and data protection.</p> <p>Complaints management policies and Customer Satisfaction monitoring system.</p> <p>Strategic guidelines and Business Plan.</p> <p>Credit policies.</p> <p>Commercial activities by market segment and product/service.</p> <p>Organisational units and specialised companies providing support to the commercial network.</p>

## COMMUNITY

### □ Commitment to the community

Customers  
Community



Unemployment or underemployment, crisis in the welfare system, increased poverty and inequality.

Strategic guidelines and Business Plan.

Specialist service model and dedicated commercial area for the Third Sector.

Specialist product companies providing support to the commercial network.

Policies and guidelines for donations, sponsorships and for the protection and enhancement of the Group's artistic assets.

Participation in the Foundation for Financial Education and Savings.

## ENVIRONMENT

### □ Commitment to the environment

Community  
Customers



Inefficient management of energy and other non-renewable natural resources.

Natural disasters, extreme weather events and other consequences of climate change.

Model 231/2001, Environmental Policy and Expenditure Regulations.

Energy Manager and Mobility Manager.

Development of products and services with environmental aims.

## Corporate governance

### Key Aspects

Effective and efficient corporate governance systems for the pursuit of strategic objectives, with particular reference to composition (including gender balance), remuneration and assessment of the performance of Governing bodies.

Adequacy of units and processes for sustainability governance, with particular reference to the integration of stakeholders' expectations and major social and environmental issues into the long-term strategy.

Efficacy of internal control and risk management systems for the management of impacts generated or sustained by corporate activities, also from a social and environmental standpoint.

Over the years, UBI Banca has constantly updated its organisational model and system of governance at Bank and Group level, in order to pursue its business mission and achieve its strategic objectives in line with market trends and the regulatory context.

Since 2007, when it was formed as a joint stock co-operative company with a two-tier administration and control model as part of the merger between BPU Banca and Banca Lombarda e Piemontese and the relative banking Groups, UBI Banca has updated and simplified the structure of the Bank and the Group in stages, as follows:

- transformation from a co-operative company into a joint stock company, approved by a resolution of the Shareholders' Meeting on 10<sup>th</sup> October 2015 (filed with the Company Registrar of Bergamo on 12<sup>th</sup> October 2015), following the entry into force, on 26<sup>th</sup> March 2015, of Law No. 33 of 24<sup>th</sup> March 2015 (the conversion into law with amendments of Decree Law No. 3 of 24<sup>th</sup> January 2015 containing urgent measures for the banking system and investments), which, among other things, reformed the regulations for "popular" co-operative banks;
- changeover from a federal Group model to the [Single Bank](#) (2016-2018), with the incorporation of the Network Banks into the Parent company, approved by the Meeting on 14<sup>th</sup> October 2016 as well as the incorporation of the three New Banks acquired in 2017;
- [simplification of the Group](#) with the merger into the Parent of Centrobanca (6<sup>th</sup> May 2013) and Banca24-7 (23<sup>rd</sup> July 2012) and the merger between IWBanck and UBI Banca Private Investments (2015);
- [focus](#) on the core business and the reference market, through the disposal of the foreign subsidiaries Banque de Dépôts et de Gestion (2013) and UBI Banca International (2017).

Finally, the Shareholders' Meeting of 19<sup>th</sup> October 2018 resolved to adopt a [one-tier system of management and control](#) that will enter into force at the time of the renewal of the current Corporate bodies at the Shareholders' Meeting to be held in April 2019.

This corporate governance model is formalised in the organisation, management, and control model pursuant to Legislative Decree No. 231/2001 on the corporate liability of legal persons, companies and associations even without a recognised legal personality (Model 231). In addition to representing grounds to exempt the Bank from liability in connection with the commission of certain types of crime and administrative offenses, this model also constitutes an act of social responsibility vis-à-vis the stakeholders because of the benefits that result in terms of the integrity and sustainability of operations.

For effective risk management, the Group has adopted [Group regulations on integrated risk reporting, management and mitigation actions](#)<sup>1</sup> and specific regulations governing particular types of risk, including a [Reputational risk management policy](#), which requires socially responsible conduct, monitoring and responding to the economic, environmental, and social expectations of all stakeholders, with the objective of gaining competitive advantages and maximising returns in the long run. The management of other non-financial risks (sustainability risks) is governed as part of the UBI Banca Group [Policy for the preparation and publication of the consolidated non-financial statement \(NFS\) for the UBI Banca Group in accordance with Legislative Decree No. 254/2016](#) and the relative implementing Regulation.

## **Governance model**

[GRI 102-18:19 102-21:29 102-33 405-1]

UBI Banca has adopted a two-tier governance system consisting of a Supervisory Board and a Management Board since 2007, the model that remained in force in 2018. The Supervisory Board performs the duties of strategic policy-making and supervision (including performance assessment) of the management of the Bank and is the highest governing body of UBI Banca.

The activities of the Supervisory Board focus primarily on economic impacts, risks and opportunities and therefore the expertise required and performance assessments are mainly of an economic nature. In defining the new one-tier model in which Board of Directors will have authority, sustainability issues were a major consideration; there will be induction activities to develop collective awareness of the issue and the future Risk Committee will be given a policy making and monitoring role.

For a detailed discussion of UBI Banca's system of governance, see the report on this matter in the 2018 Reports and Financial Statements<sup>2</sup>. This report covers the structure; composition (more specifically in connection with gender diversity, qualifications, and expertise of the members); powers of the governing bodies; the processes and criteria for appointing the governing bodies and relative internal committees; processes for managing conflicts of interest and delegating authority; and mechanisms for developing expertise and performance assessment.

The governance system is based on a constantly updated organizational structure with the aims of structural simplification and operational efficacy and efficiency<sup>3</sup>.

## **Remuneration and incentives**

[GRI 102-35:39]

The remuneration and incentives policies are designed to direct decision-making and individual behaviors consistently with the pursuit of the mission of the Group and its strategic objectives with a view to sustainable performance over the long term.

For information on the characteristics of the remuneration and incentives policies and the procedures for their implementation, with reference to the adoption of sustainability objectives and indicators, see the [Remuneration Report](#)<sup>4</sup>.

---

<sup>1</sup> The regulations are designed to support the process of identification, measurement and monitoring on company risks, behavioural shortcomings and damaging events.

<sup>2</sup> Reports and Financial Statements 2018, Report on Corporate Governance and Ownership structure of UBI Banca S.p.A in accordance with art. 123-*bis* of the Consolidated Finance Law.

<sup>3</sup> Reports and Financial Statements 2018, Management Report – *The organisational structure of UBI Banca*.

<sup>4</sup> Reports and Financial Statements 2018, Remuneration Report – 2019 Shareholders' Meeting.



## Sustainability governance

[GRI 102-20:21 102-33:34 102-43:44]

Sustainability governance presupposes continuous discussion and dialogue between the Governing bodies and stakeholders, either directly or through dedicated organisational units, to identify their expectations in connection with the Group's activities. The Code of Ethics identifies the categories of major stakeholders: customers, staff, investors, suppliers, communities (with particular reference to local communities), public authorities, operators on the financial market, the media and opinion leaders and organisations representing stakeholders' interests. A report on the main issues that emerged from the processes of dialogue with stakeholders is given in the Consolidated Management Report<sup>5</sup>.

Ethical, social, and environmental aspects of management are co-ordinated by the Group's **CSR Manager**, responsible for UBI Banca's **Corporate Social Responsibility Function**, who reports to the Chief Financial Officer, who in his turn reports to the Chief Executive Officer. Specific responsibilities relating to sustainability issues have been delegated to the **Mobility Manager**<sup>6</sup>, **Health and Safety Manager**<sup>7</sup> and **Energy Manager**<sup>8</sup>.

### Shareholders

The Annual General Meeting is the main opportunity for engagement with shareholders whose comments on the financial statements and other issues on the agenda show which issues are important to them. In connection with significant events in the life of the Bank and with a view to any resolutions that may be submitted to a Shareholder's Meeting in relation to them, Senior management inform and listen to the shareholders at public meetings in the field.

### Financial market operators

The Group Investor Relations unit engages in investor relations activities with operators on the financial market (analysts and institutional investors), on an intensified basis in connection with important dates on the financial calendar or significant events such as issuances of debt securities. Most of the operators are interested in the strictly operating, financial and governance issues that are described in the Separate and Consolidated financial statements.

FINANCIAL COMMUNICATION <sup>1</sup>	2018		2017	
	No. of events	No. of contacts	No. of events	No. of contacts
Conference calls/presentations <sup>2</sup>	4	572	6	822
International conferences	13	225	7	219
Road show	15	84	17	182
Individual and group meetings <sup>3</sup>	33	182	46	166
<b>TOTAL<sup>4</sup></b>	<b>65</b>	<b>1,063</b>	<b>76</b>	<b>1,389</b>

<sup>1</sup> Events organised with investors and analysts of the share or 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.

<sup>2</sup> 4 conference calls with 4 presentations (also attended by UBI Group employees).

<sup>3</sup> Individual, group and conference call meetings not related to the presentation of the results.

<sup>4</sup> The greater activity in 2017 is due to the presentation of the Business Plan.

The major sustainability topics discussed in this report are subject to the attention of the assessment and specialised rating agencies and those responsible for sustainable and

<sup>5</sup> Reports and Financial Statements 2018, Consolidated Management Report - *Other information - Inspections*.

<sup>6</sup> See also the Commitment to the environment paragraph, page 90.

<sup>7</sup> See also the Enhancement and wellbeing of personnel paragraph, page 52.

<sup>8</sup> See also the Commitment to the environment paragraph, page 90.

responsible investor (SRI) benchmark indices, with which a constructive dialogue is developing as part of their regular assessment process for the Group.

During the 9<sup>th</sup> Sustainability Bonds Conference organised by Crédit Agricole CIB in Paris in December 2018, the Group Head of Investor Relations, together with the CSR Manager and the Head of Funding and Treasury held five meetings with investors to illustrate the framework adopted by the Bank (in compliance with ICMA guidelines) for the issue of Sustainability, Social and Green Bonds, in view of the inaugural issue of Green Bonds in to take place in 2019.

## The media

Relations with the media are handled only by the Media and Institutional Events Service and are designed 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.

UBI Banca's communications strategy is targeted at print, radio, television and online media, generalist and specialist, with a local, national or international readership or audience, depending on themes and the intended audience. Relations are conducted according to the principles of integrity, transparency, independence and equal treatment for each newspaper and journalist.

Notable new developments in 2018 were the integration of the Media Relations team into the Macro Geographical Areas, which has made the relationship with local newspapers and magazines more incisive, and the integration of Media Relations and Institutional Events activities, which has made it possible to develop synergies and increase the number of events held in the field, raising UBI's media profile.

RELATION WITH THE PRESS <sup>1</sup>		2018	2017
Press articles		79	95
<i>of which:</i>	<i>financial</i>	50	60
	<i>informational</i>	13	11
	<i>social / local initiatives</i>	5	19
	<i>on products and services</i>	11	5
Meetings		45	40

<sup>1</sup> Data not include the information notes disseminated at local level to the press in occasions of territorial relevance.

For 2018 the detection method was updated by individually counting the events belonging to a single one initiative.

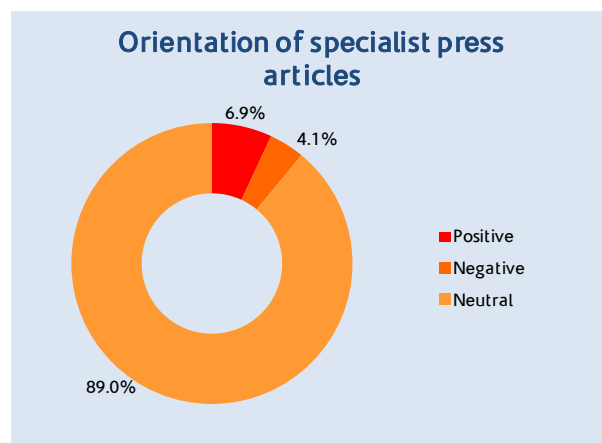
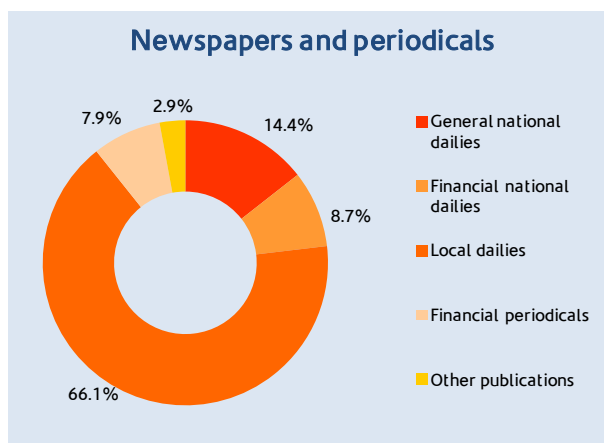
In order to ensure comparability of data, the number of conferences and meetings in 2017 has been restated. For data reported in the 2017 Consolidated non - financial declaration see the document published on the Group's website at <http://www.ubibanca.it/pagine/Bilancio-Sostenibilita-IT.aspx>.

In 2018, the press published 3,138 specialist articles on UBI Banca, that is articles with information on corporate structure and operating results, statements by Senior management and on products and services, which enable the public to form an opinion of the activities of the Bank. The local press provided 66% of the mentions in specialist publications, reflecting the consolidation and initiatives of the Macro Geographical Areas at the local level. Articles in online publications increased from 22,820 in 2017 to 25,505 in 2018 (+12%).

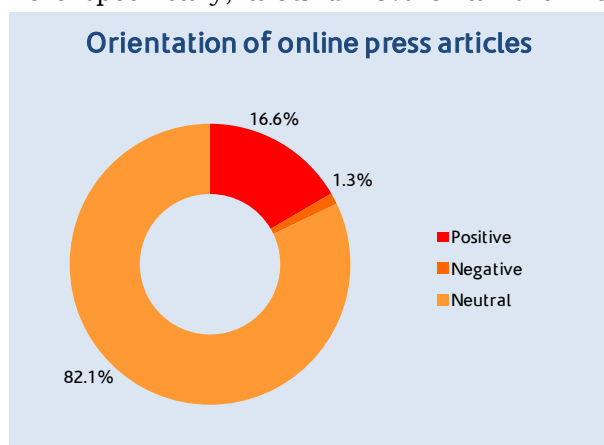
PRESS COVERAGE		2018	2017
Articles		6,930	8,299
<i>of which:</i>	<i>special</i> <sup>1</sup>	45.3%	51.6%
	<i>with brand mention</i>	23.5%	27.3%
	<i>on social initiatives</i> <sup>2</sup>	31.2%	21.1%

<sup>1</sup> Information on corporate structure and operating results, statements by seniors executives and managers and on products and services which enable the public to form an opinion of the activities of the bank.

<sup>2</sup> Donations and sponsorships.



By contrast with the recent past, when there was a focus on the weakness of the economy, the difficulties of the banking system and the need for banks to increase in size, in 2018 media attention to UBI Banca returned to concentrate mainly on corporate matters and the business. More specifically, around 13% of all the mentions in specialist publications related to the changeover from a one-tier to a two-tier model.



The general opinion of UBI Banca remains neutral to positive, confirming the view of the Bank as a model of virtue within the Italian banking system, as a result of its key role in promoting the social and economic stability of the areas where the three New Banks it has acquired and incorporated operate. 35% of the positive mentions relate to the economic and financial performance of the Group, its results and the strategic choices that are consolidating the Bank as one of the leading operators in the sector in Italy.

Rationalising the strategy for [social networks](#) has made it possible to increase the average level of engagement compared to 2017, with content items that are fewer in number but optimised in terms of both format and social media investment.

UBI Banca has 257 thousand fans on [Facebook](#) (+6%) and the content published has received 2.7 million actions on posts (+120%) and over 174 thousand interactions (44%). Seeking to increase the community more slowly while improving its quality, in terms of users with a genuine interest in UBI Banca content, has resulted in a 22% reduction in dislikes (users that stop following the page).

On [Instagram](#) there has been an increase in followers (+47%), impressions (page views) (+22%) and engagement (+13%).

Our [LinkedIn](#) editorial and recruiting activities, performed by Human Resources, have made it possible to reach more than 66,000 followers (+30%). UBI Banca's corporate page was visited more than 236 thousand times and our recruitment advertisements were viewed more than 400 thousand times. The content published was viewed 2.9 million times and received 7,900 user recommendations.

Finally, the number of minutes of video on the UBI Banca [YouTube](#) channel has increased, reaching nearly 13 million total views at the end of 2018.

## Customers

Customer expectations are monitored using systematic customer satisfaction surveys and complaints analysis, as reported in the Consolidated Management Report.<sup>9</sup>

## Employees

The dialogue with employees is managed as part of periodic consultation activities with trade union organisations and studies on organisational wellbeing.<sup>10</sup>

## Materiality analysis

[GRI 102-29 102-40, 42:44, 46]

Following the issue of Legislative Decree No 254/2016 (disclosure of non-financial information) businesses must provide a clear and detailed report on the model of company management, policies and results achieved in relation to the significant sustainability issues in the areas set out in the same Decree. The significant topics are identified using a structured approach, governed by the Regulations for drawing up the consolidated non-financial statement, which provide for the involvement of Senior management and stakeholders (materiality analysis).

With a view to the increasing involvement of **stakeholders**, the materiality analysis performed in 2018 using a questionnaire created for this purpose involved:

- the Top management of UBI Banca and the Senior management of the main Group companies;
- a sample of 4 thousand customers chosen at random on a statistical basis, using telephone interviews;
- a sample of 1,700 employees (1,300 from the commercial network and 400 managers of central units and product companies) using an online survey;
- over 100 Senior officers of institutions and social organisations at three meetings in the areas of Milan, Florence and Jesi (Ancona), organised co-operation with UBI Comunità and the local Macro Geographical Areas, with the support of AICCON<sup>11</sup>.

The results of the survey, shown in the materiality matrix<sup>12</sup>, were examined and consolidated in an induction session with members of the Corporate bodies and the Top management of UBI Banca.

At this session, the customers and employees were asked further questions to show, by creating a summary indicator, the valuation of the Group's level of sustainability, also with reference to the social and environmental aspects of management and the initiative undertaken in relation to them. A sample of 1,300 customers of the competitor banks were asked the same questions, in order to obtain a comparison. The summary indicator of sustainability is among the indicators chosen for inclusion in the 2019 incentives scheme.

On a scale from 0 to 100, the summary indicator of sustainability found is at 57 for UBI Banca customers, against 50 for the customers of other banks and 62 for employees.

---

<sup>9</sup> Reports and Financial Statements 2018, Consolidated Management Report - *Commercial activity - Customer satisfaction and Management of claims and complaints.*

<sup>10</sup> See also the Dialogue with Trade Unions paragraph, page 68 and Enhancement and wellbeing of personnel paragraph, page 50.

<sup>11</sup> AICCON – Italian Association for the promotion of a co-operation and not for profit culture – a think tank created by the University of Bologna, the Alliance of Italian Co-operatives and numerous public and private sector organisations operating within the sphere of the social economy. It is located in the School of Economics Management and Statistics at Forlì - University of Bologna.

<sup>12</sup> See also the Sustainability strategy paragraph, page 16.

## **Risk management**

[GRI 102-11, 30:31]

For a description of the internal control and risk management system, see the relevant section of the [Report on Corporate Governance and Ownership structure of UBI Banca S.p.A in accordance with Art. 123-bis of the Consolidated Finance Law](#).<sup>13</sup>

The main risks and uncertainties to which the UBI Banca Group is exposed are analysed in the relevant section of the Consolidated Management Report.<sup>14</sup>

---

<sup>13</sup> Reports and Financial Statements 2018, Report on Corporate Governance and Ownership structure of UBI Banca S.p.A in accordance with art. 123-bis of the Consolidated Finance Law.

<sup>14</sup> Reports and Financial Statements 2018, Consolidated Management Report - *Principal risks and uncertainties to which the UBI Banca Group is exposed*.

## Integrity in corporate conduct

### Key Aspects

Respect for the [rules](#) and [fundamental human rights of persons](#) and promoting [compliance with such rules by the Group's partners](#), as an essential condition for the functioning of the company and its constituent systems and organizations.

As a business, meeting objectives by [correctly addressing competitors](#) and maintaining proper relations with [Public administration and the market regulation authorities](#).

### Impact on the SDGs



Compliance with the relevant regulatory texts in all activities supports the fight against all forms of corruption and bribery (SDG 16.5).

Policies adopted in relation to the Group's activities in specific economic sectors (weapons, diamonds and gold) provide guidelines designed to combat all forms of violence, child abuse (SDG 16.2), illicit financial and weapons flows, and organised crime (SDG 16.4).

## Values, principles, standard and norms of behavior

[GRI 102-16:17]

Compliance with the rules is the first pillar of the healthy and prudent management that has always characterized UBI on the market, and underpins the trust placed in UBI by its customers and stakeholders. It is the first step in the goal "Fare banca per bene" (to bank fairly and well) as a means for establishing a distinctive market identity through compliance with external regulations and with the values and principles and code of conduct independently developed by the company in its internal regulations.

The responsibility to manage and spread a culture of regulatory compliance as a principle of integrity in corporate conduct is governed by the [UBI Group's non-compliance risk management Policies](#)<sup>1</sup> incumbent on the organizational units responsible for the [Audit](#) (the Chief Audit Executive, a staff unit of the Supervisory Board) and [Compliance](#) (the Chief Compliance Officer, a staff unit of the Management Board) functions.

The [Code of Ethics](#), the [Code of Conduct for Employees of the Group and the Management, Organisation and Control Model](#) pursuant to Legislative Decree No. 231/2001 (known as the 231 Model) constitute the main references on compliance with the regulatory texts, in terms of the risk of commission of crimes (including corruption, money-laundering and usury) or of engagement in activities that are illegal or inconsistent with the principles of ethics. The general principles are reflected in the specialized legislation governing different areas in the form of Policies, Regulations and Rule Books. 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.

The Code of Ethics includes a system for reporting and managing non-compliance, which is coordinated with the other channels for reporting unethical or unlawful conduct set out in Model 231/2001 and the Whistleblowing Policy. The Chief Audit Executive (in charge of the Internal Audit function) is responsible for receiving reports of alleged breaches of the Code of Ethics in writing (including to the dedicated email address [codice.etico@ubibanca.it](mailto:codice.etico@ubibanca.it)) and for carrying out the necessary investigations. While reports cannot be kept anonymous, they are

---

<sup>1</sup> The non-compliance risk management Policies set out the basic principles and guidelines to safeguard against the risk of judicial or administrative penalties, significant financial losses or reputational losses as a result of breaching mandatory governance norms, and outlines the compliance organizational model.

kept strictly confidential and those making reports are protected against any form of retaliation, discrimination or penalty.

The Internal Audit function records the reports received, carries out an initial assessment to determine their relevance and sends them to Management and Control bodies and the 231/01 Supervisory Body, should the alleged breach be deemed significant under the provisions of Legislative Decree 231/01, or to the organizational unit that manages relations with the stakeholder that has committed the alleged breach, or the body to which the former belongs, in other cases. As part of its reporting to the Governing bodies, the Internal Audit function prepares a quarterly report indicating the number of investigations carried out and the type of measures adopted. It also prepares an annual report on the proper operation of internal whistleblowing systems with aggregate information on the results of actions taken on whistleblowing reports received.

The Code of Ethics is formally adopted by all the subsidiaries and brought to the attention of other companies in which an interest is held to encourage them to apply its principles to their conduct. It is available to staff on the company intranet and in hard copy for companies without access to the portal. It is given to the members of Corporate bodies and newly hired staff on signature of their contracts. It is published on the Group's website and given to everyone that enters into business contracts with the Bank or that represent the Bank, even when not employed by the latter. Suppliers are required to sign a declaration of acceptance as part of the relevant contractual arrangements. All business and organisational units are subject to the checks involved in implementing Model 231/2001. The 231/01 Supervisory Body regularly reports to the Corporate bodies on the adoption and effective implementation and updating of the aforementioned Model.

## Compliance

[GRI 307-1 417-2:3 419-1]

For reports on the findings and penalties to which UBI Banca and other companies in the Group have been subjected for noncompliance with the laws and regulatory texts, see the relevant paragraph of the [Consolidated management report](#)<sup>2</sup>.

No reports emerged during 2018 of non-compliance affecting communication processes, the provision of investment services and Information Technology, which were carried out in accordance with the Group's internal regulations. Furthermore, no cases or circumstances were recorded involving violations of the regulations and/or codes of conduct adopted in the area of transparency for products and services and proper customer relations. Finally, no fines or penalties were received for non-compliance with environmental standards.

In addition, no reports were received during the year of breaches to the Code of Ethics nor were any breaches of said code found when investigating reports received in 2017 and via the Whistleblowing channel.

REPORTS AND VIOLATIONS OF THE CODE OF ETHICS	2018	2017
Alleged violations recorded in the year	-	6
<i>of which:</i>		
<i>from reports received</i>	-	6
<i>from internal audits of organisational units</i>	-	-
<i>from audit activities</i>	-	-
Violations defined in the year	5	-
<i>of which:</i>		
<i>ascertained with penalties imposed</i>	-	-
<i>ascertained with corrective action<sup>1</sup></i>	-	-
<i>without grounds</i>	5	-
Violations being defined at the end of year	1	6

1 E.g. training activities, organisational changes and improvements to the internal control system.

<sup>2</sup> Reports and Financial Statements 2018, Consolidated Management Report – *Other Information*.

WHISTLEBLOWING REPORTS		2018	2017
Whistleblowing reports received			
	UBI Banca	4	10
	IW Bank	1	1
	UBI Leasing	6	-
	<i>Total whistleblowing activities</i>	11	11
Whistleblowing investigations			
	<i>Whistleblowing reports during the year</i>	11	11
	<i>Whistleblowing reports under investigation at the end of the previous year</i>	8	1
	<i>Total whistleblowing reports under examination</i>	19	12
<i>of which:</i>	<i>closed on completion of the established procedure</i>	7	4
	- <i>because not relevant to the Policy</i>	1	1
	- <i>subject to appropriate management</i>	6	3
	- <i>follow-up frameworks not indicated</i>	-	-
	<i>in progress</i>	12	8

## Corruption, money laundering and usury

[GRI 205 – 1:3]

In addition to the provisions of Model 231, UBI Banca has adopted specific internal regulations to combat money laundering and usury: its [Policy and Regulations to manage risks connected with money laundering and terrorist financing](#) and its [Group Regulations to combat usury](#). The [Anti-Money Laundering & Investigations Area](#), a staff unit of the [Managing Director](#), is in charge of anti-money laundering activities.

Transactions are monitored according to the amount limits set by the relevant Legislation by means of dedicated software applications which support the identification of evidence potentially connected with money laundering or other illegal activities, including corruption. Situations intercepted are then submitted for assessment by the organisational units responsible for the administration and everyday management of the customer relationship and then by the centralised control body.

Staff training is crucial for the proper and effective implementation of regulations. The following activities were carried out during 2018:

- 1,441 hours of anti-corruption training, with classroom and virtual sessions organised by Group Compliance, aimed at 659 participants with roles of responsibility;
- 4,541 hours of online training for almost 3,700 participants on the principles of Model 231 and anti-corruption measures in UBI's policies and procedures, such as: loan granting, HR selection and management, management of conflicts of interest, active and passive cycle, customer complaints and reimbursements, sponsorships and gifts;
- More than 13,300 hours of anti-money laundering training, both in class and by means of the e-learning platform, for approximately 6,000 participants. Training was provided for Network Staff, Central Management and customer-facing Group Company Staff.



PARTECIPANTS <sup>1</sup> TO TRAINING ON ANTI-CORRUPTION PRACTICES <sup>2</sup>	2018			2017		
	North	Center	South and island	North	Center	South and island
Senior managers	142	33	12	96	8	5
<i>as a percentage of the total Senior managers</i>	47.0%	73.3%	80.0%	31.0%	22.9%	33.3%
Middle managers	600	825	54	3,174	509	487
<i>as a percentage of the total Middle managers</i>	11.0%	41.4%	6.5%	55.5%	28.7%	55.5%
Professional areas	907	1,478	135	4,058	645	608
<i>as a percentage of the total Professional areas</i>	14.1%	40.3%	12.3%	57.2%	20.1%	49.2%
<b>TOTAL</b>	<b>1,649</b>	<b>2,336</b>	<b>201</b>	<b>7,328</b>	<b>1,162</b>	<b>1,100</b>
<i>as a percentage of the total</i>	<b>13.6%</b>	<b>40.9%</b>	<b>10.3%</b>	<b>55.8%</b>	<b>23.2%</b>	<b>51.7%</b>

<sup>1</sup> Employees active at 31.12 (workforce excluding leaves of absence and resources not in service - UBI Trustee and Pramerica Management Company).

<sup>2</sup> Topic covered in the training on administrative responsibility of the Institutions (Legislative Decree No. 231/2001).

PARTECIPANTS <sup>1</sup> TO TRAINING ON ANTI-MONEY LAUNDERING PRACTICES	2018			2017		
	North	Center	South and island	North	Center	South and island
Senior managers	43	13	4	49	9	4
<i>as a percentage of the total Senior managers</i>	14.2%	28.9%	26.7%	15.8%	25.7%	26.7%
Middle managers	1,759	729	350	1,769	1,108	373
<i>as a percentage of the total Middle managers</i>	32.4%	36.6%	42.0%	30.9%	62.6%	42.5%
Professional areas	1,960	755	373	2,314	1,793	425
<i>as a percentage of the total Professional areas</i>	30.5%	20.6%	33.9%	32.6%	55.8%	34.4%
<b>TOTAL</b>	<b>3,762</b>	<b>1,497</b>	<b>727</b>	<b>4,132</b>	<b>2,910</b>	<b>802</b>
<i>as a percentage of the total</i>	<b>30.9%</b>	<b>26.2%</b>	<b>37.3%</b>	<b>31.5%</b>	<b>58.0%</b>	<b>37.7%</b>

<sup>1</sup> Employees active at 31.12 (workforce excluding leaves of absence and resources not in service - UBI Trustee and Pramerica Management Company).

Again, during 2018, there were no cases of corruption involving Group personnel. An attempt at corruption between private individuals was immediately and promptly reported by a UBI Sistemi e Servizi manager, and criminal proceedings were initiated against the person that made the attempt.

## Anti-competitive behavior

[GRI 206-1]

UBI has not received penalties for anti-competitive behavior. For full information, we report that as at 31<sup>st</sup> December 2018 a case involving anti-competitive behavior brought by another financial intermediary is pending before the Court of Milan for IWBANK Private Investments. Said intermediary claims it has suffered damages worth approximately €409 thousand for alleged poaching of staff and financial advisors, who took customers with them. The case is still under investigation.

## Human rights

[GRI 408-1 409-1 412-1:3 FS1:2 FS6]

Given the location and type of business carried on, the scope within which there could be the risk of a breach of human rights is limited to the risks inherent in the business of Customers operating in certain industries (controversial industries, in particular, the weapons industry) and to the risks relating to the supply of diamonds and gold.

Therefore, operations including clauses or subject to human rights assessment only include those relating to international weapons trading operations and to the supply of diamonds and gold, which account for just over zero percent of the total operations carried out by the Group. There were no other rights contracts or investments which are subject to or include clauses that are subject to human rights assessment.

### Business with “controversial” economic sectors

Where these sectors are concerned, considering the extremely marginal volume of activity, the Group has no specific Policies, except for the weapons and defence industry, for which the Group adopted a specific policy in 2008<sup>3</sup> (latest update in 2018) and in the area of gambling and gaming, for which it adopted an Internal Credit Area Directive in 2011.

CONTROVERSIAL SECTORS (millions of euro) <sup>1</sup>	2018		2017 <sup>2</sup>	
Weapons	134.5	0.25%	145.3	0.26%
Tobacco	73.9	0.14%	87.1	0.16%
Alcohol	50.7	0.09%	46.5	0.09%
Furs	7.1	0.01%	8.2	0.02%
Gambling	10.7	0.02%	12.6	0.02%
Nuclear	0.0	0.00%	0.0	0.00%
<b>TOTAL</b>	<b>276.9</b>	<b>0.51%</b>	<b>299.7</b>	<b>0.55%</b>

<sup>1</sup> Loans at 30.11. The percentages are calculated on the total gross loans to businesses (excluding non performing loans) at the end of the year.

<sup>2</sup> For data comparability, the 2017 values have been restated. For data published in the 2017 Consolidated non financial declaration see the document published on the Group's website at <http://www.ubibanca.it/pagine/Bilancio-Sostenibilita-IT.aspx>.

The main objective of the Group's [Policy on weapons](#) is to avoid the Group's involvement in operations potentially contributing to human rights violations and it therefore prohibits relations with enterprises involved in weapons of mass destruction (nuclear, biological and chemical) and other controversial weapons (mines, incendiary and laser weapons, fragmentation and depleted uranium weapons) and imposes restrictions and a rigorous authorisation process on the provision of banking and financial services for international weapons trading operations, depending on the types of weapons and the countries involved.

In 2018, 298 banking transactions involving the export of weapons and armaments were carried out by leading industrial customers, of which:

- 240 for €22.8 million relating to armaments according to the terms of Law No. 185/1990, or military-grade weapons (88.8% to EU/NATO/OECD countries);
- 58 for €1.6 million relating to weapons for civilian use, classified as light weapons (all to EU/NATO/OECD countries).

As in past years, all transactions were carried out in compliance with this Policy, and no waivers were granted<sup>4</sup>.

In compliance with the commitment to transparency provided by the Policy, a more detailed report on the operations in question is published in the Social Responsibility Section of the Group's corporate website concurrently with publication of the Government's report to Parliament pursuant to Law No. 185/1990<sup>5</sup>.

<sup>3</sup> <http://www.ubibanca.it/pagine/Politiche-CSR-IT.aspx>.

<sup>4</sup> In 2018 Ubi Banca carried out 3 operations for 4.3 million euro, relating to weapons exports to two countries not admitted by the Group's Policy on weapons (Kenya and Turkmenistan), as channeled by Nuova Banca Etruria customers before its entry into the UBI Group.

<sup>5</sup> <http://www.ubibanca.it/pagine/Politiche-CSR-IT.aspx>.

TRANSACTION TO OPERATIONS FOR EXPORTS OF WEAPONS AND ARMAMENTS SYSTEMS <sup>1</sup> (millions of euro)	2018		2017 <sup>2</sup>	
	Military weapons and munitions <sup>2</sup>	2.6	10.5%	1.6
Military aircraft and other craft <sup>2</sup>	16.4	66.8%	20.9	66.4%
Military aircraft and other craft not equipped <sup>2</sup>	-	0.0%	-	0.0%
Military systems and equipment <sup>2</sup>	3.9	16.0%	6.6	21.0%
Weapons and munitions for civilian use <sup>3</sup>	1.6	6.7%	2.4	7.6%
<b>TOTAL</b>	<b>24.5</b>	<b>100.0%</b>	<b>31.5</b>	<b>100.0%</b>

<sup>1</sup> The following transactions do not fall within the scope of the Group's Policy on weapons and are therefore excluded from the report: sporting and hunting weapons and relative munitions, reproductions of ancient weapons (art.1, paragraph 11, Law No. 185/1990), unless these are destined to Government bodies, the Armed Forces or the Police, and transactions performed on behalf of Government (art. 8 Law No. 185/1990) or within the framework of joint intergovernmental programmes (art.13 paragraph 1, Law No. 185/1990). In 2018 the amounts relating to the issue and the renewal of guarantees were excluded from the total; they are accounted at the time of the monetary settlement transaction regulatory of underlying transaction. For data in the 2017 Consolidated non - financial declaration see the document published on the Groups' website at <http://www.ubibanca.it/pagine/Bilancio-Sostenibilita-IT.aspx>.

<sup>2</sup> Weapons which, because of their specifications or technical and construction or design characteristics, are to be considered as having been constructed mainly for military use or for Armed Forces or Police (art. 2 Law No. 185/1990).

<sup>3</sup> Ordinary firearms pursuant to art. 2 Law No. 110 of 18<sup>th</sup> April 1975 and short firearms provided they are not automatic (art. 1 paragraph 11, Law No. 185/1990), commonly known as "light weapons", unless these are destined to the Armed Forces or the Police. In this case they are considered as weapons for military use.

The [Internal Gambling and Gaming Directive](#)<sup>6</sup> requires operations in this sector to be extremely marginal and highly stringent procedures to be used in the assessment of financing 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. Anomalous conduct by customers is highlighted in a specific regulation, in order to identify situations involving risks relating to the lawfulness of the activities.

### The Supply of Diamonds

The Group continued to sell diamonds until March 2018. As in the case of the weapons industry, it was important to consider potential involvement in activities that put human rights at risk.

Checks were therefore carried out to confirm that all the diamonds, from the company Diamond Love Bond<sup>7</sup>, have guarantees of lawful origin and are certified *conflict free* (i.e. not from war zones or from operations to finance armed groups and conflicts) and *child labour free* (i.e. not originating from mining and processing activities involving child labour): Diamond Love Bond adopts strict ethical principles (it supports the principles of the Global Compact, also signed by UBI Banca); it complies with the rules of conduct for Diamond Companies and best practices recommended by the World Diamond Council System of Warranties and by the Diamond Trading Company; it complies with the [Kimberley Protocol](#), originating from a resolution passed by the General Assembly of the United Nations of 1<sup>st</sup> December 2000, designed to break the link between illegal diamond transactions and armed conflicts. The Group to which Diamond Love Bond belongs is also the only representative of the diamond and jewellery industry that takes part in the UN Global Lead, the biggest sustainability initiative involving another 42 Corporations. In the first quarter of 2018, UBI Banca sold 54 diamonds for a sum of €470 thousand. Sales were suspended in April following proceedings

<sup>6</sup> In Italy the law permits state-authorized license holders to offer gambling and gaming services. In this way the state can closely monitor a highly profitable area at extreme risk of unlawful conduct.

<sup>7</sup> Diamond Love Bond is a Diamond Company authorised by the Belgian Ministry of the Economy, Trade and Energy and is based in Antwerp. It has an international network of offices and is present on all the diamond exchanges worldwide.

initiated in March 2018 by the AGCM (Competition and Markets Authority) to investigate a possible breach of the Consumer Code in the offering of diamonds via banks. At the end of September 2018 AGCM closed the proceedings without having found any unlawful conduct or breach of the Consumer Code by UBI Banca and without levying any penalties, accepting the commitment to make improvements proposed by the Bank, including, among other things, pre-contractual information informing customers that the Bank merely acts as an intermediary in the sale of diamonds, about the price of diamonds including all costs (among these commission due to the Bank for its role as intermediary), the risks inherent in buying diamonds, the absence of a repurchase obligation and how to exercise the right to withdraw.

UBI Banca has adopted responsible diamond sales criteria (only offering diamonds to customers with assets of more than €100,000 at the time of the transaction and for whom the total value of the purchase is no more than 5% of their assets as at the date of the transaction) and reinforced monitoring of its intermediation business, with a specific procedure on several levels to check the effective and precise compliance with internal operating procedure customer disclosure requirements. In December 2018 mandatory training on ethical products for the approximately 2,000 salespeople began using e-learning. The training specifically focused on regulations governing improper commercial practices and there was a final test to authorise participants to use the sales platform. A new Group regulation setting out all the mandatory information to be given to consumers prior to purchases being made and supplementing the operating procedure is due to be rolled out in the first quarter of 2019. Sales will resume in 2019 once the regulatory, procedural and training actions identified have been carried out, confirming the absence of any sales goals.

### **The Supply of Gold**

With the acquisition and incorporation of Nuova Banca Etruria in 2017, UBI Banca also acquired the gold business, which was extended to the Bank's entire sale network at the end of September 2018. In the past year the Bank has updated all of its internal regulations governing the sale of gold (Policy, Regulation and Rule Book). The [Policy for the Responsible Supply of Physical Gold](#)<sup>8</sup> in particular recognises the fundamental role of foundries/refineries, which transform any material containing gold into saleable form, whether it is waste material or from mining, and underlines the strong international commitment for foundries/refineries to carry out appropriate due diligence about the source of the gold. UBI Banca only buys and sells gold ingots produced by refineries with internationally certified supplier due diligence practices and which are almost all included on the internationally recognised market standard, the [London Good Delivery](#)<sup>9</sup> list. In 2018 a total of 860 sales and purchases and repayments of gold loans were carried out. As required, due diligence was carried out to check compliance with the supply policy. Since operations were extended to the Bank's entire sales network, a total of 2,356 hours of classroom training have been provided to all the sales personnel involved and a distance learning (e-learning) course has been provided as backup. Training also covered the issue of social responsibility, illustrating the "Policy for the Responsible Supply of Physical Gold" adopted by UBI Banca and the business processes implementing it.

---

<sup>8</sup> The Policy sets out the internal guidelines for the responsible supply of gold, with specific reference to the risk of human rights breaches and the financing of armed groups in the supply chain. Its content is based on the "Model Supply Chain Policy for a Responsible Global Supply Chain of Minerals from Conflict-Affected and High Risk Areas" in the "OECD Due Diligence Guidance for Responsible Supply Chain". <http://www.ubibanca.it/pagine/Politiche-CSR-IT.aspx>.

<sup>9</sup> List managed by the London Bullion Market Association, which has a Gold Guidance Manager. For more details, see <http://www.lbma.org.uk/good-delivery>.

## Creation of value

### Key Aspects

The creation of value<sup>1</sup> is crucial for ensuring the remuneration of shareholders and personnel and for maintaining and increasing the assets needed to support its lending business.

The creation of value benefits all stakeholders, directly or through the indirect impact of the Group's grassroots activities and in the communities involved.

Units of the Group contribute to the creation of economic value, which benefits all of the stakeholders, by implementing the Business Plan and the Transformation Plan. Progresses are systematically monitored by the UBI Banca Steering Committee at dedicated sessions, in order to promptly adopt any necessary corrective measures.

During 2018, implementation of the Business Plan included completion of the Unica Bank<sup>2</sup> project, continued rationalisation of the distribution network and the work force<sup>3</sup> through improved efficiency and cost containment and projects introducing innovation in processes, products and services<sup>4</sup> to make the Group more competitive on the market in terms of quality and convenience.

### Economic value generated and distributed [GRI 201-1 201-3:4 202-1 204-1]

The reclassification of the Consolidated income statement highlights the economic value generated by the Group, which is reflected essentially in the prices customers pay for the products and services it provides, net of any losses and impairment losses on loans. In keeping with UBI Banca's commercial banking focus, the share of financial assets is in fact limited.

As concerns the issue of [climate change](#), which has become key to measuring the sustainability of human activities, whether social or productive, the Group has no direct exposure, and consequently there is no significant impact on value creation. Minor impacts may occur in relation to supply processes, especially with regard to fuel and electricity costs, and to commercial and lending processes, in the event of extreme weather events affecting the operational capacity of corporate clients (a risk which is, however, mitigated by the high sector diversification of the Group's lending). Business opportunities are linked to promoting private and corporate investments in energy saving and the use of alternative energies and to supporting corporate investments in complying with changing regulatory requirements and improving the efficiency of products and production processes.

---

<sup>1</sup> In the context of the Consolidated non-financial statement, value creation is measured by calculating the economic value created and distributed to the stakeholders, using the method for reclassifying the consolidated income statement ABI has proposed for banks.

<sup>2</sup> Reports and Financial Statements 2018, Consolidated Management Report - *Significant events in 2018*.

<sup>3</sup> Reports and Financial Statements 2018, Consolidated Management Report - *Significant events in 2018*.

<sup>4</sup> Reports and Financial Statements 2018, Consolidated Management Report - *Commercial activity and Research, Development and Innovation*.

<b>DETERMINATION OF THE ECONOMIC VALUE CREATED</b> (thousands of euro )	<b>2018</b>	<b>2017 restated</b>	<b>Variation</b>
Interest and similar income	2,220,104	2,261,451	-1.8%
Interest expense and similar	(346,819)	(610,213)	-43.2%
Commission income	1,779,150	1,744,216	+2.0%
Commission expense	(198,233)	(197,425)	+0.4%
Dividends and similar income	24,779	13,684	+81.1%
Net trading income	54,866	122,368	-55.2%
Net hedging income	(10,325)	(419)	+2364.2%
Income (loss) from disposal or repurchase of :	(12,752)	130,432	n.s.
a) financial assets measured at amortized cost	(76,657)	8,881	n.s.
b) financial assets measured at fair value with impact on the overall profitability	69,477	134,996	-48.5%
c) financial liabilities	(5,572)	(13,445)	-58.6%
Net income (loss) on financial assets and liabilities at fair value	(27,974)	12,722	n.s.
Net impairment losses on:	(638,277)	(893,967)	-28.6%
a) financial assets measured at amortized cost	(639,003)	(728,343)	-12.3%
b) financial assets measured at fair value with impact on the overall profitability	726	(165,624)	n.s.
Income/loss of contract modifications without deletions	(37,383)	-	n.s.
Net insurance premiums	373,776	155,128	+140.9%
Other income/expense on insurance operations	(396,096)	(173,384)	+128.5%
Other net operating income	293,471	319,825	-8.2%
Profits of equity investments (for the part from disposals)	-	(410)	-100.0%
Profits on disposal of investments	5,344	859	+522.1%
Post-tax profit from discontinued operations	-	-	-
<b>TOTAL ECONOMIC VALUE CREATED</b>	<b>3,083,631</b>	<b>2,884,867</b>	<b>+6.9%</b>

According to the new IFRS9 classifications the detail items of *Net impairment losses on financial assets* have been updated (with consequent restatement of the amounts relating to 2017) and the new item *Income/loss of contract modifications without deletions* has been inserted.

<b>DETERMINATION OF THE ECONOMIC VALUE WITHHELD BY THE GROUP</b> (thousands of euro )	<b>2018</b>	<b>2017 restated</b>	<b>Variation</b>
Net provisions for risks and charges	(19,432)	(22,652)	-14.2%
Net impairment losses on property, equipment and investment property	90,868	87,971	+3.3%
Net impairment losses on intangible assets	75,579	68,713	+10.0%
Profits (losses) of equity investments (the fair value part: write-downs/write-backs, impairment losses/reversals, other expenses/income)	(24,602)	(23,801)	+3.4%
Change in fair value of property, equipment and investment property and intangible assets	-	-	
Net impairment losses on goodwill	-	-	
Negative consolidation difference	-	(640,810)	-100.0%
Change in deferred tax assets and liabilities	(135,819)	319,925	n.s.
Profit allocated to reserves	283,335	565,014	-49.9%
<b>TOTAL ECONOMIC VALUE RETAINED</b>	<b>269,929</b>	<b>354,360</b>	<b>-23.8%</b>

<b>DETERMINATION OF THE ECONOMIC VALUE DISTRIBUTED TO STAKEHOLDERS</b> (thousands of euro )	<b>2018</b>	<b>2017 restated</b>	<b>Variation</b>
b) other administrative expenses <sup>1</sup>	666,016	725,535	-8.2%
<b>SUPPLIERS</b>	<b>666,016</b>	<b>725,535</b>	<b>-8.2%</b>
a) personnel expense <sup>2</sup>	1,545,909	1,542,463	+0.2%
<b>EMPLOYEES</b>	<b>1,545,909</b>	<b>1,542,463</b>	<b>+0.2%</b>
Profit (loss) for the year attributable to non controlling interests	25,894	26,435	-2.0%
Share of profit destined to dividend payments <sup>3</sup>	136,371	125,543	+8.6%
<b>SHAREHOLDERS AND NON CONTROLLING INTERESTS</b>	<b>162,265</b>	<b>151,978</b>	<b>+6.8%</b>
b) other administrative expenses: indirect and capital taxes, contributions to the Resolution Fund for the banking sector and to the Deposit County Scheme and contributions as part of treasury services	353,242	344,750	+2.5%
Current taxes on income for the year <sup>4</sup>	74,978	(240,749)	n.s.
<b>CENTRAL AND LOCAL PUBLIC ADMINISTRATIONS</b>	<b>428,220</b>	<b>104,001</b>	<b>+311.7%</b>
b) other administrative expenses – grants and donations	5,390	6,530	-17.5%
Share of profits allocated to the fund for social purposes <sup>5</sup>	5,902	-	n.s.
<b>COMMUNITY AND ENVIRONMENT</b>	<b>11,292</b>	<b>6,530</b>	<b>+72.9%</b>
<b>TOTAL ECONOMIC VALUE DISTRIBUTED</b>	<b>2,813,702</b>	<b>2,530,507</b>	<b>+11.2%</b>

<sup>1</sup> Excluding indirect taxes, contributions as part of treasury services, charitable donations and sponsorships for social purposes, contributions to the Resolution Fund for the banking sector and to the Deposit Guarantee Scheme (DGS European Directive).

<sup>2</sup> Inclusive of board members' fees and expenses for external distribution networks (e.g. agents and financial advisors).

<sup>3</sup> Data year is based on the allocation of profits proposed to the Shareholders' Meeting, approved by the Management Board on 7<sup>th</sup> February 2019. It may differ from the total dividends actually paid out, if a change in treasury shares occurs on the ex dividend date.

<sup>4</sup> It includes the changes in current taxes of prior years and the reduction in current taxes for the year.

<sup>5</sup> Allocations made by UBI Banca according to the provisions of its Articles of Association.

## Employees

Economic value distributed to employees also includes coverage for commitments resulting from internal funds, consisting of defined benefits and having the nature of items on companies' balance sheets. In this connection, contributions are allocated 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". It also reflects payments made to external pension funds in the framework of defined contribution plans from which all of the Group's employees benefit. Remuneration, which is the main component of the economic value distributed to employees, consistently exceeds the minimum provided by the Trade Unions.

<b>AVERAGE SALARY FIRST JOB COMPARED WITH TRADE UNION MINIMUM<sup>1</sup></b> (%)	<b>2018</b>	<b>2017</b>
Men	114.2%	112.8%
Women	114.8%	111.3%

<sup>1</sup> Basic salary provided by the National Collective Labor Agreement as a level of remuneration for professional insertion (art. 46).

## Shareholders

Share capital is composed of ordinary shares, each of which has equal dividend rights. As a result of its capital strength, UBI Banca has consistently been able to pay a dividend to the shareholders, even during the most difficult years. In addition to shareholder dividends, economic value distributed to shareholders includes the Group's profits attributable to minority shareholders included in the consolidation.

## Suppliers

The economic value distributed to suppliers comprises revenues from purchases of goods and services, almost entirely from suppliers resident in Italy. Where possible and appropriate, depending on the type of products or services, use is made of suppliers who operate in the vicinity of our individual operating premises.

## Public administration

UBI Banca has never received any form of public funding, and in fact, in addition to paying tax, contributes to regulatory instruments for the resolution of banking crises and safeguarding customer deposits<sup>5</sup>. The Bank has carried out operations with Central Banks as part of subsidized funding programmes (such as TLTRO) for financial stability purposes or to facilitate the implementation of monetary policy, and has used resources from the system Funds, to which it contributes, to carry out voluntary redundancy programmes<sup>6</sup> and employee training programmes<sup>7</sup>.

## Community and the environment

The share of economic value relating to the community and the environment consists of costs incurred during the year for social purposes (independently of the actual payments made during the same year) and profits allocated to the reserve available to the governing bodies (Board Fund) for projects and institutions with a charitable, humanitarian, social, cultural or artistic purpose in accordance with article 44 of the articles of association. The Group has devoted substantial, consistent expenditure and investments to reduce its environmental impacts, that are not accounted for in the distribution of the economic value created.

<b>SPENDING ON INVESTMENTS FOR THE ENVIRONMENT (thousands of euro)</b>	<b>2018</b>	<b>2017</b>
Waste management	1,307	1,955
Electricity GO certificates purchased <sup>1</sup>	7	-
Replacement of air conditioners at Brescia DPC (2017 quota)	-	99
Consumption monitoring and feedback systems - first stage - for 772 branches (2017 quota)	-	988
Consumption monitoring and feedback systems - second stage - for 628 branches (2017 quota)	-	2,207
Consumption monitoring and feedback systems - second stage - for 628 branches (2018 quota)	829	-
Consumption monitoring system at the large New Management Centre building in Brescia (2017 quota)	-	184
Consumption monitoring system at the large New Management Centre building in Brescia (2018 quota)	136	-
Consumption monitoring system at Via Calvi 9 Bergamo (2018)	322	-
Consumption monitoring system at Esagono Jesi (2018)	129	-
Replacement of UPS ex Teatina Bank	-	17
<b>TOTAL</b>	<b>2,731</b>	<b>5,450</b>

<sup>1</sup> The UBI Group purchased the share of GO certified electricity from a firm that produces directly from renewable sources.

<sup>5</sup> Contributions to the National Resolution Fund set up by the Bank of Italy in accordance with article 78 of Legislative Decree No. 180 of 16<sup>th</sup> November 2015, to the Deposit Insurance Scheme (DGS) required by Decree Law No.30 of 2016, represented by the Interbank Deposit Protection Fund (FITD), and the voluntary FITD scheme for Banca Carige.

<sup>6</sup> Solidarity fund to support the income, employment and reconversion and requalification of banking staff.

<sup>7</sup> Joint Interprofessional Funds as required by Law No.388/2000 Banks and Insurance companies Fund for continued training in the banking and insurance industries and FONDIR for continued management training.



## Customer relation

### Key Aspects

Developing mutually satisfactory customer relation and loyalty means being able to offer excellent products and services that meet requirements and are delivered with transparent information, as well as respecting individuals, their interests, security and privacy. Digital and product innovation is an essential component of the quality of the offer, based on changing customer needs, preferences and behavior.

Digital transformation has established a service model centred on a variety of digital channels and increasingly tied to technologies that increase internet data flow and the associated security problems. Changes in customer behavior and expectations are increasingly influenced by the ethics and values of the relationship, as well as by the quality and costs of the product and services offered.

Acquiring and retaining customers better than one's competitors therefore requires a competitive strategy capable of building and strengthening loyalty ties whenever possible and whatever the means of contact, in order to meet customers' expectations with regard to transparency, reliability and proper conduct.

It is also the opinion of the Bank of Italy that the quality of relationships between the bank and its customers is a key strategic factor for the competitiveness and soundness of intermediaries and that good rules, effective self-regulation and correct behaviour are the cornerstones of customer protection.

In UBI Banca respect for customers is safeguarded in terms of **security** (business continuity, reliability of information and data protection systems, physical security in branches), **the transparency** of products and services (clear and comprehensive information), **responsible marketing** (alignment of sales proposals with customer needs and profiles, accuracy of advertising messages and sales contacts), respect for **privacy** and, more in general, regulatory **compliance**, including corporate governance codes.

In the Italian context, all these aspects are governed by specific legislation and regulations for the sector, that the Group incorporates into its internal regulations (Policies, Regulations and Rule Books) which are distributed to all employees on the corporate internet and covered by specific refresher courses. In particular, the Group has adopted an **internal Policy for managing Inducements**<sup>1</sup>, **Risk Appetite Framework - Policy for the trading, sale and subscription of financial products**, a **Policy for managing proposals to make unilateral changes to the terms and conditions for customers**<sup>2</sup>, the **Group product development and management Policy**<sup>3</sup>, **Guidelines on Commercial Practices Aimed at**

---

<sup>1</sup> The Policy incorporated criteria to implement the obligation to act in the best interests of the customer and ensure that commercial information is correct and transparent.

<sup>2</sup> The Policy contains the strategic guidelines and general principles that the Group intends to adopt for exercising the right to unilaterally change the conditions of contracts (termed "*ius variandi*"). The main provisions for the implementation of this Policy are included in the Regulation implementing Bank of Italy provisions on the transparency of banking and financial operations and services.

<sup>3</sup> The Policy establishes guidelines for the development and distribution of new products and the maintenance over time of catalogue products in order to interpret the needs and characteristics of intended customers accurately and to achieve quality, technology innovation, competitiveness and regulatory compliance consistent with the mission, strategy, business objectives and overall corporate architecture of the Group.

Consumers<sup>4</sup> and a Regulation implementing Bank of Italy provisions on the transparency of banking and financial operations and services<sup>5</sup>, the Privacy Regulation, the security Policy, logical security Regulations and specific Rule Books.

Compliance with these regulations is based on the following organisational and technical controls: Organisational controls managed by the Chief Commercial Officer and Chief Wealth and Welfare Officer for management and level-1 controls, the Chief Risk Officer and Chief Compliance Officer for level-2 controls and the Chief Audit Executive for level-3 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 unmet financial needs) and of protection tools on IT systems.

The Customer Satisfaction & Claims department enables UBI Banca to continuously monitor customer satisfaction through customer satisfaction surveys and complaints<sup>6</sup> management, so that Group business can be guided by the quality of the customer experience<sup>7</sup>.

## Transparency

[GRI 417-1]

The Bank of Italy provisions on the transparency of banking and financial operations and services set minimum and general standards for the preparation of the documentation used to provide customers with information (structure of the documents, essential information, choice of terminology, standardisation of some common types of contract) and they also introduce obligations for banking and financial intermediaries as well as for the marketing of traditional banking services of an organisational or control nature for compliance with regulations governing transparency and integrity in relations with customers. In general the transparency rules complement those required by other areas of regulation concerning transparency and proper conduct towards customers including, for example, those relating to investment services, regulated by the Consolidated Finance Law, insurance products or the provisions of the Consumer Code.

In 2018, 2,760 complaints were received in relation to communications and information sent to customers, out of an overall total of more than 18 thousand. The increase from 529 complaints in 2017 is due to expansion of the Group perimeter.

## Responsible sales

[GRI FS15]

On the necessary assumption that the banking sector (including the producers and distributors of banking products and services) “must take the needs of its customers into consideration when developing a product”, the principal relevant Authorities have issued specific guidelines to strengthen measures for the prevention of inappropriate commercial conduct and operational errors that could cause serious damage to customers, with consequent negative repercussions on the relationship of trust between the customer and the bank and potential damage to market integrity. These provisions regulate the definition and implementation of suitability requirements for all banking products offered in relation to

---

<sup>4</sup> The guidelines are intended to set out behavior relating to commercial practices more clearly, in compliance with the provisions of the Code of Conduct, providing useful information about operating in compliance with the provisions of Title III of the Consumer Code.

<sup>5</sup> The Regulation implements Bank of Italy provisions which assume business relationships based on good faith and integrity and are intended to improve the effectiveness of transparency tools, regulate the behavior of intermediaries in order to promote more considered customer choices in line with their financial requirements and make it easier to compare offers and promote competition in the market.

<sup>6</sup> Reports and Financial Statements 2018, Consolidated Management Report – *Commercial activity, Complaint Management*.

<sup>7</sup> Reports and Financial Statements 2018, Consolidated Management Report – *Commercial activity, Customer Satisfaction*.

specific characteristics of the customer to whom the product is offered and require the suitability requirements to be maintained throughout the life cycle of the product and/or the relationship with the customer. In this context, the principle of suitability is defined, although with differing areas of application, for both the producers and distributors.

Since 3<sup>rd</sup> January 2018, with the entry into force of the MiFID II, such provisions also apply to the provision and management of investment services and products and, since 1<sup>st</sup> October 2018, with the entry into force of the Insurance Distribution Directive, the principles of tailoring offers to customer characteristics also apply to the provision and management of investment and insurance services and products.

Following the European Banking Authority Guidelines on governance and control devices for retail banking products, the Bank of Italy issued a measure on 5<sup>th</sup> December 2018 amending and supplementing the regulations on the “Transparency of operations and banking and financial services - Proper conduct in relations between intermediaries and customers”, containing specific requirements in the policies and procedures that intermediaries are required to adopt to develop, distribute, monitor and revise products and services. This is being implemented by introducing process changes aligning the products and services offered with the interests, aims, characteristics and level of ability and financial literacy of the target market. UBI Banca has put in place a process for the products distributed by other Group companies, to add to processes specifically adopted by the companies. The processes involve various specialist functions within the Group in assessing the compliance and transparency of pre-contractual, contractual and regular reporting information, as well as operational aspects such as technological, financial and human resources to allocate to the development of new products and services and the updating of existing products and services.

The characteristics and needs of customers are surveyed through special consultation and interview procedures (e.g. focus groups with customers, potential customers and commercial distribution network staff) and systematic procedures (e.g. the Consultation Project customer satisfaction survey or complaints management) and through the analysis of competitors' products and services (benchmarking).

Particular attention is paid to the placement of complex financial products. In compliance with the recommendations of the Supervisory Authority, UBI Banca does not place products on the CONSOB “Black List” (Communication No. 0097996/14) on the primary market, because it considers that these are not appropriate to retail customers. According to CONSOB recommendations, these are products which could only be advised for retail distribution by adopting special precautions and following an assessment of whether they are in the interests of customers and on whether sufficient information is available to assess their characteristics and the principal risks. Measures have also been taken in relation to the IWBank online trading platforms, to prevent customers from dealing in complex products that are in the “Black List”.

## **General Data Protection**

[GRI 418-1]

The new GDPR (General Data Protection Regulation), applicable in all EU countries since 25<sup>th</sup> May 2018, promotes the move from the formal approach of EU Directive 95/46 (the original data protection directive) to a substantial approach to protect consumer Privacy. In fact the Regulation focuses strongly on making data controllers responsible for adopting proactive conduct that can prove the practical adoption of measures to protect personal data and their free circulation.

UBI Banca has chosen to consider the GDPR and national personal data protection law not as a series of constraints with which to comply or risk heavy fines, but as an important challenge to embrace in order to continue monitoring and strengthening the Bank's ability to ensure the protection of its stakeholders' rights and fundamental freedoms, while guaranteeing the free circulation of data, which is crucial for economic and social growth.

In line with the GDPR and taking into account the type, scope, context and aims of data processing, as well as the risk to the rights and freedoms of natural persons, UBI Banca adopts technical and organisational measures to guarantee the maximum level of protection and, given developments in technology, continuously revises its security measures. Security checks are also extended to suppliers appointed as data processors.

Data protection also involves constant fraud monitoring, in order to prevent fraud and provide information to users (personnel, customers and suppliers) about the most appropriate anti-fraud measures and tools for using the internet and mobile banking services safely. The IT Security & Business Continuity department of UBI Sistemi e Servizi constantly adopts appropriate personal data protection measures for the entire Group and all its stakeholders, in accordance with the provisions of Legislative Decree No. 196 of 30<sup>th</sup> June 2003 (“Privacy Code”), security regulations and the best industry standards, ensuring the protection of its information systems from cyber attacks, IT incidents, personal data breaches and fraud, which could harm the rights of data subjects. In the event of a data breach, every Group company, in its capacity as data controller, shall make the notifications required under articles 33 and 34 of the GDPR in the time and manner indicated in the Regulation.

A business continuity plan involves a series of technical and organisational controls and a series of regular monitoring and tests on Disaster Recovery, in order to guarantee critical processes and protect against data loss including in an emergency.

As concerns the acquisition and processing of personal data for commercial purposes, the fundamental rights and freedoms and the dignity of those concerned are always guaranteed in compliance with Legislative Decree No. 196 of 30<sup>th</sup> June 2003 (Privacy Code) on the protection of personal data.

The [Data Protection Officer](#) is responsible for personal data protection, and heads the unit set up under the Chief Commercial Officer. The [Data Protection Officer](#) reports annually to the governing body on the adequacy of the security measures adopted and, therefore, on the Bank's compliance with the legal requirements for personal data protection. In addition, where necessary, the Data Protection Officer submits a report to the governing body on the critical areas in personal data protection and notifies the Regulatory Authority of any personal data breaches.

In 2018, 7 privacy-related complaints were received (compared with 47 in 2017), the majority of which related to cases of mandatory notifications to institutional databases like the Centrale dei Rischi and CRIF. No complaints of formal irregularities were received concerning data treatment and no events occurred which resulted in customer data breaches or losses.

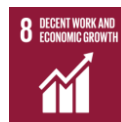
## Commitment to the local economy

### Key Aspects

Support for the real economy, responsibly providing credit to local households and enterprises for the development of consumption and investment.

Support for households and enterprises, including those experiencing cyclical difficulties and contribution to the development of infrastructures and services of public interest.

### Impact on the SDGs



Support for local productive activities contributes to the goals of economic growth (SDG 8.1) and productivity (SDG 8.2) and supports the creation of decent jobs, entrepreneurial activity, creativity and innovation, encouraging the establishment and growth of micro, small and medium-sized enterprises (SDG 8.3 and 8.5).



Lending policies enable small to medium enterprises to access financial services and increase their integration into value chains and markets (SDG 9.3), technology innovation in industry and investment in technological research and development. Financing for high-quality, sustainable and resilient infrastructures supports economic development and human wellbeing (SDG 9.1).



Welfare services for businesses help guarantee universal access to essential health care service, medicines and quality treatment (SDG 3.8).

UBI Banca pursues its business mission by applying its distinctive ability to interpret the needs and development of the social and economic context of the areas served and to foster their development with appropriate credit solutions and services.

Its widespread distribution network collects household savings to fund both household life projects and business projects, generating growth in the local area through careful selection and support of the most deserving economic projects, whether established and robust or new but with a high growth potential.

Globally, in 2018 the need to create a more sustainable social, environmental and economic development model by means of partnerships, in line with the goals of the UN 2030 Agenda (SDGs), became increasingly widespread and accepted. Increased inequality, migration flows and climate change are in fact making social and economic players worldwide more aware of the need to step up cooperation in order to identify new responses to society's needs.

Italy continues to be affected by factors such as the falling birth rate, ageing population, new emerging forms of poverty, increasing numbers of elderly people that are not self-sufficient and the need to integrate migrants and unemployed young people. Given the structural fall in public resources, these factors show the urgent need for solutions that can only be found through inclusive collaboration between the public, private and private social sectors.

The civil economy is playing an increasingly important role in the country's economic and social development, which has also had a not insignificant impact on employment.

ISTAT data from the 2016 permanent census of not for profit organisations confirms that the Third Sector is large and continuing to grow. Previous surveys had come to the same conclusion. It therefore makes sense to increase UBI Banca's presence in the sector, particularly in social enterprise and Third Sector entities in general. As at 31<sup>st</sup> December 2016, there were more than 343 thousand not for profit institutions active in Italy (+2.1% compared with the 2015 Census and +14% compared with 2011), which between them employ almost 813 thousand people (+3.1% compared with the previous year and +19.4% compared with 2011).

In order to provide adequate support for development of the Third Sector, including in its role as a link between the public and private sectors, in 2011 UBI Banca set up **UBI Comunità**, a brand that represented the service model and dedicated sales offer. Since 2017 this has been the name of a specific sales division within the department of the Chief Commercial Officer. UBI Comunità reaches out to all of the Third Sector, civil economy and public entities, and where possible, encourages synergy between the various groups.

Closeness to the local area, a multi-stakeholder approach, development and dissemination of the networks of contacts, knowhow and expertise, together with a wide range of products and services, are the main levers of UBI Comunità for creating shared value for local areas and communities. Over the years this has led to the introduction of important initiatives and innovations, such as the Social Bonds.

The specialist commitment to the Third Sector was further reinforced in the latest Business Plan, which considers it a strategically important relational and economic asset. The aim is to support investments with a social impact and social entrepreneurship projects linked to the development of the local area, community and new supply chains. The role as strategic partner for the sustainable growth of lay and religious not for profit organisations also involves creating synergies and forms of convergence and crossover between the public, private and private social sectors.

No less important is the sector of public entities, which is subject to constantly changing rules and influenced by the ongoing changes to Italian structural policies, as well as the economic situation. By means of the UBI Comunità advisory services, products and services for municipalities, universities, schools and colleges, hospital, provincial administrations and various institutions, UBI Banca aims to create positive impacts on the local areas and to support the efficient management of public services.

A new area of commitment for UBI Banca is company welfare. It recently launched the UBI Welfare service as part of its corporate services. The aim is to support companies in the implementation of dedicated employee welfare plans, as part of an integrated consultancy service. More specifically, technology innovations and the challenge of Industria 4.0 require a revision of the models underlying industrial relations in order to respond to the new ways in which people will be involved in the corporate production process. Within this context, UBI Banca has decided to share its many years of in-house experience in managing the company welfare of its own employees with client companies, focusing in particular on SMEs and micro-enterprises.

With the vision that it has gained from being a bank that pays careful attention to the needs of its communities, companies, households and Third-Sector operatives, UBI Banca was the first Italian bank to offer a company welfare solution to its customers, creating ad-hoc products and solutions simple for companies to implement and a dedicated network of specialists in the field. This means the Bank is able to support companies in the process of putting in place the most appropriate welfare policies and to offer employee education initiatives. In this sense UBI Welfare is an initiative encompassing a wealth of opportunities for companies, well beyond the immediate, albeit important, tax and contribution relief. The aim is to offer tools to improve a company's performance in terms of organisation, personnel and social initiative.

UBI Banca's broader goal is also to help develop "welfare ecosystems" in the various areas that will be able to meet the new needs of enterprises, people and communities. The aim is to

create a proximity network in which the local Third Sector companies and operatives can not only become clients but also welfare service providers (meeting high quality and service standards), and significantly extend their market reach. This encourages economic development in the individual areas and consolidates a vision of company welfare as a key value multiplier. The key focus is on social, health care and welfare services, many of which are provided by the Third Sector.

Responsibility for UBI Welfare is incumbent on the commercial division responsible for Welfare and Protection, reporting to the Chief Wealth & Welfare unit established in 2016, having the following broader mission:

- to adapt customer advisory services to planning of financial wellbeing for persons and households throughout the life cycle;
- meeting key financial requirements in different phases of the life cycle for persons and their families, helping protect the quality of life in old age through an integrated, innovative and broad spectrum in asset management and insurance coverage;
- incorporating an increasingly important supply of social, health care and welfare services.

## **Local presence**

[GRI FS7]

The commitment to the local economy presumes a knowledge of local economic realities that can only be gained through local presence. This factor is reflected in the features of the Group's commercial network, which is present in small centres<sup>1</sup>, in the organisation of the distribution of branches into Macro Geographical Areas, and in the decentralised levels responsible for lending<sup>2</sup>.

## **Indirect economic impacts**

[GRI 203-1:2 FS7]

In connection with the value of local presence, business and credit policies must be applied to meet the real requirements of local economic transactors, and specifically small businesses and small and medium-sized enterprises with the objective of promoting and sustaining the development of a sound economic and entrepreneurial fabric capable of generating economic and social value in the medium and long term.

## **Legality Rating**

Ministerial Decree 57/2014 introduced the **Legality Rating** for companies, to combat corruption and other illegal practices, and established that banks must take it into account in order to reduce check timings and costs and to determine the credit rating of enterprises and related financial conditions for access to credit, should this be important based on the performance of the client's account. The Rating is valid for two years and may be renewed on request by the enterprise involved. Ratings may range from a minimum of "one star" to a maximum of "three stars" on the basis of the requirements the enterprise meets.

UBI Banca has added specific rules for assessing the Legality Rating to the loan check and decision-making process. Depending on the time required in the process, the data on the business volume for agencies that have a Legality Rating are published annually, as soon as they become available, in the Social Responsibility section of the Group's corporate website pursuant to the requirements under the regulatory texts governing transparency<sup>3</sup>.

---

<sup>1</sup> See also the Group profile paragraph, page 5.

<sup>2</sup> Reports and Financial Statements 2018, Consolidated Management Report - *Commercial activity*.

<sup>3</sup> <http://www.ubibanca.it/pagine/Legality-ratings-EN.aspx>.

## Finance for development

At the end of 2018 UBI Banca had loans of €93.3 billion<sup>4</sup>, which exceeds direct funding by €1.1 billion.

The additional funding needed was acquired as a result of the Group's ability to access the financial market and public sector funds, some of which subsidised, destined for small and medium-size enterprises. Joint projects exist with entities and institutions at the local, national and community levels, including trade associations and the associated guarantee bodies, the Guarantee Fund for SMEs pursuant to Law No. 662/1996, the European Investment Bank (EIB) and the European Central Bank (ECB), through participation in the TLTRO II long-term financing programme.

The Bank also participates in the [SME Initiative](#) organised by the European Investment Fund (EIF) and, under the agreement signed, from early 2019 will be able to provide funding at favourable rates for investment projects of companies operating in the [regions of the Italian "Mezzogiorno"](#) (Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia and Sicily). Also in 2018, it entered into an agreement with the European Investment Bank (EIB), which makes funding available for investments in [social activities](#).

In its lending to support enterprise development – particularly SMEs – UBI Banca has launched initiative focusing on areas representing the best of Italian enterprise, such as [tourism and agribusiness](#), which significantly contribute to Italy's GDP thanks also to the country's cultural heritage, landscape and food and wine tradition, and to [commerce](#). Special loan facilities are dedicated to supporting growth in new entrepreneurial ideas ([Start-up Loans](#)) and female entrepreneurship ([Invest in Women and Women in Start-ups](#)). With its international presence and with its UBI World programme, the Bank also provides support to Italian business clients on foreign markets to make sure they obtain the necessary financial assistance together with a series of support services for the internationalisation of their activities.

In 2018 the cooperation agreement with Confindustria – Industria 4.0 - signed in 2017 to promote the function of the [Digital Innovation Hubs](#)<sup>5</sup> (DIHs) was further expanded to incorporate content about the supply chains, sustainable development and welfare. As regards sustainable development, the Group will offer enterprises the "Research, Development and Innovation" facility for investments in environmental impact reduction, maintaining jobs and the creation of new jobs. For this purpose, the Bank has started to develop methods to assess the social impact of investments and will be working with Confindustria to develop a culture of welfare in the associate enterprises.

---

<sup>4</sup> Gross loans as at 31<sup>st</sup> December 2018.

<sup>5</sup> Technology districts created to help SMEs adapt to the new industrial revolution.



LOANS TO SMALL AND MEDIUM ENTERPRISES PROVIDED DURING THE YEAR	2018		2017	
	Number	Disbursed (millions of euro)	Number	Disbursed (millions of euro)
2015 Credit Accord	307	17.7	460	22.6
<i>Italy Investment Projects - CDP and developing businesses</i>	307	17.7	459	22.6
<i>Public Administration (PA) Credit - ABI and Businesses and PA</i>	-	-	1	0.0
Subsidised public sector funding	9,511	4,573	21,808	5,959
<i>European Central Bank TLTROs</i>	8,325	4,132.3	21,617	5,822.7
<i>European Investment Bank</i>	1,186	440.9	191	136.4
Guarantee bodies and guarantee funds	17,579	1,627.7	17,208	1,522.9
<i>Loans backed by guarantee funds</i>	11,668	698.6	11,192	628.8
<i>SME guarantee fund - Law No.662</i>	5,757	926.2	5,747	888.2
<i>Anti-usury credit lines</i>	154	3.0	269	5.9
Group initiatives	20	0.5	25	0.7
<i>SME development</i>	8	0.2	8	0.4
<i>Start-up</i>	12	0.3	17	0.4
Natural disasters	797	48.1	1,177	59.4
<i>ABI/CDP reconstruction agreement</i>	797	48.1	1,177	59.4
Female entrepreneurship	14	0.4	9	0.5
<i>Invest in women</i>	10	0.3	8	0.3
<i>Women in start-ups</i>	4	0.1	1	0.2
<b>TOTAL</b>	<b>28,228</b>	<b>6,267.5</b>	<b>40,687</b>	<b>7,565.2</b>

LOANS TO SMALL AND MEDIUM ENTERPRISES EXISTING AT THE END OF THE YEAR	2018		2017	
	Number	Disbursed (millions of euro)	Number	Disbursed (millions of euro)
2015 Credit Accord	2,106	54.8	2,673	77.0
<i>Italy Investment Projects - CDP and developing businesses</i>	2,106	54.8	2,672	77.0
<i>Public Administration (PA) Credit - ABI and Businesses and PA</i>	-	-	1	0.0
Subsidised public sector funding	45,544	10,826	49,176	10,695
<i>European Central Bank TLTROs</i>	40,213	9,409.6	44,167	9,465.7
<i>European Investment Bank</i>	4,016	1,399.3	3,295	1,199.4
<i>Cassa Depositi e Prestiti</i>	1,315	17.1	1,714	30.0
Guarantee bodies and guarantee funds	61,195	4,026	68,327	4,233
<i>Loans backed by guarantee funds</i>	44,973.0	2,379.1	50,546.0	2,620.3
<i>SME guarantee fund - Law No.662</i>	15,195	1,629.8	16,076	1,580.8
<i>Anti-usury credit lines</i>	1,027	17.0	1,705	31.9
Group initiatives	459	4.6	808	10.8
<i>SME development</i>	183	2.2	337	5.9
<i>Start-ups</i>	276	2.3	471	5.0
Natural disasters	2,008	104.7	1,349	74.3
<i>ABI/CDP reconstruction agreement</i>	2,008	104.7	1,349	74.3
Female entrepreneurship	49	1.1	40	1.1
<i>Invest in women</i>	33	0.7	28	0.6
<i>Women in start-ups</i>	16	0.4	12	0.5
<b>TOTAL</b>	<b>111,361</b>	<b>15,017.0</b>	<b>122,373</b>	<b>15,091.3</b>

UBI Banca's commitment to local economic development also takes the form of projects to support households and enterprises struggling due to the economic crisis as a whole or natural adverse events, with specific initiatives at favourable rates:

- "anti-crisis" measures for enterprises - entailing the deferment of principal repayment instalments on mortgages, loan and leases and the extension of the repayment

schedules for mortgages and maturities for short-term loans or for agricultural working capital credit arrangements, with the Bank's own or sector-wide initiatives;

- [the fight against usury](#), with loans guaranteed as part of local community agreements with Foundations in order to assist individuals at risk of usury (according to the criteria established by the Regulation to implement art. 15 of Law No. 108);
- [action to support households and companies affected by natural disasters or exceptional weather conditions](#)<sup>6</sup>, by allocating direct funding or implementing legislative provisions (ABI CDP agreements [Plafond Sisma Centro Italia](#) of 18<sup>th</sup> November 2016 and [Plafond Moratoria Sisma Centro Italia](#) of 3<sup>rd</sup> July 2016, subsidised loans for rebuilding damaged buildings and for paying tax continuing throughout 2018; agreement with FI.L.S.E. S.p.A. - Finanziaria Ligure per lo Sviluppo Economico signed in November 2018, which enables SMEs damaged by the events of 14<sup>th</sup> August in Genoa to access the [Fondo di Garanzia Emergenza Ponte Morandi](#) set up and funded by the Liguria regional government in order to benefit from a direct guarantee, or counter guarantee, on unsecured loans for financing working capital in order to move forward from the emergency phase);
- [anti-crisis measures for families](#) – with the Bank's own or sector-wide initiatives (ABI/MEF Solidarity Fund), to facilitate access to credit and meeting the relative costs, especially as regards homebuyer mortgages.

DEFERRAL/EXTENSION OF LOANS GRANTED DURING THE YEAR	2018		2017	
	Number	Remaining debt (millions of euro)	Number	Remaining debt (millions of euro)
Households	2,653	238.5	3,368	305.6
<i>of which:</i>				
<i>Initiatives bank</i>	2,494	225.8	2,637	247.3
<i>System initiatives (ABI/MEF)</i>	159	12.7	731	58.3
Enterprises	1,589	389.7	4,124	707.1
<i>of which:</i>				
<i>Initiatives bank</i>	914	281.7	1,882	507.3
<i>System initiatives (ABI)</i>	675	108.0	2,242	199.8
<b>TOTAL</b>	<b>4,242</b>	<b>628.2</b>	<b>7,492</b>	<b>1,012.7</b>

### UBI Welfare for the work

In 2018 the [UBI Welfare](#) service for helping enterprises set up an in-house company welfare plan was expanded. The service enables enterprises to respond to the modern [needs of enterprises, people and the local area](#), and supplements public services in the field of health, welfare, education, leisure and protection and finding a better home life/work balance. UBI Welfare includes an internet platform and a selection of services for managing the company welfare plan, with extremely simple methods also for managing flexible benefits, alternative forms of payment consisting of fully tax-free goods and services.

Marketing is supported by Welfare Specialists located throughout the area. These new professional figures have been specially trained to accompany entrepreneurs through the process of structuring and managing their welfare plans. Marketing is also supported by enterprise contact campaigns, focusing in particular on enterprises with a Collective Bargaining Agreement requiring mandatory welfare benefit solutions, which therefore have a direct interest in adopting solutions for the straightforward and immediate payment of small sums to their employees.

In 2018 UBI Banca struck an agreement with the [Consorzio Nazionale della Cooperazione Sociale CGM](#), whose members include more than 700 social enterprises all over Italy providing welfare services to individuals, and 11 additional cooperation agreements with trade and employer associations operating in various industries and regions of Italy, representing small and medium-sized enterprises, larger industries and pharmacy owners.

<sup>6</sup> Reports and Financial Statements 2018, Consolidated Management Report – *Commercial activity*.

To investigate and understand the changing welfare needs in society, UBI Banca has also supported the establishment of the [UBI Welfare Observatory](#), which is run by ADAPT - Specialist Industrial and Labour Relations Training School established in 2000 by Professor Marco Biagi, with scientific coordination provided by Professor Michele Tiraboschi. On 14<sup>th</sup> March 2018 the Observatory published the first “[Report on Employment and Company Welfare in Italy](#)”, prepared on the basis of surveys carried out in the areas in which the UBI Banca Group operates. The study looked at the main national collective bargaining agreements covering the subject, over 2,000 second-tier collective bargaining agreements (predominantly supplementary company agreements), in addition to the most significant local area agreements ordered by economic sector.

Given the growing importance of supplementary healthcare in Italy, the services include a combination of healthcare service modules, which make up different Health Plans based on the choices of participants. Healthcare services are offered by means of the [Cassa di Assistenza Aziende Italia](#), established in 2016, and its [Health Plans](#), to which enterprises can sign up for their employees, external staff and families, and benefit from tax relief where available. Health plans are flexible, with various maximum insured amounts and coverage, based on the company's needs and the categories of employees. Insurance risk coverage and payment for services is implemented by means of collective health policies taken out between the Fund and the Insurance Company partner.

In 2018 UBI Banca also began marketing social-interest insurance policies: the new [BluReddito](#) and [BluImpresa Multirischi](#).

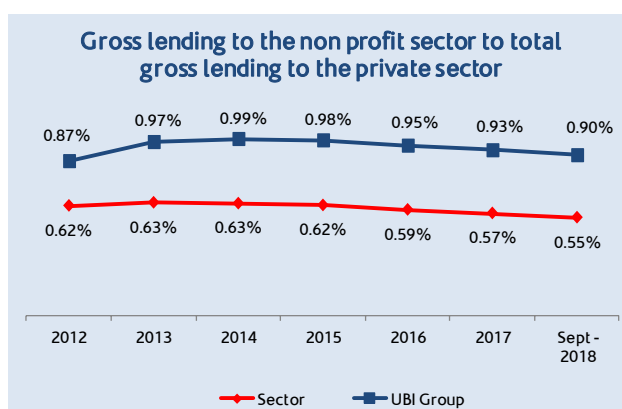
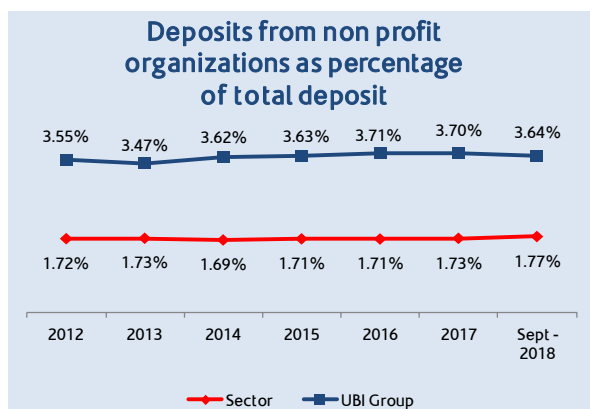
[BluReddito](#) is a new single-premium insurance package providing coverage for individuals, which combines a non-life and an optional life policy (term life insurance), in order to give the client and their family financial tranquillity in the event of unexpected life events that could harm their financial situation. [BluImpresa Multirischi](#) is a product dedicated to coverage for the main risks to which small commercial, production and services businesses, small industries and offices, and small to medium-sized professional firms are subject. It offers overall coverage for material and direct damage to the premises in which the business is conducted or its contents following fire and/or natural events and, for contents only, following thefts or burglaries. The policy also offers the option of coverage for material and direct damage caused to third parties and injuries to employees when carrying out the insured business, including assistance for various emergency situations in all cases. Coverage for indirect damage in the event of business interruptions is also provided.

### **UBI Comunità for growth in the Third Sector and the civil economy**

With over 24,800 clients – of which 6% comprises “Not for Profit Organisations” (cooperatives and social enterprises), 79% “Not for Profit Social Organisations” (associations, foundations, etc.) and 15% religious organisations – UBI Banca has a market share of 6.9% in the Third Sector. With €2.5 billion and €0.8 billion respectively in deposits and loans with the Third Sector, its share is far higher than the industry average<sup>7</sup>.

---

<sup>7</sup> BASTRA data on sub-group 51 (Not for Profit Organisations). Deposits are comprised of current accounts, deposits and certificates of deposit. Lending to the private sector excludes Public administration and is net of bad loans.



The specialisation of the UBI Comunità Area and interaction with the other Group structures have reinforced the support offered to the not for profit sector. This has included support for investments in projects with a social impact and powerful social initiatives to support the weakest members of society (e.g. through Social Bonds, Social Project finance and the “Trust in Life – Durante e Dopo di Noi”) project.

To support the expansion and consolidation of social entrepreneurship using financing instruments, in the last quarter of 2017 UBI Banca was the first banking institution to join the [ABI-CDP Convention of the Ministry for Economic Development](#)<sup>8</sup> of 28<sup>th</sup> July 2017 on the [Revolving Fund to support enterprises operating in the social economy](#). At the end of the year, the Bank obtained a €50 million [Social Activities MBIL financing facility](#) from the [European Investment Bank \(EIB\)](#)<sup>9</sup>. In 2018, under its convention with the Ministry for Economic Development (MISE), UBI Banca granted 6 loans for approximately €10 million, 5 of which are still awaiting approval from the MISE and 1 of which was approved in December 2018 by the MISE and is currently being processed. While under the EIB facility (completed and implemented during the first quarter of the year), 17 loans have been granted, for a total of €12.9 million.

The Convention with the MISE was made possible by combining the expertise of the Concessional Financing Unit in internal measurements techniques and instruments for assessing creditworthiness with that of UBI Comunità, enabling the immediate transfer of consolidated experience in other areas. In this context, social impact assessment (for which UBI Banca applies the social return on investment—SROI methodology to projects in connection with Social Bonds) becomes particularly relevant, not only as a proxy for the value of social enterprises, but also as a fundamental element for defining their eligibility for access to concessional financing that banks are required to verify and measure.

To capture and add more value to the specific nature of the various Third Sector entities, UBI Banca has developed a specific method for measuring creditworthiness, which acquires useful qualitative/quantitative information for investigating the type and social value of their activities (intangible assets). In 2017, in conjunction also with operators in the sector, the *Reporting form for Third Sector entities and the Detailed information form on loan applications from Third-Sector entities* were updated and implemented. These two instruments support the commercial network and provide feedback on internal assessments of business opportunities and evidence on creditworthiness and financial and economic sustainability, that can also be

<sup>8</sup> The Convention establishes the terms and mechanisms for submitting concessional financing applications provided under the Decree of 3<sup>rd</sup> July 2015 of the Minister of Economic Development on granting of concessional financing (70% at the concessional rate of 0.50% with CDP funds and 30% at market rates with bank funds) designed strictly for social enterprises, social cooperatives, and related consortiums, with total funding of €200 million from the Revolving Fund to support enterprises and Investments in research (FRI) managed by the Cassa Depositi e Prestiti.

<sup>9</sup> Medium and long-term financing under advantageous conditions with terms of up to 20 years supported with investments with social implications developed by public, private and private social entities.

used to define conditions to be applied to financing, potentially with an “incentive-based” approach depending on the levels of autonomy defined in the business policies. The project to develop a specific “[Assessment of Ecclesiastical or Religious Entities Form](#)” began in 2018, and should be completed by the end of 2019, to boost the assessment capacity of these entities.

UBI Banca has developed innovative investment products to support the funding requirements of not for profit organisations. These include [Social Bonds](#) (which this year reached the significant goal of €1 billion place with 92 projects supported since 2012), [UBI Pramerica](#) open-ended collective funds [SICAV/Ethical Funds](#) (see the section on Commitment to the Community) and initiatives to involve employees and clients in supporting fund-raising campaigns by primary client organisation to which UBI Banca offers dedicated fund-raising instruments such as Solidarity Credit Transfers, UBI Pay and Payroll Giving<sup>10</sup>.

### Project finance for infrastructures

The UBI Banca [Corporate & Investment Banking](#) division directly contributes to the growth of businesses in the area, supplying the financial resources needed for operational continuity in large companies, supporting growth-related and business discontinuity extraordinary operations and facilitating

PROJECT FINANCE FOR INFRASTRUCTURES	2018	2017
<b>Financing granted during the year</b>		
Numbers of contracts	3	5
Amount authorised (€ million)	253	164
Amount disbursed (€ million)	68	61
<b>Financing outstanding at the end of the year</b>		
Numbers of contracts	26	28
Amount authorised (€ million)	1,192	1,002
Amount disbursed (€ million)	815	741

access to public and private capital markets. It also contributes indirectly, supporting the country's infrastructure investments, with [Structured Finance](#) operations.

The most important operation in 2018 was the financing of Open Fiber, which won the tender for installing optic fibre networks in the areas of Italy still without this essential technology for internet access providing connection and transmission speeds in line with market needs.

OPERATIONS IN PORTFOLIO	2018	2017
Hospitals	4	5
Highways	4	6
Metropolitan railways	1	1
Gas transports networks	6	5
Airports	4	5
Other	7	6
<b>TOTAL</b>	<b>26</b>	<b>28</b>

### Public administration services

Working with the institutions, in providing quality services, helps to create solid and positive relationships that help the Group's integration into the economic and social fabric of the area. UBI Banca offers qualified services management for public bodies, with efficient solutions, specialist technical advice and the ability to create value partnerships for the community and for local economic development.

During the year, the Treasury and Cash Service was further improved, promoting the adoption of efficient solutions and simplified operations, with the use of innovative platforms (Siope+ and Pago PA), and supporting digitisation processes. More than 94% of transactions are now processed electronically using the IT Ordinance, facilitated by the legal requirements introduced by Siope+, which enables entities to reduce operational risks and rationalise

<sup>10</sup> Solidary Credit Transfers allow customers who use Qui UBI and Qui UBI Affari to make free bank transfers to Third Sector entities; UBI Pay is a smart phone application that enables customers to send money without paying commission using the Jiffy interbank network; Payroll Giving is an option available to UBI employees to donate a sum (such as €10) which is then deducted from their wages.

service execution times, freeing up resources that can be used for functions of use to the public.

Services for public bodies have also been enhanced by the introduction of internal processes offering structured support and operational coordination for tenders for the granting of funding, guarantees and products sold by the Bank launched by the competent bodies in the various local Macro Geographical Areas.

At the end of the year there were 2,120 managed entities – municipalities, provinces and regions, hospital, schools and universities – and several important partnerships with universities were developed during the year.

## Enhancement and wellbeing of personnel

### Key Aspects

Creation of high-quality jobs, attracting higher levels of talent and supporting ongoing professional development.

Providing every worker with the best position through opportunities to achieve their own goals, levels of welfare, reconciliation of private and professional life and occupational health and safety.



### Impact on the SDGs

Personnel management policies contribute to the goal of creating safe and secure working environments for all workers (SDG 8.8), and of promoting the social and economic inclusion of all, without any form of discrimination (SDG 10.2).

Personnel constitute an asset with values, capabilities and competencies, the recognition and enhancement of which are essential conditions for achieving UBI Banca's mission.

The profound changes in the banking industry business model, together with digital transformation and expansion of the Group's perimeter, have created new opportunities for professional development, which required a management plan in order to achieve efficiency and profitability. Actions to optimise the workforce and reduce labour costs therefore work alongside initiatives and investments to increase and enhance our human capital, starting with attracting talent and continuing with training and professional development programmes, flexible working and corporate welfare.

Accordingly, "organisational wellbeing" is the Group's objective, with policies and processes designed to implement regulations governing health and safety in the workplace in a substantive, not only a formal manner. This is also pursued in the knowledge of achieving both a greater competitive advantage as a result of higher productivity and improved performance by workers (less absenteeism and staff turnover and greater customer satisfaction) and savings for society in general in terms of both tangible and intangible social costs generated for example by injuries, operational errors, legal disputes, insurance claims, litigation and care expenses. The scientific literature has shown that organisational wellbeing is closely associated with factors such as the corporate climate, the commitment of employees, labour satisfaction and work-life balance.



Personnel management is incumbent on the Human Resources Area, which reports to the Chief Operating Officer, based on established processes and practices aligned with best practices at national and international levels. The quality of the policies implemented in the management, development, training and best use of talent, professional growth and benefits offered to employees meant that UBI Banca again received international certification from the [Top Employers Institute](#) for 2018.

From a regulatory point of view, conditions of employment and occupational health and safety are specifically dealt with and governed by Model 231, which sets out specific administrative formalities, checks and monitoring for the hiring of personnel from Third countries (in connection with the criminal offence of employing illegal immigrants) and for health and safety in the workplace.

The responsibility for managing issues relating to occupational health and safety lies with the [Health & Safety Manager](#) (who heads the workplace [Prevention and Protection Service](#), a staff unit of the Chief Operating Officer) who works in close cooperation with employers and those responsible for prevention, coordinating the application and maintenance of the [Health and](#)

Safety Management System through regular monitoring, revision of safety targets and checks to ensure procedures are correctly applied.

## Employment and turnover

[GRI 401-1 202-2]

In 2018 initiatives to contain labour costs and increase efficiency and profitability continued, against a background of continuing complex economic and market conditions.

Organisational and management operations are carried out in accordance with [social sustainability criteria](#), under arrangements with Trade Unions involving oversight mechanisms for the redeployment of staff involved in reorganisation plans, and the use of voluntary flexible working arrangements and retirement incentives. Role change and retraining processes are accompanied by special training programmes, to make the most of our human and professional resources.

INTRAGROUP MOBILITY (Displacements with contract detachment or transfer)	2018		2017 <sup>1</sup>	
	Total	of which contract transfers	Total	of which contract transfers
Men	853	483	10,390	5,641
Women	542	331	6,982	3,467
<b>TOTAL</b>	<b>1,395</b>	<b>814</b>	<b>17,372</b>	<b>9,108</b>

<sup>1</sup> Data derive from the project Single Bank and from incorporation of the New Banks.

Actions with an impact on staff dynamics are included under [generational turnover](#) in the Business Plan, with 1,100 hiring in 2017-19 against 3,000 redundancies (all voluntary under the early retirement plan, implementing the trade union agreements of 26<sup>th</sup> July 2017 and subsequent agreements).

In accordance with trends in the distribution model and the effort to simplify operations, the hiring of personnel from the external market aims above all to incorporate young new graduates – mainly in order to expand the sales network and support development of the multi-channel service – and specialised skill profiles not present in the Group, to contribute to the development of new skills and professional capacities.

To this end, UBI Banca has implemented an [Employer Branding](#) strategy, which means it has a constant presence in the universities in the relevant areas, where most hiring takes place. It holds orientation meetings, on-campus selection events, presentations and talks from employees (there are a total of 40 initiatives). It also makes an incisive use of digital communication channels with announcements, which help reach active candidates, and targeted campaigns, which are also effective in attracting passive candidates. Testimonials, guidelines and social media posts have helped spread awareness of UBI Banca as a valid employment option.

The UBI Banca Employer Branding actions have received recognition in the research carried out by [Universum](#): the ranking of ideal companies to work in puts UBI Banca in 36<sup>th</sup> place for graduates in economics and 19<sup>th</sup> place for graduates in law. There has also been a significant increase in students graduating in STEM degrees, where the Group is in 89<sup>th</sup> place. In 2019, actions to improve the awareness of UBI Banca as an Ideal Employer will continue, with an Employer Branding strategy including two main projects: the "UBI Ambassador" Employee Advocacy project and the mobile gamification app "UBIverse".

In terms of the hiring of professional and senior management personnel, the profiles evaluated are predominantly concentrated in areas where the Group's offices, policy activities and monitoring operations are located. In 2018, 15 new Senior managers were hired, 73% of whom are resident in Lombardy.



RECRUITS	2018			2017 <sup>1</sup>		
	Men	Women	Total	Men	Women	Total
New insertions	201	216	417	362	342	704
<i>of which:</i>						
<i>on temporary contract</i>	108	145	253	258	277	535
<i>permanent</i>	93	71	164	104	65	169
Contract transformations	16	26	42	39	65	104

<sup>1</sup> The 2017 data have been restated to take into account of three dismissals and two reinstatements at UBI Banca, with backdated effect. For the value reported in the 2017 Consolidated non - financial declaration see the document published on the Group's website at <http://www.ubibanca.it/pagine/Bilancio-Sostenibilita-IT.aspx>.

RECRUITS (New insertions)	2018						2017		
	Men		Women		Total		Men	Women	Total
	No.	Rate	No.	Rate	No.	Rate	No.	No.	No.
North	174	2.2%	199	3.7%	373	2.8%	289	305	594
<i>of which:</i>									
<i>up to 30 years</i>	123	38.3%	139	30.5%	262	33.8%	196	232	428
<i>30 to 50 years</i>	45	1.1%	48	1.4%	93	1.2%	81	57	138
<i>over 50 years</i>	6	0.2%	12	0.7%	18	0.4%	12	16	28
Central	2	0.1%	7	0.3%	9	0.2%	38	27	65
<i>of which:</i>									
<i>up to 30 years</i>	0	0.0%	1	5.3%	1	2.6%	38	23	61
<i>30 to 50 years</i>	1	0.1%	5	0.3%	6	0.2%	0	4	4
<i>over 50 years</i>	1	0.1%	1	0.1%	2	0.1%	0	0	0
South and island	23	1.9%	9	1.3%	32	1.7%	29	7	36
<i>of which:</i>									
<i>up to 30 years</i>	21	70.0%	9	81.8%	30	73.2%	27	7	34
<i>30 to 50 years</i>	2	0.4%	0	0.0%	2	0.2%	2	0	2
<i>over 50 years</i>	0	0.0%	0	0.0%	0	0.0%	0	0	0
Abroad	2	6.9%	1	4.5%	3	5.9%	6	3	9
<i>of which:</i>									
<i>up to 30 years</i>	1	100.0%	0	0.0%	1	50.0%	3	0	3
<i>30 to 50 years</i>	0	0.0%	1	7.7%	1	4.0%	1	3	4
<i>over 50 years</i>	1	6.3%	0	0.0%	1	4.2%	2	0	2
<b>TOTAL</b>	<b>201</b>	<b>1.7%</b>	<b>216</b>	<b>2.5%</b>	<b>417</b>	<b>2.0%</b>	<b>362</b>	<b>342</b>	<b>704</b>

New table inserted to replace the graphs published in the 2017 document (available on Group's website at <http://www.ubibanca.it/pagine/Bilancio-Sostenibilita-IT.aspx>) in view of the continuous improving of data presentation.

DEPARTURES <sup>1</sup>	2018			2017 <sup>2</sup>		
	Men	Women	Total	Men	Women	Total
Business Plan reductions <sup>3</sup>	577	270	847	882	444	1,326
<i>of which:</i>						
<i>solidarity fund</i>	521	251	772	828	426	1,254
<i>incentivised redundancies</i>	56	19	75	54	18	72
Voluntary resignations	107	54	161	100	44	144
End of contract	119	172	291	81	80	161
Retirement	6	7	13	4	0	4
Dismissal	5	2	7	8	1	9
Other	60	43	103	52	30	82
<b>TOTAL</b>	<b>874</b>	<b>548</b>	<b>1,422</b>	<b>1,127</b>	<b>599</b>	<b>1,726</b>

<sup>1</sup> Data have been modified compared to data published in 2017 document ( available on the Group's website at <http://www.ubibanca.it/pagine/Bilancio-Sostenibilita-IT.aspx>) in view of the continuous improving of data presentation.

<sup>2</sup> The 2017 reductions from the Business Plan (1,326) do not consider the 53 staff leaving occurred from 1<sup>st</sup> January to 31<sup>st</sup> March 2017 related with the New Banks. The 2017 data have been restated to take into account of a staff leaving in UBI Leasing that took place during the year, with backdated effect. For data reported in the 2017 Consolidated non - financial declaration see the document published on the Group's website at <http://www.ubibanca.it/pagine/Bilancio-Sostenibilita-IT.aspx>.

<sup>3</sup> Data refer to the total number of staff leaving registered annually with the " Reductions from the Business Plan" clause.

DEPARTURES	2018						2017		
	Men		Women		Total		Men	Women	Total
	No.	Rate	No.	Rate	No.	Rate	No.	No.	No.
North	582	7.4%	345	6.3%	927	7.0%	717	373	1,090
<i>of which:</i> up to 30 years	113	35.2%	129	28.4%	242	31.2%	44	29	73
30 to 50 years	82	2.0%	45	1.4%	127	1.7%	58	37	95
over 50 years	387	11.4%	171	10.3%	558	11.1%	615	307	922
Central	153	5.9%	130	5.1%	283	5.5%	234	126	360
<i>of which:</i> up to 30 years	1	5.0%	7	36.8%	8	20.5%	40	21	61
30 to 50 years	21	1.5%	40	2.3%	61	1.9%	7	10	17
over 50 years	131	11.3%	83	10.6%	214	11.1%	187	95	282
South and island	134	11.2%	66	9.3%	200	10.5%	133	71	204
<i>of which:</i> up to 30 years	16	53.3%	8	72.7%	24	58.5%	13	5	18
30 to 50 years	7	1.3%	2	0.5%	9	1.0%	1	0	1
over 50 years	111	17.7%	56	17.9%	167	17.8%	119	66	185
Abroad	5	17.2%	7	31.8%	12	23.5%	43	29	72
<i>of which:</i> up to 30 years	0	0.0%	1	100.0%	1	50.0%	9	2	11
30 to 50 years	3	25.0%	3	23.1%	6	24.0%	20	20	40
over 50 years	2	12.5%	3	37.5%	5	20.8%	14	7	21
<b>TOTAL</b>	<b>874</b>	<b>7.5%</b>	<b>548</b>	<b>6.3%</b>	<b>1,422</b>	<b>7.0%</b>	<b>1,127</b>	<b>599</b>	<b>1,726</b>

New table inserted to replace the graphs published in the 2017 document (available on Group's website at <http://www.ubibanca.it/pagine/Bilancio-Sostenibilita-IT.aspx>) in view of the continuous improving of data presentation.

At Group level, they include acquisitions and transfers. The substitution index was equal to approximately 30%, which equates to one incoming resource for every three departures. Voluntary turnover is stationary at 0.8%, the same as in 2017, showing a high sense of belonging in the Group.

The average length of service is 19 years and 7 months (20 years and 2 months for men, and 18 years and 8 months for women).

In 2019, operations will continue to rationalise the network with the optimisation of the work force defined in the organisational structure and the distribution model: searches on the external market, in addition to direct investment to introduce a significant number of young "digital natives" into the business structures, will therefore be targeting the new professions deriving from digital transformation and reinforcing of the governance structures that maintain relations with the market regulators and supervise the maintenance and development of ICT systems.

## Benefits and work-life balance

[GRI 401-2:3]

In order to protect the health and wellbeing of the personnel, a number of contractually defined mechanisms are provided for all the employees of the Group.

### Benefits

All employees are provided with various benefits comprising:

- collective welfare plans including pension, health and insurance coverage under the relevant regulations;
- child assistance and canteen benefits to provide meals as well as sports and recreational activities;
- preferential conditions for access to products and services offered by the Bank/Company;

- collective transport services between the Bank's main offices and financial subsidiaries for mobility within the area.

In the preparation of corporate welfare plans, UBI Banca aims to harmonize at Group level the various forms of supplementary pension and welfare benefits and insurance so that adequate levels of benefits are provided in the various companies.

In support of [younger colleagues](#) as they enter the work force, regulations were introduced to enhance the corporate contribution to supplementary pension schemes and first-home-purchase incentives. Additional welfare benefits, to which variable premiums can also be allocated, are supported through the reimbursement of certain household expenses (e.g. schools of all types and levels, campus expenses, textbooks, canteen services and care for elderly family members) or through education/recreation and sports services provided by the Bank. Staff members certified to have disabilities of more than 70% are eligible for a corporate contribution in addition to their supplementary coverage.

SERVICES AND CONCESSIONS FOR EMPLOYEES	2018		2017	
	NO. USERS	COSTS INCURRED (thousands of euro)	NO. USERS <sup>3</sup>	COSTS INCURRED (thousands of euro)
Children's nurseries <sup>1</sup>	69	344	72	336
<i>of which:</i>				
<i>Bergamo</i>	41		46	
<i>Brescia</i>	4		4	
<i>Milan</i>	8		10	
<i>Jesi</i>	16		12	
Summer recreational center for children	254	45	304	47
<i>of which:</i>				
<i>Bergamo</i>	181	27	175	24
<i>Brescia</i>	73	18	129	22
Shuttle coach service		1,030		899
Company cultural and recreational clubs <sup>2</sup>	19,782	553	19,055	474
<i>of which for:</i>				
<i>sport activities</i>	3,279		3,485	
<i>tourist activities</i>	2,471		2,614	
<i>cultural activities</i>	6,666		6,126	
<i>recreational activities</i>	5,631		5,376	
<i>activities and services for children</i>	1,735		1,454	
Supplementary pensions and insurance policies		58,598		58,816
Study grants and contributions to families		4,858		4,410
<b>TOTAL COSTS</b>		<b>65,428</b>		<b>64,982</b>

<sup>1</sup> Available places: 46 in Bergamo, 20 in Brescia, 12 in Milan and 16 in Jesi.

<sup>2</sup> Cral BPA, Cral BPB, Cral BPCI, Cral CARIME, Circolo del Personale BRE and G.I.D UBI Banca, BVC, Cral Stiamo in contatto.

<sup>3</sup> In 2017 data The New Banks are not included as a result of reporting problems.

## Work-life balance

During the year structural changes were introduced to some aspects of [social](#) and [corporate welfare policy](#), in order to foster a better balance between the Company's technical, organisational and production needs and employees' personal, family and working lives, by implementing forms of [flexibility](#) such as part-time work, voluntary work reduction/suspension<sup>1</sup>, hour banks and smart working.

The Company gives precedence to requests to work part time from male or female workers with proven serious personal or family reasons. Where work suspension for maternity/paternity is concerned, measures have been introduced to protect organisational mobility for workers and flexible hours compatible with the requirements of their jobs.

Smart working, introduced for 500 employees, is an innovative working solution that can help reconcile the private and professional spheres, productivity and environmental sustainability.

<sup>1</sup> Partly paid extraordinary leave, regulated by agreements with the social parties.

Smart working is currently offered to the central management departments, but the goal is to expand the pool of users and make this option more attractive by sharing technologies that can support and aid a growing number of smart workers. To support the expansion of smart working, all staff have been given the opportunity to see the [Smart Working Stories](#) videos. These feature two UBI managers talking about their experiences of using this tool, highlighting the importance of a relationship of trust between managers and smart workers and a continued guarantee of professional efficacy and efficiency to the smart managers.

Permits are also an important tool for reconciling personal and family needs with work. Particular attention is devoted to the situations of employees directly or indirectly in [disability circumstances](#), by introducing experimental supplementary paid leave in addition to the paid leave provided under Law No. 104.

EMPLOYEES WHO BENEFITED FROM LEAVE <sup>1</sup>	2018			2017		
	Men	Women	Total	Men	Women	Total
Maternity and childcare	379	1,402	1,781	476	1,226	1,702
Study	69	65	134	85	70	155
Other personal needs	3,546	4,064	7,610	2,687	2,639	5,326
<b>TOTAL</b>	<b>3,994</b>	<b>5,531</b>	<b>9,525</b>	<b>3,248</b>	<b>3,935</b>	<b>7,183</b>

LEAVE DAYS	2018			2017		
	Men	Women	Total	Men	Women	Total
Maternity and childcare	6,018	67,089	73,107	4,332	63,684	68,016
Study	451	395	846	439	459	898
Other personal needs <sup>2</sup>	9,570	10,702	20,272	7,808	10,114	17,922
<b>TOTAL</b>	<b>16,039</b>	<b>78,186</b>	<b>94,225</b>	<b>12,579</b>	<b>74,257</b>	<b>86,836</b>

<sup>1</sup> Permits can be used by all employees, regardless of the type of contract.

<sup>2</sup> The increase recorded in 2018 is due to the inclusion, under the new Supplementary Company Agreement, of permits for medical examinations, previously recorded as "Recovery of bank hours" or "Illness (daily or hourly)".



Families of employees on duty or retired working or retired with disabled children who are not self-sufficient not only receive financial support directly from the company, but also receive support from the Association Clematis Onlus ([www.clematisonlus.org](http://www.clematisonlus.org)). The charity was set up in 2002 at the initiative of a group of employees from the former Banca Popolare di Bergamo – Credito Varesino and financially supported by the Group. The

Association has taken out insurance to guarantee a supplementary annual income to disabled children in the event of the death of both parents, and pays allowances to families for "rehabilitation training" and various aids. A total of 71 households are covered by the insurance, including 38 families of retired employees, benefiting 74 disabled children.

### Parental leave

Italian law provides a mandatory period of leave for female employees and workers, normally during the two months before and three months after childbirth, and a voluntary period away from work for both parents<sup>2</sup>. In addition to the legal requirements, the Group has come to agreements with Trade Unions to facilitate the timing and manner of returning to work after maternity leave and the request for extended part-time work (agreement of 26<sup>th</sup> July 2017, art. 3.1 Part-time Work and art. 3.2 Maternity and Paternity). Agreements also cover, again in

<sup>2</sup> Parental leave have the right to optional leave (if the employment relationship is continuous) up to the first 12 years of the life of a child, for a period of between two and not more than 10 months, which can be increased to 11 months if the working father takes leave from work for either a continuous or staggered period of no less than three months. This total period may also be taken by the parents simultaneously.

2018, payment of 20% of gross daily pay for each full day of parental leave with the right to the INPS benefit of 30% (agreement of 26<sup>th</sup> October 2017).

PARENTAL LEAVE	2018			2017 <sup>3</sup>
	Women	Men	Total	Total
<b>Compulsory parental leave</b>				
Employees taking leave during the year	396	3	399	402
<i>of which:</i>				
<i>still on leave at the end of the year</i>	130	-	130	136
<i>returned from leave during the year</i>	264	3	267	266
<i>resigned on return from leave</i>	2		2	-
Employees in work 12 months after leave ended	258	-	258	218
Return to work rate <sup>1</sup>	99.2%	100.0%	99.3%	100.0%
Retention rate <sup>2</sup>	n.d.	n.d.	97.0%	100.0%
<b>Optional parental leave</b>				
Employees taking leave during the year	692	96	788	737
<b>TOTAL OF EMPLOYEES TAKING PARENTAL LEAVE DURING THE YEAR</b>	<b>1,088</b>	<b>99</b>	<b>1,187</b>	<b>1,139</b>

<sup>1</sup> Percentages of employees returned to work at the end of parental leave.

<sup>2</sup> Percentage of employees still in service at 1 year from the end of parental leave. The 2017 data have been restated following an update of the number of returned from parental leave in 2016 to include 5 employees of Banca Teatina (which at that time was not part of the Group's perimeter). For the value reported in the 2017 Consolidated non - financial declaration see the document published on the Group's website at <http://www.ubibanca.it/pagine/Bilancio-Sostenibilita-IT.aspx>.

<sup>3</sup> In 2017 gender data are not included due to detection difficulties.

In 2018, an innovative training project was designed for employees – male and female – **becoming parents**. The aim is to develop across-the-board skills such as empathy, listening and time management. Becoming a parent makes life more complicated and requires people to manage several roles at once. Scientific research has confirmed that, starting with the transformational energy of caring for a child, parents gain and perfect across-the-board skills that are increasingly indispensable and sought-after by organisations. This approach helps make parents aware of their innate and acquired skills, which they are often already using, and helps them apply them practically also in their professional lives. In addition to classroom activities, the programme includes online skills training involving distance training sessions. In January 2019 the first initiatives were already timetabled.

## Occupational health and safety<sup>3</sup>

[403-1:10]

According to the World Health Organisation's definition, health is "a state of complete physical, mental and social wellbeing and not just the absence of disease or infirmity". This concept has been adopted not only in Italian law (Legislative Decree No. 81/08, art. 2, paragraph 1, letter o), but also by UBI Banca, which has gone beyond mere formal compliance with the legal requirements, aiming to make constant improvements, thanks also to the adoption of an Occupational Health and Safety Management System.

Adoption of the system is particularly important from a financial and reputational point of view. It is not a legal requirement, but offers substantial protection to ensure correct compliance with all legal requirements, in order to contain risks by systematically monitoring the efficiency of procedures and appropriateness of processes. At the same time it incorporates all new safety regulations and involves workers and Management, who are required to actively participate in the implementation and maintenance of health and safety conditions within the company.

<sup>3</sup> The foreign companies (Pramerica Management Company and UBI Trustee) are subject to the provisions of the Luxembourg Code du Travail. The recent construction of the building where all the business is based and careful facility management (provided by CBRE Asset Service) ensures that all security problems are managed, monitored and kept in line with statutory requirements.

## Health and Safety Management System

The UBI Banca management system is based on UNI-INAIL Guidelines, which are the practical embodiment of the Model 231 Guidelines both for serious or grievous bodily harm due to breach of accident prevention regulations and for health and safety in the workplace. The system is subject to internal controls and covers 20,403 Group employees, equivalent to 99.9% of the total employees.

Health and safety policies are distributed together with the Health and Safety Management System Regulations in all the Group's legal entities operating in Italy. They also take into account injury data and the outcome of health monitoring by the Corporate physician. The Regulations were originally approved in 2014 and then updated in 2018, to take into account the need to align the previous version with UBI Banca's new organisational structure and the consequent changes to roles and processes in the context of health and safety. They set out: the roles and responsibilities of the various people directly involved (Employer, Delegated Managers, Prevention and Protection Service Manager and Corporate physician) and the Company and Group units involved in implementing the policies (Human Resources, Managers of the Macro Geographical Areas, UBIS Real Estate, UBIS Sicurezza Fisica, UBIS Acquisti, UBIS Infrastructures Services and UBI Academy); the processes for the active and conscious engagement of staff; communication flows between the various structures and mechanisms for integrating the Occupational Health and Safety Management System into the corporate processes; and the planning, monitoring and regular review of the system's efficacy (specifically required by the UNI-INAIL Guidelines).

Prevention is guaranteed primarily by constant monitoring of the workplace and equipment. Checks are carried out regularly by Prevention and Protection Service staff, who inspect the various operational units located in the area.

The hazard identification and risk assessment process involves verifying the risk context using a check list accompanied by measures in the field, i.e. specific surveys. The data collected is entered onto a dedicated application (Bansic), which is used to generate a series of instructions and/or recommendations, classified by the level of risk, for the functions responsible for reducing or eliminating risk by means of technical and/or organisational measures in accordance with the operational plans approved by the employer. The Prevention and Protection Service schedules risk assessment updates, which are normally every five years.

<b>TECHNICAL INTERVENTION TO REDUCE RISKS</b>	<b>2018</b>	<b>2017<sup>1</sup></b>
Fire prevention, emergency management, emergency exits	3,290	2,902
Plant (machinery, maintenance)	1,083	918
Premises (floors, walls, window ledges, staircases, architectural barriers)	1,164	699
Ergonomics (lighting, work stations, micro-climate)	350	491
Certificates and documents	111	738
<b>TOTAL</b>	<b>5,998</b>	<b>5,748</b>

<sup>1</sup> Data of Adriatica Bank and Carilo, Tirrenica Bank and Federico del Vecchio Bank are not included.

To make the strategy for improving safety levels more effective, since 2013 the traditional programme of workplace measures has been integrated with an analysis of injuries that have taken place in the workplace, in order to determine their causes and to develop preventive measures. Statistics on the frequency and severity of injuries show that the main cases are:

accidental falls in the office or on stairs; car or pedestrian injuries during missions; collisions with doors, furniture or work equipment or squashing of fingers when closing safes or drawers.

Given the importance of prevention in work carried out by external suppliers (installation and maintenance work), the Purchasing Manager responsible for prevention monitors supplier qualifications, and operational checks are carried out by those in charge of prevention for the technical areas (UBIS Real Estate, UBIS Sicurezza Fisica and UBIS Infrastructure Services).

## **Safeguarding health**

The UBI Group uses companies specialised in compliance with all the requirements of the current law on monitoring health, Legislative Decree 81/2008, particularly in the Occupational Therapy service, the role of Corporate physician, the tasks carried out by qualified professionals directly appointed by the company and the provision of worker training and refresher courses<sup>4</sup>

The Corporate physician appointed works with employers and the Occupational Preventional and Protection Service to improve the efficiency of the management system based on specific knowledge of the company organisation, production unit and risk situations, putting in place measures to safeguard the health and psychological and physical wellbeing of every worker. To this end, the Corporate physician visits the workplaces of staff whose health is monitored and provides employers with specific documentary evidence of their findings.

For individual workers, the Corporate physician judges their suitability to their specific role, creates and updates their medical records, provides information about the health checks they are given and informs them about the results. The employer collects the aggregate results of clinical and instrumental tests in anonymous form in specific reports, and illustrates the results at regularly held meetings.

Every employee may raise medical/health problems related to the workplace or their job with the Corporate physician. There is a dedicated email address for this purpose, which only the Corporate physician can access.

In addition to regulatory requirements, supplementary healthcare assistance safeguards and promotes workers' health. This takes the form of insurance coverage or coverage by healthcare Funds. Personnel in service or retirement can benefit from a network of top-level affiliated healthcare services all over the country. There are nursing centres in cities with the highest number of personnel (Bergamo), and in 2018 automated mobile centres were set up to monitor workers' hearing, blood pressure, heartbeat and eyesight (Bergamo and Brescia).

Environmental monitoring of air quality and for radioactive gases (such as Radon) will be carried out in branches and major buildings in 2019.

## **Robbery risk**

To manage the risk of individual exposure to robbery, a procedure providing psychological support has been put together with the help of the Corporate physician. This is structured according to the severity of the event and is aimed at all employees involved in events, including those classified as "violent".

Every robbery is classified based on a series of critical parameters, and every worker involved in the event is identified as a subject exposed to the risk. Once the level of "severity" has been identified, the Occupational Prevention and Protection Service takes action to manage the issues relating to employees' risk perception. Staff involved are sent a questionnaire designed by a team of psychologists and the Corporate physician. Response to the questionnaire is not mandatory. The Corporate physician analyses the questionnaire in order to identify the people to email offering expert support by a consultant psychologist. All the activities and documentation for which the Doctor and team of psychologists are responsible are subject to the same safeguarding of health data.

---

<sup>4</sup> Training courses include company courses on fire risks and first aid, in accordance with art. 3 of Ministerial Decree No. 388/2003, which covers workers in various professional environments.

THEFTS AND ROBBERIES (included ATM)	2018			2017 <sup>2</sup>		
	Thefts	Robberies	Total	Thefts	Robberies	Total
Events	67	18	85	35	25	60
Frequency Index <sup>1</sup>	2.7	1.0	3.7	1.6	1.7	3.3
Employees involved	0	125	125	0	138	138

<sup>1</sup> Number of events every 100 branches.

<sup>2</sup> Data don't include Teatina Bank.

In 2018, work continued to implement safety measures, emergency exits and medical emergency alarm systems in accordance with Legislative Decree 81/08, particularly in the branches of the three New Banks. Burglary-proof systems include the installation and activation of remote systems for opening safes for all branches. Since the branch renovation project, branches have in any case been fitted with sliding doors instead of the traditional knobs. Buildings considered to be strategic because of the presence of data processing rooms have their security systems mapped out. In October work also began at the Brescia branch to improve the garage access systems, to segregate access to all floors and to install CCTV and alarm systems with creation of the building's new internal alarm room. In accordance with the targets that have been set, security improvements have also been made to the San Marco Garage in Bergamo and the accommodation at Milano Marittima.

### Health and safety training

With the support of UBI Academy, whose Director-General is specifically delegated to deliver health and safety training, the Group as continued spreading a culture of safety at all levels. This involves systematic worker training plans with classroom teaching and an e-learning platform that provides a record of training, in accordance with the requirements of the State-Regions Conference Accord of July 2016. The Occupational Prevention and Protection Service identifies the training programme each worker will attend based on their role/tasks and their resulting exposure to risk. The entire training programme meets the regulatory requirements for training introduced by the State-Regions Conference Accord of December 2011.

Training comprises a general section on the basic concepts of occupational prevention and safety applicable to all business areas, and a specific section on risk, covering issues such as injuries, machinery and equipment, microclimate and lighting, electrical installations in general, video terminals and work-related stress. This specific section is structured according to the risks relating to the job, potential damage and consequent banking sector prevention and protection measures and procedures. The content and duration of the training is based on the outcome of risk assessments and takes into account risks typical to the sector. For example, for "robbery risk" training is split between the sales network and central management.



TRAINING ON HEALTH AND SAFETY	2018			2017		
	PARTICIPANTS	SESSIONS <sup>1</sup>	HOURS	PARTICIPANTS	SESSIONS <sup>1</sup>	HOURS
Video terminal workers	1,343	1	1,343	1,025	1	999
Emergency personnel	1,243	85	8,981	556	48	5,139
<i>of which: fire prevention</i>	402	28	1,801	230	20	1,200
<i>first aid</i>	841	57	7,180	326	28	3,939
New recruits	8	1	8	109	2	409
Safety figures <sup>2</sup>	330	12	1,353	472	13	1,810
Robbery risk	1,750	40	6,228	1,895	71	10,056
Other (updates)	28,160	46	34,544	13,344	84	34,194
<b>TOTAL<sup>3</sup></b>	<b>32,834</b>	<b>185</b>	<b>52,457</b>	<b>17,401</b>	<b>219</b>	<b>52,607</b>

<sup>1</sup> Data of FAD courses are calculated as 1 session.

<sup>2</sup> Training for senior managers, safety officers, company trade union representatives, etc.

<sup>3</sup> Total number of participants is the sum of the different rows; however, it doesn't represent the total number of people trained, since the same person may have participated in more than one course in different areas. The total number of employees trained can be read in table " Details of regulatory training".

The training programme also incorporates regulatory requirements for fire prevention and first aid, and includes training for the personnel selected to be in charge of both areas.

PREVENTION AND ASSISTANCE ACTIVITY	2018	2017
Medical visits	1,882	1,743
On site inspections	766	467
Training courses (number of participants)	32,834	17,401
Evacuation drills with assistance	39	35
Environment monitoring	10	177
Post-robbery psychological assistance	10	8

COSTS INCURRED FOR OCCUPATIONAL HEALTH AND SAFETY (thousands of euro)	2018	2017
Intervention required by Law No. 81/08	989.2	594.0
Prevention and protection at the workplace consulting services	432.9	426.0
Occupational health and safety training	164.8	186.4
Corporate Physician services (medical visits to monitor health) and post robbery psychological assistance	188.6	165.0
<b>TOTAL</b>	<b>1,775.5</b>	<b>1,371.4</b>

### Personnel communication and participation

The corporate intranet system known as the Digital Workspace is the main tool for raising the awareness of all staff regarding risks, obligations and appropriate conduct, and emergency management. The Regulations Portal manages notices concerning corporate and/or Group regulations. The Human Resources - Health and Safety section publishes documentation about the company organisation and emergency management, as well as educational equipment used in training courses and other information.

A dedicated email address enables staff employed in the various organisational units, Workers' Safety Representatives (including after they have carried out workplace surveys) and those with safety-related responsibilities to report any risk situations to the Prevention and Protection Service, in order to enable the competent organisational units to put in place the necessary technical and organisational measures. Another email address, reserved for use by the Corporate physician, is available to interested parties to report health issues in confidence.

The UBI Sistemi e Servizi Service Desk assistance service application also enables those with safety-related responsibilities to directly report factors that could potentially lead to incidents of a certain significance. The traditional categorisations based on maintenance requests (IT or property-related) have been integrated so it is possible to report risks of tripping, collisions or falls relating to injury events.

## Injuries and occupational illnesses

An examination of data on injuries finds no categories of workers more exposed than others to the risk of injuries in relation to their occupational role.

In fact, again in 2018, the highest percentage of injuries related to events happening to employees on their way to and from work<sup>5</sup>.

As regards the risk of suffering psycho-physical damage during robberies or of being involved in attacks by customers, 4 events took place in 2018 (3 robberies and 1 attack), equivalent to 1.9% of the total accidents reported.

In addition, in 2018, there were no fatal injuries either at work or while commuting.

INJURIES OF EMPLOYEES BY GENDER <sup>1</sup>	2018			2017		
	Men	Women	Total	Men	Women	Total
At work	35	28	63	38	34	72
of which:						
<i>fatal</i>	-	-	-	-	-	-
<i>high-consequence</i> <sup>2</sup>	-	-	-	n.d.	n.d.	n.d.
Commuting	89	74	163	96	77	173
of which:						
<i>fatal</i>	-	-	-	-	-	-
<i>high-consequence</i> <sup>2</sup>	-	-	-	n.d.	n.d.	n.d.
<b>TOTAL</b>	<b>124</b>	<b>102</b>	<b>226</b>	<b>134</b>	<b>111</b>	<b>245</b>

<sup>1</sup> Data not include the employees of Munich and Madrid branches due to data collection difficulties for closure of these branches in December 2018.

<sup>2</sup> Injuries involving absence from work longer than 6 months. Data has been introduced following the updating of the GRI Standards.

INJURY RATE OF EMPLOYEES BY GENDER <sup>1</sup>	2018			2017 <sup>3</sup>		
	Men	Women	Total	Men	Women	Total
At work	2.00	2.46	2.18	2.12	3.06	2.48
of which:						
<i>fatal</i>	-	-	-	-	-	-
<i>high-consequence</i> <sup>2</sup>	-	-	-	n.d.	n.d.	n.d.
Commuting	5.09	6.51	5.65	5.35	6.93	5.96
of which:						
<i>fatal</i>	-	-	-	-	-	-
<i>high-consequence</i> <sup>2</sup>	-	-	-	n.d.	n.d.	n.d.
Hours worked (millions)	17.5	11.4	28.8	17.9	11.1	29.0

<sup>1</sup> Number of injuries per 1000 hours worked.

<sup>2</sup> Injuries involving absence from work longer than 6 months. Data has been introduced following the updating of the GRI Standards.

<sup>3</sup> Injury rates have been restated following the update of the calculation method introduced by the updating of the GRI Standards. For data reported in the 2017 Consolidated - non financial declaration see the document published on the Group's website at <http://www.ubibanca.it/pagine/Bilancio-Sostenibilita-IT.aspx>.

Due to data collection difficulties, it was not possible to determine 2017 serious injuries.

<sup>5</sup> INAIL (the Italian national accident insurance institute) has recently decided to include events that were not previously included among injuries occurring on the way to and from work, such as deviations from the shortest route to work in order to take children to school.

INJURIES OF EMPLOYEES BY GEOGRAPHICAL AREA	2018 <sup>1</sup>				2017			
	North	Central	South and island	Abroad	North	Central	South and island	Abroad
At work	26	23	14	-	46	14	12	n.d.
<i>of which: fatal</i>	-	-	-	-	-	-	-	n.d.
<i>high-consequence</i> <sup>2</sup>	-	-	-	-	n.d.	n.d.	n.d.	n.d.
Commuting	103	33	27	-	101	49	23	n.d.
<i>of which: fatal</i>	-	-	-	-	-	-	-	n.d.
<i>high-consequence</i> <sup>2</sup>	-	-	-	-	n.d.	n.d.	n.d.	n.d.
<b>TOTAL</b>	<b>129</b>	<b>56</b>	<b>41</b>	<b>-</b>	<b>147</b>	<b>63</b>	<b>35</b>	<b>n.d.</b>

<sup>1</sup> Data not include the employees of Munich and Madrid branches due to data collection difficulties for closure of these branches in December 2018.

<sup>2</sup> Injuries involving absence from work longer than 6 months. Data has been introduced following the updating of the GRI Standards.

INJURY RATE OF EMPLOYEES BY GEOGRAPHICAL AREA <sup>1</sup>	2018				2017 <sup>3</sup>			
	North	Central	South and island	Abroad	North	Central	South and island	Abroad
At work	1.45	3.18	3.76	-	2.49	2.20	2.88	n.d.
<i>of which: fatal</i>	-	-	-	-	-	-	-	n.d.
<i>high -consequence</i> <sup>2</sup>	-	-	-	-	n.d.	n.d.	n.d.	n.d.
Commuting	5.76	4.57	7.25	-	5.46	7.69	5.51	n.d.
<i>of which: fatal</i>	-	-	-	-	-	-	-	n.d.
<i>high consequence</i> <sup>2</sup>	-	-	-	-	n.d.	n.d.	n.d.	n.d.
Hours worked (millions)	17.9	7.2	3.7	n.d.	18.5	6.4	4.2	n.d.

<sup>1</sup> Number of injuries per million hours worked.

<sup>2</sup> Injuries involving absence from work longer than 6 months. Data has been introduced following the updating of the GRI Standards.

<sup>3</sup> Injury rates have been restated following the update of the calculation method introduced by the updating of the GRI Standards. For data reported in the 2017 Consolidated - non financial declaration see the document published on the Group's website at <http://www.ubibanca.it/pagine/Bilancio-Sostenibilita-IT.aspx>. Due to data collection difficulties, it was not possible to determine serious injuries.

ABSENCE BY GENDER <sup>1</sup>	2018			2017		
	Men	Women	Total	Men	Women	Total
Days of absence due to illness	62,112	59,226	121,338	59,177	49,039	108,216
Number of cases of occupational diseases <sup>2</sup>	-	-	-	n.d.	n.d.	n.d.

ABSENCE BY GEOGRAPHICAL AREA <sup>1</sup>	2018				2017			
	North	Central	South and islands	Abroad	North	Central	South and islands	Abroad
Days of absence due to illness	66,093	32,804	22,293	148	64,658	19,342	24,216	n.d.
Number of cases of occupational diseases	-	-	-	-	n.d.	n.d.	n.d.	n.d.

<sup>1</sup> Data not include the employees of Munich and Madrid branches due to data collection difficulties for closure of these branches in December 2018.

<sup>2</sup> Survey started in 2018 following the updating of the GRI Standards. According to the law of privacy it is not possible to detect the pathologies and therefore the absences caused by occupational diseases, unless a specific report has been made to INAIL. In 2018 two complaints were opened with requests for further investigation by INAIL. No case has been recognised yet.

As far as other workers(excluding employees) are concerned, no accidents were reported either at work or while commuting, and 29 days of sick leave were taken (19 by men and 10 by women).

## Professional development

[GRI 404-2:3]

In "fare banca per bene" (to bank fairly and well), UBI Banca is constantly focused on quality, simplicity, innovation and constant improvement, not only in customer relations, but also in human resources management. Career paths are constantly tailored to stakeholders' needs. In this context the priority goals are to develop human capital, focus on professional development and consolidate a culture of assessing and recognising merit.

### Programmes for upgrading employee skills and transition assistance

In Human Resources, the traditional competences model is being constantly updated. It has to remain in line with a corporate population increasingly in possession of digital skills. It is therefore the Company's responsibility to put together tools and processes to ensure a permanent system of training in these key competences, encompassing a variety of formal and informal training occasions and processes in an increasingly integrated and fluid manner.

UBI Banca has adopted a **Performance Management** process, which combines evaluation with development activities, by designing targeted management and training activities designed to support personalised development paths based on the areas for improvement, professional goals and potential of each employee.

EMPLOYEES INVOLVED IN PERFORMANCE ASSESSMENT		2018 <sup>1</sup>		2017 <sup>2</sup>	
Senior managers		188	51.5%	232	62.2%
<i>of which:</i>	<i>women</i>	19	50.0%	23	62.6%
	<i>men</i>	169	51.7%	209	59.0%
Middle managers		8,192	97.7%	8,465	98.2%
<i>of which:</i>	<i>women</i>	2,347	96.9%	2,367	97.5%
	<i>men</i>	5,845	98.0%	6,098	98.4%
Professional areas		11,021	95.0%	11,744	95.0%
<i>of which:</i>	<i>women</i>	5,848	93.6%	6,171	93.9%
	<i>men</i>	5,173	96.6%	5,573	96.2%
<b>TOTAL</b>		<b>19,401</b>	<b>95.3%</b>	<b>20,441</b>	<b>95.5%</b>
<i>of which:</i>	<i>women</i>	8,214	94.3%	8,561	94.4%
	<i>men</i>	11,187	96.1%	11,880	96.2%

<sup>1</sup> In 2018 the following were excluded from the professional assessment perimeter : newly - recruited personnel, those on parental leave, staff of minor companies in the Group and personnel on external contracts. Most Relevant Personnel in not included because it is affected by specific assessment tools for managerial services. In the total workforce 39 employees are not included because of unavailable classification ( external operations base).

<sup>2</sup> In 2017 the following were excluded from the professional assessment perimeter : newly - recruited personnel, those on parental leave, staff of minor companies in the Group and personnel on external contracts.  
The total number of 2017 professional evaluation cards includes 24 cards associated with employees classified as ND (external operations base) who have not been included in this table.

Since 2017 a new phase has been added to the process: **Self-assessment**, giving every employee the opportunity to express their opinion of the elements assessed by their manager.

In 2018 an additional tool was developed to resolve the problem of the process taking place annually: this is **Continuous Performance** assessment, an innovative method for a dynamic, participatory assessment process. The tool offers managers and staff the opportunity to exchange information in real time on the goals assigned for the current year. This helps deliver the tool's goals, which are to work on awareness and the exchanging of information on a constant basis, in order to develop career paths in line with individual ambitions and the company's needs.

systematically collects a vast range of comments and opinions from managers, staff and colleagues by means of questionnaires. In 2018, 250 staff were involved.

In view of the positive experiences of previous years, in 2018 management was again offered **Individual Coaching** (15) and **Team Coaching** (28), courses that aim to put managerial skills to their best use, and the pilot project **Coaching Your Self** was launched. This is an online Coaching platform for developing skills by means of a guided, structured process.

Considering technical skills to be a strategic requirement to address the complex changes taking place and in compliance with the European MiFID II Standards, UBI Banca has continued with skills certification courses, particularly for managers providing financial consultancy, to whom classroom and online training was provided.

A corporate role project has also been launched as a competence-focused investment – the **Job Family Model** – which classifies central unit jobs by *standard jobs* and *levels of expertise*, in order to tailor professional training and development courses to individual knowhow. Another way to harness the new competences needed in a constantly changing environment is through Smart Working, introduced in the Company in 2014 under a test trial.

The spread of Smart Working also involves developing key skills for the **smart worker** and **smart manager**. In the former, the planning, organisational and goal-focused skills are stimulated by autonomous management of their smart working day, with increasing use of digital communication. In the latter, an assessment model is used which is increasingly goal-based rather than dependent on physical presence, an approach that can be supported and guided also by the company's tools (such as Continuous Performance).

CAREER PROGRESSIONS	2018					2017				
	Men	Women	Total	Men	Women	Total	Men	Women	Total	
Within professional Areas	509	52.0%	470	48.0%	979	371	50.3%	366	49.7%	737
From professional Areas to Middle manager	170	55.2%	138	44.8%	308	146	61.6%	91	38.4%	237
Within Middle managers	266	68.9%	120	31.1%	386	223	73.1%	82	26.9%	305
From Middle to Senior manager	8	100.0%	0	0.0%	8	2	66.7%	1	33.3%	3
<b>TOTAL</b>	<b>953</b>	<b>56.7%</b>	<b>728</b>	<b>43.3%</b>	<b>1,681</b>	<b>742</b>	<b>57.9%</b>	<b>540</b>	<b>42.1%</b>	<b>1,282</b>

## Training and education

[GRI 404-1]

Training activities are managed by **UBI Academy**, the UBI Group Corporate University, whose object is the study, planning, consultancy and provision of services for the training and the professional and managerial development of all Group personnel.

The goal of the UBI Academy is to develop a culture of quality and to evaluate all of the technical-professional knowhow, experience, managerial skills, ethical and cultural conduct of the people belonging to the Group, and to foster the development and spread of a single **corporate identity**. **Knowledge**, **knowing how to do** and **knowing how to be** are the pillars of the training process, to constantly improve operations in the interests of all the Group's clients.

In 2018, the Group offered over 150 thousand training days, an average of more than 7 days of training per staff member, exceeding its original targets.

TRAINING	2018	2017
<b>Group</b>		
Hours of training (thousands)	1,149.7	1,031.4
<i>of which</i> <i>compulsory training</i> <sup>1</sup>	593.4	392.4
Cost of training (millions of euro)	3.8	3.5
Employees involved <sup>2</sup>	94.3%	96.3%
Average hours of training per capita <sup>3</sup>	58	50
Average satisfaction (objective 69/100)	78	76

<sup>1</sup> It includes the regulatory training, the insurance training provided by IVASS and the compulsory training on request for MIFID II.

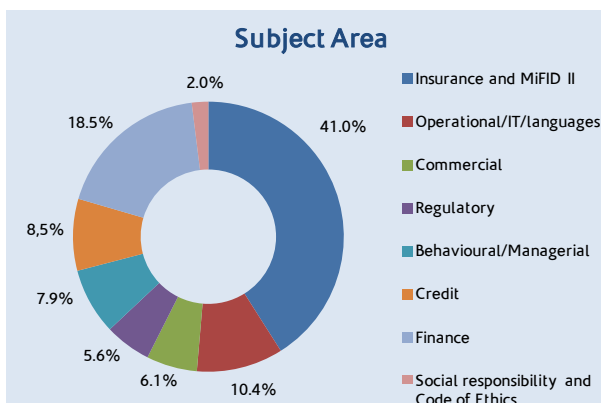
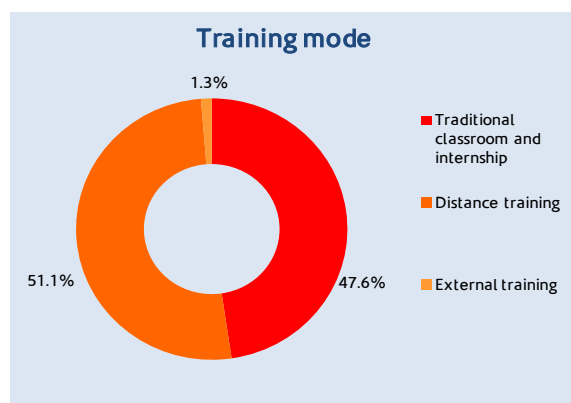
<sup>2</sup> Total active employees at 31<sup>st</sup> December ( workforce excluding leaves of absence and resources of non-service companies - UBI Trustee and Pramerica Management Company) , with at least one training event on total active employees at 31<sup>st</sup> December ( workforce excluding leaves of absence and resources of non-service companies - UBI Trustee and Pramerica Management Company).

<sup>3</sup> Average per capita hours calculated on total employees at 31<sup>st</sup> December ( workforce excluding leaves of absence and resources of non-service companies - UBI Trustee and Pramerica Management Company).

TRAINING BY POSITION AND GENDER	2018		2017	
	Employees involved <sup>1</sup>	Average hours per capita <sup>2</sup>	Employees involved <sup>1</sup>	Average hours per capita <sup>2</sup>
Senior managers	362	38.5	380	36.2
<i>of which:</i>				
<i>women</i>	38	30.4	35	29.6
<i>men</i>	324	39.4	345	36.9
Middle managers	8,263	62.6	8,828	52.5
<i>of which:</i>				
<i>women</i>	2,364	61.1	2,463	54.0
<i>men</i>	5,899	63.2	6,365	51.9
Professional areas	11,187	55.3	11,992	46.2
<i>of which:</i>				
<i>women</i>	5,951	57.1	6,361	46.4
<i>men</i>	5,236	53.2	5,631	46.0
<b>TOTAL</b>	<b>19,812</b>	<b>58.0</b>	<b>21,200</b>	<b>48.6</b>
<i>of which:</i>				
<i>women</i>	8,353	58.1	8,859	48.4
<i>men</i>	11,459	58.0	12,341	48.8

<sup>1</sup> Total active employees at 31<sup>st</sup> December ( workforce excluding leaves of absence and resources of non-service companies - UBI Trustee and Pramerica Management Company).

<sup>2</sup> Average per capita hours calculated on total employees at 31<sup>st</sup> December ( workforce excluding leaves of absence and resources of non- service companies - UBI Trustee and Pramerica Management Company).



DETAILS OF REGULATORY TRAINING <sup>1</sup>	2018				2017			
	Hours	Participants <sup>2</sup>			Hours	Participants <sup>2</sup>		
		Senior managers	Middle managers	Profess. Areas		Senior managers	Middle managers	Profess. Areas
Administrative liability of entities (Legislative Decree No. 231/2001) <sup>3</sup>	5,982	187	1,479	2,520	12,200	109	4,170	5,311
Transparency and usury	4,060	3	1,305	2,051	9,352	15	1,278	2,576
Safety (Legislative Decree No. 81/2008)	52,457	149	5,932	8,173	52,607	177	6,203	7,634
Privacy	18,545	197	3,543	5,082	1,855	6	284	482
Anti Money-Laundering	13,325	60	2,838	3,088	18,748	62	3,250	4,532
Other regulatory	27,879	201	2,510	4,379	43,827	149	5,474	8,048
<b>TOTAL</b>	<b>122,248</b>	<b>329</b>	<b>6,980</b>	<b>9,262</b>	<b>138,589</b>	<b>229</b>	<b>7,552</b>	<b>10,425</b>

<sup>1</sup> Data not include regulatory training on the MiFID and IVASS Directive.

<sup>2</sup> 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.

<sup>3</sup> It also includes the theme of Policies and anti - corruption procedures.

Requirements and training programmes are assessed on an annual basis, incorporating the indications from the Business Plan and the needs identified by the top organisational levels of the Parent company, with specific reference to training on regulatory requirements.

All training initiatives are structured and planned each year with the support of the Human Resources Area. All of the didactic material on technical banking, commercial, credit and financial topics to support the classroom activities is subject to approval from the Group's Compliance department. The training courses for specialist roles (such as in Compliance, Audit, Risk management, Finance and Project management) also give participants a certificate on completion.

### Training plan

The [2018 Training Plan](#) has been designed to provide standard regulatory updates, and also to support implementation of the 2019-20 Business Plan and activation of the new distribution model IMPACT, which operates mainly in 4 areas:

- to strengthen competence and effective commercial behavior, including revenue challenges for the sales network;
- to disseminate the approach to new digital technologies throughout the Group;
- to develop the managerial and leadership roles of company managers and the adoption of good organisational practices in order to foster collaboration and effective communication;
- to grow individual talent in order to ensure adequate productivity levels.

The most important training activities during the year included:

- in regulation, the [Progetto MiFID II](#), to comply with the training updates required by the MiFID II directive, with an online training course of 30 hours for around 9,000 people providing financial information and advisory services;
- in sales, the [Modello IMPACT](#), to disseminate commercial conduct in line with the newly adopted distribution model of the same name and to develop the skills required by the new roles. It involves developing blended training courses in particular for Consultants (Households and Individuals, Digital Development and Business Team) and Branch Managers (the latter involved in two days dedicated to learning more about the sales method, change management and sharing the expectations and strengths of the IMPACT Model);
- in talent development, the launch of the new programme [UBINEXT](#), which will join the programme in place since 2014, offering behavioural and specialist training, industry-wide experience, involvement in project work and participation in events with external

observers, to develop the key competences of the future (40 employees were involved in 2018);

- for management roles, classroom training sessions, team building and individual and group coaching, including by means of tools such as Skype for business and online training platforms to develop management skills in the five relationship, management, intellectual, innovative and emotional areas; courses on [Organisational wellbeing](#) with the purpose of increasing team management skills on the one hand, and on the other effective communication and inter-departmental collaboration in order to share outstanding conduct and actions.

### **Other initiatives**

In 2018 training activities on communication between the generations continued, with the project "[Generational Exchange: Experience and Energy](#)", which involved 12 participants from a variety of generational settings, in an active discussion on relevant, current issues for the Group. The aim is to attempt to exchange and learn from different experiences and to make communication and collaboration more effective.

Specific initiatives were dedicated to the [professional development of Top management](#) of the Group, to update them about the main regulatory and legal changes and their relative impacts on internal models and processes (e.g. the new developments in "corruption between private individuals" introduced by Legislative Decree No. 231/01 and the European General Data Protection Regulation (GDPR)).

### **Monitoring training**


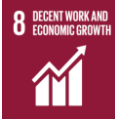

UBI Academy uses internal and external mechanisms to monitor the efficacy and efficiency of the entire training process.

First of all, UBI Academy adopts a Quality Management System and regular internal and external audits are carried out to check and confirm the [ISO 9001:2015 Quality Certification](#). On an annual basis, the Quality Manager uses the reports received as a basis to record the verified cases of non-compliance and identifies the actions required to prevent them and/or to eliminate their underlying causes.

In second place, training involves users filling in a perceived quality questionnaire. A monthly report is prepared for the Management on the quality level recognised for every training initiative. Corrective measures are put in place for those not reaching the minimum level required. Finally, mainly for technical /professional courses, there is a learning questionnaire to evaluate the acquisition of training content and, if necessary, to plan additional reinforcement actions.



## Dialogue with Trade Unions

Key Aspects	Impact on the SDGs
<p>Guarantee effective freedom of association and collective bargaining.</p> <p>Manage relations with Trade Unions in the spirit of reaching mutually beneficial solutions that create value for both the company and its employees.</p>	<div style="display: flex; flex-wrap: wrap;"> <div style="width: 50%;">  <p>5 GENDER EQUALITY</p> </div> <div style="width: 50%;">  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> </div> </div> <p>Dialogue with trade unions fosters effective execution of policies that will help achieve targets in all three of the goals related to personnel management contained in the UN's 2030 Agenda for Sustainable Development.</p> <div style="width: 50%;">  <p>10 REDUCED INEQUALITIES</p> </div>

The scenario in Italy is one of a high level of worker protection which UBI Banca considers its duty to maintain both on a daily basis and with regard to the management of large organisational changes; it is a duty which goes beyond mere compliance with regulations.

National collective bargaining, which sets not only minimum wage levels, but also specific negotiation procedures to protect workers in the implementation of substantial organisational changes. UBI Banca has always approached such negotiations by seeking mutually agreed solutions through transparent, concrete and continuous dialogue, beyond the minimum duration for these procedures (45 days set in the National Collective Labour Agreement for the banking sector).

### Freedom of association and collective bargaining

[GRI 102-41 407-1]

All employees of both UBI Banca and the other Group companies with registered offices in Italy (more than 99% of the Group's total workforce) are covered under national collective bargaining agreements and are not subject to any restrictions to the freedom of association and participation in Trade Unions.

All trade union organisations operate freely without restrictions and the Group makes adequate operational means available to them to conduct trade union activities. In 2018 trade union representatives took approximately 256,868 hours of Trade Union leave.

TRADE UNION MEMBERS	2018	2017
No. Group's trade union	5	6
Total members (No.)	17,154	17,793
% members	84.0%	82.3%

ABSENCES FOR TRADE UNION BUSINESS (No. hours)	2018	2017
Strikes	0	0
Trade unions leaves	256,868	247,018
<b>TOTAL ABSENCES</b>	<b>256,868</b>	<b>247,018</b>

## Management of industrial relations

[GRI 402-1]


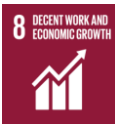
2018 was characterised by intensive activity in relations with labour unions, leading to important agreements that aim to protect the personnel affected operations to optimise the Group's structure. The quality of relations with the unions has enabled the Group to reach solutions that meet the needs of labour force optimisation and flexibility. These have been – and will continue to be in the near future – critical factors towards reaching efficiency and profitability targets.

About 80 days, or 580 hours, of meetings were held with labour union representatives in 2018. The main topics discussed were: gradual [harmonisation of second-level contract terms](#), in continuity with agreements reached in 2017, with measures added for the staff of the product companies and the newly merged banks; an [early retirement scheme](#) for workers close to the pension age, thereby fostering [generational turnover](#); the effects of [commercial policies](#) on employees, where a joint understanding was reached in terms of principles and implementation measures needed; and finally, implementing [welfare policies](#) for the staff, with measures to improve work-life balance.

The following major agreements were signed over the course of the year:

- 11<sup>th</sup> January: agreement on second-level contract terms for the employees of the product companies;
- 24<sup>th</sup> January: agreement to harmonise the benefits granted by the company for predecease, insurance coverage for disability or death due to injury and, for those employees with company insurance policies, healthcare-related benefits;
- 1<sup>st</sup> February: agreement on second-level contract terms for the employees of the three New Banks merged into UBI Banca;
- 3<sup>rd</sup> May: formation of a bilateral committee to evaluate commercial policy issues;
- 31<sup>st</sup> August: agreement on smart working, in an effort to improve employees' work-life balance, which allows work to be carried out, on some days, at an alternative company office or from home;
- 6<sup>th</sup> September: agreement for access to extraordinary solidarity fund benefits for 369 employees;
- 8<sup>th</sup> November: agreement to renew for 2019 the voluntary work-life balance measures through extraordinary leave and part-time working hours;
- 7<sup>th</sup> December: joint statement of principles and actions to be taken with regard to the effects of commercial policy implementation on the workers;
- 18<sup>th</sup> December: agreement, in the context of work-life balance goals, allowing employees to performing a portion of their job training exercises online in a 'smart' way, or in locations other than the assigned workplace.

## Equal opportunities and non-discrimination

Key Aspects	Impact on the SDGs
Managing diversity to ensure equal opportunities and non-discrimination for human and professional achievement for all individuals is both an ethical imperative and a strategic priority in an increasingly competitive and constantly changing market, in order for the Group to enhance its human capital by attracting and nurturing all talents.	 <p>Personnel management policies help UBI achieve the targets of non-discrimination (SDG 5.1), equal opportunities and the full, effective participation of women at all levels of decision-making in economic life (SDG 5.5), as well as equal pay for work of equal value (SDG 8.5).</p> 

All human resource processes are designed to prevent any form of discrimination and to promote equal opportunities by adhering to the principles of fairness and transparency. Concretely, this entails initiatives to facilitate better balance between professional and private life, as well as measures to provide support towards returning to work from maternity or paternity leave and from long absences in general. As regards remuneration, the entire Group has official remuneration and incentive policies according to which compensation is based on merit and fairness, with the latter intended as consistency in salaries amongst positions with comparable roles and responsibilities, while offering the same career development opportunities to all.

Special attention is devoted to the management of disciplinary proceedings. In this connection, UBI Banca has adopted specialised guidelines applicable throughout the Group designed to ensure a proper, transparent approach through formally-established investigation, decision-making and judgment processes and through periodic reporting on the measures taken.

### Equal opportunities

[GRI 405-1:2]

Managing diversity, especially in terms of gender, is crucial to ensuring equal opportunities for personal and professional development for all employees, and concretely includes taking steps to promote wellbeing and a healthy work-life balance for all staff.

In 2018, for all employees (both men and women) experiencing **parenthood**, an innovative training project began with the aim of developing universally valuable skills such as empathy, listening skills and time management. In fact, parenthood makes daily life more complex and increases the need to handle several different roles; scientific studies have shown that the transformative energy involved in parental care leads to the acquisition and improvement of ever more essential and in-demand organisational skills. This approach brushes aside old corporate organisational paradigms and embraces more contemporary, creative and useful ones that help make parents more aware of skills they naturally possess and have often used, enabling them to apply these skills concretely in the professional sphere as well. The training programme includes both classroom activities and online skills training to pursue distance training objectives; the first such initiatives were scheduled to begin in January 2019.

All Group personnel were invited to view videos called "**Smart Working Stories**" in which two UBI managers recounted their experiences using smart working tools to find balance between private and professional life. The main topics covered were the importance of a relationship of trust between the smart worker and his/her superior, and the opportunity to become a Smart Manager while continuing to work effectively and efficiently.

Equal opportunity conditions are reflected in the Group workforce and in the female/male wage comparison.

### Composition of the Group workforce

Equal opportunities begin with the selection process, through candidate assessments based on fairness, on transparency and on valuing differences in the cultural background, age, gender and physical abilities. There was broad gender equality in the personnel hired by the Group in 2018, with 52% being female, contributing to a further increase in the proportion of female staff, in line with the trend over the last three years.

Particular attention is also devoted to handling job applications from persons belonging to legally protected categories (for the most part, persons with disabilities), involving objective selection evaluations that take into account professional and behavioural requirements, candidates' work capabilities, followed by the creation of suitable working conditions to enable the candidates to best express their abilities and professional skills.

DIVERSITY INDICATORS OF EMPLOYEES (BY GENDER)	2018			2017		
	Men	Women	Total	Men	Women	Total
<b>Minority groups</b>						
Foreign national (EU and non-EU)	0.2%	0.3%	0.2%	0.2%	0.2%	0.2%
<b>Protected categories</b>	<b>6.9%</b>	<b>6.8%</b>	<b>6.9%</b>	<b>6.9%</b>	<b>6.4%</b>	<b>6.7%</b>
<i>of which:</i>						
<i>disabled</i>	5.6%	5.2%	5.5%	5.4%	4.4%	5.0%
<i>widows and orphans</i>	1.2%	1.5%	1.3%	1.2%	1.5%	1.3%
<i>others</i>	0.1%	0.1%	0.1%	0.3%	0.5%	0.4%
<b>Age</b>						
Under 30	3.2%	5.6%	4.2%	3.9%	6.8%	5.1%
30 to 50	52.4%	62.7%	56.9%	52.9%	62.8%	57.1%
Over 50	44.4%	31.7%	38.9%	43.2%	30.4%	37.8%
Average age (year)	48	45	47	47	45	46
<b>TOTAL</b>	<b>57.2%</b>	<b>42.8%</b>	<b>100.0%</b>	<b>57.7%</b>	<b>42.3%</b>	<b>100.0%</b>
Graduates from high school	54.1%	47.8%	51.4%	55.0%	49.0%	52.4%
Graduates from the university	40.7%	49.4%	44.4%	39.3%	48.0%	43.0%
Others	5.2%	2.8%	4.2%	5.7%	3.0%	4.6%

DIVERSITY INDICATORS OF EMPLOYEES (BY CATEGORY)	2018			2017		
	Senior managers	Middle managers	Professional areas	Senior managers	Middle managers	Professional areas
<b>Gender</b>						
men	2.8%	51.1%	46.1%	2.7%	50.2%	47.1%
women	0.4%	27.7%	71.8%	0.4%	26.7%	72.8%
<b>Minority groups</b>						
Foreign national (EU and non-EU)	1.9%	0.0%	0.3%	1.9%	0.1%	0.3%
<b>Protected categories</b>	<b>1.3%</b>	<b>4.3%</b>	<b>8.9%</b>	<b>0.5%</b>	<b>4.2%</b>	<b>8.6%</b>
<i>of which:</i>						
<i>disabled</i>	0.8%	3.0%	7.4%	0.2%	2.9%	6.7%
<i>widows and orphans</i>	0.5%	1.2%	1.4%	0.3%	1.2%	1.4%
<i>others</i>	0.0%	0.1%	0.1%	0.0%	0.1%	0.5%
<b>Age</b>						
Under 30	0.0%	0.0%	7.3%	0.0%	0.1%	8.7%
30 to 50	25.5%	48.3%	64.1%	28.7%	49.4%	63.3%
Over 50	74.5%	51.7%	28.6%	71.3%	50.5%	28.0%
Average age (year)	53	50	44	53	50	43
<b>TOTALE</b>	<b>1.8%</b>	<b>41.1%</b>	<b>57.1%</b>	<b>1.7%</b>	<b>40.2%</b>	<b>57.9%</b>
Graduates from high school	33.2%	56.6%	48.3%	34.3%	58.1%	49.2%
Graduates from the university	62.9%	41.5%	45.9%	61.7%	39.7%	44.6%
Others	3.9%	1.9%	5.8%	4.0%	2.2%	6.2%

In 2018, 23 people belonging to protected categories were hired. The Group complies with compulsory legislation and regulations on the subject of the employment of disabled persons.

Regarding promotions last year, the gender breakdown was 43,3% women to 56,7% men.

## Remuneration

Wages by gender were essentially in line for Senior managers and staff in Professional areas, whereas there is still room for improvement in Middle management.

AVERAGE GROSS SALARIES OF WOMEN TO MEN <sup>1</sup>	2018		2017	
	Total	Fixed	Total	Fixed
Senior managers	98.2%	100.0%	103.0%	103.8%
Middle managers	89.0%	88.8%	88.8%	88.7%
Professional areas	98.1%	98.3%	98.1%	98.4%

<sup>1</sup> Data relating to 99% of employees, employees with foreign and extra-group contracts are excluded.

AVERAGE GROSS SALARY <sup>1</sup> (thousands of euro)	2018				2017			
	Fixed	Variable <sup>2</sup>	Total	Variable to total	Fixed	Variable <sup>2</sup>	Total	Variable to total
<b>Senior managers</b>								
Men	160.0	11.8	171.8	7.4%	154.6	2.2	156.8	1.4%
Women	160.0	8.6	168.6	5.4%	160.4	1.2	161.6	0.7%
<b>Middle managers</b>								
Men	64.0	1.6	65.6	2.5%	63.0	1.4	64.4	2.2%
Women	56.8	1.5	58.3	2.6%	55.9	1.3	57.2	2.3%
<b>Professional areas</b>								
Men	40.2	1.2	41.4	3.0%	39.4	0.9	40.3	2.3%
Women	39.5	1.1	40.6	2.8%	38.8	0.8	39.6	2.1%

<sup>1</sup> Data relating to 99% of employees, employees with foreign and extra-group contracts are excluded.

<sup>2</sup> The figures are inclusive of: Incentive Schemes, One-off Bonuses, Company Bonuses and Commercial Contests.

## Non-discrimination

[GRI 102-17 406-1]

No violations of the principle of non-discrimination were observed in the Group, with reference to 57 disciplinary proceedings during the year, in observance of established procedures. Of those disciplinary proceedings, 35 were for various operational infractions and negligence, 14 were for alleged infractions in loan disbursement and management, and 8 were for improper management of administrative funds.

DISCIPLINARY MEASURES	2018	2017
Verbal or written reprimand	35	33
Suspension from work and pay (from 1 to 10 days)	14	23
Dismissal for just cause or on justified grounds	8	5
<b>TOTAL</b>	<b>57</b>	<b>61</b>
Actions taken against employees	34	29
<b>TOTAL</b>	<b>91</b>	<b>90</b>

CAUSES PENDING AT THE END OF THE YEAR CONCERNING EMPLOYMENT RELATIONS	2018	2017
Pension and social security	4	3
Remuneration	16	12
Termination of contract of employment	21	30
Duties and job descriptions	17	19
Job appointments and performance of work	26	23
Anti trade union conduct pursuant to Art. 28	1	1
Other	43	59
<b>TOTAL</b>	<b>128</b>	<b>147</b>

## Commitment to the community

Key Aspects	Impact on the SDGs
<p>Ability to embrace the opportunities offered by social emergencies to implement positive commercial initiatives that support the economic inclusion of disadvantaged persons, achieve social goals and offer services that benefit the community.</p>	<p>The provision of basic banking services and savings plans for the more vulnerable members of society and initiatives to support families in difficulty help ensure access to financial services (SDG 1.4) and social and economic inclusion for everyone (SDG 10.2).</p>
<p>Optimisation of the Group's local roots with the ability to interpret trends in the social context and respond to the community's social, cultural, and economic interests through the implementation of strategic philanthropic initiatives.</p>	<p>The UBI Comunità services, social contributions, financial education plans and continuing personnel development help ensure access to essential healthcare services, medicines and quality healthcare for everyone (SDG 3.8), skills development for quality employment (SDG 4.4), investments in technology research and development (SDG 9.5) and the protection and safeguarding of cultural and artistic heritage (SDG 11.4).</p>
<p>Promotion of financial education, especially for the young, to enable people to make more informed economic and financial decisions and development of sustainable and responsible investments.</p>	<p>Loans to purchase or renovate property to help families afford a decent home (SDG 11.4).</p>
	<p>Various forms of collaboration with Third Sector organisations and Public Bodies, as well as private clients and businesses, create partnerships to pursue social goals.</p>

Throughout its history UBI Banca has combined a commitment to business with a strong focus on the social and cultural context. It has promoted projects and partnerships appropriate to the times and the various contexts. Acting as a driver not only for the economy but also for the social wellbeing of local communities promotes the creation of strong relationships with authorities, institutions and social organisations. This helps integration into the local economic and social fabric and is positive for both reputation and commercial positioning. In this context the Group's support to families in difficulty, attention paid to more vulnerable members of society and contribution to important social causes and projects are part of its overall business strategy.

The development of [business activities with social aims](#) is a heritage shared by the entire Group, in particular by [UBI Comunità](#), which acts as an incubator for new ideas and initiatives.

Strategic [philanthropic activities](#) – donations and sponsorships – are managed in accordance with specific internal regulations ([the Regulations for the Management of Donations](#) and [the Regulations for the Management of Sponsorships](#)), which set out the responsibilities and processes.

[Donations](#) are made using specific profit reserves as well as a part of the revenues from products and services.

The allocation of profits to reserves is covered by art. 44 of the UBI Banca articles of association, which sets the level at 2% and a maximum of €12 million for the part of equity in the financial statements that can be distributed, after deducting the minimum statutory reserve amount and any amounts decided by the shareholders' general meeting for setting up or increasing reserves, including extraordinary reserves or other reserves (the Board Fund). Each year the Supervisory Board approves an [Annual Intervention Plan for UBI Banca](#), setting general guidelines for the efficient allocation of these resources to the initiatives with the greatest potential for impact and change. The Supervisory Board decides on the most far-reaching initiatives (usually inter-regional), establishing the amounts to allocate to the Group Foundations, while local interventions are referred to the Macro Geographical Areas (MGAs). In order to ensure more effective relations with local communities, a Local Operational Team (LOT) has been set up for each MGA, comprising an MGA manager and Member of the Supervisory Board who has experience of the local areas, supported by the UBI Comunità Area Manager and Corporate Social Responsibility Manager. The Supervisory Board examines the Annual Intervention Plans of the Macro Geographical Areas, verifies that they are in substantial compliance with the annual guidelines and expresses its prior opinion on MGA initiatives that are “significant” (amounting to €20,000 or more) and/or extend over several years.

Allocation of part of the revenues from products and services (in particular within UBI Comunità and Pramerica) is carried out according to the methods set out when they are put together and explained in the information prospectuses for the placement of financial products.

UBI Banca [sponsorships](#) of organisations and events, which are often representative of the history and traditions of the local areas, are managed by the Sponsorship Function within the Communications Area according to the available budget, which is set on an annual basis. The process of selecting the projects to support uses an [IT application](#) (Optimy), which guarantees transparency and traceability throughout.

## **Access to financial services**

[GRI FS7 FS14 ]

The Group is committed to facilitating physical and virtual access to financial services by disadvantaged persons on the basis of the needs identified, with regard to physical disabilities – by eliminating physical barriers to branches and offices, sensory disabilities – by improving the remote channels for using telephone and digital banking services, and situations of social and economic marginalisation.

### **Elimination of physical and sensory barriers**

In the last two years, 11 new ramps, 7 stair lifts or elevators and 16 conveniences accessible by differently abled people were installed at Group buildings and branches.

All the Group's ATMs are designed to use specific graphics for partially sighted people, with larger numbers and letters. More than 1,300 ATMs (55% of the total and 14 at IWBANK equating to 73% of the total) are already fitted with audio support solutions that considerably help partially sighted and non-sighted people, and all new equipment to be installed moving forward will feature these solutions. The two support features are activated simply by pressing key "5" on the keypad, which can be identified by touch.

The Group's Home Banking website – Qui UBI – and [ubibanca.it](#) and [ubibanca.com](#) websites have been made compatible with the Level 1 W3C standard, so that all the functions can also be used by partially sighted people.

## Financial inclusion

UBI Banca has identified the risk of marginalisation or social exclusion of the more vulnerable segments of the population because of difficulty accessing banking and financial services as an important social cause. It is committed to providing appropriate responses, which in practical terms are mainly implemented through the commercial and lending policies and range of products and services of the commercial area, as well as through UBI Comunità activities supporting not for profit organisations that are working to reduce inequality and poverty.

The conventions implemented by [Fondazione Welfare Ambrosiano](#) and [Finlombarda](#) for “Advances” on the Cassa Integrazione in Deroga, Cassa Integrazione Guadagni Straordinaria and Contratti di Solidarietà (special temporary lay-off scheme, extraordinary state redundancy/lay-off scheme and solidarity contracts) for employees affected by the crises and corporate reorganisations/restructuring were terminated and not renewed. Instead, UBI Banca signed up to other financial inclusion initiatives.

Since August 2018, with the new “basic account” (introduced in 2012 and renewed following transposition of the “PAD” - Payment Account Directive), UBI Banca has expanded its range to include products for consumers with basic financial requirements, who only use certain services and carry out a small number of transactions each year. These are [Conto di Base Ordinario](#) (Ordinary Basic Account), [Conto di Base gratuito](#) (Free Basic Account) for socially disadvantaged groups and [Conto di Base Pensionati](#) (Pensioners' Basic Account) (6,609 accounts existed at the end of 2018, 421 of which were opened during the year).

To facilitate access to credit, in particular for purchasing a first home, in June 2018 the Bank formalised its participation in the Memorandum of Intent between the Ministry of the Economy and Finance and the Italian Banking Association ABI (the 2014 Stability Law - Guarantee Fund for 50% of the capital part of mortgages for a maximum of €250,000). The project is supported by the Guarantee Fund for first-time home buyers set up with the MEF (The Fund Manager is Consap) and is available to all citizens, with priority given to certain categories, such as young couples, single-parent families and young people. UBI Banca offers two products: [Mutuo Flessibile](#) (Flexible Mortgage), with which repayments can be suspended or the repayment schedule changed if certain extraordinary events occur, and [Mutuo casa per giovani coppie](#) (Young Couples' Mortgage), which is designed to include those who do not have a permanent employment contract.

Young people are also included in the category of the more vulnerable, who have greater difficulty accessing credit. For studying and other projects there are the unsecured loans [Diamogli Futuro](#) (Let's give them future), in conjunction with the ABI and Department of Youth of the President's Office of the Council of Ministers, and the personal loans [Piccole Spese](#) (Small Expenses) and [Grandi Progetti](#) (Great Projects).

For anti-usury purposes also, pawn credit continues to be offered<sup>1</sup>, providing immediate cash in return for the pawning of valuable items to meet temporary financial needs not only of families in the more vulnerable groups in the society, but also of small shopkeepers and businesspeople. This is provided at 12 branches in Milan, Pavia, Bergamo, Varese, Monza, Como, Brescia, Crema, Fossombrone, Pesaro, Macerata and Rome, with average loans of around €1,880.

---

<sup>1</sup> Pawn credit is one of the most ancient forms of lending practiced by the “Monti di Pietà” banks created in the 15th Century by the Franciscans to combat usury, and today is still the last real resort in access to credit.



LOANS TO HOUSEHOLDS PROVIDED DURING THE YEAR	2018		2017	
	Operations of the		Operations of the	
	Number	Disbursed (millions of euro)	Number	Disbursed (millions of euro)
Home mortgages	23,636	2,452.9	26,175	2,973.0
<i>"Ordinary" mortgages<sup>1</sup></i>	23,533	2,441.5	25,911	2,946.0
<i>Mortgages for young couples and "atypical" workers</i>	61	6.8	264	27.0
<i>Consap Fund mortgages<sup>2</sup></i>	42	4.6	-	-
Solidarity credit	557	14.1	235	6.7
<i>Loans for natural disasters (real estate/unsecured)</i>	557	14.1	235	6.7
Young people	252	1.7	206	1.4
<i>Under 30 Small Expenses</i>	65	0.2	46	0.1
<i>Under 30 Large Projects</i>	84	1.0	54	0.7
<i>ABI/PCDM "Give them a future"<sup>3</sup></i>	103	0.5	106	0.6
Anti-usury	15,238	17.4	17,637	19.6
<i>Pawn credit</i>	15,238	17.4	17,637	19.6
<b>TOTAL</b>	<b>39,683</b>	<b>2,486.1</b>	<b>44,253</b>	<b>3,000.7</b>

<sup>1</sup> The 2017 data have been restated following an update of the calculation methodology. For the value reported in the 2017 Consolidated non - financial declaration, see the document published on the Group's website at <http://www.ubibanca.it/pagine/Bilancio-Sostenibilita-IT.aspx>.

<sup>2</sup> Consap Fund Mortgages: mortgages with Guarantee Fund managed by Consap resulting from Memorandum of Understanding between the Ministry of Economy and Finance and the ABI.

<sup>3</sup> Loans on honor for students.

LOANS TO HOUSEHOLDS EXISTING AT THE END OF THE YEAR	2018		2017	
	Disbursed		Disbursed	
	Number	(millions of euro)	Number	(millions of euro)
Home mortgages	325,713	26,898.3	331,110	27,700.1
<i>"Ordinary" mortgages<sup>1</sup></i>	322,266	26,544.0	327,514	27,317.1
<i>Mortgages for young couples and "atypical" workers</i>	3,404	349.7	3,596	383.0
<i>Consap Fund mortgages<sup>2</sup></i>	43	4.6	-	-
Solidarity credit	1,462	66.2	612	53.9
<i>Loans for natural disasters (real estate/unsecured)</i>	1,462	66.2	612	53.9
Young people	712	4.7	633	4.2
<i>Under 30 Small Expenses</i>	109	0.2	108	0.2
<i>Under 30 Large Projects</i>	246	1.9	211	1.7
<i>ABI/PCDM "Give them a future"<sup>3</sup></i>	357	2.6	314	2.3
Anti-usury	26,514	31.8	28,112	33.2
<i>Pawn credit</i>	26,514	31.8	28,112	33.2
<b>TOTAL</b>	<b>354,401</b>	<b>27,001.0</b>	<b>360,467</b>	<b>27,791.3</b>

<sup>1</sup> The 2017 data have been restated following an update of the calculation methodology. For the value reported in the 2017 Consolidated non - financial declaration, see the document published on the Group's website at <http://www.ubibanca.it/pagine/Bilancio-Sostenibilita-IT.aspx>.

<sup>2</sup> Consap Fund Mortgages: mortgages with Guarantee Fund managed by Consap resulting from Memorandum of Understanding between the Ministry of Economy and Finance and the ABI.

<sup>3</sup> Loans on honor for students.

In line with its commitment to financial education and savings activities, UBI Banca has created [Investment Savings Plans](#) (PAFs), which enable even those with limited resources to save sums however small (there are almost 270 thousand accounts, of which more than 24 thousand were opened in 2018), and products dedicated to young people:

- **Clubino**, the savings account for children aged 12 and under, with more than 133 thousand accounts currently in existence, 8 thousand of which were opened in 2018, which encourages children to save and think about the future from a young age;

- **I WANT TUBI**, the current account and online banking for topping up mobile phones and monitoring expenditure from PCs, tablet or smartphones for young people aged between 13 and 18. There are around 21 thousand accounts, of which more than 5 thousand were opened in 2018;
- **QUBI** <30, the zero-fee package for young people aged under 30, which comprises a current account, internet banking and debit card. There are currently 159,812 accounts, of which 45,675 were opened in 2018.

## Financial Education

[GRI FS16]

Globalisation, the growth of the global economy, expanding worldwide population and related rise in the use of natural resources have led the UN and the European Commission to implement projects to foster long-term growth that is sustainable for the ecosystem, businesses and households. In this framework, the efficient use of resources and financial instruments is an essential component of economic, environmental and social stability, and thanks to its social role in the local areas, the Bank can make an important contribution to the efforts that all institutions need to make.

In line with the UN's 2030 Agenda for Sustainable Development (“to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all”), UBI Banca helps generate growth processes that create value for society by means of a financial education project that aims to develop conscious citizenship principles in order to build a stable, secure and sustainable future.

The project is mainly aimed at schools of all levels and types in area in which the Group operates, but thanks to the numerous partnerships of UBI Comunità, it applies a multi-stakeholder approach also to associations, foundations, sports clubs and their respective stakeholders (teachers, volunteers and young people in the community). The activities involve several Group businesses and are implemented in conjunction with FEduF - [the Foundation for Financial Education and Savings](#). The project has three main parts.

### Educational programmes for schools

- **KIDS** for primary schools, to explain the economy to young children in a fun way;
- **JUNIOR** for children in the first year of secondary school, to introduce them to economic citizenship issues by encouraging them to reflect on the principal functions of finance and their impact on people's everyday lives;
- **TEENS** for older secondary school pupils, which introduces the basic notions needed for knowledge of economic rules, preparing young people to join and actively participate in the social, cultural, professional and economic world around them.

### Conferences and local events

These are seminars that aim to educate young people about the risks of [gambling](#) and [about investment behavior](#), which aim to explain the main rules of statistics and mathematics underlying certain commercial practices that encourage the importance of saving.

In 2018 UBI Banca took part in the [Financial Education Month](#) organised by the Committee for the planning and coordination of financial education projects<sup>2</sup>, with initiatives in Jesi, Benevento, Arezzo and Bergamo.

Pramerica has organised eight "Financial Cocktail Parties" throughout Italy. These are events informing people about economic scenarios and the performance of the financial markets, and

---

<sup>2</sup> The Committee has the task of planning and promoting financial awareness raising and education initiatives in order to measurably improve Italian people's competence when it comes to saving, investment, pensions and insurance. It comprises eleven members and is headed by a director with proven competence and experience in the field appointed by the Ministry for the Economy and Finance, in agreement with the Minister of Education, universities and scientific research.

offer hints and suggestions about investing savings, as well as answering queries and questions about the investment world. Between 100 and 150 clients took part in each meeting.

IWBank also contributed to disseminating financial education in its presentation in the main mass media of the research project: *il futuro è oggi* (Future is today), to help investors in their long-term financial planning, and in its *Made in Italy excellence* roadshows on investment behavior and informed investment (involving 500 current and potential customers in 11 Italian cities).

### Combined School and Work Programmes

Following the mandatory introduction of Combined School and Work programmes as part of the Good School Reform (Law 107 of 13<sup>th</sup> July 2015), UBI Comunità joined with the UBI Academy and UBI Selection and Employer Branding to organise a 40-hour project to meet the needs of schools and students, which increasingly expect their bank to act as an education partner. In this way, the Bank contributes to the development of economic and financial skills among young people. The programme comprises three training days in classrooms with in-house teachers, which alternate traditional teaching with workshops involving group work, role play and practical work. In the workshops the young people work in teams on an enterprise project with the guidance of a tutor.

In 2018 UBI Banca dedicated several initiatives to the world of sport, in order to extend economic education to those outside the school system. These included a project in conjunction with the sports federations CONI and FeduF, *Campioni di risparmio* (Saving Champions). The aim was to raise awareness and inform athletes about economic citizenship, conscious money management, financial planning, savings and the legal aspects of economics and individual entrepreneurship. They also included educational partnerships with *Juventus* and *Atalanta*, with initiatives for young football players. UBI Banca and Juventus designed a training course for young people at the J College (a sports college for young people in the Juventus Youth Sector ranging from the Young National to the "Primavera" player categories), to educate them in the correct use of money. Interactive lessons for young players in Atalanta's Primavera and Berretti categories were provided at the Zingonia sport centre to educate them about gambling addiction and investment behavior, as well as the importance of saving.

COMMITMENT IN FINANCIAL EDUCATION INITIATIVES	SCHOOLS	CLASSES	PARTECIPANTS	BANK TEACHERS	TEACHING HOURS
<b>School year 2017 - 2018</b>					
Programs Kids, Junior and Teens	203	523	12,079	255	884
Other initiatives and events	87	189	4,742	80	620
<b>TOTAL</b>	<b>290</b>	<b>712</b>	<b>16,821</b>	<b>335</b>	<b>1,504</b>

### Dialogue with local institutions

[GRI 413-1]

UBI Banca also promotes and disseminates skills, particularly financial education for private individuals, enterprises and communities, through ongoing collaborations with local institutions: universities, training institutes and economic organisations (such as trade associations).

Long-standing relations with educational institutes and faculties of economics, law and computer sciences at public and private universities and business schools play an important part in achieving this objective. UBI Banca offers funding for bursaries and services for students, as well as work experience opportunities.

In 2018 around 150 young undergraduates and new graduates spent time at the company, 98 of which on extra-curricular work experience. 23 young people were subsequently hired by the Group. Under the Combined School and Work programmes, more than 800 students from 24 Institutes in the local communities were able to gain experience of the world of work and acquire the fundamental components of economic citizenship and financial culture.

## Actions taken for social initiatives

[GRI 201-1 415-1]

Social interventions, whether occasional or as part of agreements lasting several years, are intended to promote and enhance the identity of the Group and reinforce its brand. The choice of initiatives to be supported takes into account the positive impacts they can generate for stakeholders as a whole, in terms of reducing social costs and/or increasing the social and economic development of a community.

In order to achieve the maximum economic and social return from the amounts paid out, it is thus important to identify and support the best initiatives in terms of how well they match the areas where the bank operates and their impact in the area. This gives rise to “collaborative growth”, aligning social intervention with business strategies by acting on three fronts:

- **enabling growth**, involving factors such as professional training, high-quality education, improved quality of life and a reduction in the problems that lead to costs for the community and social hardship;
- **strengthening demand**, involving factors such as the size and quality of the relevant markets (e.g. social housing initiatives, with actions that can support the demand for mortgages);
- **strengthening the competitiveness of communities**, by encouraging investments and development activities.

No payments, whether direct or indirect, are permitted to: political parties, movements, political committees and other political organisations, their representatives and candidates, congresses or festivals with political propaganda purposes<sup>3</sup>.

<b>RESERVES AVAILABLE TO UBI MANAGEMENT BODIES FOR SOCIAL PURPOSES (thousands of euro)</b>	<b>2018</b>	<b>2017</b>
Balance at the beginning of the year	4,583	8,772
Brought forward from the previous year	-	-
Donations made during the year <sup>1</sup>	2,820	4,189
<b>BALANCE AT THE END OF THE YEAR</b>	<b>1,763</b>	<b>4,583</b>

<sup>1</sup> Including contributions to the UBI Banca Group's Foundations.

In 2018 the Group spent a total of €10.9 million in local communities<sup>4</sup> (compared with €13.7 million in 2017), of which:

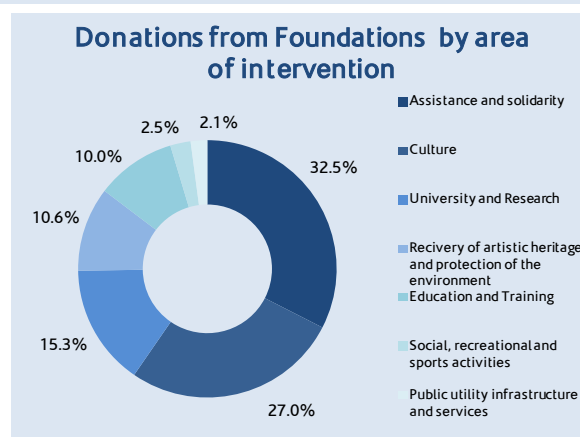
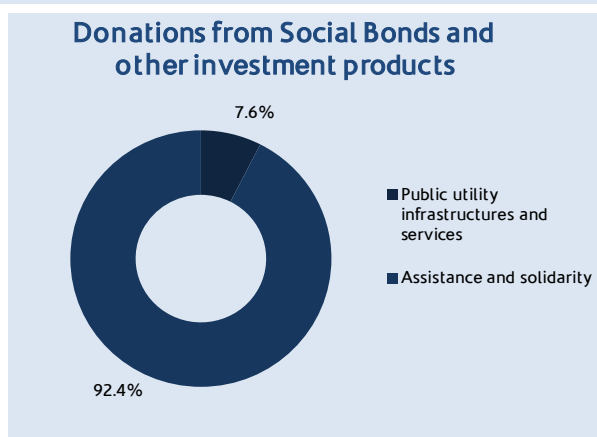
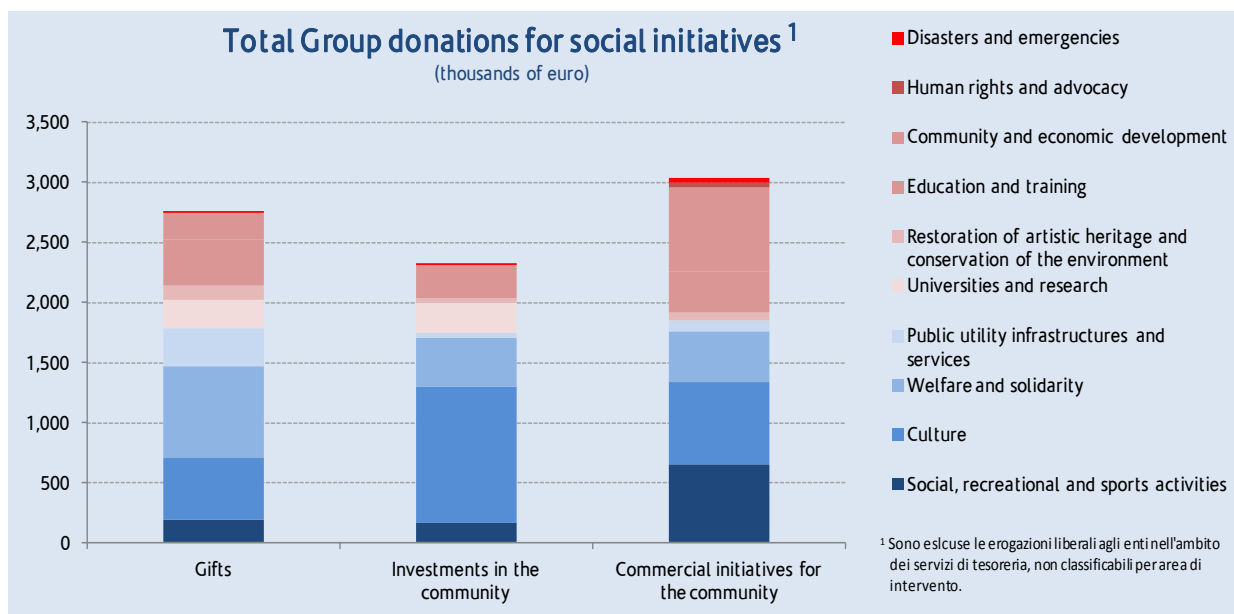
- €4.1 million in donations<sup>5</sup>, classified by project area, including donations deriving from specific financial products (Social Bonds, Ethical Funds and Social4Future SICAVs funds for €401 thousand<sup>6</sup>);
- €2.6 million in sponsorships, classified by project area;
- €2.9 million in donations to entities under treasury services, not classifiable by project area;
- €1.3 million in sponsorships, classified by project area, by the Foundations<sup>6</sup>.

<sup>3</sup> Code of Ethics paragraph 6.6 Relations with local communities.

<sup>4</sup> This excludes the contributions made to the Group's Foundations (€1.4 million).

<sup>5</sup> The graph illustrating the Group's Contributions to social initiatives are split between one-off payments (Donations) and recurring/multi-annual payments (Investments in the community).

<sup>6</sup> The graph illustrating the Group's Contributions to social initiatives comprises business initiatives for the community and sponsorships. The Foundations are not included within the Group's scope of consolidation, but are an offshoot of it. They are legally autonomous and use the resources they receive from the Group to contribute to the achievement of its social responsibility objectives in the communities in which it operates.



## Donations from the Board Fund

The 2018 annual action Plan approved by the Supervisory Board indicates the following priority areas for its actions as fostering the growth of young people (training, orientation, support for business initiatives) and social integration, especially that of migrants and refugees. Recurring payments are mainly for activities providing support, solidarity initiatives and promotion of the local artistic and cultural heritage.

The Macro Geographical Areas have specific responsibility for social, recreational and sports activities, education and training for young people, protection of the environment and development of the local economy. The main projects are listed below:

- projects managed directly by the Supervisory Board include contributions to the company voluntary work project: [un giorno in dono](#) (a day as a gift), at the [Mario Negri Pharmacology Research Institute](#) for genetic research projects, the charity [Clematis Onlus](#) which supports families with disabled children and the [Dioceses of Brescia and Bergamo](#) for welfare projects;
- for the Bergamo and West Lombardy MGA, contributions to the [University of Bergamo](#) for the "Entrepreneurship Campus" project, which aims to develop an entrepreneurial mentality among young people (third and final-year students), the [Carlo Cattaneo University at Castellanza](#) (VA) for the study "Local Survey of the Status and Prospects for Development in Industry and the Credit/Savings Dynamics", part of the research into the local appeal of Lombardy, the [Donizetti Theatre Foundation](#) for the 2018 opera season (recurring payment), the [Bergamo Film Meeting Onlus](#) for the international film festival with a named prize in the competitive event and the [Bergamo Chamber of Commerce](#), with

active participation at OECD round tables to define strategic actions and projects for developing the economic and social fabric in Bergamo;

- for the Brescia and North-East MGA, the contribution to the Brescia Teatro Grande Foundation and International Piano Festival of Brescia and Bergamo for the promotion of cultural initiatives, La Zebra Onlus and the Fondazione Poliambulanza for the pediatric wards of the Spedali Civili Hospital in Brescia, Comitato Amici del Cidneo charity for Castello di Brescia and the 2019 International Festival of Light (CidneON);
- for the Milan Emilia Romagna MGA, contributions to the [Poldi Pezzoli Art Foundation](#) as Sponsor of the Museum and to the [Teatro Piccolo](#) theatre for children and young people, the study centre [Milan Centro Studi Grande](#), at [Università Cattolica del Sacro Cuore](#) for cultural dissemination and the charity [Fare bene](#) for projects to safeguard the more vulnerable social classes;
- for the North-west MGA, contributions to the [Turin Museums Foundation](#), the literary and music festival [Collisioni](#), the [Turin Culture Foundation](#) and the [Turin Royal Theatre Foundation](#) to support culture and art, and the [Langhe Monferrato Roero Tourist Board](#) for tourism and promotional activities;
- for the Lazio, Tuscany and Umbria MGA, contributions to the [Tennis and Friends](#) and [Family and Sport Festival](#) in Arezzo to encourage people to look after their health, the [Guido d'Arezzo Foundation](#) to support the figurative arts, the [Insuperabile Project](#) for disabled children and the [Union of Saint Catherine of Siena](#) to support training activities;
- for the Marche Abruzzo MGA, contributions to the [Innovating-Third Age Expo](#) for the development of technology and medical/scientific initiatives, [Arena Sferisterio](#), [Rossini Opera Festival](#) and [Marche Theatre](#) for cultural and recreational initiatives and the [Colocci Jesi Foundation](#) for cultural activities;
- for the South MGA, contributions to the [2HE Association - Centre for Human Health and Environment](#) to help differently abled people, the charitable association [Liberi di Volare](#) to support prisoners and former prisoners and the [Bari Chamber of Music](#) and [Sila Award Foundation](#) to promote culture.

## Sponsorships

Sponsorships also play a part in fostering economic and social development in the community. The local and national initiatives supported in 2018 were mainly social, recreational and sports activities, culture and local economic development.

In 2018 the main projects in the field of sports and recreation were:

- the [Basket Brescia Leonessa](#) and [VL Basket](#) associations, for which UBI is the Official Bank for the 2018-2019 sporting season;
- the [Milan Bonacossa Tennis Club](#), of which UBI Banca is a partner;
- the [Oralimpics](#) of the CSI Milan Committee (speakers' olympics);
- the [Cuneo Granda Volley](#) for the women's volleyball sporting season;
- the sporting season of the [Jesi Fencing Club](#);
- the renovation of a basketball pitch located in Rome's [Cecchina Park](#);
- the [Pallonistico Subalcuneo ASD](#) for the fistball sporting season.

In the cultural field:

- support for the Il Piccolo dei Piccoli project season at [Milan's Piccolo Teatro](#) theatre;
- the [Ravello Festival](#) celebrating Richard Wagner, of which UBI Banca is an official sponsor, for its 66<sup>th</sup> year at Villa Rufolo;
- the theatre, dance and music season at the [Fraschini Theatre Foundation](#);
- the exhibition [Raffaello e l'Eco del Mito](#) at the [Carrara Academy](#) in Bergamo;
- the [Brescia Museums Foundation](#) for the exhibition [Tiziano e la pittura del Cinquecento tra Venezia e Brescia](#) at the Museum of Santa Giulia in Brescia;
- the 55<sup>th</sup> [Brescia and Bergamo International Piano Festival](#);

- the 2018-2019 season of the [Olimpico Theatre in Rome](#), as main sponsor;
- the [50<sup>th</sup> anniversary of the University of Bergamo](#);
- the 2018-2019 concert season at the [Lingotto Musica](#) event;
- the exhibition [Un capolavoro per Milano: Adorazione dei Re Magi – Veronese](#) at the [Carlo Maria Martini Diocesan Museum](#) in Milan;
- the [Ico Orchestra of Magna Grecia](#), for which UBI Banca is the main sponsor of the 27<sup>th</sup> “Eventi Musicali” concert season, with 90 concerts in Puglia and Basilicata;
- the [CidneON International Festival of Light](#) at the [Castle of Brescia](#);
- the 29<sup>th</sup> [Musicultura Festival](#) at the [Macerata Sferisterio](#);
- the [Pavia Soloists Foundation](#) to promote concerts;
- [the Duomo Music Association](#) for the “Sunday Concerts” season at the [Filodrammatici Theatre](#) in Milan.

For economic development in the area:

- activities at the [Bergamo trade fair](#);
- presentation of the book [Bilanci d’acciaio 2018](#) in four Italian cities (Brescia, Lecco, Naples and Vicenza);
- [CGM](#), a network of local consortia located throughout Italy that coordinate the work of cooperatives and social enterprises, for which UBI was 2018 sponsor of the 13th Convention;
- the project [Trame d’Italia](#) promoting the historical, artistic, cultural and food and wine heritage of high-potential areas;
- the [Festival of Fundraising](#).

Finally, in education and training:

- the [Master in Business Administration](#) at the University of Pavia;
- support for the [Young Factor Project](#) organised by the Osservatorio Permanente Giovani-Editori (Young People's Permanent Observatory-Publishers);
- support for the [Popotus at School](#) project organised by the [Avvenire](#) newspaper.

### **UBI Comunità initiatives**

In 2018, UBI Comunità developed new important partnerships with leading not for profit organisations, in line with the [Agenda 2030 Sustainable Development Goals \(SDGs\)](#)<sup>7</sup>, Goal 17 of which is about developing partnerships to achieve social objectives. These included:

- [Local archdioceses, dioceses and religious organisations](#), as part of the business unit which co-ordinates commercial initiatives for ecclesiastical and religious bodies;
- the [Italian Cancer Research Association \(AIRC\)](#), for which UBI Banca has been an institutional partner for the November fundraising campaign [I Giorni della Ricerca](#) (Research Days), by means of various initiatives (in-branch fundraising and via internet banking, payroll giving, the AIRC-personalised UBI Comunità Enjoy card and the UBI Pay App payment function for donations by smartphone using the Jiffy network). The 2018 communication and fundraising campaign, which was widely covered in the local and national media, enabled AIRC to collect almost €6 million to fund training programmes for young researchers and innovative cancer treatment projects; of these funds more than €500 thousand was allocated to various Group-led initiatives, the most important of which is the in-branch distribution of [Cioccolatini della Ricerca](#) (Research Chocolates) for which since 2013 UBI Banca has contributed more than €5 million to top cancer research funded by the AIRC;

---

<sup>7</sup> The SDGs are 17 major goals set by the UN General Assembly in its resolution “Transforming our World: the 2030 Agenda for Sustainable Development”, approved on 25<sup>th</sup> September 2015. Goal 17 is to: “Strengthen the means of implementation and revitalize the global partnership for sustainable development”.

- La Meridiana, Telefono Azzurro, FOCSIV, AISM, Fondazione Auxilium, Opera San Francesco and Banco alimentare (Lombardy, Tuscany and Puglia), respectively for the following projects: Il paese ritrovato, Fiori d'azzurro, Abbiamo riso per una cosa seria, La gardenia dell'AISM, #VoglioOccuparmi, Una mano all'uomo and Recupero a Km Zero, by providing various tools and channels for fundraising and awareness raising among Group customers and employees with a multi-stakeholder approach. Also a direct contribution through the Social Bonds and Pramerica's Social 4 Planet Sicav;
- Anffas Onlus (the National Association for Families with Cognitive and/or Relational Disabilities) and the CGM Cooperative Group, with which UBI Banca, in association with its trust company UBI Trustee, created the innovative project Trust in Life. The project provides services and financial support to people with severe disabilities and their families, and manages the various financial resources from the personalised support programme, the Progetto di Vita (Project for Life) by means of a trust including a multi-beneficiary approach. This project is also intended to organise interventions to support the social inclusion of people with severe disabilities, by activating local networks and the specific expertise of partners, with an approach that is open to all those in the area with an interest in working together to share experiences and skills. To that end, meetings involving the key public and private stakeholders were held in local communities in 2017 to present and investigate the content of the legislation and the project. In 2018 it continued information events were organised in local communities and a tender launched to bring together initiatives and best practice put forward by members of the Anffas and GCM networks in accordance with the "Dopo di noi" law (Law No. 112/2016). The projects selected will be supported by UBI Banca, which will forgo part of its income from the new credit card named Hybrid.

The UBI Comunità Social Bonds and SICAVs and Ethical Funds play an important role in generating resources for use in social projects as part of their profits are set aside for such purposes. From their launch in 2012 to the end of 2018 the Group has supported 92 important local social projects through the issue of the same number of Social Bonds. It has made donations worth almost €4.9 million and set up funding facilities for over €21 million. In 2018, UBI Banca placed four new bond issues worth €65.5 million, which produced donations of €235 thousand, with a further €60 thousand for projects from 2 Social Bonds issued in 2015 and 2016 (AIRC and Save the Children).

In order to allocate resources more effectively and efficiently to the initiatives that have the greatest impact on change and increase accountability to customers who subscribe bonds and to Group stakeholders more in general, as part of the structuring process for Social Bonds and the upfront placement of SICAV or Ethical Funds, UBI Banca uses social impact measurement to evaluate the projects to support. The tool used is Social Return on Investment (SROI), which converts an estimate of the expected social impacts of the project into monetary terms (ex ante valuation) and the impacts achieved on its completion (ex post valuation). For the application of SROI, UBI Banca is assisted by an outside independent company with experienced professionals, which checks the compliance of the methodology used for data collection and the relative sources, the monetisation of the expected and achieved impacts of the project, the calculation of social value and verification of the underlying assumptions, as well as checking that the results of the project are consistent with its aims. Normally 30% of the donation is disbursed on completion of the project, once it has passed the independent ex post check and has been found to have met expectations and complied with social and environmental requirements.

SROI was applied ex ante to the 3 projects shown in the table at page 86, with very positive results in terms of the expected social impact.



Promoter	Project	Direct beneficiaries	SROI index <sup>1</sup> (ex ante)
Ail	"Armonizzazione Cure Domiciliari Ematologiche" project aimed at harmonizing the organizational and clinical processes of home care provided by AIL.	2,500	8.8
Banco dell'energia onlus	"Banco Energia" project aimed at helping to alleviate and combat poverty and social vulnerability.	500	2.49
Cesvi	"Liberi tutti" project against child maltreatment and neglect in Italy.	210	1.88
Calcit Arezzo	"Breast Cancer Unit" project with the aim of donating a state - of - the - art mammograph to the Arezzo senology center.	22,000	n.a.

<sup>1</sup> Amount in euro in terms of social return on Investment for each euro invested in the project calculated ex ante.

In the commercial area, the UBI Comunità Social Edition initiative also continued. This involves the issue of an Enjoy UBI Comunità prepaid card, customised with the logos of the not for profit organisation for which they are issued. UBI Banca waives its right to part of the commissions on these cards and donates them to the not for profit organisation. Customised cards for six organisations were issued in 2018, including [AIDO Lombardia](#) and [AIRC](#), for a total of around 15,400 cards, of which approximately 8,700 are active, generating a donation of approximately €17,200.

### Foundation initiatives

Over the years the Group has set up a series of foundations and acquired others as part of merger projects. The foundations operate autonomously in their own local communities, in accordance with their respective articles of association. The most significant initiatives in 2018 were:

- for the [UBI Banca Popolare Bergamo Foundation Onlus](#), the contribution to the [Donizetti Theatre Foundation](#) for the theatre, [ACLI Bergamo](#) for "Molte Fedi sotto lo stesso cielo", [Intercultura Onlus Foundation](#) for bursaries for deserving children, and [Ducato di Piazza Pontida](#) for cultural events in the city of Bergamo;
- for the [UBI Banco di Brescia Foundation](#), the contributions to the [Italian Alpine Club \(CAI\) of Gavardo](#) and [San Giorgio Onlus Foundation of Brescia](#) for recreational activities for disabled children, [Università Cattolica del Sacro Cuore of Brescia](#) for culture and research, and [Cuore Amico Fraternità Association Onlus](#) for training for medical and paramedical personnel in hospitals in Mali;
- for the [CAB Foundation](#), contributions to the restoration of the Brescia Academy (Ateneo di Brescia), in order to promote its cultural heritage, to the [Friends of Palazzo Martinengo](#) and to the Parish of the Cathedral of Brescia for cultural projects;
- for the [Banca Popolare Commercio Industria Foundation Onlus](#), contributions to [Friends of Edoardo Onlus](#) for the "Bottega di quartiere" project, [VIDAS Foundation](#) for complete care free of charge for terminally ill patients and [Robin Food Onlus](#) to support families with economic and social difficulties;
- for the [Banca Popolare di Vigevano Foundation Onlus](#), contributions to the [Sant'Ambrogio Social Cooperative Onlus](#) to promote recreational activities, [Premio Duse](#) to support cultural activities, [Anffas Vigevano](#), [Prometeo 2050](#) and [Caritas Foundation](#) for assistance and social solidarity;
- for the [UBI Foundation for Varese ONLUS](#), contributions to the [Giacomo Ascoli Foundation for Pediatric Oncology](#), [Bellora Foundation of Gallarate for Autism Sufferers](#), [Piatti Foundation](#) for differently abled people, [Gallaratese Society for Local Studies](#), [Parish of](#)

Saint Maurizio Vedano Olona, Parish of Saints Fermo and Rustico and Parish of Saints Vitale and Agricola for artistic and environmental projects;

- for the Bruschi Foundation of Arezzo, educational art and antiquities projects at the Fiera Antiquaria di Arezzo, la Historic House Museum and historic buildings in the heart of the medieval city, the Exhibition Gallery, and publication of catalogues, reviews, books and series.

### **Employee involvement**

Group employees are also involved in charitable initiatives through fundraising projects and a corporate voluntary work programme.

Each employee can donate €6 a year - directly deducted from their pay - to ProSolidar (a national banking fund for solidarity and charity initiatives) and the Bank matches the same contribution. ProSolidar is a bilateral organisation managed by the ABI and national secretaries of the banking trade unions and is the world's first organisation set up by a national collective bargaining agreement and funded by equal contributions from employees and companies. Donations made to it by Group employees in 2018 amounted to over €222 thousand.

The company voluntary work project **Un giorno in dono** (A day as a gift) in its fifth year, attracted 1,171 colleagues, 5.5% of the company's workforce. It involved **90 not for profit organizations**, located in 42 cities and 15 regions, and 170 activities to choose from. As in previous years, the aim was to raise awareness among employees about various areas of social marginalisation, ranging from assistance to differently abled people to elderly people, children, families with problems and hospitals, and including environmental and cultural projects and support for countries with limited resources. As well as strengthening the company's group spirit, the project aims to increase solidarity within the Group. For every day of voluntary work provided, UBI Banca paid €100 to the organisation of the employee's choice, for a total of €117,100.

**Enjoy Special Edition**, an account card especially for Group employees, who help to support social projects simply by using the card. UBI Banca does not charge interbank fees on POS transactions using these cards, donating the full amount to a social project. In 2018 this amounted to almost €18,600, almost half the total funding of all the organisations involved. The money was donated to the Italian Association to combat Neuroblastoma, which won the fourth Donation Day organised by the Italian Donation Institute, and will be used to pay for a bursary for research into pediatric tumours.

### **UBI for art**

UBI Banca owns an important art collection, including works from the fourteenth to the twenty-first centuries that come from the collections of the banks that have joined the Group over the years. As well as paintings, sculptures and drawings, the collection also includes buildings and historic archives, installations, graphic art and applied art in workplaces and museums.

The project **UBI ARTE enables** UBI Banca to make its collections available to the public; in seven Italian cities during the year UBI Banca took part in the Festival of Creative Culture and Invitation to the Palazzo, events organised by the Italian Banking Association ABI and in the Autumn Days of the Italian Environmental Fund FAI. Permanent and temporary loans of works from the collection to museums and exhibitions have been encouraged. These included the Tosio Martinengo Art Gallery in Brescia, Civil Museum of Montepulciano and Züst Art Gallery in Rancate.

Finally, in October 2018, the website ([https://arte.ubibanca.com/ubiarte\\_raccolta/index.aspx](https://arte.ubibanca.com/ubiarte_raccolta/index.aspx)) and Instagram profile @arteubibanca were launched. These are dedicated to the collection and the activities the Bank supports to help cultural institutions in the local areas. It includes seven news columns, a section dedicated to the historic buildings, archives and collections, and a search function that enables easy browsing of the works. The English version will be available in the next few

months. The book presented in Bergamo, Arezzo and Jesi, “The UBI Banca Collection, Initial Notes on its New Organisation”, can be downloaded from the website.

### **UBI institutional events**

In 2018 UBI Banca organised some leading events, some of which have been taking place for several years, to promote culture, social and environmental sustainability and meetings with representatives of local communities.

Some of the most important were:

- the presentation of the [Report on the Global Economy and Italy](#), by the Luigi Einaudi Research and Documentation Centre, of which UBI has been a partner since 2009; the 2018 book entitled [Un futuro da costruire bene](#), was presented at twenty meetings in twenty different Italian cities between January and May, with media coverage totalling around 90 printed articles and involving online newspapers, radio and television;
- the Festival of Creative Culture, organised by the ABI in April in various Italian cities;
- the presentation of [Welfare for People](#), the first report on occupational and company welfare in Italy, proposed by the ADAPT school of higher education in labour and industrial relations and UBI Bank's UBI Welfare Observatory;
- “[Widening Our World](#)”, the eighth [International Banking Forum](#) held in June at the National Museum of Science and Technology in Milan.
- the [Tour of the La Scala Theatre Museum](#) in October to Maryland, Princeton and New York, with the organisational contribution of UBI Banca, which enabled the Top management to meet the leading representatives of the local business communities;
- the [Autumn Days of the FAI](#) in Milan in October, with open house at Palazzo Litta Modignani, the UBI Banca premises in Corso Europa 16;
- [Invitation to the Palazzo](#), the annual event organised by the ABI in October, in which more than three thousand visitors took part and which involved seven of the Group's historic buildings;
- the meeting to renew the agreement [Industria 4.0](#) between UBI Banca and Confindustria, which funds business investments in line with the goals of the National Plan for Industry 4.0.

### **Socially responsible investments**

[GRI FS7 ]

In recent years Pramerica SGR has stepped up its commitment and dedication to designing sustainable, responsible investment products (SRIs): 3 funds operating under Italian law first and two Luxembourg sub-funds next, all of which under a sustainability approach thanks to the support of the ECPI advisor. All the products exclude enterprises belonging to sectors exposed to regulatory and reputational risks from the investment universe (i.e. controversial areas such as weapons, tobacco and gambling). The sub-funds also take a best-in-class approach, which directs investments towards enterprises with outstanding production processes, corporate governance criteria, management of human capital and relations with the local community based on principles of social and environmental responsibility.

The funds [Pramerica Azionario Etico](#) (launched in 2005), [Pramerica Obbligazionario Euro Corporate Etico](#) (launched in 2015) and [Pramerica Bilanciato Etico](#) (launched at the end of 2017) each year contribute a percentage of their annual management fees (the first two 5% and 4% Pramerica Bilanciato Etico). For 2018 the contributions from the first two funds amount to a total of €50,000, to be paid to a beneficiary to be identified, while the Pramerica Bilanciato Etico contribution is €67,823, for [CasAmica Onlus](#) for the project “[Sempre più vicini ai malati lontani da casa e alle loro famiglie: CasAmica apre le porte dell'accoglienza anche a Roma e Lecco](#)”.<sup>8</sup>

---

<sup>8</sup> The Project is designed to support the opening of two new houses in Rome and Lecco, to accommodate patients and their relatives travelling to hospitals that are far from home. The two new houses will

After the launch of the Pramerica sub-fund [Sicav Social 4 Future](#) in 2016, which stands out for its combination of sustainability with investment opportunities deriving from long-term macroeconomic and social dynamics (or megatrends), Pramerica SGR and UBI Banca worked together on the launch of a new product in April 2018 – the [Pramerica Sicav Social 4 Planet](#), which focuses on investment in companies that have adopted a circular economy model, reducing and cutting production waste to zero.

The Pramerica Sicav Social 4 Planet sub-fund, which like the former belongs to the Balanced Bond Product category, will pay part of the management fees, €61,665 for 2018, to the project [Recupero a chilometro zero](#)<sup>9</sup> run by the [Danilo Fossati Lombardy Food Bank Onlus](#), while Pramerica Sicav Social 4 Future class 1 and class A collected €118,472 in 2018 to contribute to a beneficiary still to be decided. For both sub-funds the contribution is 4% of the annual management fees.

<b>EQUITY SRI FUND</b> (millions of euro)	<b>2018</b>	<b>2017</b>
Pramerica Azionario Etico	24.5	23.2
Pramerica Obbligazionario Euro Corporate Etico	41.2	46.2
Pramerica Bilanciato Etico	200.0	218.5
<b>TOTAL</b>	<b>265.7</b>	<b>287.9</b>
<i>as a percentage of the total assets under management in funds</i>	<i>1.89%</i>	<i>1.73%</i>
<i>as a percentage of the total assets under management</i>	<i>0.45%</i>	<i>0.48%</i>



<b>EQUITY SICAV SRI FUND</b> (millions of euro)	<b>2018</b>	<b>2017</b>
Pramerica Sicav Social 4 Future	437.8	370.9
Pramerica Sicav Social 4 Planet	384.8	-
<b>TOTAL</b>	<b>822.6</b>	<b>370.9</b>
<i>as a percentage of the total assets under management in SICAV</i>	<i>4.55%</i>	<i>2.14%</i>
<i>as a percentage of the total assets under management</i>	<i>1.38%</i>	<i>0.61%</i>

---

provide accommodation to 2,000 more patients and their relatives in addition to the 4,000 hosted by CasAmica every year at its houses in Milan.

<sup>9</sup> Project to collect food from major supermarkets, which puts the charities in contact with the nearest retail outlets.

## Commitment to the environment

Key Aspects	Impact on the SDGs
<p>Responsible management of the use of materials, energy consumption, waste treatment, and corporate mobility.</p> <p>Contributing to improved environmental services for customers and local infrastructure endowments and more generally, support the transition to an economy that has a reduced environmental impact.</p>	<p> Use of renewable energy sources through the Group's energy sourcing requirements and making financing available for public and private investments in plants and infrastructure support the attainment of the objectives of energy transition (SDG 7.2) and increased energy efficiency (SDG 7.3).</p> <p> Responsible management of the Group's properties and operations, financing for environmental investments by households and enterprises, as well as in infrastructures, contribute to the development of more sustainable cities (SDG 11.6).</p>

The widespread awareness that protecting the environment is a global priority requires everyone to engage in reducing the impact of human activities in terms of both natural resource consumption and pollution, with particular reference to reducing the amount of waste generated and to fighting global warming by avoiding emissions of greenhouse gases and ozone-depleting gases.

Given the nature of its activities, UBI Banca's efforts with respect to its direct environmental footprint are directed especially towards reducing energy and paper consumption as well as towards using renewable energy – efforts which even have financial benefits. With regard to its indirect environmental footprint, efforts are focused on supporting the energy transition, the development of a green economy, as well as projects and infrastructure with environmental aims. Besides promoting more eco-friendly economic development, this commitment also helps the Group seize new business opportunities and gain a reputational advantage.

In Italy, the environmental impact of productive activities are subject to specific regulations, with environmental crimes enumerated in Legislative Decree No. 231/2001, including in the areas of waste disposal, the selection of suppliers and management of relationships with them, and the use and operation of heating and cooling systems. For these sensitive activities, the [Model 231](#) adopted by UBI Banca contains special protocols and assigns specific roles and responsibilities.

Taking a proactive approach to environmental responsibility, in line with the principles of the Global Compact, UBI Banca has adopted a group-wide [Environmental Policy](#) since 2008. This policy was being updated as at the end of 2018 and related implementation rules are expected to be adopted in 2019. For business missions, a [Travel Policy](#) is in force that favours the use of collective public transport.

Specific responsibilities are entrusted to:

- the [Energy Manager](#), who is head of the Energy Management operational unit at UBI Sistemi e Servizi; for all Group companies it serves, this unit is responsible for analysing energy needs, for drawing up strategies and plans to optimise energy consumption and to reduce emissions (including improvements to the energy efficiency of buildings and systems), and for monitoring the application of these plans and the results achieved. The

Energy Manager is allocated a specific budget, including for the purpose of using renewable energy;

- the **Mobility Manager**, who is head of the Group's Welfare function (appointed pursuant to the Ronchi Inter-Ministerial Decree entitled "Sustainable Mobility in Urban Areas"), is responsible for establishing and managing (in cooperation with the relevant internal functions and public bodies) policies regarding systematic employee travel arrangements, with the aim of reducing private vehicle traffic and its environmental consequences, by means of alternative transport solutions to lower environmental impact (such as shuttle bus services and bicycle racks at company facilities) as well as mobility management arrangements (e.g. purchasing electric bicycles).

Energy consumption and related emissions are monitored through semi-annual consumption progress charts drawn up for the UBI Sistemi e Servizi Real Estate Department (an excerpt containing electrical energy usage only is also sent to the UBI Sistemi e Servizi Management Committee) and through the annual consolidated non-financial reporting cycle, in the form of the **Sustainability Report** and the **Carbon Disclosure Project (CDP)**, whose data are subject to independent verification (by an auditing firm).

## **Materials used**

[GRI 301-1:2]

The Purchasing Department of UBI Sistemi e Servizi manages the purchasing cycle for Group companies.

The main raw materials used are paper and toner for printouts for internal use and also those destined to customers. The key initiatives adopted in this area aim to reduce consumption, especially of natural resources, via document digitalisation, optimising printing processes and using recycled paper.

### **Reducing consumption**

Now that double-sided printing has become a standard printer setting, a new step forward has been taken with the **Secure Print** project, which has introduced new ways of managing print jobs from workstations, for the time being in the main management headquarters. Print jobs are no longer executed automatically; instead, the user must first confirm them by placing his/her ID card into a card reader installed on the printer or multifunction device. This system also automatically cancels any print jobs that have not been confirmed within 24 hours of being sent to the printer queue.

The introduction of Secure Print led to savings of 1,753 reams of A4 size paper in 2018. Considering that recycled paper now accounts for 56% of all A4 paper used, this entails savings of 121,869 litres of water, 28,034 kWh of energy, 5,785 kg of wood and 3,688 kg of CO<sub>2</sub> emissions.

The **digitisation** of bank branch forms through **advanced electronic signatures** (AdES) enables documents that would otherwise need to be printed and physically signed by the customer to be signed electronically. In 2018, about 64% of bank account transaction receipts were digitised and processed via electronic signatures, thus saving 45 million sheets of carbonless copy paper, while 16.7% of contracts were digitised, thus saving 6.8 million sheets (or 13,600 reams) of recycled paper, and hence saving 299,200 litres of water, 102,000 kWh of energy and 19 tons of CO<sub>2</sub>. In 2019, transaction slips for internal use will also be digitised, as will a wider range of contracts (for new credit facilities, unsecured loans, trading, securities portfolios and financial consultancy), to save a further 6.8 million sheets of carbonless copy paper and 16.8 sheets of recycled paper (33,600 reams in all, and hence saving a further 739,200 litres of water, 252,000 kWh of energy and 47 tons of CO<sub>2</sub>).

## Use of recycled paper

In 2017, the Purchasing Department of UBI Sistemi e Servizi began a pilot project to evaluate the possibility of replacing pure cellulose paper with recycled paper (Steinbeis Classic White ISO 70-80 g/m<sup>2</sup> - 100% recycled) at all UBI Banca bank branches and in some central offices. After the two test phases were completed – which involved at first 3 branches and later all former Banca Regionale Europea branches of the UBI group – recycled paper was procured to the tune of 56% of all paper ordered from January to October 2018 (292,794 reams, equivalent to saving 31.5 million litres of water, 5.6 million kWh of energy, 2.2 million kg of wood and 468 tons of CO<sub>2</sub>).

In 2019, recycled paper use is forecast to increase to 90% of the total, once old supplies run out at the operational units involved and the scope of application is completed, leading to estimated savings of 60.4 million litres of water, 10.8 million kWh of energy, 4.2 million kg of wood and 897 tons of CO<sub>2</sub>.

CONSUMPTION RAW MATERIALS <sup>1</sup> (Tons)	2018	2017
Toner	33.0	30.1
Paper purchased <sup>1</sup>	1,881.6	2,408.0
of which:		
<i>Recycled</i>	49.7%	0.00%
<i>Paper from raw materials from responsibly managed forests (FSC/PEFC)</i>	36.4%	49.9%
<i>Paper treated without chlorine (ECF/TCF)</i>	32.3%	57.6%

<sup>1</sup> Consumptions of UBI Trustee and Pramerica Management Company are not included.

The 2017 data don't include the consumptions of Banca Tirrenica and Banca Federico Del Vecchio due to detection difficulties.

## Energy consumption

[GRI 302-1:4]

UBI Banca is a multi-site concern which operates in properties generally classifiable as for service use and it is subject to specific regulations on energy and energy efficiency which include the following:

- Law No. 10/1991 “Implementing provisions for the National Energy Plan as regards energy efficiency, energy savings and the development of renewable energy sources” and the related Presidential Decree No. 412/93 “Regulation containing rules for the design, installation, use and maintenance of the heating systems in buildings for containing energy consumption, in implementation of art. 4, paragraph 4 of Law No. 10 of 9<sup>th</sup> January 1991”, along with Presidential Decree No. 74/2013 “Regulation setting the general criteria for running, operating, monitoring, maintaining and inspecting heating and cooling systems in buildings and for the preparation of hot water for human use, as per art. 4 paragraph 1 (a) and (c) of Legislative Decree No. 192 of 19<sup>th</sup> August 2005”;
- European Directive No. 2002/91/EC: “On the energy performance of buildings”, implemented by Legislative Decree No. 192/2005 as subsequently amended by Legislative Decree No. 311/2006;
- Legislative Decree No. 102/2014 “Implementation of EU Directive No. 2012/27/EU on energy efficiency”, as subsequently amended by Legislative Decree No. 141/2016.

Electrical energy is procured and used to ensure the functioning of the branches, offices and data processing centres of the whole Group. Energy supply policies therefore aim to reduce the risks associated with supply disruptions (by using suppliers selected on the basis of cost, service quality and technical, commercial and financial reliability), while at the same time containing operating costs. Given the amount of energy consumed and the related impact on the environment, it is in keeping with the Group's Environment Policy that the priority objectives in this matter are to use resources rationally, to eliminate wastefulness and to use energy from renewable and/or low-emission sources.

## Energy-saving initiatives

The Group consumes energy in its daily activities mainly through the machines used to perform corporate processes (computing centres and IT devices), lighting systems and air conditioning systems. In order to reduce energy consumption, and thus the potential impact from the risks of energy cost increases or stricter legislation on the energy efficiency of buildings and installations, UBI Sistemi e Servizi has:

- adopted an **eco-compatible design** model for all construction and building renovation plans for both offices and branches. This model is regularly kept up to date with technological advances available on the market and its energy section is broken down into three areas for efficiency measures: electricity and lighting (LED lighting), machines and installations (highly efficient heating, ventilation and air conditioning systems) and architectural/structural aspects (extremely high-performing insulation, doors and windows);
- conducted **energy audits** on its facilities (and has done so since 2013, before laws and regulations such as Legislative Decree No. 102/2014 were enacted) and made plans to carry out the most substantial energy efficiency initiatives that emerged from the audit findings.

I principali interventi realizzati nel 2018 sono:

- the installation of a new high-performance cooling system in the Brescia data processing centre, which intelligently uses a free cooling pump to air condition the rooms and reduce annual electricity consumption by about 38%;
- the installation of high-efficiency LED lighting systems at the headquarters at Via Cefalonia 62 in Brescia;
- within the context of periodic computer hardware renewals, the purchase of 864 new desktop computers with monitors, 1,714 laptops, 521 mini-desktops and 1,123 recent-generation monitors: these new devices are more energy-efficient than the models replaced.

## Building automation at the branches

From late 2016 to November 2018, UBI implemented a building automation project, becoming the first bank in Italy to do so. An intelligent monitoring and feedback system was installed (one of the largest cloud systems ever created) in 1,400 branches (including branches of the New Banks). This system continuously records and measures energy consumption and enables programmed management of electricity loads and remote verification that systems are working properly.

The cumulative amount of energy saved through this project up to the end of 2018 was 4.5 million kWh, equivalent to 1,967 tons of CO<sub>2</sub>. As from 2019, when all branches are expected to be connected, the automation system will reduce CO<sub>2</sub> emissions by an estimated 2,889 tons per year. It was most recently installed in three large buildings in Brescia, Bergamo and Jesi, with the goal of reducing energy consumption by about 20%; as from 2019, it is estimated that energy consumption will be reduced by 1,620,000 kWh per year, equivalent to 522 tons of CO<sub>2</sub>. For the coming years, the Group is considering installing this system in all of its other main regional offices.

The advantages of building automation lie not only in reduced energy consumption and more efficient facilities management, but also in the ability to use an energy consumption database to gain access to the white certificate incentive mechanism, as well as in the improvement of workplace safety. The system's control centres will in fact be able to recognise overloads and faults automatically outside office hours, which improves safety and reliability.

## Sustainable mobility action

The main measures taken in terms of sustainable mobility involve employees' commutes to and from work. The aim is to provide incentives not to travel in automobiles. For several years now, covered bicycle parking has been in place in some of the main offices, while the Group also runs a coach shuttle service between the Bergamo, Varese, Brescia and Milan offices (as well as one that goes around the city of Milan).



Following the merger of the three New Banks, additional coach bus services were instituted between Macerata and Jesi and between Pesaro and Jesi. In 2018, a transport service was activated for personnel involved in the merger project, consisting of two 9-seater minivans, which throughout the year enabled these employees to reach even areas not adequately served by public transport, including Macerata, Arezzo, Jesi, Chieti and Cuneo, for employee shadowing and procedure release activities. The shuttle buses carried 300 passengers a day on average in 2018, resulting in an estimated 1,000 tons of CO<sub>2</sub> emissions less than if individual cars had been used.

Another major contributor to reducing energy consumption and emissions that is related to employee mobility is the smart working, with 7,086 days worked in 2018.

### **The E-Mobility Project**

The Group has commenced an E-Mobility Project to gradually bring electric cars into its corporate fleet, which can be used by employees for short to medium distance travel. At the end of June 2018, the first electric vehicle was added, a Renault Zoe-R90, which in its first four months was driven 2,400 km, resulting in 240 kg less CO<sub>2</sub> emissions compared to the diesel cars currently in use. For this vehicle, a wallbox charging station was installed in the car park at the UBI Sistemi e Servizi premises in Brescia.

In 2019, the Group plans to add nine more electric cars to bring the total in its fleet to ten. Considering that each car travels 15,000 km per year on average, this will reduce CO<sub>2</sub> emissions from work-related commutes by approximately 15 tons. An equal number of charging stations will also be installed. The objective for 2020-2021 is to purchase 30 electric cars, or 10% of the Group's entire vehicle fleet, maintaining a 1:1 ratio of electric cars and charging stations.

ENERGY CONSUMPTION WITHIN THE ORGANIZATION			2018	2017 <sup>2</sup>
Heating	GJ		213,884	196,603
<i>of which:</i>		<i>natural gas</i>	<i>GJ</i>	<i>186,339</i>
		<i>gas oil</i>	<i>GJ</i>	<i>9,452</i>
		<i>LPG</i>	<i>GJ</i>	<i>812</i>
District heating	GJ		35,299	27,905
	KWh		9,805,404	7,751,295
Electricity <sup>1</sup>	GJ		407,049	410,301
	KWh		113,069,036	113,972,604
<i>of which:</i>		from renewable sources	%	97.5%
		<i>purchased</i>	<i>GJ</i>	<i>407,926</i>
			<i>KWh</i>	<i>113,312,792</i>
		from renewable sources	%	97.3%
		<i>Self-produced electricity</i> <sup>3</sup>	<i>GJ</i>	<i>2,375</i>
			<i>KWh</i>	<i>659,812</i>
		from renewable sources	%	100%
Fuel car fleet	GJ		37,883	37,116
<i>of which:</i>		<i>petrol</i>	<i>GJ</i>	<i>1,337</i>
		<i>gas oil</i>	<i>GJ</i>	<i>35,761</i>
		<i>LPG</i>	<i>GJ</i>	<i>0</i>
<b>TOTAL</b>	<b>GJ</b>		<b>694,115</b>	<b>671,926</b>
<b>OF WHICH:</b>		<b>NON-RENEWABLE FUELS</b>	<b>GJ</b>	<b>233,720</b>
		<b>ELECTRICITY AND DISTRICT HEATING</b>	<b>GJ</b>	<b>438,206</b>
			<b>KWh</b>	<b>121,723,899</b>
		<b>FROM RENEWABLE SOURCES</b>	<b>GJ</b>	<b>399,355</b>
		<b>OF TOTAL</b>	<b>%</b>	<b>59.4%</b>
				<b>57.2%</b>

<sup>1</sup> Consumption for air conditioning system is included in electricity consumption.

<sup>2</sup> The 2017 data relating to consumptions have been restated to take into account of a consumption adjustment notified after the publication of Consolidated non – financial declaration. For data reported in the 2017 Consolidated non – financial declaration, see the document published on the Group's website at <http://www.ubibanca.it/pagine/Bilancio-Sostenibilita-IT.aspx>.

<sup>3</sup> The self - produced energy is totally used internally and therefore the energy sold/sold on the network is equal to zero.

THE PRINCIPAL MEASURES UNDERTAKEN TO REDUCE ENERGY CONSUMPTION WITHIN THE ORGANISATION	2018		2017	
	Energy (Gj)	Costs	Energy (Gj)	Costs
Replacement of heat generators in branches	114	2,207	331	6,083
Replacement of heat pumps/air conditioners in branches	593	30,458	147	7,431
Replacement of conditioning systems in Brescia data-processing centre (2016-2017)	-	-	1,385	70,043
Installation of consumption monitoring system in 772 branches (2016-2017)	-	-	6,625	334,942
Installation of consumption monitoring system in 628 branches (2017-2018)	4,162	213,887	2,868	144,986
2015-2016-2017-2018 rationalisation of the distribution network	14,148	638,498	14,365	726,249
Monitoring at the large New Management Centre building in Brescia	507	26,046	542	27,377
Monitoring Grande Immobile Via Calvi 9 BG	488	25,053	-	-
Monitoring Grande Immobile Esagono Jesi	754	38,725	-	-
Replacement of UPS OF Teatina Bank (2017)	-	-	55	2,768
<b>TOTAL</b>	<b>20,765</b>	<b>974,875</b>	<b>26,318</b>	<b>1,319,878</b>

The estimated reductions in energy consumption thanks to this project are in line with the targets set. The overall increase in consumption recorded in 2018 was due to the inclusion of the three New Banks in the figures for the full year (whereas in 2017, the New Banks were included for only nine months, from the date on which they joined the Group).

ENERGY INTENSITY	2018	2017 <sup>1</sup>
Total energy consumption (GJ)	694,115	671,926
Energy intensity per employee (GJ/employees)	33.93	31.30
Energy intensity by surface area (GJ/Sq.m)	0.58	0.53

<sup>1</sup> The 2017 data relating to consumptions and CO<sub>2</sub> emissions have been restated to take into account of a consumption adjustment notified after the publication of Consolidated non – financial declaration. For data reported in the 2017 Consolidated non – financial declaration, see the document published on the Group’s website at <http://www.ubibanca.it/pagine/Bilancio-Sostenibilit -IT.aspx>

ENERGY CONSUMPTION OUTSIDE THE ORGANIZATION <sup>1</sup> (GJ)	2018	2017
Production of paper purchased	24,423.3	30,942.5
Business travel	48,677.6	44,804.8
of which:		
<i>private cars</i>	34,577.87	33,275.2
<i>train</i>	5,351.9	3,728.6
<i>air</i>	8,747.8	7,801.0
Shuttle coach <sup>2</sup>	2,978.1	2,978.1
<b>TOTAL</b>	<b>76,079.0</b>	<b>78,725.4</b>

<sup>1</sup> The 2018 energy consumption of UBI Trustee and Pramerica Management Company and the 2017 energy consumption of Banca Tirrenica and Banca Federico del Vecchio are not included due to data collection difficulties.

<sup>2</sup> The 2017 energy consumption of the New Banks is not included due to data collection difficulties.

## Emissions

[GRI 305-1:7]

The emissions produced by the Group mainly relate to greenhouse gases and the other pollutants produced by the use of energy from fossil fuels, whereas emissions of ozone-depleting gases are not significant, especially as over the years, heat pumps and refrigerators have gradually been replaced in keeping with current legislation on the use of refrigerant gases. Reducing CO<sub>2</sub> emissions is a priority goal in the struggle against climate change, which the Group pursues both by reducing its consumption of energy in general and by using renewable energy. The energy savings actions carried out in 2018, along with the fact that 97.5% of the electricity consumed came from renewable energy sources<sup>1</sup>, led to total Scope 1 and 2 CO<sub>2</sub> emissions savings of around 1,768 tons.

<sup>1</sup> Figure taken from Certificates of Origin issued by energy suppliers CVA Trading and A2A.

DIRECT GHG EMISSIONS (Scope 1) (Tons)	2018		2017 <sup>1</sup>	
	CO <sub>2</sub>	CO <sub>2</sub> e	CO <sub>2</sub>	CO <sub>2</sub> e
Heating	12,562.0	12,639.1	11,416.9	11,486.7
of which:				
<i>Gas oil</i>	994.3	1,004.1	695.5	702.4
<i>LPG</i>	50.9	51.3	53.3	53.7
<i>Natural gas</i>	11,516.9	11,583.8	10,668.2	10,730.6
Company car fleet fuel	2,790.3	2,817.1	2,733.3	2,759.8
of which:				
<i>Petrol</i>	0.9	0.9	98.1	99.1
<i>Gas oil</i>	2,789.4	2,816.2	2,634.0	2,659.5
<i>LPG</i>	0.0	0.0	1.2	1.2
<b>TOTAL</b>	<b>15,352.3</b>	<b>15,456.2</b>	<b>14,150.2</b>	<b>14,246.4</b>

<sup>1</sup> The 2017 data relating to consumptions and CO<sub>2</sub> emissions have been restated to take into account of a consumption adjustment notified after the publication of Consolidated non – financial declaration. For data reported in the 2017 Consolidated non – financial declaration, see the document published on the Group's website at <http://www.ubibanca.it/pagine/Bilancio-Sostenibilit -IT.aspx>.

INDIRECT GHG EMISSIONS (Scope 2) (Tons)	2018 <sup>3</sup>		2017	
	CO <sub>2</sub>	CO <sub>2</sub> e	CO <sub>2</sub>	CO <sub>2</sub> e
Location Based <sup>1</sup>	38,283.0	38,459.3	37,619.8	37,790.0
Market Based <sup>2</sup>	3,481.9	3,499.0	1,414.3	1,432.2

<sup>1</sup> Emissions that would have resulted from the use of energy produced on the basis of the average national energy mix (data published by Electricity Services Administrator).

<sup>2</sup> Residual emissions due to energy purchased from non-renewable sources.

<sup>3</sup> The 2018 data also include the values of emissions due to district heating, in adoption of the ABI Guidelines.

The estimated emissions reductions stemming from savings actions are in line with the targets set. The overall increase in emissions recorded in 2018 was due to the inclusion of the three New Banks in the figures for the full year (whereas in 2017, the New Banks were included for only nine months, from the date on which they joined the Group) and also due to the inclusion of emissions from district heating.

THE PRINCIPAL MEASURES UNDERTAKEN TO REDUCE THE GHG EMISSIONS (Scope 1 e 2) (Tons CO <sub>2</sub> e)	2018	2017
Replacement of heat generators in branches	7	19
Replacement of heat pumps/air conditioners in branches	53	14
Replacement of conditioning systems in Brescia data-processing centre (2016-2017)	-	128
Installation of consumption monitoring system in 772 branches (2016-2017)	-	614
2016-2017-2018 rationalisation of the distribution network	1,179	1,331
Installation of consumption monitoring system in 628 branches (2017-2018)	373	266
Monitoring at the large New Management Centre building in Brescia	45	100
Monitoring Grande Immobile Via Calvi 9 BG	44	-
Monitoring Grande Immobile Esagono Jesi	68	-
Replacement of UPS Teatina Bank	-	5
<b>TOTAL</b>	<b>1,768</b>	<b>2,477</b>

VIDEO-CONFERENCES	2018	2017
Offices equipped	2,996	2,345
Video rooms	712	516
Number of video-conferences	40,334	36,251
<i>Number of participants</i>	185,350	173,388
<i>Average number of participants</i>	5	5
<i>Total duration (hours)</i>	89,824	80,341

OTHER INDIRECT GHG EMISSIONS (Scope 3) <sup>1</sup> (Tons)	2018		2017	
	CO <sub>2</sub>	CO <sub>2</sub> e	CO <sub>2</sub>	CO <sub>2</sub> e
Paper purchased	752.6	n.a.	1,035.4	n.a.
Business travel	3,450.2	2580.1	3,111.8	2387.6
<i>of which:</i>				
<i>private cars</i>	2,556.3	2,580.1	2,363.5	2,387.6
<i>train</i>	280.2	n.a.	195.2	n.a.
<i>air</i>	613.7	n.a.	553.1	n.a.
Shuttle coach <sup>2</sup>	221.29	222.89	208.3	209.9
<b>TOTAL</b>	<b>4,424.2</b>	<b>n.a.</b>	<b>4,355.5</b>	<b>n.a.</b>

<sup>1</sup> The 2018 energy consumption of UBI Trustee and Pramerica Management Company and the 2017 energy consumption of Banca Tirrenica and Banca Federico del Vecchio are not included due to data collection difficulties.

<sup>2</sup> The 2017 energy consumption of the New Banks is not included due to data collection difficulties.

GHG EMISSIONS INTENSITY (Scope 1 e 2) (Tons)	2018 <sup>1</sup>		2017 <sup>2</sup>	
	CO <sub>2</sub>	CO <sub>2</sub> e	CO <sub>2</sub>	CO <sub>2</sub> e
<b>Market based</b>				
Total residual emissions	18,834.2	18,955.2	17,751.3	17,878.3
Emissions intensity per employee	0.92	0.93	0.83	0.83
Emissions intensity per surface area (Sq.m)	0.02	0.02	0.01	0.01
<b>Location based</b>				
Total residual emissions	53,635.3	53,915.5	53,956.9	54,236.1
Emissions intensity per employee	2.62	2.64	2.51	2.53
Emissions intensity per surface area (Sq.m)	0.04	0.05	0.04	0.04

<sup>1</sup> The 2018 data include the calculation of indirect scope2 emissions derived from district heating.

<sup>2</sup> The 2017 data relating to consumptions and CO<sub>2</sub> emissions have been restated to take into account of a consumption adjustment notified after the publication of Consolidated non – financial declaration. For data reported in the 2017 Consolidated non – financial declaration, see the document published on the Group's website at <http://www.ubibanca.it/pagine/Bilancio-Sostenibilita-IT.aspx>.

NOx and SOx (Tons)	2018		2017 <sup>1</sup>	
	NO <sub>x</sub>	SO <sub>x</sub>	NO <sub>x</sub>	SO <sub>x</sub>
From heating	6.75	0.69	6.22	0.44
<i>of which:</i>				
<i>Gas oil</i>	0.68	0.63	0.47	0.44
<i>LPG</i>	0.02	0.00	0.04	0.00
<i>Natural gas</i>	6.06	0.06	5.71	0.00
Electricity purchased not covered by certificates GO	0.40	0.15	0.47	0.23
Company car fleet fuel	11.23	0.13	10.69	0.13
<i>of which:</i>				
<i>Petrol</i>	0.001	0.00	0.09	0.00
<i>Gas oil</i>	11.22	0.13	10.60	0.13
<i>LPG</i>	0.00	0.00	0.00	0.00
<b>TOTAL RESIDUAL EMISSIONS</b>	<b>18.38</b>	<b>0.97</b>	<b>17.38</b>	<b>0.79</b>

<sup>1</sup> The 2017 data have been restated following an update to the calculation methodology, with a view to continuously improving data presentation. For the value reported in the 2017 Consolidated non - financial declaration, see the document published on the Group's website at <http://www.ubibanca.it/pagine/Bilancio-Sostenibilita-IT.aspx>.

## Waste

[GRI 306-2 306-4]

UBI Banca is subject to specific regulations on waste treatment procedures, notably:

- those concerning the management of records, forms and SISTRI (the traceability decree): Legislative Decree No. 152 of 3<sup>rd</sup> April 2006 “Environmental regulations - Part four: Regulations on waste management and the cleanup of polluted sites”; Ministerial Decree No. 148 of 1<sup>st</sup> April 1998 on “Regulations on the approval of the waste loading and unloading record form”; Ministerial Decree No. 145 of 1<sup>st</sup> April 1998 “Regulations on the definition and contents of the waste accompaniment form<sup>2</sup>” and Law No. 70 of 25<sup>th</sup> January 1994 (establishment of the environmental declaration form MUD);
- Presidential Decree No. 254 of 15<sup>th</sup> July 2003, containing regulations on the management of medical waste.

The UBI Sistemi e Servizi Facility Management operating unit manages relations with suppliers engaged for the collection and treatment of special waste and verifies (by using the fourth copy of the accompaniment form) that waste has been treated in compliance with the applicable regulations in force. Most of the waste produced by the Group consists of printed paper and documents, packaging from materials and goods purchased, materials resulting from the periodic replacement of lighting, electric and electronic devices and systems, from the maintenance and renovation of buildings and, to a marginal degree, from the medical waste produced by the infirmaries.

WASTE	2018	2017
<b>Hazardous<sup>1</sup>(Ton)</b>	<b>8.8</b>	<b>6.2</b>
Reused	-	-
Recycled	-	-
Composted	-	-
Recovered	8.8	6.2
Incinerated	-	-
Deep injection	-	-
Landfill	-	-
On-site storage	-	-
<b>Non hazardous (Ton)</b>	<b>2,188.8</b>	<b>2,074.5</b>
Reused	-	-
Recycled	1,512.6	1,908.1
Composted	-	-
Recovered	676.3	166.5
Incinerated	-	-
Deep injection	-	-
Landfill	-	-
On-site storage	-	-
<b>TOTAL</b>	<b>2,197.7</b>	<b>2,080.7</b>
<b>per employee (Kg)</b>	<b>107.4</b>	<b>96.9</b>
<b>by floor area<sup>2</sup> (Kg/Mq)</b>	<b>1.8</b>	<b>1.6</b>

<sup>1</sup> Hazardous waste as defined by Legislative Decree No. 152/2006 “Environmental regulations” and subsequent amendments and additions.

<sup>2</sup> Net internal area.

<sup>2</sup> This form, which accompanies transported waste, is a compulsory waste identification document, which must be drawn up in four copies, filled in, dated and signed by the producer or by the holder of the waste and countersigned by the shipper. One copy of the accompaniment form remains with the producer or holder, while the other three, countersigned and dated on arrival at the recipient consist of one acquired by the recipient and two by the shipper, who sends one to the holder/producer. The receipt of the fourth copy of the accompaniment form by the producer/holder is necessary for the release of that party from responsibility for the proper disposal or recovery of the waste. The copies of the accompaniment form must be kept for five years.

Solid urban waste is managed by the public collection service and we are therefore unable to measure the quantity and methods of disposal.

The total amount of hazardous waste transported amounted to 8,841 kg; no treatment was carried out to manage this waste. Such hazardous waste accounts for 0.4% of total separated waste and consists of retired electronic equipment (94.56%), lead batteries (4.98%) and medical waste (0.46%), all of which is entrusted to authorised local companies for disposal. None of it is imported or exported.

## Products and services with specific environmental benefits

[GRI FS8 413-2]

The Group applies commercial and lending policies in support of environmentally beneficial investments by both individuals and businesses, most notably in those related to energy savings and the energy transition to reduce CO<sub>2</sub> emissions, through specific products:

- for individual customers, **Forza Sole** (Sun Strength), a loan to purchase and install domestic photovoltaic systems, and **Creditoplà Ristrutturazione Casa** (Home Refurbishment) to cover the expenses of home renovation and energy-efficient retrofitting projects, which also receive tax breaks under current legislation;
- for businesses, **Nuova Energia Fotovoltaico** (New Photovoltaic Energy) for the installation of photovoltaic systems, **Energie rinnovabili** (Renewable Energy) for the installation of systems for generating electricity and/or heat from wind, biogas and biomass and **Full Power** leasing for investments in renewable energy and energy savings.

UBI Banca also subscribed to a Region of Puglia initiative entitled “Aid to protect the environment”. The aim of this initiative is to promote and support energy efficiency plans for local SMEs and micro-businesses by granting them loans for the purpose at reduced interest rates.

Loans backed by resources made available by the EIB may not be granted for activities whose environmental impact is not substantially reduced and/or compensated for in compliance with EU and Italian law.

PRODUCTS WITH ENVIRONMENTAL AIMS (millions of euro)	2018			2017		
	Operations		Remaining principal (millions of euro)	Operations		Remaining principal (millions of euro)
	No.	Disbursed (millions of euro)		No.	Disbursed (millions of euro)	
<b>INDIVIDUALS</b>						
Renewable energies						
<i>Forza Sole (Sun Strength)</i>	7	0.13	1.1	8	0.13	1.5
Home refurbishment and energy upgrades						
<i>Creditoplà Home Refurbishment</i>	3,764	72.2	194.9	4,135	78.0	186.7
<b>BUSINESSES</b>						
Renewable energies						
<i>New Photovoltaic Energy</i>	11	5.4	197.5	23	22.0	241.7
<i>Renewable energies</i>	-	-	5.7	2	0.17	9.1
<i>Full Power<sup>1</sup></i>	4	2.7	382.6	2	6.0	494.8
<b>TOTAL</b>	<b>3,786</b>	<b>80.4</b>	<b>781.8</b>	<b>4,170</b>	<b>106.2</b>	<b>933.8</b>
<b>of which:</b>	<b>22</b>	<b>8.2</b>	<b>586.9</b>	<b>35</b>	<b>28.2</b>	<b>747.1</b>

<sup>1</sup> The amount disbursed in 2017 includes a repossessed asset that was then leased again (transaction worth €5.5 million).

With regard to major project finance investments, there was a heavy concentration of market assets in 2018, as the leading players consolidated their positions. This consolidation was accompanied by a financial optimisation process achieved through major refinancing operations.

UBI Banca participated in structuring major transactions involving leading national operators (such as in the acquisition of the second largest Italian photovoltaic business, RTR, by the number one operator, F2i Energie Rinnovabili), obtaining solid positioning on the market, which will enable the companies to seize new opportunities, from structured support to the development of new power capacity that will not receive public subsidies (grid parity projects).

2018 operations were also important from a geographical perspective, as there were projects not only in the regions where the Group has a long history (northern Italy and Puglia), but also in the areas covered by the 3 new acquired and merged banks. In Tuscany alone, UBI Banca played significant roles involving substantial amounts in structuring project financing for major investments in the field of abstracting, carrying and purifying water, for local companies Acque SpA in Pisa, Nuove Acque in Arezzo and Gaia a Marina in Pietrasanta.

All projects financed passed the authorisation processes required by Italian law (environmental impact assessment, declaration of commencement of business, consolidated authorisation, economic/financial sustainability assessment, building permits, etc.) and the technical, legal, administrative and insurance evaluations conducted on behalf of the Bank by first-rate international independent consultants.

PROJECT FINANCE OPERATIONS IN PORTFOLIO FOR RENEWABLE ENERGIES AND THE ENVIRONMENT	2018			2017		
	No.	Power installed (MW)	Power financed (MW)	No.	Power installed (MW)	Power financed (MW)
Energy	131	3,104	731	141	2,699	733
<i>of which:</i>						
<i>wind farms</i>	23	1,760	252	25	1,846	286
<i>photovoltaic plants</i>	90	1,184	414	97	743	386
<i>other renewable energy plants</i>	18	161	66	19	110	61
Environment	8			6		
<i>of which:</i>						
<i>waste treatment plants</i>	1			1		
<i>water supplies and treatment plants</i>	6			4		
<i>district heating systems</i>	1			1		
<b>TOTAL</b>	<b>139</b>	<b>3,104</b>	<b>731</b>	<b>147</b>	<b>2,699</b>	<b>733</b>

PROJECT FINANCE PORTFOLIO FOR RENEWABLE ENERGY AND THE ENVIRONMENT	2018	2017
<b>Financing granted during the year</b>		
Numbers of contracts	17	14
<i>of which:</i>		
<i>for renewable energy</i>	11	14
Amount authorised (€ million)	652	329
<i>of which:</i>		
<i>for renewable energy</i>	336	329
Amount disbursed (€ million)	336	206
<i>of which:</i>		
<i>for renewable energy</i>	222	206
<b>Financing outstanding at the end of the year</b>		
Numbers of contracts	139	147
<i>of which:</i>		
<i>for renewable energy</i>	131	141
Amount authorised (€ million)	1,668	1,528
<i>of which:</i>		
<i>for renewable energy</i>	1,514	1,435
Amount disbursed (€ million)	1,379	1,264
<i>of which:</i>		
<i>for renewable energy</i>	1,262	1,177

In all, as at the end of 2018 the Group's portfolio contained renewable energy project-related loans totalling €1.8 billion (68.2% of which in project finance). There were 33 operations financed in this field during the year, in which €230.2 million was disbursed (96.4% of which in project finance).



## Attachment: calculation method

ENERGY CONSUMPTION WITHIN THE ORGANIZATION	Source	Unit of measure	Coefficients
<b>Heating</b>			
Natural gas	ABI Guidelines	GJ/Mc	0.03428
Gas Oil (density 0.84 Kg/L)	ABI Guidelines	GJ/Ton	42.88
LPG (density 0.56 Kg/L)	ABI Guidelines	GJ/Ton	46.13
<b>Distric Heating</b>	ABI Guidelines	GJ/KWh	0.0036
<b>Electricity</b>			
Purchased	ABI Guidelines	GJ/KWh	0.0036
Photovoltaic	ABI Guidelines	GJ/KWh	0.0036
<b>Transport</b>			
Petrol (density 0.74 Kg/L)	ABI Guidelines	GJ/Ton	42.82
Gas Oil (density 0.84 Kg/L)	ABI Guidelines	GJ/Ton	42.78
LPG (density 0.56 Kg/L)	ABI Guidelines	GJ/Ton	46.13

### Calculation method

Data calculated on the basis of final figures by source of energy provided by the SAP corporate accounting system, integrated with the estimate of December. Average prices given in the invoices available or recommended by Italian Banking Association guidelines were used to calculate the quantities of fuel. The consumption included in condominium expenses not reported in the table above are estimated as 70% of the condominium expenses themselves which were: approximately € 6.94 million for 2018; € 6.43 million for 2017.

## THE PRINCIPAL MEASURES UNDERTAKEN TO REDUCE ENERGY CONSUMPTION WITHIN THE ORGANISATION

### Calculation methodology

Energy savings were calculated using the coefficients reported for disclosure 302-1. For the calculation of savings for boilers and air conditioning systems the different outputs of new machines compared with those replaced were used mainly, while for electricity reference was made to specific design ratios or invoice figures for the years 2017 and 2018.

ENERGY CONSUMPTION OUTSIDE OF THE ORGANIZATION	Source	Unit of measure	Coefficients
<b>Paper</b>	CEPI 2016	GJ/Ton	12.98
<b>Personal vehicles</b>			
Petrol (density 0.74 kg/L)	Italian Banking Association Guidelines	GJ/Ton	42.82
Gas Oil (density 0.84 Kg/L)	Italian Banking Association Guidelines	GJ/Ton	42.78
<b>Train</b>			
High speed	Italian Banking Association Guidelines/Ecopassenger	GJ/Km	0.00766167
Other	Italian Banking Association Guidelines/Ecopassenger	GJ/Km	0.000800437
<b>Air (Kerosene jet 71.5 KgCO<sub>2</sub>/GJ)</b>			
Domestic	Italian Banking Association Guidelines/ICAO	GJ/Km	0.001954
International	Italian Banking Association Guidelines/ICAO	GJ/Km	0.001547
Intercontinental	Italian Banking Association Guidelines/ICAO	GJ/Km	0.000756
<b>Shuttle coach</b>			
Gas Oil (density 0.84 Kg/L)	Italian Banking Association Guidelines	GJ/Ton	42.78

### Calculation method

**Paper** : consumption is multiplied by the CEPI coefficient above which refers to energy consumed for the production of pulp, paper and cardboard in firms/paper mills. The Confederation of European Paper Industries (CEPI) is a nonprofit organisation which represents approximately 495 companies that produce pulp, paper and cardboard and 900 paper mills for an overall total that accounts for approximately 22% of world production.

**Business travel**: energy consumption by the company car fleet already reported under disclosure 302-1 is excluded. The kilometres travelled by air were retrieved from the IATA certified management app provided by the travel agency. The International Air Transport Association (IATA) is a trade association to which airlines from all over the world belong and it represents approximately 280 airlines (83% of total air traffic). On the basis of the method provided by the Italian Banking Association, the kilometres travelled for domestic, international and intercontinental trips were multiplied by the respective coefficients calculated as the weighted average of the main routes (number of trips and distances). The kilometres travelled by high-speed train and other types of train were retrieved from the management app provided by the travel agency. On the basis of the method provided by the Italian Banking Association, the kilometres travelled by train were multiplied by the respective coefficients calculated as the weighted average of the main routes (number of trips and distances) using the app Ecopassenger. For business travel using personal cars, the CO<sub>2</sub> emissions (see 305-3) were divided by the following "ISPRA - Database of average road transport emission factors in Italy" coefficients: 73.21394359 tons CO<sub>2</sub>/tj Petrol and 74.29699934 tons CO<sub>2</sub>/tj Gas Oil.

**Shuttle coach**: the tons of gas oil were multiplied by the coefficient above.

## ENERGY INTENSITY

### Calculation method

Energy intensity does not include energy consumption outside the organisation (302-2) and was calculated by dividing total energy consumption within the organisation (302-1) by the number of employees and other workers ( temporary workers and interns) (20,459 amounting to 100% of the Group total) and by the net internal floor area of properties (1.197.831sq.m) of the Group companies within the relative scope.

DIRECT GHG EMISSIONS (Scope 1)	Source	Coeff.CO <sub>2</sub>	Unit of measure	Coeff.CH <sub>4</sub>	Coeff. N <sub>2</sub> O	Unit of measure
<b>Heating</b>						
Natural gas	ABI Guidelines	1.978	Kg/Mc	0.0857	0.03428	G/Mc
Gas Oil	ABI Guidelines	3.155	Kg/Ton	300.2	85.76	G/Ton
LPG	ABI Guidelines	3.0246	Kg/Ton	46.1	92.27	G/Ton
<b>Transport</b>						
Petrol	ABI Guidelines	3.14	Kg/Ton	704.8	47.4	G/Ton
Gas Oil	ABI Guidelines	3.151	Kg/Ton	62.4	107.7	G/Ton
LPG	ABI Guidelines	3.026	Kg/Ton	0.3841	0.0420	Kg/Ton

### Calculation Method

CO<sub>2</sub> equivalent emissions include CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O and have been calculated using the IPCC 100 year GWPs for CH<sub>4</sub> (28) and N<sub>2</sub>O (265). The calculation of emissions derives from the calculation of consumption combined with the application of emission coefficients. Consumption is calculated using SAP extractions (in euro) which are divided by the average price of the energy carrier in question (financial control). These results are then refined by comparing them with the forecast annual reports prepared on the bases of the available data and the trends of previous years.

INDIRECT GHG EMISSIONS (Scope 2)	Source	Unit of measur e	CO <sub>2</sub>	CO <sub>2e</sub>	CH <sub>4</sub>	N <sub>2</sub> O
Electricity - Location Based	ABI Guidelines	G/kWh	321.0		0.0181	0.0040
Electricity - Market Based	European Residual Mix	G/kWh	465.0	471		
District heating - Market Based	European Residual Mix	G/kWh	219.3			

### Calculation method

Emissions resulting from district heating have been included in the calculation in 2018.

OTHER INDIRECT GHG EMISSIONS (Scope3)	Source	Unit of measure	Coefficients CO <sub>2</sub>	Coefficients CO <sub>2</sub> e
<b>Paper</b>	CEPI	Ton/Ton	1.21	n.a.
<b>Private cars</b>				
Petrol	ISPRA - Database of average road transport emission factors	G/Km	183.9148322	185.2552081
Gas oil	ISPRA - Database of average road transport emission factors	G/Km	171.5674510	173.340622
<b>Train</b>				
High speed	ABI Guidelines/Ecopassenger	Kg/Km	0.0401130	n.a.
Other	ABI Guidelines/Ecopassenger	Kg/Km	0.0419080	n.a.
<b>Air</b>				
Domestic	ABI Guidelines/ICAO	Kg/Km	0.1397060	n.a.
International	ABI Guidelines/ICAO	Kg/Km	0.0944000	n.a.
Intercontinental	ABI Guidelines/ICAO	Kg/Km	0.0521310	n.a.
<b>Shuttle coach</b>				
Gasoil (density 0.84Kg/L)	ISPRA - Database of average road transport emission factors	Ton/Tj Ton/Ton	74.30629965 n.d.	n.d. 3.201835822

#### Calculation method

**Paper:** consumption is multiplied by the CEPI emissions coefficient above which refers solely to emissions generated for the production of pulp, paper and cardboard in firms/paper mills. The Confederation of European Paper Industries (CEPI) is a nonprofit organisation which represents approximately 495 companies that produce pulp, paper and cardboard and 900 paper mills for an overall total that accounts for approximately 22% of world production.

**Business travel:** emissions of the company car fleet already reported under indicator 305-1 are excluded. The kilometres travelled by air were retrieved from the IATA certified management app provided by the travel agency. The International Air Transport Association (IATA) is a trade association to which airlines from all over the world belong and it represents approximately 280 airlines, i.e. 83% of total air traffic. On the basis of the method provided by the Italian Banking Association, the kilometres travelled for domestic, international and intercontinental trips were multiplied by the respective emissions coefficients calculated as the weighted average of the main routes (in terms of the number of trips and distances), using the ICAO Carbon Emissions Calculator app. The kilometres travelled by train were retrieved from the management app provided by the travel agency. On the basis of the method provided by the Italian Banking Association, the kilometres travelled by train were multiplied by the respective emissions coefficients calculated as the weighted average of the main routes (number of trips and distances) using the app Ecopassenger. The kilometres travelled by employees in their own petrol or diesel powered cars have been multiplying by the above emissions coefficients.

**Shuttle coach:** the tons of gas oil have been multiplied by the emissions factors taken from the ISPRA database of average road transport emission factors. CO<sub>2</sub> equivalent emissions include CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O and have been calculated using the IPCC 100 year GWPs for CH<sub>4</sub> (28) and N<sub>2</sub>O (265).

## GHG EMISSIONS INTENSITY

### Calculation method

Total emissions does not include Scope 3 emissions (305-3) and include Scope 1 emissions (305-1) and the residual emissions of the Scope 2 (305-2) not covered by GO certificates. Total emissions were divided by the number of employees and other workers ( temporary workers and interns) (20,459 amounting to 100% of the Group total) and by the net internal floor area of the properties (1,197,831 sq m) of the Group companies in perimeter.

## THE PRINCIPAL MEASURES UNDERTAKEN TO REDUCE THE GREENHOUSE GAS EMISSIONS (Scope 1 and 2)

### Calculation method

Emission savings were calculated using the emission coefficients reported for the disclosures 305-1 and 305-2 , multiplied by the fuel and/or energy savings (302-4).

NO <sub>x</sub> e SO <sub>x</sub>	Source	Unit of measure	Coefficients NO <sub>x</sub>	Unit of measure	Coefficients SO <sub>x</sub>
<b>Heating</b>					
Natural Gas	ABI Guidelines	Kg/Mc	0.00104	Kg/Mc	0.0000103
Gas oil	ABI Guidelines	Kg/Ton	2.144	Kg/Ton	2.0095
LPG	ABI Guidelines	Kg/Ton	1.3964	Kg/Ton	0.1015
<b>Electricity</b>	ABI Guidelines	G/kWh	0.1407	G/kWh	0.0509
<b>Transport</b>					
Petrol	ISPRA - Database of average road transport emission factors	t/t	0.002965	t/t	0.000011
Gas Oil	ISPRA - Database of average road transport emission factors	t/t	0.012680	t/t	0.000150
Electricity	ABI Guidelines	G/kWh	0.150	G/kWh	0.075

### Calculation Method

Energy saving has been calculated using the coefficients reported in the disclosure 302-1. For the calculation of the savings of boilers and CDZ systems have been mainly used the different yields of new machines compared to those replaced, while for electrical energy have been used specific design reports or data invoiced in 2017 and 2018.

## WASTE

### Calculation method

Waste by employee and by surface area was calculated by dividing total separated waste by the number of employees and other workers (temporary workers and interns) (20,459, amounting to 100% of the total Group) and by the net internal floor area of the properties (1,197,831 sq.m) of the Group companies in perimeter. Total separate wastes is recorded for the first three quarters and is estimated for the last quarter of the year.

## Methodological note

### Reporting period and standards

[GRI 102-50:52,102-54]

This report refers to the period from 1<sup>st</sup> January to 31<sup>st</sup> December 2018 and is the second official Consolidated non-financial statement published by UBI Banca pursuant to Legislative Decree No. 254/2016. This is an annual publication. The previous edition covers the financial year 2017, and was published in March 2018.

This document has been drafted in accordance with the comprehensive option of the GRI Sustainability Reporting Standards and the Financial Services Sector Disclosures, established in 2016<sup>1</sup> and 2013, respectively, by the Global Reporting Initiative (GRI). For calculations of the economic value generated and distributed to stakeholders, as well as for environmental indicator calculations, the specific guidelines set by the Italian Banking Association (ABI), updated in 2010 and 2018 respectively, were also taken into account. For further details about environmental indicator calculation methods, see the appendix to the 'Commitment to the environment' section.

This report constitutes the twelfth consecutive edition of the Group's Sustainability Report since its inception by UBI Banca in 2007. It also fulfils UBI Banca's obligations regarding periodic Communication on Progress as per the United Nations Global Compact for subscribing institutions.

### Reporting content and topic boundaries

[GRI 102-45:49]

This report pertains to the Parent company UBI Banca and all other companies that are fully consolidated within the UBI Banca Group, with the sole exception of the companies listed in the table below.

Any other limits to the scope of reporting in connection with individual topics or indicators are explained in the relative paragraphs. The boundaries used to calculate the financial figures, including economic value generated and distributed to stakeholders, is the same of the full consolidation scope in the UBI Banca Group's Consolidated Financial Statements for 2018.

It should also be noted that some of the data reported as at 31<sup>st</sup> December 2017 are not fully comparable with those as at 31<sup>st</sup> December 2018 due to boundary differences, as the UBI Group finalised the acquisition of controlling stakes in Banca Adriatica, Carilo, Banca Tirrenica, Banca Federico del Vecchio and Banca Teatina on 10<sup>th</sup> May 2017.

---

<sup>1</sup> For the occupational health and safety indicator (GRI 403), the update proposed by GRI in 2018 was taken into consideration.

Company	Activity	Reason for exclusion
Centrobanca Sviluppo Impresa SpA	Asset management company	At december 31, 2018, 1 resource, partially operating from other Group companies, was operational at the Company ( 2 resources at december 31, 2017) and therefore not included between the actual employees in service.
24-7 Finance Srl	Special purpose entity formed in accordance with Law 130/1999	Company without its own structure
UBI Finance Srl	Special purpose entity formed in accordance with Law 130/1999	Company without its own structure
UBI Finance 2 Srl in liquidation	Special purpose entity formed in accordance with Law 130/1999	Company without its own structure
UBI Finance CB 2 Srl	Special purpose entity formed in accordance with Law 130/1999	Company without its own structure
UBI SPV BBS 2012 Srl in liquidation	Special purpose entity formed in accordance with Law 130/1999	Company without its own structure
UBI SPV BPCI 2012 Srl in liquidation	Special purpose entity formed in accordance with Law 130/1999	Company without its own structure
UBI SPV BPA 2012 Srl in liquidation	Special purpose entity formed in accordance with Law 130/1999	Company without its own structure
UBI SPV GROUP 2016 Srl	Special purpose entity formed in accordance with Law 130/1999	Company without its own structure
UBI SPV LEASE 2016 Srl	Special purpose entity formed in accordance with Law 130/1999	Company without its own structure
Oro Italia Trading Spa – in liquidation	Metals - brokerage of gold, silver and other precious metals	Company in liquidation. Activity incorporated in the UBIBanca facilities
Mecenate SPV Srl	Special purpose entity formed in accordance with Law 130/1999	Company without its own structure
Marche Mutui 2 Società per la Cartolarizzazione a r.l	Special purpose entity formed in accordance with Law 130/1999	Company without its own structure
Marche M6 Srl	Special purpose entity formed in accordance with Law 130/1999	Company without its own structure
Focus Impresa	Closed-end fund reserved for qualified investors, registered under AFS (Item 40 of the Balance Sheet)	Fund without corporate structure
Assieme Srl	Multi-mandate insurance agency	Company of marginal entity, put into voluntary liquidation with resolution of 10/09/2018 together with the transfer of the business branch related to the activity of insurance brokerage.

The present document contains the information listed in article 3, paragraphs 1 and 2 of Legislative Decree No. 254/2016 and other information as for the relative reporting standards, to the extent needed to provide an understanding of the Group's activities, trends, results and impact generated in each 'material topic'<sup>2</sup>.

In keeping with the definition of materiality under GRI Standards, a topic is considered material if it "reflects the Group's significant economic, environmental and social impacts or substantively influences the assessments and decisions of its stakeholders".

The following table shows the GRI Standards connected with material topics for UBI Banca, with an indication of the nature and boundaries (in terms of the stakeholders involved) of the impacts related to each topic.

<sup>2</sup> Information on water usage is not reported, as this is considered not relevant for a financial intermediary business.

Material topics	Connected GRI Standard	Boundary of material topics	
		Type of impact	Where the impact occurs
Corporate governance	Diversity and equal opportunity Anti-corruption	Generated by UBI Banca Group	Shareholder Employee Community
Integrity in corporate conduct	Anti-competitive behavior Socioeconomic compliance	Generated by UBI Banca Group and connected to the Group's activities	Shareholder Employee Community
Fight against corruption	Anti-corruption	Generated by UBI Banca Group	Shareholder Employee Community
Human rights	Human rights assessment Child labor Forced or compulsory labor Assessment on the protection of human rights	Generated by UBI Banca Group and connected to the Group's activities	Shareholder Employee Community
Supply chain management	Procurement practices Environmental compliance of supplier Supplier social assessment Supplier environmental assessment	Generated by UBI Banca Group and connected to the Group's activities	Supplier Community
Creation of value	Economic Performance Indirect economic impacts Market presence	Generated by UBI Banca Group and connected to the Group's activities	Shareholder Employee Supplier Public administration Community
Enhancement and well-being of personnel	Employment Labor/management relations Occupational health and safety Training and education	Generated by UBI Banca Group	Employee
Equal opportunity and non-discrimination	Non-discrimination Diversity and equal opportunity	Generated by UBI Banca Group	Employee
Dialogue with trade unions	Labor/management relations Freedom of association and collective bargaining	Generated by UBI Banca Group	Employee Community
Customer relation	Product portfolio Marketing and labeling Customer privacy	Generated by UBI Banca Group	Customer Community
Digital and product technology innovation	Qualitative information reported in Reports and Accounts 2018, Consolidated Management Report	Generated by UBI Banca Group	Customer Community
Commitment to the local economy	Indirect economic impacts	Generated by UBI Banca Group	Customer Supplier Community
Commitment to the community	Local communities Public policy	Generated by UBI Banca Group	Customer Community
Commitment to the environment	Materials Energy Emission Effluent and waste Environmental compliance	Generated by UBI Banca Group and connected to the Group's activities	Customer Supplier Community

To enable comparability of the data over time, and thus to discern trends in the Group's activities, a comparison with the previous year<sup>3</sup> has been shown wherever possible. Also, to ensure that the figures are reliable, estimates have been used as little as possible; any estimates are appropriately reported as such and are based on the best possible calculation methods.

Regarding the commitments stated in the Consolidated non-financial statement for 2017, activities to complete company regulations have continued. In particular, the Regulation for the management of Consolidated non-financial statement has been approved. At the same time, actions to involve stakeholders and to integrate sustainability targets into corporate planning<sup>4</sup> have been implemented further.

## **Approval of the document**

[GRI 102-32]

This Consolidated non-financial statement is a separate supplement to the Consolidated Management Report, pursuant to Legislative Decree No. 254/2016. The document was approved by the Management Board of UBI Banca on 19<sup>th</sup> February 2018, made available to the Supervisory Board (in its capacity as an oversight body) and to the auditor, filed with the Company Registrar, published at UBI Banca's corporate website<sup>5</sup> and distributed to shareholders at the Shareholders' meeting as part of the documentation for the Consolidated financial statements.

## **Contacts**

[GRI 102-53]

For information about this document, please contact:

UBI Banca Spa  
Corporate Social Responsibility Function  
Piazza V. Veneto, 8  
24122 Bergamo  
Tel. 035-3923867  
Fax 035-3922996  
e-mail [csr@ubibanca.it](mailto:csr@ubibanca.it)

A copy of this document may also be requested through the related toolbox on the company website [www.ubibanca.it](http://www.ubibanca.it).

## **External assurance**

[GRI 102-56]

This report has been submitted to auditing firm Deloitte & Touche S.p.A for a compliance opinion, in a 'limited assurance engagement' review in accordance with the criteria of the revised ISAE 3000 assurance standard. The evaluation was carried out according to the procedures indicated in the Independent Auditors' Report provided below.

The quantitative information contained in the present report concerning the social impact of projects supported through UBI Comunità initiatives (SROI index)<sup>6</sup> was not examined by auditing firm Deloitte & Touche S.p.A. That information was presented on a voluntary basis, and is supplemental to the information provided for the purpose of ensuring that this document complies with the relevant requirements under Italian legislation and with the reporting standards adopted.

---

<sup>3</sup> Quantitative indicators for 2017 do incorporate values related to the three New Banks acquired from the Resolution Fund, as from 1<sup>st</sup> April.

<sup>4</sup> See also the Sustainability Strategy paragraph, page 16 and Corporate Governance paragraph, page 21.

<sup>5</sup> <https://www.ubibanca.it/pagine/Responsabilita-sociale-IT.aspx>.

<sup>6</sup> See also the Commitment to the community paragraph, page 75.



## INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3, PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND ART. 5 OF CONSOB REGULATION N. 20267 OF JANUARY 2018

### To the Management Board of Unione di Banche Italiane S.p.A.

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Unione di Banche Italiane S.p.A. and its subsidiaries (hereinafter "Group") as of December 31, 2018 prepared on the basis of art. 4 of the Decree, and approved by the Management Board on February 19, 2019 (hereinafter "NFS").

### Management and Supervisory Board's Responsibility for the NFS

The Management Board is responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with the "Global Reporting Initiative Sustainability Reporting Standards" (hereinafter "GRI Standards"), including the "Financial Services Sector Disclosures", established in 2016 and in 2013 by GRI - Global Reporting Initiative, which they have identified as reporting framework.

The Management Board is also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Management Board is moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Management Board is responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Supervisory Board is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

### Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.

Codice Fiscale/Registro delle Imprese di Milano/Monza/Brianza/Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

Il nome Deloitte si riferisce a una o più delle seguenti entità: Deloitte Touche Tohmatsu Limited, una società inglese a responsabilità limitata ("DTTL"), le member firm aderenti al suo network e le entità a esse correlate. DTTL e ciascuna delle sue member firm sono entità giuridicamente separate e indipendenti tra loro. DTTL (denominata anche "Deloitte Global") non fornisce servizi ai clienti. Si invita a leggere l'informazione completa relativa alla descrizione della struttura legale di Deloitte Touche Tohmatsu Limited e delle sue member firm all'indirizzo: [www.deloitte.com/about](http://www.deloitte.com/about).

© Deloitte & Touche S.p.A.

**Auditor's responsibility**

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the *GRI Standards*, including the *Financial Services Sector Disclosures*. We conducted our work in accordance with the criteria established in the *International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (hereinafter "ISAE 3000 Revised"), issued by the *International Auditing and Assurance Standards Board* (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

1. Analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art. 3 of the Decree and taking into account the adopted reporting standard.
2. Analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree.
3. Comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Group.
4. Understanding of the following matters:
  - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
  - policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
  - main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a).

5. Understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of *Unione di Banche Italiane S.p.A.* and with the employees of *UBI Sistemi e Servizi S.c.p.A.*, *UBI Academy Scrl*, *IW Bank S.p.A.* and *UBI Leasing S.p.A.*, and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company's and subsidiaries' level:
  - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
  - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- for the following subsidiaries, divisions and sites, Unione di Banche Italiane S.p.A. headquarter, UBI Sistemi e Servizi S.c.p.A., UBI Academy Srl, IW Bank S.p.A. and UBI Leasing S.p.A., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

#### **Conclusion**

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Group as of December 31, 2018 is not prepared, in all material aspects, in accordance with article 3 and 4 of the Decree and the *GRI Standards*, including the *"Financial Services Sector Disclosures"*.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Marco Miccoli**  
Partner

Milan, Italy  
March 5, 2019

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

# GRI content index

[GRI 102-55]

GRI STANDARDS 2016	DESCRIPTION	PAGE OR REASON OF OMISSION	REF. OTHER DOCUMENTS	GLOBAL COMPACT
<b>102 - GENERAL DISCLOSURES</b>				
<b>ORGANIZATIONAL PROFILE</b>				
102-1	Name of the organization	5		
102-2	Activities, brands, products, and services	10	CMR	
102-3	Location of headquarters	5		
102-4	Location of operations	5	CMR	
102-5	Ownership and legal form	7	RFS	
102-6	Markets served	10	CMR	
102-7	Scale of the organization	7	CMR	
102-8	Information on employees and other workers	7		
102-9	Supply chain	7		1-10
102-10	Significant changes to the organization and its supply chain	12	CMR	
102-11	Precautionary Principle or approach	27	RCG CMR	7
102-12	External initiatives	13		1-10
102-13	Membership of associations	13		1-10
<b>STRATEGY</b>				
102-14	Statement from senior decision-maker	1,16		1-10
102-15	Key impacts, risks, and opportunities	17		1-10
<b>ETHICS AND INTEGRITY</b>				
102-16	Values, principles, standards, and norms of behavior	28		1-10
102-17	Mechanisms for advice and concerns about ethics	28,74		1-10
<b>GOVERNANCE</b>				
102-18	Governance structure	22	RCG MR	1-10
102-19	Delegating authority	22	RCG	
102-20	Executive-level responsibility for economic, environmental, and social topics	23		1-10
102-21	Consulting stakeholders on economic, environmental, and social topics	22-23	RCG	1-10
102-22	Composition of the highest governance body and its committees	22	RCG	1-10
102-23	Chair of the highest governance body	22	RCG	1-10
102-24	Nominating and selecting the highest governance body	22	RCG	1-10
102-25	Conflicts of interest	22	RCG	1-10
102-26	Role of highest governance body in setting purpose, values, and strategy	22	RCG	1-10
102-27	Collective knowledge of highest governance body	22	RCG	
102-28	Evaluating the highest governance body's performance	22	RCG	1-10
102-29	Identifying and managing economic, environmental, and social impacts	17,22,26		1-10
102-30	Effectiveness of risk management processes	27	RCG	
102-31	Review of economic, environmental, and social topics	27	RCG	
102-32	Highest governance body's role in sustainability reporting	109		1-10
102-33	Communicating critical concerns	22-23	RCG	1-10
102-34	Nature and total number of critical concerns	23	RCG	1-10
102-35	Remuneration policies	22	RR	6
102-36	Process for determining remuneration	22	RR	6
102-37	Stakeholders' involvement in remuneration	22	RR	6
102-38	Annual total compensation ratio	22	RR	6
102-39	Percentage increase in annual total compensation ratio	22	RR	6
<b>STAKEHOLDER ENGAGEMENT</b>				
102-40	List of stakeholder groups	17,26		
102-41	Collective bargaining agreements	70		1,3
102-42	Identifying and selecting stakeholders	26		
102-43	Approach to stakeholder engagement	23,26		
102-44	Key topics and concerns raised	23,26		
<b>REPORTING PRACTICE</b>				
102-45	Entities included in the consolidated financial statements	106		
102-46	Defining report content and topic boundaries	26,106		
102-47	List of material topics	106		1-10
102-48	Restatements of information	106		
102-49	Changes in reporting	106		
102-50	Reporting period	106		
102-51	Date of most recent report	106		
102-52	Reporting cycle	106		
102-53	Contact point for questions regarding the report	109		
102-54	Claims of reporting in accordance with the GRI Standards	106		
102-55	GRI content index	111		
102-56	External assurance	109		

GRI STANDARDS 2016	DESCRIPTION	PAGE OR REASON OF OMISSION	REF. OTHER DOCUMENTS	GLOBAL COMPACT
<b>200 - ECONOMIC</b>				
<b>201 - ECONOMIC PERFORMANCE</b>				
<b>103 - Management approach</b>		<b>17,35,76</b>	<b>CMR</b>	
103-1	Explanation of the material topic and its Boundary	35,76,108		
103-2	The management approach and its components	35,76		
103-3	Evaluation of the management approach	35,76		
201-1	Direct economic value generated and distributed	35,81		
201-2	Financial implications and other risks and opportunities due to climate change	17		7
201-3	Defined benefit plan obligations and other retirement plans	35		
201-4	Financial assistance received from government	35		
<b>202 - MARKET PRESENCE</b>				
<b>103 - Management approach</b>		<b>52-53</b>		
103-1	Explanation of the material topic and its Boundary	52-53,108		
103-2	The management approach and its components	52-53		
103-3	Evaluation of the management approach	52-53		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	35		1
202-2	Proportion of senior management hired from the local community	53		
<b>203 - INDIRECT ECONOMIC IMPACTS</b>				
<b>103 - Management approach</b>		<b>43</b>		
103-1	Explanation of the material topic and its Boundary	43,108		
103-2	The management approach and its components	43		
103-3	Evaluation of the management approach	43		
203-1	Infrastructure investments and services supported	45		7,8
203-2	Significant indirect economic impacts	45		
<b>204 - PROCUREMENT PRACTICES</b>				
<b>103 - Management approach</b>		<b>35</b>		
103-1	Explanation of the material topic and its Boundary	35,108		
103-2	The management approach and its components	35		
103-3	Evaluation of the management approach	35		
204-1	Proportion of spending on local suppliers	35		
<b>205 - ANTI-CORRUPTION</b>				
<b>103 - Management approach</b>		<b>28-30</b>		<b>10</b>
103-1	Explanation of the material topic and its Boundary	28-30,108		
103-2	The management approach and its components	28-30		
103-3	Evaluation of the management approach	28-30		
205-1	Operations assessed for risks related to corruption	30		10
205-2	Communication and training about anti-corruption policies and procedures	30		10
205-3	Confirmed incidents of corruption and actions taken	30		10
<b>206 - ANTI-COMPETITIVE BEHAVIOR</b>				
<b>103 - Management approach</b>		<b>28</b>		
103-1	Explanation of the material topic and its Boundary	28,108		
103-2	The management approach and its components	28		
103-3	Evaluation of the management approach	28		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	31		
<b>300 ENVIRONMENTAL</b>				
<b>301 - MATERIALS</b>				
<b>103 - Management approach</b>		<b>90</b>		<b>7,8,9</b>
103-1	Explanation of the material topic and its Boundary	90,108		
103-2	The management approach and its components	90		
103-3	Evaluation of the management approach	90		
301-1	Materials used by weight or volume	91		8
301-2	Recycled input materials used	91		8,9
301-3	Reclaimed products and their packaging materials	NA		7,8
<b>302 - ENERGY</b>				
<b>103 - Management approach</b>		<b>92</b>		<b>7,8</b>
103-1	Explanation of the material topic and its Boundary	92,108		
103-2	The management approach and its components	92		
103-3	Evaluation of the management approach	92		
302-1	Energy consumption within the organization	92		7,8
302-2	Energy consumption outside of the organization	92		7,8
302-3	Energy intensity	92		7,8
302-4	Reduction of energy consumption	92		7,8
302-5	Reductions in energy requirements of products and services	NA		7,8
<b>303 - WATER</b>		<b>NM</b>		<b>7,8</b>
<b>304 - BIODIVERSITY</b>		<b>NM</b>		<b>7,8</b>

GRI STANDARDS 2016	DESCRIPTION	PAGE OR REASON OF OMISSION	REF. OTHER DOCUMENTS	GLOBAL COMPACT
<b>305 - EMISSIONS</b>				
<b>103 - Management approach</b>		<b>90</b>		<b>7,8,9</b>
103-1	Explanation of the material topic and its Boundary	90,108		
103-2	The management approach and its components	90		
103-3	Evaluation of the management approach	90		
305-1	Direct (Scope 1) GHG emissions	96		7,8
305-2	Energy indirect (Scope 2) GHG emissions	96		7,8
305-3	Other indirect (Scope 3) GHG emissions	96**		7,8
305-4	GHG emissions intensity	96		7,8
305-5	Reduction of GHG emissions	96		7,8,9
305-6	Emissions of ozone-depleting substances (ODS)	96		7,8
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	96		7,8
<b>306 - EFFLUENTS AND WASTE</b>				
<b>103 - Management approach</b>		<b>90,99</b>		
103-1	Explanation of the material topic and its Boundary	90,98,108		
103-2	The management approach and its components	90,99		
103-3	Evaluation of the management approach	90,99		
306-1	Water discharge by quality and destination	NA		7
306-2	Waste by type and disposal method	99		7
306-3	Significant spills	NA		7
306-4	Transport of hazardous waste	99		7
306-5	Water bodies affected by water discharges and/or runoff	NA		7
<b>307 - ENVIRONMENTAL COMPLIANCE</b>				
<b>103 - Management approach</b>		<b>28</b>		<b>7,8</b>
103-1	Explanation of the material topic and its Boundary	28,108		
103-2	The management approach and its components	28		
103-3	Evaluation of the management approach	28		
307-1	Non-compliance with environmental laws and regulations	29	CMR	7,8
<b>308 - SUPPLIER ENVIRONMENTAL ASSESSMENT</b>				
<b>103 - Management approach</b>		<b>7</b>		
103-1	Explanation of the material topic and its Boundary	7,108		
103-2	The management approach and its components	7		
103-3	Evaluation of the management approach	7		
308-1	New suppliers that were screened using environmental criteria	7		
308-2	Negative environmental impacts in the supply chain and actions taken	7*		
<b>400 - SOCIAL</b>				
<b>401 - EMPLOYMENT</b>				
<b>103 - Management approach</b>		<b>52</b>		<b>6</b>
103-1	Explanation of the material topic and its Boundary	52,108		
103-2	The management approach and its components	52		
103-3	Evaluation of the management approach	52		
401-1	New employee hires and employee turnover	53		6
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	55		6
401-3	Parental leave	55		6
<b>402 - LABOR/MANAGEMENT RELATIONS</b>				
<b>103 - Management approach</b>		<b>70</b>		<b>3</b>
103-1	Explanation of the material topic and its Boundary	70,108		
103-2	The management approach and its components	70		
103-3	Evaluation of the management approach	70		
402-1	Minimum notice periods regarding operational changes	71		3
<b>403 - OCCUPATIONAL HEALTH AND SAFETY (2018)</b>				
<b>103 - Management approach</b>		<b>52</b>		<b>1,3</b>
103-1	Explanation of the material topic and its Boundary	52,108		
103-2	The management approach and its components	52		
103-3	Evaluation of the management approach	52		
403-1	Occupational health and safety management system	58		1
403-2	Hazard identification, risk assessment, and incident investigation	58		1
403-3	Occupational health services	58		1
403-4	Worker participation, consultation, and communication on occupational health and safety	58		1,3
403-5	Worker training on occupational health and safety	58		
403-6	Promotion of worker health	58		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationship	58		
403-8	Workers covered by an occupational health and safety management system	58		
403-9	Work - related injuries	58		
403-10	Work - related ill health	58		

GRI STANDARDS 2016	DESCRIPTION	PAGE OR REASON OF OMISSION	REF. OTHER DOCUMENTS	GLOBAL COMPACT
<b>404 - TRAINING AND EDUCATION</b>				
<b>103 - Management approach</b>		<b>52</b>		<b>6</b>
103-1	Explanation of the material topic and its Boundary	52,108		
103-2	The management approach and its components	52		
103-3	Evaluation of the management approach	52		
404-1	Average hours of training per year per employee	66		6
404-2	Programs for upgrading employee skills and transition assistance programs	65		6
404-3	Percentage of employees receiving regular performance and career development reviews	65		6
<b>405 - DIVERSITY AND EQUAL OPPORTUNITY</b>				
<b>103 - Management approach</b>		<b>72</b>		<b>1,6</b>
103-1	Explanation of the material topic and its Boundary	72,108		
103-2	The management approach and its components	72		
103-3	Evaluation of the management approach	72		
405-1	Diversity of governance bodies and employees	22,72	RCG	1,6
405-2	Ratio of basic salary and remuneration of women to men	72		1,6
<b>406 - NON-DISCRIMINATION</b>				
<b>103 - Management approach</b>		<b>72</b>		<b>1,2,6</b>
103-1	Explanation of the material topic and its Boundary	72,108		
103-2	The management approach and its components	72		
103-3	Evaluation of the management approach	72		
406-1	Incidents of discrimination and corrective actions taken	74		1,2,6
<b>407 - FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>				
<b>103 - Management approach</b>		<b>70</b>		<b>1-3</b>
103-1	Explanation of the material topic and its Boundary	70,108		
103-2	The management approach and its components	70		
103-3	Evaluation of the management approach	70		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	70		1-3
<b>408 - CHILD LABOR</b>				
<b>103 - Management approach</b>		<b>28</b>		<b>5</b>
103-1	Explanation of the material topic and its Boundary	28,108		
103-2	The management approach and its components	28		
103-3	Evaluation of the management approach	28		
408-1	Operations and suppliers at significant risk for incidents of child labor	31		5
<b>409 - FORCED OR COMPULSORY LABOR</b>				
<b>103 - Management approach</b>		<b>28</b>		<b>4</b>
103-1	Explanation of the material topic and its Boundary	28,108		
103-2	The management approach and its components	28		
103-3	Evaluation of the management approach	28		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	31		4
<b>410 - SECURITY PRACTICES</b>				
		<b>NM</b>		<b>1,2</b>
<b>411 - RIGHTS OF INDIGENOUS PEOPLES</b>				
		<b>NM</b>		<b>1,2</b>
<b>412 - HUMAN RIGHTS ASSESSMENT</b>				
<b>103 - Management approach</b>		<b>28</b>		<b>1,2</b>
103-1	Explanation of the material topic and its Boundary	28,108		
103-2	The management approach and its components	28		
103-3	Evaluation of the management approach	28		
412-1	Operations that have been subject to human rights reviews or impact assessments	31		1,2
412-2	Employee training on human rights policies or procedures	31		1,2
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	31		1,2
FS1	Policies with specific environmental and social components applied to business lines	31		
FS2	Procedures for assessing and screening environmental and social risks in business lines	31		
<b>413 - LOCAL COMMUNITIES</b>				
<b>103 - Management approach</b>		<b>75,90</b>		
103-1	Explanation of the material topic and its Boundary	75,90,108		
103-2	The management approach and its components	75,90		
103-3	Evaluation of the management approach	75,90		
413-1	Operations with local community engagement, impact assessments, and development programs	80		
413-2	Operations with significant actual and potential negative impacts on local	100		
FS13	Access points in low - populated or economically disadvantaged areas by type	5		
FS14	Initiatives to improve access to financial services for disadvantaged people	76		
FS16	Initiatives to enhance financial literacy by type of beneficiary	79		

GRI STANDARDS 2016	DESCRIPTION	PAGE OR REASON OF OMISSION	REF. OTHER DOCUMENTS	GLOBAL COMPACT
<b>414 - SUPPLIER SOCIAL ASSESSMENT</b>				
<b>103 - Management approach</b>		<b>7</b>		
103-1	Explanation of the material topic and its Boundary	7,108		
103-2	The management approach and its components	7		
103-3	Evaluation of the management approach	7		
414-1	New suppliers that were screened using environmental criteria	7		
414-2	Negative environmental impacts in the supply chain and actions taken	7*		
<b>415 - PUBLIC POLICY</b>				
<b>103 - Management approach</b>		<b>76</b>		
103-1	Explanation of the material topic and its Boundary	76,108		
103-2	The management approach and its components	76		
103-3	Evaluation of the management approach	76		
415-1	Political contributions	81		
<b>416 - CUSTOMER HEALTH AND SAFETY</b>				
		<b>NA</b>		
<b>417 - MARKETING AND LABELING</b>				
<b>103 - Management approach</b>		<b>28</b>		
103-1	Explanation of the material topic and its Boundary	28,108		
103-2	The management approach and its components	28		
103-3	Evaluation of the management approach	28		
417-1	Requirements for product and service information and labeling	40		
417-2	Incidents of non-compliance concerning product and service information and labeling	29		
417-3	Incidents of non-compliance concerning marketing communications	29		
FS15	Policies for the fair design and sale of financial products and services	40		
<b>418 - CUSTOMER PRIVACY</b>				
<b>103 - Management approach</b>		<b>39</b>		<b>1</b>
103-1	Explanation of the material topic and its Boundary	39,108		
103-2	The management approach and its components	39		
103-3	Evaluation of the management approach	39		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	41		1
<b>419 - SOCIOECONOMIC COMPLIANCE</b>				
<b>103 - Management approach</b>		<b>28</b>		
103-1	Explanation of the material topic and its Boundary	28,108		
103-2	The management approach and its components	28		
103-3	Evaluation of the management approach	28		
419-1	Non - compliance with laws and regulations in the social and economic area	29		
<b>TECHNOLOGICAL, DIGITAL AND PRODUCT INNOVATION</b>				
<b>103 - Management approach</b>		<b>39</b>		
103-1	Explanation of the material topic and its Boundary	39,108		
103-2	The management approach and its components	39		
103-3	Evaluation of the management approach	39		
<b>PRODUCT PORTFOLIO</b>				
<b>103 - Management approach</b>		<b>28,43,75,90</b>		
103-1	Explanation of the material topic and its Boundary	28,43,75,90,108		
103-2	The management approach and its components	28,43,75,91		
103-3	Evaluation of the management approach	28,43,75,92		
FS6	Percentage of the portfolio for business lines by specific region, size and by sector	10,31		
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	45,76,88		
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	100		

#### Note

- \* The Group will elaborate the analysis respect to the significance of the social and environmental impacts related to the supply chain, in order to assess the need to collect data and information on suppliers operating at Group sites, evaluating quality and accuracy of such data over which it does not exercise direct control.
- \*\* Data and information include emissions due to purchased paper, business trip and shuttle buses.

#### Legend for reasons omission

- NM Not material.
- NA Not applicable to the banking sector.

#### Legend ref. other documents

- RR Reports and Accounts 2018 - Reports on the other items on the agenda of the shareholders meeting, Remuneration Report.
- RCG Reports and Accounts 2018 - Report on Corporate Governance and ownership structure of UBI Banca S.p.A in accordance with art. 123 - bis of the Consolidated Finance Law.
- MR Reports and Accounts 2018 - Separate Financial Statements of UBI Banca S.p.A as at and for the year ended as at 31<sup>st</sup> December 2018, Management Report.
- CMR Reports and Financial Statements 2018 - Consolidated Financial Statements of the UBI Banca Group as at and for the year ended 31<sup>st</sup> december 2018, Consolidated Management Report.
- RFS Reports and Accounts 2018 - Key figures and performance indicators.