

Consolidated non-financial statement

pursuant to Legislative
Decree No. 254 of
30th December 2016

Sustainability Report

2019

UBI  Banca

Unione di Banche Italiane Joint Stock Company

in abbreviated form **UBI Banca Spa**

Head Office and General Management: Piazza Vittorio Veneto 8, Bergamo (Italy)

Operating offices: Bergamo, Brescia and Milan

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 31st December 2019: EUR 2,843,177,160.24 fully paid up

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This document has been written with no account taken of the public exchange offer on all the Bank's shares launched by Intesa SanPaolo S.p.A. on 17th February 2020.

The images reproduced in this document have been taken from the book entitled "Le nostre immagini, la nostra immagine" published by Mondadori in March 2020, which contains a collection of photos taken by Group employees in the photographic competition of the same name held in 2019.

On the front cover: Oscar Babucci – Val di Chiana

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Sustainability Report

2019

Letter to our Stakeholders

Ever since its foundation, UBI has been very aware of and focused on sustainability issues. This is clear from the wide range of environmental, social and governance initiatives organised and/or sponsored by the Bank and described in our Sustainability Reports, and from the national and international awards and recognition it has received over the years.

In line with EU guidelines and Italian law, the selection and reporting of non-financial activities is based on a materiality analysis, with reference to the Global Reporting Initiative (GRI) recommendations. The use of a standardised set of indicators has increased information transparency for stakeholders and allowed comparisons to be made between time periods in order to identify development trends.

A materiality analysis has many practical benefits, but also some drawbacks. If on the one hand it helps produce a more structured description of priorities, on the other it tends to restrict the choice of priorities within an established framework, not necessarily appropriate for the performance and especially the ambitions of a bank such as UBI. From a methodological point of view, a materiality analysis is not always able to grasp the effective importance or impact of the various initiatives or to accurately interpret the input from stakeholders.

As many experts have pointed out, these are general limitations, inherent to the nature of a materiality analysis. These limitations may be partly superseded within this type of analysis by improving and refining criteria and procedures. However, in order to do so, it is important to step outside of the box and to take an objective look at the appropriateness, consistency, efficiency and effectiveness of the Bank's entire sustainability strategy. A materiality analysis is not only required to comply with current regulatory requirements, it is above all a tool for the overall strategy.

This is why from this year, as part of the 2020-2022 Business Plan, which involves strengthening the sustainability strategy, we have decided to reconsider the ESG medium to long-term agenda (environment, social and governance), in order to move beyond the goals established for the period covered by the plan. The process will move in four different directions.

Firstly, there will be an in-depth examination of the directions being taken by the UN and the EU with regard to sustainability (or rather, "sustainable prosperity"), and in particular the paradigm known as "fair and sustainable finance". The UN has recently launched its initiative Decade of Action, which aims to accelerate achievement of the Sustainable Development Goals (SDGs) set for 2030. Governments will be asked to make a greater and more solid commitment to climate change in the run-up to the climate change conference COP26, to be held in Glasgow in October 2020. All those playing a role in the economy and civil society will be asked to make a more active contribution to the macro-objectives and targets, particularly those that more directly concern people in need and the young.

For its part, in January 2020 European Union approved a Plan of Action entitled A Strong Social Europe for Just Transitions. The aim is to make the interaction between the environmental and social dimensions of sustainability more direct and effective. From this year the European Semester will incorporate the SDG indicators into its monitoring and specific country recommendations. From 2021 it will also include the indicators relating to implementation of the European Pillar of Social Rights. New financial instruments are expected within the framework of the Green New Deal, including a Just Transition Fund and Modernisation Fund for disadvantaged social groups and areas that are underdeveloped and/or more affected by the needs for energy and digital transformation. Important projects in the new Commission's social agenda include reform of The Youth Guarantee, establishment of a Child Guarantee scheme, launch of a new gender equality strategy, a plan of action to promote a social economy, another to update workers' skills, and the establishment of the European Education Area. As far as sustainable finance is concerned, there is a proposal for a European Regulation on the establishment of a framework to facilitate sustainable investment, complete with a new classification system, or taxonomy, to classify and assess non-financial initiatives and risks (starting with those concerning the environment). The Commission has announced the publication of an update to the Sustainable

Finance Agenda by summer 2020. The European Banking Federation recently stated its hope that the banking world would raise the bar of its ambitions and review its modus operandi in light of the new shared regulatory framework and the more general strategic directions for the next few decades.

The second direction will involve self-assessment. The annual sustainability reports and other more detailed information will be used to reconstruct and map UBI's total non-financial activities in the last five years, based on new criteria that will capture the areas of intervention, types of beneficiary and measures, trends and - as far as possible - the impacts with greater precision and in a more systematic manner. The purpose of this exercise is to identify the Bank's strengths and weaknesses as regards sustainability, and the consistency and overall balance of the strategy adopted thus far.

The third direction concerns the comparative framework. Global best practice in European and US banking will be examined and studied in order to identify substantive and methodological opportunities and to select benchmarks with which to compare UBI's non-financial activities and improve its positioning in the national and international panorama.

Finally, the fourth direction - which will move in tandem with the others - will aim to draw up a set of proposals to update and structure the Bank's medium to long-term agenda and its methods of implementation as clearly as possible. Based on the indications and outcomes of other investigations and studies, the aim is to set out an organisational and functional framework to enable UBI to take a leading position with regard to:

- 1) the continuous acquisition of usable knowledge concerning sustainability that can be used to precisely define and update the ESG and the Materiality matrix in line with the EU agenda;*
- 2) the selection of a range of lines of activity that best fit these goals;*
- 3) impact assessment and monitoring, also in order to boost organisational learning.*

The future framework will affect the bank internally (what, how and who) and externally: listening to stakeholders, communication and dissemination of information to reach public opinion including through the effective branding of initiatives, and awareness-raising about sustainability issues among institutional players and civil society, in line with the priorities of the Decade of Action.

The Mission UBI has set itself from the outset is "to bank fairly and well". This motto takes on particular significance and value when it comes to sustainability. This has been the driver behind the decision to undertake a period of reconsideration as described above, which we can summarise as follows: to capture the various aspects that define sustainable prosperity as a collective "good" in order to pursue it in a "good" way.

*Chair of the Board of Directors
Letizia Bricchetto Moratti*

*The Chief Executive Officer
Victor Massiah*

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The UBI Banca Group



Photo by
ANDREA GUIDO

**Più forti
di ogni avversità**

Taranto

The UBI Banca Group

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 1st April 2007 following the merger of Banca Lombarda e Piemontese into Banche Popolari Unite, with the consequent integration of the two groups of the same name. 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 10th October 2015 in accordance with Law No. 33 of 24th March 2015.

At the Shareholders’ Meeting of 19th October 2018, UBI resolved with over 99.8% of votes in favour to adopt the new **one-tier system of governance**, which provides for a **Board of Directors** composed of fifteen members, five of whom are also members of the **Management Control Committee**.

The Bank has its **registered office in Bergamo** and **operating offices in Brescia, Bergamo and Milan**. As laid down in the Articles of Association, shareholders’ meetings are held alternately in the city or province of Bergamo or Brescia, while the Board of Directors meets alternately in the cities of Bergamo, Brescia, or Milan.

The UBI Banca Group operates primarily in Italy and is present in all the regions, except for Sicily, with 1,576 branches (branches and mini-branches).

The reduction in the number of branches, compared to 1,648 in 2018, is mainly due to the action taken in November 2019 to rationalise the UBI distribution network.

GRI
102-4
FS13

DISTRIBUTION NETWORK	2019	2018	2017
Branches	1,576	1,648	1,838
Corporate clients units ¹	85	81	106
Private banking units ²	90	82	82
POS	105,756	106,670	101,587
ATM	2,200	2,325	2,523
<i>of which evolved³</i>	457	394	317

1 Including 4 Large Corporate units.

2 Including 6 IWBank units.

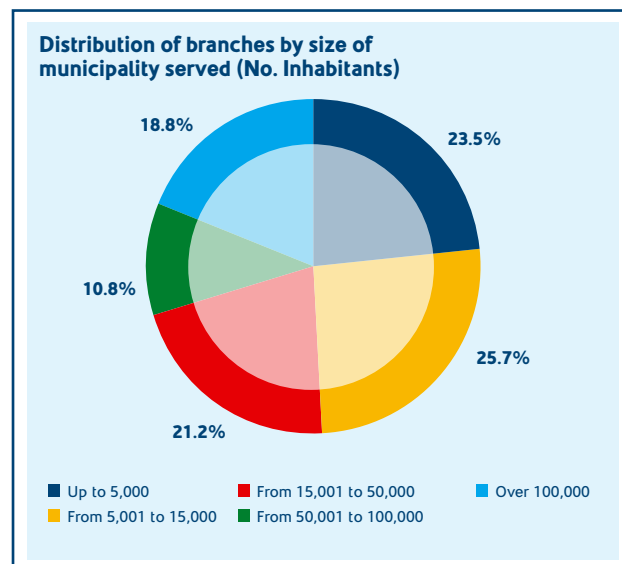
3 ATM equipped to receive payments with banknotes and cheques.

A local bank

Physical proximity is still a characteristic of the Group’s local presence and integration in the communities, even in the context of rationalisation and optimisation of the distribution network as customers rely increasing on digital services.

UBI is present in **89 provinces** and **1,122 municipalities**, of which 32.6% are small¹; in 165 municipalities UBI is the only bank².

While most of the Group’s branches are located in more developed areas in Central and Northern Italy, the Group’s presence is also significant in less developed regions³ (219 branches accounting for 14% of the total, in Basilicata, Calabria, Campania and Puglia) and in small rural centres and mountain areas⁴ (434 branches, amounting to 19.72% of the total).



International presence

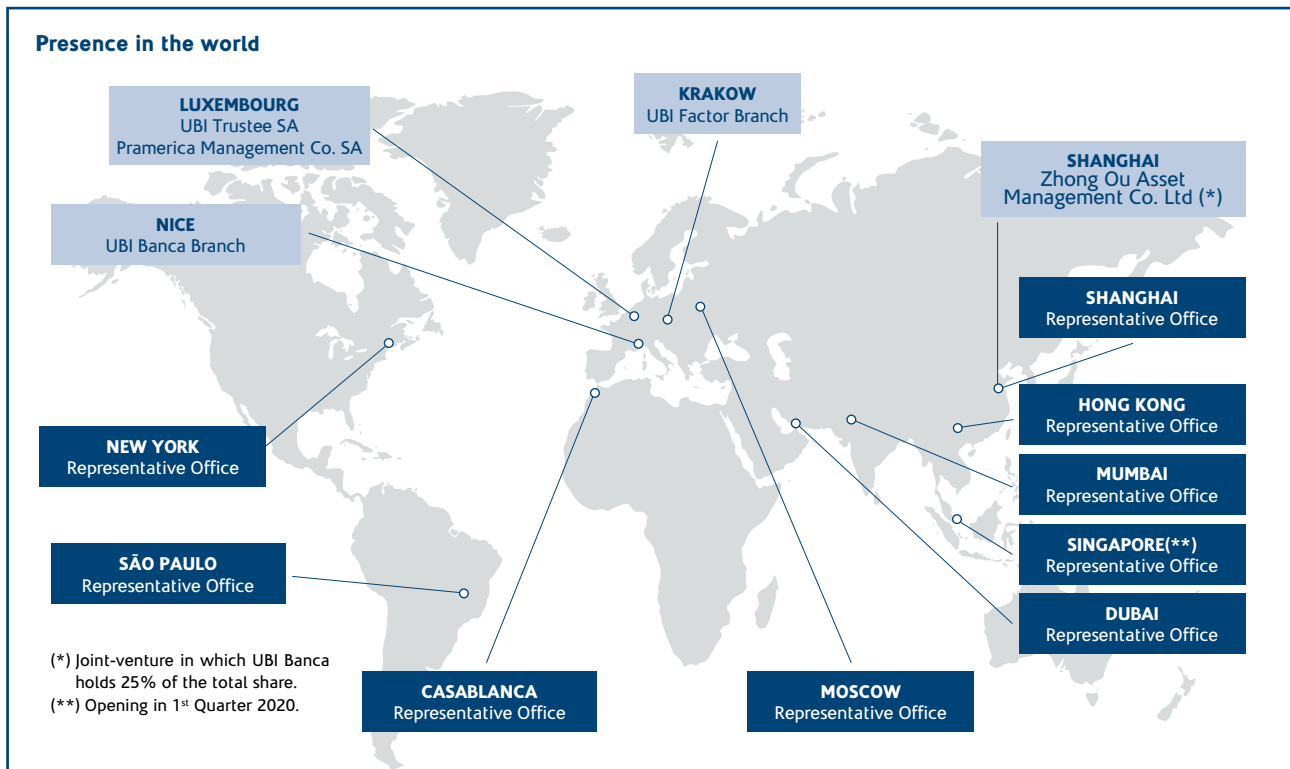
UBI Banca is present in eleven countries abroad (three in the EU and eight non-EU), mainly with branches and representative offices in areas of greater interest in terms of international expansion projects for small and medium-sized Italian companies⁴. UBI is not present in countries on the Economic and Financial Affairs Council of the European Union (ECOFIN) list of non-cooperative jurisdictions for tax purposes.

1 Municipalities with a population of less than 5,000 (source: ISTAT - national office for statistics).

2 Compared with Italian Banking Association (ABI) bank branch data as at 31/12/2018.

3 Regions receiving contributions from the European Union 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).

4 Reports and Financial Statements 2019, Consolidated Management Report – *Distribution network and market positioning*.



The Group also supports the foreign transactions of its customers by means of 37 commercial co-operation agreements with foreign banks and three trade facilitation agreements with the European Bank for Reconstruction and Development (EBRD), the International Financial Corporation (IFC) and the Asian Development Bank (ADB), as well as a 25% stake held by UBI Banca in a foreign joint venture with Zhong Ou Asset Management Company Co. Ltd – Shanghai.

The Bank in your pocket

UBI constantly invests in offering its customers the experience of a truly multi-channel bank, expanding the services offered by integrating direct channels (telephone, online and app) with the traditional physical channel of branches. In 2019 **telephone banking** handled 1.9 million calls involving call handlers, of which 40% for sales and after-sales activities, as well as 320,000 emails and live chats, in response to assistance or information requests or calling to offer an appointment in branch or for the direct sale of determined products.

Internet and mobile banking: 1.8 million account holders (49.5% of customers) have signed up for **Qui UBI** (online and app), up 3% year-on-year, while 35% of customers are now active users⁵ (mainly using the mobile app). 85% of new customers have signed up for the service. The average monthly accesses per individual customer are eight online and fifteen using the app.

Digital channels are used mainly for information on statements (balance, transactions), reports (view/print/

download documents) and payments (between 60% and 76% of total transactions).

Digital channels are increasingly used for sales and after-sales activities for less complex products and services (in particular prepaid cards, personal loans, renewal of car insurance policies, instalment payments using the Hybrid credit card and the Ricariconto -account reload- service).

The size of the Group

At the end of 2019, UBI is Italy's number three banking group in terms of market cap, number four for funding and the number of branches and number five for lending⁶.

GRI
102-5
102-7:9
204-1

SOCIAL DIMENSION	2019	2018	2017
Personnel ¹	20,036	20,461	21,463
<i>of which: employees²</i>	19,981	20,418	21,421
<i>permanent</i>	99.2%	98.4%	99.3%
Customers (thousands) ³	4,158	4,414	4,541
<i>of which private individuals</i>	89.0%	89.2%	89.0%
Shareholders ⁴	136,884	138,716	145,700
Suppliers	9,838	12,103	12,765
<i>of which strategic and/or regular on the approved list</i>	1,466	1,270	1,033

1 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>.

2 Recognised on the payroll.

3 UBI Banca customers.

4 The information on the Group's shareholders is the latest available to the company .

5 Customers who have accessed the service at least once in the last 90 days.

6 Reports and Financial Statements 2019, Key figures and performance indicators and Consolidated Management Report – *The distribution network and market positioning*. The comparison is organized with respect to a panel of banks comparable with UBI Banca by business model.

ENVIRONMENTAL DIMENSION	2019	2018	2017
Total floor area of offices and branches (sq.m.) ¹	1,174	1,198	1,268
Energy consumption (Gj) ²	649,617	694,115	671,926
CO2 emission (tons) ²	16,187	18,834	15,565
Paper consumption (tons) ³	2,058	1,882	2,408
Waste product (tons)	1,932	2,198	2,081

1 Floor area on which data are calculated.

2 Data not include energy consumption outside the organisation and the consequent emissions. The 2017 data relating to consumptions and CO₂ 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>.

3 2018 data don't include the consumption of branch accounting papers issued to customers and estimated at around 300 tons.

Shareholders⁷

98.5% of shareholders are natural persons. 87.1% of shareholders are resident in the regions of Northern Italy, most of them in Lombardy (67.8%).

Personnel

Normal employees constitute 98.9% of the Group's workforce, almost all of them on permanent contracts. During the year, an average of 54 associate workers (38.8% women) were appointed, almost all of whom were students under internship arrangements with their respective universities.

EMPLOYEES BY GENDER AND EMPLOYMENT CONTRACT	2019			2018			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent	11,229	8,595	19,824	11,523	8,577	20,100	12,178	8,883	21,061
On temporary contracts	44	51	95	41	36	77	73	77	150
Apprentices	37	25	62	114	127	241	99	111	210
TOTAL	11,310	8,671	19,981	11,678	8,740	20,418	12,350	9,071	21,421
TOTAL FTE	11,265	8,024	19,289	11,636	8,087	19,723	12,308	8,418	20,726
Full time	11,107	5,911	17,018	11,472	5,985	17,457	12,155	6,409	18,564
Part time	203	2,760	2,963	206	2,755	2,961	196	2,663	2,859

EMPLOYEES BY EMPLOYMENT CONTRACT AND GEOGRAPHICAL AREA	2019			2018			2017		
	Permanent	Temporary	Total	Permanent	Temporary	Total	Permanent	Temporary	Total
North	13,071	83	13,154	13,259	65	13,324	13,670	143	13,813
Center	4,478	1	4,479	4,656	2	4,658	5,480	3	5,483
South and islands	2,303	10	2,313	2,376	9	2,385	2,063	3	2,066
Abroad	34	1	35	50	1	51	58	1	59
TOTAL	19,886	95	19,981	20,341	77	20,418	21,271	150	21,421
<i>of which with different residence province</i>	<i>4,014</i>	<i>41</i>	<i>4,055</i>	<i>4,086</i>	<i>32</i>	<i>4,118</i>	<i>4,183</i>	<i>67</i>	<i>4,250</i>

Since 2019 Abruzzo has been included among the southern regions instead of Central Italy. Consequently, the data relating to 2018 have been restated. In addition, 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>.

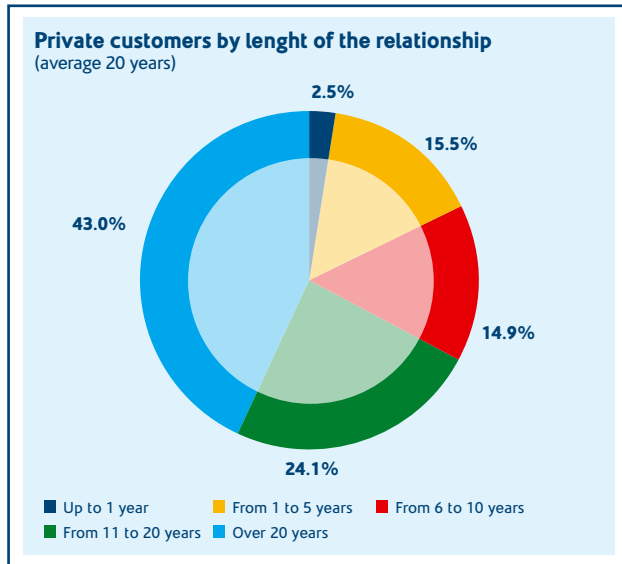
WORKERS (excluding employees) BY GENDER AND EMPLOYMENT CONTRACT	2019			2018			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Temporary workers	-	1	1	-	2	2	-	-	-
Interns	33	21	54	23	18	41	23	19	42
TOTAL	33	22	55	23	20	43	23	19	42

GROUP WORKFORCE	2019			2018			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total workers including employees	11,343	8,693	20,036	11,701	8,760	20,461	12,373	9,090	21,463

⁷ 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.

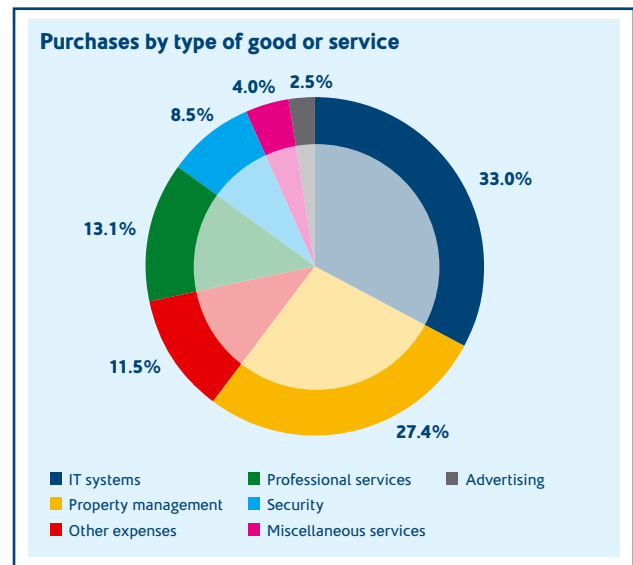
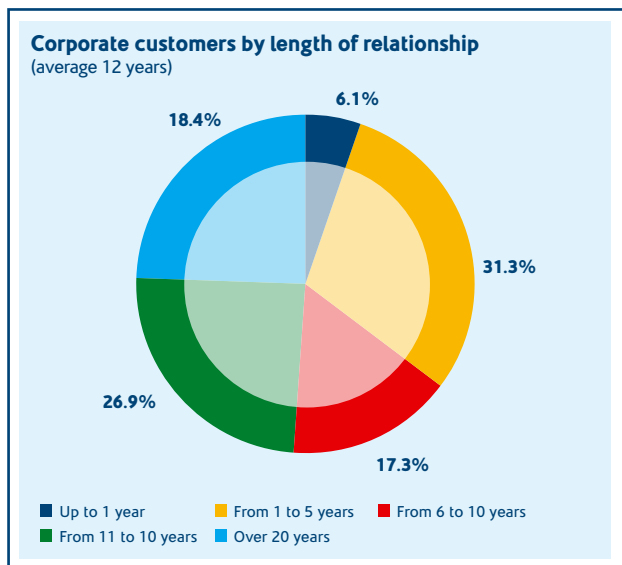
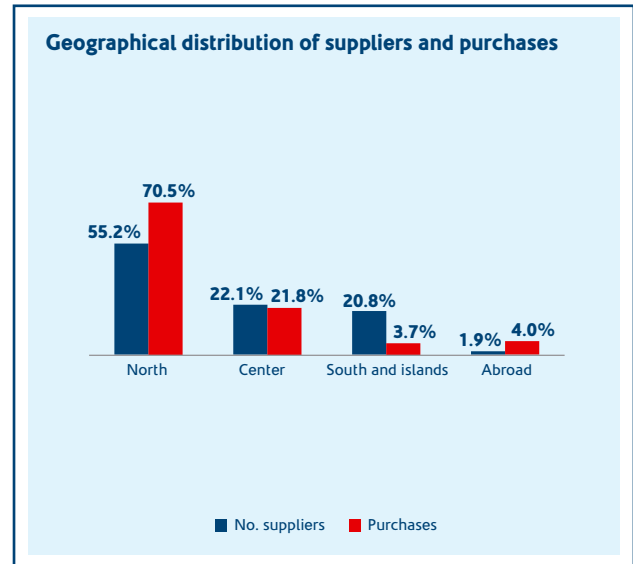
Customers

UBI has over 4 million customers, over 89% of whom are private individuals. In keeping with the composition of the Italian population, 3.77% of individual customers are nationals who have emigrated from non-European countries.



Suppliers

The Group operates almost exclusively in Italy and 96% 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 who operate in the vicinity of our individual operating premises.



Activities and markets served

GRI
102-2
102-6
FS6

The Group operates mainly on the Italian domestic market, offering retail banking and financial services for households, businesses, and the third sector – local bodies and non-profit organisations in the community: 2/3 of the balance sheet assets are loans to customers and less than 10% are financial assets (Italian and other corporate and government securities, equity securities and shares in UCITS)⁸.

The customers are divided into three key markets:

- **Retail**, which comprises 98.3% of customers, consisting of individuals (“mass market” and “affluent market”

- segments on the basis of the financial wealth owned, up to €100 thousand and €1 million respectively), all the small economic operators with turnover of up to €300 thousand (“small economic operator” segment), small to medium-size enterprises with turnover of less than €10 million (Small Business/SME segment) and third sector organisations;
- **Top Private**, which includes the private individual customers with financial wealth of over €1 million;
- **Corporate**, which includes businesses with a turnover/authorised credit at sector level (with reference to the Group of Companies) of over €10 million.

⁸ Reports and Financial Statements 2019, Consolidated Management Report - Commercial activities and Financial activities.

CUSTOMER PORTFOLIO BY MARKET (Loans in millions of euro) ¹		2019 ²		2018		2017	
Retail Market		42,773.1	58.0%	44,393.1	57.4%	46,264.9	59.2%
of which:	Mass	26,423.4	61.8%	27,033.3	60.9%	27,944.3	60.4%
	Affluent	4,081.1	9.5%	3,787.4	8.5%	3,838.0	8.3%
	Small Business (small economic operators and SME)	11,498.2	26.9%	12,776.4	28.8%	13,623.8	29.4%
	Authorities and institutions	770.4	1.8%	796.1	1.8%	858.8	1.9%
Corporate Market		29,850.5	40.6%	32,069.4	41.4%	30,942.0	39.6%
Private Market		1,038.1	1.4%	953.6	1.2%	923.0	1.2%
TOTAL		73,701.6	100.0%	77,416.1	100.0%	78,129.8	100.0%

CUSTOMER PORTFOLIO BY NATURE AND DIMENSION (Loans in millions of euro) ¹		2019 ²		2018		2017	
Private Individuals		31,542.5	42.8%	31,774.3	41.0%	32,705.3	41.9%
of which:	Mass	26,423.4	83.8%	27,033.3	85.1%	27,944.3	85.4%
	Affluent	4,081.1	12.9%	3,787.4	11.9%	3,838.0	11.7%
	Private	1,038.1	3.3%	953.6	3.0%	923.0	2.8%
Businessess		41,388.7	56.2%	44,845.8	58.0%	44,565.8	57.0%
of which:	Small Business (small economic operators and SME)	11,498.2	27.8%	12,776.4	28.5%	13,623.8	30.6%
	Corporate (SME)	15,343.9	37.1%	16,238.0	36.2%	16,574.6	37.2%
	Large Corporate	14,546.6	35.1%	15,831.4	35.3%	14,367.4	32.2%
Authorities and institutions		770.4	1.0%	796.1	1.0%	858.8	1.1%
TOTAL		73,701.6	100.0%	77,416.1	100.0%	78,129.8	100.0%

CUSTOMER PORTFOLIO BY NATURE AND GEOGRAPHICAL AREA (Loans in millions of euro) ¹		2019 ²		2018		2017	
Private Individuals		27,177.1	50.2%	27,314.1	48.2%	27,948.3	47.6%
of which:	North	16,814.0	61.9%	16,855.8	61.7%	17,064.7	61.1%
	Center ³	7,491.4	27.6%	7,591.8	27.8%	7,974.0	28.5%
	South and islands	2,871.8	10.6%	2,866.5	10.5%	2,909.6	10.4%
Businessess		26,998.3	49.8%	29,406.4	51.8%	30,770.9	52.4%
of which:	North	17,529.6	64.9%	19,162.8	65.2%	19,748.2	64.2%
	Center ³	6,553.7	24.3%	7,379.3	25.1%	8,260.1	26.8%
	South and islands	2,796.7	10.4%	2,826.6	9.6%	2,713.0	8.8%
	Abroad	118.3	0.4%	37.8	0.1%	49.7	0.2%
TOTAL		54,175.4	100.0%	56,720.5	100.0%	58,719.2	100.0%

1 Data include customers of UBI and IWBANK. In the table "Customer portfolio by nature and geographical area" are not included loans that can't be allocated by geographical area.

2 The data collection perimeter 2019 was extended to the Group's Product Companies (UBI Factor, UBI Leasing and Prestitalia), showing loans for 9,594.6 million euro not included in the table because they cannot be classified according to the UBI and IWBANK portfolio rules.

3 Data include Abruzzo, according to the breakdown structured by Macro Geographical Areas to which the customer belongs.

The geographic distribution of funding and lending shows a preponderance of Northern Italy, and more specifically Lombardy, as the Group's main market.⁹

The distribution of lending to businesses is consistent with the Group's mission to support local economies: more than half of the Group's business involves companies that produce in a wide range of economic sectors, and primarily manufacturing, property, trade, and construction activities. They are predominantly small and medium-sized enterprises, accounting in total for two thirds of the lending to businesses.¹⁰

The distribution network is based on seven Macro Geographical areas (MATs) and includes the Bank's online bank IWBANK Private Investments and product companies Pramerica SGR and Pramerica Management Company SGR, 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.

9 Reports and Financial Statements 2019, Consolidated Management Report - *The distribution network and market positioning*.









10 Reports and Financial Statements 2019, Consolidated Management Report - *Lending*.

Sustainability indices and ratings

The UBI Banca share is listed with the major international stock indices (approximately 100 according to Bloomberg) and some of the leading ethical and sustainability indices at the national and international levels. Following an analysis carried out in 2019, in early 2020 Bloomberg included UBI Banca in its Gender Equality Index (324 companies chosen

out of 6,000 analysed). UBI Banca is also assessed by the main international rating agencies for ethics and sustainability.

At the end of 2019 the UBI Group share 18 brokerage houses (fourteen of them international) made target price recommendations for the UBI Banca share, not including companies affected by the temporary replacement of the analyst responsible for covering the UBI Banca share.

 ECPI Euro ESG Index	 FTSE4Good Index Series
 Euro Ethical Index, Euro CSR Index, Sustainable Index (rating A++)¹¹	 Italian Index, Italian Banks Index (rating EE - outlook negative)¹²
 Rating A¹³	 Rating Average performer¹⁴
 Rating C¹⁵ (Status Prime)	 Bloomberg Gender Equality Index

Key changes taking place during the year

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UBI Banca constantly researches the best governance and organisational solutions on the basis of the regulatory and market context.

The most significant event for UBI Banca in 2019 was the **changeover from a two-tier model of governance and control to a one-tier model**, mainly involving:

- a clear division of roles and responsibilities between the various collegiate bodies: Board of Directors and Management Control Committee;
- the predominance of non-executive and/or independent directors, able to guarantee proper and balanced discussion within the Board of Directors and adequate checks and balances with regard to the Chief Executive Officer and to management more generally, with adequate monitoring of the decisions taken;
- the attribution of a significant role to the Chair of the Board of Directors, as the linchpin in the system of checks and balances with regard to the executive members, designed to favour concrete and effective discussion within the Board and its effective functioning with a positive contribution from all directors;
- a key role for the Bank's control functions, which will be guaranteed direct access to company bodies to report

the results of their control activities periodically, or immediately in cases of necessity, without restrictions or intermediaries;

- the assignment of decision-making functions to the Managerial Committees, chaired by the Chiefs of the relevant areas.

There have been important changes to the Bank's organisation chart. In particular:

- in relation to Controls, the establishment of hierarchical reporting by the Chief Compliance Officer and the Chief Risk Officer to the Chief Executive Officer and developments in the supervision of Anti-Financial Crime, designed to reinforce the operational model for managing money-laundering risks, in accordance with the most recent regulations and expectations of the Supervisory Authority;
- in relation to Governance and Support, the reorganisation of the Chief General Counsel's activities, partly in order to provide better support to the new model of governance;
- in relation to Business, the establishment of the new Global Markets unit within the Investment Banking Area, with the task of directing, co-ordinating and supervising activities for the production and distribution of Investment Certificates and the commercial promotion and distribution of all Capital Markets products and services, including OTCs, on its own account on the financial markets, in order to improve management of the

11 Axia rating scale: B, B+, B++, B+++, A, A+, A++, A+++.

12 Standard Ethics rating scale: E-, E, E+, EE-, EE, EE+, EEE-, EEE, EEE+.

13 MSCI rating scale: CCC, B, BB, BBB, A, AA, AAA. Since November 2019 change from BBB to A.

14 Sustainalytics rating scale: Underperformer, Average performer, Outperformer.

15 ISS-Oekom rating scale: D-, D, D+, C-, C, C+, B-, B, B+, A-, A, A+ (from C qualification Prime).

associated risks. The Finance Area, which reports to the Chief Wealth and Welfare Officer, has also been divided, separating the management of the securities portfolio from treasury and funding activities;

- in relation to Operations, the establishment of the new Security and Safety Governance Area reporting to the Chief Operating Officer as a single unit at Group level for the overall governance of guidelines and strategic policies on security matters.

At **Group** level the most important actions concerned:

- changes to the organisational structure of IWBank, designed to optimise the network of Financial Advisors and Wealth Bankers, while improving standards of service

- to the network and the efficiency of operating activities;
- the formation of a unit within UBI Leasing to manage and develop public sector leasing operations;
- organisational changes to Prestitalia, for greater control over its administrative activities for the management of the network and first level controls;
- changes to UBI Sistemi e Servizi to optimise activities in the area reporting to the Chief Information Officer;
- consolidation of the corporate governance structure of BancAssurance Popolari, in line with the provisions of the Supervisory Authority and the formation of a new company, UBI Sicura, to perform insurance brokerage activities;
- the acquisition in full of Consorzio Palazzo della Fonte Scpa in June and its merger into the Bank in October.

Sustainability strategy



Photo by
MATTIA PAGLIALUNGA

Tutto sta negli occhi di chi guarda
Navigli - Milan

Sustainability strategy

GRI
102-14

UBI Banca is pursuing a strategy of sustainable growth, intended to meet demand for sound credit to support household consumption and investment while managing clients' wealth responsibly in compliance with the principle of *Fare Banca per bene* (Banking fairly and well).

This principle summarises the Group's mission to create sustainable value for all stakeholders over time, combining simplicity, quality and innovation to make products, services and excellent relations available to clients, contributing to the well-being of the community with support for social and cultural initiatives and cultivating individuals' talents, passion, and commitment.

The implementation of the model is based on a meticulous strategic planning activity designed to guide management towards its objectives of achieving sustainable earnings in the medium and long-terms, with a corporate governance system entailing rules and processes in which roles and responsibilities are clearly defined and a framework of risk management and internal supervision able to anticipate and address the significant risks that may be incurred or caused by the Group's activities.

The sustainability strategy is unitary at Group level and guided by the Materiality matrix, which shows priorities identified by means of internal analysis and a structured stakeholder consultation process (materiality analysis). It takes account of the commitment to support the principles of the United Nations Global Compact, to which UBI Banca is a signatory and the wish to contribute to the implementation of the Sustainable Development Goals (SDG) set out in the United Nations 2030 Agenda for Sustainable Development.

2019 Objectives

Specific sustainability objectives for the different subject areas of the Materiality matrix were identified in 2019, correlated to the social and environmental issues that are also referred to in Legislative Decree No. 254/2016.

The following table shows the objectives identified and the initiatives for their achievement that have been completed (identified with the symbol ●) or started and are ongoing (identified with the symbol ◐).

Topics	Objectives	Initiatives
GOVERNANCE	<p>Introduction of the one-tier governance model</p> <p>Development of the sustainability model in a way that is integrated with business risk management</p> <p>Management of the decision-making process consistent with the sustainability strategy</p> <p>Pursuit of integrity in corporate conduct by respecting shared values and principles, monitoring non-compliance risks and proactively managing reputational risk, with reference to human rights, the fight against corruption and supply chain management</p>	<ul style="list-style-type: none"> ● Adoption of the one-tier governance model, assigning the role of supervision and guidance on sustainability issues to the Risk Committee ◐ Implementation of new methods for managing the Group's risk and sustainability performance, giving greater emphasis to ESG factors in its Risk Appetite Framework ● Integration of sustainability KPIs into the remuneration and incentive policies for Top management ● Endorsement of the UN Principles for Responsible Investment and membership of the Forum for Sustainable Finance ● Training initiatives on <i>whistleblowing</i>, transparency and "sustainability tips" in co-operation with ASVIS ● 231/01 information and training workshops with all first line managers and their direct reports, with in-depth study of the risk of crimes of corruption and the Bank's internal regulations

Topics	Objectives	Initiatives
ECONOMIC VALUE	Pursue the creation of value over a medium to long-term horizon, guiding the achievement of the profitability and soundness targets in the Business Plan, with the addition of sustainability objectives in the annual budget planning process	<ul style="list-style-type: none"> ● Identification of sustainability as one of the cornerstones of the new 2020-2022 Business Plan with its own budget allocation
PERSONNEL	Enhance human capital by developing a culture of sustainability at all levels and ensuring a high level of organisational well-being	<ul style="list-style-type: none"> ● High level of investment in training, with specific initiatives for particular categories (e.g. new recruits, talents) ● Development of work-life balance tools with a focus on smart working ● Adoption of Diversity & Inclusion Policy ● Survey of organisational well-being ● Investments to continuously improve quality standards of the working environment
CUSTOMERS	Take advantage of business and positioning opportunities associated with supporting sustainable economic development, while safeguarding medium to long-term credit quality	<ul style="list-style-type: none"> ● Development of lending to sustainable sectors/businesses ● Development of services (e.g. welfare) through agreements with trade organisations and associations
COMMUNITY	<p>Take advantage of business and positioning opportunities associated with supporting social causes and developments in the demand for sustainable products</p> <p>Monitor activities that are exposed to reputational risk</p> <p>Protect assets from prospective risks associated with sustainability</p>	<ul style="list-style-type: none"> ● Issue of UBI Comunità Social Bonds and further development of ESG investment products ● Initiatives to make good use of the Group's art and museum collections for the benefit of the community ● Expansion of financial education activities ● Development of metrics to measure the social impact generated by financing for the third sector
ENVIRONMENT	Contribute to the achievement of targets for the reduction of climate-damaging emissions	<ul style="list-style-type: none"> ● Reduction of energy consumption and CO₂ emissions through the installation of building automation systems in branches, addition of electric vehicles to the company car fleet and use of electricity from renewable sources ● Reduction of paper consumption through paperless documentation and print on demand and the use of environmentally-friendly recycled paper ● First issue of Green Bonds to finance renewable energy installations

Stakeholder engagement and the Materiality matrix

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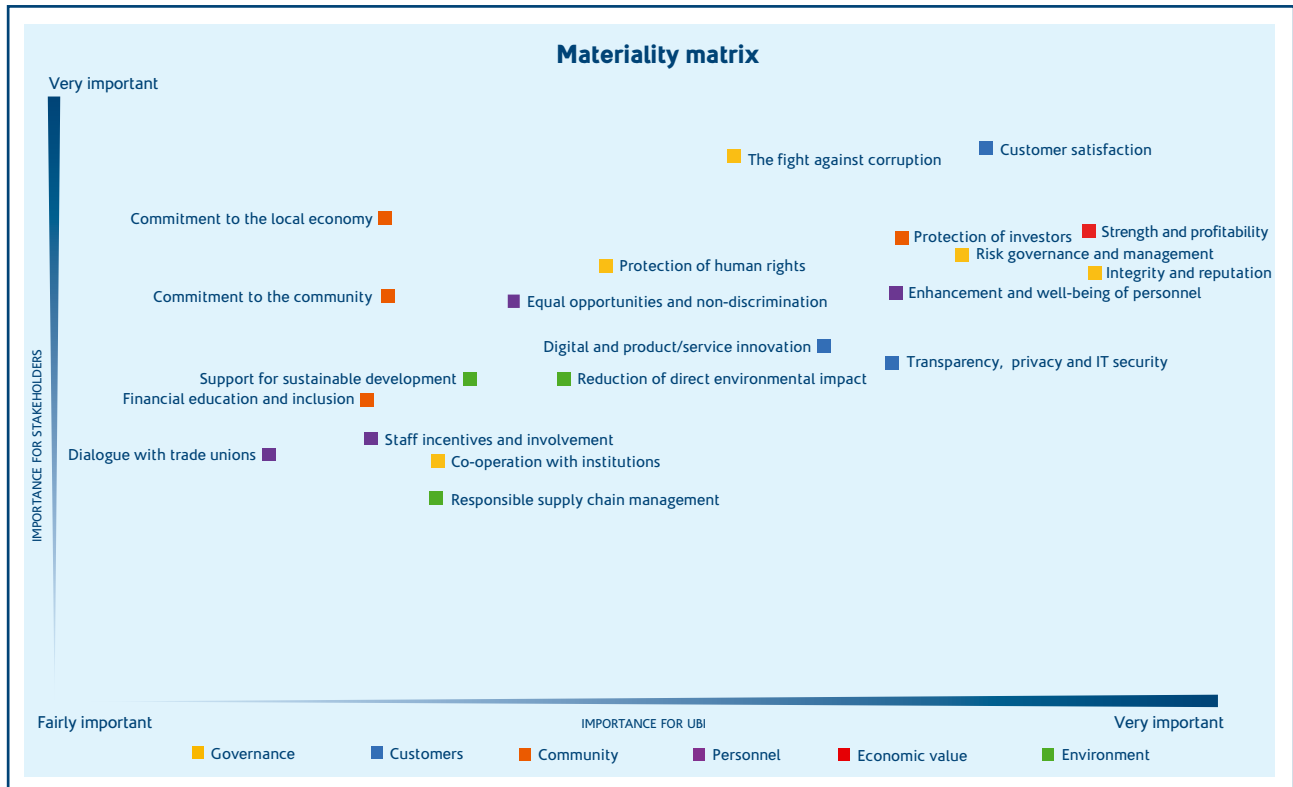
In 2019 the sustainability issues used to update the Materiality matrix were again identified by involving the various stakeholders.

The stakeholders were asked to evaluate a series of potentially significant issues and then indicate which of them were the main strategic priorities. The surveys, conducted on a sample of over 3,000 customers, over 2,000 employees and 50 representatives of public institutions and non-profit organisations, were carried out by an outside

independent company online or using telephone interviews, while ensuring the anonymity of the respondents.

The same issues were evaluated by the first line staff of UBI Banca and the management of the subsidiaries in order to identify the significant and priority issues for the Group's strategies.

The induction provided to the Board of Directors and in the context of the Risk Committee included a section discussing the results of the surveys and the way they are shown in the Materiality matrix, in preparation for the discussion and approval of the Materiality matrix by the Board of Directors.



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Key impacts, risks and opportunities

The mapping of sustainability risks of potential significance for Group activities was updated in 2019, by evaluating the probability of occurrence and the potential impact caused or sustained by the activities of UBI. The process was carried out by administering a survey questionnaire to the first line staff of UBI Banca and the management of the subsidiaries.

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. The risks may affect UBI assets directly, arising from internal factors (e.g. inadequate staff training) or external ones (e.g. damage to buildings caused by extreme weather events), or indirectly, through their impact on the business of customers and suppliers (e.g. new environmental regulations or cost increases), or more generally on the economic and social context (e.g. a crisis in the welfare system). The correct identification of risks makes it possible not only to manage and mitigate their direct impact, but also to identify sustainable development paths from which to derive new business opportunities.

Topics	Potential risks	Stakeholders impacted	Mitigation measures
GOVERNANCE			
Risk governance and management	<p>Shortcomings in the composition and functioning of the governing bodies</p> <p>Insufficient consideration of sustainability issues and stakeholders' expectations in decision-making processes</p> <p>Misalignment of incentive schemes and strategic objectives and inconsistency between statements and actions</p> <p>Inadequate identification and management of direct and indirect risks of a social and environmental nature</p>	<p>Shareholders due to impacts on the Bank's profitability and equity and the value of the share</p> <p>Staff and communities due to impacts on employment levels</p>	<p>New one-tier governance model assigning the role of supervision and guidance on sustainability issues to the Risk Committee</p> <p>Endorsement of the Borsa Italiana Corporate Governance Code for listed companies</p> <p>Induction programmes and performance appraisal systems for the governing bodies</p> <p>Policies and systems for internal control and risk management</p> <p>Remuneration and incentives policies with sustainability objectives</p> <p>Participation in external organisations and initiatives that actively promote sustainability</p>
<p>Integrity and reputation</p> <p>The fight against corruption</p> <p>Protection of human rights</p> <p>Co-operation with institutions</p>	<p>Unlawful conduct, failure to comply with external regulations, agreements, standards, conventions or codes of self-regulation</p> <p>Conflicts of interest</p> <p>Involvement in activities and practices that are illegal/controversial from an ethical, environmental or social viewpoint</p> <p>Inadequate training and audit programmes for ethics and compliance</p> <p>Crises in financial systems or governments/institutions</p>	<p>Shareholders and staff due to impacts on the reputation of the Bank</p> <p>The community due to impacts on the functioning of the institutions and the protection of rights</p> <p>Customers due to impacts on trust and the stability of the financial system</p> <p>Suppliers due to impacts on competition</p>	<p>Code of Ethics, Management, Organisation and Control Model pursuant to Legislative Decree No. 231/2001, Code of Conduct for Group Employees and Whistleblowing Policy</p> <p>Policy for the prevention and management of conflicts of interest</p> <p>Monitoring of developments in external regulations, Policy for the management of Group regulations and continuous staff training</p> <p>Policies for management of non-compliance risk and specialised organisational units (Audit e Compliance)</p> <p>Policies for reputational risk and activities in controversial sectors</p> <p>Policies on combating money-laundering and the finance of terrorism</p> <p>Policies on reporting to and relations with Regulatory Authorities and Supervisory Institutions and Bodies</p>

Topics	Potential risks	Stakeholders impacted	Mitigation measures
ECONOMIC VALUE			
Strength and profitability	<p>Risks relating to the business environment (volatility, inflation or deflation, speculative bubbles, or fiscal crises) or the geopolitical context (conflicts, terrorist attacks, or weapons of mass destruction)</p> <p>Inadequate response to changes in the regulatory environment, consumer preferences, or market conditions</p> <p>Inadequate communication and reporting on sustainability issues</p> <p>Competitors with strong differentiation strategies on sustainability</p> <p>Low ratings and exclusion from sustainability indices</p> <p>Stakeholders have little awareness of UBI's sustainability</p>	<p>Shareholders, employees, suppliers, public administrations and the community due to impacts on profitability and therefore the generation and distribution of economic value</p> <p>Shareholders due to impacts on the Bank's profitability and equity and the value of the share</p>	<p>Strategic and performance measurement planning with the integration of sustainability objectives</p> <p>Dividend Payout Policy</p> <p>Risk Appetite Framework and risk management policies, including reputational risk</p> <p>Studies and scenario analyses to support the strategic planning and risk management processes</p> <p>Regulatory and organisational measures for disaster recovery and operational continuity</p> <p>ESG investment products offer</p>
PERSONNEL			
<p>Enhancement and well-being of personnel</p> <p>Equal opportunities and non-discrimination</p> <p>Staff incentives and involvement</p> <p>Dialogue with trade unions</p>	<p>Inability to attract and develop key talents and resources</p> <p>Insufficient training, development and motivation of personnel</p> <p>Inadequate diversity management</p> <p>Shortcomings in occupational health and safety management</p> <p>Conflict with trade unions</p>	<p>The personnel themselves, due to impacts on job satisfaction and personal and professional development</p> <p>Shareholders due to impacts on the Bank's profitability</p> <p>Customers due to impacts on service levels</p>	<p>Human resources and industrial relations management policies</p> <p>Programmes for employer branding and talent management and development</p> <p>Continuous staff training</p> <p>Remuneration and incentives policies that reward merit</p> <p>Welfare and Gender Diversity & Inclusion policies</p> <p>Organisation, management and control model pursuant to Legislative Decree 231/2001 and occupational health and safety management system</p> <p>Management policy for the organisational structure and Policy for outsourcing corporate functions</p> <p>Responsible management of organisational change through agreements with the trade unions</p>

Topics	Potential risks	Stakeholders impacted	Mitigation measures
CUSTOMERS			
<p>Customer satisfaction</p> <p>Transparency, privacy and IT security</p> <p>Digital and product/service innovation</p>	<p>Unfair market practices</p> <p>Lack of transparency and information on products and services</p> <p>Inadequate management of technological change and omnichannel banking</p>	<p>Shareholders due to impacts on the Bank's profitability and reputation</p> <p>Customers due to economic and financial impacts</p> <p>The community due to impacts on the availability of essential services</p>	<p>Policies and rules governing product development and management, transparency in business practices</p> <p>Credit policies and rules</p> <p>Customer satisfaction monitoring and Complaints management policy</p> <p>Data governance and security policy and Policy for the processing and protection of personal data</p> <p>Specific regulations and responsibilities for disaster recovery and operational continuity, cyber security and privacy</p>
COMMUNITIES			
<p>Commitment to the local economy</p> <p>Commitment to the community</p> <p>Financial education and inclusion</p> <p>Protection of investors</p>	<p>Inadequate portfolio of products and services</p> <p>Risks relating to the business environment (illegal activities such as money-laundering, tax evasion and counterfeiting) and the social context (unemployment, under-employment, social instability, crises in the welfare system, increased poverty and inequality)</p> <p>Lack of transparency in how beneficiaries make use of donations with social aims</p>	<p>Shareholders due to impacts on the Bank's profitability and reputation</p> <p>Customers due to impacts on development activities and projects</p> <p>The community due to impacts on the well-being of households, infrastructure and enterprise development and employment</p>	<p>Commercial activities specialised by market segment and commercial offer to support SMEs</p> <p>Policies on credit and the placement of financial products.</p> <p>Processes for customer due diligence and the monitoring and reporting of suspicious transactions in compliance with the legislation and regulations</p> <p>Dedicated service model for the third sector (UBI Comunità)</p> <p>Policies and guidelines for donations and sponsorships and to protect and make good use of the Group's art and museum collections for the benefit of the community</p> <p>Financial education projects for customers and the community</p>
ENVIRONMENT			
<p>Reduction of direct environmental impact</p> <p>Support for sustainable development</p> <p>Responsible supply chain management</p>	<p>Physical risks associated with climate change and natural and man-made disasters</p> <p>Transition risks associated with climate change (environmental regulations/standards, emissions limits, incentives, energy costs and raw materials)</p> <p>Scarcity of resources for energy transition</p>	<p>Shareholders due to impacts on the Bank's profitability and equity (e.g. physical damage, adjustment costs, or damage sustained by customers and suppliers)</p> <p>The community due to impacts on living conditions and the local economy</p>	<p>Model 231/2001, Environmental policy, Energy Manager and Mobility Manager</p> <p>Products and services with environmental aims and ESG criteria</p> <p>Issue of Green Bonds to finance investments in renewable energy</p> <p>Group expenditure policy and regulations and list of approved suppliers</p>

Financial implications of climate change

Risks associated with climate change were also evaluated as part of the activities to assess risks of a non-financial nature carried out by the Top Management of UBI Banca and the main subsidiaries at the same time as the materiality analysis. The analysis showed that the physical risks¹ are not assessed as significant for the Group and do not have significant financial implications in the short and medium-term and thus in the

time horizon of the 2020-2022 Business Plan. Among the “transition risks”², risks associated with regulatory changes and the economic and political context were identified as more important, although with insignificant financial implications, again with reference to the time horizon considered.

The following table summarises the potential climate change risks that, on the basis of an initial analysis, may affect the Group in 2020-2022.

Potential risks	Description of the risk and impact on the Group
Technological/Market Transition risks	<p>Technological upgrading of the Group’s buildings to reduce energy consumption and emissions, already costed as part of the actions planned following the energy audits performed on them³.</p> <p>Repercussions on the Group’s lending due to the impacts on competitiveness and customer choices, mitigated by the high level of diversification in lending sectors.</p>
Political and legal Transition risks	<p>Increased energy costs for the Group and its customers in sectors that are particularly dependent on fossil fuels, due to the increased costs of GHG emissions. The impact is mitigated by the fact that 100% of the electricity consumed by UBI comes from renewable sources and by the limited exposure of its portfolio to fossil fuels. Risk associated with new regulatory changes that may affect UBI’s products and strategy is also considered in the context of this risk category. The impacts of this risk are considered limited at present, given the sectoral and geographical diversification of lending.</p>
Acute Physical risks	<p>Extreme weather events that might affect the operational capacities and reduce the profitability of business customers and, with limited impacts for the Group due to the high level of sectoral and geographical diversification in lending sectors.</p>
Chronic Physical risks	<p>Changes in precipitation patterns and weather conditions and an increase in average temperatures that might affect the operational capacities and reduce the profitability of business customers and, with limited impacts for the Group due to the high level of sectoral and geographical diversification in lending sectors.</p>

Some opportunities as a result of climate change have been identified in relation to efficient resource use (particularly energy efficiency) and the offer of new products/services, factored into the sustainability objectives in the 2020-2022 Business Plan. Given the

importance of the issue, in 2020 the Group plans to carry out further investigations into the financial implications of the risks and opportunities associated with climate change, also in view of the constant developments in the relevant regulatory context.

1 The Financial Stability Board (FSB) Task Force on Climate Related Disclosure (TCFD) climate risk classification defines physical risks as those involving effects for economic entities following extreme natural events (acute risks) or changes to climate parameters (chronic risks) resulting in direct damage to property and indirect damages due to supply disruptions, and changes to the availability and costs of productive resources (e.g. energy and transport).

2 The Financial Stability Board (FSB) Task Force on Climate Related Disclosure (TCFD) climate risk classification defines transition risks as those of a political, legal, technological, market or reputational nature linked to transition to a low carbon economy and adaptation to climate change.

3 Cf. Environment section.

The 2020-2022 Business Plan

The 2020-2022 Business Plan confirms the role of UBI Banca as a local community bank, reaffirming the mission of “*Fare banca per bene*” (Banking fairly and well) in the vision of a bank that manages its operational activities sustainably and is a leader in using its business activities





to support sustainable economic development. As part of the Business Plan, there is a specific working group on sustainability, understood as a strategy that cuts across all areas of UBI’s approach to banking, providing a balanced response to the expectations of all our stakeholders and the recommendations made by regulators, reducing risks and taking advantage of new business opportunities.



The sustainability plan defines a path that leverages the involvement of the Board of Directors, Top Management and a new central unit for this, to support the realisation of a new unitary strategy, consistent with the material

topics identified in the Materiality matrix and the pursuits of the United Nations Sustainable Development Goals, as relevant for UBI’s business.

Area	Principal objectives for 2020-2022	Material topics and SDGs addressed
<p style="text-align: center;">GOVERNANCE</p>	<p>Mechanisms for developing and monitoring the creation of social and environmental value</p> <ul style="list-style-type: none"> • Formation of a specific organisational team and a round table for managers from across the bank tasked with overseeing and co-ordinating the various areas related to sustainability and ensuring that UBI plays an increasingly active role in national and international sustainability initiatives • Strengthening of the link between management incentive schemes and sustainability policies: from 2020 at least 10% of variable remuneration is linked to sustainability KPIs. 	<p>Risk governance and management Integrity and reputation</p>
<p style="text-align: center;">PERSONNEL</p>	<p>Personnel management and development</p> <ul style="list-style-type: none"> • Valuing differences and promoting equal opportunities: +20% quota of women in managerial roles • Investment in continuing training and reskilling: +27% hours of training per employee 	<p>Enhancement and well-being of personnel Equal opportunities and non-discrimination Dialogue with trade unions</p> <p> Protect the rights of staff and promote healthy workplaces. Achieve conditions of full employment and decent work for all women and men, including young people and those with disabilities, as well as equal pay for equal work.</p> <p> Increase the number of young people and adults with the relevant skills for high quality employment, entrepreneurship and the promotion of sustainable development.</p> <p> Put an end to all forms of discrimination against women. Ensure the full and effective participation of women and equal opportunities at all levels of decision-making.</p>
<p style="text-align: center;">COMMUNITY</p>	<p>Credit and services for businesses</p> <ul style="list-style-type: none"> • Development of ESG loans and advisory services • Progressive implementation of social and environmental impact assessments for loans <hr/> <p>Third sector e social finance</p> <ul style="list-style-type: none"> • Progressive implementation of social impact assessments for loans to non-profit organisations <hr/> <p>Financial education</p> <ul style="list-style-type: none"> • Development of financial education programmes and initiatives towards new targets, with new content and learning methods: over 50,000 beneficiaries over the course of the plan <hr/> <p>Donations and social initiatives</p> <ul style="list-style-type: none"> • Further implementation of guidelines for managing donations and sponsorships and planning priorities for action • Further implementation of social impact assessments for donations to non-profit organisations, as already used for Social Bonds 	<p>Commitment to the local economy</p> <p> Improve the access of small and medium-sized enterprises to credit and financial services.</p> <p>Develop infrastructures that are high quality, reliable, sustainable and accessible to all.</p> <hr/> <p>Commitment to the community Financial education and inclusion</p> <p>Ensure that everyone has access to essential high quality financial services and health services, particularly those who are disadvantaged.</p> <p> Increase the number of young people and adults with the relevant skills for high quality employment, entrepreneurship and the promotion of sustainable development and significantly reduce the proportion of young people who are not in education or employment.</p> <p> Boost scientific research, increasing the number of researchers and investments in research and development.</p> <p> Increase efforts to protect cultural and natural heritage.</p>

Area	Principal objectives for 2020-2022	Material topics and SDGs addressed
<p style="text-align: center; border: 1px solid green; border-radius: 15px; padding: 5px; display: inline-block;">ENVIRONMENT</p>	<p>Functioning of operational activities and property management</p> <ul style="list-style-type: none"> Implementation of the Group Climate Strategy towards the objective of zero impact in 2030: -61% CO₂ emissions⁴ <hr/> <p>Credit and services for families and businesses</p> <ul style="list-style-type: none"> Support for the sustainable transformation of the country through a €10 billion⁵ participation in the financing of the Green New Deal in Italy: €1,500 million loan pool over the life of the plan (e.g. for new technologies and energy efficiency and transition) Development of a new “green” line of banking products (e.g. current account and payment cards) and new ESG advisory services <hr/> <p>Asset management product range</p> <ul style="list-style-type: none"> Transformation of the investment products catalogue with a view to ESG: 25% AUM in ESG products <hr/> <p>Retail and institutional funding</p> <ul style="list-style-type: none"> Issue of Social Bonds and Green Bonds: €2 billion issues over the life of the plan <hr/> <p>Management of investments in the proprietary portfolio</p> <ul style="list-style-type: none"> Inclusion of ESG criteria in the selection of investments: 8% weighting Sustainable Bond in proprietary portfolio 	<p>Reduction of direct environmental impact Support for sustainable development</p> <p> Significantly increase the use of renewable energy and double the rate of improvement in energy efficiency.</p> <p> Manage natural resources sustainably while using them efficiently. Significantly reduce waste production.</p> <p> Adopt measures to combat climate change. Strengthen resilience and adaptation to its consequences. Improve training, awareness and the capacity to mitigate it and reduce its effects.</p> <p> Upgrade infrastructure and transform businesses to make them sustainable by increasing resource use efficiency and the use of clean technologies. Increase the technological capabilities of industrial sectors, increasing the number of researchers and investments in research and development.</p>

⁴ Reduction of Scope1 and Scope2 Market based emissions since 31/12/2007, the date UBI Banca's foundation.

⁵ Target based on an estimated requirement of €150 billion of investments in Italy for the realisation of the European Green Deal, in relation to UBI Banca's market share.

Governance

Photo by
CHRISTIAN MELE

Luci e ombre della mia città
La Mole Antonelliana, Turin



Governance

Since its foundation in 2007, UBI Banca has constantly updated its governance system, forging a path that has updated and simplified the structure of the Bank and the Group in order to achieve its business mission and strategic objectives consistent with developments in the market and the regulatory context.

More recently, following the Bank's transformation into a joint stock company in 2015 and the change from a federal Group model to the [Single Bank](#) (2016-2018), the Shareholders' Meeting of 19th October 2018 resolved to adopt the [one-tier system of governance and control](#), which entered into force when the governing bodies were renewed at the Shareholders' Meeting of 12th April 2019, with the appointment of the Board of Directors for the three-year period 2019-2020-2021.

UBI Banca has also adopted the [Model of organisation, management, and control 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 offences, this model also constitutes an act of social responsibility vis-à-vis the stakeholders because of the resulting benefits in terms of the integrity and sustainability of operations.

Risk governance and management

The governance model

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In accordance with Art. 2409-sexiesdecies of the Civil Code, UBI Banca has adopted a one-tier system of management and control based on the establishment of a Board of Directors some of whom are also members of the Management Control Committee, as a body responsible for control. The Board of Directors is made up of 15 members including the Chairman, Deputy Chairman, Chief Executive Officer and 5 members of the Management Control Committee.

The Board of Directors as a whole is the Company's management and strategic supervision body; it is responsible for managing the business with the power to implement any transaction of both ordinary and extraordinary management necessary or in any case useful or appropriate for the best implementation of the corporate purpose. It fulfils all duties of strategic supervision indicated in the laws and regulations currently in force exclusively and without the right of delegation. The Management Control Committee performs the duties assigned by existing regulations to the control body.

For an in-depth discussion of UBI Banca's governance system, see the report on this matter contained in the document Reports and Accounts 2019¹. This report covers: the structure; composition (more specifically in connection with the gender diversity, qualifications and expertise of the members); powers of the governing bodies; appointment processes and criteria; processes for managing conflicts of interest and delegating authority and mechanisms for developing expertise and performance assessment.

The governance system is based on an organisational structure that is constantly updated with the aims of structural simplification and operational efficacy and efficiency², and a system of delegations that is formalised in the company regulations.

Remuneration and incentives

The remuneration and incentive policies are designed to guide decision-taking and individual behaviour in accordance with the pursuit of the Group's mission and strategic objectives, with a view to performance that is sustainable over the long term and is in any event sufficient to protect customers, in a context of proper conduct and management of conflicts of interest, and to avoid perverse incentives, which might induce the breach of regulations and improper risk-taking.

GRI
102-35:39

The UBI Banca Remuneration Committee has not made use of the support of an external advisor during 2019. The UBI Banca Human Resources Area has made use of external consultants specialising in the banking sector, for the main remuneration issues and for further specific investigations into market practices, external benchmarks and checks to ensure compliance with regulatory updates. For the characteristics and implementation procedures of the policies on remuneration and incentives, see the [Remuneration Report](#)³.

UBI Banca has a specific KPI in its annual incentive scheme for all "Identified Staff" in the Group, consisting of a basket of sustainability objectives in relation to environmental responsibility, commitment to the community and staff and customer focus. The customer satisfaction indicator, "*UBI Index*", is of particular significance to the commercial network. It measures customer satisfaction in terms of the simplicity of solutions, transparency of information and the reliability and competence of staff, in order to constantly improve service in each market segment. The new 2020/2022 long-term incentive scheme, also for all "Identified Staff", will, as an additional corrective, evaluate the degree to which each of the sustainability objectives has been reached.

1 Reports and Financial Statements 2019, Report on corporate governance and the ownership structure of UBI Banca in accordance with Art. 123-bis of the Consolidated Finance Law.

2 Reports and Financial Statements 2019, Consolidated Management Report - *The organisational structure and human resources of UBI Banca*.

3 Reports and Financial Statements 2019, Remuneration Report.

Governance of sustainability

GRI
102-19:21
102-33:34
102-43:44

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 is on the staff of the Chief Executive Officer.

Specific responsibilities for sustainability issues are delegated to the **Mobility Manager**, **Energy Manager**, and the new **Security and Safety Governance Area**, which sets strategies and related guidelines for prevention and protection at work, IT security, business continuity and fraud prevention. The new area reports to the Chief Operating Officer.

The governance and reporting process for social responsibility and sustainability issues is formalised in the **Policy for the preparation and publication of the consolidated non-financial statement of the of the UBI Banca Group in accordance with Legislative Decree No. 254/2016** and the related regulations, which set out reporting choices in terms of reference models, guidelines for selecting content, retrieving data and significant information and for defining controls, the approval procedure and the ways in which it is published and communicated to stakeholders, in order to guarantee compliance with the principles and methodologies required by the legislation and regulations in force. The related implementing regulation defines roles, responsibilities, and management and control processes in line with the provisions of the aforementioned policy and in compliance with the relevant legislation (Legislative Decree No. 254/2016). The process is structured in accordance with the governance rules on the basis of unambiguous lines of responsibility, ensuring the separation of tasks and defining relations between the various units internal and external to the Group.

Dialogue with stakeholders

Sustainability governance depends on 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 major categories of 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.

The annual Shareholders' General Meeting called to approve the financial statements represents the main occasion for **shareholder** involvement. Their comments on the financial statements and other matters on the agenda reveal the issues that are significant for them.

With regard to **employees**, their interests are upheld by company and Group representatives as part of periodic discussions required under the various labour contract procedures and in other opportunities for meetings, such as

equal partnership commissions and bi-lateral observatories on corporate social responsibility, corporate climate, training and equal opportunities matters⁴.

Customer requests are identified by means of the Customer satisfaction survey and the claims management process, the results of which are reported in the Consolidated Management Report⁵.

The Investor Relations Area is responsible for relations with **operators on the financial market** – Italian and foreign analysts and institutional investors. It reports directly to the Chief Executive Officer, with the support of the CSR Manager for sustainability issues. Investors and analysts are making increasingly frequent information requests and sending more questionnaires concerning the various ESG issues and in particular those relating to corporate governance, diversity and the environment, which are having an increasing impact on the policies of asset managers.

The activities conducted by Investor Relations are discussed in the Report on corporate governance and the ownership structure⁶.

The UBI Group share is currently followed by 18 brokerage houses (not including the companies involved in the replacement of the analyst holding the active hedging of the UBI Banca share in late 2019). During 2019, 50 price sensitive press releases were issued (and translated into English) and approximately 479 institutional investors (equity and debt) were met in one-on-one or group meetings, for a total of approximately 1,120 contacts over the year, including telephone contacts.

Participating in international conferences has made it possible to convey information to a wider audience. Representatives of UBI Banca were present at 8 international conferences for equity and 8 for debt. 15 equity and fixed income road shows were proactively organised as well as 52 individual or group meetings and conference calls with investors.

Activities for communications and discussions with debit card investors who subscribed to the numerous issues placed successfully throughout 2019 (7 public issues) have been particularly intense and significant over the year, making it possible to reach the expected MREL requirements well ahead of schedule.

As concerns the equity market, careful monitoring of performance of the share with the factors contributing to changes in it and constructive dialogues with the specialist operators both continued. As a result of this there were increases in the number of direct contacts with investors and the base of potential shareholders.

The Investor Relations Area also manages and supervises the Bank's corporate website, www.ubibanca.it, as a whole, with direct responsibility for the Investor Relations Sections.

4 Cf. Personnel section.

5 Reports and Financial Statements 2019, Consolidated management report - Complaint and dispute management.

6 Reports and Financial Statements 2019, Report on the corporate governance and ownership structure of UBI Banca S.p.A. 2019 - *Relations with shareholders section*.

FINANCIAL COMMUNICATION ¹	2019		2018		2017	
	No. of events	No. of contacts	No. of events	No. of contacts	No. of events	No. of contacts
Conference calls/presentations ²	4	548	4	572	6	822
International conferences	16	248	13	225	7	219
Road show	15	152	15	84	17	182
Individual and group meetings ³	52	181	33	182	46	166
TOTAL⁴	87	1,129	65	1,063	76	1,389

1 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.

2 4 conference calls with 4 presentations (also attended by UBI Group employees).

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

4 The greater activity in 2017 is due to the presentation of the Business Plan.

Our proactive approach to traditional and digital media has been consolidated, in line with previous years, to position the brand in a way that reflects the significance of the Group within the Italian banking sector, leveraging both its soundness and reliability and its more distinctive features in areas such as fintech, the civil economy, financial education, company welfare and highly digitised services.

Relations with opinion leaders are mainly formed with the media and intended to provide relevant and reliable information on the structure, activity, and financial position of UBI Banca, its policies and strategies, including social and environmental policies, and the impacts of action taken. Relations are conducted according to the principles of integrity, transparency, independence and equal treatment for each newspaper and journalist. UBI Banca's communications strategy is targeted on print, radio, television and online publications, both general interest and sector specific, at a local, national or international level depending on the issues and the intended audience.

RELATION WITH THE PRESS ¹	2019	2018	2017
Press articles	74	79	95
of which:			
<i>financial</i>	50	50	60
<i>informational</i>	15	13	11
<i>social / local initiatives</i>	5	5	19
<i>on products and services</i>	4	11	5
Meetings	42	45	40

1 Data not include the information notes disseminated at local level to the press in occasions of territorial relevance. For 2019 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 2018 has been restated. For data reported in the 2018 Consolidated non - financial declaration see the document published on the Group's website at <http://www.ubibanca.it/pagine/Bilancio-Sostenibilita-IT.aspx>.

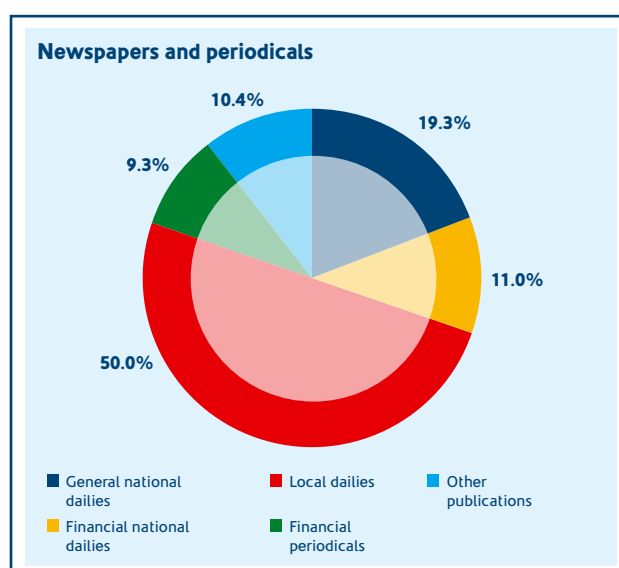
During 2019 Italian print media enhanced the visibility of UBI Banca's brand and initiatives by publishing 6,334 articles, generally reporting information on governance issues (mainly on the changeover to a one-tier system of governance and the establishment of the new Board of Directors), products and services and social activities.

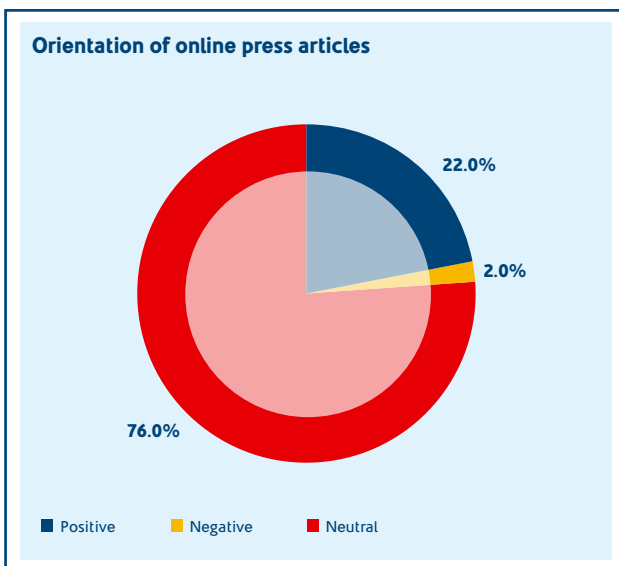
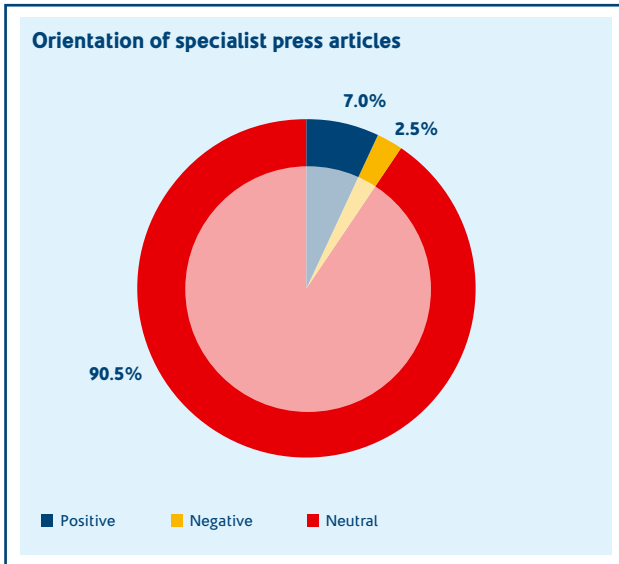
PRESS COVERAGE	2019	2018	2017
Articles	6,334	6,930	8,299
of which:			
<i>special¹</i>	44.0%	45.3%	51.6%
<i>with brand mention</i>	33.0%	23.5%	27.3%
<i>on social initiatives²</i>	23.0%	31.2%	21.1%

1 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.

2 News related to the support of social initiatives through donations and sponsorships.

In 2019 the media recognised the path taken by the Bank, which over the last two years has changed its central governance and organised the commercial network into Macro Geographical Areas, recognising the key role it has played in economic and social stability. In this context, the sentiment of the coverage has improved compared to 2018, with a marked reduction in negative articles (from 4.1% to 2.5%), most of them about outsourcing. 90% of the positive articles concerned the contribution has UBI made in the areas in where it operates, from the viewpoints of closeness to families of businesses and of support for non-profit organisations and weak segments of the population, consolidating its positioning amongst the banks that pay greatest attention to social issues and sustainability.





In terms of digital titles, articles have increased by 3.8% to 26,473, with improved sentiment, thanks to a 5% increase in the number of positive articles.

An overall analysis shows that the system of values inspiring the Group's management and operations is correctly perceived by the media: the traditional values of soundness, geographical closeness and social commitment are joined by innovation. 21% of the articles analysed make at least one association between a positive value and the action of UBI Banca.

In 2019 UBI Banca developed a **Facebook** strategy, specifically highlighting issues linked to the Bank's range of products and services, sustainability and its main sports partnerships, optimising formats and the associated media investment. This strategy generated an increase in interactions with content (180,000 putting UBI Banca in second place amongst its competitors) and total views (116 million, +20% on 2018). The community remains constant at 257,000 likes.

Our **LinkedIn** editorial and recruiting activities, for which Human Resources is responsible, made it possible to exceed 89,000 followers, with an increase of 35% compared to 2018. UBI Banca's company page was visited around 162,000 times with over 450,000 job vacancy views, with an increase of 13% compared to 2018. The content published on LinkedIn had over 2.9 million views (in line with the previous year) and was recommended by users over 10,000 times, with an increase of 27% compared to 2018.

The **Instagram** profile continues to grow in terms of both the number of followers and its performance: in 2019 UBI Banca came first in terms of total interactions (26,600) and the community reached 10,000 followers. There was also an excellent increase in visits to the profile (42,400, +77% on 2018).

Finally, UBI Banca's **YouTube** channel is also growing in terms of minutes of video watched, reaching 26 million total views at the end of 2019.

Risk management

The Group has activated processes and responsibilities designed to understand and manage risk, in order to ensure soundness and business continuity over the long term, extending the benefits to its stakeholders.

GRI
102-11
102-30:31

The internal control and risk management system is described in the Report on corporate governance and the ownership structure⁷, while the principal risks and uncertainties are analysed in the Consolidated Management Report⁸.

Reputational Risk

UBI Banca considers its corporate reputation to be a strategic factor of competitive advantage, to be pursued continuously through the promotion of its image and the public recognition as a sound and reliable business. It is a necessary condition for business sustainability in relation to the fiduciary nature of its relationship with customers (depositors and creditors) and all participants in the financial markets.

In order to ensure effective supervision of reputational risk UBI Banca has adopted its **Reputational risk management policy**, designed to identify the main areas from which events can be triggered that may affect the relationship of trust established with customers and how the Group is perceived by other stakeholders, to define procedures to manage those areas (mainly by adopting specific policies), to identify the principal phenomena to be monitored to verify the way in which the Group's reputation is perceived by customers and other stakeholders and to identify any new areas to be regulated by specific policies. The policy involves the preparation of quarterly Group **Reputational Risk Reporting** submitted to the Board of Directors and the relevant responsible committees.

⁷ Reports and Financial Statements 2019, Report on corporate governance and the ownership structure of UBI Banca S.p.A. 2019.

⁸ Reports and Financial Statements 2019, Consolidated Management Report - Principal risks and uncertainties to which the UBI Banca Group is exposed.

Other risks of a non-financial nature

The identification and evaluation of other risks of a non-financial nature relating to ESG issues (e.g. risks to sustainability) is governed by the UBI Banca Group Policy for the preparation and publication of the consolidated non-financial statement prepared in accordance with Legislative Decree No. 254/2016 and the Regulation for the management of the consolidated non-financial statement and the related implementing regulation.

Some ESG issues have been considered for some time for the purposes of the assumption of credit risk and the monitoring of some related sensitive issues. Looking forward, activities are taking place for the structured development of ESG issues within the Risk Appetite Framework, coming into effect progressively as part of the 2020-2022 Business Plan.

Integrity and reputation

Values, principles, standards and codes of conduct

GRI 102-16:17 For UBI Banca, compliance with the rules - external regulations, values, principles, codes and standards set on a voluntary basis - is the first principle of its way of "Banking fairly and well" and the first foundation for the trust of customers and other stakeholders.

The responsibility for managing and spreading the culture of regulatory compliance as a principle of integrity in corporate conduct is governed by the [UBI Banca Group compliance risk management policies](#)⁹ incumbent on the organisational units responsible for audit (the Chief Audit Executive, a staff unit of the Board of Directors) and compliance (the Chief Compliance officer who reports functionally to the Board of Directors).

The [Group's Code of Ethics](#), together with the [Code of Conduct for Employees of the Group](#), the [Management, Organisation and Control Model](#) pursuant to Legislative Decree No. 231/2001 (known as the [231 Model](#)) and the [Group Policy and Regulations for reporting violations \(whistleblowing\)](#) constitute the main references on compliance with the regulatory texts, in terms of the risk of commission of crimes or engagement in activities that are illegal or inconsistent with the principles of ethics. The general principles are reflected in the specialised legislation governing different areas in the form of policies, regulations and rulebooks. 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.

More specifically, the Code of Ethics, which is formally adopted by all the subsidiaries, is distributed to the other equity investees of the Bank in order for them to undertake to maintain conduct consistent with the principles contained in it. It is communicated to staff through the corporate intranet

and in hardcopy form for companies that do not have access to that portal. It is given to members of corporate bodies and newly recruited personnel when they accept their appointment, published on the Group website and provided to all those who do business with the Group under contract or who represent the Bank without being subordinate to it. Suppliers are required to sign a declaration of acceptance as part of the relevant contractual arrangements.

The Code of Ethics provides for a specific channel for reporting any unethical or illegal practices, in co-ordination with the channels provided as part of Model 231 and, for actions or facts that may constitute a violation of regulations governing banking or financial activities, the Whistleblowing Policy. In accordance with the Code, reports must be sent in writing to the Chief Audit Officer, with the option of using the email address provided for this purpose (codice.etico@ubibanca.it). Although they are not anonymous, reports are kept strictly confidential and those making them are protected against any form of retaliation, discrimination or penalty. The Internal Audit Function makes a record of reports received, carries out an initial assessment to determine the importance and then forwards them to bodies with management and control functions and to the Supervisory Body, if the alleged violation is significant for the purposes of regulations pursuant to Legislative Decree No. 231/01, or to the organisational unit that manages relations with the stakeholder who has committed the alleged violation, or the relative body in question, in other cases.

Whistleblowing reports are made using a dedicated software application, ensuring the confidentiality and data protection of all those involved.

As part of auditing activity conducted by the various functions which contribute to the implementation of the system of internal controls – compliance, audit, risk management, Anti-financial Crime, line units – consideration is also given to the concrete implementation of the principles and commitments set out in the Code of Ethics and the policies and procedures adopted with regard to social and environmental aspects of operations. The Internal Audit Function also monitors compliance with Internal Code of Conduct rules both through its ordinary planned audit activities and also through specific investigations where necessary.

Internal Audit submits regular reports to the governing bodies on the investigations carried out, the type of measures adopted and the proper operation of internal whistleblowing systems with aggregate information on the results of actions taken on whistleblowing reports received. All activities and organisational units are subject to verifications connected with implementation of the 231/2001 Model, while the Supervisory Body submits regular reports to the governing bodies on its adoption and effective implementation.

⁹ The compliance risk management policies define the relative principles and guidelines for managing the risk of incurring legal or administrative penalties, substantial financial losses or damage to reputation resulting from the violation of mandatory regulations or self-regulatory codes and the characteristics of the compliance organisational model.

Compliance

GRI
102-17
206-1
307-1
417-1:3
419-1

UBI Banca monitors developments in Italian and European legislation and regulations constantly in order to avoid the risk of non-compliance, possible sanctions and negative impacts on its corporate reputation.

The Compliance Function employs a preventive approach to ensure substantial compliance with regulations by corporate processes and therefore appropriate conduct by all personnel, ensuring that the interests of clients and investors are protected and it co-operates in the policy to establish relations of trust with all stakeholders. With this in view, it co-operates in staff training activities, to promote a corporate culture based on principles of risk culture, and principles of integrity and professional ethics and works with the other corporate units to ensure that remuneration and incentive schemes are consistent with objectives of compliance with the regulatory texts, the ethical codes, codes of conduct and other standards of conduct. There are no specific procedures for staff to ask for opinions on the ethical/legal compliance of practices: this need is met in the context of the employment relationship through requests made to the employee's line manager.

The definition of products and banking/financial services to be placed with customers is subject to a structured product governance process carried out in advance, involving various corporate units including Compliance, in order, amongst other things, to ensure compliance with external and internal regulations. The Compliance Function, as part of its duties, monitors their placement.

In 2019 there were no breaches of the regulations or notifications of significant non-compliance and no fines were imposed in relation to communication processes, the regulations and/or codes of conduct adopted in the area of transparency for products and services or environmental standards. As concerns anti-competitive behaviour and breaches of antitrust law, two disputes were pending in late 2019, one of which involved UBI Leasing and has been settled amicably. The unfair competition case brought against IWBanck by another financial intermediary, as reported last year, is still pending before the Court of Milan. Information on findings and sanctions for regulatory non-compliance in other contexts is given in the relevant section of the Consolidated Management Report¹⁰.

The number of reports of alleged violations of the Code of Ethics and Whistleblowing Policy remains extremely low.

REPORTS AND VIOLATIONS OF THE CODE OF ETHICS	2019	2018	2017
Alleged violations recorded in the year	1	-	6
<i>of which from audit activities</i>	-	-	-
Violations defined in the year	2	5	-
<i>of which:</i>			
<i>ascertained with penalties imposed</i>	-	-	-
<i>ascertained with corrective action¹</i>	-	-	-
<i>without grounds</i>	2	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.

WHISTLEBLOWING REPORTS	2019	2018	2017
Whistleblowing reports received	6	11	11
<i>of which:</i>			
<i>UBI Banca</i>	6	4	10
<i>IW Bank</i>	-	1	1
<i>UBI Leasing</i>	-	6	-
Whistleblowing reports under examination during the year	18	19	12
<i>of which:</i>			
<i>received during the year</i>	6	11	11
<i>under investigation at the end of the previous year</i>	12	8	1
Whistleblowing reports closed on completion of the established procedure	13	7	4
<i>of which:</i>			
<i>because not relevant to the Policy</i>	-	1	1
<i>subject to appropriate management provisions</i>	9	6	3
<i>follow-up frameworks not indicated</i>	4	-	-
Whistleblowing reports in progress at the end of the year	5	12	8

No violations of the Code of Ethics have been confirmed through investigations conducted following reports through the whistleblowing channel.

The fight against corruption and other illegal activities

Italian corruption legislation is governed by articles 318 et seq. of the Criminal Code, which provides for severe legal consequences (under criminal and/or civil law) and also financial consequences for those who engage in corrupt practices. UBI Banca undertakes to oppose corruption in all its forms, carrying out our activities in compliance with the relevant applicable laws, with care taken to make both our staff and third parties aware of the importance of performing their activities and the tasks assigned to them with integrity, transparency and responsibility.

GRI
205-1:3

¹⁰ Reports and Financial Statements 2019, Consolidated Management Report – Other information.

PARTECIPANTS' TO TRAINING ON ANTI-CORRUPTION PRACTICES ²	2019			2018			2017		
	North	Center	South and islands	North	Center	South and islands	North	Center	South and islands
Senior managers	93	12	5	142	33	12	96	8	5
as a percentage of the total Senior managers	30.6%	35.3%	33.3%	47.0%	73.3%	80.0%	31.0%	22.9%	33.3%
Middle managers	3,413	944	555	600	825	54	3,174	509	487
as a percentage of the total Middle managers	58.8%	61.2%	61.4%	11.0%	41.4%	6.5%	55.5%	28.7%	55.5%
Professional areas	3,781	1,356	759	907	1,478	135	4,058	645	608
as a percentage of the total Professional areas	56.4%	50.9%	56.5%	14.1%	40.3%	12.3%	57.2%	20.1%	49.2%
TOTAL	7,287	2,312	1,319	1,649	2,336	201	7,328	1,162	1,100
as a percentage of the total	56.9%	54.5%	58.3%	13.6%	40.9%	10.3%	55.8%	23.2%	51.7%

1 Employees active at 31.12 (total staff net of employees on leave and employees of companies not in service: companies outside the Group, UBI Trustee, Pramerica Management Company).

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

In this respect, in addition to the provisions of the Code of Ethics, Model 231 and Whistleblowing Policy, UBI Banca has further strengthened oversight, formalising this in specific internal regulations for the prevention of the risk of corruption, with particular reference to following areas: relations with customers, third parties and suppliers; donations and sponsorships; free gifts; staff (selection, appointment and career progression); conflicts of interest and relations with public authorities (including Supervisory Authorities).

Special attention is devoted to staff training, with the following taking place in 2019:

- over 2,000 hours of webinars on the principles derived from Legislative Decree No. 231/2001, as well as the crime of corruption and the Group's internal anti-corruption controls, held by the Group's compliance authorities for over 1,000 participants with roles of responsibility, in particular Branch Managers and those responsible for Corporate Centres and Top Private Banking Centres;
- over 10,000 hours of online training on Model 231, for the same number of participants.

During 2019, as in previous years, there were once more no cases of corruption involving Group personnel.

The development of the financial markets, technological and financial innovations and globalisation have extended the scope and the tools at the disposal of those who intend to commit crimes of money laundering and terrorist financing. The primary legislation, regulations and supervisory instructions governing the organisation, procedures and internal controls for the prevention of money laundering require those subject to these obligations to carry out and regularly update an overall assessment of their exposure to the risks of money laundering and terrorist financing and adopt the measures (procedures, tools and controls) considered most suitable for preventing these risks, consistent with their exposure.

The Anti-Financial Crime Area is responsible for the supervision of anti-money laundering activities. It is on the staff of the Chief Executive Officer and reports functionally to the Board of Directors. Given the Parent's role of management, co-ordination and control of subsidiaries, the Chief of the UBI Banca Anti-Money Laundering function is also the Anti-Money Laundering Officer at Group level.

Exposure to the risk of money laundering is analysed through the self-assessment exercise performed at least once a year, which is examined and approved by the Board of Directors.

The outcomes of the self-assessment process provide an overall picture of the inherent risk and level of vulnerability of the organisational system and controls in place, enabling the corporate bodies and functions to define and implement appropriate strategies, procedures and organisational measures for risk prevention and mitigation.

The measures identified contribute to the creation of the Anti-Money Laundering Function's action plan, which is subject to monitoring with regular reports submitted to Senior Management. Ex-ante verification activities are in place to assess the adequacy of the processes and procedures established for the prevention and management of the risks of money laundering and terrorist financing, as well as ex-post control processes to assess their efficacy and the effective application of the internal processes and procedures and the regulatory and organisational changes made, by checking the effective compliance of the corporate units with internal and external legislation and regulations.

Lastly, the Group has adopted a structured reporting model with the objective of ensuring a system of adequate, complete and timely information flows towards the governing bodies and between the control functions in observance of the principle of co-ordination between them, set out in a quarterly report issued by the second level controls, a quarterly dashboard of Key Risk Indicators and an annual report listing suspicious transaction reports, non-compliances detected and related corrective actions and the staff training activities carried out.

The risk of involvement in illegal transactions, along with the related legal and reputational risks, is mitigated through the Bank's internal regulations, the design of effective management processes, the implementation of appropriate tools and procedures and the activation of training and information initiatives for staff.

In addition to the provisions of Model 231, UBI Banca has adopted internal regulations on combating money laundering: the [Policy and Regulations for the management of risks connected with money laundering and the finance of terrorism and an Anti-Money Laundering Manual](#), which define strategic choices, responsibilities, tasks and operating procedures for managing the risk of money laundering, with a structure adapted to suit the activities performed by Group banks and companies.

Specific processes and procedures support activities for customer due diligence, suspect transaction reports, the registration of relationships and transactions, the storage

PARTECIPANTS' TO TRAINING ON ANTI-MONEY LAUNDERING PRACTICES ²	2019			2018			2017		
	North	Center	South and islands	North	Center	South and islands	North	Center	South and islands
Senior managers	91	9	6	43	13	4	49	9	4
as a percentage of the total Senior managers	29.9%	26.5%	40.0%	14.2%	28.9%	26.7%	15.8%	25.7%	26.7%
Middle managers	3,962	1,263	774	1,759	729	350	1,769	1,108	373
as a percentage of the total Middle managers	68.3%	81.9%	85.6%	32.4%	36.6%	42.0%	30.9%	62.6%	42.5%
Professional areas	4,364	2,017	1,079	1,960	755	373	2,314	1,793	425
as a percentage of the total Professional areas	65.1%	75.7%	80.3%	30.5%	20.6%	33.9%	32.6%	55.8%	34.4%
TOTAL	8,417	3,289	1,859	3,762	1,497	727	4,132	2,910	802
as a percentage of the total	65.7%	77.6%	82.2%	30.9%	26.2%	37.3%	31.5%	58.0%	37.7%

1 Employees active at 31.12 (total staff net of employees on leave and employees of companies not in service: companies outside the Group, UBI Trustee, Pramerica Management Company).
2 It includes participations in the anti-money laundering area covered in IVASS (Institute for Insurance Supervision) training courses.

of documents and the evaluation, management and monitoring of risk and reporting. Transactions are monitored by means of dedicated software applications which support the identification of evidence potentially connected with money laundering or other illegal activities. When situations have been intercepted, they are submitted for evaluation by the organisational units responsible for the administration and day-to-day management of customer relations and then the central control unit.

In 2019 33,500 hours of anti-money laundering training was carried out for approximately 14,000 employees, both in classrooms and using the e-learning platform. The training was targeted on network personnel, central management and the management of Group member companies, who act as the first point of contact with customers.

Legality Rating

The Legality Rating for enterprises was introduced by Ministerial Decree No. 57/2014, in order to address corruption and other illegal activities. The measure requires banks to take this rating into account in order to reduce the time and costs involved in making assessments and determining an enterprise's creditworthiness and relevant economic conditions, when it is considered important in the development of a loan transaction.

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 therefore laid down specific rules for considering Legality Ratings in regulating the processing and approval of credit lines. Due to the time required to gather the data, it is not possible to include information on the volume of business with firms that have a Legality Rating in this report. The data are published, 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 transparency¹¹.

11 <https://www.ubibanca.it/pagine/Legality-ratings-EN.aspx>

12 <https://www.ubibanca.it/pagine/Policies-CSR-EN.aspx>.

Protection of human rights

As a result of the location and nature of the activities carried out, the operational framework for risks of violations of human rights laws would seem to be limited to risks related to the activities of customers operating in certain economic sectors (classified as controversial sectors and more specifically weapons) and risks deriving from the procurement of gold and diamonds.

The transactions that include clauses or are subject to human rights assessment are those relating to international arms trade transactions and the supply of gold, which represent close to zero percent of the total number of transactions performed by the Group. There were no other contracts or investments which are subject to or include clauses that are subject to human rights assessment.

International arms trade

UBI Banca has had a [Policy on weapons](#)¹² since 2009, the main objective of which is to avoid the Group's involvement in operations potentially contributing to human rights violations. It therefore prohibits relations with enterprises involved in weapons of mass destruction (nuclear, biological and chemical) and other controversial arms (mines, incendiary and laser weapons, fragmentation and depleted uranium weapons) and is subject to limits and a rigorous authorisation process for the approval of banking and financial services for international arms trading operations, depending on the types of weapons and the countries involved.

In 2019 there were 420 banking transactions related to exports of arms and weapons materials performed by major customers in the industrial sector, including:

- 336 transactions for €22.6 million relating to weapons materials pursuant to Law No. 185/1990, i.e. arms for military use (of which 79% to EU/NATO/OECD countries);
- 84 transactions for €1.4 million relating to weapons for civilian use, classified as light weapons (of which 98% to EU/NATO/OECD countries).

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TRANSACTION TO OPERATIONS FOR EXPORTS OF WEAPONS AND ARMAMENTS SYSTEMS ¹ (millions of euro)	2019		2018		2017	
Military weapons and munitions ²	5.7	23.9%	2.6	10.5%	1.6	5.0%
Military aircraft and other craft ²	11.5	47.6%	16.4	66.8%	20.9	66.4%
Military aircraft and other craft not equipped ²	-	0.0%	-	0.0%	-	0.0%
Military systems and equipment ²	5.5	22.7%	3.9	16.0%	6.6	21.0%
Weapons and munitions for civilian use ³	1.4	5.8%	1.6	6.7%	2.4	7.6%
TOTAL	24.0	100.0%	24.5	100.0%	31.5	100.0%

1 The following transactions don't 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). Since 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. In order to ensure comparability of data, 2017 data have been restated. 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>.

2 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).

3 Ordinary firearms pursuant to art. 2 Law No. 110 of 18th 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.

As in past years, all transactions were carried out in compliance with this policy, and no waivers were granted. In compliance with the commitment to transparency provided under the Policy on weapons, a more detailed report on the operations in question is published in the Social Responsibility section of the Group's corporate website concurrently with the publication of the Government's report to Parliament under Law No. 185/1990¹³.

Supply of diamonds

In recent years UBI Banca sold diamonds, on the basis of an agreement with Diamond Love Bond¹⁴, checking that all the diamonds have guarantees of lawful origin and are certified as conflict free¹⁵ and child labour free¹⁶.

In April 2018, following the start of an investigation by the AGCM (Competition and Markets Authority), the Bank decided to suspend the sale of diamonds and has not resumed this trade. Although the investigation was closed without finding any wrongdoing or imposing any sanction, the Bank considered that the product was no longer adequate to meet the needs of customers. It therefore informed its partners in September 2019 that it would withdraw from the co-operation agreement with effect from 1st January 2020 and thus effectively brought its diamond sales to an end.

Supply of gold

Gold transactions are performed on the basis of well-established internal regulations, the Policy for the

responsible supply of gold bullion¹⁷ and the related regulations, part of which relates specifically to the procurement of gold, defining models, processes, stakeholders and their relative responsibilities. In particular, it recognises the crucial 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 that are on the London Good Delivery list¹⁸, which is internationally recognised as the market standard.

There were a total of over 300 gold loan bullion transactions in 2019, with due diligence checks for compliance with the supply policy and related regulations. The transactions, consisting of purchases and a minimal number of returns to repay gold loans, involved approximately 5,000 Kg of gold. Additional purchases of approximately 1,500 Kg concerned ingots from the Private Individuals segment that were already deposited with the Bank for safekeeping. 75% of the above total was sold to companies or banks, 20% to the Bank's private customers and 5% to the customers of other banks.

The training provided for the sales network was also strengthened after the intense activity performed when the business was launched. The training also covered the issue of social responsibility, covering the Policy adopted by UBI Banca and the operational processes for its implementation.

13 <https://www.ubibanca.it/pagine/Policies-CSR-EN.aspx>

14 A company authorised by the Belgian Ministry of the Economy, Trade and Energy, based in Antwerp and present on all diamond exchanges worldwide. The company adopts strict ethical principles: it supports the principles of the Global Compact, acts in accordance with the best practices recommended by the World Diamond Council System of Warranties and the Diamond Trading Company and complies with the Kimberley Protocol.

15 Diamonds that do not come from conflict areas or from transactions to finance armed groups and conflicts.

16 Diamonds that do not originate from mining and processing activities involving child labour.

17 The Policy sets out internal guidelines for the responsible supply of gold, with specific reference to the risk of violations of human rights and the financing of armed groups in the supply chain. It 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". <https://www.ubibanca.it/pagine/Policies-CSR-EN.aspx>.

18 List managed by the London Bullion Market Association, which has a Gold Guidance Manager.

For further information, see <http://www.lbma.org.uk/good-delivery>.

Loans to “controversial” economic sectors

Considering the volume of activity, which remains marginal, UBI Banca has not adopted specific policies for controversial

economic sectors, except for the arms sector, for which the aforementioned Policy is already in place and the gambling and gaming sector, for which it adopted an Internal Credit Area Directive in 2011.

CONTROVERSIAL SECTORS (MILLIONS OF EURO) ¹	2019		2018		2017 ²	
Weapons	204.1	0.41%	134.5	0.25%	145.3	0.26%
Tobacco	65.4	0.13%	73.9	0.14%	87.1	0.16%
Alcohol	54.9	0.11%	50.7	0.09%	46.5	0.09%
Furs	4.9	0.01%	7.1	0.01%	8.2	0.02%
Gambling	4.5	0.01%	10.7	0.02%	12.6	0.02%
Nuclear	0.0	0.0%	0.0	0.0%	0.0	0.0%
TOTAL	333.8	0.66%	276.9	0.51%	299.7	0.55%

¹ 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.

² 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>.

Co-operation with institutions

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The UBI Banca Group manages its relations with institutions, regulators and supervisors (Italian, European and international) and the other stakeholders with transparency, openness to dialogue and integrity in its relationships, with a view to helping to ensure the proper functioning and stability of the financial sector.

With specific reference to advocacy, UBI takes part in the debate on regulatory changes and related policies by making its views known, with a view to making a constructive contribution to the development of high-quality regulations that also work for those governed by them. Most advocacy during 2019 took place indirectly through associations, particularly the Italian Banking Association (ABI) at the local level and the European Banking Federation (EBF), of which the ABI is a member, at the European and international level.

UBI Banca has adopted governance procedures mechanisms as provided under the **Corporate Governance Code for Listed Companies**, issued by the Corporate Governance Committee of the Italian Stock Exchange¹⁹. In the commercial framework the Group complies with the **European Code on Home Loans** signed by the European consumer and banking associations and with the principles of the **Voluntary Advertising Code** of the *Istituto di Autodisciplina Pubblicitaria* (Italy's advertising standards authority), the first edition of which dates back to 1966.

It participates in initiatives to promote sustainability at the national and international level:

- it maintains the commitment made in 2003 by the then BPU Banca when it endorsed the ten universal principles of the **Global Compact** in favour of human rights, the protection of labour, the environment and the fight against corruption;



- since 2014 it has 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. Contracts with suppliers now 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 2019 was 33.7 days;






- it is a signatory of the **Assisi Manifesto**, a programme document signed by businesses, institutions and organisations designed to encourage economic development on a human scale.



The importance of sustainability has also led the Bank to create and strengthen partnerships and collaborations with leading nationally-recognised institutions (e.g. ASviS - the Italian Alliance for Sustainable Development - and the Forum for Sustainable Finance) in order to promote UBI Banca as a sustainable business and an intermediary for sustainable development that supports the environment and the needs of the local area and the people who live there.

¹⁹ Reports and Financial Statements 2019, Consolidated financial statements, Report on corporate governance and the ownership structure of UBI Banca S.p.A.

It is also a member of associations in the sector and organisations that support initiatives to carry out projects to promote and disseminate best corporate accountability and sustainability practice; more specifically it is a:

- member of the **Sodalitas Foundation** whose mission is to contribute to the development of the third sector and the growth of a culture of corporate social responsibility. UBI Banca takes an active part in various initiatives, including the **Sodalitas - Cresco Award for sustainable cities** and works with the **Sodalitas Social Academy** on social finance training issues for non-profit and social economy organisations (UBI Banca is represented on the Steering Committee); 
- founder member of **Social Value Italia**, 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 represented on the association's Management Board); 
- supporting member of the **Triulza Foundation** 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 to guarantee acceptance and inclusion; there are various initiatives with UBI Banca including, from this year in co-operation with FEDuF, financial education for young people in local schools and the promotion of the **Permanent committee for financial education and social inclusion** as part of the activities of the **Social Innovation Academy** in the Milan Innovation District (MIND), which makes training courses available to educators and third sector operators to encourage the financial inclusion of people with financial difficulties (UBI Banca is represented on the advisory board of the Social Innovation Academy); 

- founder member of the **Social Impact Agenda for Italy**, which was founded to draw on the experience and give continuity to the work of the Italian advisory board of the G8 Social Impact Investment Task Force, of which the Group has been a member since its foundation. The association, which is part of the Global Social Investment Steering Group (GSG), is intended to make 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 the Italian social impact investment ecosystem (UBI Banca is represented on the Management Board); 
- signatory of the Memorandum of Understanding of **Turin Social Impact**, an open platform launched in late 2017 that has so far been joined by over 70 businesses, institutions, financial operators (UBI Banca was the first bank to join) and third sector organisations to share ideas, experiences, projects and resources to catalyse and attract forms of entrepreneurship that aim to make use of new technological opportunities to solve emerging social problems through economically sustainable business models; 
- supporting member of the **Forum Finanza Sostenibile** (Sustainable Finance Forum), a non-profit, multi-stakeholder association for financial operators and other organisations interested in the environmental and social impact of investments. Its mission is to promote the knowledge and practice of sustainable investment, with the objective of promoting the integration of environmental, social and governance (ESG) criteria into financial products and processes. 

Economic value

A scenic view of a rocky coastline. The sky is a vibrant blue, filled with scattered white clouds. The sea is a deep blue with gentle ripples. In the foreground, large, light-colored rock formations frame the scene. On the left, two birds are perched on a rock. In the middle ground, two people are on a small boat in the water. The overall atmosphere is bright and serene.

Photo by
CLAUDIA GREGANTI

Le due sorelle
Ancona

Economic value

Strength and Profitability

UBI Banca is committed to pursuing adequate profitability and guaranteeing remuneration to the shareholders while maintaining capital solidity, in accordance with prudential supervisory requirements, as necessary conditions for the creation of medium to long-term value for all stakeholders.

This objective is supported by all units of the Group through the establishment of the Business Plan and the relevant project plan, which is known as the Transformation Plan. Progress in connection with this Plan is systematically monitored by the UBI Banca Management Committee in dedicated sessions, so that any remedial measures that may be required can be adopted in a timely manner.

These topics are dealt with in more length in the 2019 Annual Report. This document analyses the economic

value generated by the Group, according to the reporting framework required by the GRI standard.

Economic Value Generated and Distributed to Stakeholders

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.

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In 2019 UBI Banca generated €3.1 billion in economic value (unchanged since 2018), 88.7% of which was distributed to the stakeholders.

DETERMINATION OF THE ECONOMIC VALUE CREATED (thousands of euro)	2019	2018	Variation
Interest and similar income	2,180,444	2,220,104	-1.8%
Interest expense and similar	(377,933)	(346,819)	+9.0%
Commission income	1,894,864	1,779,150	+6.5%
Commission expense	(229,295)	(198,233)	+15.7%
Dividends and similar income	8,514	24,779	-65.6%
Net trading income	28,692	54,866	-47.7%
Net hedging income	(15,429)	(10,325)	+49.4%
Income (loss) from disposal or repurchase of :	(21,171)	(12,752)	+66.0%
a) financial assets measured at amortized cost	(50,827)	(76,657)	-33.7%
b) financial assets measured at fair value with impact on the overall profitability	33,580	69,477	-51.7%
c) financial liabilities	(3,924)	(5,572)	-29.6%
Net income (loss) from financial assets and liabilities measured at fair value through profit or loss	114,812	(27,974)	n.s.
a) financial assets and liabilities designated at fair value	569	893	-36.3%
b) financial assets and liabilities mandatorily measured at fair value	114,243	(28,867)	n.s.
Net impairment losses for credit risk relating to:	(744,098)	(638,277)	+16.6%
a) financial assets measured at amortized cost	(740,755)	(639,003)	+15.9%
b) financial assets measured at fair value through other comprehensive income			
Net impairment losses attributable to insurance companies in accordance with IAS 39	(3,343)	726	n.s.
Income/loss of contract modifications without deletions	(25,283)	(37,383)	-32.4%
Net insurance premiums	314,314	373,776	-15.9%
Other income/expense on insurance operations	(337,153)	(396,096)	-14.9%
Other net operating income	283,120	293,471	-3.5%
Profits on disposal of investments	6,101	5,344	+14.2%
TOTAL ECONOMIC VALUE CREATED	3,080,499	3,083,631	-0.1%

DETERMINATION OF THE ECONOMIC VALUE RETAINED BY THE GROUP (thousands of euro)	2019	2018	Variation
Net provisions for risks and charges	24,835	(19,432)	n.s.
a) Commitments and guarantees granted	26	(23,923)	n.s.
b) other net provisions	24,809	4,491	+452.4%
Net impairment losses on property, equipment and investment property	157,609	90,868	+73.4%
Net impairment losses on intangible assets	77,585	75,579	+2.7%
Profits (losses) of equity investments (for the fair value part: write-downs/write-backs, impairment losses/reversals, other expenses/income)	(40,343)	(24,602)	+64.0%
Taxes on income for the year for continuing operations (for the part relating to the change in deferred tax assets and the change in deferred tax liabilities)	27,521	(135,819)	n.s.
Profit allocated to reserves	99,446	283,335	-64.9%
TOTAL ECONOMIC VALUE RETAINED	346,653	269,929	+28.4%

DETERMINATION OF THE ECONOMIC VALUE DISTRIBUTED TO STAKEHOLDERS (thousands of euro)	2019	2018	Variation
b) other administrative expenses ¹	557,355	666,016	-16.3%
SUPPLIERS	557,355	666,016	-16.3%
a) personnel expense ²	1,561,333	1,545,909	+1.0%
WORKERS INCLUDING EMPLOYEES	1,561,333	1,545,909	+1.0%
Profit (loss) for the year attributable to non controlling interests	33,848	25,894	+30.7%
Share of profit destined to dividend payments ³	147,554	136,371	+8.2%
SHAREHOLDERS AND NON CONTROLLING INTERESTS	181,402	162,265	+11.8%
b) other administrative expenses: indirect taxes and duties, expenses for resolution funds and deposit guarantees and contributions in relation to treasury	369,351	353,242	+4.6%
Taxes on income for the year for continuing operations ⁴	54,612	74,978	-27.2%
CENTRAL AND LOCAL PUBLIC ADMINISTRATIONS	423,963	428,220	-1.0%
b) other administrative expenses – grants and donations	5,595	5,390	+3.8%
Profit allocated to the charity fund ⁵	4,198	5,902	-28.9%
COMMUNITY AND ENVIRONMENT	9,793	11,292	-13.3%
TOTAL ECONOMIC VALUE DISTRIBUTED	2,733,846	2,813,702	-2.8%

1 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).

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

3 Data year is based on the allocation of profits proposed to the Shareholders' Meeting, approved by the Management Board on 28th February 2020. It may differ from the total dividends actually paid out, if a change in treasury shares occurs on the ex dividend date.

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

5 Allocations made by UBI Banca according to the provisions of its Articles of Association for charitable, social and cultural donations.

Employees

The largest share of the economic value generated and distributed goes to the employees. In 2019 this was 57.2% (compared with 54.9% in 2018). Remuneration is the main component and consistently exceeds the minimum provided by the trade unions.

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 context of defined contribution plans from which all of the Group's employees benefit.

AVERAGE SALARY FIRST JOB COMPARED WITH TRADE UNION MINIMUM¹	2019	2018	2017
Men	113.5%	114.2%	112.8%
Women	114.6%	114.8%	111.3%

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

Shareholders

Overall, the economic value distributed to shareholders and to third parties (minority shareholders of the company included in the consolidation) is 6.6% of the economic value generated and distributed to the stakeholders (up from 5.8% in 2018).

The economic value distributed to the UBI Banca shareholders represents 5.4% of the economic value distributed to the stakeholders, up by 8.2% from 2018. 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.

Suppliers

The economic value distributed to suppliers comprises revenues from purchases of goods and services, almost entirely concerning 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. In 2019 the share of the economic value received by suppliers was 20.4%, slightly down from 23.7% in 2018.

Public Administrations

The share of the economic value distributed to central and local administrations (15.5% compared with 15.2% in 2018) includes income tax, indirect taxation and tax and charges for deposit guarantee and resolution funds. This item also includes contributes paid to entities by the treasury service.

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 deposits¹. The Bank has only accessed public funds for lending as part of Central Bank subsidised funding programmes (such as TLTRO) for financial stability purposes or to facilitate the implementation of monetary policy. It has used resources from sector funds, to which it contributes, to carry out voluntary redundancy programmes² and employee training programmes³.

The Community and the Environment

The share of economic value relating to the community and the environment was 0.3% in 2019, compared with 0.4% in 2018. This consists of costs incurred during the financial year for social purposes (independently of whether payment was actually made during the same year) and profits allocated to the reserve available to the governing bodies (the 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 community and environment share does not include the costs of expenses and investments to improve the Group's environmental performance.

SPENDING ON INVESTMENTS FOR THE ENVIRONMENT (thousands of euro)	2019	2018	2017
Waste management	1,382	1,307	1,955
Electricity GO certificates purchased ¹	114	7	-
Building automation system to optimize branches and large buildings consumption	-	1,416	3,379
Replacement of systems (e.g. UPS, heat pumps)	1,446	-	116
TOTAL	2,942	2,731	5,450

¹ Certificates purchased from a supplier that produces electricity from renewable sources.

¹ Contributions to the National Resolution Fund set up by the Bank of Italy in accordance with article 78 of Legislative Decree No. 180 of 16th November 2015, to the Deposit Guarantee Scheme (DGS) required by Decree Law No. 30 of 2016, represented by the Interbank Deposit Protection Fund (IDPF), and to the voluntary IDPF scheme for Banca Carige.

² Solidarity fund to support the income, employment and reversion and requalification of banking staff.

³ 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.

Personnel



Photo by
HELIOS MENENI

Città Alta sbuca dal lenzuolo nebbioso
San Vigilio - Bergamo Alta

Personnel

In the current highly uncertain and competitive economic and market scenario, human capital is increasingly the principal way to gain a competitive edge. It is therefore crucial to select, assess and manage resources as effectively as possible.

The search for **corporate wellness** is a primary goal for the whole Group, which is aware that motivation, cooperation, engagement and the proper dissemination of information are all factors that improve employees' mental and physical health, generate trust and satisfaction and increase productivity.

Thanks to the working conditions UBI Banca offers its employees and the adoption of personal development and well-being best practice, in 2020 the Bank once again received certification from the Top Employers Institute.



Personnel management is incumbent on the Human Resources Area, which reports to the Chief Operating Officer.

Enhancement and Well-being of Personnel

Employment and Turnover

In 2019 the continuing complex economic and market conditions meant it was necessary to extend initiatives to contain labour costs and increase efficiency and profitability.

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Organisational and management operations have always been carried out in accordance with social **sustainability criteria**, under arrangements with trade unions. These agreements involve oversight mechanisms for the redeployment of staff involved in reorganisation plans, and the use of voluntary flexible working arrangements and retirement incentives. The change of role and retraining processes are accompanied by special reskilling training programmes, with a view to enhancing human and professional resources.

Retirement incentives to optimise human resources are part of a **generational turnover** plan set out in the current

INTRAGROUP MOBILITY (Displacements with contract detachment or transfer)	2019		2018		2017 ¹	
	Total	of which contract transfers	Total	of which contract transfers	Total	of which contract transfers
Men	343	38	853	483	10,390	5,641
Women	213	16	542	331	6,982	3,467
TOTAL	556	54	1,395	814	17,372	9,108

¹ Data derive from the project Single Bank and from incorporation of the New Banks.

Business Plan, which allowed 608 new people to be hired (1,100 in the 2017-2019 three-year period) and 228 people to be given permanent contracts.

In accordance with trends in the distribution model and the effort to simplify operations, the hiring of personnel from the external market aims to incorporate young new graduates, and when required, those having distinctive specialised skill profiles not present in the Group to contribute to the development of new skills and professional capacities.

As confirmation of its vocation as an active player in Italy's social and economic life, following on from previous years, in 2019 UBI Banca made a significant contribution to youth employment in the areas in which it operates, mainly hiring

young people to work in the Business organisational units (72%). The breakdown by seniority shows the Group's constant efforts to hire young talents with a valuable academic record. In fact there is a clear predominance of new hires aged under 30 (70%), mainly concentrated in the commercial network organisational units (85%). As regards gender distribution among new hires, 53% are women, confirming the focus on female resources.

The vast majority of people hired from the external market in 2019 have gone to work in the areas where the Group has the largest number of offices, in particular in Lombardy, where the main offices and coordination and control functions are concentrated. In 2019 14 new senior managers were hired, 93% of whom are resident in Lombardy.

RECRUITS	2019			2018			2017 ¹		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
New insertions	286	322	608	201	216	417	362	342	704
of which: on temporary contract	95	135	230	108	145	253	258	277	535
permanent	191	187	378	93	71	164	104	65	169
Contract transformations ²	103	125	228	16	26	42	39	65	104
of which: from apprenticeship	87	101	188	0	0	0	0		0
other	16	24	40	16	26	42	39	65	104
TOTAL	389	447	836	217	242	459	401	407	808

¹ 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 <https://www.ubibanca.it/pagine/Bilancio-Sostenibilita-IT.aspx>.

² Data represents all the contract transformations that took place during the year, including those that concerned employees subsequently departed during the year.

NO. RECRUITS (New insertions)	2019			2018			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
North	244	294	538	174	199	373	289	305	594
of which: up to 30 years	170	209	379	123	139	262	196	232	428
30 to 50 years	66	65	131	45	48	93	81	57	138
over 50 years	8	20	28	6	12	18	12	16	28
Central	6	9	15	2	7	9	38	27	65
of which: up to 30 years	1	3	4	0	1	1	38	23	61
30 to 50 years	3	5	8	1	5	6	0	4	4
over 50 years	2	1	3	1	1	2	0	0	0
South and islands	32	15	47	23	9	32	29	7	36
of which: up to 30 years	28	15	43	21	9	30	27	7	34
30 to 50 years	4	0	4	2	0	2	2	0	2
over 50 years	0	0	0	0	0	0	0	0	0
Abroad	4	4	8	2	1	3	6	3	9
of which: up to 30 years	0	2	2	1	0	1	3	0	3
30 to 50 years	4	1	5	0	1	1	1	3	4
over 50 years	0	1	1	1	0	1	2	0	2
TOTAL	286	322	608	201	216	417	362	342	704

RECRUITS RATE (New insertions)	2019			2018		
	Men	Women	Total	Men	Women	Total
North	3.4%	5.8%	4.4%	2.2%	3.7%	2.8%
of which: up to 30 years	50.1%	46.3%	48.0%	38.3%	30.5%	33.8%
30 to 50 years	1.8%	2.1%	1.9%	1.1%	1.4%	1.2%
over 50 years	0.3%	1.2%	0.6%	0.2%	0.7%	0.4%
Central	0.2%	0.4%	0.3%	0.1%	0.3%	0.2%
of which: up to 30 years	8.3%	27.3%	17.4%	0.0%	5.3%	2.6%
30 to 50 years	0.2%	0.3%	0.3%	0.1%	0.3%	0.2%
over 50 years	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%
South and islands	2.1%	1.5%	1.8%	1.9%	1.3%	1.7%
of which: up to 30 years	57.1%	60.0%	58.1%	70.0%	81.8%	73.2%
30 to 50 years	0.6%	0.0%	0.3%	0.4%	0.0%	0.2%
over 50 years	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Abroad	22.2%	22.2%	22.2%	6.9%	4.5%	5.9%
of which: up to 30 years	0.0%	66.7%	66.7%	100.0%	0.0%	50.0%
30 to 50 years	50.0%	9.1%	26.3%	0.0%	7.7%	4.0%
over 50 years	0.0%	25.0%	7.1%	6.3%	0.0%	4.2%
TOTAL	2.5%	3.7%	3.0%	1.7%	2.5%	2.0%

Since 2019 Abruzzo has been included among the southern instead of the central regions of Italy. The data for 2018 have been restated as a consequence.

DEPARTURES	2019			2018			2017 ¹		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Business Plan reductions ²	409	196	605	577	270	847	882	444	1,326
of which:									
<i>solidarity fund</i>	321	179	500	521	251	772	828	426	1,254
<i>incentivised redundancies</i>	88	17	105	56	19	75	54	18	72
Voluntary resignations	108	50	158	107	54	161	100	44	144
End of contract	74	115	189	119	172	291	81	80	161
Retirement	3	3	6	6	7	13	4	0	4
Dismissal	13	6	19	5	2	7	8	1	9
Other	56	25	81	60	43	103	52	30	82
TOTAL	663	395	1,058	874	548	1,422	1,127	599	1,726
Total turnover rate	5.9%	4.6%	5.3%	7.5%	6.3%	7.0%	9.1%	6.6%	8.1%
Voluntary turnover rate	1.0%	0.6%	0.8%	0.9%	0.6%	0.8%	0.8%	0.5%	0.7%

1 The 2017 reductions from the Business Plan (1,326) do not consider the 53 staff leaving occurred from 1st January to 31st 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 <https://www.ubibanca.it/pagine/Bilancio-Sostenibilita-IT.aspx>.

2 Data refer to the total number of staff leaving registered annually with the "Reductions from the Business Plan" clause.

NO. DEPARTURES	2019			2018			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
North	451	285	736	582	345	927	717	373	1,090
of which:									
<i>up to 30 years</i>	77	80	157	113	129	242	44	29	73
<i>30 to 50 years</i>	68	63	131	82	45	127	58	37	95
<i>over 50 years</i>	306	142	448	387	171	558	615	307	922
Central	109	72	181	153	130	283	234	126	360
of which:									
<i>up to 30 years</i>	1	0	1	1	7	8	40	21	61
<i>30 to 50 years</i>	12	8	20	21	40	61	7	10	17
<i>over 50 years</i>	96	64	160	131	83	214	187	95	282
South and islands	87	30	117	134	66	200	133	71	204
of which:									
<i>up to 30 years</i>	6	4	10	16	8	24	13	5	18
<i>30 to 50 years</i>	4	1	5	7	2	9	1	0	1
<i>over 50 years</i>	77	25	102	111	56	167	119	66	185
Abroad	16	8	24	5	7	12	43	29	72
of which:									
<i>up to 30 years</i>	1	0	1	0	1	1	9	2	11
<i>30 to 50 years</i>	7	3	10	3	3	6	20	20	40
<i>over 50 years</i>	8	5	13	2	3	5	14	7	21
TOTAL	663	395	1,058	874	548	1,422	1,127	599	1,726

DEPARTURES RATE	2019			2018		
	Men	Women	Total	Men	Women	Total
North	6.3%	5.6%	6.0%	7.4%	6.3%	7.0%
of which:						
<i>up to 30 years</i>	22.7%	17.7%	19.9%	35.2%	28.4%	31.2%
<i>30 to 50 years</i>	1.8%	2.1%	1.9%	2.0%	1.4%	1.7%
<i>over 50 years</i>	9.8%	8.8%	9.5%	11.4%	10.3%	11.1%
Central	4.2%	2.8%	3.5%	5.9%	5.1%	5.5%
of which:						
<i>up to 30 years</i>	8.3%	0.0%	4.3%	5.0%	36.8%	20.5%
<i>30 to 50 years</i>	0.9%	0.5%	0.7%	1.5%	2.3%	1.9%
<i>over 50 years</i>	7.6%	7.6%	7.6%	11.3%	10.6%	11.1%
South and islands	5.7%	2.9%	4.6%	11.2%	9.3%	10.5%
of which:						
<i>up to 30 years</i>	12.2%	16.0%	13.5%	53.3%	72.7%	58.5%
<i>30 to 50 years</i>	0.6%	0.2%	0.4%	1.3%	0.5%	1.0%
<i>over 50 years</i>	10.1%	5.6%	8.4%	17.7%	17.9%	17.8%
Abroad	88.9%	44.4%	66.7%	17.2%	31.8%	23.5%
of which:						
<i>up to 30 years</i>	0.0%	0.0%	33.3%	0.0%	100.0%	50.0%
<i>30 to 50 years</i>	87.5%	27.3%	52.6%	25.0%	23.1%	24.0%
<i>over 50 years</i>	80.0%	125.0%	92.9%	12.5%	37.5%	20.8%
TOTAL	5.9%	4.6%	5.3%	7.5%	6.3%	7.0%

Since 2019 Abruzzo has been included among the southern instead of the central regions of Italy. The data for 2018 have been restated as a consequence.

At Group level the total turnover rate is mainly the result of the personnel reduction initiatives contained in the current Business Plan, and stands at 5.3%, down from previous years. Turnover from voluntary resignations remained unchanged, at 0.8%.

The average length of service is 19 years and 9 months (20 years and 4 months for men, and 18 years and 11 months for women).

During 2020, operations to rationalise the organisation and strengthen the network continued with the optimisation of the work force defined in the organisational structure and the new distribution model: searches on the external market, in addition to a substantial investment to introduce a significant number of young “digital natives” into the business structures, will be targeting the new professions deriving from digital transformation and the reinforcement of government structures that maintain relations with the market regulators and those who supervise the maintenance of and developments in ICT systems.

Employer branding

UBI has carried out intensive employer branding activity in conjunction with universities and local centres of knowledge, in order to search for and hire new young graduates with potential, both for the commercial network and in governance and control structures. Some of these have been able to build on internships within the Group.

Testimonials, orientation and posting on social networks have also played their part in confirming the upward trend in spreading the awareness of UBI Banca as an employer of choice over the last few years. Research carried out by Universum, an international company specialised in measuring the appeal of companies in leading countries worldwide, shows that UBI has progressed to 25th place for economics students and new graduates, 21st place for law graduates and 77th place for STEM graduates.

This improvement is mainly the result of the projects developed during the year, alongside intensive digital communication activities. These include the employee advocacy project “UBI Ambassador”, in which a hundred or so internal resources promoted the Group’s main initiatives on their social media. This helped the Group communicate more effectively, strengthened its web reputation and reached an audience of around 5 million people. In the same way, the launch of the “UBIverse” App led to more than 12 thousand installations. The App uses typical gamification elements to provide users with orientation information and helpful hints for entering the world of work.

Benefits and Work-life Balance

Safeguarding the health and well-being of personnel is a priority of the human resources management policies. All Group employees are provided with a number of contractually defined mechanisms through specific agreements with the trade unions.

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UBI Banca’s corporate welfare is the product of balanced choices that have been agreed and developed over time, including with the trade-unions. The aim is to improve workers’ well-being, and their work-life balance.

The welfare plans operating in UBI Banca focus strongly on the health of its employees and their families. All personnel have supplementary healthcare assistance, collective accidental death or permanent invalidity insurance policies, both professional and non-professional, and temporary death insurance policies.

Supplementary healthcare assistance has taken on an increasingly important role thanks to healthcare funds that guarantee the reimbursement of the medical costs of illness or accidents. Specific healthcare plans distinguish between healthcare delivered directly or indirectly, including a “Maternity package”.

The Group has set up supplementary pension plans for its employees using internal or external pension funds, which involve a fixed contribution by the employer as part of supplementary company agreements. Employees can also choose to pay part of their salary into the supplementary pension plans for themselves or for their family dependants.

Also in the interest of employee welfare and that of their families, contractual provisions have been introduced to guarantee:

- paid leave beyond the statutory requirements to support the family, in particular in the case of urgent hospitalisations or for assistance for disabled family members, the birth or adoption of children and settling them in the creche;
- financial contributions for single-wage families or those with disabled family members, and donations for important events, such as weddings, births or adoptions, graduations and bursaries for children at university;
- young People packages, with a larger contribution from the Bank to fund supplementary pension plans for their first five years with the company, or financial assistance when buying their first home within 10 years of joining.

EMPLOYEES WHO BENEFITED FROM LEAVE ¹	2019			2018			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Maternity and childcare	436	1,452	1,888	379	1,402	1,781	476	1,226	1,702
Study	77	67	144	69	65	134	85	70	155
Other personal needs	3,703	4,346	8,049	3,546	4,064	7,610	2,687	2,639	5,326
TOTAL	4,216	5,865	10,081	3,994	5,531	9,525	3,248	3,935	7,183

¹ Permits can be used by all employees, regardless of the type of contract.

LEAVE DAYS	2019			2018			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Maternity and childcare	4,940	65,720	70,660	6,018	67,089	73,107	4,332	63,684	68,016
Study	537	543	1,080	451	395	846	439	459	898
Other personal needs ¹	9,065	8,915	17,980	9,570	10,702	20,272	7,808	10,114	17,922
TOTAL	14,542	75,178	89,720	16,039	78,186	94,225	12,579	74,257	86,836

¹ 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)".

The following initiatives aiming to give practical support to the difficult task of **balancing work and family commitments** have been extremely successful:

- company creches;

- summer recreation activities for the children of employees;
- company shuttle buses for travel from home to work at the offices with the highest numbers of staff.

SERVICES AND CONCESSIONS FOR EMPLOYEES (amounts in thousands of euro)	2019		2018		2017	
	No. Users	Costs Incurred	No. Users	Costs Incurred	No. Users ³	Costs Incurred
Children's nurseries ¹	73	387	69	344	72	336
of which:						
<i>Bergamo</i>	41		41		46	
<i>Brescia</i>	8		4		4	
<i>Milan</i>	9		8		10	
<i>Jesi</i>	15		16		12	
Summer recreational center for children	280	45	254	45	304	47
of which:						
<i>Bergamo</i>	212	27	181	27	175	24
<i>Brescia</i>	68	18	73	18	129	22
Shuttle coach service		1,037		1,030		899
Company cultural and recreational clubs ²	12,832	107	19,782	553	19,055	474
of which for:						
<i>sport activities</i>	1,029		3,279		3,485	
<i>tourist activities</i>	670		2,471		2,614	
<i>cultural activities</i>	5,012		6,666		6,126	
<i>recreational activities</i>	5,118		5,631		5,376	
<i>activities and services for children</i>	1,003		1,735		1,454	
Supplementary pensions and insurance policies		58,232		58,598		58,816
Study grants and contributions to families		4,648		4,858		4,410
TOTAL COSTS		64,455		65,428		64,982

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

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

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

In recent years the Bank has launched two new initiatives:

- the option for employees to take a variable period of leave, ranging from one day to a whole year, during which they receive 40% of their salary;
- the development of **smart working**, offering the option of working from shared spaces in various locations other than employees' regular workplaces, including the home, to reduce the time and distance of their commute. The first experiment was launched in 2015, and today this tool is growing exponentially, offering up to 10 days' smart working a month and involving approximately 700 resources from the Group. Priority is given to requests from employees with specific personal or family situations (disability, pregnancy, children aged under six or disabled family dependants or other specific requirements).

Another new initiative is a **welfare package**, which would involve setting aside variable salary amounts for:

- the reimbursement of education-related expenses (e.g. annual charges, fees and enrolment costs, reimbursement of school or university textbooks or participation in summer or winter camps), and expenses to care for elderly or disabled family members;
- the purchase of leisure services: shopping vouchers, holidays including tailor-made packages, gym or non-professional course subscriptions and season tickets for museums, cinemas, theatres or sporting events;
- payment into the relevant supplementary pension fund.

As a part of its engagement with its employees, UBI Banca has set up a new section on its website containing information about all the initiatives adopted, which provides simple access to all the information needed to find out more and use the services on offer.

The Clematis Charity

As a sign of solidarity, the bank is attentive to the needs of families hit by particular tragedies or in emergency situations. Since 2002 the families of employees both in service and retired, with disabled children who are not self-sufficient, have been able to count on the support of the Clematis charitable organisation (www.clematisonlus.org), created on the initiative of a group of employees and supported financially by the Group. The association has signed an insurance agreement to provide the disabled children with an annual supplementary, index-linked income, currently of €12,000, payable on the death of both parents, and it also pays grants toward the costs of "rehabilitation training" and for the purchase of facilities. 71 households have subscribed to the insurance arrangement, including 40 families of retired staff members, benefiting 74 disabled children. Two annual incomes are currently being paid.

Parental Leave

Italian law provides a mandatory period of maternity leave for female employees, normally during the two months before and three months after childbirth, and a voluntary period away from work for both parents¹. 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 26th July 2017, Article 3.1 Part-time Work and Article 3.2 Maternity and Paternity Leave) and, also in 2019, for an additional 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 26th October 2017).

PARENTAL LEAVE	2019			2018			2017 ³
	Men	Women	Total	Men	Women	Total	Total
Compulsory parental leave							
Employees who are entitled to leave	8,655	11,296	19,951				
Employees taking leave during the year	368	337	705	396	3	399	402
of which: still on leave at the end of the year	126	-	126	130	-	130	136
returned from leave during the year	242	337	579	264	3	267	266
resigned on return from leave	-	-	-	2	-	2	-
Employees in work 12 months after leave ended	394	3	397	258	-	258	218
Return to work rate ¹	100.0%	100.0%	100.0%	99.2%	100.0%	99.3%	100.0%
Retention rate ²	99.5%	100.0%	99.5%	n.a.	n.a.	97.0%	100.0%
Optional parental leave							
Employees taking leave during the year	735	113	848	692	96	788	737
TOTAL OF EMPLOYEES TAKING PARENTAL LEAVE	1,103	450	1,553	1,088	99	1,187	1,139

¹ Percentages of employees returned to work at the end of parental leave.

² 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 <https://www.ubibanca.it/pagine/Bilancio-Sostenibilita-IT.aspx>.

³ In 2017, gender data are not included due to detection difficulties.

Occupational Health and Safety²

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According to the World Health Organisation's definition, "health is a state of complete physical, mental and social well-being and not just the absence of disease or infirmity". This concept has also been adopted in Italian law (Legislative Decree 81/08, article 2, paragraph o) and by UBI Banca, which therefore does not merely formally comply with legal requirements, but aims to make constant improvements, thanks also to the adoption of an Occupational Health and Safety Management System (OHSMS) based on UNI-INAIL guidelines, which are the practical embodiment of the guidelines contained in the Organisational and Management Model required under Legislative Decree 231/2001.

Accordingly, corporate wellness is the Group's objective, with policies and processes designed for substantive and not merely formal implementation of the law governing occupational health and safety. This is also pursued with the knowledge that a greater competitive advantage will be achieved as a result of higher productivity and improved worker performance (less absenteeism and staff turnover and greater customer satisfaction), and that society in general will save both tangible and intangible social costs deriving, for example, from accidents, operating errors, legal disputes, insurance claims, litigation, and care expenses.

The scientific literature has shown that organisational well-being is strongly associated with factors such as the corporate climate, the commitment of employees, work satisfaction and the work-life balance.

¹ Natural parents 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 no more than 10 months that can be increased to 11 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 be taken by the parents simultaneously.

² Foreign companies (Pramerica Management Company and UBI Trustee) are subject to the Luxembourg *Code du Travail*. The recent construction of the building in which all the activities are conducted and careful management of the units and systems (carried out by CBRE Asset Service) ensure that all safety matters are managed, monitored and maintained in compliance with the latest regulatory developments.

Health and safety policies are distributed together with the aforementioned Health and Safety Management System (HSMS) Regulations and apply to all the Group's legal entities operating in Italy. They also take into account accident data and the outcome of health monitoring by the Company Doctors.

In the context of the **Security & Safety Governance Area**, responsibility is delegated to the **Occupational Prevention and Protection** service, which works closely with the Employers and Delegated Prevention Managers. The unit coordinates the application and maintenance of the **Occupational Health and Safety Management System** by regularly carrying out monitoring, revising safety objectives and checking that procedures are correctly applied. It carries out its delegated tasks by means of regulations implementing the company policies on the subject, which set out:

- the roles and responsibilities of the various people directly involved (Employer, Delegated Managers, Prevention and Protection Service Manager and Company Doctor) and the Company and Group units involved in implementing the policies (Human Resources of the various companies, Managers of the Macro Geographical Areas, UBIS Real Estate, UBIS Sicurezza Fisica (Physical Safety), UBIS Acquisti (Purchasing), UBIS Infrastructure Services and UBI Academy);
- processes for the active and knowledgeable involvement of personnel;
- lines of reporting between the various units and mechanisms for the integration of the HSMS in corporate processes;
- processes for the planning, monitoring and periodic review of the effectiveness of the system itself, explicitly recommended in UNI-INAIL guidelines.

COSTS INCURRED FOR OCCUPATIONAL HEALTH AND SAFETY (thousands of euro)	2019	2018	2017
Intervention required by Law No. 81/08	2,470.4	989.2	594.0
Prevention and protection at the workplace consulting services	382.6	432.9	426.0
Occupational health and safety training	191.4	164.8	186.4
Corporate Physician services (medical visits to monitor health) and post robbery psychological assistance	202.9	188.6	165.0
TOTAL	3,247.3	1,775.5	1,371.4

The substantial increase in costs incurred for health and safety at the work place in 2019 is due to the completion of a series of interventions at the premises of the New Banks, merged since 2017, under the multi-year plan started in 2017.

PREVENTION AND ASSISTANCE ACTIVITY	2019	2018	2017
Medical visits	2,014	1,882	1,743
On site inspections	1,165	766	467
Training courses (number of participants)	26,814	32,834	17,401
Evacuation drills with assistance	41	39	35
Environment monitoring	16	10	177
Post-robbery psychological assistance	8	10	8

TECHNICAL INTERVENTION TO REDUCE RISKS (thousands of euro)	2019	2018	2017¹
Fire prevention, emergency management, emergency exits	5,101	3,290	2,902
Plant (machinery, maintenance)	2,760	1,083	918
Premises (floors, walls, window ledges, staircases, architectural barriers)	3,495	1,164	699
Ergonomics (lighting, work stations, micro-climate)	1,482	350	491
Certificates and documents	2,001	111	738
TOTAL	14,839	5,998	5,748

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

Health

The UBI Group uses companies specialised in compliance with all the requirements of the current law on monitoring health, particularly in the Occupational Therapy service and the role of "Company Doctor".

In the context of the activities required by the law on health and safety in the workplace, the Company Doctor appointed works with Employers and the Occupational Prevention and Protection office to improve the efficiency of the company's management system based on specific knowledge of the company organisation, production unit and risk situations, and to put in place measures to safeguard the health and psychological and physical well-being of every Worker.

The Company Doctors judge suitability to specific roles, create and update medical records, provide information to workers about the health checks they are given and inform them about the results, communicate the anonymous aggregate results of the clinical and instrumental tests by preparing reports and provide information about the meaning of said results at the regularly held meetings.

In order to co-operate with the process of assessing risks to workers' health and safety, they visit the workplace of staff whose health is monitored at least once a year, providing the Employer with specific documentary evidence of their findings.

A dedicated email address has been set up to allow all personnel to contact the Company Doctor confidentially to raise medical/health problems related to the workplace or their job. The Company Doctor accesses the company email system using confidential credentials and is the only person who can read mails sent to the dedicated inbox.

The hazard identification process involves verifying the risk context by means of specific surveys. The data collected during the assessment is entered onto the system (Bansic), for reducing or eliminating risks 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,

at least every five years and at least every year for large buildings.

To make the strategy for improving safety levels more effective, since 2013 the traditional programme of workplace measures, which until then had considered the absolute magnitude value attributed to risks identified during the assessment process, has been integrated with the aim of reducing/eliminating situations of non-compliance identified by the Prevention and Protection service which

are considered to be linked with an accident that has actually taken place.

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 excellent affiliated healthcare services all over the country. There are nursing centres in cities with the highest number of personnel (Bergamo).

ABSENCE BY GENDER ¹	2019			2018			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Days of absence due to illness (in thousands)	60	56	116	62	59	121	59	49	108
Number of cases of occupational diseases ²	-	-	-	-	-	-	n.a.	n.a.	n.a.

ABSENCE BY GEOGRAPHICAL AREA ¹	2019				2018				2017			
	North	Central	South and islands	Abroad	North	Central	South and islands	Abroad	North	Central	South and islands	Abroad
Days of absence due to illness (in thousands)	65	32	19	0	66	33	22	0	65	19	24	n.a.
Number of cases of occupational diseases ²	-	-	-	-	-	-	-	-	n.a.	n.a.	n.a.	n.a.

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

² 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.

Safety

Prevention is guaranteed first and foremost 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.

Processes carried out by delegated units are also subject to accurate, in-depth monitoring. This takes the form of interviews with staff and examination of statutory information. Monitoring may also be extended to suppliers' premises. As provided by the management system protocols, all activities to implement them are reported and recorded and are subject to specific review meetings with the employers, so that the objectives achieved can be reviewed and future goals defined.

In 2019, work continued to install physical security assets, emergency exits and medical emergency alarm systems in accordance with Legislative Decree 81/08.

As protection against robbery, new **Virtual Guard** and remote safe opening management systems have continued to be installed and activated in all the branches as part of

the *Branch Transformation Project*, which has also involved the installation of sliding doors to replace traditional double "box" doors with metal detectors. Given the value of the solution, Virtual Guard and remotely operated locking systems have also been installed in branches considered to be critical but not included in the *Branch Transformation Project*.

To tackle burglaries from ATMs, installations of guillotine and chain anchorage systems have continued. Testing has also begun on the installation of new video analysis systems in order to identify suspicious movements or predict unusual parking patterns.

During the year work at the Brescia branch to reinforce the security systems and protections was completed (garage access, segregation of access to all floors and installation of CCTV and alarm systems with the creation of the building's new alarm room to monitor access to the data rooms). The protections for access to the garages and the data rooms at the Via F.lli Calvi branch in Bergamo have been increased by introducing the Virtual Guard system. The same systems are planned for the Via Palazzolo branch, also in Bergamo, with work scheduled to finish in 2020.

THEFTS AND ROBBERIES (INCLUDED ATM)	2019			2018			2017 ²		
	Thefts	Robberies	Total	Thefts	Robberies	Total	Thefts	Robberies	Total
	Events	77	7	84	67	18	85	35	25
Frequency Index ¹	3.0	0.4	3.4	2.7	1.0	3.7	1.6	1.7	3.3
Employees involved	0	24	24	0	125	125	0	138	138

1 Number of events every 100 branches.

2 Data don't include Teatina Bank.

The key role of Safety in managing the potential risks of individual exposure to robbery has led to the drafting of a formal procedure for psychological support to protect mental and physical health, which is structured according to the severity of the event.

The procedure to support personnel exposed to the risk of robbery is the result of a complex process that was launched in 2005 and has been perfected over time based on the experience gained from each individual event with the help of the Company Doctor. The analysis has shown that the focus on those exposed to robbery must not be restricted only to those who have been the victims of events classified as "violent" but must extend to everyone. It was therefore decided to draw up a procedure to integrate the preventive measures introduced in specific training and to enable to company to offer forms of psychological support to its employees who have been victims of robberies. The procedure was mainly designed for the most critical situations but does not exclude the option to receive assistance on demand if required.

Every robbery is classified based on a series of parameters representing the critical level of the event, and every worker involved in the event is identified as a subject exposed to the risk. Robberies are managed using the IT system, which is updated by the Prevention and Protection Service when a robbery takes place by recording the parameters contained in the form filled in by Physical Security.

Once the level of "severity" has been declared, the Occupational Prevention and Protection Service takes action to manage the issues relating to employees' risk perception. Staff involved are sent a specific questionnaire designed by a team of psychologists working with the Company Doctor (response to the questionnaire is not mandatory and it is delivered in a closed and sealed envelope pre-addressed to the Company Doctor). The

Company Doctor analyses the questionnaire in order to identify the people to whom qualified support should be offered. The Occupational Prevention and Protection Service passes on the Doctor's suggestions to the interested parties and liaises with the consultant psychologist about the required steps (individual sessions or, if the problems are affecting the majority of employees at the branch, a group debriefing). At the end of the process, which also involves feedback from the psychologist involved in the support programme, the Company Doctor informs the Occupational Prevention and Protection Service if there are any reasons the employee in question should not continue in the same role or be retained at the branch at which the serious robbery took place.

Occupational Accidents and Illnesses

Analysis of accidents that have affected Group employees shows that accidents that took place in the workplace (therefore not including those that took place while commuting) are mainly accidental falls in the office or on stairs, car or pedestrian accidents during missions, collisions with doors, furniture or work equipment or squashing of fingers when closing safes or drawers.

This evidence has helped identify the areas in which prompt action needs to be taken.

If an accident takes place in the workplace, the Occupational Prevention and Protection Service assesses how the accident took place and carries out an investigation to find out the cause in order to determine whether it was caused by gaps in the safety system or to a random accidental event beyond the control of the company's systems and procedures. Should it be necessary to carry out technical work to avoid a repetition of the event, the Service informs the contact people in the relevant UBIS technical units and the HR management department at the company to which the employee who has had an accident belongs.

INJURIES OF EMPLOYEES BY GENDER	2019			2018 ¹			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
At work	34	36	70	35	28	63	38	34	72
of which: <i>fatal</i>	-	-	-	-	-	-	-	-	-
<i>high-consequence</i> ²	-	-	-	-	-	-	n.a.	n.a.	n.a.
Commuting	69	80	149	89	74	163	96	77	173
of which: <i>fatal</i>	-	-	-	-	-	-	-	-	-
<i>high-consequence</i> ²	-	-	-	-	-	-	n.a.	n.a.	n.a.
TOTAL	103	116	219	124	102	226	134	111	245

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

2 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 ¹	2019			2018			2017 ³		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
At work	2.00	3.16	2.47	2.00	2.46	2.18	2.12	3.06	2.48
of which: <i>fatal</i>	-	-	-	-	-	-	-	-	-
<i>high-consequence</i> ²	-	-	-	-	-	-	n.a.	n.a.	n.a.
Commuting	4.06	7.02	5.25	5.09	6.51	5.65	5.35	6.93	5.96
of which: <i>fatal</i>	-	-	-	-	-	-	-	-	-
<i>high-consequence</i> ²	-	-	-	-	-	-	n.a.	n.a.	n.a.
Hours worked (millions)	17.0	11.4	28.4	17.5	11.4	28.8	17.9	11.1	29.0

1 Number of injuries per million hours worked.

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

3 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 <https://www.ubibanca.it/pagine/Bilancio-Sostenibilita-IT.aspx>. Due to data collection difficulties, it was not possible to determine 2017 serious injuries.

INJURIES OF EMPLOYEES BY GEOGRAPHICAL AREA	2019				2018 ¹				2017			
	North	Central	South and islands	Abroad	North	Central	South and islands	Abroad	North	Central	South and islands	Abroad
At work	39	19	12	-	26	23	14	-	46	14	12	n.a.
of which: <i>fatal</i>	-	-	-	-	-	-	-	-	-	-	-	n.a.
<i>high-consequence</i> ²	-	-	-	-	-	-	-	-	n.a.	n.a.	n.a.	n.a.
Commuting	89	38	22	-	103	33	27	-	101	49	23	n.a.
of which: <i>fatal</i>	-	-	-	-	-	-	-	-	-	-	-	n.a.
<i>high-consequence</i> ²	-	-	-	-	-	-	-	-	n.a.	n.a.	n.a.	n.a.
TOTAL	128	57	34	-	129	56	41	-	147	63	35	n.a.

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

2 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 ¹	2019				2018				2017 ³			
	North	Central	South and islands	Abroad	North	Central	South and islands	Abroad	North	Central	South and islands	Abroad
At work	2.21	2.69	3.26	-	1.45	3.18	3.76	-	2.49	2.20	2.88	n.a.
of which: <i>fatal</i>	-	-	-	-	-	-	-	-	-	-	-	n.a.
<i>high-consequence</i> ²	-	-	-	-	-	-	-	-	n.a.	n.a.	n.a.	n.a.
Commuting	5.05	5.38	5.97	-	5.76	4.57	7.25	-	5.46	7.69	5.51	n.a.
of which: <i>fatal</i>	-	-	-	-	-	-	-	-	-	-	-	n.a.
<i>high-consequence</i> ²	-	-	-	-	-	-	-	-	n.a.	n.a.	n.a.	n.a.
Hours worked (millions)	17.6	7.1	3.7	-	17.9	7.2	3.7	-	18.5	6.4	4.2	n.a.

1 Number of injuries per million hours worked.

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

3 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 <https://www.ubibanca.it/pagine/Bilancio-Sostenibilita-IT.aspx>. Due to data collection difficulties, it was not possible to determine 2017 serious injuries.

In addition, in 2019, there were no fatal accidents either at work or while commuting.

Health and Safety Training

With the support of UBI Academy, whose General Manager is specifically delegated to deliver health and safety training, UBI has set itself to objective to spread a culture of safety at all levels. An important part of this process is the development of **systematic training plans** for workers, 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.

After the risk assessment carried out at the Group companies, 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. Based on a schedule shared with UBI Academy, every department responsible for personnel management identifies the people to invite for in-class training and sends out the invitations by means of a dedicated application.

Worker training is divided into **general training**, on the concepts of occupational prevention and safety applicable to all business areas, such as risk, damage and prevention, and **specific training**.

The Accord lists a series of risks belonging to this second section, such as risks due to accidents, electrical risks in general, the use of machinery and equipment, microclimate and lighting, the use of video terminals and work-related stress, which are covered based on their effective relevance to the sector to which the company belongs. Specific training

is then 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 the risk assessments. To give an example, a distinction has been made between personnel working in the bank's sales network and personnel working in central management when it comes to "robbery risk", and additional specific training is also put in place when specific requirements not typical of the banking industry are identified during the risk assessment process.

The training programme also incorporates regulatory requirements for fire prevention and first aid and includes training for the personnel selected as fire prevention officers and first aid officers.

In 2019 the Occupational Prevention and Protection Service continued to monitor e-learning on robbery risk (FAD "Bank Robberies" training course lasting 1 1/2 hours), provided to all the Retail Market Network professionals, and in-class training courses also on robbery risk provided to all personnel working in the banks' commercial network.

The service also continued to monitor an e-learning course on how to manage aggressive behaviour that was offered to a much wider number of users (FAD "Managing Aggressive Behaviour" training course lasting 1 hour). In this case the course targeted all staff regardless of role, grade or type of contract.

The above courses all aim to provide workers with the skills and know-how to enable them to adopt "safe" behaviour in critical situations.

TRAINING ON HEALTH AND SAFETY	2019			2018			2017		
	Participants	Sessions ¹	Hours	Participants	Sessions ¹	Hours	Participants	Sessions ¹	Hours
Video terminal workers	539	1	539	1,343	1	1,343	1,025	1	999
Emergency personnel	679	50	5,393	1,243	85	8,981	556	48	5,139
of which:									
<i>fire prevention</i>	407	33	2,129	402	28	1,801	230	20	1,200
<i>first aid</i>	272	17	3,264	841	57	7,180	326	28	3,939
New recruits	230	1	245	8	1	8	109	2	409
Safety figures ²	390	20	1,723	330	12	1,353	472	13	1,810
Robbery risk	1,450	29	4,929	1,750	40	6,228	1,895	71	10,056
Other (updates)	23,526	77	37,478	28,160	46	34,544	13,344	84	34,194
TOTAL³	26,814	178	50,307	32,834	185	52,457	17,401	219	52,607

¹ Data of FAD courses are calculated as 1 session.

² Training for senior managers, safety officers, company trade union representatives, etc.

³ 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".

Professional Development

GRI
404-3

The Group is committed to personnel management and development policies that aim to encourage individual growth and to increase people's professional value. This helps build loyalty and participation in achieving the company's goals. Appropriate qualitative and quantitative planning aims to cover future key positions and guarantee management turnover, in line with company requirements.

In 2019 1,952 people were promoted. Of these, 45.6% were women. An analysis of the number of promotions in the workforce shows that 10.3% of the total number of female workers received promotions, compared with 9.8% of the workforce as a whole. This is an important sign for gender equality, despite that fact that the women promoted mainly hold professional roles, in line with the composition of the workforce.

CAREER PROGRESSIONS	2019 ¹			2018			2017								
	Men	Women	Total	Men	Women	Total	Men	Women	Total						
Within professional Areas	559	46.1%	653	53.9%	1,212	509	52.0%	470	48.0%	979	371	50.3%	366	49.7%	737
From professional Areas to Middle manager	212	60.7%	137	39.3%	349	170	55.2%	138	44.8%	308	146	61.6%	91	38.4%	237
Within Middle managers	280	73.5%	101	26.5%	381	266	68.9%	120	31.1%	386	223	73.1%	82	26.9%	305
From Middle to Senior manager	10	100.0%	0	0.0%	10	8	100.0%	0	0.0%	8	2	66.7%	1	33.3%	3
TOTAL	1,061	54.4%	891	45.6%	1,952	953	56.7%	728	43.3%	1,681	742	57.9%	540	42.1%	1,282

¹ 2019 data don't include 2 UBI Trustee career progressions as employees of this company have a different contract with positions not attributable to the classification of the table.

Training and Education

GRI 404-1

The UBI Group's human capital represents its collection of values, skills and know-how, and this is the real driver behind "fare banca per bene" (bank fairly and well). Based on the growth dynamics of the industry in which it works, UBI Banca has identified the need to guarantee its personnel up-to-date training on technology, professionalism and culture. With this goal in mind, UBI Academy has been supporting all the Group companies since 2012, implementing the personnel development policies and strategies designed by senior management.

The primary goal of training is to spread and enhance the wealth of technical and professional knowledge, management skills and experiences, ethical and cultural behaviours of persons belonging to the UBI Banca Group, promoting the spread of a unified corporate identity. Training also aims to constantly improve the professionalism of all Group personnel, in order to continue to offer customers constant improvements in our services.

The content of UBI Academy courses reflects external developments, especially in the legal and regulatory context, and internal changes, focusing on the Group's procedures to support innovation and special projects. They are designed to be consistent with the strategic goals of the internal career development programme, and for this purpose meet the requirements for technical and specialist skills of the various company functions.

Requirements and training programmes are assessed on an annual basis, incorporating the indications from the Business Plan and the needs identified by the Parent company's top management. All training initiatives are structured and planned to reflect the organisational and management requirements of the company business with the support of Human Resources.

TRAINING	2019	2018	2017
Hours of training (thousands)	1,164.3	1,149.7	1,031.4
<i>of which: compulsory training¹</i>	683.9	593.4	392.4
Cost of training (millions of euro)	4.2	3.8	3.5
Cost of training for Full Time Equivalent	226.6	n.a.	n.a.
Employees involved ²	97.4%	94.3%	96.3%
Average hours of training per capita ³	60	58	50
Average hours of training for Full Time Equivalent ⁴	62	n.a.	n.a.
Average satisfaction index (objective 69/100)	77	78	76

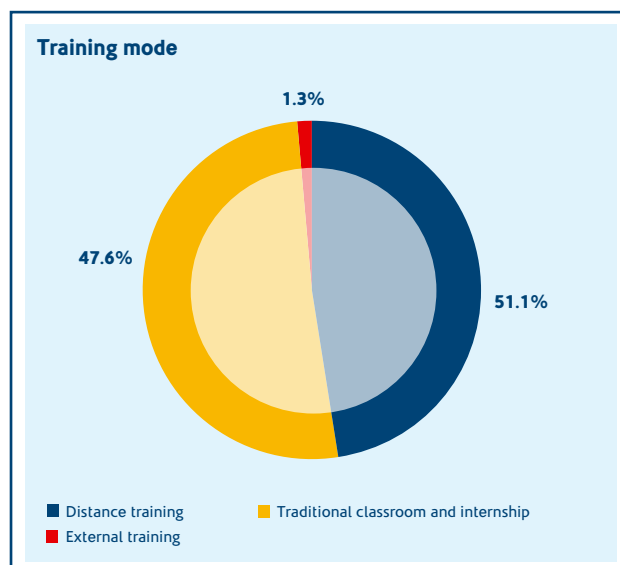
¹ It includes the regulatory training, the insurance training provided by IVASS and the compulsory training on request for MIFID II.

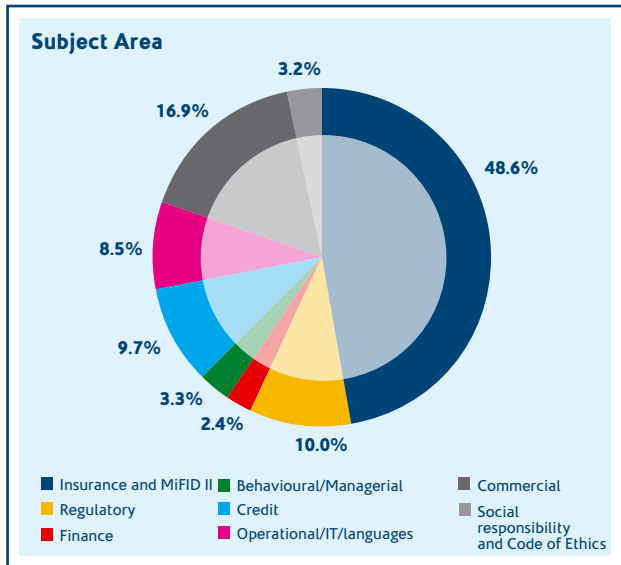
² Total active employees at 31st December (total staff net of employees on leave and employees of companies not in service: companies outside the Group, UBI Trustee, Pramerica Management Company) with at least one training event on total active employees at 31st December (total staff net of employees on leave and employees of companies not in service).

³ Average per capita hours calculated on total employees at 31st December (total staff net of employees on leave and employees of companies not in service).

⁴ The full time equivalents are calculated on the basis of the "FTE" column in HR personnel progress chart records as at 31.12.19 for employees as at 31/12 (total staff net of employees on leave and employees of companies not in service).

In 2019 the Group provided over 155 thousand training days, exceeding its annual target.





implementing internal processes and procedures or failing to manage customer relations appropriately. UBI training management therefore aims to provide personnel with a suitable level of know-how and skills, whatever their role.

The training process is managed by means of pathways constructed on the basis of the operational tasks required by the various roles within the commercial network and the control functions, in order to ensure an appropriate understanding of the body of know-how and skills required for the correct performance of each role.

For specialised or particularly complex roles, such as those in the Compliance, Internal Audit and Risk Management areas, annual courses are held leading to a final certificate or nationally recognised certificates for specialist roles in Anti-Money Laundering, Finance and Project Management. In addition, in compliance with regulatory requirements, all the customer relations network personnel took part in mandatory training courses on investment services management as required by the MIFID II directive, and on insurance product management as required by Italian insurance regulator IVASS.

Appropriate personnel training is also crucial to reduce the operational and reputational risks of incorrectly

TRAINING BY POSITION AND GENDER	2019			2018			2017		
	Employees involved ¹	Hours	Average hours per capita	Employees involved ²	Hours	Average hours per capita	Employees involved ²	Hours	Average hours per capita
Senior managers	355	11,259	31.7	362	13,935	38.5	380	13,771	36.2
of which:									
women	38	639	16.8	38	1,155	30.4	35	1,035	29.6
men	317	10,620	33.5	324	12,780	39.4	345	12,736	36.9
Middle managers	8,253	547,386	66.3	8,263	517,515	62.6	8,828	463,568	52.5
of which:									
women	2,429	159,046	65.5	2,364	144,423	61.1	2,463	133,007	54.0
men	5,824	388,340	66.7	5,899	373,092	63.2	6,365	330,561	51.9
Professional areas	10,719	605,718	56.5	11,187	618,232	55.3	11,992	554,039	46.2
of which:									
women	5,782	336,581	58.2	5,951	339,873	57.1	6,361	295,136	46.4
men	4,937	269,137	54.5	5,236	278,359	53.2	5,631	258,903	46.0
TOTAL	19,327	1,164,363	60.2	19,812	1,149,682	58.0	21,200	1,031,378	48.6
of which:									
women	8,249	496,266	60.2	8,353	485,451	58.1	8,859	429,178	48.4
men	11,078	668,097	60.3	11,459	664,231	58.0	12,341	602,200	48.8

1 Employees trained on the total number of active employees at 31st December (total staff net of employees on leave and employees of companies not in service: companies outside the Group, Pramerica Management Company).

2 Employees trained on the total number of active employees at 31st December (total staff net of employees on leave and employees of companies not in service: companies outside the Group, UBI Trustee, Pramerica Management Company).

DETAILS OF REGULATORY TRAINING ¹	2019				2018				2017			
	Hours	Participants ²			Hours	Participants ²			Hours	Participants ²		
		Senior managers	Middle managers	Profess. Areas		Senior managers	Middle managers	Profess. Areas		Senior managers	Middle managers	Profess. Areas
Administrative liability of entities (Legislative Decree No. 231/2001) ³	13,778	112	4,949	6,107	5,982	187	1,479	2,520	12,200	109	4,170	5,311
Transparency and usury	2,392	1	637	1,744	4,060	3	1,305	2,051	9,352	15	1,278	2,576
Safety (Legislative Decree No. 81/2008)	50,306	159	5,964	7,915	52,457	149	5,932	8,173	52,607	177	6,203	7,634
Privacy (GDPR)	17,561	145	3,842	4,683	18,545	197	3,543	5,082	1,855	6	284	482
Anti Money-Laundering ⁴	33,475	107	6,066	7,685	13,325	60	2,838	3,088	18,748	62	3,250	4,532
Other regulatory subjects	13,031	127	1,413	2,205	27,879	201	2,510	4,379	43,827	149	5,474	8,048
TOTAL	130,543	287	8,023	10,418	122,248	329	6,980	9,262	138,589	229	7,552	10,425

1 Data don't include regulatory training on the MiFID and IVASS Directive.

2 Total participants is not the sum of the participants in each subject area/management level, because a given employee may have attended more than one course in different subject areas or have changed management level during the year. The figures do not include staff on leave and employees of companies not in service: companies outside the Group, UBI Trustee, Pramerica Management Company and UBI Sicura for 2018 and 2017. However, UBI Trustee is included in the 2019 figures.

3 It also includes the theme of Policies and anti-corruption procedures.

4 It includes anti-money laundering training covered in IVASS courses.

As well as “off-the-peg” training courses, there are training courses tailored to the requirements of the end users to teach management skills in the five relationship, management, intellectual, innovative and emotional areas covered by the UBI Leadership Model. There is also targeted team and individual coaching and, since 2019, mentoring, which will be further developed in the coming years.

The main innovations are supported by targeted training courses to consolidate knowledge of banking culture and perfect the specialist skills of professionals working in the [Top Private Banking and Corporate & Investment Banking](#) divisions, and by the launch of the “foreign school” professional training course for specialists working in central management and network colleagues. These aim to improve skills and develop business in a course blending skills assessment, classroom learning and internships.

Finally, in 2019 five teaching course sessions to develop classroom techniques for teaching colleagues and three branch manager qualification course sessions were held. These covered commercial, finance, lending, regulatory and behavioural training. The Master’s course for young talents in the Group was also launched.

UBI Academy uses various mechanisms to monitor the efficacy and quality of the training process. Regardless of how they are provided, all training involves users filling in a quality questionnaire and learning questionnaires.

A monthly report is prepared for Management with the appraisal results expressed as the quality perceived. Appropriate corrective measures are put in place for all training initiatives and courses not achieving the expected results.

The results of the learning questions, mainly relevant for technical/professional courses, are individually analysed and then appraised in conjunction with the Group Human Resources department in order to evaluate the acquisition of training content and to plan additional reinforcement actions where the initial goals have not been met.

The 2019 Training Plan has been designed to support initiatives to complete implementation of the 2019-20 Business Plan.

To guarantee the quality of its training, UBI Academy consults the Parent’s Compliance department on all the teaching material on banking, commercial, lending and financial topics. In addition, as a further guarantee to all stakeholders, it has introduced a Quality Management System, which was officially adopted also in 2019. After external audits were carried out, ISO 9001:2015 Quality Certification was confirmed also for 2019, along with the appropriate level of risk identified in the company processes and adequate measures adopted to manage it.

The Quality Manager is also the contact point for receiving and managing any claims or complaints from stakeholders. None were received in 2019. Nor were there any reports of non-conformity.

Staff incentives and Involvement

Our Human Resources policies focus strongly on people’s development and professionalism and aim to ensure that our fellow staff achieve increasingly high levels of satisfaction and engagement, essential drivers for offering services of excellence to our customers and generating value for our stakeholders.

It is important to focus on encouraging growth, clear career paths, training and corporate wellness in order to increase the engagement of human resources. If employees are motivated, they are more likely to dedicate themselves to the company with energy and passionate innovation. In this way they become brand ambassadors for the organisation.

In a labour market that is increasingly dynamic and fluid, offering people structured opportunities to grow their skills means developing their loyalty over the medium term.

Tools to support people’s development and professional skills include Professional Appraisal, the process by which each individual’s contribution to achieving results for the company and developing the skill set they need for their role is guided and recognised. Professional Appraisal is important, not only as a measurement of performance, but above all to assign and share the expected goals for the current year.

In 2019, 96.3% of the company’s workforce was involved in the appraisal process, with the exception of more “important” staff, who were subject to specific management performance appraisal tools. Involvement in the Performance Management System enables people to take action - together with their line manager - to keep their professional skills up to date.

In line with this, the various individual and group [Assessment](#) activities with an administrative and managerial focus that have supported the work of Group HR for years focus on collecting information that will be useful for planning subsequent development projects. The 183 colleagues involved during 2019 in these initiatives have in fact benefited from individual feedback, making it possible to provide a useful follow-up on the information. In addition, feedback is systematically collected using all-round questionnaires. These provide a wide range of comments and opinions from managers, self-employed workers and colleagues for development and improvement purposes.

During the year [Individual Coaching](#) (27 colleagues) and [Team Coaching](#) (31 colleagues) also became systematic. Work also began on developing an online Coaching platform in order to involve a far larger number of colleagues in individual skills development programmes (132 in December alone).

Finally, in 2019 professional skills development received a boost from an important role architecture design project, the [Job Family Model](#). This sets out a role structure divided by job standards and levels of expertise, as already applied to the commercial network. It focuses on individuals’ accountability and professional competences, enabling

EMPLOYEES INVOLVED IN PERFORMANCE ASSESSMENT ¹		2019 ²		2018 ³		2017 ⁴	
Senior managers		188	54.0%	188	51.5%	232	62.2%
of which:	women	19	52.8%	19	50.0%	23	62.6%
	men	169	54.2%	169	51.7%	209	59.0%
Middle managers		8,242	98.5%	8,192	97.7%	8,465	98.2%
of which:	women	2,444	98.3%	2,347	96.9%	2,367	97.5%
	men	5,798	98.6%	5,845	98.0%	6,098	98.4%
Professional areas		10,782	96.8%	11,021	95.0%	11,744	95.0%
of which:	women	5,885	96.6%	5,848	93.6%	6,171	93.9%
	men	4,897	96.9%	5,173	96.6%	5,573	96.2%
TOTAL		19,212	96.7%	19,401	95.3%	20,441	95.5%
of which:	women	8,348	96.8%	8,214	94.3%	8,561	94.4%
	men	10,864	96.6%	11,187	96.1%	11,880	96.2%

1 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 and Most Relevant Personnel which is affected by specific assessment tools for managerial services.

2 2019 data don't include 25 professional assessment cards associated with employees with foreign headquarters and contracts and consequently with positions not attributable to the cases in the table. In addition, they don't include 43 employees of the insurance company Bancassurance Popolare whose positions are not attributable to the cases in the table (14 women and 14 men from the professional area, 5 women and 4 men classified as managers, 4 men and 2 women from senior management area).

3 2018 data don't include 39 employees with foreign headquarters and contracts and consequently with positions not attributable to the cases in the table.

4 2017 data don't include 24 professional assessment cards associated with employees with foreign headquarters and contracts and consequently with positions not attributable to the cases in the table.

them to take control of developing and enhancing them by means of dedicated management and development programmes.

All of this enabled the company to be receive the international "Top Employers" certification for the sixth consecutive year, based on the working conditions such as training, talent development, career paths and benefits offered to its employees.

Equal opportunities and Non-Discrimination

Equal Opportunities

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The UBI Banca Group mission and system of priorities are what guides selection processes, which are based on values of [inclusivity and equal opportunities](#) for candidates. They employ assessment processes inspired by fairness and transparency that aim to make the most of cultural, age, gender and ability differences.

As far as female talent is concerned, new hires in the Group in 2019 were essentially equally divided between the genders, with 53% of them women.

Special attention is paid to managing applications from candidates with disabilities. The Group acts fully in line with the regulations governing the strategic employment

of disabled people and guarantees objectiveness in its selection processes, in which it examines professional and aptitudinal requisites and assesses candidates' work capabilities. In 2019, 38 people belonging to protected categories were hired.

In addition, in 2019 the [Gender Diversity & Inclusion Policy](#) was drafted and approved, which responds to UBI Group's key principle of embracing the value of diversity. This value is mainly guaranteed by means of the responsible management of gender diversity, with a commitment to monitor all the other types of diversity and inclusion over time.

The goal of the Gender Diversity & Inclusion policy is to build an [inclusive work environment](#), encouraging a cultural shift that uses modern paradigms and innovative training and development programmes that value professional contributions, regardless of gender.

In practical terms, certain areas of intervention have been identified that have made it easier to comprehensively categorise all the issues relating to inclusivity and embrace all the complexities of the Group's Gender Diversity & Inclusion project:

- Attraction and Retention;
- Rewards and Promotions;
- Development;
- Training;
- Welfare Policies;
- Development and Change Management.

DIVERSITY INDICATORS OF EMPLOYEES (BY GENDER) ¹	2019			2018			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Minority groups									
Foreign national (EU and non-EU)	0.1%	0.1%	0.1%	0.2%	0.3%	0.2%	0.2%	0.2%	0.2%
Protected categories	6.9%	7.1%	7.0%	6.9%	6.8%	6.9%	6.9%	6.4%	6.7%
of which:									
disabled	5.7%	5.6%	5.7%	5.6%	5.2%	5.5%	5.4%	4.4%	5.0%
widows and orphans	1.2%	1.4%	1.3%	1.2%	1.5%	1.3%	1.2%	1.5%	1.3%
others	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%	0.3%	0.5%	0.4%
Age									
Under 30	3.5%	5.7%	4.5%	3.2%	5.6%	4.2%	3.9%	6.8%	5.1%
30 to 50	50.9%	60.9%	55.2%	52.4%	62.7%	56.9%	52.9%	62.8%	57.1%
Over 50	45.5%	33.5%	40.3%	44.4%	31.7%	38.9%	43.2%	30.4%	37.8%
Average age (year)	48.11	45.55	47.00	47.85	45.22	46.72	47.37	44.59	46.19
Educational qualifications									
Graduates from high school	53.0%	46.5%	50.2%	54.1%	47.8%	51.4%	55.0%	49.0%	52.4%
Graduates from university	5.5%	6.9%	6.1%	40.7%	49.4%	44.4%	39.3%	48.0%	43.0%
Specialist degree or old system degree	36.0%	43.2%	39.1%						
Postgraduate, masters or doctorate degree	0.5%	0.4%	0.4%						
Others	5.0%	3.1%	4.2%	5.2%	2.8%	4.2%	5.7%	3.0%	4.6%
Managerial position									
Junior management ²	1,251	299	1,550						
Middle management ³	264	42	306						
Top management ⁴	123	20	143						
Total managerial position	1,638	361	1,999						
Managerial positions that generate revenues⁵	1,075	245	1,320						

1 The data for gender are percentages of the total for the category (e.g. women as a percentage of total junior managers).

2 Heads of Functions and Branch Managers.

3 Heads of Services and Local Heads.

4 Chief Officers and Heads of Areas.

5 Area Heads, Local Heads and Branch Managers.

DIVERSITY INDICATORS OF EMPLOYEES (BY CATEGORY)	2019			2018			2017		
	Senior Managers	Middle Managers	Profess. Areas	Senior Managers	Middle Managers	Profess. Areas	Senior Managers	Middle Managers	Profess. Areas
Gender									
Men	2.8%	52.1%	45.1%	2.8%	51.1%	46.1%	2.7%	50.2%	47.1%
Women	0.4%	28.8%	70.8%	0.4%	27.7%	71.8%	0.4%	26.7%	72.8%
Minority groups									
Foreign national (EU and non-EU)	2.0%	0.0%	0.1%	1.9%	0.0%	0.3%	1.9%	0.1%	0.3%
Protected categories	1.1%	4.3%	9.2%	1.3%	4.3%	8.9%	0.5%	4.2%	8.6%
of which:									
disabled	0.6%	3.1%	7.8%	0.8%	3.0%	7.4%	0.2%	2.9%	6.7%
widows and orphans	0.6%	1.2%	1.3%	0.5%	1.2%	1.4%	0.3%	1.2%	1.4%
others		0.1%	0.1%	0.0%	0.1%	0.1%	0.0%	0.1%	0.5%
Age									
Under 30		0.0%	7.9%	0.0%	0.0%	7.3%		0.1%	8.7%
30 to 50	25.1%	46.7%	62.6%	25.5%	48.3%	64.1%	28.7%	49.4%	63.3%
Over 50	74.9%	53.3%	29.5%	74.5%	51.7%	28.6%	71.3%	50.5%	28.0%
Average age (year)	54	50	44	53	50	44	53	50	43
Educational qualifications									
Graduates from high school	30.1%	55.4%	46.9%	33.2%	56.6%	48.3%	34.3%	58.1%	49.2%
Graduates from university	1.1%	3.2%	8.3%	62.9%	41.5%	45.9%	61.7%	39.7%	44.6%
Specialist degree or old system degree	62.0%	39.2%	38.3%						
Postgraduate, masters or doctorate degree	1.4%	0.4%	0.4%						
Others	5.4%	1.7%	6.0%	3.9%	1.9%	5.8%	4.0%	2.2%	6.2%

AVERAGE GROSS SALARIES OF WOMEN TO MEN ¹	2019		2018		2017	
	Total	Fixed	Total	Fixed	Total	Fixed
Senior managers	102.8%	103.0%	98.2%	100.0%	103.0%	103.8%
Middle managers	89.0%	89.5%	89.0%	88.8%	88.8%	88.7%
Professional areas	98.2%	98.5%	98.1%	98.3%	98.1%	98.4%

1 Data relating to 99% of employees. Employees with foreign and companies outside the Group's contracts are excluded.

AVERAGE GROSS SALARY ¹ (thousands of euro)	2019				2018				2017			
	Total	Fixed	Variable ²	Incidence of variable	Total	Fixed	Variable ²	Incidence of variable	Total	Fixed	Variable ²	Incidence of variable
Senior managers												
Men	174.8	154.5	20.3	13.1%	171.8	160.0	11.8	7.4%	156.8	154.6	2.2	1.4%
Women	179.7	159.1	20.6	12.9%	168.6	160.0	8.6	5.4%	161.6	160.4	1.2	0.7%
Middle managers												
Men	65.8	62.7	3.1	4.9%	65.6	64.0	1.6	2.5%	64.4	63.0	1.4	2.2%
Women	58.5	56.1	2.4	4.3%	58.3	56.8	1.5	2.6%	57.2	55.9	1.3	2.3%
Professional areas												
Men	41.5	40.0	1.5	3.8%	41.4	40.2	1.2	3.0%	40.3	39.4	0.9	2.3%
Women	40.7	39.4	1.3	3.3%	40.6	39.5	1.1	2.8%	39.6	38.8	0.8	2.1%

1 Data relating to 99% of employees. Employees with foreign and companies outside the Group's contracts are excluded.

2 The values include: Incentive systems, Company Award, Loyalty agreements and Commercial Contests.

Remuneration shows that the genders are essentially aligned at Management and Professional Area levels, while there is still room for some improvement for middle management roles.

To promote equal gender opportunities, in 2019 the innovative training project dedicated to colleagues of both gender experiencing parenthood continued. The project aims to develop across-the-board skills such as empathy, listening and time management. Becoming a parent makes life more complicated and involves juggling several roles. 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.

The project is a digital training course that enables parents of either gender to transform their experiences of family life into natural training grounds for developing key skills. The course hinges on training and exploring the 12 most sought-after soft skills in the world of work (ref. World Economic Forum). As well as classroom training, it includes online skills training using distance-learning tools. The approach abandons old organisational ideas and embraces new, more creative, useful and contemporary concepts to make parents aware of the skills they naturally possess and often already use to apply them practically in their professional lives. In 2019 more than 400 new mums and dads took part in the course.

Finally, specific training aiming to encourage generational interaction continued with the [Mentorship](#) course that involved 50 Mentor Managers and approximately 100 Mentee colleagues from various generational contexts

who worked together on subjects of interest and topical importance for the Group.

Non-Discrimination

The first and most important way of combating any form of discrimination is cultural.

UBI works constantly on raising awareness of the issue among its personnel, by means of specific training courses to increase awareness of the different forms of discrimination. In addition, all employees can report cases of discrimination they have been involved in or learned about as part of the Code of Ethics and Whistleblowing Policy management processes. Reports of breaches to the Code of Ethics are managed to ensure that employees are protected against any form of retaliation, and the whistleblowing tool guarantees the anonymity of reports.

In 2019, as in previous years, no cases of discrimination of any type (based on ethnicity, origin, religion, political opinions, etc.) against employees were reported.

DISCIPLINARY MEASURES AND ACTIONS TAKEN AGAINST EMPLOYEES	2019	2018	2017
Verbal or written reprimand	44	35	33
Suspension from work and pay (from 1 to 10 days)	29	14	23
Dismissal for just cause or on justified grounds	11	8	5
TOTAL	84	57	61
Actions taken against employees	32	34	29
TOTAL	116	91	90

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DISCIPLINARY MEASURES BY GROUNDS	2019	2018	2017
Misappropriation/embezzlement of funds managed	6	8	2
Irregularities in the disbursement and management of loans	10	13	10
Irregularities in the management of investments	2	1	1
Operational irregularities and negligence	66	35	48
TOTAL	84	57	61

CAUSES PENDING AT THE END OF THE YEAR CONCERNING EMPLOYMENT RELATIONS	2019	2018	2017
Pension and social security	3	4	3
Remuneration	27	16	12
Termination of contract of employment	18	21	30
Duties and job descriptions	12	17	19
Job appointments and performance of work	34	26	23
Anti trade union conduct pursuant to former Art. 28	0	1	1
Other	18	43	59
TOTAL	112	128	147

Dialogue with Trade Unions

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The scenario in Italy is one of a high level of worker protection which UBI 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 seen this dialogue as an opportunity to seek solutions that are shared as far as possible through transparent, practical and continuous discussions that extend beyond the minimum timeframes established by institutional procedures (45 days for the National Banking Collective Bargaining Agreement).

The quality of trade union relations has made it possible to find appropriate solutions to meet demands for optimised, flexible labour, that are and will continue in the near future to be key driving factors in meeting the Group's objectives of delivering efficiency and profitability.

Freedom of Association and Collective Bargaining

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All of the personnel at the Bank and 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 their freedom of association and participation in trade unions.

There are five trade union organisations in the Group to which 85% of employees belong. All trade union

organisations operate freely without restrictions and the Group makes adequate operational means available to them to conduct trade union activities.

Relations with trade union organisations are based on the search for agreement, as far as possible, on solutions to the issues which are discussed from time to time, through transparent, concrete and continuous dialogue including beyond the minimum required by institutional procedures.

In 2019 trade union representatives took approximately 260,000 hours of trade union leave. There were no strikes, either due to trade union labour disputes or for other reasons (such as general strikes).

TRADE UNION MEMBERS	2019	2018	2017
No. Group's trade union	5	5	6
Total members (No.)	16,930	17,154	17,793
% members	84.9%	84.0%	82.3%

ABSENCES FOR TRADE UNION BUSINESS (NO. HOURS)	2019	2018	2017
Strikes	0	0	0
Trade unions leaves	254,870	256,932	247,018
TOTAL ABSENCES	254,870	256,932	247,018

The figures for 2018 have been restated to include Bancassurance.

Management of Industrial Relations

Work on trade union relations was intense in 2019 with 81 trade union meetings held for a total of approximately 600 hours.

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These dealt specifically with issues relating to supplementary pensions and healthcare for employees, with a view to finding solutions that are as uniform as possible across the Group. In December 2019 the agreement was signed with the trade unions on healthcare insurance. The discussions on supplementary pension schemes are set to continue into 2020.

Also in 2019, discussions began on the processes of classifying employees in relation to the new distribution model and on Workers' Safety Representatives. Agreements were signed on the voluntary redundancy incentive plan and extraordinary and parental leave for 2020 as part of the work-life balance, as well as on remote monitoring (Art. 4 of Law No. 300/1970).

Other meetings leading to the signing of trade union agreements concerned adapting the UBIS organisational structure by selling non-core business divisions and the incorporation of Palazzo della Fonte S.C.p.A. into UBI Banca S.p.A..

During the year regular meetings were also held with the various bilateral committees set up at Group level: the commercial policies committee, canteen committee, the joint company committee on reducing contributions and the training committee.

Customers



Photo by
LUGI BIANCONI

Piazza bella piazza
Piazza della Loggia, Brescia

Customers

Acquiring and retaining customers requires a competitive strategy capable of building and strengthening loyalty ties at every opportunity and via all available channels, in order to meet increasingly high expectations of transparency, reliability, proper conduct and innovation.

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 transparency rules, effective self-regulation and proper behaviour form the basis 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. The issue of privacy has become increasingly important with digital transformation. Cybersecurity involves protecting information systems to keep customer data safe both on in-house computers and online.

In the Italian context, all these aspects are governed by specific legislation and Regulations for the sector, which the Group incorporates into its internal Regulations that are distributed to all employees on the corporate internet and covered on specific refresher courses. In particular, the Group has adopted an **internal Policy for managing inducements**¹, a **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**², a **product development and management Policy**³, **Regulations governing the product development and management process**, a **Policy on commercial practices aimed at consumers**⁴ and **Regulations implementing Bank of Italy provisions on the transparency of banking and financial operations and services**⁵, a **Policy for offering products and services to Government through tenders or negotiated procedures and affiliation with finance facilitators**, a **Policy for the processing and protection of personal data**, a **security Policy**, **IT security Regulations**, **business continuity Regulations** and a **complaints management Policy**.

Compliance with these regulations is based on the following organisational and technical controls. Organisational controls are 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 whom 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, which are constantly updated, based on the best available technologies.

Customer Satisfaction

The **Customer Satisfaction & Claims** department enables UBI Banca to continuously monitor customer satisfaction through systematic customer satisfaction surveys and **complaints management**⁶, so that Group business can be guided by the quality of the customer experience⁷.

The customer satisfaction survey framework measures the quality delivered/perceived/expected and customer satisfaction by carrying out approximately 100 thousand interviews a year as part of the consultation project **"Progetto Ascolto"**, **"mystery client"** research involving all of the branches during the year, and approximately seven thousand interviews with commercial network employees to measure their level of satisfaction with systems, processes and procedures put in place to support customer relations management.

Customer Satisfaction also produces a **Quality "Tableau de Bord"** (dashboard) for the main services delivered to customers (160 indicators measuring levels of service).

The results of the surveys are summarised in the Quality **"Tableau de Bord"** (160 indicators) and regularly presented to the Steering Committee (Projects Committee) and meetings with the Chief Commercial Officer (CCO Meetings), and consequently to the relevant Group departments, together with the priority improvements action plan.

The Customer Satisfaction & Claims Area Manager regularly reports to management on customer expectations and levels of satisfaction with the services offered and communication channels used.

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1 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.

2 The policy contains the strategic guidelines and general principles that the Group adopts for exercising the right to unilaterally change the conditions of contracts (termed "ius variandi"), in accordance with the Bank of Italy provisions on the transparency of banking and financial operations and services.

3 The policy establishes principles 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.

4 The policy is intended to set out behaviour relating to commercial practices more clearly, in line with the provisions of the Code of Conduct for Group employees, providing useful information about operating in compliance with the provisions of Title III of the Consumer Code.

5 The regulation implements Bank of Italy provisions which assume business relationships are based on good faith and integrity and are intended to improve the effectiveness of transparency tools, regulate the behaviour 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.

6 Reports and Financial Statements 2019, Consolidated Management Report – *Commercial business, Complaints and Dispute Management*.

7 Reports and Financial Statements 2019, Consolidated Management Report – *Commercial business, Customer Satisfaction*.

The Consultation Project

The customer satisfaction survey is carried out on statistically significant samples with the aid of two external research agencies, using telephone interviewing (CATI methodology for approximately 78% of the interviews) and web interviewing (CAWI methodology for approximately 22% of the interviews). The interviewing methods employed ensure that the customers' opinions are managed by third parties and their responses remain anonymous.

Customers are asked to give their opinion about their relationship with their Bank, in terms of the perceived level of service, by means of a structured questionnaire.

The customers' views are summarised in an indicator – UBIndex – based on the TRI*M Index recognised in the literature. The UBIndex measures the level of customer satisfaction by means of the weighted totals of four variables (overall satisfaction, "recommendability", loyalty and competitive edge) on a scale of values from -64 to +134⁸.

The large number of interviews provides an indicator for every local organisational unit – starting from the individual Branches (1,214 in 2019), Enterprise Centres (49) and Top Private Centres (27) and for subsequent aggregates at all levels in commercial processes – and for every customer type based on commercial and service model segmentation. The various surveys also give a UBIndex to the Group product Companies: IW Bank, UBI Leasing, UBI Factor, Prestitalia and Pramerica SGR.

The same questionnaire is also sent to a sample of more than 10 thousand Benchmark customers in the 68 Italian provinces in which UBI is present, in order to make a comparison with its main competitors.

CUSTOMER SATISFACTION CONSULTATION PROJECT	2019	2018	2017
Customers interviewed	105,252	112,441	89,748
as a percentage of the total	2.6%	2.7%	2.1%
as percentage of potential interviewees	6.3%	6.8%	6.6%

Over the year questions exploring certain subjects are added to the standard questionnaire by rotation. These include questions on foreign services, inbound and outbound customer services, image, positioning, sustainability and lost and acquired customers.

Customer Support for Complaint Prevention

For the purpose of preventing disputes, UBI Banca has an internal policy for managing complaints and reports⁹ to enable prompt action to be taken to resolve situations of potential customer dissatisfaction.

It is in fact crucial to provide accurate, direct and timely responses to requests and reports from customers. The Customer Support function within the Customer Satisfaction & Claims Area can count on specific people in each

Macro Geographical Area to monitor customers' negative experiences and take prompt action to resolve disputes as soon as they arise.

This function is an important part of the strategy to constantly improve the quality of customer relations. It is based on proper conduct and transparency in both the provision of services and the ability to manage critical issues relating to the production and distribution processes.

Digital and Product/Service Innovation

Omnichannel sales, simplicity, efficiency, flexibility and competitiveness are the principles underlying the process of innovating channels, processes and products to make our services increasingly accessible and responsive to customer needs, and to embrace the opportunities for improvement and expansion made possible by technology innovations.

Some time ago UBI Banca adopted a Policy to regulate the creation of new products and the introduction of significant changes to existing products and services. This involves a large number of organisational units with a wide range of competences able to ensure that processes are carried out properly and effectively according to principles of technology innovation, as well as quality and competitiveness, and compliance with regulatory requirements and quality and business goals.

Against a background of economic globalisation, digitisation processes are an essential tool to ensure the Bank, and the businesses it serves, are competitive.

As well as developing the relationship between manager and customer into a *digital relationship* and not just a human, professional relationship (a new Digital banking Imprese smartphone App for businesses is about to be launched), UBI Banca has adopted a strategy of product and service innovation based on digital technology, in three separate areas.

The first area is the development of new products for the *Retail Market* small and medium-sized enterprises, divided into *basic* products (for daily use), *premium products* (for specific industry-related needs) and *credit* products (to manage collections and payments and support investments). In 2019 a new version of *Prestishop* was launched. This is a *Business to consumer* (B2C) finance product that enables the business owner to repay their debt on the basis of their collections from electronic payment transactions. During the year 6,400 *Prestishops* were provided, for a total of more than €210 million in loans. The product was particularly popular with customers operating in the retail and tourism sectors, two key areas of the Italian economy.

The second area is enterprises in the *Corporate Market*, which are offered a high value-added consultancy service to support their competitiveness and critical stages in the company's life, such as generational turnover and mergers and/or acquisitions. Specific *Centres of Excellence* have been set up both in Investment Banking and in the Foreign Department.

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⁸ For Retail customers a UBIndex of less than 58 is considered critical and a UBIndex of more than 68 is considered very good, while for Corporate and Top Private customers the thresholds are 62 and 72.

⁹ The Policy has been drawn up in accordance with the applicable regulations that required intermediaries to safeguard consumers and to take the utmost care in the management and analysis of complaints, reports and claims.

Leasing, factoring, subsidised loans and taxation (with the support of the subsidiary SF Consulting) complete the services offered to meet customers' increasingly sophisticated needs. A single relationship manager coordinates a large number of specialists, with the support of [360 corporate](#), the new IT tool that supports managers in their relations with customers and the specialists involved.

The third area comprises all business customers needing to undergo a process of digital transformation. An [agreement with Italia Online](#) has been signed for small businesses. This is a company specialised in digital marketing solutions for SMEs. A [partnership has also been set up with Confindustria](#), the business and industry confederation, for the funding of digitisation processes and products.

Transparency, Privacy and IT Security

Transparency

GRI FS15 417-1 418-1 The issue of transparency with respect to customers is covered by detailed regulations subject to ongoing changes. The main legal provisions covering transparency are those contained in the Consolidated Finance Law (*Testo Unico Bancario*) and the Bank of Italy provisions on the "Transparency of Banking and Financial Operations and Services - Proper Relations between Intermediaries and Customers". These have been updated on several occasions, particularly following transposition of the 2014/92/EU Directive - the [Payment Account Directive](#) ("PAD"), which introduced new rules to reinforce customer protection and make it easier to compare the costs of payment accounts for customers.

The Finance Law has been updated with the introduction of new rules in the section on the "transparency of contractual terms and conditions and customer relations" covering (i) the transparency and comparability of costs, (ii) the transfer of services relating to the payment account and (iii) the basic account. Specifically, in order to strengthen the protection for consumers by making the terms and conditions, particularly financial terms, of payment accounts easier to compare, the PAD introduced [standard terminology](#) for pre-contractual information, regular communications, contracts and any other information or communication sent to consumers, including the multi-channel banking services offered. The Bank of Italy website publishes a list of the most typical payment account-related services nationwide with the standard name to be adopted.

The Bank of Italy regulations were recently brought into line with changes to European law with:

- the addition of specific requisites to the policies and procedures that intermediaries are required to adopt in order to develop, distribute, monitor and submit for review products and services¹⁰;
- the setting up, with effect from 1st January 2020, of two new transparency documents (in standardised European formats)¹¹: a [Fee Information Document](#) (FID), an information document that must contain all the cost items the customer will incur to open and manage the

payment account they wish to set up, in addition to the information sheet already required by Italian law; and a [Statement of Fees](#) (SOF), regularly summarising the costs incurred by the consumer in the period in question.

The Group brought itself into line with the updated legal requirements, adopting the terminology listed by the Bank of Italy in January 2019; implementing the processes of developing, monitoring, revising and distributing products in order to ensure they are appropriate for the interests, objectives and characteristics of the target market, and in order to increase the level of transparency in the terms and conditions of payment accounts for the "consumer" market and facilitate comparison of the terms and conditions offered by other operators - at the pre-contractual stage and once the account is operational.

Complex Financial Products

In line with the recommendations of the Supervisory Authorities, UBI Banca does not place products belonging to the CONSOB Black List (Communication no. 0097996/14) on the primary market, including via the IW Bank online trading platform, as it does not consider they are suitable for 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.

Complaints about Transparency

In 2019 1,244 complaints were received in relation to communications and information sent to customers (down 45.1% on 2018), out of an overall total of more than 9,000. The considerable reduction was mainly due to the gradual resolution of complaints concerning the financial instruments issued by the Banca delle Marche and Banca Popolare dell'Etruria e del Lazio (merged into UBI in 2017 which led to the increase in 2018), as a consequence of the recent law coming into effect that enables former shareholders of the two banks to obtain refunds from the Investors Indemnity Fund.

COMMUNICATION AND TRANSPARENCY COMPLAINTS	2019	2018	2017
Received	1,244	2,760	512
of which:			
<i>accepted</i>	129	102	76
<i>partially accepted</i>	89	68	54
<i>rejected and closed</i>	979	2,516	346
<i>being processed as at 31/12</i>	47	74	36

Privacy and IT Security

UBI Banca offers a vast range of commercial, financial and consultancy services, and therefore, in order to maintain a solid relationship of trust with its stakeholders, has to retain full control over and guarantee the safety of customers' personal data. For customers the Bank is the main custodian of information on them.

¹⁰ Measure of 5th December 2018, following the European Banking Authority's Guidelines on Product Oversight and Governance Arrangements for Retail Banking Products.

¹¹ Measure of 18th June 2019 following transposition of the Payment Account Directive.

Personal data collected and processed for commercial purposes always respects the rights, fundamental freedoms and dignity of data subjects, in line with applicable privacy law.

UBI Banca has adopted a [Group Policy and Regulations for the Protection and Processing of Personal Data](#). All data processing is carried out in accordance with the principles of lawfulness and fairness, transparency, purpose limitation, data minimisation, accuracy, storage limitation, integrity and confidentiality established by law. In order to implement the principle of “accountability” introduced by the GDPR¹², the Group has adopted appropriate technical and organisational measures to ensure the level of security matches the risk ([risk-based approach](#)).

The [Data Protection Officer \(DPO\)](#) is responsible for personal data protection, and heads the unit set up under the Chief Compliance Officer. The DPO is responsible for advising the Data Controller of their obligations pursuant to the law, awareness-raising and training of staff, monitoring compliance with the law and the carrying out of the impact assessment, and acts as the contact point for stakeholders and the supervisory authority on issues relating to application of the law governing personal data processing and protection. They report to the Board annually on the status of the Bank’s compliance with applicable law and the appropriateness of the security measures adopted. They report to the Board about any complaints to the supervisory authority about personal data breaches, and if necessary about critical issues concerning personal data processing.

The IT Security & Business Continuity department of UBI Sistemi e Servizi adopts appropriate personal data protection measures for the entire Group and all of its stakeholders at all times, in accordance with applicable data protection law, security regulations and the main industry standards, guaranteeing the protection of its information systems from cyber-attacks, IT incidents, data theft and breaches, and fraud, which could harm the rights of data subjects.

The main operational and organisational protections are:

- [Privacy by design and by default](#), according to which data controllers first analyse and then constantly monitor data processing carried out, by means of demonstrable activities;
- [Data Protection Impact Assessment](#), a process that aims to describe the personal data processing, evaluate whether it was necessary and proportionate, assess and manage any risks to the rights and freedoms of the natural persons deriving from it and apply appropriate measures to mitigate those risks;

- [Security measures](#) such as personal data encryption, measures to ensure the confidentiality, integrity, availability and resilience of processing systems and services, mechanisms to restore the availability and access to personal data in a timely manner in the event of a physical or technical event, and procedures for regularly assessing the effectiveness of technical and organisational measures for secure processing;
- [Record of processing](#), providing a constantly updated picture of ongoing processing and a key tool for a comprehensive review and assessment of processing carried out, also for the purposes of risk assessment;
- [Specific and appropriate training](#) for authorised persons on the applicable law and data processing and protection methods;
- [Process for managing personal data breaches](#), under which, if a personal data breach occurs, and Group companies in their capacity as data controllers consider that the breach is likely to result in a serious risk to the rights and freedoms of natural persons, they notify said persons after first informing the supervisory authority, as required by the GDPR.

In the event of an emergency, the Group’s business continuity plan involves a series of technical and organisational measures and a series of regular checks and tests, in order to ensure that the most critical processes are restored in accordance with the Recovery Time Objectives (RTO).

Further developments are planned to strengthen IT Security, including:

- [scenario simulations](#) of information theft and the process and technology solutions to prevent them;
- [security intelligence](#), to improve the ability to detect and understand security threats using Big Data and Artificial Intelligence;
- [anti-fraud measures](#), with tight safeguards to protect against the risks of fraud perpetrated by external entities, also in accordance with the PSD2¹³ on digital payments, which gives third parties access to the Group’s IT infrastructure;
- [training](#), to promote and spread a culture of cyber-security among both employees and customers, making them increasingly aware of the threats and the conduct to adopt in the event of an incident.

Checks carried out since the entry into force of the GDPR (25th May 2018) have not shown any proven complaints by the personal data protection supervisory authority, any supervisory authority or public body or third parties concerning breaches of customer data. In the last three years there have also been no incidents of customer data leaks, thefts or losses.

12 The General Data Protection Regulation (EU) 2016/679 applicable since 25th May 2018 establishes the new rules for processing personal data in the European Union and their transfer outside of the Union.

13 The European Directive encourages banks to provide Third Party Providers with secure access to customer accounts, based on the availability of information about the payment accounts.

Community



Photo by
ALBERTO FENAROLI

Upside down
Rome

Community

Commitment to the Local Economy

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UBI participates actively in the economic and social life of the communities in which it operates, using its ability to interpret, serve and encourage the development of local economies. Local presence makes it possible to develop business and credit policies designed to meet the real requirements of local businesses, in particular small businesses and small and medium-sized enterprises, in order to promote and support the development of a healthy entrepreneurial environment capable of generating value in the medium and long term.

UBI's widespread distribution network ensures that savings and investments in the growth and development of enterprises are effectively directed towards the most

deserving businesses, whether these are robust and established, new with a high growth potential or even struggling, but with good prospects of recovery. 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.

Finance and Services for Development

As at the close of 2019 the Group has €87.7 billion of its own resources or public sector funds in place in the community, including subsidised funding, mainly to help small and medium-sized enterprises.

LOANS TO SMALL AND MEDIUM ENTERPRISES GRANTED DURING THE YEAR (Disbursed in millions of euro)	2019		2018		2017	
	Number	Disbursed	Number	Disbursed	Number	Disbursed
Subsidised loans	497	94.0	607	127.6	660	143.9
of which: National subsidies	296	59.1	424	102.4	378	111.2
Regional subsidies	201	34.9	183	25.2	282	32.6
Subsidised public sector funding	1,540	1,596.3	9,511	4,573.2	21,808	5,959.1
of which: European Central Bank TLTROs	972	1,308.9	8,325	4,132.3	21,617	5,822.7
European Investment Bank	212	205.5	1,186	440.9	191	136.4
Cassa Depositi e Prestiti	356	81.9	-	-	-	-
Guarantee bodies and guarantee funds	15,767	1,384.8	17,579	1,627.7	17,208	1,522.9
of which: Loans backed by guarantee funds	11,154	660.1	11,668	698.6	11,192	628.8
SME guarantee fund - Law No.662	4,505	722.4	5,757	926.2	5,747	888.2
Anti-usury credit lines	108	2.3	154	3.0	269	5.9
2015 Credit Accord (ABI/CDP)	-	-	307	17.7	460	22.6
Group initiatives	15	0.9	20	0.5	25	0.7
of which: SME development	5	0.2	8	0.2	8	0.4
Start-up	10	0.6	12	0.3	17	0.4
Natural disasters (ABI/CDP initiatives)	438	32.9	797	48.1	1,177	59.4
Female entrepreneurship	13	1.4	14	0.4	9	0.5
of which: Invest in women	8	1.1	10	0.3	8	0.3
Women in start-ups	5	0.3	4	0.1	1	0.2
Support for southern Italy	16	6.7	-	-	-	-
TOTAL	18,286	3,116.8	28,835	6,395.1	41,347	7,709.1

The totals for the years 2018 and 2017 have been restated for the addition of subsidised loans (national and regional subsidies), which were not recognised in previous years.

LOANS TO SMALL AND MEDIUM ENTERPRISES OUTSTANDING AT THE END OF THE YEAR (Remaining debt in millions of euro)	2019		2018		2017	
	Number	Remaining debt	Number	Remaining debt	Number	Remaining debt
Subsidised loans	2,177	310.8	1,973	306.5	1,585	249.4
of which: National subsidies	1,183	194.2	925	195.0	506	132.8
Regional subsidies	994	116.6	1,048	111.5	1,079	116.6
Subsidised public sector funding	32,696	7,995.0	45,544	10,826.0	49,176	10,695.1
of which: European Central Bank TLTROs	28,522	6,692.9	40,213	9,409.6	44,167	9,465.7
European Investment Bank	3,537	1,216.3	4,016	1,399.3	3,295	1,199.4
Cassa Depositi e Prestiti	637	85.8	1,315	17.1	1,714	30.0
Guarantee bodies and guarantee funds	55,289	3,738.1	61,195	4,025.9	68,327	4,233.0
of which: Loans backed by guarantee funds	40,530	2,216.7	44,973	2,379.1	50,546	2,620.3
SME guarantee fund - Law No.662	13,910	1,507.6	15,195	1,629.8	16,076	1,580.8
Anti-usury credit lines	849	13.8	1,027	17.0	1,705	31.9
2015 Credit Accord (ABI/CDP)	1,227	27.5	2,106	54.8	2,673	77.0
Group initiatives	213	2.5	459	4.6	808	10.8
of which: SME development	71	1.0	183	2.2	337	5.9
Start-up	142	1.5	276	2.3	471	5.0
Natural disasters (ABI/CDP initiatives)	2,221	132.1	2,008	104.7	1,349	74.3
Female entrepreneurship	52	1.9	49	1.1	40	1.1
of which: Invest in women	34	1.5	33	0.7	28	0.6
Women in start-ups	18	0.5	16	0.4	12	0.5
Support for southern Italy	16	6.5	-	-	-	-
TOTAL	93,891	12,214.3	113,334	15,323.5	123,958	15,340.7

The totals for the years 2018 and 2017 have been restated for the addition of subsidised loans (national and regional subsidies), which were not recognised in previous years.

Business involving public sector funds

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 Law No. 662/1996, the European Investment Bank (EIB) and the European Central Bank (ECB), participation in the TLTRO (TLTRO II and TLTRO III) long-term financing programme.

The Bank is a participant in important initiatives to support businesses operating in the Mezzogiorno (Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia and Sicily). These include:

- the **SME Initiative** of the European Investment Fund (EIF), for loans at subsidised rates for business investment projects;
- **Resto al Sud** (I'm Staying in the South) (July 2019) to support the launch of new business enterprises by providing subsidised loans to young entrepreneurs and self-employed people;
- **Memorandum of Intent with the CDP - Cassa Depositi e Prestiti S.p.A. (A state-controlled fund and deposit institution)** (November 2019), which granted UBI a €500 million loan, by underwriting a senior unsecured bond, which will be entirely used to provide new loans for SMEs and mid-caps with their registered office or main business premises in the eight regions of the Mezzogiorno over the next eighteen months.

Support for Research and Innovation

Established in 2017 in order to make better use of the Digital Innovation Hub¹ (DIH), the partnership with Confindustria continued in 2019. The digital assessment by DIH Lombardy,

in collaboration with the Polytechnic University of Milan for clients of the Corporate Centres of the provinces in the region, began in September.

As part of efforts to support investment 4.0 projects with a *Sustainable Development* theme, the Group will provide companies with access to a research, development and innovation loan pool for investments resulting, for example, in a reduced environmental impact and/or the protection or addition of jobs. The Bank will make provide access to methods for assessing "sustainable" projects aimed at optimising/measuring social impact and will also collaborate with Confindustria on developing and protecting a culture of welfare amongst Confindustria member firms.

Support to Supply Chains

UBI Banca directs its lending to support business development – especially SMEs – based on specific solutions developed for industries that represent the best of Italian entrepreneurship, such as **tourism** and **agrifood** (which make a significant contribution to Italy's GDP thanks to its culture, landscape and food and wine tradition), **commerce** (with its readily available services and high skill levels) and **craftsmanship** (the excellence of Italian-made goods is based on the talent and capabilities of our workforce).

Financial Inclusion

Special loan facilities are dedicated to support growth in new entrepreneurial ideas (**Start-up Loans**) and female entrepreneurship (**Invest in Women** and **Women in Start-ups**).

¹ Technology districts created to help SMEs adapt to the new industrial revolution.

Support for Enterprises in Difficulty

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

- **anti-crisis measures**, entailing the deferment of principal repayment instalments on mortgages, loan and leases, 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 such as participation in the 2019 Credit Agreement organised by the Italian Banking Association (ABI) and the leading business associations;
- **support for recovery**, with subsidised funding for the reconstruction of buildings damaged by disasters, natural calamities or exceptional weather conditions², through the following agreements: the ABI-CDP [Central Italy Earthquake](#)

[Fund](#) of 18 November 2016, [Calamitous Events Fund](#) of 17th November 2016 and [2012 Earthquake Fund](#) of 17th November 2012; the agreement with Fi.L.S.E. S.p.A. - Ligurian Fund for Economic Development (November 2018) giving SMEs damaged by the events in Genoa on 14th August 2018 access to the [Morandi Bridge Emergency Guarantee Fund](#), set up and funded by the Regione Liguria regional government; the Memorandum of Intent of the Italian Banking Association (12/04/2019) to facilitate the payment of advances on public funds by banks for construction companies and professionals involved in the reconstruction of areas in Central Italy affected by the 2016 earthquake;

- the **fight against usury**, with credit facilities 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).

DEFERRAL/EXTENSION OF LOANS TO SMES GRANTED DURING THE YEAR (Remaining debt in millions of euro)	2019		2018		2017	
	Number	Remaining debt	Number	Remaining debt	Number	Remaining debt
Initiatives bank	638	140.9	914	281.7	1,882	507.3
System initiatives (ABI)	157	63.7	675	108.0	2,242	199.8
TOTAL	795	204.6	1,589	389.7	4,124	707.1

Project Finance for Infrastructures

The Chief Commercial Officer's Area of the Corporate & Investment Banking division of UBI Banca contributes to the growth of enterprises in the local area directly - by providing large companies with the necessary financial resources for continuing operations, supporting extraordinary operations during growth processes and facilitating access to public and private capital markets, and indirectly - by supporting the expansion of infrastructure investments in the country by means of [Structured Finance](#).

In public-private partnership operations (e.g. funds for integrated or hospital water systems), projects are also assessed based on their potential impact on improvements to services for the end user. Focus is mainly on the economic and financial sustainability of the debt, which also takes into account the effects that price increases (e.g. in the water system) can have for the public, and comparative analyses with other industry operators and companies.

In 2019 UBI Banca mainly had primary roles – including as lead bank – in structuring important financing and refinancing operations in the infrastructure sector (telecommunications, airports and motorways, gas and water distribution networks, electricity interconnections and renewable energy production plants), achieving a significant market position. The investments funded are strategic to the country's sustainable growth, and play

a practical role in improving the quality of life in the communities affected, offering them better access to new technologies, more opportunities for speedier travel and better-quality everyday resources (water, gas, etc.)

PROJECT FINANCE FOR INFRASTRUCTURES	2019	2018	2017
Financing granted during the year			
Numbers of contracts	6	3	5
Amount authorised (€ million)	313	253	164
Amount disbursed (€ million)	174	68	61
Financing outstanding at the end of the year			
Numbers of contracts	31	26	28
Amount authorised (€ million)	1,259	1,192	1,002
Amount disbursed (€ million)	878	815	741

OPERATIONS IN PORTFOLIO	2019	2018	2017
Hospitals	4	4	5
Highways	4	4	6
Metropolitan railways	2	1	1
Gas transports networks	6	6	5
Airports	5	4	5
Other	10	7	6
TOTAL	31	26	28

² Reports and Financial Statements 2019, Consolidated Management Report - *Commercial activities*.

For example, as lead bank, UBI Banca provided structured funding to [Aeroporti di Puglia](#), the company responsible for managing the airports at Bari, Brindisi, Foggia and Taranto (Grottaglie). The airport system in Puglia is a strategic piece of infrastructure for a vast area of Southern Italy (Puglia, Basilicata, Campania and Calabria), and the airports offer direct access to a large number of destinations in Italy and abroad, served by a wide variety of airlines.

Structured finance was provided together with a pool of domestic and international banks and institutions for the construction of the [high-voltage electricity interconnection between Italy and Montenegro](#), which is already operational. The 445-kilometre grid is completely invisible, because it is submarine and underground (for the part on land). The Italy-Montenegro interconnection is a project of primary importance for both countries that was sponsored by the European Union, because it is helping to strengthen the growth of a single electricity market in Europe, and at the same time to open up the Italian electricity market.

UBI Welfare at Work

In 2019 the major expansion of corporate welfare in Italy continued throughout the country, an increasingly widespread and crucial tool in negotiations between the social parties in many different areas of production. Corporate welfare is an important opportunity for both companies and employees, because it improves productivity and profitability, the corporate environment, employees' satisfaction levels and the company's ability to attract and retain talent. Furthermore, the subsidies to tax and national insurances provided under current regulations help reduce the tax wedge, and benefit both companies and employees.

UBI Banca has a long history of managing corporate welfare in-house. It was the first bank in Italy to offer companies a package of welfare services – [UBI Welfare](#) – to help them implement welfare plans for their employees.

UBI Welfare is an innovative tool, designed to respond to the new requirements of enterprises, people and the community, by integrating public services in the fields of health, pensions, education, leisure time and protection, and to more effectively reconcile work and family life. It uses 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.

In keeping with its mission of maintaining close ties with the community, UBI Banca set itself the goal of building a “[welfare ecosystem](#)” in the form of an outreach network in which companies and third sector operators can become suppliers of welfare services, with important repercussions on the local economy. One example of this is the partnership between UBI Banca and the [CGM National Social Cooperation Consortium](#), which enables UBI Welfare users to access a wider range of personal, health and education services, throughout the

country. Given the growing importance of [supplementary healthcare](#) in Italy, the UBI Welfare services include a combination of healthcare services and health plan modules (including tax benefits, where applicable), provided via the [Cassa di Assistenza Aziende Italia](#).

UBI Banca supports the dissemination of a welfare culture and information about its potential. As well as contacting companies directly – especially those whose National Collective Bargaining Contract includes mandatory welfare benefits – including by means of its [Welfare Specialists](#) (specially trained professionals), it has entered into [cooperation agreements](#) with employer and trade associations operating in various industries and parts of Italy. At the end of 2019 there were 21 active agreements. These include agreements with associations structured along the lines of the confederation of industry, representing small and medium-sized enterprises and pharmacy owners. UBI Welfare today has a network of 15,000 businesses throughout Italy where welfare credits may be spent, as well as more than 1,200 healthcare facilities and a network of over 600 participating services in areas such as culture, wellness, and recreation. More than 400 businesses are being served, and this number is constantly growing.

On 26 March 2019 the [UBI Welfare Observatory](#), sponsored by UBI Banca and managed by [ADAPT – School of Specialised Training in Industrial and Labour Relations](#)³, published and presented its second [Report on Employment and Corporate Welfare in Italy](#), based on information collected in the communities served by UBI Banca. The study provides an update to the work that began in 2018 based on an analysis of the main national collective bargaining agreements which considered the subject and on a reading of a database containing 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.

Protection against Risks

Correct risk management plays an important role in safeguarding corporate assets and business continuity. This is why UBI Banca launched the new integrated insurance coverage solutions [BluReddito](#) and [BluImpresa Multirischi](#) at the end of 2018, part of a broad-based consultancy project. In 2019 these solutions significantly increased the Bank's ability to respond to the insurance needs of private clients and enterprises.

[BluImpresa Multirischi](#) is a product providing coverage against 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

³ An Institute set up in 2000 by Professor Marco Biagi, with scientific coordination provided by Professor Michele Tiraboschi.

all cases, and coverage for indirect damage in the event of business interruption.

At the end of 2019 more than 900 thousand customers, both businesses and private individuals, had chosen to insure themselves via the Bank.

The marketing and consultancy of products providing **Coverage** are carried out using the UBI Banca distribution network, recognised by IVASS (the Italian Insurance Supervisory Authority), using specific reference systems.

Commitment to the Community

UBI Banca contributes to improving the social and cultural context of the community in which it operates, both through its business activity and by promoting and supporting social initiatives and partnerships with the institutions and non-profit organisations. Initiatives are adapted to changing times and to the nature of the various local communities.

Acting as a driver for the economy and for the overall well-being 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.

UBI Comunità for Growth in the Third Sector and the Civil Economy.

**GRI 203-2
413-1:2
FS7** Cooperation and community are values shared by the Group identity and UBI Comunità, the business division that focuses on the Third Sector and the Civil Economy. These values consist in the ability to listen and to work with the various communities and local situations in order to develop social and economic excellence that creates value for society, by developing an economy based on the common good.

The Third Sector is fundamental not only for social cohesion, but also for the country's economic development. ISTAT data from the 2017 permanent census of Non-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 social enterprise area and in Third Sector Organisations in general.

At the end of 2017, there were more than 350,492 Non-Profit Institutions active in Italy (up 2.1% since the 2016 Census and up 16% from 2011), which between them employ 844,775 people (up 3.9% on the previous year and up 24% from 2011). Non-profit enterprises have

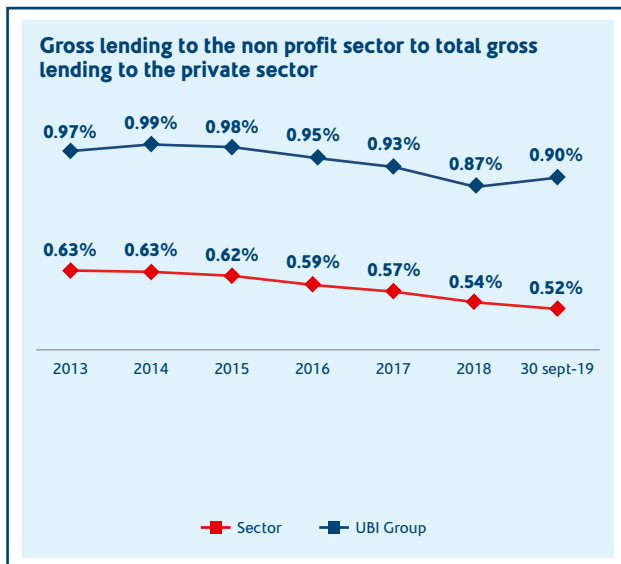
continued to grow at higher annual average rates than those for those for profit, both in terms of numbers and employment figures. As a consequence, the civil economy's role has grown in importance with respect to the Italian production system as a whole, the number of enterprises rising from 5.8% in 2001 to 8.0% in 2017 and employment figures rising from 4.8% in 2001 to 7.0% in 2017.

The Specialised Approach of UBI Comunità

UBI Banca's specialisation and commitment to the Third Sector dates back to 2011, the aim being to support investments with a focus on their social impact, and social entrepreneurship linked to local and community development and new supply chains, as well as development of the role of strategic partners in lay and religious non-profit organisations, supporting them in the pursuit of their social and/or pastoral aims and in innovation and economically sustainable growth.

UBI Comunità, which operates within the department of the Chief Commercial Officer, sees its role not only as a provider of dedicated services, but also as a fellow-protagonist in a broader process that promotes networks and social impact-oriented investments, shares skills and acts as an intermediary in relationships between economic operators and the community, also in light of the situations and developments opening up as a consequence of the Reform of the Third Sector. Proximity to the community, a multi-stakeholder approach, development and dissemination of the networks of contacts, knowhow and expertise, together with a wide range of products and services, have led over the years to the introduction of important initiatives and innovations, such as Social Bonds. The Area comprises 56 specialised resources located throughout Italy in order to strengthen the focus on the local communities including by means of synergic interaction with the Macro Geographical Areas and with the whole Network.

During 2019, having set itself the goal of increasing its share of the social enterprise and Third Sector segments, UBI Comunità has stepped up its action, focusing its strategies on consolidating and strengthening its relationship with local areas and the main players in the local ecosystem, working in synergy with the network of branches in the Macro Geographical Areas and the specialist markets, and creating cross-segment value by means of commercial initiatives dedicated to developing relations with current and potential clients, in order to increase revenues and market share in the sector. This has led to a strengthening of relations with the leading networks of associations and the main entities responsible for bringing together Third Sector initiatives at national level (such as LegaCoopSociali, UNEBA, ANPAS and CFI) through new partnerships, agreements and joint initiatives in line with the Agenda 2030 Sustainable Development Goals (SDGs), and in particular Goal 17, which is about developing partnerships to achieve social objectives.



The Group's clients include more than 24,100 non-profit organisations - 6% of which are classified as "Non-Profit Economic" (cooperatives and social enterprises), 79% as "Non-Profit Social" (associations, foundations, etc.) and 15% as religious entities - with a market share of approximately 6.9% (source CRM data - September 2019).

The Group holds a quota of loans to non-profit organisations that is much higher than for the sector nationally⁴ (0.90% of the Group's total loans against 0.52% for the system; the Group's market share of loans to the Third Sector is around 10% (up 33% compared with 2011).

UBI Comunità has supported social projects through dedicated credit lines, subsidised financial support (the EIB and enterprise revolving fund FRI), investment tools such as Social Bonds, Pramerica SGR SICAVs/Ethical Funds and through the involvement of employees and clients in supporting fund-raising campaigns organised by leading client organisations to which UBI Banca has provided dedicated fund-raising tools (such as Solidarity Credit Transfers, UBI Pay and Payroll Giving)⁵.

In 2019 the Bank stepped up efforts to promote specific credit instruments to support the expansion and consolidation of social enterprises, such as loans under the MISE-ABI-CDP⁶ Agreement of 28 July 2017 regarding the Rotating Fund to support Enterprises operating in the

social economy sector (12 projects approved and funded for a value of approximately €18 million) and loans dedicated to Third Sector operators funds subsidised by the European Investment Bank (EIB) which reached the maximum total MBIL Social Activities funding⁷ of €50 million obtained from the EIB in 2018 (26 social investments funded for a total of €24.6 million).

Start-ups and Innovation

In 2019 UBI Banca again held the "Welfare, che Impresa!", competition in conjunction with the Italian Accenture Foundation, Bracco Foundation, SNAM Foundation and CON IL SUD Foundation ("With the South"), with the scientific contribution of AICCON and the Polytechnic University of Milan - Tiresia and a technical partnership with the incubators PoliHub, SocialFare, Campania NewSteel, Hubble-Acceleration Program and G-Factor. The third competition attracted 250 ideas from all over Italy, a significant increase on the previous two years, confirming a growing interest in new forms of enterprise increasingly focused on projects with a high social impact in the realms of social agriculture, the promotion and management of cultural, landscape and environmental heritage, personal services and the circular economy. Awards were given to the four best projects, each of which received €20 thousand (from the partner Foundations), four months of business incubation/acceleration with one of the partner incubators worth a total of €5 thousand, a zero-rate €50 thousand loan from the UBI Comunità line and a free Non-Profit Enterprise Formula account for 36 months.

As part of the project launched together with SocialFare, in 2018, UBI Banca selected one of the start-ups participating in **Fundamenta#7** – an acceleration programme for start-ups and enterprises with a social impact – which will be able to benefit from a €50 thousand zero interest-rate loan for 60 months and a free Non-Profit Enterprise Formula package for 36 months.

Through UBI Comunità, in 2019 UBI Banca became the main partner of the **Donation Network** in the third "Donation Network Award for Culture" contest, launched to support innovation and digital transformation in culture, art and music by encouraging the use of crowdfunding in the world of art and culture through a dedicated web platform. An award, in the form of a donation, will be made to the top three crowdfunding projects out of the twenty presented. The award ceremony will be held in February 2020.

⁴ BASTRA data on sub-group 51 (nonprofit organisations). Loans to the private sector exclude the Public Administration and social cooperatives and are net of bad loans.

⁵ Solidarity Credit Transfers allow customers who use our Qui UBI and Qui UBI Affari (Business) banking services 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 which is then deducted from their wages.

⁶ The Convention establishes the terms and mechanisms for submitting concessional financing applications provided under the Decree of 3rd 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.

⁷ Medium and long-term loans at favourable terms for up to 20 years to support investments with social value organised by public, private and private social entities.

Impact Finance

Using a competitive positioning and business development strategy linked to **SRI finance** (Sustainable and Responsible Investment), UBI Comunità and other Group departments have contributed to the dissemination within the Group of initiatives aiming to promote sustainable economic growth, encouraging the adoption of ESG (Environmental, Social and Governance) criteria to gradually shift investment products and loans to profit and non-profit enterprises towards goals with a positive social and environmental impact (in addition to the UBI Comunità Social Bond, the Pramerica themed SICAVs and social project finance).

UBI Banca funds important investments in social projects through **Social Project Finance** operations jointly managed by Project & Real Estate (the department responsible for structured finance), CIB (the area responsible for Large Corporate clients) and UBI Comunità. The instrument adopts the “pay-for-results” model, which involves social goals being included in the finance agreement. When the goals are achieved the Bank makes an annual donation from its own fee to support social initiatives whose impact is monitored over time. In 2019 the social goals set out in the finance agreement entered into with the **Health Innovation Fund** for a Club Deal operation worth a total of €31.8 million were achieved, and UBI Banca made a donation to the **Instant Serenity** project organised by the **Consortium of Expert Care Social Cooperatives** to revamp and expand the remote assistance service for the elderly living alone in the Province of Reggio Emilia.

The **UBI Comunità Social Bonds** play an important role in supporting social projects that create value for the community. Part of the amount placed (normally 0.5%) is donated to projects with a strong social impact run by non-profit organisations.

Social Bonds represent an extra investment opportunity for investors in addition to instruments traditionally available on the market (bonds that are “not earmarked”, ethical funds, etc.). They meet the expectations of a growing number of people who wish to combine individual and general interest objectives in their investment decisions

by acting as “social financiers/bankers” and contributing (with a guarantee of adequate remuneration) to the implementation of projects that create value for society and encourage the development of an “economy of the common good”. The customer take-up is always very positive, showing that the Bank’s values and goals are in tune with those of the local communities. All the bonds have been fully subscribed.

From their launch in 2012 to the end of 2019 the Group has placed 96 bond issues worth over a billion euro. These equate to donations worth over €5.3 million and funding facilities for over €21 million for institutions working in assistance and solidarity services (53), infrastructures and public utility services (28), universities and research (12), economic and local development (3), as well as providing funding facilities for over €21 million.

In 2019 four Social Bonds were issued, worth a total of €80 million compared with €65 million in 2018, three of which were for nationwide projects. Customers who subscribed numbered 2,896, the majority of which were private retail customers. The average amount subscribed was €27,624. During the year donations of €280 thousand were paid out, in addition to a further €180 thousand in donation instalments paid out after measuring the social impact of completed projects linked to issues in the 2016-2018 three-year period (to the Agostino Gemelli University Hospital Foundation, Italian Multiple Sclerosis Association AISM, Lega Del Filo d’Oro charity for severely disabled young people, Albero della Vita charitable foundation for vulnerable young people, AIRC cancer foundation and CESVI humanitarian organisation).

The **SROI (Social Return On Investment)** of the projects supported was calculated to measure the social impact of all the 2019 issues (in 2018 of three out of four issues). This was to ensure resources could be allocated more effectively and efficiently to initiatives delivering the most change and greater accountability for subscribers and stakeholders in general. Social Return on Investment (SROI) is a tool that converts into monetary terms the expected social impacts of the project (ex ante assessment) and the social impacts achieved on its completion (ex post assessment).

Promoter	Project	Direct Beneficiaries	SROI Index (ex-ante) ¹
Vidas	Project “Start-up of the ‘Casa Sollievo Bimbi’ inpatient service”, the first paediatric hospice in Lombardy for children and youths who suffer from incurable diseases.	25	1.2
Archidiocesi of Milan	Project “To improve the quality of health services provided by the Mtendere Mission Hospital with special attention to maternity and infant health”	66,800	3.73
Casa Sollievo della Sofferenza Foundation	Project “Virtual Round” for the introduction of innovative software applications to the geriatric ward of the Casa Sollievo della Sofferenza Hospital.	474	1.88
Fondazione Banco Alimentare onlus (nonprofit food bank)	Project “Più recupero, più vicino” aimed at increasing recovery of excess food from the organised catering and mass retail sectors as well as the redistribution to local charities	22,411	9.81

¹ Amounts in terms of the social return on investment for each euro invested in the project, calculated ex ante.

For the application of SROI, UBI Banca is assisted in 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 paid on completion of the project and is subject to passing the independent ex post assessment and certification of compliance with the forecasts and the social objectives specified.

In 2019 UBI Comunità further boosted impact finance by launching two projects in conjunction with [Tiresia](#), a centre of excellence at the [School of Management of the Polytechnic University of Milan's Department of Management Engineering](#) dedicated to studying innovation, entrepreneurship and impact finance. The two projects aim respectively to build a screening model for assessing the social impact generated by non-profit organisations and the construction of a model to measure the ESG (Environmental, Social and Governance) impact of funding investments by for-profit enterprises.

The first model will support UBI Banca in assessing the potential social impact generated by a funded project when non-profit organisations apply for finance and, in some specific cases of amount and/or type, may also be used both during the loan term and the ex post phase, to assess whether the estimated targets have been reached when granting the loan. The second model, which is currently under development and being tested, will measure the potential ESG impact of investments by for-profit enterprises applying for a loan from the Bank, and whether they are in line with the goals of the 2030 Agenda, which could be a pre-requisite for access to dedicated finance.

UBI Comunità for the Public Administration

UBI Banca also pursues its objective of a close link with the community by providing an established and important Treasury Collection service for government bodies. Services for government are aimed at the development of efficient solutions, the provision of specialist consulting, the creation of partnerships of value to the community, and the support of economic development, and ongoing research into the best services and cooperation with public bodies contributes to establishing solid, virtuous relationships in order to integrate the Group into the economic and social fabric of the community.

Relations with public bodies are regulated by the new [Group Policy for offering products and services to Government through tenders or negotiated procedures and affiliation with finance facilitators](#), published in 2019, which sets out the principles and guidelines that UBI must comply with under current regulations.

In 2019 UBI Comunità worked to support digital innovation in government bodies and to create leaner operations in the agencies they manage. By the end of the year more than 96% of operations were managed electronically

using the IT payment system, facilitated also by the regulatory requirements introduced by SIOPE+, which enables organisations to reduce operational risks and to rationalise service execution times, freeing up resources to carry out services to the public.

The drive towards innovation and constant improvement has meant that the services and products being proposed are increasingly high-quality, as testified by the [UNI EN ISO 9001:2015 certification](#) for the Management of Treasury Services for Government Bodies and the granting of loans to Public Bodies and their subsidiaries.

At the end of the year there were 1,891 managed entities – municipalities, provinces and regions, hospital, schools and universities – and several important partnerships with universities were developed during the year.

Actions Taken for Social Initiatives

[Strategic philanthropy](#) activities - charitable donations and sponsorships – are managed in accordance with specific internal regulations ([the UBI Banca Policy and Regulations governing the Process of Managing UBI Banca's Charitable Donations from the Fund set up by the Articles of Association and the Policy for Managing Sponsorships](#)), which formally delegate responsibilities and processes.

The initiatives supported by the Group are selected taking into account the positive impact they could have for the stakeholders as a whole, in order to maximise [the social impact](#) of donations and sponsorships, through local synergies that can reconcile the social initiative with the Bank's business strategies.

The UBI Group's strategic goals in implementing social initiatives meet the requirements of some of the Agenda 2030 Sustainable Development Goals (SDG):

- [No Poverty \(1\)](#), reducing the risk of marginalisation or social exclusion of the more vulnerable segments of the population because of difficulty accessing essential goods and services (including banking and financial services);
- [Good Health and Wellbeing \(3\)](#), supporting Italian healthcare organisations and projects and therefore contributing to medical research, staff training, protection from financial risks and health coverage for greater access to essential healthcare, medications and vaccinations;
- [Quality Education \(4\)](#), supporting youth education and training, in order to help develop specific skills that increase the resources in the economic and social fabric of the country, by offering bursaries for deserving students and young people, improving educational services and involving schools and universities in dedicated initiatives;
- [Industry, Innovation and Infrastructure \(9\)](#), supporting innovation and scientific research into the development of technologies for the sustainability of the economic and social fabric, through specific projects promoting respect for the environment and community well-being, the production and use of clean energy, the promotion of local culture by means of sustainable tourism and modern business practises adopting policies that encourage synergies between companies and the creation of new long-term jobs;
- [Reduced Inequalities \(10\)](#), which underlies all the social projects and encompasses all the above points.

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RESERVES AVAILABLE TO UBI BANCA'S BOARD OF DIRECTORS FOR SOCIAL PURPOSES (thousands of euro)	2019	2018 ²	2017
Balance at the beginning of the year	2,368	4,583	8,772
Brought forward from the previous year	5,902	-	-
Donations made during the year ¹	-5,475	-2,216	-4,189
BALANCE AT THE END OF THE YEAR	2,795	2,368	4,583

1 Including contributions to the UBI Banca Group's Foundations.

2 The figures for 2018 have been restated following an adjustment to the payments made during the year.

Donations are made using specific profit reserves⁸ as well as part of the revenues from products and services.

Each year the Board of Directors approves the UBI Banca Annual Action Plan, setting general guidelines for the efficient allocation of these resources to the initiatives with the greatest potential for impact and change. The Board of Directors decides on the most significant (usually national) initiatives, establishing the amounts to allocate to the Group Foundations and to the Macro Geographical Areas (MGAs) for local initiatives. 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 a member of the Board of Directors with experience of the local area, supported by the UBI Comunità Area Manager and Corporate Social Responsibility Manager. The Board of Directors examines the Annual Action Plans of the Macro Geographical Areas, verifies that they essentially comply with the annual guidelines and expresses its prior opinion on "significant" (amounting to €20,000 or more) and/or multi-annual initiatives.

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 these are first structured, which are explained in the relative information prospectuses.

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.

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 purposes⁹.

In 2019 the Group spent a total of €10.9 million in local communities¹⁰ (in line with 2018), of which:

- €5.4 million in donations¹¹, classified by project area, including donations deriving from specific financial products (Social Bonds, Ethical Funds and SICAVs for €861 thousand¹²);
- more than €2.8 million in sponsorships, classified by project area;
- €1.1 million in donations to entities under treasury services, not classifiable by project area;
- €1.6 million in sponsorships, classified by project area, by the Foundations¹³.

8 Article 44 of the UBI Banca articles of association allocates 2% (for a maximum of €12 million) of 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).

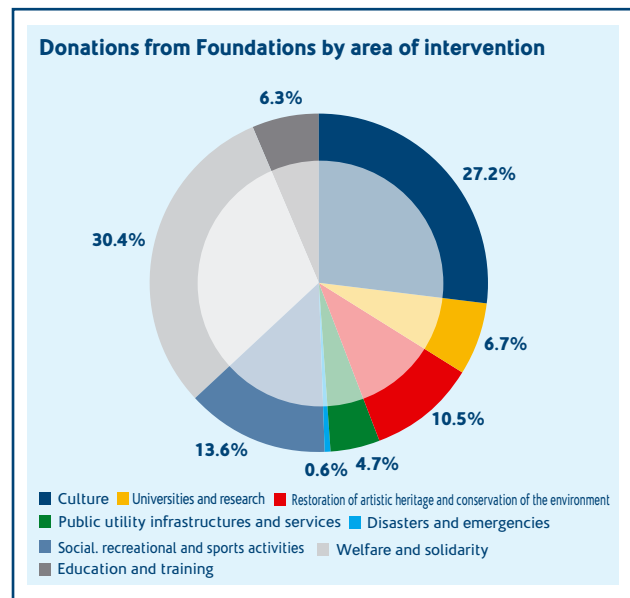
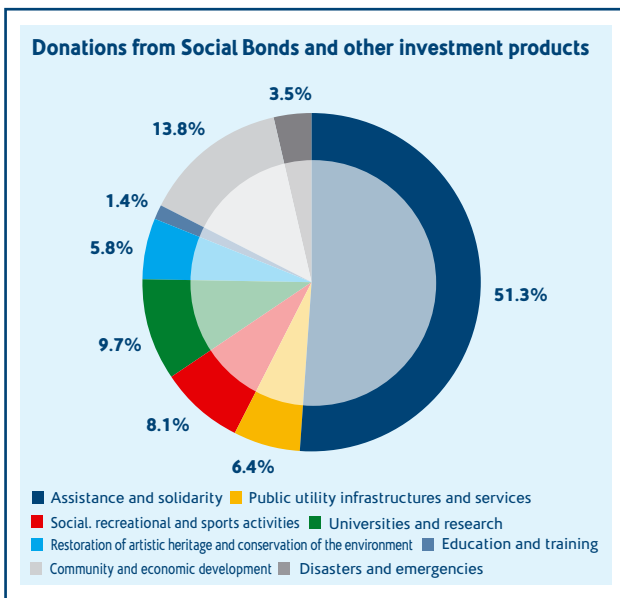
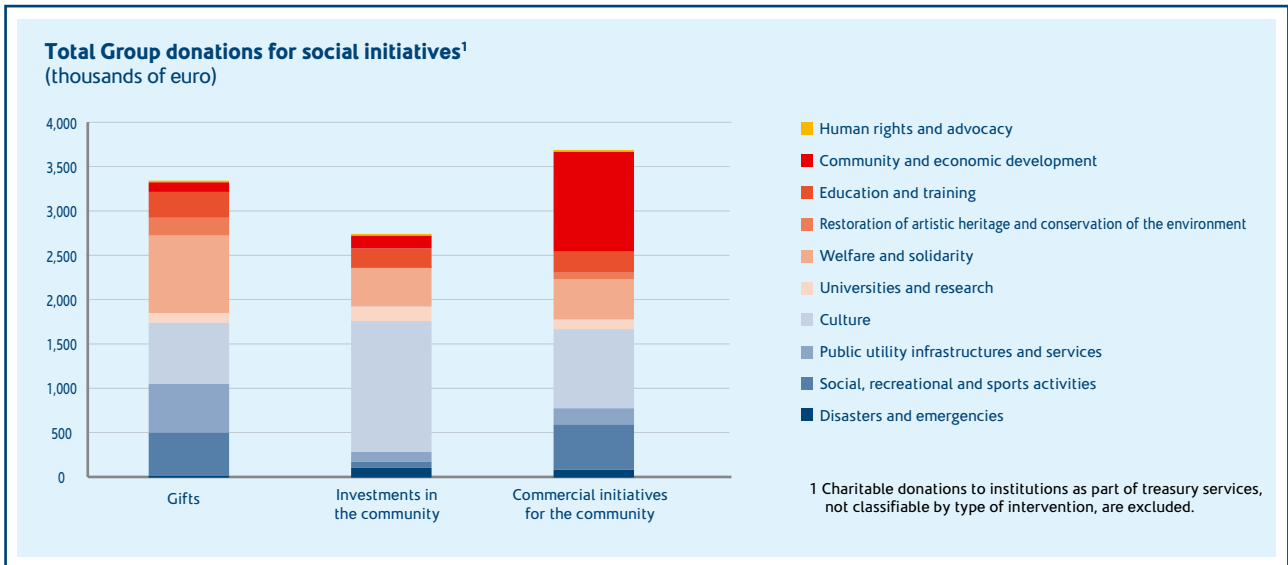
9 Code of Ethics paragraph 6.6 Relations with Local Communities.

10 This excludes the contributions made to the Group's Foundations (€1.4 million).

11 In the graph the Group's Contributions to social initiatives are split between one-off payments (Donations) and recurring/multi-annual payments (Investments in the Community).

12 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 goals in the communities in which it operates.

13 UBI Banca Popolare Bergamo charitable foundation, UBI Banco di Brescia Foundation, CAB Foundation, Banca Popolare Commercio Industria charitable foundation, Banca Popolare di Vigevano charitable foundation, UBI per Varese charitable foundation and Bruschi Foundation.



Donations from the Board Fund

The 2019 annual action plan approved by the Board of Directors indicates the following priority areas for its actions:

- **youth development** through training and orientation for students, professional programmes for new talents, support for the best business initiatives and for cultural events and events promoting artistic heritage with a focus on young people;
- **social inclusion** through non-political initiatives supporting social integration and access to the world of work, including for people with physical and psychological challenges, in order to create synergies between business and the community in all forms and using the methods considered to be most effective;
- **support for culture** through initiatives to support the cultural institutions in the community in which the Group operates, with particular focus on projects with a country-wide impact. Initiatives and projects that have the right to grant Art Bonuses are recognised as having special value.

In order to ensure that all applications are assessed, donations of more than €2,000 are processed using metrics based on parameters such as their compliance with Group Guidelines, type of event, involvement of the Bank or its employees, media coverage, recipients and stakeholders. The metrics use a weighted measurement scale to provide a score that measures the correct “perception” of the individual initiatives under assessment. There is regular overall monitoring of the initiatives, and the findings are reported to the Board of Directors. These include the results achieved and the impacts of the projects supported.

The initiatives directly decided by the Board of Directors include donations to the company voluntary work project “Donate One Day”, to the **Clematis** charity, which supports families with disabled children, to the **Buzzi Children’s Hospital** for a new operating theatre on the emergency paediatrics ward, to the **Triennale Museum of Milan**, to **La Scala Opera House** and its Academy, to the **Elisabetta Sgarbi Foundation** for La Milanese arts festival and to

the 2019 Autumn Days events run by the Italian heritage fund FAI to promote cultural projects and heritage and to the [Einaudi Centre](#) for the 23rd presentation of the Report on the Global Economy and Italy.

The Macro Geographical areas have a particular responsibility for social, recreational and sports activities, education and training for young people, protecting the environment and the development of the local economy. The main interventions are listed below:

- for the Bergamo and West Lombardy MGA, contributions to the [University of Bergamo](#) for Start Cup, an enterprise training programme, the [Carlo Cattaneo University at Castellanza \(VA\)](#) for the “UBI-LIUC Observatory on the Impact of Policies” with a particular focus on digital technologies, the [Donizetti Theatre Foundation](#), the charity [Bergamo Film Meeting](#) for its international film festival with an UBI Banca named award for best film and to 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](#), the [Ugo da Como Foundation](#), the extraordinary concert for the canonisation of Pope Paul VI at the [International Piano Festival of Brescia and Bergamo](#) and training at Digital Universitas;
- for the Milano Emilia-Romagna MGA, contributions to the [Poldi Pezzoli Art Foundation](#), the [Teatro Piccolo](#) theatre for children and young people, to the [Ghileri Musica Association](#) and the Banca Popolare Commercio e Industria e Banca Popolare di Vigevano Foundation to make education and learning more widespread;
- for the North-west MGA, contributions to the [Castello di Rivoli - Museum of Contemporary Art](#), the literary and music festival “Collisions”, the [Turin Culture Foundation](#) and the [Turin Royal Theatre Foundation](#), the [Illuminated Cuneo Committee Association](#) and the [Consortium for the Protection of Barolo Barbaresco Alba Langhe and Dogliani](#) wines for tourism and promotional activities;
- for the Lazio, Tuscany and Umbria MGA, contributions to the [Friends for health](#) charity and the [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 [Italian Association for Disabled Golf Players](#) for disabled young people, the [Biomedical Campus University](#) for training support and the [ASD Tennis Club Parioli](#) and [SIR Safety Volley Perugia](#) sports clubs;
- for the Marche Abruzzo MGA, contributions for the [Il Cireneo Foundation](#) which helps people with autism, [Musicultura](#), [Arena Sferisterio](#), [Rossini Opera Festival](#), [Pergolesi Spontini Foundation](#) and [Marche Teatro](#) to promote cultural and leisure activities, the [Colocci Jesi Foundation](#) for the promotion of education and culture, the [Adriano Olivetti Institute](#) for economic and local development;
- for the South MGA, contributions for the [2HE Association - Center for Human Health and Environment](#) to help differently abled people, the [Civico 21 Association](#) for disabled young people, the [Festival of Ravello](#), [ICO Magna Grecia Orchestra](#), the [Bari Camerata Musicale](#) and the [Sila Award Foundation](#) to promote culture.

Sponsorships

Sponsorships also have a positive impact on economic and social development in the community. Support for business also considers specific sponsorship for initiatives aimed at stakeholders in the local economic, industrial and business context, where the Bank can have a role as speaker or opinion leader.

A structured assessment form has been prepared for processing all the applications received. This includes KPIs for monitoring the expected commercial return, and is also used for the periodical reports made to the Board of Directors.

Social activities (with priority given to initiatives where the impact can be measured by their SROI), sports (youth activities) and cultural initiatives are the main types of project supported on a national and a local level in 2019. The following is a list of the most important initiatives, showing the variety and reach.

In sports¹⁴ and recreation:

- the [Oralimpics of the CSI Milan Committee](#) (speakers' olympics);
- [Cuneo Granda Volley](#) as main sponsor of the entire youth sector;
- the resurfacing of a basketball pitch located close to [Piazza Vittorio Veneto in Turin](#), in conjunction with the NBA;
- the [Genoa Half Marathon](#) for the 5 km Family Run;
- support for the sporting season of the Sportland group amateur associations: [Club Milano](#), [Club Barona](#) and [Cimiano Calcio](#).

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 67th year at Villa Rufolo;
- the theatre, dance and music season at the [Fraschini Theatre Foundation](#);
- the 56th [Brescia and Bergamo International Piano Festival](#);
- the 2019-2020 season of the [Olimpico Theatre in Rome](#), as main sponsor;
- the “Canti della Madre Terra” singing project in conjunction with “[Lingotto Musica](#)” and a number of primary schools in Turin;
- 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 “[2019 Steel Industry Financial Reports](#)” in four Italian cities (Brescia, Lecco, Bari and Venice);
- the 14th [CGM Convention](#). This network of local consortia based throughout Italy coordinates the activities of cooperatives and social enterprises;

¹⁴ The Bank also supported the youth sector and financial education projects as part of sports sponsorships not included in the report as they refer to professional sports associations (Basket Brescia Leonessa - basketball, Atalanta Bergamasca Calcio - football and Club Scherma lesi-fencing).

- the project “Trame d’Italia” promoting the historical, artistic, cultural and food and wine heritage of high-potential areas;
- the Festival of Fundraising.

For educational and training initiatives:

- the Master in Business Administration at the University of Pavia;
- Marketing Xpression for the 2019-2020 season, as Main Sponsor of the Teatro Olimpico theatre in Rome;
- the Young Factor project organised by the Osservatorio Permanente Giovani-Editori (Young People’s Permanent Observatory-Publishers);
- the Economia d’Italia roadshow organised by the national paper Corriere della Sera, which provides information about the area, the companies, the business and projects of the Italian manufacturing districts that represent the backbone of the country’s economy;
- the study centre Centro Studi Grande Milano for their calendar of economic, cultural and industrial events;
- the “Bergamo Città Impresa”, a project involving a collection of meetings and discussions about the major industrial changes taking place with the development of Industry 4.0;
- Fondazione Lang for the 2019 Philanthropy Day, dedicated to exploring the efficacy of philanthropic actions.

Finally, UBI Banca sponsored the international initiatives XXII N.I.C.E Italian Film Festival and the Exhibition of Gramsci’s Prison Notebooks in Moscow.

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 2019 are:

- for the UBI Banca Popolare Bergamo charitable foundation, the contributions to the Bergamo Science Festival, the Pope John XXIII Hospital in Bergamo for prevention programmes and the “Roncalli di Bergamo” project, the charitable foundation Bergamo in History and the cultural centre Ducato di Piazza Pontida for cultural events;
- for the UBI Banco di Brescia Foundation, the contributions to the charity La Zebra – Brescia for paediatric health projects, to the charity Fobap Brescia and the charity Il Sorriso Angelmann Association - Milano/Brescia for solidarity projects and the Brescia e Bergamo International Piano Festival;
- for the CAB Foundation, to the Brescia Conservatory for restoration works, the Brescia e Bergamo International Piano Festival and the Friends of Palazzo Martinengo Association for cultural projects;
- for the Banca Popolare Commercio Industria charitable foundation, the contributions to the “V. Buzzi” Children’s Hospital Foundation” in Milan and the FCRT Theatrical Research Centre/ Arts Theatre Foundation;
- for the Banca Popolare di Vigevano charitable foundation, the contributions to Aias and Contatto Donna for recreational activities for the disabled, the Premio Duse award and Caritas Foundation for assistance and social solidarity;
- for the UBI for Varese charitable foundation, the

contributions to the Mariuccia Nursery School Foundation, to SOS Malnate to purchase ambulances, to the Amerigo Ponzellini Cultural Centre, to the Parishes of Gavirate and Bosto for projects promoting the arts and the environment.

The Bruschi Foundation in Arezzo is a cultural centre that hosts temporary exhibitions, conferences, concerts and educational workshops, supporting educational projects to promote historic and artistic heritage through the Home Museum and the historic buildings in the medieval city centre, the Exhibition Gallery, the Arezzo Antiques Fair and through the publication of catalogues, magazines, books and collections of books.

Donations of Goods

In 2019 UBI Sistemi e Servizi – the Group’s consortium services company made 14 donations of technology products (PCs and Notebooks) to a Public Body and two associations worth €1,111 (refurbishment cost), in accordance with the Regulations for the Disposal of UBI Banca Group Capital Goods and following a resolution of its Board of Directors. It also managed 296 donations of technology products (PCs, Notebooks and Money Counters) owned by UBI Banca to 21 beneficiaries (Public Bodies, well-known associations or foundations with the sole purpose of providing assistance, charity, education, study or scientific research to Third Sector/charitable entities. The total value of the donations, which equates to the cost of refurbishment, is approximately €6,000.

Partnerships and Commercial Initiatives

In 2019 the growing importance of the issue of sustainability made it of strategic importance to enter into and to strengthen partnerships and cooperation with distinguished institutions recognised at national level, in order to promote UBI Banca’s identity as a sustainable company and an intermediary for sustainable development that supports the environment and the needs of the local community. These leading non-profit organisations include:

- local archdioceses, dioceses and religious organisations, as part of the business unit which co-ordinates commercial initiatives for ecclesiastical and religious bodies;
- FOCSIV a non-governmental Christian organisation working with developing nations, AISM, Opera San Francesco and Buzzi Children’s Foundation Hospital, working together on the projects “We laughed about something serious”, “The AISM Gardenia”, “Giving a Hand to Mankind” and “Great Buzzi!”, by providing various fund-raising channels and tools and raising awareness among the Group’s customers and employees;
- Anffas Onlus (national association for families of persons with mental and/or relational difficulties) and the GCM Co-operative Group with which UBI Banca, co-operation with its trust company UBI Trustee promoted the Trust in Life project. The project provides services and financial support for people with severe disabilities and their family and, by using the trust partly with a view to mutual benefit, all the financial resources associated with the Life Project personalised support programme. 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. In 2019 the organisation of information events in local communities continued and a tender was launched to bring together initiatives and best practice put forward by members of the Anffas and GCM networks in accordance with the "After Us" law (Law no. 112/2016). A total of 22 projects were presented throughout the country. The most innovative and deserving of these, selected by an independent panel, will be supported by UBI Banca in 2020 with a contribution from offsetting part of its revenues from the Hybrid credit card.

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 non-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 non-profit organisation.

At the end of 2019 approximately 15,400 cards had been issued, of which approximately 8,700 were active, for six organisations, including the organ donor association [AIDO Lombardia](#) and cancer research charity [AIRC](#). A total of €17,200 in fees has been donated.

Employee Involvement

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

Each employee may contribute a sum of six euros per year deducted directly from their salary, to [ProSolidar](#), a national fund in the credit sector for solidarity and charitable initiatives (a bilateral entity managed by the Italian Banking Association and the national banking trade unions secretary's offices). It is the first body in the world formed by a national trade union agreement and funded on an equal basis by workers and companies. UBI Banca matches employees' donations, and in 2019 a total of more than €218 thousand was paid to ProSolidar.

With the company's volunteer project [Donate One Day](#), every employee can spend a day on leave doing voluntary work at one of the participating organisations. UBI Banca then donates €100 to the non-profit organisation for every day the employee has spent there as a volunteer. In its sixth year, 82 non-profit organisation participated in the initiative, proposing 218 activities in 42 cities in 15 regions, involving 1,096 employees (5.4% of the company's employees). As in previous projects, the aim was to raise awareness among employees about various areas of social exclusion, ranging from assistance to differently abled people, elderly people, children, families with problems and hospitals to environmental and cultural projects and support for countries with limited resources. As well as strengthening a sense of group spirit, the feedback from satisfaction questionnaires confirms the virtuous goal of increasing values of solidarity among volunteers and fostering a positive shift in behaviour.

UBI ARTE

UBI Banca owns an important art collection, comprising 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 includes palazzi and historic archives, archaeological finds, historic furnishings, manuscripts and books, coins and medals, installations, graphics and applied arts, displayed in buildings used as business premises and museums where the works are on loan.

With the UBI ARTE project, UBI Banca makes its collections accessible to the public, providing an opportunity to get to know its artistic heritage and to share it with members of the public and tourists, offering a chance for inclusiveness and cultural and social progress. During the year, UBI Banca took part in the [Festival of Creative Culture](#) and [Invitation to the Palazzo](#) in seven different cities, events organised by the Italian Banking Association ABI, and in the [Spring and Autumn Days](#) of the Italian Environmental Fund FAI. These initiatives included 17 events that attracted more than 12 thousand people. The "Invitation to the Palazzo" event also involved 90 UBI Group employees who acted as UBI ART GUIDES to visitors and 18 secondary school students on work experience as part of the project, [Guide for the Day](#).

In 2019 more works from the collection were also loaned to top cultural institutions, including the [Petit Palais in Paris](#) and the [Basilica Palladiana in Vicenza](#). To ensure the assets are kept in good repair, 22 extraordinary maintenance and restoration projects have been carried out and improvements are also ongoing in the six collection storage areas on premises of the Bank. Authentication checks have been carried out on 45 works and assets not identified in the 2017-2018 surveys have been checked, so that the results of the research can be passed onto the relevant heritage authorities.

The UBI Banca collection is increasingly digital & social. Updating of the website¹⁵ and Instagram profile¹⁶ dedicated to the collection and the activities of local cultural organisations supported by the Bank has continued. Both have been improved by additional features and pictures connecting the collection to the many cultural initiatives sponsored by UBI Banca. The two platforms now have almost 18,000 visitors and more than 2,000 followers respectively (figures from 1 October 2018 to 11 December 2019). Since 2019 both the site and the profile are also available in English. The UBI ARTE website also offers a free download of the book [True Colors, I colori della collezione d'arte di UBI Banca](#)" (the Colours of UBI Banca's Art Collection), published – with an accompanying video – on occasion of the Shareholders' Meeting of April 2019 in Bergamo and presented also at Arezzo.

Institutional Events

In 2019 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:

- presentation of the [Report on the Global Economy and Italy](#), published by the Luigi Einaudi Research

¹⁵ https://arte.ubibanca.com/ubiarte_raccolta/index.aspx.

¹⁶ @arteubibanca.

and Documentation Centre, of which UBI has been a partner since 2009. The 2019 volume entitled “Il mondo cambia pelle?” (Is the World Changing its Spots?) was presented between January and March at 25 events in 25 different Italian cities, bringing together businesspeople, professionals, academics and the local institutions involved for discussions and reaching parts of the country that had not been involved before. The series of meetings was attended by the Bank’s top management, and generated plenty of media coverage. More than 300 articles and features appeared, around 100 of which in the national and local press, 180 in online news and 20 on TV;

- presentation at the Ivan Bruschi Home Museum in Arezzo of the book “True Colors. I colori della collezione d’arte di UBI Banca” (the Colours of UBI Banca’s Art Collection) (December 2019);
- the **Festival of Creative Culture**, organised by the ABI in April in various Italian cities;
- the opening in October of some of the Bank’s historic palazzi in Milan as part of the 2019 Autumn Days events run by the Italian heritage fund FAI;
- **Invitation to the Palazzo**, the annual event organised by ABI in October in various historic palazzi belonging to the Group;
- **Financial Education Days**, training events for college students held from January to November 2019;
- “Welfare for People-the second report on company and occupational welfare in Italy” presented by UBI Banca and ADAPT (School of Specialist Training in Industrial and Labour Relations) in March 2019;
- **Bergamo Città Impresa**, a series of debates held in Bergamo between May and November with representatives of the UBI Banca management;
- **Presentation of the Restructuring of the Triennale Theatre** to journalists and institutions in October 2019;
- the events presenting the **Trust In Life** project as part of the project “During and After Us”, in accordance with the “After Us” law.

Financial Education and Inclusion

UBI contributes to the financial inclusion of all people, by offering basic banking products, creating the conditions for physical and virtual accessibility for all customers and educating people about saving and the responsible use of money.

Access to Financial Services

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The Group constantly invests in ensuring access to its services by disadvantaged persons on the basis of the needs identified, with regard to physical disabilities – by eliminating physical barriers in 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

The Branch Transformation project that has involved the entire Group for the last two years and regular maintenance work have led to the adoption of solutions to **eliminate architectural barriers**. In 2019 restructuring work included the construction of 27 toilets accessible to differently abled people, 22 (internal and/or external) access ramps, 3 stair lift, one lift and one stair lift.

All the Group’s ATMs are designed to use with **specific graphics for partially sighted people**, with larger numbers and letters. The number of ATMs with **audio support**, which considerably help partially sighted and non-sighted people, has significantly increased: more than 1,860 ATMS compared with 1,300 in 2018 (84% of the total; 18 at IWBanque equating to 95% of the total). All new equipment to be installed in the near future will be equipped with these features, activated by pressing the “5” button on the keyboard, which can be identified by touch.

The Group’s online banking website – Qui UBI – and the websites www.ubibanca.it e www.ubibanca.com 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

To encourage access to financial services by the economically disadvantaged groups of society as a basis for their social inclusion, since August 2018 with the new “basic account” model (introduced in 2012 and renewed following transposition of the “PAD” - Payment Account Directive), UBI Banca has offered specific products for consumers with basic financial requirements who only use certain services and carry out a small number of transactions each year. These are the **Ordinary Basic Account**, the **Free/Socially Disadvantaged Groups Basic Account** and the **Pensioners’ Basic Account** (4,805 accounts opened, 666 of which were opened in 2019).

The basic account is a product standardised by law, with a set number of transactions included. The Ordinary basic account involves the payment of a regular fee, which is set by the Bank and must be reasonable and consistent with the goals of financial inclusion established by the Ministry of the Economy and Finance (MEF). Some specific types of customer (e.g. pensioners with a low income) may be exempt from the fee, and consumers with a very low income are also eligible for the cancellation of stamp duty. Transactions of the same type as those included by law in the fee that exceed the number set by the MEF, and transactions of a different type to those included in the fee, are charged, providing they are accepted by the Bank and that this complies with the requirement to be reasonable and consistent with the goals.

To facilitate access to credit, in particular for **first-time home** buyers, in June 2018 UBI Banca complied with the Memorandum of Intent between the Ministry of the Economy and Finance and the Italian Banking Association ABI (the 2014 Stability Law - Guarantee Fund which covers 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 access to the guarantee for the following categories:

- young couples or families that have been together for at least two years, married or living together as man and wife, at least one of whom is aged under 35;
- single-parent families with children aged under 18, or unmarried, separated, divorced or widowed people with at least one child aged under 18 living with them;

- young people aged under 35 with a non-standard employment contract;
- those renting properties owned by the association responsible for council-owned housing.

There is a specific focus also on young people, with current and savings accounts for the various age groups:

- **Clubino**, a savings account for children aged up to 12 (130 thousand accounts, around 6,500 of which were opened in 2019);
- **I WANT TUBI**, the current account and online banking for topping up mobile phones and monitoring spending from PCs, tablet or smartphones for young people aged between 13 and 18 (more than 20 thousand accounts, more than 5 thousand of which were opened in 2019);
- **QUBI' <30**, the zero-fee account package designed for young people aged under 30, which offers a current account,

online banking and debit card (more than 198 thousand accounts, 45 thousand of which were opened in 2019).

Also for young people there are subsidised unsecured loans for studying and new projects (**Diamogli Futuro**, **prestiti sull'onore** in conjunction with the ABI and Department of Youth of the Prime Minister's Office of the Council of Ministers, and the personal loans **Piccole Spese** and **Grandi Progetti**).

Support for Families in Difficulty

UBI Banca supports its own initiatives and takes part in industry and government initiatives (ABI/MEF solidarity funds) for the suspension or extension of loan repayment plans, in particular home mortgages, for families in difficulty due to the economic crisis or because affected by adverse natural events.

LOANS TO HOUSEHOLDS GRANTED DURING THE YEAR (Disbursed in millions of euro)	2019		2018		2017	
	Number	Disbursed	Number	Disbursed	Number	Disbursed
Home mortgages	25,200	2,653.6	23,636	2,452.9	26,175	2,973.0
of which: "Ordinary" mortgages ¹	24,724	2,602.1	23,533	2,441.5	25,911	2,946.0
Mortgages for young couples and "atypical" workers	20	1.9	61	6.8	264	27.0
Consap Fund mortgages ²	456	49.6	42	4.6	-	-
Loans for natural disasters (real estate/unsecured)	1,123	43.3	557	14.1	235	6.7
Young people	198	1.3	252	1.7	206	1.4
of which: Under 30 Small Expenses	31	0.1	65	0.2	46	0.1
Under 30 Large Projects	51	0.7	84	1.0	54	0.7
ABI/PCDM "Give them a future" ³	116	0.6	103	0.5	106	0.6
Anti-usury (pawn credit)	15,085	17.7	15,238	17.4	17,637	19.6
TOTAL	41,606	2,715.9	39,683	2,486.1	44,253	3,000.7

1 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>.

2 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.

3 Loans on honor for students.

LOANS TO HOUSEHOLDS OUTSTANDING AT THE END OF THE YEAR (Remaining debt in millions of euro)	2019		2018		2017	
	Number	Remaining debt	Number	Remaining debt	Number	Remaining debt
Home mortgages	321,718	26,198.7	325,713	26,898.3	331,110	27,700.1
of which: "Ordinary" mortgages ¹	318,019	25,829.7	322,266	26,544.0	327,514	27,317.1
Mortgages for young couples and "atypical" workers	3,198	315.3	3,404	349.7	3,596	383.0
Consap Fund mortgages ²	501	53.7	43	4.6	-	-
Loans for natural disasters (real estate/unsecured)	2,432	90.4	1,462	66.2	612	53.9
Young people	702	4.7	712	4.7	633	4.2
of which: Under 30 Small Expenses	80	0.1	109	0.2	108	0.2
Under 30 Large Projects	227	1.7	246	1.9	211	1.7
ABI/PCDM "Give them a future" ³	395	2.9	357	2.6	314	2.3
Anti-usury (pawn credit)	25,180	30.4	26,514	31.8	28,112	33.2
TOTAL	350,032	26,324.2	354,401	27,001.0	360,467	27,791.3

1 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>.

2 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.

3 Loans on honor for students.

To permit the more vulnerable members of the population, as well as small businesses, craftspeople and professionals, to deal with temporary financial shortfalls, also for anti-usury purposes, UBI Banca offers

pawn credit¹⁷ from 12 branches, providing immediate cash in return for the pawning of valuable items. The loans are for an average of €1,280.

DEFERRAL/EXTENSION OF LOANS TO HOUSEHOLDS GRANTED DURING THE YEAR (Remaining debt in millions of euro)	2019		2018		2017	
	Number	Remaining debt	Number	Remaining debt	Number	Remaining debt
Initiatives bank	1,914	168.3	2,494	225.8	2,637	247.3
System initiatives (Solidarity Fund ABI/MEF)	11	1.2	159	12.7	731	58.3
TOTAL	1,925	169.5	2,653	238.5	3,368	305.6

Protection against Risks

Access to appropriate forms of protection against risks contributes to people's security and financial inclusion, especially the most vulnerable. Helping them become aware of their needs for protection from the point of view of their life cycle and offering them increasingly targeted solutions responds to regulatory changes and best market practice, and is the goal of the constant research and development into new modular, innovative and integrated solutions.

UBI Banca has offered [BluReddito](#) since 2018. It 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. In 2019 almost 25 thousand people took out a policy.

In 2019 UBI Banca participated in the experimental launch by CETIF and Reply, in conjunction with IVASS (the Italian Insurance Supervisory Authority), of an [instant insurance](#) product, which is both simple to implement (smart contract) and features automatic compensation guaranteed by blockchain technology. This is [VACANZA SMART \(SMART HOLIDAY\)](#), a product developed in conjunctions with Cargeas.

Financial Education

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Internationally, financial education has been considered a priority for some time. The OECD has been dealing with the issue since 2005, defining "financial education an essential pillar for the stability of financial markets".

For an institution like UBI Banca, which has an active presence on the ground and works with people, a global vision is key, in order to be able to respond to the ongoing economic, social and environmental changes that are the result of globalisation. This creates shared value that is sustainable for the community, in line with the UN Agenda 2030.

The foundations for improving people's lives and achieving sustainable development include Quality

Education (Goal 4 of the 17 SDGs). UBI Banca's focus on Financial Education forms part of this approach and meets the Bank's specific commitment of social responsibility towards the community in which it works, and within which it is a crucial partner for economic and therefore social development.

UBI's approach to disseminating financial education and sustainability awareness is managed by UBI Comunità and involves:

- [cooperation with FEduF](#) - the Foundation for Financial Education and Savings, set up at the instigation of the Italian Banking Association, an independent entity that provides an institutional framework to the activities;
- [public-private partnerships](#), through involvement in community initiatives and with the leading socio-economic players in the area, such as local education authorities, chambers of commerce, regional/provincial/municipal councils, universities and trade unions;
- [strong internal synergies](#) between the Bank's central and local offices and commercial network, which work together on planning to ensure activities are as widely distributed as possible.

UBI Comunità encourages and promotes initiatives that help to increase knowledge of and familiarity with economics and finance, especially among the young, and to increase awareness of sustainable development issues. Initiatives are mainly developed in conjunction with the [Foundation for Financial Education and Savings \(FEduF\)](#) and by working closely with the local institutions and schools, which ensure their promotion and efficacy.

The project with FEduF involves a well-structured plan of educational activities:

- dissemination of [financial education programmes](#) in schools of every kind and at every level;
- [seminars and events](#) for schools on behavioural finance, sustainability and the risks of gambling;
- [Combined School and Work programmes, now known as Core Skills and Orientation Pathways](#), to introduce business culture to young people, exploring topics such as the use of money, finance, payment systems, human capital and business plans.

¹⁷ Pawn credit is one of the most ancient forms of lending practised by the "Monti di Pietà" banks created in the 15th Century by the Franciscan order to combat usury, and today is still the last real resort in access to credit.

Educational Programmes for Schools

- **KIDS** to explain the economy to primary school 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 the young people to join and actively participate in the social, cultural, professional and economic reality that surrounds them.



Conferences and Local Events

UBI Comunità organises seminars that aim to educate young people about the risks of **gambling** and about **investment behaviour** and **sustainability**, in order to explain the main rules of statistics and mathematics underlying certain commercial practices that encourage the importance of saving. In 2019 the Bank took part in institutional initiatives organised by various bodies. These include **European Money Week**, a European competition to improve financial literacy among young people aged 13 to 15, and the **Festival of Sustainable Development**, an initiative organised by the Italian Alliance for Sustainable Development ASviS to spread the culture of sustainability. It also confirmed its participation in the second **Financial Education Month**, organised by the Committee for the planning and coordination of financial education projects¹⁸, during which conferences and seminars were planned for various Italian cities to discuss topics including the sustainable economy and behavioural finance, with lessons on the "Civil Economy and Sustainability" and team games for primary school children.

Collaboration with **sports clubs** continued, to provide financial education for their young members.

In 2019 initiatives to disseminate financial education were also held for other targets and the Third Sector: one important project was held at MIND (Milano Innovation District) where **the first permanent financial education and social inclusion round table** was held in conjunction with FEduF and the Triulza Foundation, involving Third Sector operators in a training programme to provide them with the tools to support their work with people in economic difficulties.

Pramerica SGR was not only a sponsor for the **Salone del Risparmio** investment exhibition, it organised events throughout the country to provide direct information to current and prospective clients and face-to-face meetings and commercial support to the distribution networks. There was particular emphasis on the topic of sustainability, covering awareness raising about important environmental

issues (such as CO₂ emissions, pollution and water quality, and recycling), the development of investment solutions in line with these needs, and practical sustainability actions.

In its capacity as an investment bank, IW Bank implements various projects to make investors aware of the need for long-term financial planning as a means for facing the future with awareness. To this end, as well as organising events in the area, it has opened a dedicated section on its website with a series of interactive tools.

Over the year, and especially during the Salone del Risparmio investment event, it presented the research project "il Futuro è oggi" (The Future is Here) in the mass media, which researches different generations' awareness about long-term financial planning in light of the social and general changes expected in the coming years. In conjunction with the asset managers, who covered topics such as market views, behavioural finance and informed investment, it organised the local roadshows **The Quality of Excellence** for the clients of its financial consultants and **Top Italy Excellence** for clients of the Wealth Management division.

Core Skills and Orientation Pathways

Following the mandatory introduction of Combined School and Work programmes as part of the Good School Reform (Law 107 of 13th July 2015), UBI Comunità joined with the UBI Academy and UBI Selection and Employer Branding to put together 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.

Working with Universities

UBI Banca consolidated a large number of partnerships with public and private universities during the year, in particular with economics, law and IT faculties and **business schools**, funding bursaries and offering services to students and internships for undergraduates and new graduates. The agreements entered into have led to 150 internships in the company, 70 of which for work experience leading to the award of credits needed to complete study courses.

UBI Banca works with top universities and business schools on designing and delivering masters' degrees and observatories. It works with the **MIP Polytechnic University** of Milan and with the **SDA Bocconi School of Management** for the **Master in Banking Management** aimed at young Group employees. It is a main partner of the **Executive Master in Business Administration "EMBA Ticinensis"** at the **University of Pavia**, and participates in observatories organised by the MIP Polytechnic University of Milan and by

¹⁸ 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.

the Research Centre of Technology, Innovation and Finance CETIF at Milan's Cattolica University into areas such as fintech and digital innovation. Thanks to the participation of its young talent and managers, it contributes to the network of business professional attending the executive programmes offered by the leading business schools.

Consolidated partnerships with POL Bocconi career orientation, with the Cattolica University World of Work University Committee and with the University of Pavia Postgraduate Masters Plus aim to bring the world of work closer to universities, by providing support for designing course programmes in line with market demand and effective policies of orientation and support for students to enter the world of work. In 2019 a new important memorandum of understanding was signed with the University of Siena, the aim of which is to set up co-teaching and workshops to support the student placement schemes.

UBI Banca has also participated in several partnerships to provide practical support for young talents, such as the Marches-Innovation Incentives Start Cup, a competition for projects with business plans that aims to promote the set-up and establishment of innovative businesses in the area, organised by the University of Camerino.

COMMITMENT IN FINANCIAL EDUCATION INITIATIVES					
School year 2018 - 2019	Schools	Classes	Participants	Bank teachers	Teaching hours
Programs Kids, Junior and Teens ¹	183	510	11,882	291	1,224
Other initiatives and events	124	291	6,007	130	609
TOTAL	307	801	17,889	421	1,833

¹ Data inclusive of the ASL program, this year not reported in the Feduf report.

UBI Comunità has also continued to coordinate the commitment of the Bank, in conjunction with various universities, to spread the use of the university services card "Carta Servizi Ateneo". This is a latest-generation payment system, personalised to suit the needs of individual universities, which helps to make student's lives simpler by providing a wide range of services using the chip.

Protection of Investors

UBI Banca considers saving to be a public good and an essential part of the household economy that supports the family's long-term lifestyle. This is why the Bank constantly works to protect and promote savings, by maintaining sufficient capital solidity as a guarantee for investors and savers¹⁹, through its commitment to the financial education projects described in the preceding paragraph, and through information transparency when placing savings and investment products.²⁰

Since 2016 the development of investment and welfare products has been the responsibility of the office of the Chief Wealth and Welfare Officer, whose mission is to develop client consultancy towards personal and household financial welfare planning for life and to ensure appropriate solutions, offering an innovative, integrated broad-spectrum of investment products, insurance coverage and welfare services.

In order to promote saving, especially among the less wealthy groups, UBI Banca distributes Investment Savings Plans, helping people save even small amounts (more than 255 accounts have been opened, of which 58 thousand were opened in 2019).

¹⁹ Reports and Financial Statements 2019, Consolidated Management Report - Shareholders' Equity and Capital Adequacy.
²⁰ Cf. Clients section.

Environment

A landscape photograph of a frozen lake at sunset. The sky is a gradient of colors from light blue at the top to a vibrant orange and red near the horizon. The sun is setting behind a range of mountains, creating a bright orange glow. The mountains are dark and silhouetted against the sky. In the foreground, there are bare trees and a frozen lake. The lake is perfectly still, reflecting the sky and the mountains. The reflection is a mirror image of the scene above, showing the orange and red sky and the dark mountains. The overall mood is serene and peaceful.

Photo by
BARBARA BATTAINI

Saturnalia
Lago di Ghirla, Varese

Environment

With the awareness that combating climate change is a challenge not just for the energy sector but for all of society, it is imperative for 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. For business missions, a **Travel Policy** is in force that favours the use of 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 UBI Banca and 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 co-operation 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.

Support for sustainable development

Products and services with specific environmental benefit

As part of its Environment Policy, the Group is committed to providing financial products and services that can help its customers (whether individuals or businesses) to conduct their activities in an ecologically sustainable manner, including through the use of renewable energy, through more efficient energy usage in the home and through the adoption of more energy-efficient production processes. In particular, the Group offers:

- for individual customers, **Forza Sole** ('Sun Strength'), a loan to purchase and install domestic photovoltaic systems, and **Creditoplà 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) and **Energie rinnovabili** (Renewable Energy) for the installation of systems for generating electricity and/or heat from solar, wind, biogas and biomass, along with the **Full Power** leasing product for investments in renewable energy and in energy savings projects. Full Power provides financing to build and install renewable power production systems (hydroelectric, solar, wind and biomass/biogas) or cogeneration plants that use the district heating network.

The environmental benefit generated by these projects financed by the Group is equal to the reduced greenhouse gas emissions that would result from producing the same amount of energy from combustible fossil fuels.

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PRODUCTS WITH ENVIRONMENTAL AIMS (millions of euro)	2019			2018			2017		
	Transactions during the year		Remaining debt	Transactions during the year		Remaining debt	Transactions during the year		Remaining debt
	No.	Amount disbursed		No.	Amount disbursed		No.	Amount disbursed	
Individuals									
Renewable energies - Forza Sole (Sun Strength)	7	0.1	0.9	7	0.1	1.1	8	0.1	1.5
Home refurbishment and energy upgrades - Creditoplà Home Refurbishment	2,841	55.9	185.0	3,764	72.2	194.9	4,135	78.0	186.7
Businesses									
Renewable energies	10	5.9	492.1	15	8.1	585.8	27	28.2	745.6
of which:									
<i>New Photovoltaic Energy</i>	9	5.9	160.4	11	5.4	197.5	23	22.0	241.7
<i>Renewable energies</i>	1	0.0	4.9	-	-	5.7	2	0.2	9.1
<i>Full Power¹</i>	-	-	326.8	4	2.7	382.6	2	6.0	494.8
TOTAL	2,858	61.9	678.0	3,786	80.4	781.8	4,170	106.3	933.8
<i>of which for renewable energy</i>	17	6.0	493.0	22	8.2	586.9	35	28.3	747.1

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

UBI Banca also participates in public initiatives to fund projects that will have positive effects on the environment. In this vein, in 2019 the first transactions were completed in the Region of Puglia's "Aid to protect the environment" initiative. 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.

With regard to major **Project Finance** investments, UBI Banca is contributing towards the energy transition by

supporting renewable power plant construction projects. In 2019, consolidation in the solar power sector continued, although at a more moderate pace than previously; in this context, the Bank financed both multinational players that have strengthened their renewable plant portfolios in Italy (such as Contour Global) and domestic companies (such as E4E) that have succeeded in bringing together numerous plants in their portfolios so as to optimise their efficiency from both a technical and a financial point of view, which is having positive effects on the areas in which they operate.

PROJECT FINANCE OPERATIONS IN PORTFOLIO FOR RENEWABLE ENERGIES AND THE ENVIRONMENT	2019			2018			2017		
	No.	Power installed (MW)	Power financed (MW)	No.	Power installed (MW)	Power financed (MW)	No.	Power installed (MW)	Power financed (MW)
Energy	107	2,555	607	131	3,104	731	141	2,699	733
of which:									
<i>wind farms</i>	18	948	192	23	1,760	252	25	1,846	286
<i>photovoltaic plants</i>	70	1,104	341	90	1,184	414	97	743	386
<i>other renewable energy plants</i>	19	203	73	18	161	66	19	110	61
Environment	11			8			6		
of which:									
<i>waste treatment plants</i>	1			1			1		
<i>water supplies and treatment plants</i>	9			6			4		
<i>district heating systems</i>	1			1			1		
TOTAL	118	2,555	607	139	3,104	731	147	2,699	733

PROJECT FINANCE PORTFOLIO FOR RENEWABLE ENERGY AND THE ENVIRONMENT	2019	2018	2017
Financing granted during the year			
Numbers of contracts	7	17	14
of which: for renewable energy	4	11	14
Amount authorised (€ million)	178	652	329
of which: for renewable energy	91	336	329
Amount disbursed (€ million)	149	336	206
of which: for renewable energy	83	222	206
Financing outstanding at the end of the year			
Numbers of contracts	118	139	147
of which: for renewable energy	107	131	141
Amount authorised (€ million)	1,362	1,668	1,528
of which: for renewable energy	1,140	1,514	1,435
Amount disbursed (€ million)	1,285	1,379	1,264
of which: for renewable energy	1,096	1,262	1,177

In all, as at the end of 2019 the Group's portfolio contained renewable energy project-related loans totalling €1.6 billion (69.0% of which in project finance). Over the course of the year, €89 million was disbursed in connection with renewable energy projects, 93.3% of which in project finance.

Also in the energy field, UBI Banca contributed, with a €64 million share of the financing, to a major transaction worth €11.4 billion financed by a pool of international banks and other institutions, for the construction of the Amur GPP¹ in Russia, near the Chinese border. Technology suppliers for this construction project include several Italian companies. Once built, the production capacity of this plant will cover about 10% of China's current natural gas needs and thus help phase out the use of coal-fired plants, thereby reducing the country's CO₂ emissions.

Environmental, social and governance (ESG) criteria in financing assessments

Assessing environmental and social risks plays a part in all of the Group's business activities, in keeping with the general principles of its Code of Ethics. In fact processes to assess the creditworthiness of businesses also include qualitative information on environmental and social aspects of operations. Furthermore, 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.

In the project finance area, in order to receive finance, projects must have passed the authorisation procedures set under Italian law (environmental impact, declaration of the start of activity, single authorisations, building permit, etc.) and the technical, legal, administrative and insurance assessments performed on behalf of the Bank by major independent advisors of international standing. These aspects are verified by the Project & Real Estate Finance Desk as part of the due diligence process prior to structuring financing transactions. For financing operations in the

oil and gas sector (especially internationally, where UBI participates along with prominent clients and government institutions), environmental impact analysis is carried out by top-level international advisors, who evaluate the sustainability of these projects in terms of the impact they will have on their respective regions.

Socially responsible investments

The Group's asset management company Pramerica SGR offers an increasing range of socially responsible investment (SRI) products, identifiable on the market thanks to a dual approach: first, investments that respect social and environmental sustainability parameters (with exclusions, best-in-class approach and ESG integration) and second, donations to projects of a high social and environmental value². The company is carefully updating the processes behind how these products are offered, based on specific internal policies³ (e.g. investment processes, active shareholding structure policies and stewardship policies).

The sustainability-related parameters and filters built into these products (i.e., the set of rules for exclusion, best-in-class approach and ESG integration) are reported in the publicly available documentation for each product (the prospectus and/or regulations available on the Pramerica SGR website⁴).

SRI INVESTMENT PRODUCTS (millions of euro)	2019	2018	2017
Products managed in-house ¹	2,618.9	1,088.3	658.8
Products not managed in-house	-	-	-
TOTAL	2,618.9	1,088.3	658.8
as a percentage of total assets under management	3.90%	1.83%	1.09%

¹ Pramerica Azionario Etico, Pramerica Euro Corporate Obbligazionario Etico, Pramerica Bilanciato Etico, Pramerica Sicav Social 4 Future, Pramerica Sicav Social 4 Planet, Pramerica Sicav Low Carbon, Pramerica Sicav Clean Water.

Pramerica's range of responsible investments includes three Italian funds and four Luxembourg-based sub-funds.

The three Italian funds are: **Pramerica Azionario Etico** (launched in 2005), **Pramerica Obbligazionario Euro Corporate Etico** (launched in 2015) and **Pramerica Bilanciato Etico** (launched in 2017). These funds constitute the first step towards integrating ethical sustainability into the product range by excluding companies that operate in 'controversial' sectors exposed to reputational risk, such as arms manufacturing, tobacco and gambling.

Two subsequently launched sub-funds – **Pramerica Sicav Social 4 Future** (2016) and **Pramerica Sicav Social 4 Planet** (2018) – also rule out any investments in companies that operate in 'controversial' sectors exposed to reputational risk and additionally apply a best-in-class approach. This means that preference is given to companies that distinguish themselves for having production processes, corporate governance, human resources management and

¹ GPP: Gas Processing Plant.

² Pramerica's SRIs account for less than 50% of its total assets under management (AuM) and consist of mutual funds (equity, balanced and bond funds).

³ Internal policies are not currently available to the public for consultation.

⁴ <https://www.pramericasgr.it/Homepage>

relations with the community that are oriented towards adhering to the principles of social and environmental responsibility⁵. More specifically, in the equity segment, **Pramerica Sicav Social 4 Future** combines sustainability with investment opportunities that stem from long-term macroeconomic and social 'megatrends', while **Pramerica Sicav Social 4 Planet** favours investments in companies that have adopted a circular economy model to reduce or even eliminate waste and production scrap.

To determine the potential investment population and benchmarks, along with sector exclusions and best-in-class selections for these five products, Pramerica works with independent external consultants from the ECPI group.

In 2019, Pramerica also launched two new environmentally responsible sub-funds:

- **Pramerica Sicav – Low Carbon Euro**, a balanced bond fund that takes ESG factors into account for the selection of issuers. Specifically, when choosing investments the fund manager takes the issuer's carbon dioxide emissions into consideration. This product invests in both bonds (up to 80% of the total portfolio) and stocks (up to 70%). A portion of the bond component may also contain green bond investments.
- **Pramerica Sicav – Clean Water**, a global equity fund that pursues the aim of long-term capital growth by investing at least 70% of the portfolio value in shares of companies that operate in the clean water sector, without any geographical or currency limitations. This sub-fund focuses on companies that operate in the management of water resources and that offer products, technologies, solutions and services designed to improve the exploitation, efficiency and quality of water.

Pramerica Sicav Low Carbon Euro and Pramerica Sicav Clean Water, by integrating ESG factors into the investment analysis process for each issuer in the portfolio, constitute a true change of pace. The result is a selection of specific issuers and securities that are appropriate for the type of product in question both financially and in terms of ESG criteria. To accomplish this, Pramerica works with an independent external data provider that conducts specific ESG searches and provides Pramerica with the information needed to integrate these criteria into its investment decision process. To complete the analysis, the fund manager studies not only publicly available documentation provided by the issuer or by independent consulting firms, but also periodically meets with company representatives in order to evaluate their business plans and determine forecasts for improvements in ESG factors (e.g. the adoption of environmental regulations, new social policies and ecologically-minded production process updates).

Donations for social and environmental purposes

Each year, the **Pramerica Azionario Etico**, **Pramerica Obbligazionario Euro Corporate Etico** and **Pramerica Bilanciato Etico** funds donate a percentage of their annual management fees (the first two 5%, the latter 4%). In 2019, a total amount of €280,137 from fees earned in 2018 was donated, as follows:

- **Pramerica Azionario Etico** and **Pramerica Obbligazionario Euro Corporate Etico** donated €50,000 to Italian environmentalist association Legambiente to help fund their nationwide project **Civico 5.0**, which aims to help households and condominiums apply solutions that will reduce their energy costs and consumption and thereby contribute to the fight against climate change and pollution, as well as reduce the depletion of water and soil resources. Thanks to voluntary participation by Italian families who chose to calculate their carbon footprints in 2019, on 21st November 2019, Pramerica joined the Lombardy chapter of Legambiente to plant 100 trees in the Parco Nord in Milan. It is estimated that these various species of trees will absorb 1,500 kg of CO₂ per year on average in the years to come;
- **Pramerica Bilanciato Etico** donated €50,000 to **CasAmica Onlus** for an outreach programme for hospitalised persons and their families; this donation funded the maintenance of two family homes in Lecco and Rome offered to the families of persons hospitalised far from their usual homes. Thanks to this project, CasAmica will now be able to accommodate 2,000 more people a year than the current 4,000;
- **Pramerica Sicav Social 4 Planet** donated €61,665 to **BancoAlimentare** to take part in its "Recupero a Km 0" ("local recovery") project, whose goal is to collect food products that are not considered marketable but are nevertheless edible, to then redistribute them for free to partner institutions that aid the poor. Thanks in part to Pramerica's contribution, the social return on investment (SROI) reached €14.88, exceeding the expectation of €13.61, with over 650,000 meals' worth of food regathered and distributed;
- **Pramerica Sicav Social 4 Future** donated €118,472 to **Legambiente** for its "Goletta Verde" project. The Goletta Verde is the environmentalist association's famous boat that since 1986 has monitored water quality and helped raise awareness of the marine ecosystem. The boat raised the Pramerica flag for two months as it navigated along the coasts of the Italy monitoring the health of its seas, whilst at the same time disseminating advice for best practices to protect marine flora and fauna.

The total amount of management fees on the various products that matured in 2019 and will be donated in 2020 is €379,471.

⁵ A brief description of these two approaches is provided in the prospectus and/or regulations of each product, which can be consulted on the Pramerica SGR website: <https://www.pramericasgr.it/Homepage>.

For the current year, Pramerica intends to become even more involved in the initiatives and projects of its selected beneficiaries. As evidence of this growing commitment, from this point forward the asset management company intends to donate an additional amount annually on top of the percentage of management fees donated.

Internal initiatives

Parallel to its commitments on the market, Pramerica is seeking to spread best sustainability practices within the company, sometimes bringing in leading external stakeholders for this purpose. Specifically, in 2019 Pramerica promoted broad employee participation in a “Donation Day”⁶ with a focus on Legambiente. Over 27% of the company’s staff made donations, compared to 6% the previous year. Furthermore, during the year the company promoted volunteer activities, such as six team entries (24 participants in all) in the Charity Milan Marathon, with the proceeds going to the Make a Wish Foundation. As part of an ever broader focus on ESG factors, major steps were taken towards eliminating single-use plastics used at work by the company’s 160-plus professionals, while digitisation processes are moving forward with a view to reducing paper usage, printing on eco-friendly paper (either recycled or produced from pulp from sustainably managed forests, with PEFC certification).

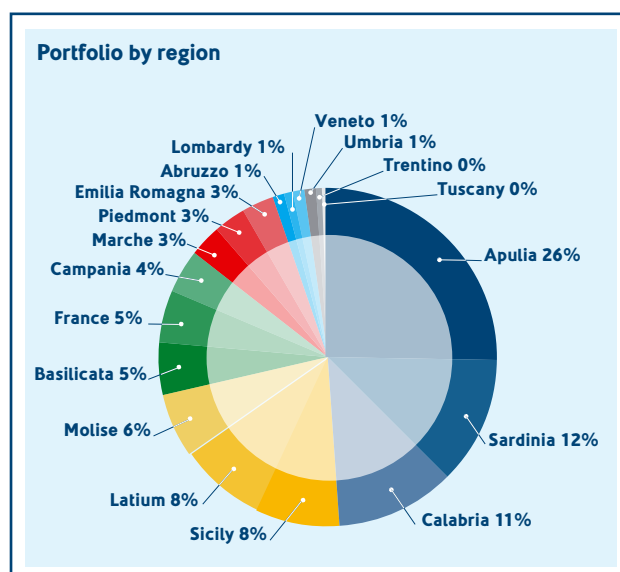
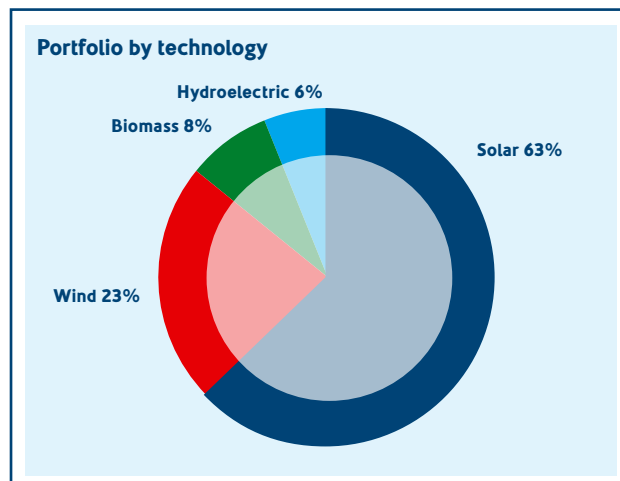
Green Bond⁷

On 4th April 2019, UBI Banca issued its first green bond, to refinance a project finance portfolio for investments in renewable energy generation, aiming to replace fossil fuel-based energy generation and significantly reduce global warming by reducing CO₂ emissions.

Technology	Installed capacity (MW)	Total energy produced annually (MWh)	Reduced/avoided CO ₂ emissions (Ton)
Solar	213	317,990	102,075
Wind	157	324,445	104,147
Biomass	26	189,321	60,772
Hydroelectric	17	71,446	22,934
TOTAL	412	903,202	289,928

This is a five-year senior preferred bond issued under UBI Banca’s EMTN programme; it was fully placed in the amount of €500,000, entirely allocated to refinancing the portfolio of projects identified. The bond is included in the [MSCI Barclays Green Bond Index Universe](#).

The bond was structured within a framework compliant with International Capital Market Association (ICMA) guidelines. Both the framework and the portfolio to be refinanced were verified by ISS-Oekom as Second Opinion Provider in the operation, as per ICMA guidelines.



As envisaged under the framework, a multi-functional working group was formed, composed of representatives from the corporate social responsibility unit, the finance department, investor relations and the relevant sales units; the working group’s tasks are to:

- validate the selection of projects that may be admitted into the portfolio of projects financed through the green bond;
- monitor the portfolio trend throughout the duration of the bond, and make appropriate replacements at the end of a financing agreement, in the event of early repayment, or wherever a project being financed no longer meets the requirements;
- manage future updates to the framework.

UBI Banca is committed to publishing an annual report on its website regarding the allocation of funds collected through the green bond, along with a report on the overall impact of the projects financed. The first such report is scheduled to be released by the end of March 2020.

6 Cf Community section.

7 The table and graphs shown refer to the composition at 31.12.2018 of the project finance loan portfolio to be refinanced with the issue of the Green Bond. The CO₂ emissions saved have been estimated using the coefficient for the calculation of the Location Based emissions indicated in the Methodological Note contained in the Environment section of the 2018 Consolidated non-financial declaration. The data updated to 31.12.2019 and the related calculation methodology are reported in the Green Bond Report published, within one year of the bond issue, on the Group’s website www.ubibanca.it.

Responsible supply chain management

GRI
102-9
308-1:2
414-1:2

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 establish the roles and responsibilities of all parties involved in managing budgets and incurring expenses; they include a 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 competition⁸.

Suppliers are selected on the basis of cost, service quality and technical, commercial and financial reliability. The Code of Ethics states that where requirements are the same, preference is given to those suppliers who demonstrate the implementation of good practices of responsibility and/or possession of social or environmental certifications. To ensure the independence of suppliers, we seek to avoid the establishment of exclusive business relationships, or those characterised by excessive financial dependence on the Group (the total amount paid to each Group supplier must not exceed 25% of the supplier's total turnover). 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. Standard contractual clauses empower UBI Sistemi e Servizi to verify or have verified by its agents that the supply of goods or the provision of services is carried out, in compliance with the applicable legislation and regulations.

The Group's regular suppliers and service providers, as well as occasional suppliers or service providers for amounts in excess of €30,000⁹ are recorded on an official [Supplier List](#) and managed through the [Supplier Portal](#). As at the end of 2019, there were 1,466 suppliers on this list (+15.4% compared to 2018, after 224 new entries and 28 removals).

For each category of goods, preferred suppliers are tracked by calculating a [global score](#): 50% of this score is composed of entry points (which are in turn based 60% on financial/capital solidity figures as per external databases and 40% on global revenue and on having the required [quality, social and environmental certifications](#)¹⁰), while the other 50% is based on periodic performance evaluations (in turn, 60% based on the quality ratings given by budget managers and 40% based on competitiveness evaluations by the Purchasing department).

In view of its commitment made to analysing the significance of the social and environmental impacts of its supply chain, the Group carried out an initial stage which involved mapping its suppliers using its suppliers

portal and making records of certifications on quality, the environment and health and safety at the workplace. The analysis involves a further more detailed stage to be carried out in coming few years.

Reduction of direct environmental impact

Materials used

The main consumable materials used are paper and toner for printouts, for both staff and customers. The key initiatives adopted in this area aim to reduce consumption, especially of natural resources, via document digitisation, optimising printing processes and using recycled paper.

GRI
301-1:2

CONSUMPTION RAW MATERIALS (Tons)	2019	2018	2017
Toner	30.8	33.0	30.1
Paper purchased ¹	2,058.2	1,881.6	2,408.0
of which:			
Recycled	66.1%	49.7%	0.0%
Paper from raw materials from responsibly managed forests (FSC/PEFC)	50.7%	36.4%	49.9%
Paper treated without chlorine (ECF/TCF)	46.8%	32.3%	57.6%

¹ Consumption in 2017 and 2018 by UBI Trustee and Pramerica Management Company S.A. is not included and that for Banca Tirrenica and Banca Federico del Vecchio in 2017 years is also excluded due to data recording difficulties. The figure for 2018 does not include paper consumed for printouts issued to customers in branches, estimated at approximately 300 tons.

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 corporate offices (not yet in branches or other network locations). 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 and selecting which jobs to either run or cancel if no longer needed. This system also automatically cancels any print jobs that have not been confirmed within 24 hours of being sent to the printer queue.

In 2019, Secure Print led to savings of 2,753 reams of A4 size paper. Considering that recycled paper now accounts for 92% of all A4 paper used, this entails savings of 84,352 litres of water, 24,898 kWh of energy, 1,652 kg of wood and 4,207 kg of CO₂ 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 2019, about 85% of bank account transaction receipts were digitised and processed via electronic signatures, thus saving 50 million sheets of carbonless copy paper, while 33% of

⁸ Code of Ethics, section 6.5 "Relations with suppliers".

⁹ In this portal, each supplier/provider that intends to register with the company must read and accept the "Rules for using the UBI Banking Group supplier portal", the "Personal data protection statement pursuant to article 13 of Legislative Decree no. 196/2003", and the "Code of Ethics and Model 231 statement".

¹⁰ Quality certifications (ISO 9001 or equivalents), social certifications (SA8000, OHSAS 18001 or equivalents) and environmental certifications (ISO 14001 or equivalents, EMAS registration, registry with the Albo Gestori Ambientali).

contracts were digitised, thus saving around 19 million sheets (or 37,400 reams) of recycled paper, and hence saving 824,000 litres of water, 281,000 kWh of energy and 52 tons of CO₂. The digitisation of new contracts was extended in 2019 to the following: new credit facilities, trading, securities dossiers, consultancy and the RicariConto service.

Use of eco-friendly and recycled paper

In 2019, the Purchasing Department of UBI Sistemi e Servizi continued work on its project to replace pure cellulose paper with recycled paper, extending this switch to all suppliers of office supplies, setting a target of 90% recycled paper.

In detail, 544,185 reams of A4 recycled paper were purchased in 2019, which was 92% of all reams ordered. With estimated savings per ream of 108 litres of water, 19.3 kWh of energy, 7.5 kg of wood and 1.6 kg of CO₂ compared to non-recycled paper, the total savings amounted to 58.8 million litres of water, 10.5 million kWh of energy, 4.1 million kg of wood and 870.7 tons of CO₂.

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 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 9th January 1991”, along with Presidential Decree 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 19th August 2005”;
- European Directive 2002/91/EC: “On the energy performance of buildings”, implemented by Legislative Decree 192/2005, and subsequent amendments;
- Legislative Decree 102/2014 “Implementation of EU Directive 2012/27/EU on energy efficiency”, and subsequent amendments.

Electrical energy is procured and used to ensure the functioning of the branches, offices and data processing centres of the whole Group. Energy consumption and related emissions are therefore periodically monitored using specific [electricity consumption charts](#), which are submitted on a monthly basis to the UBI Sistemi e Servizi Management Committee, along with an [annual energy consumption summary chart](#) sent to the UBI Sistemi e Servizi Real Estate department.

ENERGY CONSUMPTION WITHIN THE ORGANIZATION			2019	2018	2017 ²
Heating	GJ		196,085	213,884	196,603
of which:					
<i>natural gas</i>	GJ		183,950	199,595	186,339
<i>gas oil</i>	GJ		11,365	13,513	9,452
<i>LPG</i>	GJ		771	776	812
District heating	GJ		29,802	35,299	27,905
	KWh		8,278,245	9,805,404	7,751,295
Electricity ¹	GJ		384,041	407,049	410,301
	KWh		106,678,119	113,069,036	113,972,604
<i>from renewable sources</i>	%		100.0%	97.5%	97.3%
Fuel car fleet	GJ		39,689	37,883	37,116
of which:					
<i>petrol</i>	GJ		41	12	1,337
<i>gas oil</i>	GJ		39,648	37,870	35,761
<i>LPG</i>	GJ		0	0	18
TOTAL	GJ		649,617	694,115	671,926
of which: <i>non-renewable fuels</i>	GJ		235,775	251,767	233,720
<i>electricity and district heating</i>	GJ		413,843	442,348	438,206
	KWh		114,956,363	122,874,441	121,723,899
<i>from non-renewable sources</i>	GJ		265,576	297,327	272,571
	KWh		73,771,235	82,590,885	75,714,171
<i>of total</i>	%		40.9%	42.8%	40.6%
<i>from renewable sources</i>	GJ		384,041	396,788	399,355
	KWh		106,678,119	110,218,881	110,931,914
<i>of total</i>	%		59.1%	57.2%	59.4%

ORIGIN OF ELECTRICAL ENERGY ¹ CONSUMED			2019	2018	2017 ²
Purchased	GJ		382,791	405,154	407,926
	KWh		106,330,874	112,542,767	113,312,792
<i>of which from renewable sources</i>	%		100.0%	97.5%	97.3%
Self-produced electricity ³	GJ		1,250	1,895	2,375
	KWh		347,245	526,269	659,812
<i>of which from renewable sources</i>	%		100.0%	100.0%	100.0%

1 Consumption for air conditioning systems is included in electric power consumption.

2 The data for 2017 has been restated to take account of a settlement balance on consumption received after the publication of the 2017 Consolidated Non-financial Statement. The amount reported in the 2017 Consolidated Non-financial Statement is given in the document published on the Group's website at the address <http://www.ubibanca.it/pagine/Bilancio-Sostenibilita-IT.aspx>.

3 All self-produced electricity is used internally and therefore the amount for energy sold or fed into the grid is nil.

After having recorded a halt in 2018, due to the full inclusion for the first time of the consumption figures of the three New Banks acquired in 2017¹¹, a healthy downward trend resumed in 2019 in terms of both energy consumption (down 6.4% on 2018) and energy intensity (-4.5% per square metre, -4.4% per employee), accompanied by a 3.4% increase in the percentage of energy used that was generated from renewable sources with 100% generated. In 2020, the Group is planning to implement a platform that, through fully automatic analysis of energy bills, will enable energy consumption and costs to be accounted for and reported with breakdowns for each individual meter or cluster.

11 In 2017, the energy consumed by the three New Banks was included for nine months, starting from the date on which they joined the Group.

ESTIMATED ANNUAL SAVINGS EXPECTED BY THE PRINCIPAL MEASURES UNDERTAKEN IN THE YEAR TO REDUCE ENERGY CONSUMPTION WITHIN THE ORGANISATION	2019		2018		2017	
	Energy (Gj)	Costs (euro)	Energy (Gj)	Costs (euro)	Energy (Gj)	Costs (euro)
Replacement of heat generators in branches	184	4,227	114	2,207	331	6,083
Replacement of heat pumps/air conditioners in branches	2,821	173,192	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
2015-2016-2017-2018-2019 rationalisation of the distribution network	17,375	595,945	14,148	638,498	14,365	726,249
Monitoring at the large New Management Centre Building in Brescia	540	33,150	507	26,046	542	27,377
Monitoring at Large Building in Via Calvi 9 Bergamo	270	16,575	488	25,053	-	-
Monitoring at Esagono Large Building in Jesi	-	-	754	38,725	-	-
Replacement of UPS of Teatina Bank (2017)	-	-	-	-	55	2,768
TOTAL	21,190	823,088	20,765	974,875	26,318	1,319,878

ENERGY INTENSITY	2019	2018	2017 ¹
Total energy consumption (Gj)	649,617	694,115	671,926
Energy intensity per employee (Gj/employees)	32.42	33.93	31.30
Energy intensity by surface area (Gj/Sq.m)	0.55	0.58	0.53

¹ The data for 2017 has 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>

ENERGY CONSUMPTION OUTSIDE THE ORGANIZATION (Gj)	2019	2018 ²	2017 ²
Production of paper purchased ¹	26,570.9	24,423.3	30,942.5
Business travel	46,710.9	48,677.6	44,804.8
of which:			
private cars	32,623.11	34,577.87	33,275.2
train	5,067.6	5,351.9	3,728.6
air	9,020.2	8,747.8	7,801.0
Shuttle coach ³	3,914.6	2,978.1	2,978.1
TOTAL	77,196.4	76,079.0	78,725.4

¹ The 2017 energy consumption of Banca Tirrenica and Banca Federico del Vecchio are not included due to data collection difficulties.

² It does not include the consumption of UBI Trustee and Pramerica Management Company S.A.

³ Two new routes covered by the shuttle service have been reported since 2019 and these have increased the consumption.

Consumption by the New Banks for 2017 has not been included due to data recording difficulties.

Electricity from renewable sources

Consistent with the Group's Environmental Policy, which has historically been attentive to social responsibility and operational sustainability issues, the Purchasing Department of UBI Sistemi e Servizi ensures procurement of renewably sourced electricity by purchasing related Guarantees of Origin, selecting suppliers that generate energy from renewable sources. In 2019, the target of purchasing 100% of electricity from renewable sources was achieved, as demonstrated by the certificates of origin produced by leading supplier CVA Trading.

Energy savings

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 for many years:

- 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 102/2014 were enacted) and made plans to carry out the most substantial energy efficiency initiatives that emerged from the audit findings. In 2019, a total of 18 energy audits were conducted on large facilities and branches.

Within the context of periodic computer hardware replacements, in 2019 UBI Sistemi e Servizi purchased 3,502 desktop computers with monitors, 1,480 laptops, 352 mini-desktops and 507 monitors; these new devices are more energy-efficient than the models replaced. Further major initiatives to continue improving energy efficiency performances include:

- in the Energy Management unit, setting up a **Control Room** to constantly monitor energy usage and handle any abnormalities in the functioning of systems in facilities where the monitoring and feedback system is installed;
- the experimental introduction, in a few branches involved in the Branch Transformation programme, of **'smart' on/off switches** triggered by thermal inertia in the premises;

- the commencement of gap analysis with a view to implementing an **Energy Management System (EMS)** to continually improve energy performances, reduce electricity consumption and reduce the related emissions;
- completion of a study on **air quality in workplaces** and on the potential energy savings that could be achieved through optimal management of heating, ventilation and air conditioning (HVAC¹²) systems.

For 2020, further energy savings are foreseen as a result of distribution network streamlining, maintenance upgrades to systems, the refinement and extension of building automation practices, the completion of projects already initiated, as well as the application of the conclusions of studies conducted in 2019.

Over the longer term, thanks in part to targeted plant engineering actions, energy efficiency results are expected to improve even further, as the monitoring system's potential will be exploited in order to implement further actions to optimise HVAC systems management. In particular, 750 'energy-hungry' branches have been identified for interventions. Once in full effect, interventions at these branches should provide additional savings of 1,750,000 kg of CO₂ emissions. There are two main types of actions planned:

- refitting the branches' **electrical wiring** in order to then be able to implement new dynamic rules for fully independent remote climate control systems, which will in turn optimise management of these systems based on real external and internal climate conditions as well as based on thermal activity or inertia on the premises (via cooling and heating curves). This will also completely eliminate night-time and weekend consumption;
- installing specific **sensors** connected to the system that would enable not only complete air quality monitoring of the premises, but also further reductions in consumption thanks to the ability to regulate the functioning of air conditioning units.

Building automation

In late 2016, UBI Banca became the first Italian bank to start a building automation project. A smart monitoring and feedback system (one of the largest such systems ever created in a cloud system) was installed. This system continuously records and measures energy consumption and enables programmed management of electricity loads and remote verification that systems are working properly.

Over the last few years, this monitoring and feedback system has been extended to cover the entire project scope of 1,400 branches, leading to progressively increasing energy savings. It has been calculated that in 2019, the related savings amounted to around 2,590 tons of CO₂¹³. This system has also been installed in three large buildings in Brescia, Bergamo and Jesi; implementation of new energy efficiency parameters on these premises brought the 2019 CO₂ emissions down by 190,000 kg.

Besides reducing energy usage, in 2019 the full advantages of this system could also be appreciated in terms of workplace safety. The system's control centres in fact provided a crucial contribution to recognising overloads and faults automatically, even outside of office hours.

From 2020 onwards, by applying additional energy management rules (identified through analyses of the data collected), it is estimated that a further 400 tons of CO₂ emissions can be avoided each year (overall for the three offices). Finally, for the years to come the Group is considering extending the scope of this project to 17 new regional headquarters with high savings potential, which could lead to a further estimated combined reduction in emissions of around 1,350 tons of CO₂.

Sustainable mobility

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, sheltered bicycle parking has been in place in some of the main offices, while the Group also runs a coach shuttle service between the main Bergamo, Varese, Brescia and Milan offices (as well as one that goes around the city of Milan). Two further coach bus services run between towns in the Marche region (Macerata-Jesi and Pesaro-Jesi).

Another important way of reducing travel-related energy usage and emissions is the 'smart working' scheme, which involves reducing the number and distance of trips between work and home by allowing employees to work from home or at the Group offices that are nearest to their home. Over the course of 2019, a total of 20,033 days were worked under this scheme, a 182% increase from the previous year. This increase is due to both growing interest among employees for this way of working and to the allowance of ten days per month of smart working granted to each worker provided under the 31/8/2018 agreement with labour unions.

As regards **business travel**, the Group has had a specific policy in place since 2012 by which public and/or other collective transport is to be used wherever possible. A notable contribution to reducing business travel and the related carbon dioxide emissions and pollution has come from the increasing use of video conferences.

VIDEO-CONFERENCES	2019	2018	2017
Offices equipped	4,533	2,996	2,345
Video rooms	890	712	516
Number of video-conferences	47,692	40,334	36,251
Total hours of video-conferences	91,572	89,824	80,341

¹² Heating, Ventilation and Air Conditioning.

¹³ Figure includes an indirect energy savings component linked to facilities management efficiency and to averting the need for maintenance staff to intervene on-site.

The E-Mobility project

The Group's E-Mobility project envisages gradually introducing electric vehicles into its corporate fleet, which can be used by employees for short to medium distance travel.

In 2019, four Nissan Leaf cars were purchased and new charging stations were installed for these vehicles (one wallbox and two charging columns) at the UBI Banca headquarters in Rome, Bergamo and Milan, adding to the one installed the year before in the car park of the UBI Sistemi e Servizi offices in Brescia. The corporate fleet's first electric vehicle, a Renault Zoe-R90, was driven 15,500 km last year, which translates into 1,550 kg less CO₂ emissions than would have generated by a comparable car with a petrol engine.

In 2020, the Group expects to add more electric vehicles, to be allocated across its main offices.

Car sharing project

With a view to more sustainable and cost-efficient employee travel, the Group intends to begin a pilot project in 2020 to adopt car sharing solutions. Work is currently underway to determine the best sample set to use for the pilot project in terms of:

- geographical areas: the choice will be made based on locations/cities where there is a high frequency of pooled company car use, taking current rental market players' service coverage into account;

- the corporate population: within the Milan macro geographical area, employees will be identified who, due to the type of journeys and usage of company cars, meet the criteria to use the service.

If this pilot project yields favourable results, then contracts will be agreed with car sharing service providers and processes will be implemented to officially launch this service.

Emissions

The emissions produced by the Group mainly relate to greenhouse gases and the other pollutants produced by the use of energy from fossil fuels heating and its car fleet, 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.

GRI
305-1:7

Reducing CO₂ emissions is therefore one of the Group's primary objectives, in order to contribute in the struggle against climate change.

Direct (Scope1) and indirect (Scope2) emissions

The emissions reduction trend – similar to the energy savings trend – experienced a slump in 2018 but recovered last year: Scope1 + Scope2 market-based emissions fell by 14.1% from 2018, and emissions intensity also dropped (market-based -12.2% per employee and -12.3% per square metre).

DIRECT GHG EMISSIONS - Scope 1 (Tons)	2019		2018		2017 ¹	
	CO ₂	CO ₂ e	CO ₂	CO ₂ e	CO ₂	CO ₂ e
Heating	11,487.1	11,557.4	12,562.0	12,639.1	11,416.9	11,486.7
of which:						
<i>Gas oil</i>	836.2	844.5	994.3	1,004.1	695.5	702.4
<i>LPG</i>	50.6	51.0	50.9	51.3	53.3	53.7
<i>Natural gas</i>	10,600.3	10,661.9	11,516.9	11,583.8	10,668.2	10,730.6
Company car fleet fuel	2,923.3	2,951.3	2,790.3	2,817.1	2,733.3	2,759.8
of which:						
<i>Petrol</i>	3.0	3.1	0.9	0.9	98.1	99.1
<i>Gas oil</i>	2,920.3	2,948.2	2,789.4	2,816.2	2,634.0	2,659.5
<i>LPG</i>	-	-	-	-	1.2	1.2
TOTAL	14,410.4	14,508.7	15,352.3	15,456.2	14,150.2	14,246.4

¹ The 2017 data 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>.

INDIRECT GHG EMISSIONS ² - Scope 2 (Tons)	2019		2018		2017	
	CO ₂	CO ₂ e	CO ₂	CO ₂ e	CO ₂	CO ₂ e
Location Based ¹	35,377.1	35,533.7	38,283.0	38,459.3	37,619.8	37,790.0
Market Based ²	1,776.5	1,776.5	3,481.9	3,499.0	1,414.3	1,432.2

¹ 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).

² Residual emissions due to energy purchased from non-renewable sources.

³ In adoption of the ABI Guidelines, since 2018 data also include the values of emissions due to district heating.

GHG EMISSIONS INTENSITY ¹ - Scope 1 and 2 (Tons)	2019		2018		2017 ²	
	CO ₂	CO ₂ e	CO ₂	CO ₂ e	CO ₂	CO ₂ e
Market based						
Total residual emissions	16,186.9	16,285.2	18,834.2	18,955.2	17,751.3	17,878.3
Emissions intensity per employee	0.81	0.81	0.92	0.93	0.83	0.83
Emissions intensity per surface area (Sq.m)	0.01	0.01	0.02	0.02	0.01	0.01
Location based						
Total residual emissions	49,787.5	50,042.4	53,635.3	53,915.5	53,956.9	54,236.1
Emissions intensity per employee	2.48	2.50	2.62	2.64	2.51	2.53
Emissions intensity per surface area (Sq.m)	0.04	0.04	0.04	0.05	0.04	0.04

1 Since 2018, data include the calculation of indirect Scope 2 emissions derived from district heating.

2 The 2017 data relating to consumption and CO₂ 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>.

NO _x and SO _x (Tons)	2019		2018		2017 ¹	
	NO _x	SO _x	NO _x	SO _x	NO _x	SO _x
From heating	6.17	0.59	6.75	0.69	6.22	0.44
of which:						
<i>Gas oil</i>	0.57	0.53	0.68	0.63	0.47	0.44
<i>LPG</i>	0.02	0.00	0.02	0.00	0.04	0.00
<i>Natural gas</i>	5.58	0.06	6.06	0.06	5.71	0.00
Electricity purchased not covered by certificates GO	0.00	0.00	0.40	0.15	0.47	0.23
Company car fleet fuel	10.14	0.01	11.23	0.13	10.69	0.13
of which:						
<i>Petrol</i>	0.003	0.00	0.001	0.00	0.09	0.00
<i>Gas oil</i>	10.14	0.01	11.22	0.13	10.60	0.13
<i>LPG</i>	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL RESIDUAL EMISSIONS	16.31	0.60	18.38	0.97	17.38	0.79

1 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>.

For 2020, in addition to maintaining the 100% renewable energy procurement record, it is estimated that planned investments in energy efficiency for the Group's facilities and systems can further reduce its emissions (Scope1 and Scope2 market-based) by 4.5%.

ESTIMATED ANNUAL SAVINGS EXPECTED BY THE PRINCIPAL MEASURES UNDERTAKEN IN THE YEAR TO REDUCE THE GHG EMISSIONS (Scope 1 and 2) (Tons CO ₂ e)	2019	2018	2017
Replacement of heat generators in branches	11	7	19
Replacement of heat pumps/air conditioners in branches	249	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
Installation of consumption monitoring system in 628 branches (2017-2018)	-	373	266
2016-2017-2018-2019 rationalisation of the distribution network	1,162	1,179	1,331
Monitoring at the large New Management Centre Building in Brescia	48	45	100
Monitoring at Large Building in Via Calvi 9 - Bergamo	24	44	-
Monitoring at Esagono Large Building in Jesi	-	68	-
Replacement of UPS Teatina Bank	-	-	5
TOTAL	1,493	1,768	2,477

Other indirect emissions (Scope3)

OTHER INDIRECT GHG EMISSIONS - Scope 3 (Tons)	2019		2018 ²		2017 ²	
	CO ₂	CO ₂ e	CO ₂	CO ₂ e	CO ₂	CO ₂ e
Paper purchased ¹	802.7	n.a.	752,6	n.a.	1.035,4	n.a.
Business travel	3,327.4	2,439.4	3,450.2	2,580.1	3,111.8	2,387.6
of which:						
<i>private cars</i>	2,417.2	2,439.4	2,556.3	2,580.1	2,363.5	2,387.6
<i>train</i>	265.3	n.a.	280,2	n.a.	195,2	n.a.
<i>air</i>	644.9	n.a.	613,7	n.a.	553,1	n.a.
Shuttle coach ³	288.3	291.1	221.3	222.9	208.3	209.9
TOTAL	4,418.5	n.a.	4,424.2	n.a.	4,355.5	n.a.

1 The 2017 emissions of Banca Tirrenica and Banca Federico del Vecchio are not included due to data collection difficulties.

2 It does not include the emissions of UBI Trustee and Pramerica Management Company S.A.

3 Two new routes covered by the shuttle service have been reported since 2019 and these have increased the emissions; emissions by the New Banks for 2017 has not been included due to data recording difficulties.

Waste

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306-4

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

- those concerning forms to fill out, record-keeping of waste loading and unloading, and Environmental Declaration Form (MUD) submissions pursuant to the following legislation: Legislative Decree No. 152 of 3/4/2006 "Environmental regulations - part four: Regulations on waste management and the clean-up of polluted sites" and subsequent amendments; Ministerial Decree No. 148 of 1/4/1998 "Regulations on the approval of the waste loading and unloading record form"; Ministerial Decree No. 145 of 1/4/1998 "Regulations on the definition and contents of the waste accompaniment form"; Circular No. GAB/DEC/812/98 of 4/8/1998 "Instructions for waste loading and unloading records and for filling out the related forms"; and Law No. 70 of 25/1/1994 (establishment of the MUD environmental declaration form);
- Presidential Decree No. 254 of 15/07/2003, containing regulations on the management of medical waste as defined under article 24 of Law No. 179 of 31/07/2002.

Most of the special 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.

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.

WASTE	2019	2018	2017
Hazardous ¹ (Ton)	4.0	8.8	6.2
of which sent for recovery	4.0	8.8	6.2
Non hazardous (Ton)	1,928.0	2,188.8	2,074.5
of which: sent for recycling	666.9	1,512.6	1,908.1
sent for recovery	1,261.1	676.3	166.5
TOTAL	1,932.0	2,197.7	2,080.7
TOTAL WASTE sent for recycling and recovery	1,932.0	2,197.7	2,080.7
per employee (Kg)	96.4	107.4	96.9
by floor area ² (Kg/Sq.m.)	1.6	1.8	1.6

1 Hazardous waste as defined by Legislative Decree No. 152/2006 "Environmental regulations" and subsequent amendments and additions.

2 Net internal area.

Such hazardous waste accounts for 0.2% of total separated waste and consists of retired electronic equipment (95.2%), lead batteries (3.6%) and medical waste (1.1%), all of which is entrusted to authorised local companies for disposal. No special treatment was carried out to manage this waste and no waste was imported or exported.

This report does not include solid urban waste, as it is managed by the public collection service and we are therefore unable to measure the quantity and methods of disposal.

Water consumption

For the UBI Group, water usage is not a material issue, as it is merely related to the use of sanitary systems, along with a few residual water condenser air conditioners. All water used is taken up only from public waterworks, while wastewater all goes into public sewer systems, as occurs with household water usage.

GRI
303-1:3

Nevertheless, UBI Sistemi e Servizi has adopted initiatives to reduce water consumption, such as the installation of tap aerators and dual-flush toilets when construction or building renovation works are carried out for offices or branches.

As with energy consumption figures, after a halt in 2018, a healthy downward trend resumed in 2019 as water usage was reduced by 8.4% (or by 6.5% per employee) from 2018.

WATER CONSUMPTION - CUM	2019	2018	2017
Water drawn from aqueducts	374,678	409,180	371,550
per employee	18.7	20.0	17.3

Appendix: calculation methodology

ENERGY CONSUMPTION WITHIN THE ORGANIZATION	Source	Unit of measure	Coefficients
Heating			
Natural gas	ABI Guidelines	GJ/Mc	0.03429
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
District Heating	ABI Guidelines	GJ/KWh	0.0036
Electricity			
Purchased	ABI Guidelines	GJ/KWh	0.0036
Photovoltaic	ABI Guidelines	GJ/KWh	0.0036
Transport			
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: € 7.01 million for 2019; € 6.94 million for 2018; € 6.43 million for 2017.

TABLE OF 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 2018 and 2019.

ENERGY CONSUMPTION OUTSIDE OF THE ORGANIZATION	Source	Unit of measure	Coefficients
Paper	CEPI 2018	GJ/Ton	12.91
Personal vehicles			
Petrol (density 0,74 kg/L)	Italian Banking Association Guidelines	GJ/Ton	42.82
Gas Oil	Italian Banking Association Guidelines	GJ/Ton	42.78
Train			
High speed	Italian Banking Association Guidelines/Ecopassenger	GJ/Km	0.0007873
Other	Italian Banking Association Guidelines/Ecopassenger	GJ/Km	0.0008113
Air (Kerosene jet 71,5 KgCO₂/Gj)			
Domestic	Italian Banking Association Guidelines/ICAO	GJ/Km	0.0019437
International	Italian Banking Association Guidelines/ICAO	GJ/Km	0.0018859
Intercontinental	Italian Banking Association Guidelines/ICAO	GJ/Km	0.0007260
Shuttle coach			
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 the European association representing the paper industry; through its 18 national associations, Capi brings together 500 companies that manage 895 paper mills and pulp producers across Europe.

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 290 airlines (82% 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 CO₂ emissions (see 305-3) were divided by the following "ISPRA - Database of average road transport emission factors in Italy" coefficients: 73.1432594 tons CO₂/tj Petrol and 74.5548135 tons CO₂/tj Gas Oil.

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

TABLE OF 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) (20,036 amounting to 100% of the Group total) and by the net internal floor area of properties (1,173,881 sq.m) of the Group companies within the relative scope.

TABLE OF DIRECT GHG EMISSIONS (Scope 1)						
	Source	Unit of measure	Coeff.CO ₂	Unit of measure	Coeff.CH ₄	Coeff. N ₂ O
Heating						
Natural gas	ABI Guidelines	Kg/Mc	1,976	G/Mc	0.0857	0.03429
Gas Oil	ABI Guidelines	Kg/Ton	3,155	G/Ton	300.2	85.80
LPG	ABI Guidelines	Kg/Ton	3,0260	G/Ton	46.1	92.30
Transport						
Petrol	ABI Guidelines	Kg/Ton	3,14	G/Ton	717.5	47.9
Gas Oil	ABI Guidelines	Kg/Ton	3,151	G/Ton	49.9	108.5
LPG	ABI Guidelines	Kg/Ton	3,026	Kg/Ton	0.3868	0.0459

Calculation Method

CO₂ equivalent emissions include CO₂, CH₄, and N₂O and have been calculated using the IPCC 100 year GWPs for CH₄ (28) and N₂O (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 basis of the available data and the trends of previous years.

INDIRECT GHG EMISSIONS (Scope 2)						
	Source	Unit of measure	CO ₂	CO ₂ e	CH ₄	N ₂ O
Electricity - Location Based	ABI Guidelines	G/kWh	316.0		0.0176	0.0037
Electricity - Market Based	European Residual Mix	G/kWh	477.0	480		
District heating - Market Based	European Residual Mix	G/kWh	214.6			

Calculation method

Emissions resulting from district heating have been included since 2018 in the calculation of Scope 2 emissions.

OTHER INDIRECT GHG EMISSIONS (Scope 3)					
	Source	Unit of measure	Coefficients CO ₂	Coefficients CO ₂ e	
Paper	CEPI	Ton/Ton	0.39	n.a.	
Private cars					
Petrol	ISPRA - Database of average road transport emission factors	G/Km	169.9412001	171.2403707	
Gas oil	ISPRA - Database of average road transport emission factors	G/Km	175.2435162	176.9792760	
Train					
High speed	ABI Guidelines/Ecopassenger	Kg/Km	0.0412210	n.a.	
Other	ABI Guidelines/Ecopassenger	Kg/Km	0.0424760	n.a.	
Air					
Domestic	ABI Guidelines/ICAO	Kg/Km	0.1389723	n.a.	
International	ABI Guidelines/ICAO	Kg/Km	0.1348394	n.a.	
Intercontinental	ABI Guidelines/ICAO	Kg/Km	0.0519082	n.a.	
Shuttle coach					
Gasoil (density 0.84Kg/L)	ABI Guidelines	Ton/Ton	3.1510000	3.1811497	

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 the European association representing the paper industry; through its 18 national associations, CEPI brings together 500 companies that manage 895 paper mills and pulp producers across Europe.

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 290 airlines, i.e. 82% 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 multiplied by the above emissions coefficients.

Shuttle coach: the tons of gas oil have been multiplied by the emissions factors above. CO₂ equivalent emissions include CO₂, CH₄ and N₂O and have been calculated using the IPCC 100 year GWPs for CH₄ (28) and N₂O (265).

TABLE OF GHG EMISSIONS INTENSITY (Scope 1 and 2)	
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Calculation method

Total emissions does not include Scope 3 emissions (305-3) and include Scope 1 emissions (305-1) and the emissions of the Scope 2 (305-2) location based and market based. Total emissions were divided by the number of employees and other workers - temporary workers and interns - (20,036 amounting to 100% of the Group total) and by the net internal floor area of the properties (1,173,881 sq.m.) of the Group companies in perimeter.

TABLE OF 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 _x e SO _x	Source	Unit of measure	Coefficients NO _x	Unit of measure	Coefficients SO _x
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 air conditioning 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 2018 and 2019.					
Heating					
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
Electricity	ABI Guidelines	G/kWh	0.1407	G/kWh	0.0509
Transport					
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

WASTE TABLE

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- (20,036 amounting to 100% of the total Group) and by the net internal floor area of the properties (1,173,881 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.

WATER CONSUMPTION TABLE

Calculation method

The method used to calculate water drawn from aqueducts is compliant with that recommended by ABILab guidelines and is based on annual billing data retrieved from the SAP software.

Methodological note



Photo by
ANTONINO SICLARI

Tramonto vista Etna
Reggio Calabria

Methodological note

Information on the Document

Reporting Frequency and Standards

GRI 102-50:52, 102-54 This report relates to the period between 1st January and 31st December 2019 and represents the first 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 2018, and was published in March 2019.

The document has been prepared in accordance with the “GRI Sustainability Reporting Standards” and “Financial Services Sector Disclosures”, published respectively in 2016¹ and 2013 by the Global Reporting Initiative (GRI), in accordance with the Comprehensive option. The Italian Banking Association (ABI) guidelines were also taken into account when calculating the economic value generated and distributed and the environmental indicators. These were respectively updated in 2010 and 2018. For more information about the calculation methodologies applied to the environmental indicators, see the appendix to the paragraph Commitment to the Environment. The Consolidated Non-Financial Statement

also constitutes the Group’s Sustainability Report, and is the thirteenth such consecutive report since UBI Banca was established in 2007. With its publication, UBI Banca also meets the obligation under the periodic “Communication on Progress” requirement incumbent on the signatories as provided under the Global Compact of the United Nations.

Reporting Perimeter and Content

The reporting perimeter includes the UBI Banca parent company and the other Group companies, fully consolidated, with the sole exception of the companies listed in the table below. Any other limits to the reporting perimeter in connection with individual topics or indicators are explained in the relative paragraphs. The perimeter of the financial data, which includes the economic value generated and distributed to the stakeholders, equates to the full consolidation perimeter of the UBI Banca Group 2019 consolidated financial statements. Some figures as at 31st December 2017 are not fully comparable with those as at December 2018 because of differences in the company perimeter due to the fact that the UBI Group only acquired control of Banca Adriatica, Carilo, Banca Tirrenica, Banca Federico del Vecchio and Banca Teatina on 10th May 2017.

Company	Activity	Reason for exclusion
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 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 UBI Banca facilities
Mecenate SPV Srl - in liquidation	Special purpose entity formed in accordance with Law 130/1999	Company without its own structure
Marche Mutui 6	Special purpose entity formed in accordance with Law 130/1999	Company without its own structure

This Report provides information pursuant to Article 3 (1) and (2) of Legislative Decree No. 254/2016 and further information provided in the reference standards, as required to provide a fair view of the activities of the Group, its operations, results and impact (“material topics”). In keeping with the definition of materiality under the GRI Standards, topics that “reflect a reporting

organisation’s significant economic, environmental and social impacts; or that substantively influence the assessments and decisions of stakeholders” are considered material topics. The following table shows the GRI Standards for material topics, and the type and scope (and terms of the stakeholders involved) of the impacts related to such topics.

1 For the Occupational Health and Safety indicator (GRI 403) the 2018 update proposed by the GRI was taken into account.

Material topics 2019	Related GRI Standards	Boundary of material topics	
		Type of impact	Where the impact occurs
Risk governance and management	Governance Stakeholder engagement	Generated by the Group	Shareholders Personnel The community
Integrity and reputation	Ethics and integrity Anti-Competitive Behaviour Socio-economic compliance	Generated by the Group, connected with specific activities	Shareholders Personnel The community
The fight against corruption and other illegal activities	Anti-corruption	Generated by the Group	Shareholders Personnel The community
Protection of human rights	Child labour Forced labour Human rights assessment	Generated by the Group, connected with specific activities	Personnel The community
Co-operation with institutions	Public policies	Generated by the Group	The community
Strength and profitability	Economic performance Market presence	Generated by the Group	Shareholders Personnel Suppliers Public administrations The community
Enhancement and well-being of personnel	Employment Occupational health and safety Training and education	Generated by the Group	Personnel
Staff incentives and involvement	Training and education	Generated by the Group	Personnel
Equal opportunities and non-discrimination	Diversity and equal opportunity Non-discrimination	Generated by the Group	Personnel
Dialogue with trade unions	Labour relations Freedom of association and collective bargaining	Generated by the Group	Personnel
Customer satisfaction	Marketing and product and service labelling	Generated by the Group	Customers The community
Digital and product/service innovation	Information reported in Reports and Financial Statement 2019, Consolidated Management Report – Other information.	Generated by the Group	Customers The community
Transparency, privacy and IT security	Customer privacy Marketing and product and service labelling	Generated by the Group	Customers The community
Commitment to the local economy	Indirect economic impacts	Generated by the Group	Customers Suppliers The community
Commitment to the community	Local communities Public policies Indirect economic impacts	Generated by the Group	Customers The community
Financial education and inclusion	Local communities	Generated by the Group	The community
Protection of investors	Local communities	Generated by the Group	Customers The community
Support for sustainable development	Indirect economic impacts	Generated by the Group	
Responsible supply chain management	Procurement practices Environmental assessment of suppliers Social assessment suppliers	Generated by the Group, connected with specific activities	Suppliers The community
Reduction of direct environmental impact	Materials Energy Emissions Effluents and waste Environmental compliance	Generated by the Group	Suppliers The community

A comparison with the two previous years has been included², where possible, in order to be able to compare the figures and measure the Group's business over time. Moreover, in order to ensure the accuracy of the figures, the use of estimates has been reduced as far as possible. Where used, these have been clearly stated and based on the best possible methodologies.

With regard to the commitments declared in the 2018 Consolidated Non-Financial Statement, work has continued on updating the corporate regulations. Specifically the regulations for managing the Consolidated Non-Financial Statement were approved, activities involving stakeholders were expanded, and the sustainability goals were further integrated into corporate planning³.

² The quantitative indicators for 2017 also include the figures from the three new Banks acquired from the Bank of Italy's National Restructuring Fund, from 1st April.
³ Cf. Sustainability Strategy and Governance sections.

Approval of the Document

GRI 102-32 As a separate document, the Consolidated Non-Financial Statement forms an integral part of the consolidated management report, in accordance with the provisions of Legislative Decree 254/2016.

The document was approved by the Board of Directors of UBI Banca on 28th February 2020, made available to the Management Control Committee (in its capacity as the supervisory body) and the independent auditors, filed with the Companies Register, published on UBI Banca's corporate website⁴ and distributed to shareholders at the Shareholders' Meeting with the Consolidated Financial Statements.

Independent Auditors' Report

This document has been assessed for compliance ("*limited assurance engagement*") in accordance with the criteria indicated by the standard ISAE 3000 Revised) by the auditors Deloitte & Touche SpA. The report was carried out in accordance with the procedures indicated in the "Independent Auditors' Report" shown below.

GRI 102-56

"The quantitative information reported in this Non-Financial Statement, relating to the social impact of projects supported as part of UBI Comunità initiatives (SROI Indicator)⁵ have not been subject to audit by the Independent Auditors Deloitte & Touche SpA. This information has been reported voluntarily in addition that required for compliance of this document with the requirements of the Decree and those of the reporting standards adopted."

⁴ <https://www.ubibanca.it/pagine/Responsabilita-sociale-IT.aspx>.

⁵ Cf. Community section.

**INDEPENDENT AUDITOR'S REPORT
ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,
PARAGRAPH 10, LEGISLATIVE DECREE No. 254/2016 AND
ART. 5 OF CONSOB REGULATION N. 20267 OF JANUARY 2018**

**To the Board of Directors 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, 2019 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on February 28, 2020 (hereinafter the "NFS").

Responsibility of the Directors and the Management Control Committee for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and *Global Reporting Initiative Sustainability Reporting Standards* established in 2016 by GRI - *Global Reporting Initiative* ("GRI Standards"), which they have identified as reporting framework.

The Directors are 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 Directors are 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 Directors are 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 Management Control Committee 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.

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. 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 and the data 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) of this report.

5. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

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 S.c.r.l.*, *IW Bank 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. and UBI Academy S.c.r.l., 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, 2019 is not prepared, in all material aspects, in accordance with articles 3 and 4 of the Decree and the GRI Standards.

DELOITTE & TOUCHE S.p.A.

Signed by
Enrico Gazzaniga
Partner

Milan, Italy
March 6, 2020

GRI
102-55 **Summary of GRI Indicators**

GRI standards 2016	Description	Page or reason of omission	Ref. Other documents	Global compact
102 - GENERAL DISCLOSURES				
ORGANIZATIONAL PROFILE				
102-1	Name of the organization	7		
102-2	Activities, brands, products, and services	10:11	CMR	
102-3	Location of headquarters	7		
102-4	Location of operations	7	CMR	
102-5	Ownership and legal form	7, 8	RFS	
102-6	Markets served	10:11	CMR	
102-7	Scale of the organization	8:9	CMR	
102-8	Information on employees and other workers	8:9		
102-9	Supply chain	8-10		1-10
102-10	Significant changes to the organization and its supply chain	12:13	CMR	
102-11	Precautionary Principle or approach	29:30	RCG CMR	7
102-12	External initiatives	35:36		1-10
102-13	Membership of associations	35:36		1-10
STRATEGY				
102-14	Statement from senior decision-maker	Letter to stakeholder, 15:16		1-10
102-15	Key impacts, risks, and opportunities	17:22		1-10
ETHICS AND INTEGRITY				
102-16	Values, principles, standards, and norms of behavior	30		1-10
102-17	Mechanisms for advice and concerns about ethics	30:31		1-10
GOVERNANCE				
102-18	Governance structure	26	RCG - MR	1-10
102-19	Delegating authority	27:28	RCG	
102-20	Executive-level responsibility for economic, environmental, and social topics	27		1-10
102-21	Consulting stakeholders on economic, environmental, and social topics	27:28	RCG	1-10
102-22	Composition of the highest governance body and its committees	26	RCG	1-10
102-23	Chair of the highest governance body	26	RCG	1-10
102-24	Nominating and selecting the highest governance body	26	RCG	1-10
102-25	Conflicts of interest	26	RCG	1-10
102-26	Role of highest governance body in setting purpose, values, and strategy	26	RCG	1-10
102-27	Collective knowledge of highest governance body	26	RCG	
102-28	Evaluating the highest governance body's performance	26	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	29:30	RCG	
102-31	Review of economic, environmental, and social topics	29:30	RCG	
102-32	Highest governance body's role in sustainability reporting	103		1-10
102-33	Communicating critical concerns	26	RCG	1-10
102-34	Nature and total number of critical concerns	27	RCG	1-10
102-35	Remuneration policies	26	RR	6
102-36	Process for determining remuneration	26	RR	6
102-37	Stakeholders' involvement in remuneration	26	RR	6
102-38	Annual total compensation ratio	26	RR	6

GRI standards 2016	Description	Page or reason of omission	Ref. Other documents	Global compact
102-39	Percentage increase in annual total compensation ratio	26	RR	6
STAKEHOLDER ENGAGEMENT				
102-40	List of stakeholder groups	17		
102-41	Collective bargaining agreements	59		1,3
102-42	Identifying and selecting stakeholders	17		
102-43	Approach to stakeholder engagement	17, 27:28, 59		
102-44	Key topics and concerns raised	27:28, 59		
REPORTING PRACTICE				
102-45	Entities included in the consolidated financial statements	101:102		
102-46	Defining report content and topic Boundaries	101:102		
102-47	List of material topics	101:102		1-10
102-48	Restatements of information	101:102		
102-49	Changes in reporting	101:102		
102-50	Reporting period	101		
102-51	Date of most recent report	101		
102-52	Reporting cycle	101		
102-53	Contact point for questions regarding the report	115		
102-54	Claims of reporting in accordance with the GRI Standards	101		
102-55	GRI content index	107:113		
102-56	External assurance	104:106		
200 - ECONOMIC				
201 - ECONOMIC PERFORMANCE				
103 - Management approach			CMR	
103-1	Explanation of the material topic and its Boundary	15, 17:21, 38, 66, 102		
103-2	The management approach and its components	22:24, 38		
103-3	Evaluation of the management approach	38		
201-1	Direct economic value generated and distributed	38:40,73:83		
201-2	Financial implications and other risks and opportunities due to climate change	17:22		7
201-3	Defined benefit plan obligations and other retirement plans	38:39		
201-4	Financial assistance received from government	38, 40		
202 - MARKET PRESENCE				
103 - Management approach				
103-1	Explanation of the material topic and its Boundary	17:21, 38, 42, 102		
103-2	The management approach and its components	22:24, 38		
103-3	Evaluation of the management approach	38		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	38:39		1
202-2	Proportion of senior management hired from the local community	42		
203 -INDIRECT ECONOMIC IMPACTS				
103 - Management approach				
103-1	Explanation of the material topic and its Boundary	17:21, 66, 85, 102		
103-2	The management approach and its components	15:16, 22:24, 66, 85		
103-3	Evaluation of the management approach	66, 85		
203-1	Infrastructure investments and services supported	66:71		7,8
203-2	Significant indirect economic impacts	66:70		

GRI standards 2016	Description	Page or reason of omission	Ref. Other documents	Global compact
204 - PROCUREMENT PRACTICES				
103 - Management approach				
103-1	Explanation of the material topic and its Boundary	90, 102		
103-2	The management approach and its components	90		
103-3	Evaluation of the management approach	90		
204-1	Proportion of spending on local suppliers	8, 38, 40		
205 - ANTI-CORRUPTION				
103 - Management approach				
103-1	Explanation of the material topic and its Boundary	17:21, 30:31, 102		
103-2	The management approach and its components	15:16, 30:31		
103-3	Evaluation of the management approach	30:31		
205-1	Operations assessed for risks related to corruption	31:33		10
205-2	Communication and training about anti-corruption policies and procedures	31:33		10
205-3	Confirmed incidents of corruption and actions taken	31:33		10
206 - ANTI-COMPETITIVE BEHAVIOR				
103 - Management approach				
103-1	Explanation of the material topic and its Boundary	31, 102		
103-2	The management approach and its components	31, 15:16		
103-3	Evaluation of the management approach	31		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	31		
300 ENVIRONMENTAL				
301 - MATERIALS				
103 - Management approach				
				7,8,9
103-1	Explanation of the material topic and its Boundary	85, 90, 102		
103-2	The management approach and its components	15:16, 85, 90		
103-3	Evaluation of the management approach	85, 90		
301-1	Materials used by weight or volume	90:91		8
301-2	Recycled input materials used	90:91		8,9
301-3	Reclaimed products and their packaging materials	Not applicable ¹		7,8
302 - ENERGY				
103 - Management approach				
				7,8
103-1	Explanation of the material topic and its Boundary	85, 91, 102		
103-2	The management approach and its components	15:16, 85, 91		
103-3	Evaluation of the management approach	85, 91		
302-1	Energy consumption within the organization	90:92, 97		7,8
302-2	Energy consumption outside of the organization	90:93, 97		7,8
302-3	Energy intensity	91:94, 97		7,8
302-4	Reduction of energy consumption	91:94, 97		7,8
302-5	Reductions in energy requirements of products and services	Not applicable ²		7,8
303 - WATER²				
103 - Management approach				
				7,8
103-1	Explanation of the material topic and its Boundary	96, 102		
103-2	The management approach and its components	96		
103-3	Evaluation of the management approach	96		
303-1	Water withdrawal by source	96, 99		7,8
303-2	Water sources significantly affected by withdrawal of water	96, 99		7,8
303-3	Water recycled and reused	96, 99		7,8

GRI standards 2016	Description	Page or reason of omission	Ref. Other documents	Global compact
305 - EMISSIONS				
103 - Management approach				7,8,9
103-1	Explanation of the material topic and its Boundary	85, 94, 102		
103-2	The management approach and its components	15:16, 22:24, 85, 94		
103-3	Evaluation of the management approach	85, 94		
305-1	Direct (Scope 1) GHG emissions	94, 98		7,8
305-2	Energy indirect (Scope 2) GHG emissions	94, 98		7,8
305-3	Other indirect (Scope 3) GHG emissions	94, 96, 98		7,8
305-4	GHG emissions intensity	94, 95, 98		7,8
305-5	Reduction of GHG emissions	94, 95, 99		7,8,9
305-6	Emissions of ozone-depleting substances (ODS)	94, 95, 99		7,8
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	94, 95, 99		7,8
306 - EFFLUENTS AND WASTE				
103 - Management approach				
103-1	Explanation of the material topic and its Boundary	85, 96, 102		
103-2	The management approach and its components	85, 96		
103-3	Evaluation of the management approach	85, 96		
306-1	Water discharge by quality and destination	Not applicable ³		7
306-2	Waste by type and disposal method	96, 99		7
306-3	Significant spills	Not applicable ⁴		7
306-4	Transport of hazardous waste	96, 99		7
306-5	Water bodies affected by water discharges and/or runoff	Not applicable ³		7
307 - ENVIRONMENTAL COMPLIANCE				
103 - Management approach				7,8
103-1	Explanation of the material topic and its Boundary	30:31, 85, 102		
103-2	The management approach and its components	30:31, 85		
103-3	Evaluation of the management approach	30:31, 85		
307-1	Non-compliance with environmental laws and regulations	31	CMR	7,8
308 - SUPPLIER ENVIRONMENTAL ASSESSMENT				
103 - Management approach				
103-1	Explanation of the material topic and its Boundary	85, 90, 102		
103-2	The management approach and its components	20, 85, 90		
103-3	Evaluation of the management approach	85, 90		
308-1	New suppliers that were screened using environmental criteria	90:91		
308-2	Negative environmental impacts in the supply chain and actions taken	90:92		
400 - SOCIAL				
401 - EMPLOYMENT				
103 - Management approach				6
103-1	Explanation of the material topic and its Boundary	42, 102		
103-2	The management approach and its components	42		
103-3	Evaluation of the management approach	42		
401-1	New employee hires and employee turnover	42:44		6
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	45-47		6
401-3	Parental leave	45-47		6

GRI standards 2016	Description	Page or reason of omission	Ref. Other documents	Global compact
402 - LABOR/MANAGEMENT RELATIONS				
103 - Management approach				3
103-1	Explanation of the material topic and its Boundary	42, 102		
103-2	The management approach and its components	42		
103-3	Evaluation of the management approach	42		
402-1	Minimum notice periods regarding operational changes	59		3
403 - OCCUPATIONAL HEALTH AND SAFETY				
103 - Management approach				1,3
103-1	Explanation of the material topic and its Boundary	47:48, 102		
103-2	The management approach and its components	47:48		
103-3	Evaluation of the management approach	47:48		
403-1	Occupational health and safety management system	47		1
403-2	Hazard identification, risk assessment, and incident investigation	47:52		1
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Note

- 1 The Group does not recycle products and packaging materials.
- 2 The Group's types of products and services do not consume energy and therefore it is not possible to measure reductions in consumption.
- 3 The Group's only water discharge is that of domestic effluent, which is excluded from specific disclosure reporting.
- 4 The Group's activities cannot cause spills.

Legend ref. other documents

- RR Reports and Financial Statements 2019 - Reports on the other items on the agenda of the shareholders meeting, Remuneration Report
RCG Reports and Financial Statement 2019 - 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 Financial Statements 2019 - Separate Financial Statements of UBI Banca S.p.A as at and for the year ended as at 31st December 2018, Management Report
CMR Reports and Financial Statements 2019 - Consolidated Financial Statements of the UBI Banca Group as at and for the year ended 31st december 2018, Consolidated Management Report
RFS Reports and Financial Statements 2019 - Key figures and performance indicators

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