

Consolidated Non-Financial Statement **2020**

Drafted in accordance with
Legislative Decree no.
254/2016

Letter to stakeholders	9
2. Identity of the Iccrea Co-operative Banking Group.....	13
2.1 The Iccrea Co-operative Banking Group structure	15
2.2 The local network	18
2.3 The history of the Iccrea Group	21
2.4 The Iccrea Group's vision, mission and values	23
2.5 The Iccrea Co-operative Banking Group and associations.....	30
3. Governance of the Iccrea Co-operative Banking Group	41
3.1 The governance model adopted by the Iccrea Co-operative Banking Group.....	41
3.2 Sustainability in the governance of the Iccrea Co-operative Banking Group	54
3.3 Material topics of the Iccrea Co-operative Banking Group	58
3.4 Sustainability policy system	63
3.5 Sustainability enters the Iccrea Group Transformation Plan with CNFS and Sustainability Plan	64
3.6 Risk management and internal control system	71
3.7 Tax governance.....	85
4. Preventing and countering corruption	88
4.1 Preventing corruption	91
4.2 Preventing money laundering	95
5. Supporting local communities.....	99
5.1 Local committees	101
5.2 Financial education	112
5.3 Charitable donations and sponsorships	117
5.4 Improving access to financial services for disadvantaged people	125
5.5 Stakeholder engagement.....	127
5.6 Supply chain management	132
5.7 Economic value generated, retained and distributed	136
6. Customers and products	139
6.1 Social impact products by strategic line of business	148
6.2 Innovation and digitization of banking services	164
6.3 Constant attention to customer needs	167
6.4 Transparency of information and the quality of products and services	171
6.5 Complaint management, privacy, data protection and cybersecurity.....	172

6.6 Responsibility in lending	174
7. Personnel management.....	175
7.1 The personnel of the Iccrea Co-operative Banking Group.....	176
7.2 Remuneration of personnel	181
7.3 Staff training and development	185
7.4 Caring for employees and People Care	188
7.5 Occupational health and safety.....	192
7.6 Health emergency management.....	197
7.7 Trade union relations.....	198
7.8 Protection of workers' rights.....	199
8. Environment.....	201
8.1 Direct environmental impact: consumption at offices and branches	204
8.2 Indirect environmental impact: business and environment.....	219
Methodological note	227
Standards applied and mutualistic indicators	227
Scope of the Statement	229
Materiality analysis	230
GRI Content Index.....	231
Reconciliation of material topics and GRI standards	231
GRI Content Index.....	233
Independent auditor's report on the Consolidated Non-Financial Statement	239

THIS IS
OUR STARTING
“**PER**”.

PEOPLE

ECOSYSTEM

RESPONSIBILITY



President
Iccrea Cooperative Banking Group
Giuseppe Maino

General Manager
Iccrea Cooperative Banking Group
Mauro Pastore

Letter to stakeholders

The Consolidated Non-Financial Statement (CNFS) for the 2020 financial year places great emphasis on the figures concerning the actions taken by the Iccrea Co-operative Banking Group in order to respond to the crisis generated by the pandemic in a concrete manner, including the Affiliated BCCs' participation in the initiatives promoted by the Government. With regard to [moratorium](#), it should be noted that the Group [approved 215,444 applications, for a residual debt exceeding Euro 23.2 billion](#).

Furthermore, the 132 [Affiliated BCCs and the Direct Perimeter Companies](#) disbursed a total of 133,162 [loans](#) under Article 13 of Decree Law 23 (Liquidity Decree), guaranteed by the SME [Guarantee Fund, for an overall amount exceeding Euro 7 billion](#). Of the more than 133,000 loans, more than 115,000 concerned applications relating to the forms of financing provided for in Article 13(m) of the Liquidity Decree (up to Euro 25 thousand, subsequently increased to Euro 30 thousand after converting the Liquidity Decree into law) for an overall amount of more than Euro 2.3 billion. The percentage of loans disbursed out of applications received was over 97.7%.

In addition to [more than 215,000 moratorium granted by regulatory provisions](#), the Affiliated BCCs [approved a further 47,155, equal to approximately a further 22% of suspended payments in order to support the local communities in which they operate](#). The efforts made (and the resources devoted to specific activities) reverberated across the entire system, thus affecting both the results of core business operations and the projects concerned. This is why social impact funding decreased from Euro 1.7 to 1.1 billion, showing a 35% reduction compared to 2019. The figures relating to loans for advance payments from the Redundancy Fund [*Cassa Integrazione*] were also in line with the new scenario created by the pandemic. The applications signed in 2020 amounted to 2,721 compared to 110 in 2019.

In 2020, [more than 84% of loans were disbursed to households and micro-Small and Medium-sized Enterprises \(MSMEs\), as shown in the breakdown of investments](#) of the Iccrea Co-operative Banking Group.

These figures confirm the Group's actual proximity to local communities and to the network of enterprises, through the Affiliated BCCs, in line with the [vision](#) set out in Article 2 of the Standard Articles of Association of BCCs, which states as follows: "the Group pursues the [responsible and sustainable growth of the local communities](#) in which it operates and the choice [to build the common good](#)." Again, in line with the [vision](#), in July 2020 the Board of Directors of the Parent Company approved the Group Transformation Plan aimed at achieving the objectives set out in the 2020-2023 Business Plan. In March 2020, the BoD of Iccrea Banca approved the Group's Sustainability Plan, as an integral part of the Business Plan. This is the first attempt at integrating sustainability goals with industrial and strategic objectives, adopting a risk/opportunity approach that has led to identifying our key strengths, opportunities to seize and the risks associated with relations with our major stakeholders. The widespread footprint of BCCs in local areas also contributes to the proximity to their members and customers and the satisfaction of their needs. Specifically, the Iccrea Group is present with at least one branch

in 1,740 (34%) of the 5,102 Italian municipalities served by banks; **in 303 of these (equal to 17.4% of the total), the Group's branches are the only providers of banking services, in line with their core mission of ensuring proximity and mutual benefit support to local communities. In municipalities with fewer than 5,000 inhabitants, there are 577 branches, as per the latest ISTAT [Italian Statistics Institute] survey.**

As at 31 December 2020, the 132 Affiliated Co-operative Banks in the Iccrea Group **had 825,835 members**, showing an increase of **over 2%** compared to the previous year. The growth in the corporate structure is a positive sign, especially in view of the current emergency situation, since it bears witness to the trust the members continue to place in the Affiliated Banks in the Iccrea Group and is at the same time a sign of their willingness to participate in the banking business. **We would like to emphasize that our business is focused on mutual benefit, as well as on providing support to ensure the strength of the local BCC and recognizing the social and economic role it plays in the area in which it operates and not merely on the expectation of a financial return.**

Moreover, despite the difficulties and the effects of the pandemic, the same number of **Committees** was confirmed in 2020 (compared to 2019), **namely 70, 38 of which are Young Members Committees**. Despite the difficulties, the Committees continued to organize many events, ensuring the involvement of the community and the generation of a positive impact on local communities - namely, the objective of each BCC - on the one hand, and, on the other, contributing to the mitigation of the adverse effects caused by the historical moment our country is going through. During the reporting period, a plan was launched to measure the impact of some projects carried out by young members. Most of the work concerned the enhancement of technical, professional and cultural skills of young people ("*Training, information and upskilling area*") through the organization of webinars, online training courses and language courses. Almost a quarter of the projects involved charitable activities with contributions (both monetary and in the form of material goods) granted in order to promote various community projects ("*Donations Area*"), such as donations of medical equipment during the months of the Covid-19 emergency. The "*Social and Economic Development Area*" includes projects aimed at establishing cooperative entities and social networks for young people, as well as the development of re-education projects; the work for "*Alliances for the development of local communities*", with the aim of enhancing local assets and traditions, was performed through collaborations with other players in local areas, in particular with representatives in the Third Sector (e.g. projects with Universities for tourism development in local areas). The latter set of projects, classified as "*Environmental protection activities*", concerned concrete actions of environmental protection, such as the cleaning of beaches and the planting of trees.

In 2020, the Iccrea Group also reconfirmed its direct financial commitment to local communities, in terms of charitable donations and sponsorships.

In terms of **direct environmental impact**, i.e. those arising from business activities that entail the consumption of resources and emissions of harmful substances, positive feedback was recorded on all indicators, with a reduction in the use of materials, **such as, for example, 26.5% less consumption of paper and a reduction of 2% in total energy consumption** (data are also to be put in relation with the pandemic emergency and the very extensive use of forms of smart working). The emissions of the corporate fleet of the Parent Company and the Companies are also reported from 2020. **The tons of CO2 saved turned into a decidedly positive direct**

environmental impact on the part of the Iccrea Group. The share of energy consumed from renewable sources rose from approximately 64% to more than 72%.

In terms of **indirect environmental impact** (i.e. connected with business activities with low environmental impact), it should be noted that in 2020 Iccrea Banca obtained the approval of its Euro Medium Term Note Programme - EMTN Programme, under which it may issue bonds for social and/or environmental purposes (Green and Social Bonds) in line with market best practices. Iccrea Banca also subscribed to bonds that fall into the Global Category ESG (Environmental, Social and Governance). Furthermore, there were almost 29,000 **financing projects with environmental impact (in particular green finance and funds for energy efficiency, housing redevelopment, etc., on the rise compared to the previous year, even due to having strengthened the business of Iccrea Banca Impresa) for a countervalue of disbursement equal to more than Euro 160 million** during the reporting period.

Indirect environmental impact is now increasingly key to the development prospects of the European countries. The second round of the programme announced by the European Green Deal more than a year ago has commenced in the awareness that the objectives of combating climate change and social inequalities may not be achieved unless these goals are adopted by businesses and major financial investors. There are two investment priorities dictated by the agenda in order to pursue climate neutrality in Europe: more advanced clean technology and technologies linked to the development of circular economy. We are at the beginning of a transformation similar to the digital revolution of 40 years ago.

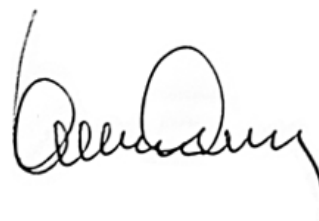
It is necessary to adapt to and keep pace with the great change underway in order to give a contribution to the ecological transition, as well as to take advantage of the opportunities offered by one of the largest state aid programmes since the Postwar period, which is entirely focused on sustainability. It will be crucial for the Group to seize these opportunities. The European programme for the reconstruction of post-pandemic Europe, called Next Generation EU, together with the seven-year EU budget, provides for the allocation of an amount of approximately Euro 1,824 billion. In Italy, the plan that the Italian Government has launched in order to access the funds made available under the Next Generation EU programme, i.e. the **National Recovery and Resilience Plan (NRRP), provides for investments amounting to approximately Euro 191.5 billion, of which 31% is aimed at financing projects in support of green transition and 21% for projects in support of digital transformation.** Furthermore, the NRRP states that no measure required by a recovery and resilience plan should be detrimental to the environmental goals under Article 17 of the European Taxonomy Regulation. The businesses will have to be up to the task in order to avoid missing opportunities that have marked only certain historical moments, such as the period we are going through.

According to Mario Calderini, a professor at the Polytechnic University of Milan and a member of the Iccrea Group's Sustainability Science Committee: "Sustainability is beginning to move large amounts of money, and the prosopopoeia that has gently accompanied us until now is giving way to a very tough fight. The stakes are high: averting the risk that the fact of having made sustainability an imperative will turn out to be a Pyrrhic victory." It is the responsibility of those concerned with political programmes and business plans not to make sustainability an "empty box" and substantiate it with concrete projects. The current confrontation falls on fertile ground that, in the case of the Iccrea Group, combines cooperative governance, particularly that of BCCs, with the new requirements of environmental and social business and a reporting model that is suited to the challenges of the future.


General Manager
Iccrea Co-operative Banking Group
Mauro Pastore

Handwritten signature of Mauro Pastore in black ink.

President
Iccrea Co-operative Banking Group
Giuseppe Maino

Handwritten signature of Giuseppe Maino in black ink.

2. Identity of the Iccrea Co-operative Banking Group

MATERIAL TOPICS Capital and financial strength (material topic no. 15)	
SDGs 	TARGET 16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all.

GRI 102-1
GRI 102-7
GRI 102-10

The **Iccrea Co-operative Banking Group** is the largest Italian mutual banking group. It's proximity to its customers, partners, businesses and the "Made in Italy" excellence created by the territories in which it is present are what make the Group's DNA.

The Iccrea Group was established following the Cooperative Credit reform and officially started its operations on 4 March 2019, with the registration in the Register of Banking Groups, taking effect from 1 January 2019.

The Iccrea Co-operative Banking Group counted **132 Co-operative Banks** (*Banche di Credito Cooperativo*, BCCs) as at 31 December 2020. The reduction in the number of banks compared to 2019, when there were 140 Affiliated Banks, was due to the merger transactions that took place during the year. More in detail, the process of streamlining the network continued through six mergers that involved the following Co-operative Banks belonging to the Group:

- BCC San Giuseppe di Petralia Sottana and BCC Valledolmo into BCC San Giuseppe delle Madonie;

- BCC Umbria and Banca CRAS into Banca Centro;
- BCC Riano and Banca di Formello e Trevignano Romano CC into BCC della Provincia Romana;
- BCC Pordenonese and Banca di Monastier e del Sile CC into BCC Pordenonese e Monsile;
- Cassa Rurale ed Artigiana di Brendola Credito Cooperativo and BCC Trevigiano into Banca delle Terre Venete;
- BCC di San Biagio Platani, BCC Don Stella di Resuttano, BCC San Giuseppe di Mussomeli and BCC Toniolo San Cataldo into BCC Toniolo San Cataldo

This process involved about 1,500 employees.

BCC	EFFECTIVE DATE
BCC MONASTIER E DEL SILE - BCC PORDENONESE	1/1/2020
BCC VALLEDOLMO - BCC SAN GIUSEPPE PETRALIA SOTTANA	1/1/2020
BCC CRAS SOVICILLE- BCC UMBRIA	1/1/2020
BCC FORMELLO - TREVIGNANO and BCC RIANO	1/1/2020
BCC BRENDOLA- BCC TREVIGIANO	1/10/2020
BCC TONIOLO SAN CATALDO - BCC MUSSOMELI- CC RESUTTANO - BCC S. BIAGIO PLATANI	1/10/2020

The Iccrea Group's key objective is to support this path to growth by offering BCCs the tools and resources necessary to ensure their stability and prosperity.

The Iccrea Co-operative Banking Group is **unique on the Italian scene** because it brings together the local banks' ability to build solid relationships in the areas in which they operate and the experience of a large group capable of designing business strategies and solutions aligned with market trends.

2.1 The Iccrea Co-operative Banking Group structure

GRI 102-45

The Iccrea Co-operative Banking Group is positioned within the national banking industry as the leading wholly Italian-owned banking group, with a number of **2,529** branches, total assets of **Euro 169.2 billion** and a **Tier 1 ratio of 16.8%**.

As at 31 December 2020, the Iccrea Group was composed of Parent Company Iccrea Banca S.p.A., **132 Affiliated Co-operative Banks** and a total number of **39 companies** that complete the offering in favor of BCCs. Iccrea also counts **11 Local Offices**.

The companies are distributed as follows:

- **22 Direct Perimeter Companies;**
- **6 Indirect Perimeter Companies;**
- **21 other subsidiaries.**

The methods of operation of the Iccrea Group, as well as the activities and tools for the management, coordination and control by the Parent Company over the companies making up the perimeter of management and coordination are governed under the Cohesion Contract and the Group's company Rules.

The Parent Company carries out management, coordination and control over the companies within the perimeter of management and coordination and provides products, services and advice to the Affiliated BCCs, with the aim of meeting the needs of members, customers, households and the local communities in which the Banks operate.

In carrying out its management and control activities, Iccrea also avails itself of the Local Offices. Each of the 11 Local Offices covers one or more Regions (Piedmont-Lombardy, Veneto-Friuli-Venezia Giulia, Emilia-Romagna, Tuscany, Lazio-Umbria and Sardinia, Campania, Abruzzo-Molise, Marche, Puglia-Basilicata, Calabria, Sicily). The Local Offices act as direct intermediaries with local communities and facilitate mutual benefit between the Iccrea Group and the Affiliated Banks, transferring the operational support and control processes of the Parent Company, especially in this phase that requires the necessary standardization of the Group's operational practices.

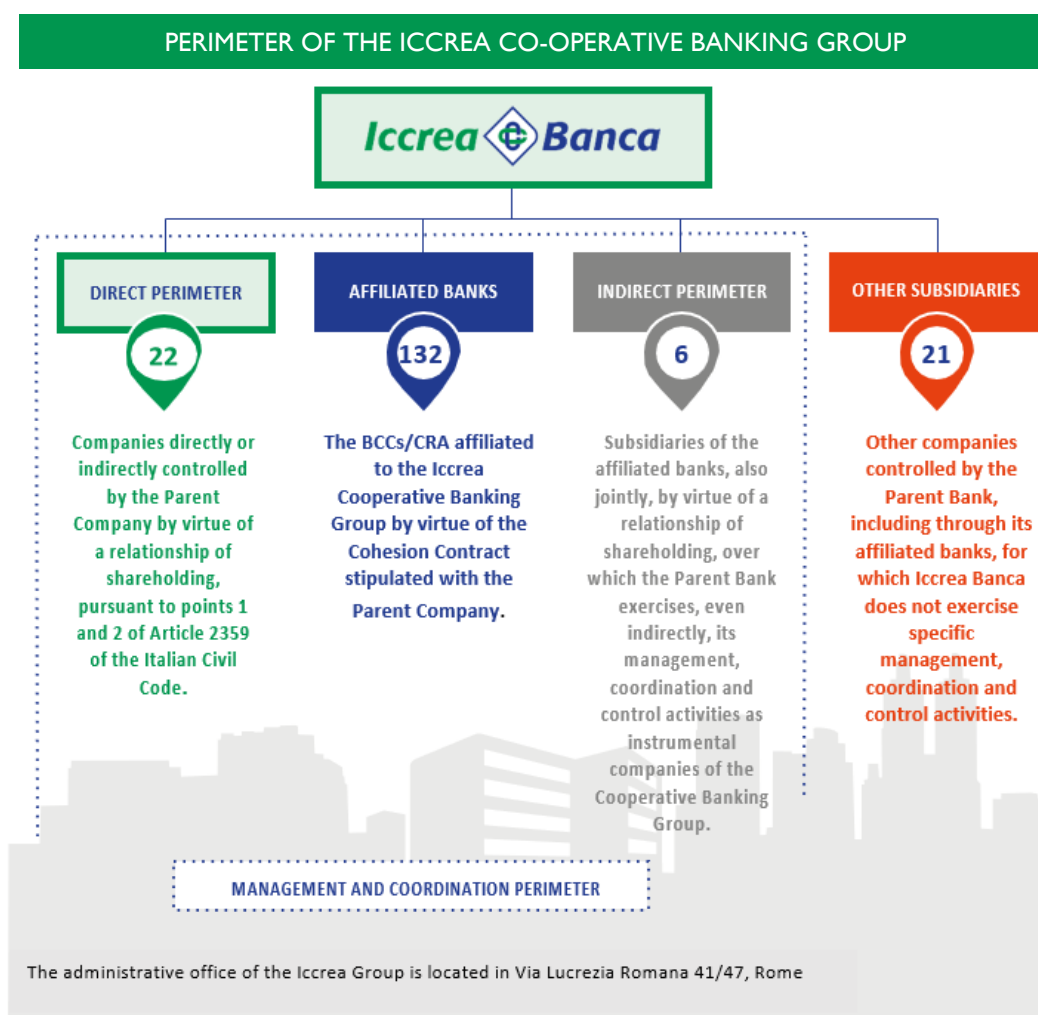
The Iccrea Co-operative Banking Group is composed of:

- The Parent Company, Iccrea Banca;
- Affiliated Co-operative Banks;
- Companies, other than Affiliated Co-operative Banks, which are authorized to carry out banking activities in accordance with Article 14 of the Consolidated Banking Act [TUB,

Testo Unico Bancario] and are directly or indirectly controlled by the Parent Company;

- Corporate entities that are directly or indirectly controlled by the Parent Company, the corporate purpose of which is restricted to carrying out specific financial transactions, and the business of which is essentially conducted in the interests of the Group (these include, but are not limited to, stockbroking companies [SIM, *Società di Intermediazione Mobiliare*], asset management companies [SGR, *Società di Gestione del Risparmio*], open-ended investment companies [SICAV, *Società di Investimento a Capitale Variabile*], closed-ended investment companies [SICAF, *Società di Investimento a Capitale Fisso*], electronic money institutions [IMEL, *Istituto di Moneta Elettronica*], financial intermediaries enrolled in the register under Article 106 of the Consolidated Banking Act and assignee companies engaged in loan securitization in accordance with Law 130 of 1999, hereinafter also referred to as "Finance Companies");
- Companies directly or indirectly controlled by the Parent Company, which are exclusively or predominantly engaged in activities that are ancillary to the Group companies' business, including those consisting of property ownership and administration and services management, including IT services (hereinafter also referred to as "Operating Companies").

GRI 102-3



PERIMETER OF CNFS 2020

DIRECT PERIMETER

13

AFFILIATED BANKS



INDIRECT PERIMETER

2

Iccrea  Banca



132
BCC

 COOPERSYSTEM



2.2 The local network

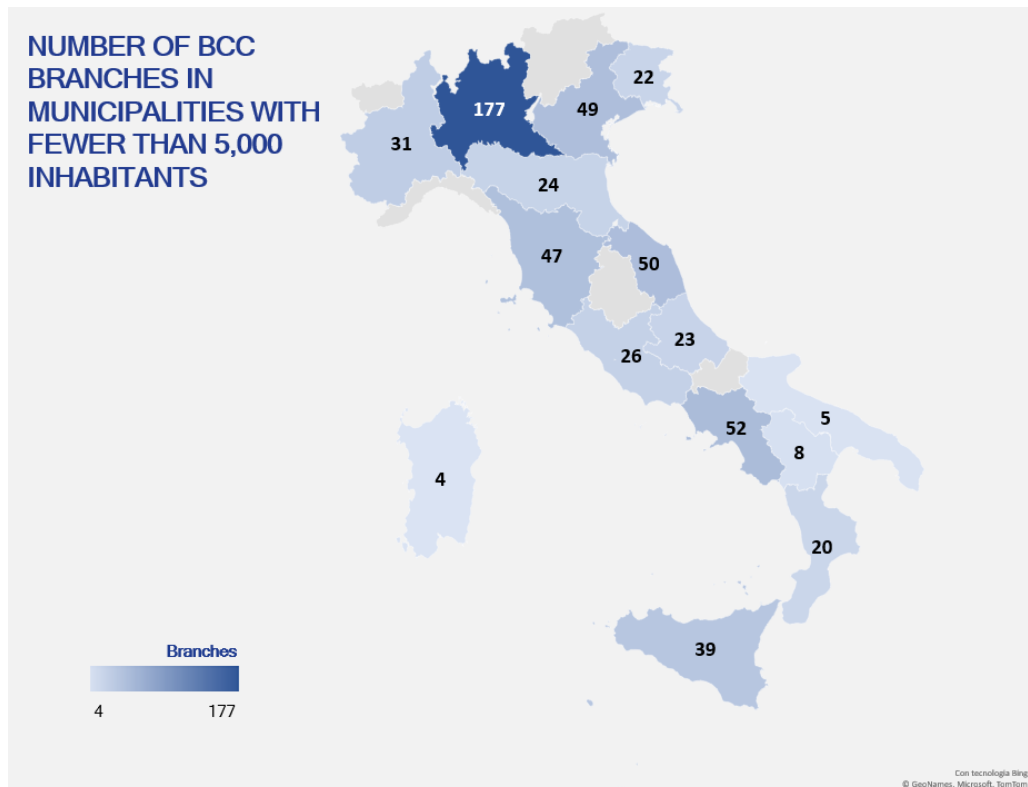
GRI 102-4

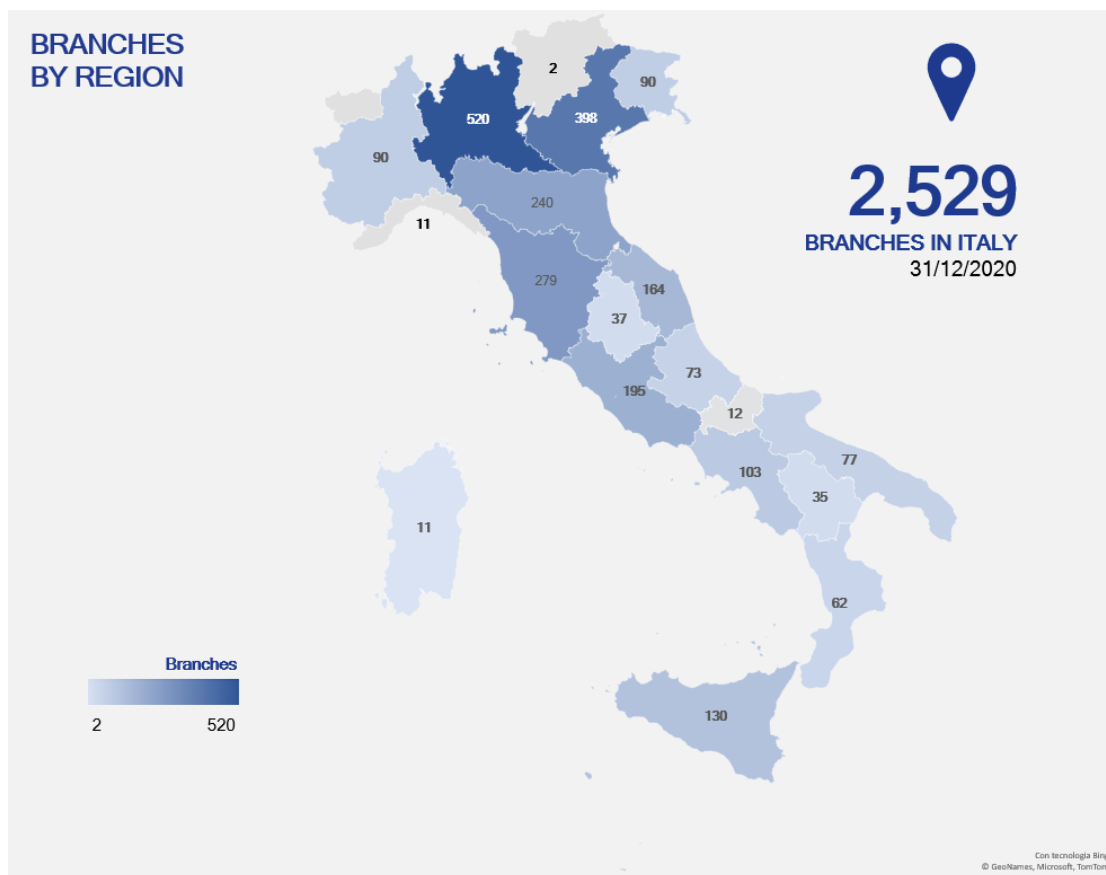
GRI 102-6

The Iccrea Co-operative Banking Group **is the third largest banking group in Italy in terms of number of branches (2,529)** operated by **132 BCCs** and Banca Sviluppo). 57% of the branches are located in Lombardy, Veneto, Tuscany and Emilia-Romagna, with a 10.6% share of the branch market nationwide.

The Iccrea Co-operative Banking Group applies the guidelines set out in the Local Development Plan, which is designed to ensure a better balance between physical proximity (one of the key assets of the relationship between Affiliated Banks and members-customers and communities) and economic sustainability (repositioning towards more attractive markets and cost efficiency). In 2020 the Affiliated Banks' distribution network recorded closures of 70 branches, which were partly offset by the opening of new branches in markets with greater potential. The balance of these operations resulted in a net reduction of 45 branches compared to December 2019.

The Iccrea Group is present with at least one branch in 1,740 (34%) of the 5,102 Italian municipalities served by banks; **in 303 of these (equal to 17.4% of the total), the Group's branches are the only providers of banking services, in line with their core mission of ensuring proximity and mutual benefit support to local communities.** In municipalities with fewer than 5,000 inhabitants, there are **577** branches, as per the latest ISTAT [Italian Statistics Institute] survey.



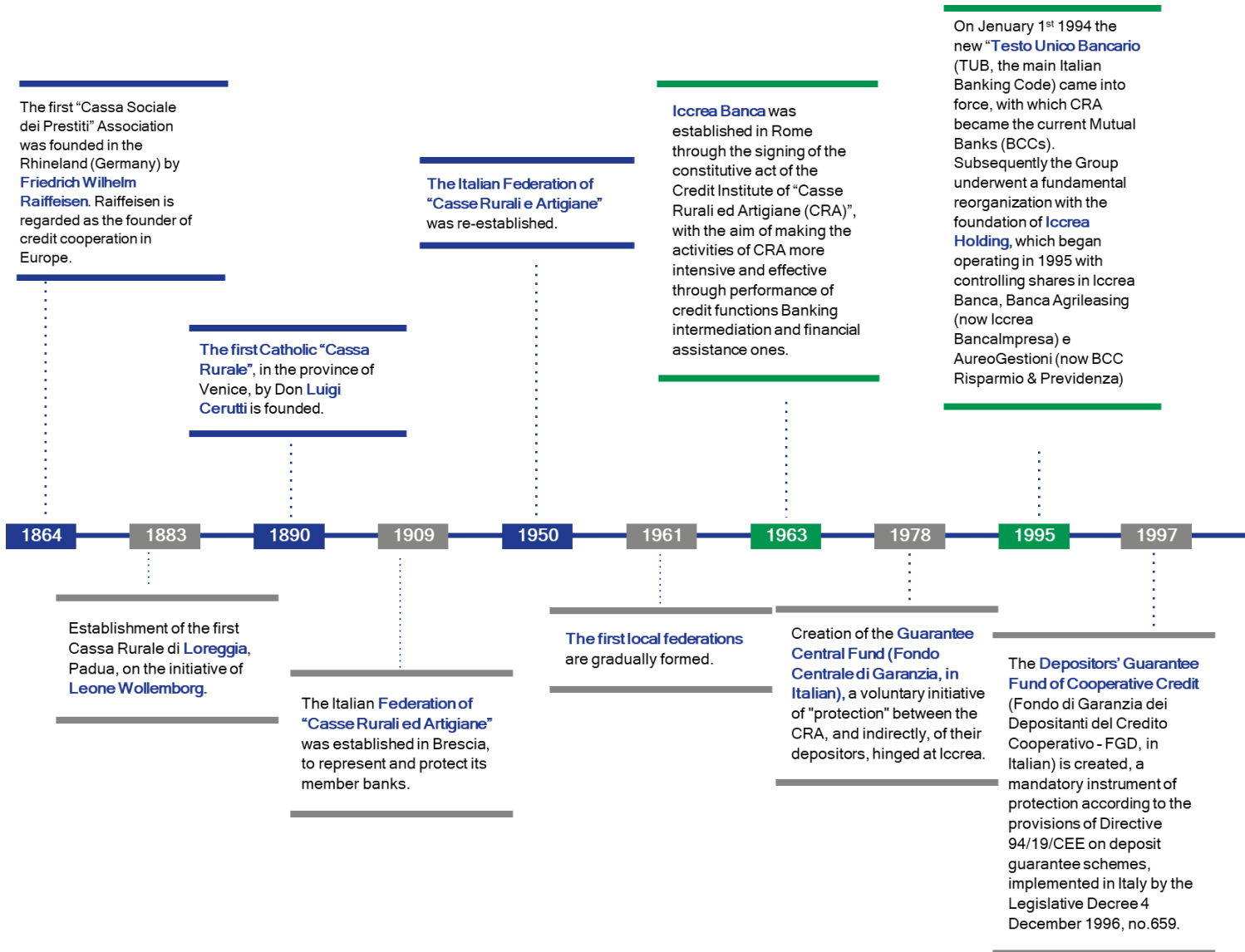


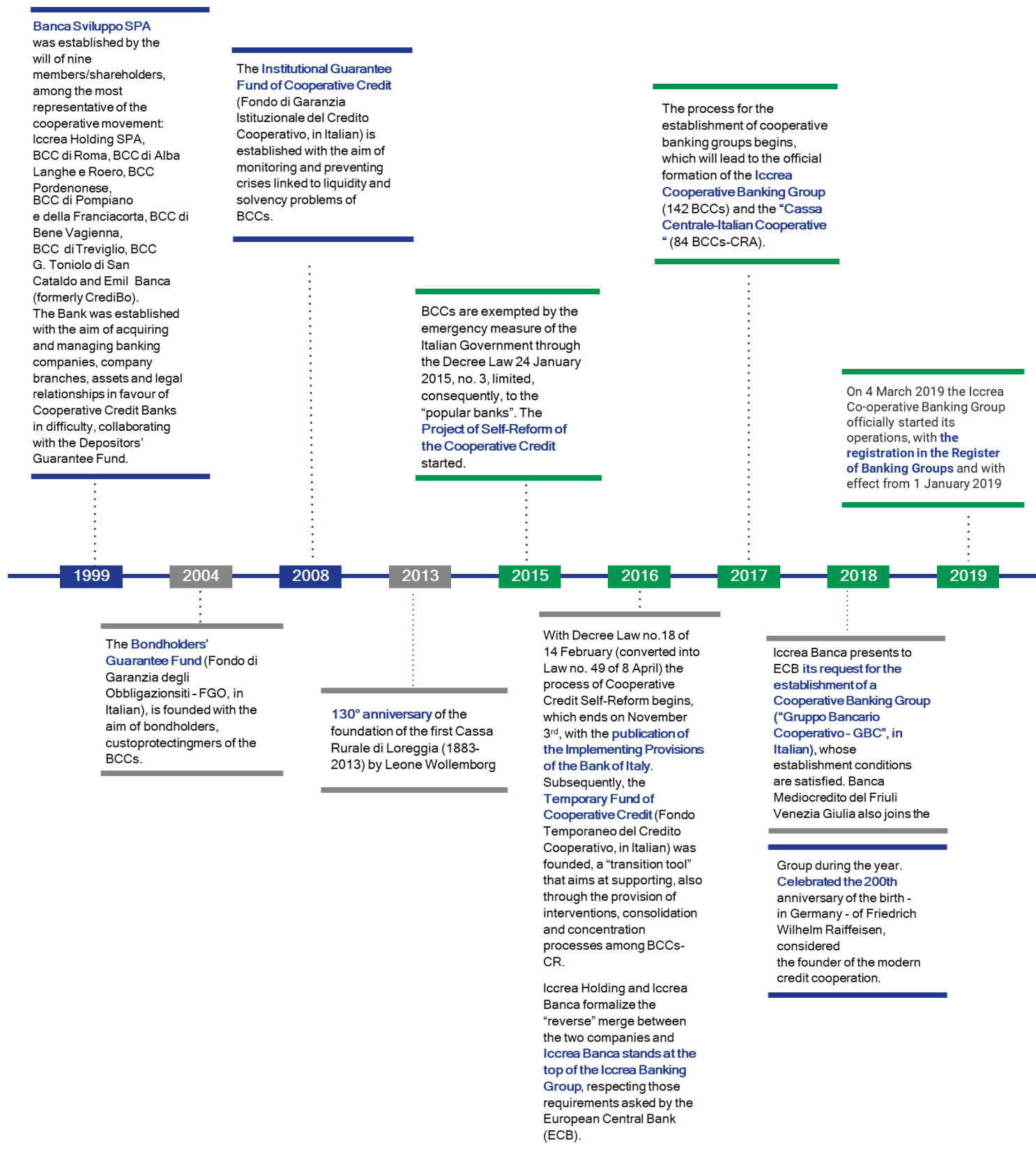
REGION	MUNICIPALITIES WITH BANKING SERVICES	WITH ICBG BRANCHES	% OF MUNICIPALITIES SERVED BY THE ICBG
AOSTA VALLEY	25	-	-
APULIA	207	61	29%
ABRUZZO	147	56	38%
BASILICATA	82	33	40%
CALABRIA	132	59	45%
CAMPANIA	283	85	30%
EMILIA-ROMAGNA	317	121	38%
FRIULI-VENEZIA GIULIA	157	61	39%
LATIUM	218	102	47%
LIGURIA	110	10	9%
LOMBARDY	1,073	410	38%
MARCHES	184	100	54%
MOLISE	33	13	39%
PIEDMONT	513	62	12%
SARDINIA	276	10	4%

REGION	MUNICIPALITIES WITH BANKING SERVICES	WITH ICBG BRANCHES	% OF MUNICIPALITIES SERVED BY THE ICBG
SICILY	270	107	40%
TUSCANY	260	156	60%
TRENTINO-ALTO ADIGE	255	4	2%
UMBRIA	75	21	28%
VENETO	485	269	55%
TOTAL	5,102	1,740	

2.3 The history of the Iccrea Group

The Iccrea Co-operative Banking Group was born of a long history of consolidation of the Co-operative Banking system in Italy, as shown below.





2.4 The Iccrea Group's vision, mission and values



"THE GROUP PURSUES THE RESPONSIBLE AND SUSTAINABLE GROWTH OF THE LOCAL COMMUNITIES IN WHICH IT OPERATES [...] AND THE CHOICE TO BUILD THE COMMON GOOD"

Article 2 of the Standard Articles of Association of BCCs



GRI 102-16

The Iccrea Co-operative Banking Group pursues a strategy aimed at promoting the stability and development of its Affiliated Co-operative Banks (BCCs) while respecting their territorial, historical, cultural, social and economic identity.

The Iccrea Group seeks to support the BCCs in approaching the market and accompanying them in the preparation of the necessary technical and organizational arrangements, in order to improve their market position and enhance their ability to compete. In addition, thanks to its efforts, the Iccrea Co-operative Banking Group is committed to furthering the development of the predominantly Co-operative banking activities that are typically carried out by Co-operative Banks.

According to regulations, the primary distinctive characteristics of the BCCs as community banks are:

- **50.1% of exposure is intended for cooperative bank members (or is guaranteed by cooperative bank members)** or is intended for risk-free assets;
- **a minimum of 95% of loans must remain in the territory covered;**
- **dividends distributed cannot exceed the maximum interest on interest-bearing postal savings bonds**, plus 2.5 percentage points with respect to the capital actually paid (Article 2514 of the Italian Civil Code);
- **the net profit** reported in the financial statements is distributed as follows:
 1. **a minimum percentage of 70% to form or increase the legal reserve;**
 2. **a percentage to the mutual benefit funds to promote and expand cooperation**, to the extent and in the manner provided by law;
 3. any residual profits can be:
 - allocated to increasing the nominal share value, as provided by law;
 - allocated to other reserves or funds;
 - distributed to the members within the maximum limit of dividends mentioned above;

- any residual profits still remaining are allocated for charitable or mutual benefit purposes;
- allocated to the cooperative bank members as a capital dividend, according to the provisions of Article 50 of the Articles of Association of BCCs.

Furthermore, **the directors are members and shareholders operate with the bank they manage** in accordance with the provisions of the standard articles of association (Article 32) and in line with the Civil Code provisions on cooperatives (Article 2540).

These peculiar features are safeguarded by the Iccrea Co-operative Banking Group through the management, coordination and control activities of the Parent Company Iccrea Banca, ensuring stability and supporting mutual benefit with the members and the activities in the areas of operation.

For their part, the BCCs operate preferentially with the Iccrea Group companies, making for a stronger partnership and proximity that have always characterized their relations, in order to ensure the implementation of the entrepreneurial project shared in signing the Cohesion Contract.



The Iccrea Co-operative Banking Group's choices and actions are constantly guided by the ethical principles expressed in the "Charter of Co-operative Banking Values", which expresses the principles on which the action, strategy and practices of the Co-operative Banks are based. It also provides for the reference principles and guidelines for the action of the BCCs.



In addition, the "Charter of Free, Strong, Democratic Finance" reiterates the BCCs' commitment to taking economic, civil and social action to relaunch Italy. The Charter sets out the "finance that we want" in ten points, specifically: responsible, social, plural, inclusive, comprehensible, useful, incentivizing, educational, efficient and participatory.

Furthermore, the principles that inspire the action of the BCCs are also laid down in Article 2 of the Standard Articles of Association of Co-operative Banks, which states as follows:



"In conducting its business, the Company's action is inspired by the cooperative principles of mutual benefit without any purpose of private speculation. Its purpose is to favor to members of local communities in banking operations and services, pursuing the improvement of their moral, cultural and economic conditions and promoting the development of cooperation and education on savings and welfare issues, as well as social cohesion and responsible and sustainable growth of the local areas in which it operates.

The Company stands out for its social orientation and its choice to build the common good. It is also committed to acting in compliance with the Charter of Co-operative Banking Values and implementing adequate forms of economic and financial democracy and mutual benefit among its members, as well as their participation in the social life."

The article, which coincides with the mission of the Affiliated Banks, places great emphasis on the fact that mutual benefit and the pursuit of development and support of local areas and communities are primary aims of Co-operative Banking, in full accordance with the materiality analysis on sustainability issues carried out by the Iccrea Group.

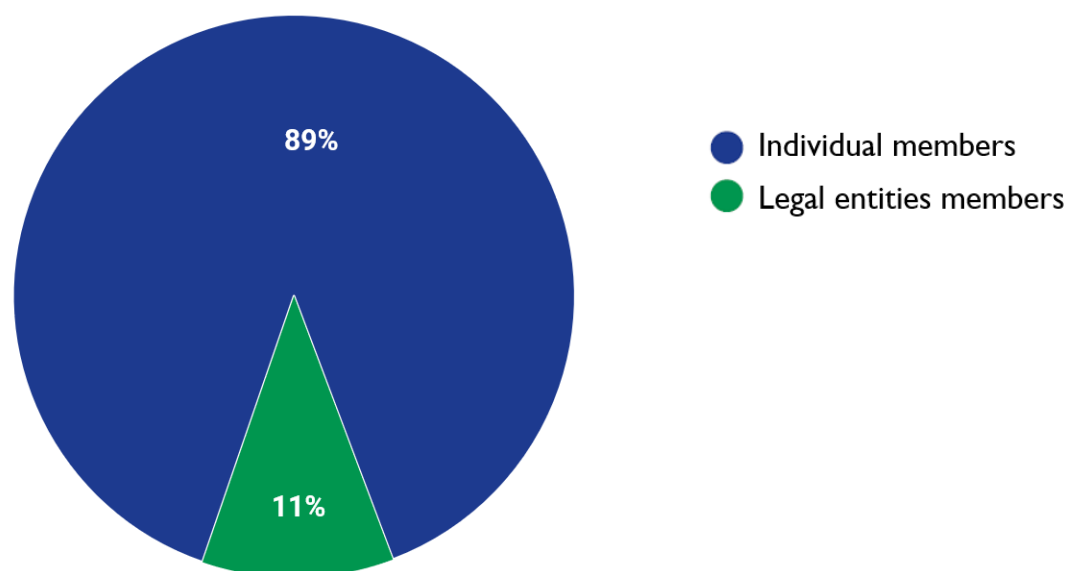
Internal indicator IBG 000-6

Internal indicator IBG 000-7

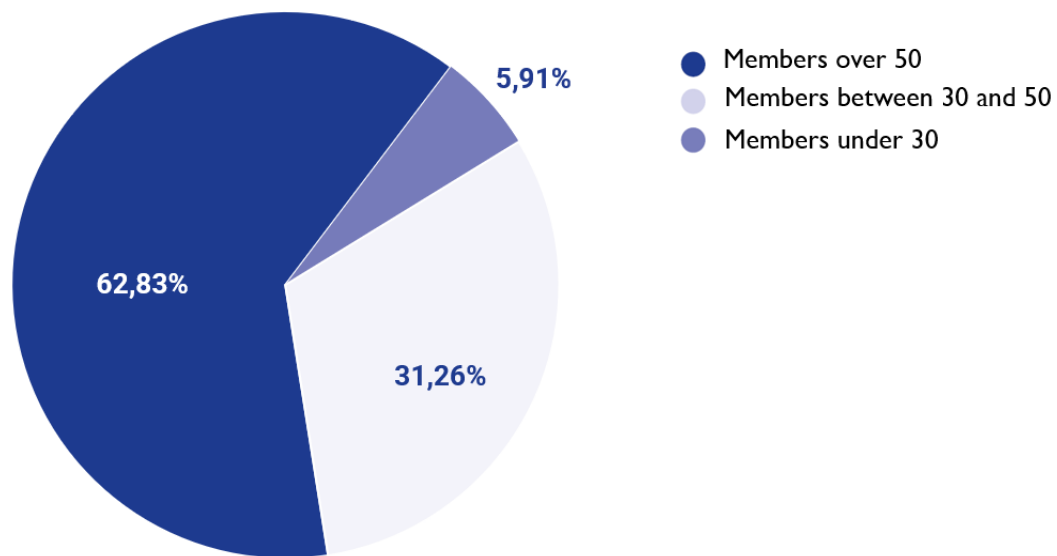
As at 31 December 2020, the 132 Affiliated Co-operative Banks in the Iccrea Group had **825,835 members, showing an increase of over 2% compared to the previous year**. The growth in the corporate structure is a positive sign, especially in view of the current emergency situation, since it bears witness to the trust the shareholders continue to place in the Affiliated Banks in the Iccrea Group and is at the same time a sign of their willingness to participate in the banking business. **We would like to emphasize that our business is focused on mutual benefit, as well as on providing support to ensure the strength of the local BCC and recognizing the social and economic role it plays in the area in which it operates and not merely on the expectation of a financial return.**

SHAREHOLDERS BY TYPE

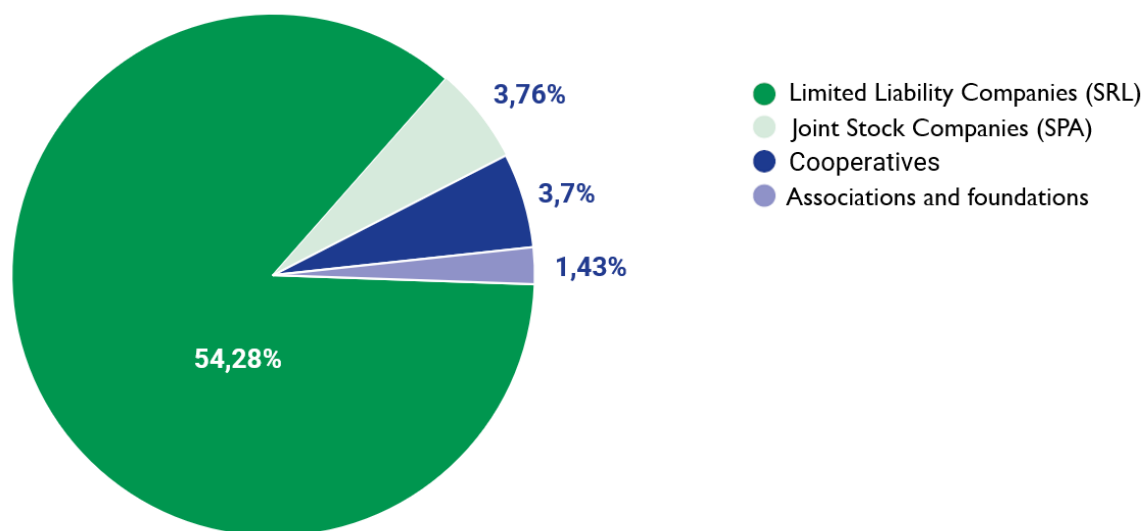
ICCREA CO-OPERATIVE BANKING GROUP SHAREHOLDERS			
YEAR	2020	2019	% CHANGE
TOTAL SHAREHOLDERS – INDIVIDUALS	736,259	719,682	2.30%
TOTAL SHAREHOLDERS – LEGAL PERSONS	89,576	87,729	2.11%
TOTAL	825,835	807,411	2.28%



ICCREA CO-OPERATIVE BANKING GROUP SHAREHOLDERS			
YEAR	2020	2019	% CHANGE
SHAREHOLDERS OVER 50	62.83%	61.83%	1.62%
SHAREHOLDERS UNDER 30	5.91%	6.17%	-4.21%
SHAREHOLDERS BETWEEN 30 AND 50	31.26%	32.00%	-2.31%



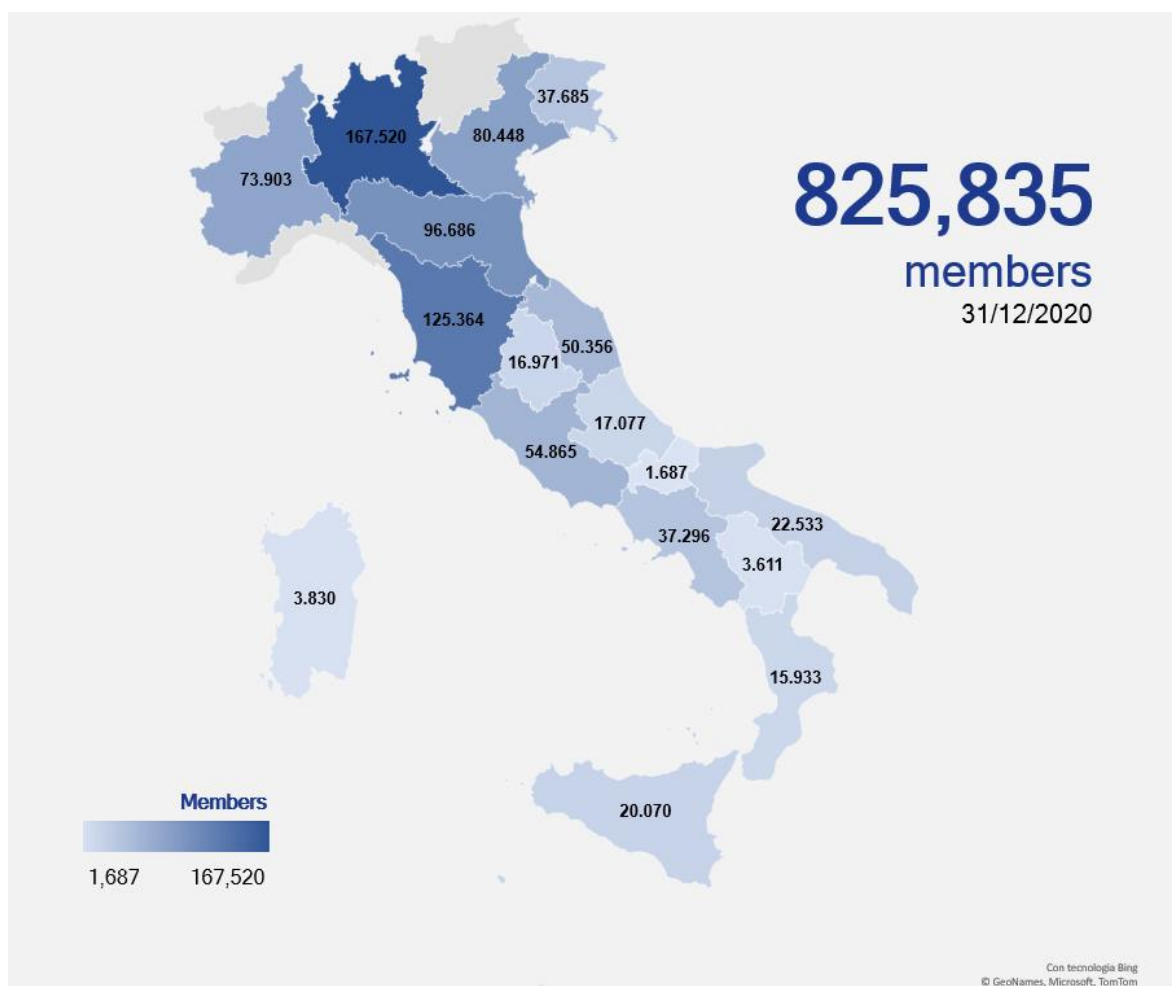
ICCREA CO-OPERATIVE BANKING GROUP SHAREHOLDERS			
YEAR	2020	2019	% CHANGE
ASSOCIATIONS AND FOUNDATIONS	1.43%	2.76%	-48.19%
COOPERATIVES	3.70%	3.74%	-1.07%
JOINT STOCK COMPANIES (SPA)	3.76%	3.92%	-4.08%
LIMITED LIABILITY COMPANIES (SRL)	54.28%	53.16%	2.11%



ICCREA CO-OPERATIVE BANKING GROUP SHAREHOLDERS			
YEAR	2020	2019	% CHANGE
Average capital (euro)	1,065.89	814.31	30.89%
Ratio of new shareholders	2.28%	4.92%	54%

At BCCs, the principle of per capita voting (one person, one vote) applies, regardless of the number of shares or quotas held by each member. The members of Co-operative Banks take on many roles: they are in fact **owners of the bank, directors and customers**. During the reporting period, meeting attendance by proxy was allowed due to the pandemic. In fact, the ratio of members' meeting attendance by proxy was 6.73% and without proxy 0.81%, with a percentage change of 97.06% of members who attended the meeting by proxy compared to 2019.

Below is the **breakdown of the BCCs' corporate structure by region**:



With regard to the BCCs' corporate structure, the Group collected data during the reporting period on the offices that the Affiliated Banks have established in order to look after the needs of their members.

The related data are reported below:

ICCREA CO-OPERATIVE BANKING GROUP	SHAREHOLDERS
MEMBERS USING BCC SERVICES	81.58% (of total members)
NUMBER OF COMPLAINTS	396
COMPLAINTS WITH NEGATIVE OUTCOME FOR BCC	260
COMPLAINTS WITH POSITIVE OUTCOME FOR BCC	136

Nearly 82% of total members use the services provided by their bank.

Out of a **total of 825,835 members**, BCCs received an overall number of 396 complaints, of which 260 had a negative outcome and 136 had a positive outcome for the bank.

Furthermore, the consistency between material topics emerged from the materiality analysis,

the principles laid down in the articles of association and the Co-operative Banking founding Charters was further strengthened during the reporting period. Proof of this was the confirmation of the material topic of "Supporting local communities" as a priority for the year 2020 too.

The Iccrea Co-operative Banking Group has also adopted a [Code of Ethics and Conduct](#) that (i) lays down the shared principles of values, the commitments and the ethical and behavioral responsibilities that the Group assumes in conducting its core business and (ii) directs its activities towards respect of legality and compliance.

2.5 The Iccrea Co-operative Banking Group and associations

GRI 102-12

GRI 102-13

Within the Co-operative Banking system and the Italian banking industry in general, the Iccrea Co-operative Banking Group is an active participant in the management of activities sponsored by agencies, institutions and trade associations, as reported in the following table:

TRADE ASSOCIATIONS		
NAME OF ORGANIZATION	ACTIVITY	TYPE OF PARTICIPATION
ABI Iccrea Co-operative Banking Group companies belonging to the organization: ICCREA BANCA ICCREA BANCAIMPRESA MEDIOCREDITO FVG BCC RISPARMIO & PREVIDENZA	<p>ABI - Italian Banking Association - is a voluntary non-profit association that works to represent, protect and promote the common or specific interests of its members through the organization of studies and debates, the solicitation of regulatory innovation, national collective bargaining, information activities, training and dissemination, preparation of guidelines and codes of conduct, collaboration with national and supranational public institutions, and cooperation initiatives among the members.</p> <p>The ABI also represents the Italian credit and financial system in all international fora, including the European Banking Federation and the European Mortgage Federation.</p> <p>The ABI is not involved in the banking activity carried out by its members and does not possess databases with information on customer banking relationships.</p>	<p>Iccrea Banca participates as an ordinary member. The Chairman, Giuseppe Maino, is a member of the Governing Council and the Executive Committee. General Manager Mauro Pastore and the Chairman of the Executive Committee Francesco Carri are members of the Governing Council.</p>
FEDERCASSE Iccrea Co-operative Banking Group companies belonging to the organization: ICCREA BANCA MEDIOCREDITO FVG BCC BENI IMMOBILI BCC RISPARMIO & PREVIDENZA	<p>FederCASse - National Federation of Co-operative Banks - is the trade association of the BCCs. It performs most of the activities that ABI offers to the Italian banking system. In particular, it manages national collective bargaining (there is a specific National Collective Labor Agreement for BCCs), offers legal and tax advice and assistance services, conducts studies and provides statistical services, promotes the image of the industry through national communication campaigns, and conducts training and information activities. In addition, it safeguards specific interests with the main national (ABI and Confcooperative) and international trade associations (EACB).</p>	<p>Iccrea Banca participates as an ordinary member and designates two Directors.</p> <p>The Iccrea Group also participates in the activities of EACB through FederCASse, providing support and actively collaborating with various Working Groups such as Green & Sustainable Finance Working Group and Financial Markets Working Group.</p>

TRADE ASSOCIATIONS		
NAME OF ORGANIZATION	ACTIVITY	TYPE OF PARTICIPATION
<p>CONFCOOPERATIVE</p> <p>The Iccrea Co-operative Banking Group is a member through Federcasse.</p>	<p>The Italian Confederation of Cooperatives is the main organization, legally recognized, for the representation, assistance and protection of the cooperative banking movement and social enterprises.</p> <p>The Confederation is based in Rome and the abbreviated name is "Confcooperative".</p> <p>Its action is inspired by cooperative principles and promotes the development, growth and dissemination of cooperation, the social function of which is recognized under Article 45 of the Italian Constitution.</p> <p>Article 1 of Confcooperative's Articles of Association also recognizes that its action is also inspired by the principles and tradition of the Church's social doctrine.</p> <p>As part of its mission of assistance, representation, supervision and protection of member cooperatives, Confcooperative plays a role of political analysis, promotes and puts forward proposals for legal measures of interest to cooperative banking, negotiates and signs national collective bargaining agreements in various economic sectors, as well as memoranda of understanding with institutions and social partners, and has an active dialogue with European and international institutions.</p>	<p>Iccrea Group</p>
<p>ASSOSIM</p> <p>Iccrea Co-operative Banking Group companies belonging to the organization:</p> <p>ICCREA BANCA</p>	<p>Assosim - Italian Association of Financial Market Intermediaries - represents operators in the Italian securities market in relations with government institutions and public authorities, other business associations, economic and social organizations and other associations, agencies and public and private entities.</p> <p>It carries out research, regulatory assistance and training services, with publications and the organization of conferences and workshops.</p> <p>The association has about 80 members among banks, securities investment firms and Italian branches of foreign intermediaries that are active on the primary and secondary markets and on derivatives markets, with a share of 82% of the entire volume traded on regulated markets in Italy. Since 2007, membership has expanded to include law firms, consultancy and IT solutions development companies, and to those entities that provide services to securities brokers.</p>	<p>Iccrea Banca participates as an ordinary member.</p>

TRADE ASSOCIATIONS		
NAME OF ORGANIZATION	ACTIVITY	TYPE OF PARTICIPATION
ASSILEA Iccrea Co-operative Banking Group companies belonging to the organization: ICCREA BANCAIMPRESA BCC LEASE MEDIOCREDITO FVG	<p>Assilea is the Italian Leasing Association.</p> <p>It represents leasing companies with sector organizations operating in various institutional, national and international fora. At the national level, Assilea is an automatic member of the ABI and is a founding member of the O.I.C. (the Italian Accounting Board). It collaborates institutionally with Confindustria and with the main national associations of producers and distributors of goods and markets of interest to the industry.</p> <p>Internationally, Assilea participates in the bodies and activities of Leaseurope and maintains direct collaborative relations with the main international leasing institutions.</p>	<p>Carlo Napoleoni, General Manager of Iccrea Bancalmpresa.</p> <p>BCC Lease is an ordinary member of Assilea.</p> <p>Mediocredito FVG is an ordinary member of Assilea.</p>
ASSIFACT Iccrea Co-operative Banking Group companies belonging to the organization: BCC FACTORING	<p>Assifact, a trade association for factoring companies, was founded in 1988 to aggregate factoring operators and promote the efficient development of the sector's market.</p> <p>The association therefore proposes to collaborate in analyzing and finding solutions to problems affecting factoring. It conducts research and provides information and technical assistance to its members.</p> <p>In addition, it is responsible for representing the interests of the sector with regard to the economic and financial system, monetary and supervisory authorities and governmental entities.</p>	<p>BCC Factoring is an ordinary member of Assifact.</p>
IFLA Iccrea Co-operative Banking Group companies belonging to the organization: ICCREA BANCAIMPRESA	<p>IFLA (International Finance and Leasing Association) is an association founded in 1965; today it is composed of leasing companies from all over the world, with a representative company for each nation. The member companies are generally affiliated with leading international banking groups. Its main objective is to offer members a forum for the exchange of ideas, experiences and information for the benefit of all participants.</p>	<p>Iccrea Bancalmpresa participates as a member of the Board of Directors.</p>
LEASEUROPE Iccrea Co-operative Banking Group companies belonging to the organization: ICCREA BANCAIMPRESA	<p>Leaseurope, is the European Federation of Leasing Company Associations. Founded in 1972, Leaseurope boasts 45 members from 32 European and Mediterranean countries (Morocco, Tunisia, Turkey). Today it is a central body that involves both leasing and car rental companies.</p> <p>Its mission is mainly to represent, including through policy positions prepared by experts and technicians, the interests of its members in respect of European institutions, as well as to promote an appropriate market environment for the sector, to inform its members about regulatory developments that impact the sector, to produce statistical data and to offer a platform for the exchange of experiences among members.</p>	<p>Iccrea Bancalmpresa participates as a member of the Board of Directors.</p>

TRADE ASSOCIATIONS		
NAME OF ORGANIZATION	ACTIVITY	TYPE OF PARTICIPATION
ASSOFIN Iccrea Co-operative Banking Group companies belonging to the organization: BCC CREDITO CONSUMO	Assofin, Associazione Italiana del Credito al Consumo e Immobiliare, is an association that brings together the main financial operators operating in the consumer credit sector. Its members are all captive arms of large companies, industrial or banking groups, both Italian and foreign. Through its delegates it represents its members on the Board of the ABI and is a member of Eurofinas, the European Federation of Finance House Associations. Its main aims are: the coordination of common initiatives, the exchange of experience on relevant common problems; the representation of its members in the relevant fora; maintaining an ongoing dialogue with administrative and legislative bodies; the production of information of a statistical, legal, fiscal, administrative or advisory nature on matters of common interest; dissemination and communication to contribute to transparency and a better understanding of the consumer credit sector.	BCC Credito Consumo is an ordinary member of Assofin.
ASSOGESTIONI Iccrea Co-operative Banking Group companies belonging to the organization: BCC RISPARMIO & PREVIDENZA	<p>Assogestioni - Associazione Italiana del Risparmio Gestito - is the Italian association of asset managers and represents the majority of Italian and foreign asset management companies operating in Italy, as well as banks and insurance companies active in individual and collective asset management.</p> <p>The association offers its members advice and technical support on legal, fiscal and operational issues and also promotes a constant dialogue with industry operators and institutions on the issues of investment, the protection of savings, corporate governance and regulatory and operational innovation in the industry.</p> <p>Internationally, Assogestioni is part of EFAMA (European Funds and Asset Management Association), with which it collaborates on the development of Community legislation and the effective self-regulation of the European asset management sector.</p>	BCC Risparmio & Previdenza is an ordinary member of Assogestioni.
ASSOPREVIDENZA Iccrea Co-operative Banking Group companies belonging to the organization: BCC RISPARMIO & PREVIDENZA	<p>Assoprevidenza, the Italian Association for Supplementary Pension Providers, is a non-profit organization operating as a national technical center for supplementary pension and welfare providers, bringing together second-pillar pension schemes of all types, funds and bodies providing welfare services as well as sector operators.</p> <p>After operating unofficially for more than five years, the Association was formally established in August 1991, at the initiative of a group of directors and managers of supplementary pension funds. Assoprevidenza is financed with the membership fees and the contributions from sector operators for study and research activities.</p>	BCC Risparmio & Previdenza is an ordinary member of Assoprevidenza.

TRADE ASSOCIATIONS		
NAME OF ORGANIZATION	ACTIVITY	TYPE OF PARTICIPATION
CSR EUROPE Iccrea Co-operative Banking Group companies belonging to the organization: ICCREA BANCA	<p>CSR Europe is the leading European Corporate Social Responsibility (CSR) network. Through a network of 40 firms and 41 national organizations, it brings together over 10,000 companies on a single platform. CSR Europe is the European hub for multi-stakeholder initiatives to tackle the United Nations' 2030 Agenda for Sustainable Development. Sustainable development is central to its mission. CSR Europe also goes beyond the borders of Europe and cooperates with corporate social responsibility organizations in other regions of the world.</p>	<p>Iccrea Banca is an ordinary member of CSR Europe and a member of the Board of Directors (Andrea Benassi).</p>
EUROPEAN BANKING FEDERATION (EBF)	<p>The European Banking Federation is the voice of the European banking industry, which brings together 32 national banking associations in Europe that represent about 3,500 banks - large and small, local and international - employing approximately two million people.</p>	<p>Iccrea Banca participates, through ABI, in the activities of various Working Groups: Sustainable Finance and Taxonomy Subgroup.</p>
ALLEANZA ITALIANA PER LO SVILUPPO SOSTENIBILE (ASVIS) Iccrea Co-operative Banking Group companies belonging to the organization: ICCREA BANCA	<p>The mission of the Italian Alliance for Sustainable Development is to raise awareness in Italian society, economic operators and institutions about the importance of the 2030 Agenda for Sustainable Development.</p> <p>It is a network for those persons or entities that already deal with specific issues included in the Sustainable Development Goals (SDGs) in order:</p> <ul style="list-style-type: none"> - to foster the development of a sustainability culture at all levels, orienting production and consumption models for this purpose; - to analyze the implications and opportunities for Italy in relation to the Agenda for Sustainable Development; - to contribute to defining an Italian strategy for the achievement of the SDGs (including by using analytical and forecasting tools that help the design of sustainable development policies) and to implementing a monitoring system of Italy's progress towards the SDGs. 	<p>Iccrea Banca is an associate member.</p>

TRADE ASSOCIATIONS		
NAME OF ORGANIZATION	ACTIVITY	TYPE OF PARTICIPATION
<p>FORUM FINANZA SOSTENIBILE - FFS</p> <p>Iccrea Co-operative Banking Group companies belonging to the organization:</p> <p>ICCREA BANCA</p>	<p>The Sustainable Finance Forum is a non-profit association founded in 2001. The membership base is multi-stakeholder, including financial operators and other organizations interested in the environmental and social impact of investments.</p> <p>The Forum's mission is to promote the knowledge and practice of sustainable investment, with the aim of spreading the integration of environmental, social and governance (ESG) criteria into financial products and processes.</p> <p>The Forum's activities are structured into three main areas: Research, Projects and Institutional Relations.</p> <p>In these areas it deals with:</p> <ul style="list-style-type: none"> - conducting research, working groups and training activities with the aim of enhancing good practices and contributing to the analysis and dissemination of sustainable investments; - informing and raising awareness in the financial community, the media and the general public about socially responsible finance (SRI) issues through communication projects and the organization of conferences, workshops and cultural events; - collaborating and carrying out advocacy activities with Italian and European institutions in order to support the implementation of a regulatory framework that favors sustainable investments. <p>Since 2012, the Forum has been organizing the SRI Week, among the main events dedicated to sustainable and responsible investment in Italy.</p>	<p>Iccrea Banca is an associate member.</p>
<p>ABI LAB</p> <p>Iccrea Co-operative Banking Group companies belonging to the organization:</p> <p>SINERGIA</p>	<p>ABI Lab is the Banking Research and Innovation Centre promoted by ABI (Italian Banking Association) in order to encourage dialogue between banks and innovation partners.</p> <p>It is a consortium of 122 Banks and 70 companies, the mission of which is to analyze and promote innovation in the Italian banking sector.</p> <p>Research activities are carried out with the aim of creating innovative technologies and systems applicable to the banking system with the aim of improving processes, operations, services, and making models for management and interaction between banks and customers even more efficient and advanced.</p>	<p>It participates in working groups.</p>
<p>ABI LAB - GREEN BANKING OBSERVATORY</p> <p>Iccrea Co-operative Banking Group companies belonging to the organization:</p>	<p>Green Banking is the evolution of the approach to energy efficiency and environmental impact issues that, while initially focusing on consumption, then obtains a broader vision of eco-compatibility of the bank's activities and operations. The Green Banking Observatory of ABI Energia, ABI Lab competence</p>	<p>Annual advanced membership on the part of BCC Solutions.</p>

TRADE ASSOCIATIONS		
NAME OF ORGANIZATION	ACTIVITY	TYPE OF PARTICIPATION
BCC SOLUTIONS BCC ROMA	<p>center for energy and environment at banks, intends to monitor issues concerning environment (energy efficiency and environmental reporting) and proper management practice (energy management and environmental impact at banks) inspired by the main international standards (GRI, ISO 50001, ISO 14001).</p> <p>Among the topics dealt with are: energy management and environmental impact at banks, including an in-depth analysis of activities, processes (e.g. energy audits and non-financial reporting), responsibilities and information flows; the analysis of the impact of the main sector regulations on the banks; an in-depth analysis of environmental performance indicators provided for by the main international standards, such as for example the Global Reporting Initiative, with related benchmarks for the sector.</p>	
AUTORITÀ GARANTE DELLA CONCORRENZA E DEL MERCATO-AGCM <p>Iccrea Co-operative Banking Group companies belonging to the organization:</p> ICCREA BANCA	<p>The Competition Authority is an independent administrative authority that carries out its activity and takes decisions in full independence from the executive power. It was established by Law 287 of 10 October 1990, governing the "Rules on the protection of competition and the market".</p> <p>The Authority is a collective body and its decisions are taken by majority vote. The Authority's President and members are appointed by the Presidents of the Chamber of Deputies and the Senate and remain in office for a term of 7 years, which cannot be renewed.</p> <p>The Secretary General, who is responsible for supervising the operation of the offices and is in charge of the structure, is appointed by the Minister of Economic Development at the proposal of the President of the Authority.</p>	<p>Membership participation</p>
SINGLE RESOLUTION BOARD - SRB <p>Iccrea Co-operative Banking Group companies belonging to the organization:</p> ICCREA BANCA	<p>The Single Resolution Board (SRB) is the central resolution authority within the Banking Union and forms the Single Resolution Mechanism (SRM) together with the National Resolution Authorities (NRAs) of participating Member States (MSs). The SRB works closely with the NRAs, the European Commission (EC), the European Central Bank (ECB), the European Banking Authority (EBA) and the National Competent Authorities (NCAs).</p> <p>Its mission is to ensure an orderly resolution of failing banks with minimum impact on the real economy, the financial system and the public finances of participating Member States and beyond.</p> <p>The SRB's role is proactive: rather than waiting for resolution cases to be handled, the SRB focuses its work on resolution planning and enhancing resolvability in order to avoid any potential adverse impact of a bank failure on the economy and financial stability.</p>	<p>Participation through Iccrea Banca</p>



TRADE ASSOCIATIONS		
NAME OF ORGANIZATION	ACTIVITY	TYPE OF PARTICIPATION
<p>CONCILIATORE BANCARIO FINANZIARIO</p> <p>Iccrea Co-operative Banking Group companies belonging to the organization:</p> <p>ICCREA BANCA</p>	<p>The Banking and Financial Conciliator is a non-profit association established in 2005, including 602 Associates: banks, some finance companies, Poste Italiane (for the BancoPosta service), Afin, Aiec, Ania, Assifact, Assilea, Assofin, Assogestioni, Assoreti, Assosim, Federcasse and UFI.</p> <p>The association has obtained the recognition of its legal personality and is enrolled in the related register kept by the Prefecture of Rome.</p> <p>The purpose of the association is to provide customers of banks and financial intermediaries with a dispute resolution service that is rapid, effective, economical and an alternative to ordinary justice.</p> <p>The Banking and Financial Conciliator has a well-established specialization in the resolution of disputes in the banking, financial and corporate sectors, and offers two different methods to deal with and resolve issues that can arise between a customer and a bank or a financial intermediary: mediation and arbitration.</p> <p>The Banking and Financial Conciliator also runs a training body registered under no. 111 of the list kept by the Ministry of Justice concerning the bodies authorized to carry out training activities for mediators.</p> <p>Furthermore, the Banking and Financial Conciliator has participated in the European FIN-NET and INFO network since it was established.</p>	<p>Membership</p> <p>participation of Iccrea Banca</p>
<p>INTERNATIONAL FACILITY MANAGEMENT ASSOCIATION - IFMA ITALIA</p> <p>Iccrea Co-operative Banking Group companies belonging to the organization:</p> <p>BCC SOLUTIONS</p>	<p>The International Facility Management Association is a non-profit association founded in 1980 in the United States in order to promote and develop Facility Management, a field aimed at the management strategy of the company's operating properties and the services underlying the business, divided into services to buildings, space and people.</p> <p>IFMA Italia's commitment to the growth of this field substantiates in its ability to interpret and anticipate market trends through a series of analyses of the sector, the creation of training courses that cover all the needs of professionals in the field, publications aimed at increasing the FM culture, and the organization of events at national level with experts and the most important players in the Italian Facility Management sector.</p> <p>IFMA Italia, with the aim of ensuring high quality work and increasing satisfaction of the needs of its associates, shares a "risk-based thinking" culture across the entire organization. In fact, the association's priority is to identify and analyze any risk associated with its activities, as well as to plan and apply an adequate risk management system and to reduce error margins, in order to ensure the achievement of the expected results.</p>	<p>BCC Solutions is an associate member</p>

TRADE ASSOCIATIONS		
NAME OF ORGANIZATION	ACTIVITY	TYPE OF PARTICIPATION
<p>COMITATO SICUREZZA FINANZIARIA - CSF</p> <p>Iccrea Co-operative Banking Group companies belonging to the organization:</p> <p>ICCREA BANCA</p>	<p>The Financial Security Committee, which is presided over by the Director General of the Treasury, is made up of representatives from the Ministry of Economy and Finance, the Ministry of the Interior, the Ministry of Justice, the Ministry of Foreign Affairs, the Bank of Italy, the Italian Securities and Exchange Commission (CONSOB), the Institute for the supervision of private and collective interest insurance (ISVAP), the Financial Intelligence Unit, the Finance Police, the Anti-mafia Investigative Directorate (DIA), the Carabinieri Corps and the National Anti-mafia Directorate (DNA).</p> <p>The Committee is also composed of two representatives designated by the Ministry of Economic Development and the Customs Agency, respectively, for the purposes of carrying out tasks concerning the fight against the proliferation of weapons of mass destruction.</p> <p>The Committee also has the task of monitoring the functioning of the system for the prevention and imposing sanctions on terrorist financing and money laundering. It is the point of connection between any and all authorities and bodies operating in this sector and is vested with particularly ample powers, such as that of gathering information in the possession of the authorities represented on its board, even in derogation of official secrecy.</p>	<p>Membership</p> <p>participation of Iccrea Banca - Interministerial Financial Security Committee</p>
<p>FONDAZIONE GIOVANNI DALLE FABBRICHE</p> <p>Iccrea Co-operative Banking Group companies belonging to the organization:</p> <p>ICCREA BANCAIMPRESA</p>	<p>The Giovanni Dalle Fabbriche Foundation was established on 16 April 1993 with the aim of keeping alive the memory of the founder of the same name, who worked to promote and develop cooperation in the agricultural and credit sector. This work led to the creation of mutual banks, cooperatives and consortia, which are now leaders in the sector both at a national and international level.</p> <p>The Foundation intends to pursue the following aims:</p> <ul style="list-style-type: none"> - orienting young people to cooperative enterprise; - promoting young enterprises; - implementing training, study and research projects on experiences and prospects for development of cooperation. 	<p>Contributory participation on the part of Iccrea BancaImpresa</p>

TRADE ASSOCIATIONS		
NAME OF ORGANIZATION	ACTIVITY	TYPE OF PARTICIPATION
FONDAZIONE INTERNAZIONALE TERTIO MILLENIO-ETS (THIRD SECTOR ENTITY) Iccrea Co-operative Banking Group companies belonging to the organisation: ICCREA BANCAIMPRESA ICCREA BANCA BCCRISPARMIO & PREVIDENZA	<p>The "Tertio Millennio" - ETS International Foundation is a non-profit organization, which was established in 2000 by a group of founding members from the world of cooperative entrepreneurship and Catholic associations.</p> <p>Promoted in the field of credit cooperation, the Foundation was transformed from a non-profit organization into an ETS (Third Sector Entity) in October 2020, in accordance with the reform of the "Third Sector".</p> <p>Among the members of the Foundation are: Federcasse, Iccrea Banca, Iccrea Bancalmpresa, BCC Risparmio & Previdenza, Ciscra S.p.A., the Movement of Christian Workers.</p> <p>The Foundation, which has been granted a non-profit status in full, aims - in particular within the system of Mutual Banks and Rural Savings Banks - to develop exclusively social solidarity activities in Italy and abroad, paying practical attention to the principles and values that guide its action.</p>	Contributory participation on the part of Iccrea Bancalmpresa Iccrea Banca BCC Risparmio & Previdenza
FONDO INTERBANCARIO DI TUTELA DEI DEPOSITI (FITD) Iccrea Co-operative Banking Group companies belonging to the organization: MEDIOCREDITO FVG ICCREA BANCAIMPRESA	<p>The Italian Deposit Guarantee Fund is a private-law consortium that was established in 1987 on a voluntary basis and that subsequently became mandatory.</p> <p>The FITD's purpose is to guarantee the depositors of the member banks, which provide the financial resources necessary for its pursuit.</p> <p>This institutional purpose is achieved through various forms of intervention on the part of the Fund towards member banks subject to compulsory winding-up and resolution procedures, as well as through alternative interventions aimed at overcoming the state of insolvency or risk of insolvency of member banks.</p> <p>The FITD's activity is regulated under the Articles of Association and the Rules on the functioning of the Boards, as well as by Regulations on specific subjects.</p>	Membership fees on the part of Mediocredito FVG.

TRADE ASSOCIATIONS		
NAME OF ORGANIZATION	ACTIVITY	TYPE OF PARTICIPATION
<p>CONSOB (COMMISSIONE NAZIONALE PER LE SOCIETÀ E LA BORSA)</p> <p>Iccrea Co-operative Banking Group companies belonging to the organization:</p> <p>ICCREA BANCA</p>	<p>The Italian Securities and Exchange Commission is the supervisory authority for the Italian financial market.</p> <p>It verifies the transparency and fairness of the operators' behavior in order to safeguard the confidence and competitiveness of the financial system, the protection of investors and the compliance with financial regulations.</p> <p>It carries out supervision in order to prevent and, here necessary, impose sanctions on any improper conduct; it exercises the powers granted by law so that investors are provided with any information required to make informed investment decisions.</p> <p>It works to guarantee the utmost efficiency in trading, ensuring the quality of prices, as well as the efficiency and certainty of the methods of performance of contracts concluded on regulated markets.</p>	Contributory participation on the part of Iccrea Banca.
<p>EUROPEAN CENTRAL BANK - ECB</p> <p>Iccrea Co-operative Banking Group companies belonging to the organization:</p> <p>ICCREA BANCA</p>	<p>The ECB is the central bank for the 19 EU countries that use the Euro as their currency. The main task is to keep prices stable. Interest rates are set to keep inflation at lower levels but close to 2%, thus helping to plan savings and spending.</p> <p>Among its key activities are:</p> <ul style="list-style-type: none"> - contributing to the security of the banking system; - developing and issuing euro banknotes; - ensuring the smooth functioning of financial structures; - providing support to preserve financial stability. 	Contributory participation on the part of Iccrea Banca.

3. Governance of the Iccrea Co-operative Banking Group

<div>MATERIAL TOPICS</div> <div>Risk management (material topic no. 14)</div>	
<div>SDGs</div> <div>  </div>	<div>TARGET</div> <div>5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life</div>
<div>  </div>	<div>16.6 Develop effective, accountable and transparent institutions at all levels</div> <div>16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels</div>

3.1 The governance model adopted by the Iccrea Co-operative Banking Group

GRI 102-18

The Iccrea Co-operative Banking Group (Iccrea Group) officially started its operations on 4 March 2019 with the registration in the Register of Banking Groups.

This radical change allowed a new and completely original legal entity to arrive on the European banking scene.

The priority objective of the Iccrea Group's incorporation is to promote and strengthen the growth of Co-operative Banks (BCCs), in order to compete in the new marketplaces, while allowing the Banks to remain faithful to their dedication to the local community and their customers, as reaffirmed by the BCCs in Article 2 of the Standard Articles of Association.

SCOPE OF MANAGEMENT, COORDINATION AND CONTROL

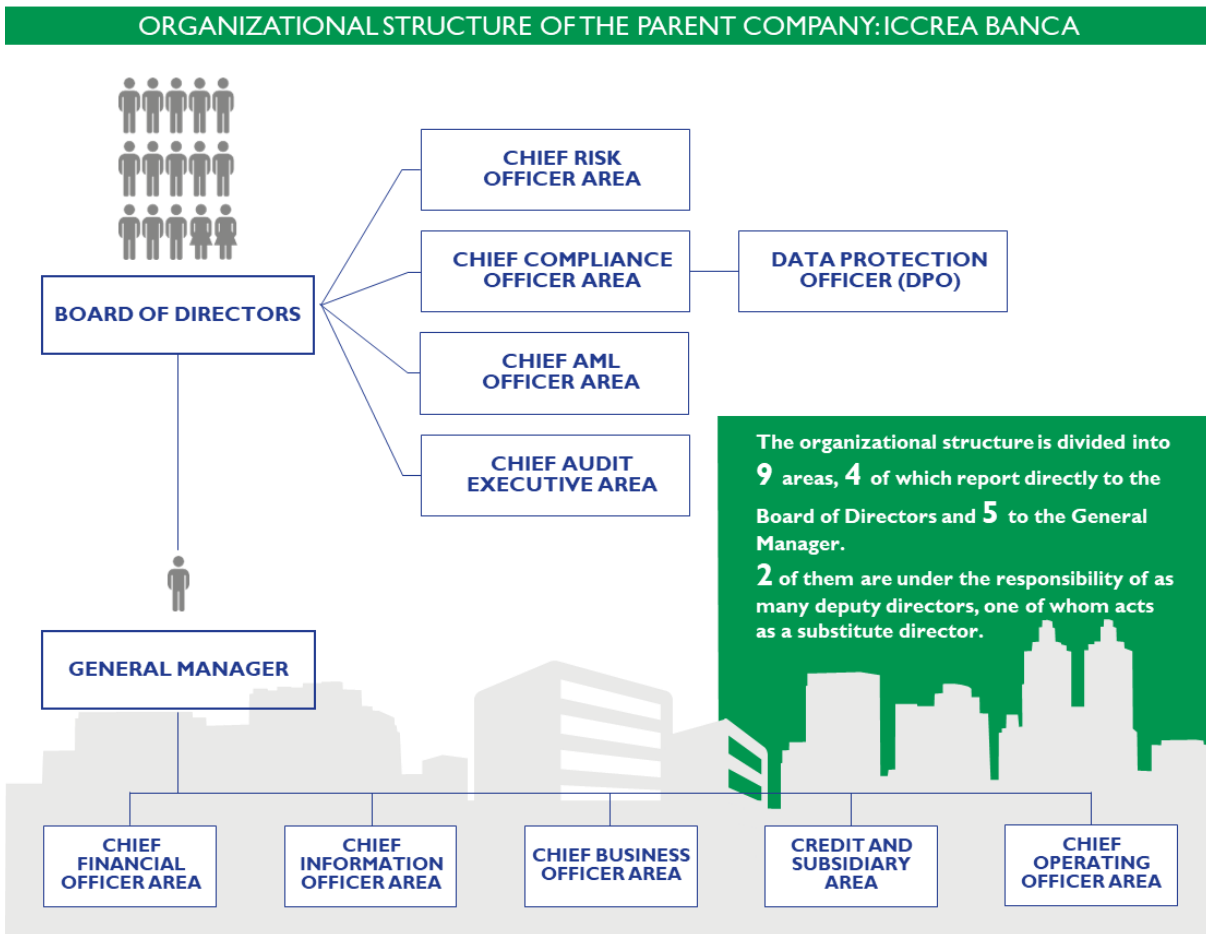
The Parent Company carries out management, coordination and control activities in the following fields:

1. Corporate Governance;
2. Strategic Planning;
3. Risk Management and Internal Control System;
4. Credit policies and related Risk Profiles;
5. Financial Management and related Risk Profiles;
6. Commercial and Distribution Activities;
7. Communication and Media Relations;
8. Administration and Regulatory Reporting;
9. Tax Management;
10. Organizational Model;
11. Purchasing and Expenditure;
12. Human Resources;
13. Information Systems;
14. Legal Affairs;
15. Operations and Real Estate;
16. Public Affairs.

Each area is under the supervision of one or more corporate departments of the Parent Company, which regularly coordinate with such equivalent functions as may have been established at the companies included in the perimeter of management and coordination. The details of the roles and responsibilities of the corporate functions involved in each management, coordination and control area are provided in the functional organizational chart of the Parent Company and of each company. The scopes of action referred to above are now attributable to 9 areas, compared to 10 in 2019, following the launch of a process to streamline the Group's organization.

However, the Parent Company's organization still consists of a structure based on several levels in the chain of command. The first-level functions report to the Board of Directors (in the case of Corporate Control Functions - CCFs) or to the General Managers; they mainly group together organizational units carrying out activities that are coordinated with or complementary to each other and that are linked to functional and operational approaches and/or belong to the same technical and operational area, ensuring the performance of the duties required to carry

out the activities of the Parent Company and to coordinate the choices and operations of the units under their supervision.



The Iccrea Co-operative Banking Group's architecture borrows some characteristics from the large European cooperative groups, although it differs from them in a number of ways. Among the main ones are:

1. a corporate model of control, management and coordination based on a voluntary agreement: The **Cohesion Contract**;
2. the implementation of a non-contributory system of institutional protection within Iccrea: The **Guarantee System**;
3. a management and coordination model managed by the Parent Company Iccrea, with an exercise of powers that is gradual and commensurate with the state of health of the Affiliated Banks: **risk-based approach**;
4. a system for monitoring and classifying risks associated with the Affiliated Banks, based on qualitative and quantitative indicators: the **Early Warning System (EWS)**. The responsibility for this work rests with the Board of Directors of the Parent Company, which is advised by a Board committee, which is the only one of its kind. This is the Affiliated Bank Controls & Interventions Committee (CIBA), composed of independent directors, which provides a guarantee of independence and safeguards against conflicts of interest in

the work of monitoring, classification and risk assessment involving Affiliated Banks;

5. a **unique governance model**, reserving to the Affiliated Banks at least 60% of the share capital and voting rights of the Parent Company, as well as 10 of the 15 directors;
6. the **Standard Articles of Association of the BCCs** and the Articles of Association of the Parent Company.

COHESION CONTRACT

GRI 102-25

The legislator has made provision for a group on a contractual basis through the execution of a specific voluntary agreement between the Parent Company and Affiliated Banks. The key pillar of the Iccrea Group's corporate model is, therefore, the Cohesion Contract (Article 37-*bis* of the Consolidated Banking Act), whereby the Affiliated Banks grant the Parent Company management and coordination powers that can be exercised, according to a principle of proportionality, commensurate with the state of health of the banks themselves (risk-based approach). The contract, which was signed by all Affiliated Banks in January 2019, lays down all mutual rights and obligations of Affiliated Banks and of the Parent Company Iccrea.

In addition to providing for the "general" powers of direction and coordination of the Iccrea Group and its affiliates, the Cohesion Contract also regulates the specific powers required to ensure that the management and control systems are unified and effective at the consolidated level. The contract also provides for compliance with prudential requirements and reporting obligations applicable to the Iccrea Group and its components, as well as with any other provisions on banking and financial matters.

The Parent Company is required to exercise its powers of management and coordination with the goal of safeguarding the stability of the Iccrea Group. The Iccrea Co-operative Banking Group, with its peculiar features, is unique on the scene of the European groups due to the governance system it has adopted. The BCCs are involved through specific consultative meetings held at local level, which are also provided for by the Consolidated Banking Act, in which they issue non-binding opinions to the Parent Company.

GUARANTEE AGREEMENT

The cross-guarantee scheme is among the most qualifying elements of the functioning of the Iccrea Co-operative Banking Group. This cross-guarantee between the Parent Company and the Affiliated Banks is governed by contract with the effect of qualifying the liabilities of the Parent Company and of its affiliates as joint and several obligations of all the parties to the agreement. In other words, all Affiliated Banks and the Parent Company are bound - both internally and externally - by all obligations assumed by the Parent Company or by any Affiliated Bank. The mutual guarantee, as provided for under Section 6 of the Cohesion Contract, has a dual purpose:

1. guaranteeing the obligations of each Iccrea Group Affiliated Bank that should default on its

obligations to its creditors (External Guarantee);

2. ensuring financial support mechanisms for the solvency and liquidity of the BCCs (intercompany mutual support).

The common objective is to preserve the solvency and liquidity of the banks themselves, through a system that qualifies as both innovative and based on mutual benefit due to its structure.

The guarantee of the obligations assumed by the Parent Company and the Affiliated Banks is a further founding and constitutive element of the Iccrea Co-operative Banking Group.

MONITORING AND CLASSIFICATION SYSTEM: EARLY WARNING SYSTEM - EWS

In accordance with the provisions of Annex 2 - "Early Warning System" (EWS) - attached to the Cohesion Contract, Iccrea Banca S.p.A., as Parent Company, carries out monitoring work on the organization and the operations, financial position, results and cash flows of the Affiliated Banks on an ongoing basis. The aim of this work is to identify signs of operational difficulties and/or report any instance of non-compliance with the obligations undertaken under the Cohesion Contract. If necessary, the Parent Company may recommend or arrange for any appropriate intervention measure to be put in place depending on the specific case and according to the principle of proportionality. To this end, the Iccrea Group adopts a system of Early Warning indicators for the purpose of:

- checking compliance with the directives issued by the Parent Company;
- classifying the Affiliated Banks according to their risk profile, even in order to properly regulate the exercise of the Parent Company's powers;
- providing preliminary evidence supporting the intervention measures applicable by the Parent Company in accordance with the Cohesion Contract, as well as putting in place the intercompany financial support schemes provided for in the Guarantee Agreement.

The EWS classification process envisages three different overall risk situations (ordinary, stressed, critical) characterized by a gradual degree of bindingness of the Parent Company's instructions.

Depending on the classification of the Affiliated Banks, according to set levels of risk, as well as on the results of the overall control work and of the actions already implemented, Iccrea may put in place the following types of measure:

- a. preventive measures, if it detects symptoms of operational difficulty and/or reports any instance of non-compliance with the obligations undertaken under the Cohesion Contract;
- b. corrective measures, which are applied in the event of anomalies that are such as to compromise the operational, financial and equity balance and business continuity, or the Affiliated Banks' non-fulfillment and/or breach of the Parent Company's directives and/or the obligations laid down in the Cohesion Contract;

c. intercompany financial support schemes, when, with reference to each of the Affiliated Banks, the following cases arise:

- solvency and liquidity needs are reported, and, in particular, in situations in which compliance with prudential requirements and the Supervisory Authority's requests is or may be compromised;
- solvency and liquidity needs are reported, which are such as to entail the risk of being subjected to the resolution procedures under Legislative Decree 180 of 16 November 2015 or the compulsory winding-up procedure in accordance with the articles of Section III of the Consolidated Banking Act.

The necessary measures in support of the Affiliated Banks, in terms of injections of both capital and liquidity - taking account of the results of the EWS process - are only put in place by the Parent Company, drawing on the financial resources made available by the Affiliated Banks in performing the Guarantee Agreement. In particular, each member bank provides the Parent Company with "Readily Available Funds (RAFs)" in order to ensure that the capital and financial resources necessary to put in place the guarantee measures are promptly available. They consist of an amount established ex ante and an amount that can be called up by the Parent Company when needed (the ex post quota), through contributions in the technical forms provided for under the Cohesion Contract.

At least once a year, the Parent Company shall conduct stress tests on the perimeter of the member banks, aimed at determining the RAFs and, consequently, adjusting the related share of quotas compared to the higher or lower amount already provided to the Parent Company.

In order to regulate the operational mechanisms of the EWS and the Guarantee System, the Parent Company has issued:

- the body of internal rules governing the functioning of the EWS, i.e., the set of guiding principles, operating and operational management rules, roles and responsibilities of the corporate bodies and functions with regard to the EWS, assessment areas, indicators, mechanisms of classification and interaction with the banks, as well as any action that may be taken;
- the body of internal rules governing the functioning of the Guarantee System (GS), i.e., the set of governing principles, operating and operational management rules, roles and responsibilities of the corporate bodies and functions with regard to the GS, accounting and prudential treatment approaches, valuation models, policies for the investment of financial resources, methods to apply and manage intercompany financial support schemes.

THE NEW STANDARD ARTICLES OF ASSOCIATION OF BCCs

The Standard Articles of Association of BCCs continue to be key to the regulation of Co-operative banks. The related provisions governing the cooperative banking business and mutualistic DNA of the Co-operative banks have been amended in order to include new rules that describe the bank's participation in the Group and the powers granted to the Parent Company, as well as the obligations laid down under the Cohesion Contract and the Guarantee Agreement.

These powers, as defined in primary legislation and supervisory regulations, concern compliance with the provisions on prudent management and lending, including provisions on corporate governance, remuneration and incentive policies and practices, the internal control system, the information system and business continuity, allowable investments, risk management and conflicts of interest with related parties, transparency in banking, and provisions on usury and money laundering.

THE NEW ARTICLES OF ASSOCIATION OF THE PARENT COMPANY AND THE STANDARD RULES FOR BCC ELECTIONS

The Consolidated Banking Act - as amended following the Cooperative Credit reform and the related Supervisory Provisions - pays particular attention to the Articles of Association of the Parent Company.

The main amendments made to the Articles of Association upon establishing the Iccrea Co-operative Banking Group deal with the conduct of the Parent Company's business (Article 6), the methods of admission, exclusion and withdrawal of the Affiliated Banks in the Iccrea Co-operative Banking Group (Articles 7, 8 and 9) and the Guarantee Agreement (Article 10).

Furthermore, it was also necessary to make changes in the corporate purpose (Article 4) in order to better describe the role of Banca Iccrea. These concern the access to interbank markets, services for the exchange and settlement of receipts and payments, services for access to interbank procedures, the intermediation of financial flows and collateral management.

The corporate purpose also specifies the support that the Parent Company must provide to its Affiliated Banks and to other Iccrea Group companies in conducting their respective businesses, ensuring the stability and strength of the Iccrea Co-operative Banking Group.

The Articles of Association emphasize the need to strengthen intra-group synergies, specifying that the Affiliated BCCs must operate prevalently with the direct and indirect perimeter companies.

With regard to the standard Rules for BCC elections, under the Cohesion Contract the Parent Company is vested with specific powers in the process of appointing the corporate bodies of BCCs, in compliance with the provisions of primary legislation. For this reason, the new Standard Rules for BCC elections have been laid down to provide for setting up an Election Committee in the Affiliated Banks, which is to be appointed by the Board of Directors and which ensures the proper application of the rules on the election to corporate boards and offices.

If certain banks are in a critical or tense situation of risk, the Parent Company carries out a preliminary assessment of candidates.

THE ICCREA GROUP'S GOVERNANCE POLICY

The Iccrea Group's Corporate Governance Policy and the Policy on the eligibility of representatives of the Iccrea Group's Supervised Companies stipulate that, in order to ensure

an adequate balance in terms of age, gender and term of office, the composition of the Board of Directors as a collective body must provide for at least:

- an average age of its members of no more than 65 years;
- at least one member who is less than 45 years old at the time of his/her candidacy;
- at least 20% of the members drawn from the less represented gender;
- an average total seniority in office of the members - given by the number of mandates already held in the company by each member divided by the number of directors - covering a period of no more than 5 full mandates;
- at least one member who did not previously sit on the board of directors, i.e. in his/her first term of office.

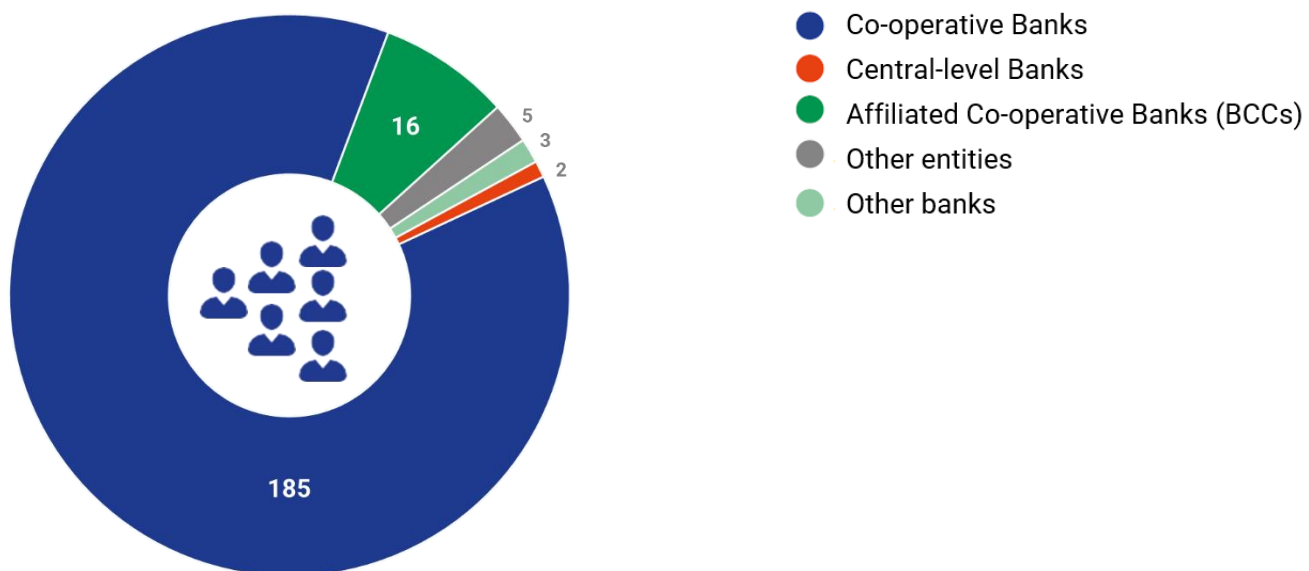
Under the Cohesion Contract, the Affiliated Banks are required to appoint a director in charge of the internal control system, who shall have adequate expertise on the matter. If the Affiliated Bank has not set up a Risks Committee, the director in charge of the internal control system must also oversee issues concerning risk activities with regard to associated entities.

SHAREHOLDERS OF ICCREA BANCA S.P.A., THE PARENT COMPANY OF THE ICCREA CO-OPERATIVE BANKING GROUP

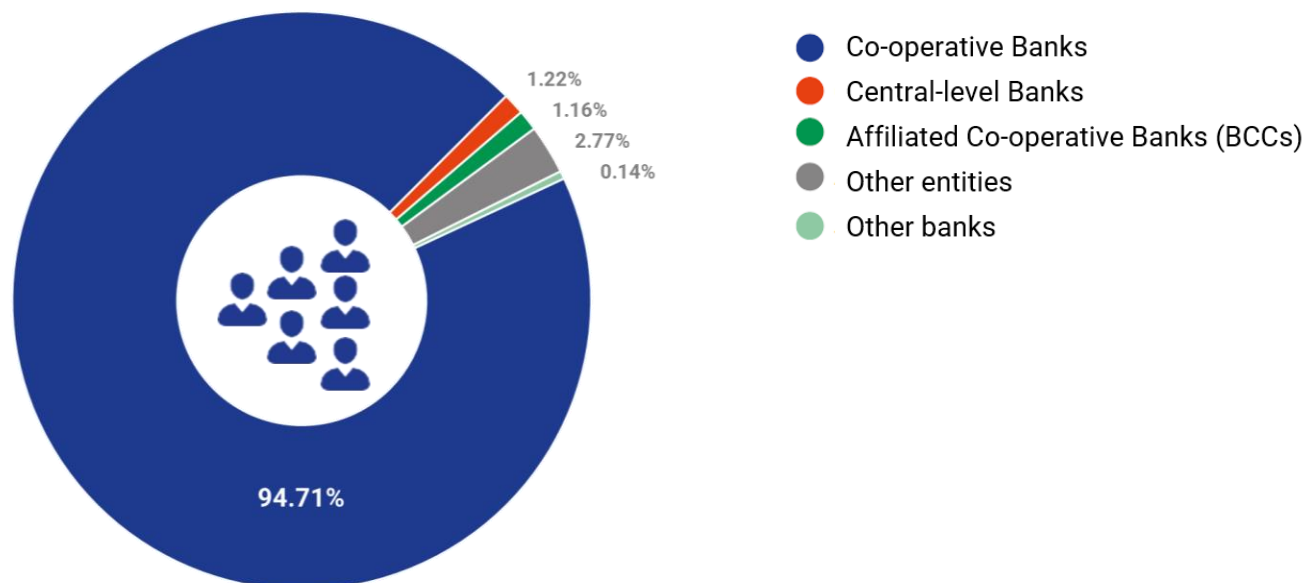
BREAKDOWN OF CAPITAL BY TYPE OF SHAREHOLDER

TYPE OF SHAREOLDERS	#MEMBERS	#SHARES	NOMINAL VALUE OF SHARES	% SHAREHOLDING
AFFILIATED CO-OPERATIVE BANKS	185	25,690,073	1,326,892,270.45	94.71
CENTRAL-LEVEL BANKS	2	332,033	17,149,504.45	1.22
CO-OPERATIVE BANK FEDERATIONS	16	315,151	16,277,549.15	1.16
OTHER ENTITIES	5	751,411	38,810,378.15	2.77
OTHER BANKS	3	37,091	1,915,750.15	0.14
TOTAL	211	27,125,759	1,401,045,452.35	100.00

NUMER OF MEMBERS (SHAREHOLDERS)



VALUE OF STOCKS



ORGANIZATIONAL CHART OF THE GOVERNANCE BODIES OF THE ICCREA CO-OPERATIVE BANKING GROUP

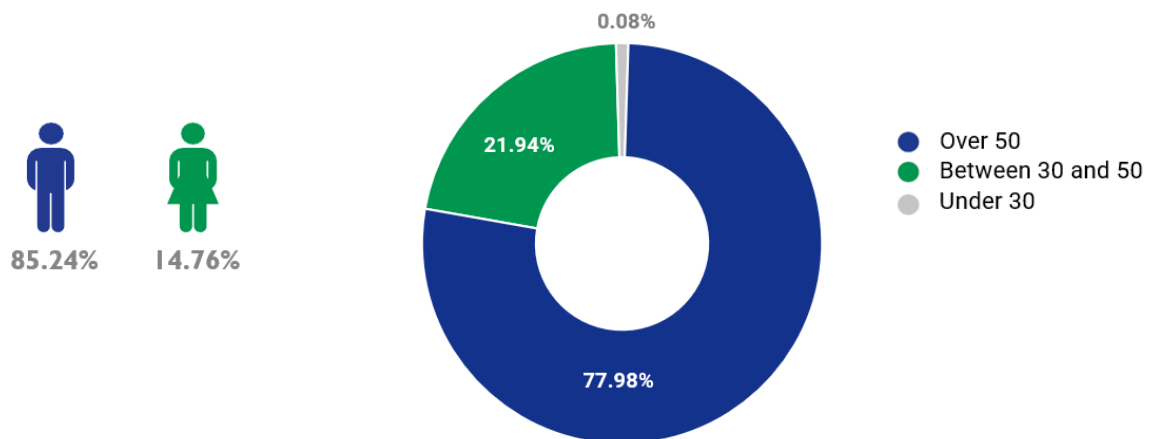
GRI 102-22

GRI 102-24

COMPOSITION OF THE BOARD OF DIRECTOR	2020	2019	% CHANGE
WOMEN	181.00	185.00	-2.16%
MEN	1,045.00	1,188.00	-12.04%
TOTAL BoD BY GENDER	1,226.00	1,373.00	-10.71%
UNDER 30	1.00	8.00	-87.50%
BETWEEN 30 AND 50	269.00	296.00	-9.12%
OVER 50	956.00	1,069.00	-10.57%
TOTAL BoD BY AGE GROUP	1,226.00	1,373.00	-10.71%

COMPOSITION OF THE BOARD OF DIRECTOR	2020	2019
WOMEN	14.76%	13.47%
MEN	85.24%	86.53%
UNDER 30	0.08%	0.59%
BETWEEN 30 AND 50	21.94%	21.57%
OVER 50	77.98%	77.84%

BoD BY GENDER and AGE GROUP

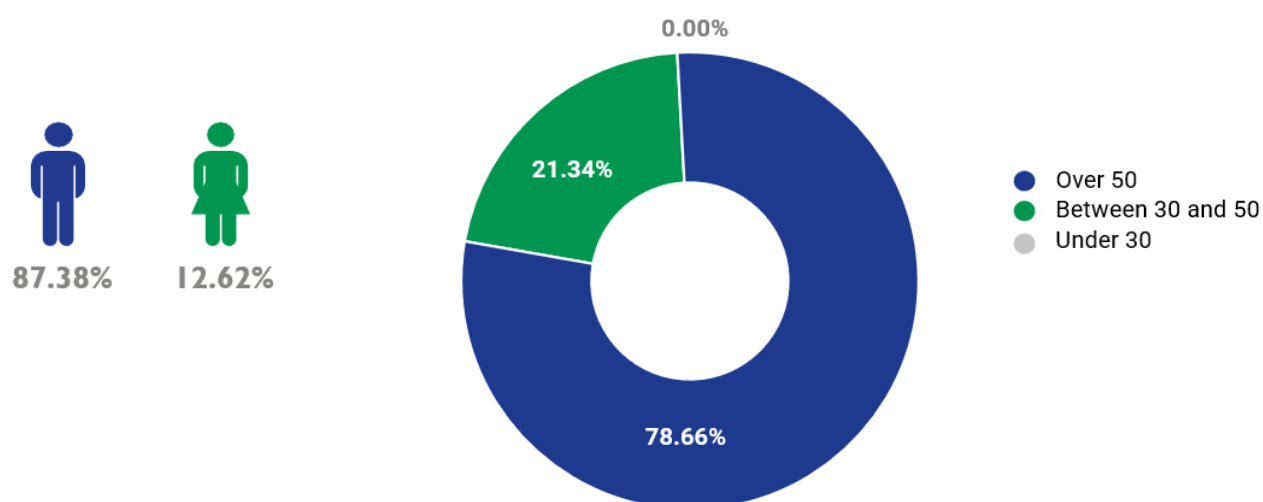


NUMBER AND AVERAGE OF BoD MEETINGS	2020			2019		% CHANGE
	BANK	COMPANY	TOTAL	BANK	TOTAL	
NUMBER OF BoD MEETINGS	3,783.00	33.00	3,816.00	3,936.00	3,936.00	-3.02%
BoD MEETING ATTENDANCE	94.53%	99.00%	93.77%	91.02%	91.02%	3.90%
TOTAL BoD MEMBERS	1,208.00	15.00	1,226.00	1,286.00	1,286.00	-4.90%

COMPOSITION OF EXECUTIVE COMMITTEES	2020			2019			% CHANGE
	BANK	COMPANY	TOTAL	BANK	COMPANY	TOTAL	
WOMEN	40.00	-	40.00	36.00	-	36.00	11.11%
MEN	272.00	5.00	277.00	291.00	5.00	296.00	-6.42%
TOTAL EC BY GENDER	312.00	5.00	317.00	327.00	5.00	332.00	-4.52%

% COMPOSITION OF EXECUTIVE COMMITTEES	2020			2019		
	BANK	COMPANY	TOTAL	BANK	COMPANY	TOTAL
WOMEN	12.82%	-	12.62%	11.01%	-	11.01%
MEN	87.18%	100.00%	87.38%	88.99%	100.00%	89.16%

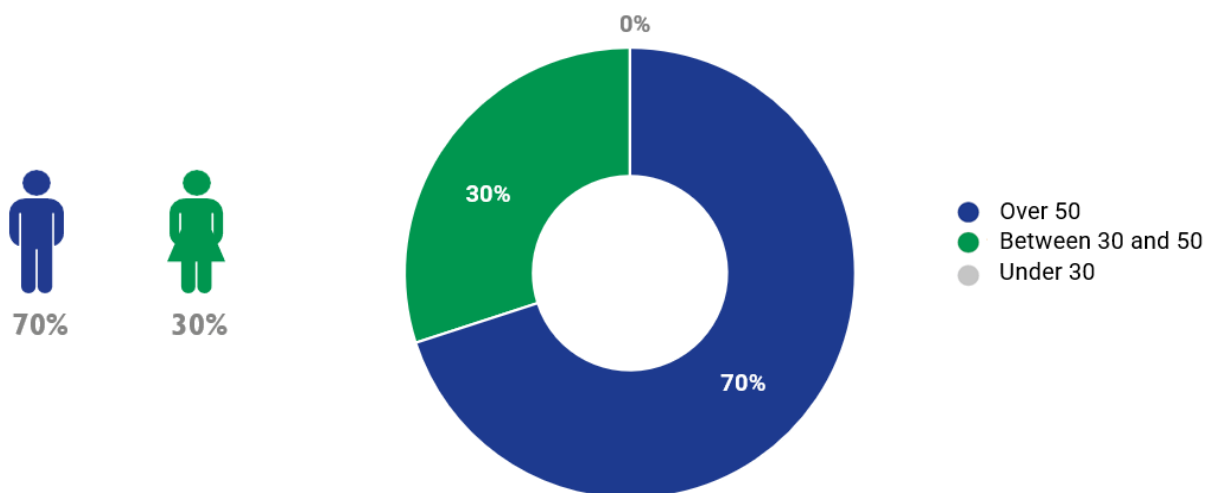
EC BY GENDER and AGE GROUP



NUMBER AND AVERAGE OF EXECUTIVE COMMITTEE MEETINGS	2020			2019		% CHANGE
	BANK	COMPANY	TOTAL	BANK	TOTAL	
NUMBER OF EC MEETINGS	875.00	20.00	895.00	996.00	996.00	-10.14%
EC MEETING ATTENDANCE	94.77%	100.00%	94.85%	91.76%	91.76%	3.37%
TOTAL EC MEMBERS	313.00	5.00	318.00	327.00	327.00	-2.75%

COMPOSITION OF THE RISKS COMMITTEE	2020	2019	% CHANGE
WOMEN	7.00	7.00	-
MEN	16.00	55.00	-70.91%
TOTAL COMMITTEES BY GENDER	23.00	62.00	-62.90%
UNDER 30	-	1.00	-100.00%
BETWEEN 30 AND 50	7.00	11.00	-36.36%
OVER 50	16.00	50.00	-68.00%
TOTAL COMMITTEES BY AGE GROUP	23.00	62.00	-62.90%

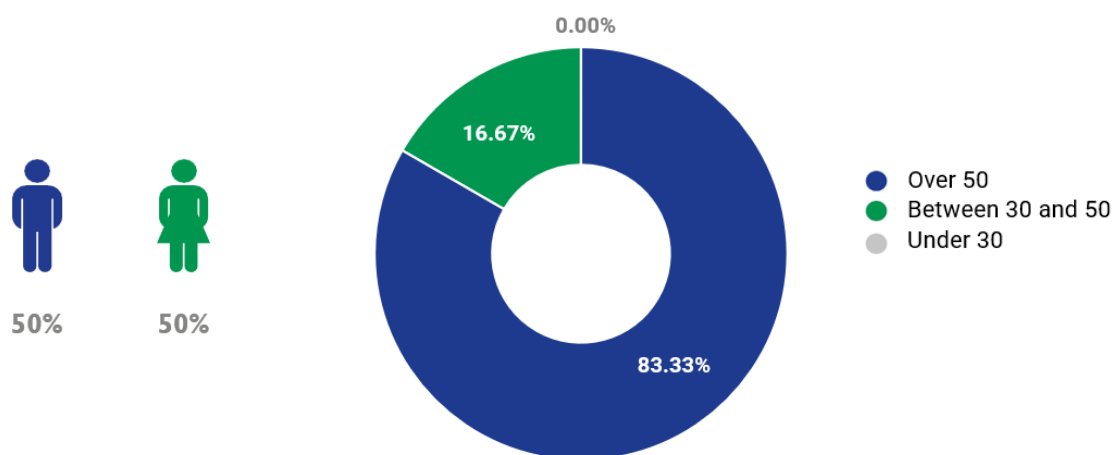
RISK COMMITTEE BY GENDER and AGE GROUP



COMPOSITION OF THE REMUNERATION COMMITTEES	2020	2019	% CHANGE
WOMEN	3.00	4.00	-25.00%
MEN	3.00	12.00	-75.00%
TOTAL REMUNERATION COMMITTEES BY GENDER	6.00	16.00	-62.50%
UNDER 30	-	-	-
BETWEEN 30 AND 50	1.00	2.00	-50.00%
OVER 50	5.00	14.00	-64.29%
TOTAL REMUNERATION COMMITTEES BY AGE GROUP	6.00	16.00	-62.50%

% COMPOSITION OF THE REMUNERATION COMMITTEES	2020	2019
WOMEN	50.00%	25.00%
MEN	50.00%	75.00%
UNDER 30	-	-
BETWEEN 30 AND 50	16.67%	12.50%
OVER 50	83.33%	87.50%

REMUNERATION COMMITTEE BY GENDER AND AGE GROUP



NUMBER AND AVERAGE OF REMUNERATION COMMITTEE MEETINGS	2020			2019		% CHANGE
	BANK	COMPANY	TOTAL	BANK	TOTAL	
NUMBER OF REMUNERATION COMMITTEE MEETINGS	4	36	40	37	37	8.11%
REMUNERATION COMMITTEE MEETING ATTENDANCE	100.00%	100.00%	100.00%	95.80%	95.80%	4.38%
TOTAL REMUNERATION COMMITTEE MEMBERS	3	3	6	16	16	-62.50%

3.2 Sustainability in the governance of the Iccrea Co-operative Banking Group

GRI 102-20

GRI 102-30

At the time of its incorporation in 2019, the Iccrea Co-operative Banking Group had already started integrating sustainability into its corporate governance, adopting a management model that is based on specific centers of responsibility.

The first step in this direction was taken at an operational level, as early as in October 2018, by setting up the Public Affairs & Sustainability Organizational Unit (OU), dedicated to the management of institutional relations and sustainability, in terms of both non-financial reporting and the plan for the development and integration of ESG (Environmental, Social, Governance) factors into the Iccrea Group's strategies and policies (Sustainability Plan). Furthermore, the Parent Company's Board of Directors has conferred to the above-mentioned OU the function of providing operational support to the Executive Director of Sustainability, assisted by the Sustainability Science Committee.

The "Sustainability" branch of the OU is in turn divided into two functions. The first is responsible for the Consolidated Non-Financial Statement (CNFS) of the Iccrea Co-operative Banking Group and the Integrated Specialist Unit for the regulatory framework of "Non-Financial Information." The second is responsible for the Sustainability Plan and the promotion and integration of ESG factors into company operations and procedures.

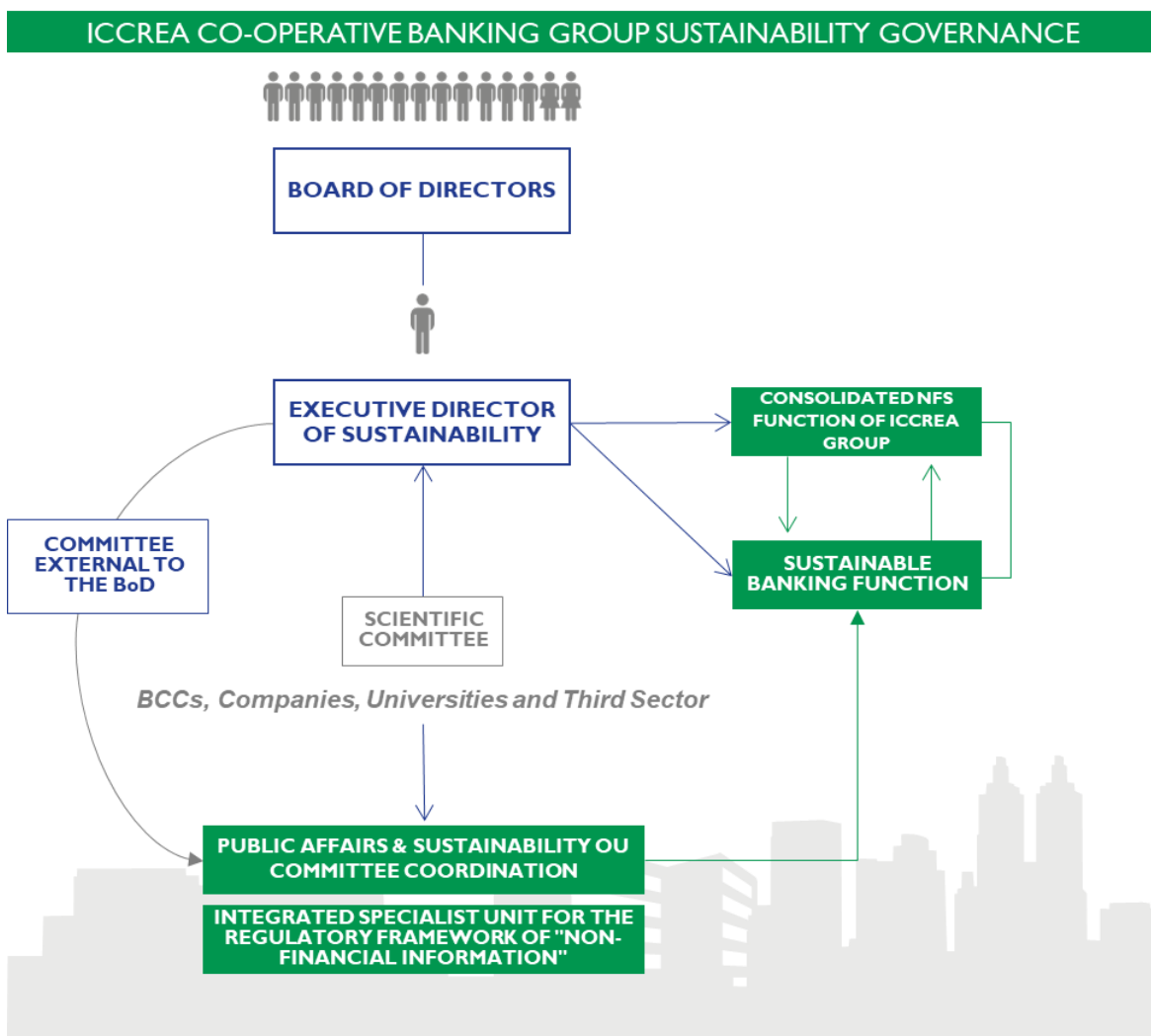
In detail:

- in May 2019, the Board of Directors (BoD) appointed a member of the Parent Company's BoD as the **Executive Director of Sustainability**;
- at the same time, the same BoD meeting resolved that the Director be assisted by the **Chief Sustainability Committee**, composed of the Chiefs of the Areas directly involved in sustainability issues, as well as by the Public Affairs & Sustainability OU and the heads of the business, lending, finance, risks, human resources, compliance, legal affairs and communication areas;
- in the design phase of the Sustainability Plan, the Chief Committee analyzed the state of the art of sustainability within the Group, the challenges, the actions to be taken within the framework of the plan and, consequently, how to organize the work on consolidated non-financial reporting. Drafting of the plan began in the second half of 2019. The in-depth analysis was carried out together with a sample of 15 Affiliated Banks and based on the examination of the sustainability reports of 52 Affiliated BCCs. During the reporting period, the Chief Committee did not meet as the issues falling under its competence were dealt

with during meetings of the Operating Committee. The latter Committee is an advisory body to the General Manager on matters that concern the management of the Group for the implementation of the Board of Directors' guidelines. The Operating Committee is composed of: Parent Company General Manager; Head of Credit and Subsidiary Area; Head of Chief Business Officer Area; Head of Chief Financial Officer Area; Head of Chief Information Officer Area; Head of Chief Operating Officer Area. Among its permanent members is the Head of the Chief Risk Officer Area. If the need arises, the General Manager may invite the heads of other functions;

- in order to increase stakeholder engagement in the Group's decision-making processes in the field of sustainability, especially at a strategic level, the **Sustainability Science Committee** was established. It is composed of authoritative representatives of civil society (businesses, universities, associations) and of the Affiliated BCCs. The Science Committee is external to the Board of Directors.

In 2020 the CNFS consolidated 132 Affiliated Banks, 15 direct and indirect perimeter companies and involved about 55 OUs of the Parent Company in the reporting process.



SUSTAINABILITY PLAN

In March 2020, the Board of Directors of Iccrea Banca approved the Group Sustainability Plan 2020-2023, as an integral part of the Group 2020-2023 Business Plan. This is the first attempt at integrating sustainability goals with industrial and strategic objectives, adopting a risk/opportunity approach that has led to identifying our key strengths, opportunities to seize and the risks associated with relations with our major stakeholders.

The main advantages that the Group intends to benefit from through the Sustainability Plan concern both business issues linked to new market requirements, especially in the environmental and social field, and more strictly strategic issues linked to the possibility of highlighting the biodiversity of Co-operative Banking and enhancing the BCCs' projects in favor of the communities. Through the Sustainability Plan it will also be possible to improve the external perception of the extent to which the Values and Responsibilities highlighted in Article 2 of the Articles of Association of BCCs are integrated into their economic mission.

Opportunities are countered by risks that in the case of transition towards sustainable growth models can turn into greater social and financial exclusion and adverse impacts, which are today exacerbated by the Covid-19 pandemic, in particular, on the peripheries and on economic systems driven by small and medium-sized enterprises, which are the main target market for BCCs. With the Sustainability Plan, the Iccrea Group aims to seize opportunities and manage risks, leveraging strengths focused on sustainable development and inherent to the Affiliated Banks' business.

These foundations are based on Relationship Banking, the Proximity Banking model and Geo-circular Finance, which is very close to the Circular Economy paradigm, and the close correlation between the concept of mutualism and banking and integral ecology.

On the basis of these considerations, the Sustainability Plan 2020-2023 is centered around three Pillars that consist of the ESG (Environmental, Social, Governance) factors and the language of mutualism, cooperation and local finance that characterize the Group, namely:

1. **Territory** ("Social" factor and economic dimension);
2. **Environment** ("Environmental" Factor);
3. **People and Communities** ("Social" and "Governance" Factors).

Within the three Pillars, thematic objectives and specific targets are developed, to which both the Affiliated BCCs and Iccrea Banca are called upon to respond, as are direct perimeter subsidiaries.

Under the Plan, the Group seizes the opportunity to translate the principles and values of credit cooperation into measurable objectives and the universal language of sustainability, thus aligning the Plan's objectives with most of the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda.

PILLARS AND KEY OBJECTIVES

1. Territory

- Supporting SMEs, Small Businesses, Households and People
- Fight against depopulation of small Municipalities
- Green Deal for local areas
- Microcredit and fight against usury

2. Environment

- Promoting SRI Finance
- Fight against climate change
- Supporting local farmers
- Sustainable management of locations and supply chains
- Supporting the green economy

3. People and Communities

- Financial Education and study support
- Gender balance in the Governance system
- Reducing the gender gap
- Spreading the culture of sustainability
- Company people care
- Supporting the Third Sector

In view of the evolution of the social and economic scenario due to the Covid-19 Pandemic, it was deemed appropriate to review the Sustainability Plan in the second half of 2020. This work was performed by the heads of the Parent Company, who were asked to further assess the objectives and targets that had been set at an earlier time. In fact, the analyses on which the objectives of the Plan approved in March 2020 had been planned were based on a completely different context from that we are living in today.

At the same time as the review work, the functions responsible for achieving the objectives were identified and the main activities aimed at giving effect to the Plan were outlined. The updated version of the Sustainability Plan will be submitted to the Parent Company's Board of Directors during the first half of 2021.

At present, there is no system in place for handling stakeholder complaints. However, priority has been given - by the Sustainable Banking Function - to the implementation of a management system for monitoring the achievement of the objectives set out in the Sustainability Plan.

In addition to the Sustainability Plan 2020-2023, in March 2020 the Parent Company's Board of Directors also approved the Group's Charter of Commitments on the Environment and Combating Climate Change and the Group's Charter of Commitments on Human Rights.

3.3 Material topics of the Iccrea Co-operative Banking Group

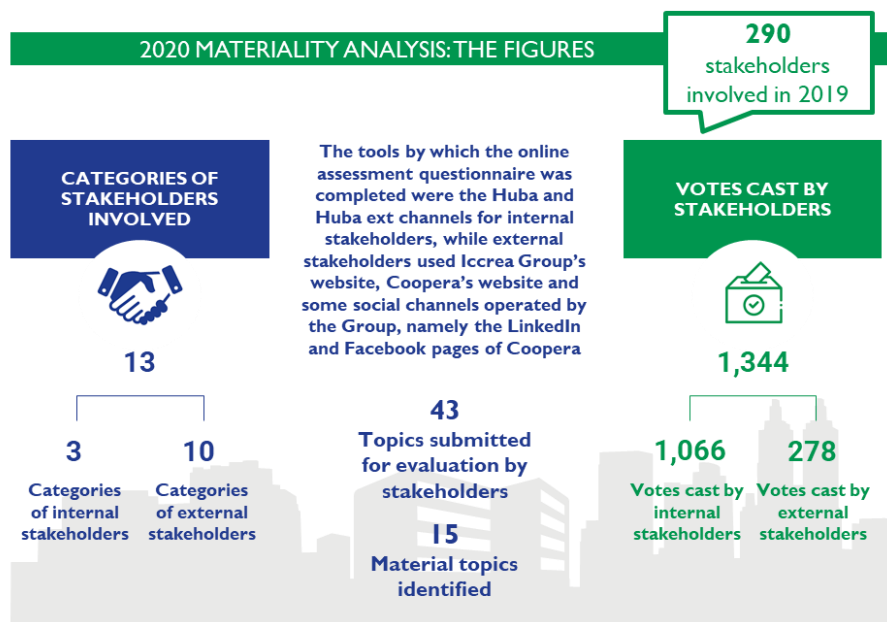
GRI 102-46

GRI 102-47

In October 2020 the stakeholder engagement process was launched to update the materiality analysis within the scope of the preparation of the Consolidated Non-Financial Statement (CNFS) - in compliance with Legislative Decree 254 of 2016 and in accordance with the reporting standard adopted¹.

This work is aimed at identifying and prioritizing the material topics to be reported in the present disclosure of non-financial information. For this purpose, the new Chart of Accounts has been also prepared, which consists of 102 indicators, of which 96 pertain to the GRI Standard and 6 are internal.

The materiality analysis, which considers not only the perspective of the organization but also that of external stakeholders, has been carried out in a completely new way compared to the previous reporting period. In fact, during 2020, the stakeholder engagement process was carried out in a fully computerized manner. The questionnaire aimed at identifying priority issues was submitted to internal stakeholders through the intranet channel of Huba and Huba ext, while external stakeholders were reached through the Iccrea Co-operative Banking Group's website, the website of Coopera and some social channels operated by the Group such as the LinkedIn and Facebook pages of Coopera. In addition, the questionnaire was also submitted to some journalists.



¹ Global Reporting Initiative (GRI) Standard 2016, "Core" option.

A selection of material topics identified according to an external benchmark, based on the experiences of some of the most representative companies in the banking sector and extended to production sectors other than banking, was submitted to the stakeholders concerned. Finally, the topics were submitted to external and internal stakeholders through filling in an online assessment questionnaire, disseminated through the above-mentioned web channels.

Compared to 2019, the new methods of engagement have allowed for a significantly greater number² of stakeholders to be involved, reaching **1,344 internal and external stakeholders concerned**.



Subsequently, an analysis was conducted in order to align the results of the stakeholder engagement work with the Group Sustainability Plan, approved in March 2020. Therefore, based on the Strategic Guidelines set out in the Sustainability Plan, 5 relevant macro-themes (clusters) for the Group and 2 macro-themes not directly related to the Sustainability Plan have been identified, which, however, can be considered as "prerequisites" for a "sustainable" management of business activities and processes. This analysis has led to identifying the 5 macro-themes described below:

- **Territory** (Strategic line 1 of the Group Sustainability Plan);
- **Environment** (Strategic line 2 of the Group Sustainability Plan);
- **People and communities** (Strategic line 3 of the Group Sustainability Plan);

² 290 stakeholders had been involved in the previous reporting period.

- **Ethics and compliance;**
- **Strength, resilience and innovation.**

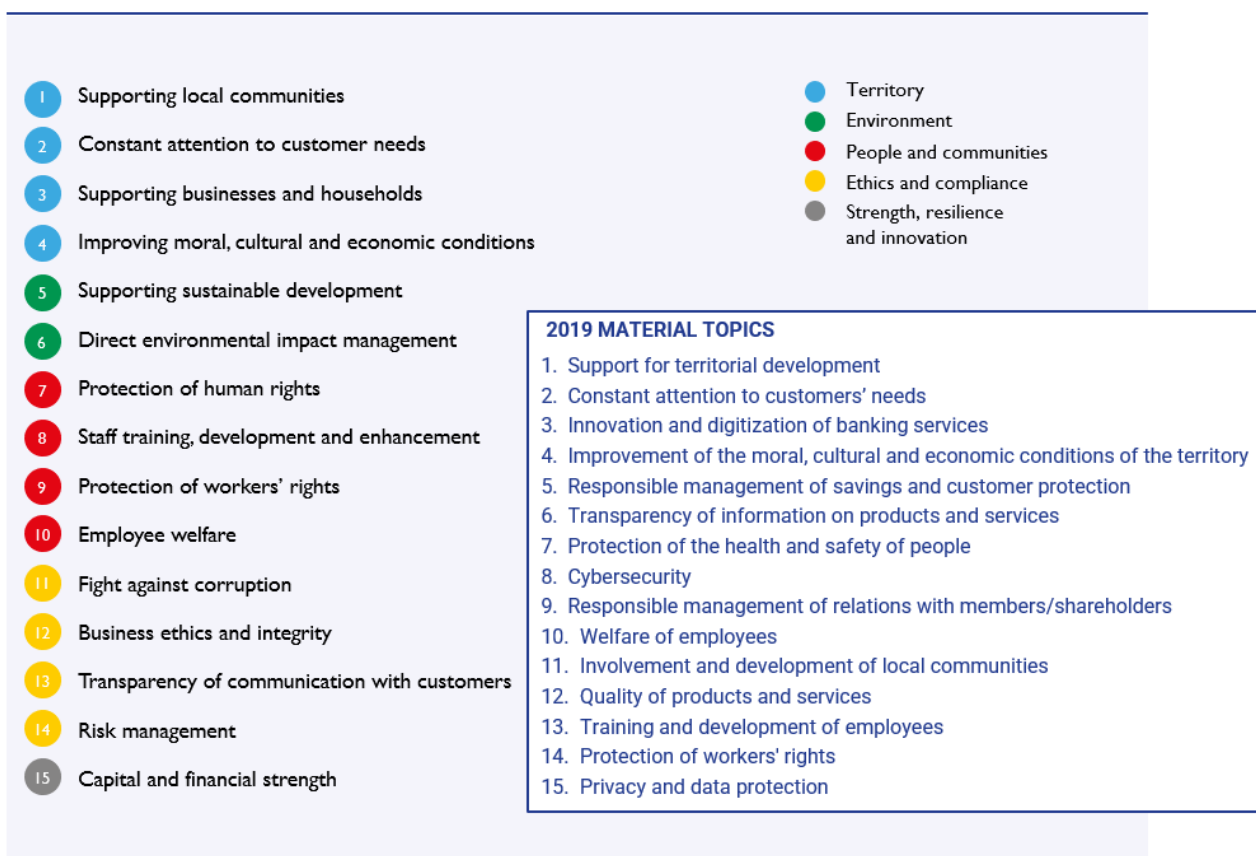
The 43 topics submitted for evaluation by stakeholders were then brought under the 5 macro-themes identified and prioritized on the basis of certain selection criteria.

In particular, the following criteria were adopted:

- score (given by the average of internal stakeholder evaluations multiplied by the average of external stakeholder evaluations) above the threshold of 11;
- selection constraints of a maximum of 4 topics for each macro-theme.

THE RESULTS OF THE 2020 MATERIALITY ANALYSIS

The 2020 materiality analysis identified the following topics as priorities:

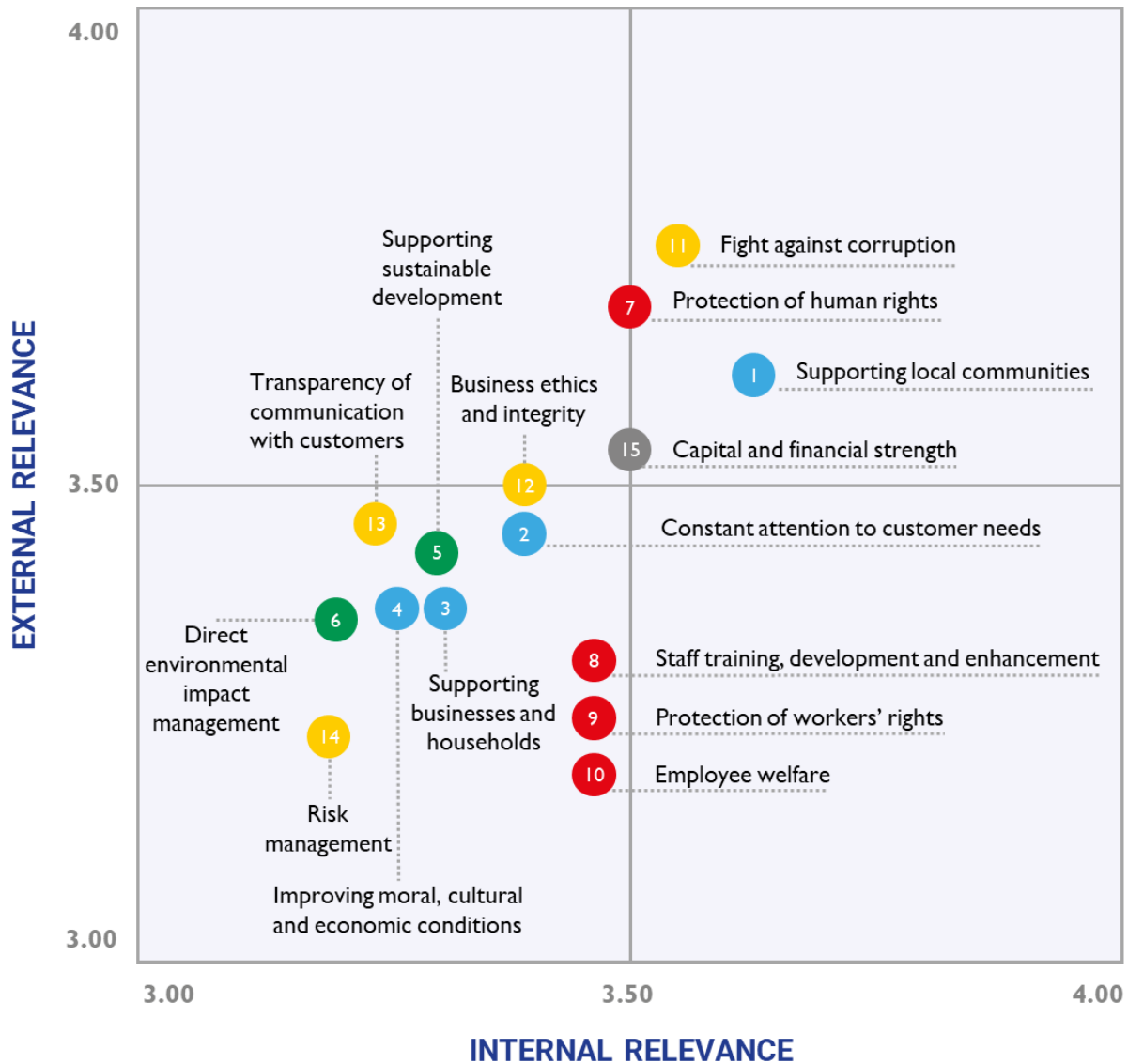


The work of evaluating material topics took concrete form with the definition of the materiality matrix, within which material topics are positioned along two Cartesian axes:

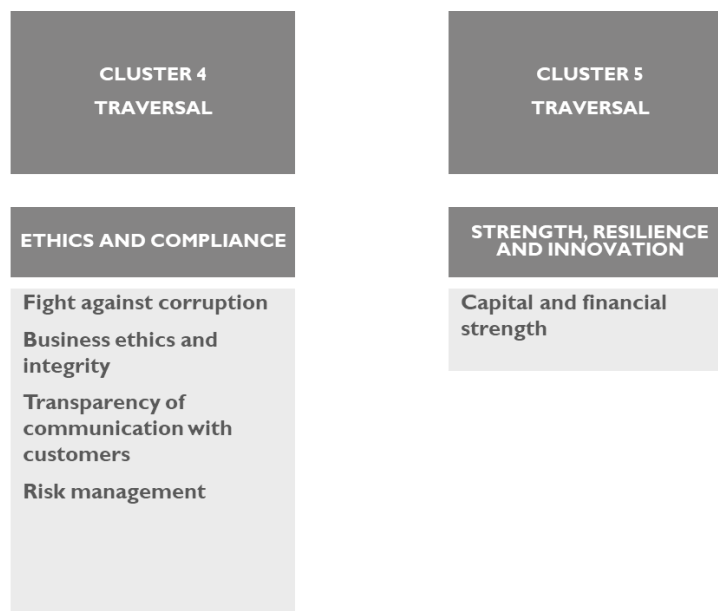
- the x-axis represents internal relevance, i.e. the importance of the topics to the Iccrea Group's internal stakeholders (including Affiliated BCCs);

- the y-axis represents external relevance, i.e. the importance of the topics to the main external stakeholders of the Iccrea Co-operative Banking Group.

2020 MATERIALITY MATRIX



STRATEGIC LINES



3.4 Sustainability policy system

The Iccrea Co-operative Banking Group has designed an internal regulatory system representing a benchmark for all corporate structures. Indeed, the system helps to ensure the certainty and consistency of the corporate organization and the appropriate management of the Iccrea Group's activities, in its various areas of operation, and consists of:

- "Primary Rules" which regulate the corporate governance of the Iccrea Group and the roles and responsibilities of the Corporate Bodies and Units, as well as the principles and general rules of conduct;
- "Secondary Rules" which, in compliance with the provisions of the primary rules, govern corporate conduct and the operating procedures of the activities, through the formalization of processes and the specification of operating rules and technical criteria for personnel to follow.

In this framework, the Group's policy in the matter of the Consolidated Non-financial Statement is aimed at governing stages, timing, roles, operations and responsibilities of the various Areas of Iccrea Banca and other Group entities involved in the non-financial reporting process. Furthermore, to complete the Primary Rules, the Process Rules for preparation of the Consolidated Non-financial Statement, aimed particularly at the Affiliated Banks, have also been established, which are expected to be extended to the direct and indirect perimeter companies and to the Parent Company. These rules detail the phases and various activities involved in gathering the data and other information to be reported. They also describe the certification and tracking of qualitative and quantitative information in accordance with Legislative Decree 254 of 2016. All of this is in strict correlation with the identification and prioritization of material topics and of the indicators of the Chart of Accounts.

In addition to the Sustainability Plan 2020-2023, in March 2020 the Parent Company's Board of Directors approved the Group's Charter of Commitments on the Environment and Combating Climate Change and the Group's Charter of Commitments on Human Rights.

These are two documents that formalize the commitment made by the entire Group, including Affiliated BCCs:

- to the respect for the environment, in terms of direct and indirect impacts;
- to the respect for human rights towards and by the main stakeholders (employees, customers, members, suppliers);
- to the promotion of values such as inclusion, mutualism and solidarity in the communities of reference.

The Group's Charter of Commitments on the Environment and Combating Climate Change summarizes, in an effective manner, the principles to which the Group adheres in the prevention, management and – where possible – reduction of the (direct and indirect) environmental impact of the Iccrea Co-operative Banking Group's operations in compliance with the relevant legislative requirements and contributing to the achievement of the objectives

of the UN 2030 Agenda for Sustainable Development.

The Group's Charter of Commitments on Human Rights, on the other hand, promotes and ensures the protection of human rights, in accordance with national and international regulations.

3.5 Sustainability enters the Iccrea Group Transformation Plan with CNFS and Sustainability Plan

In July 2020, the Parent Company's Board of Directors approved the Group Transformation Plan aimed at achieving the objectives set out in the 2020-2023 Business Plan.

The Transformation Plan is governed via a structured framework consisting of two Transformation Officers, the Transformation Committee chaired by the General Manager and the Transformation Office. The Plan consists of 22 projects, which are further organized into 5 programmes:

- **Operational Efficiency;**
- **Group Simplification;**
- **Full Revenue Potential;**
- **Monitoring of credit quality;**
- **Group Sustainability.**

The Sustainability programme focuses on two macro-projects. The first one concerns the Consolidated Non-Financial Statement and in particular the digitalization of the reporting process.

An in-house solution has been chosen for the creation of software, called **CNFS Portal**, in order to support the collection of data and ensure the traceability of qualitative and quantitative information (as required by the relevant regulations). The purpose of the Portal is to collect and consolidate data relating to the 132 Affiliated BCCs, the 14 direct and indirect perimeter companies and the 55 Organizational Units of the Parent Company. The Portal has been structured according to an authorization workflow regulated by the CNFS Process Rule and within the present reporting cycle it has managed the work of **approximately 400 users, processing 5,038 qualitative and quantitative data sheets** relating to **152,354 data through 235 aggregation clusters**. The Portal will need to be fine-tuned and made further compliant with upcoming regulatory amendments that are expected in the matter of non-financial information. First among them is the revision of Directive 2014/95/EU and the definition of the European

non-financial reporting standard. These are all developments that should make Non-Financial Reporting capable of supporting the new European Regulations on sustainability. Reporting will have in fact be brought into line with the European regulations that are in the process of being developed or already issued (i.e. Regulation (EU) 2020/852 - Taxonomy, Regulation (EU) 2088/2019 - SFRD, Pillar 3 disclosures of ESG risks -Article 449a CRR Green Deal, Next Generation EU, Recovery plan).

The second macro-project focuses on the achievement of the 30 objectives of the Sustainability Plan, in line with the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda and the integration of ESG (Environmental, Social, Governance) factors into the Iccrea Group's business.

With regard to these objectives, on 25 September 2015, **the United Nations (UN) approved the 2030 Agenda for Sustainable Development** and related **17 Sustainable Development Goals (SDGs)**, structured into 169 Targets to be achieved by 2030.

The development model is monitored through a system based on **17 Goals, 169 Targets and more than 240 indicators**. Compared to these parameters, the performance of each country is assessed by the UN, as well as by national and international public opinion, on a periodic basis.

The 17 Sustainable Development Goals (SDGs) of the UN 2030 Agenda are the reference framework for integrating sustainability into economic activities and business solutions.

SUSTAINABLE DEVELOPMENT GOALS



Goal 1

End to all forms of poverty in the world



Goal 2

End hunger, achieve food security, improve nutrition and promote sustainable agriculture



Goal 3

Ensuring health and well-being for all and for all ages



Goal 4

Provide quality, fair and inclusive education and learning opportunities for all



Goal 5

Achieving gender equality, for the empowerment of all women and girls



Goal 6

Guarantee everyone the availability and sustainable management of water and sanitation



Goal 7

Ensure access to affordable, reliable, sustainable and modern energy systems for everyone



Goal 8

To encourage economic, lasting, inclusive and sustainable growth, full and productive employment and decent work for all



Goal 9

Building a resilient infrastructure and promoting innovation and fair, responsible and sustainable industrialization



Goal 10

Reduce inequalities within and between Nations



Goal 11

Making cities and human settlements inclusive, safe, lasting and sustainable



Goal 12

Ensure sustainable production and consumption models



Goal 13

Take urgent measures to combat climate change and its consequences



Goal 14

Preserve and use the oceans, seas and marine resources in a lasting way for sustainable development



Goal 15

Protect, restore and promote sustainable use of the terrestrial ecosystem, sustainably manage forests, fight desertification, stop and reverse the degradation of the soil and stop the loss of biological diversity



Goal 16

Promote peaceful and more inclusive societies for development sustainable; offer access to justice for all and create effective, responsible and inclusive bodies at all levels



Goal 17

Strengthen the means of implementation and renew the global partnership for sustainable development

In taking account the nature of the SDGs, the opportunity for businesses lies not only in being part of a change towards greater global sustainability, but in reforming business models in order to meet the expectations of communities in a more effective manner.

The UN 2030 Agenda is therefore a major opportunity for businesses, especially banks, which play a key role in directing resources through their financing activities towards sectors and activities that are more compatible with the expectations of the Goals.

This new perspective makes it possible to shift from a shareholder economy to a real stakeholder economy, thus expanding the areas of interest and impact to be monitored.

This latter dimension resembles the peculiar features of mutual banks.

The Iccrea Co-operative Banking Group's strategic plan aims to integrate the SDGs into the strategy and set out targets for the coming years.

As from the current financial year, the Iccrea Co-operative Banking Group makes explicit, in each chapter of the Statement, the link between the SDGs objectives and targets, the indicators of the Global Reporting Initiative (2016 standard of reference for the Iccrea Group) and its own material topics, which are those that emerged from the materiality analysis carried out during 2021.

COMMITMENTS TO STAKEHOLDERS

Since its incorporation (4 March 2019), the Iccrea Co-operative Banking Group has established a sound relationship with its internal and external stakeholders based on the principles of transparency and mutual trust.

Having a dialogue with and constantly listening to all stakeholders is for the Iccrea Co-operative Banking Group fundamental for obtaining relevant information on the economic and social environment of reference and for gaining immediate feedback on its operations in order to continually improve them.

The digitalization of stakeholder engagement, which has been aimed so far at identifying and prioritizing the material topics of 2020, was the first step in structuring a stakeholder engagement process. In this manner, the Iccrea Group has established various communication channels to initiate a dialogue and maintain a direct contact with all stakeholders. Of fundamental importance is an ongoing and direct discussion with the Co-operative Banks, which are the main channel of contact with core business customers, as well as with local areas and communities in which they operate, in order to understand their needs and identify any potential critical issue. For this purpose, the Intercompany Communications Policy was drawn up in 2019, with the aim of designing the model and laying down guidelines concerning the management and monitoring of Intercompany Communications issued by the Parent Company and targeted at the companies in the management and coordination perimeter, both binding and non-binding, which constitute Acts of Management and Coordination, in compliance with the provisions of the Group Rules, and in line with the operating model of the Early Warning System.

A unified and integrated management of communications, based on codified tools and preset

channels, is a key factor to the governance of the Iccrea Group; this model responds to the need to ensure a direct relationship between the Parent Company and each Group Company through dedicated channels that guarantee, at the same time, the confidentiality of all communication flows and the circulation of homogenous, consistent and standardized instructions and information, thus safeguarding the integrity and reputation of the Iccrea Co-operative Banking Group.

With regard to internal stakeholders, the corporate communication function has provided a fundamental information support that is also and above all linked to the pandemic emergency. All internal communication activities and projects have been redesigned in order to ensure a continuous and timely flow of information with workers, many of whom are in smart working, and compliance with the safety regulations imposed by the spread of the Covid-19 pandemic.

In detail, the digital strategy has made it possible to maintain continuous communication between the Parent Company and its employees and an awareness-raising campaign dedicated to the Covid-19 emergency has been carried out. In 2020, the HuBa intranet portal was strengthened, and the HuBa App was released for using content from mobile devices.

In the 2020 pandemic scenario, HuBa was still recognized as the main channel of communication between the Parent Company, direct perimeter companies and banks, in order to continue to strengthen the relationship with stakeholders and satisfy their needs.

With regard to the needs of stakeholders, the Iccrea Group has developed a Sustainability Plan, which focuses on mutualism for an inclusive local ecological transition.

The content of the Plan has been defined starting from the identification of the Iccrea Group's sustainability objectives, focused on including, among its strategic objectives, the three ESG (Environmental, Social and Governance) factors and the alignment with the 17 Sustainable Development Goals of the UN 2030 Agenda and with the main new paradigms of economy, finance and sustainable development. These issues are, in fact, at the basis of the Iccrea Co-operative Banking Group's own business model, which directs its activities towards a sustainable and ethical business, inspired by continuous improvement of relationships with its customers, while considering the latter not only in their private life, but also within the community to which they belong. The utmost importance is in fact given to "Supporting local communities", which is a topic in line with the well-established link between BCCs and the local areas in which they operate.

Under the Plan, the Iccrea Group has placed the issues of sustainable finance and sustainability in general at the heart of its strategy, in line with the interests of its stakeholders.

The table below provides an overview of the Iccrea Group's various stakeholders and highlights the primary general commitments it has undertaken towards them, as set out in the Code of Ethics, the Charter of Values and in particular in the Standard Articles of Association of BCCs (Article 2).

THE STAKEHOLDERS OF THE ICCREA CO-OPERATIVE BANKING GROUP	
CATEGORY	GENERAL COMMITMENTS OF THE GROUP
INTERNAL STAKEHOLDER	
AFFILIATED CO-OPERATIVE BANKS	<p>Promote relationships based on the principles of collaboration, professionalism and transparency (as provided for under the Cohesion Contract, among others).</p> <p>Support the stability and continuous development of the BCCs.</p>
MEMBERS OF BCCs	<p>Promote relationships, through the BCCs, based on the principles of collaboration, professionalism and transparency. Ensure the development and strengthening the mutualistic DNA of the BCCs.</p>
ICCREA CO-OPERATIVE BANKING GROUP PERSONNEL	<p>Promote staff growth and development, in compliance with the principle of equal opportunity.</p> <p>Recognize and enhance the skills of our employees.</p> <p>Ensure the protection of the psychological and physical integrity of employees and respect for their moral personality.</p> <p>Ensure the dignity of each person and prevent all forms of discrimination.</p>
EXTERNAL STAKEHOLDER	
SUPPLIERS	<p>Favor local suppliers in order to foster development of the territories in which the Group operates.</p> <p>Select suppliers based on the principle of impartiality, avoiding preferential or discriminatory treatment.</p>
TERRITORY AND LOCAL COMMUNITIES	<p>Contribute to the enrichment of the economic, intellectual and social heritage of the territory and local communities.</p> <p>Support and promote, through charitable contributions, sponsorships and donations, initiatives to support and develop the community.</p>
ENVIRONMENT	<p>Reduce the environmental impact of our activities through the rational use of resources.</p> <p>Promote environmentally responsible behavior by all internal personnel and external partners.</p> <p>Purchase goods and services with a lower environmental impact.</p>
PRIVATE CUSTOMERS	<p>Promote relationships based on the principles of collaboration, professionalism and transparency.</p> <p>Ensure transparency of banking operations and financial literacy through comprehensive prior disclosures.</p> <p>Adopt effective cybersecurity practices.</p> <p>Meet customers' financial needs through increasingly better and higher quality services and products.</p>
BUSINESS CUSTOMERS	<p>Promote relationships based on the principles of collaboration, professionalism and transparency.</p> <p>Ensure transparency of banking operations and financial literacy through comprehensive prior disclosures.</p> <p>Adopt effective cybersecurity practices.</p> <p>Meet customers' financial needs through increasingly better and higher quality services and</p>

THE STAKEHOLDERS OF THE ICCREA CO-OPERATIVE BANKING GROUP	
CATEGORY	GENERAL COMMITMENTS OF THE GROUP
INTERNAL STAKEHOLDER	products.
UNIVERSITIES AND SCHOOLS	<p>Ensure transparency of banking operations and financial literacy through comprehensive prior disclosures.</p> <p>Support students with the provision of numerous scholarships and ad hoc financing.</p>
THIRD SECTOR	<p>Ensure transparency of banking operations and financial literacy through comprehensive prior disclosures.</p> <p>Adopt effective cybersecurity practices.</p> <p>Meet customers' financial needs through increasingly better and higher quality services and products.</p> <p>A line of ad hoc products has been developed to meet the needs of this category of stakeholders, as has an ad hoc website.</p>
TRADE ASSOCIATIONS AND UNIONS	<p>Promote relationships based on the principles of collaboration, professionalism and transparency.</p> <p>Ensure transparency of banking operations and financial literacy through comprehensive prior disclosures.</p> <p>Adopt effective cybersecurity practices.</p> <p>Meet customers' financial needs through increasingly better and higher quality services and products.</p>
FINANCIAL COMMUNITY	<p>Promote relationships based on the principles of collaboration, professionalism and transparency.</p> <p>Ensure transparency of banking operations and financial literacy through comprehensive prior disclosures.</p> <p>Adopt effective cybersecurity practices.</p> <p>Meet customers' financial needs through increasingly better and higher quality services and products.</p>
MEDIA	<p>Promote relationships based on the principles of collaboration, professionalism and transparency.</p>
PUBLIC SECTOR	<p>Promote relationships based on the principles of collaboration, professionalism and transparency.</p> <p>Ensure transparency of banking operations and financial literacy through comprehensive prior disclosures.</p> <p>Adopt effective cybersecurity practices.</p> <p>Meet customers' financial needs through increasingly better and higher quality services and products.</p>

In line with European commitments and the Iccrea Co-operative Banking Group's intent, the Public Affairs & Sustainability Organizational Unit (OU) has promoted the culture of sustainability, holding several meetings targeted at internal and external stakeholders.

INTERNAL EVENTS:

- 10 meetings of the General Manager with employees in the Parent Company's Chief Areas;
- meetings of the General Manager with employees of the direct perimeter companies.

EXTERNAL EVENTS:

- In October 2020 Iccrea Banca organized, in close collaboration with ASviS and FEduF, a webinar on: "*Local banks in support of citizens in the COVID19 era: economic growth of local areas, inclusion and financial education of young people, culture of sustainability*";
- the Parent Company took part in the webinar of the CSR and Social Innovation Fair promoted by Bocconi University, CSR Manager Network, Global Compact Network Italia Foundation, ASviS, Sodalitas, Unioncamere, Koinètica. In particular, it took part in the round table meeting on the topic of "*Governance of sustainability*";
- in February 2020 the Parent Company took part in the Microfinance Summit in Rome;
- again in February, the EIB (Fi-Compass) event was held in Prague, focusing on the Student;
- Iccrea also took part in the meeting organized by Confindustria in Pescara, concerning: "*Domestic development and internationalization, challenges and opportunities for Abruzzo micro-businesses and SMEs. The support of BCCs*";
- in October 2020 Iccrea took part in the European Microfinance Network Annual Conference;
- in November 2020 Iccrea took part in the meeting that concerned "*Universities and Community Banks: together for the future of young people.*"

3.6 Risk management and internal control system

The Iccrea Co-operative Banking Group conducts its business in accordance with the principles of prudence and risk containment, based on the need for stability associated with banking activity and the main characteristics of the BCCs and their customers. Consistent with these principles, the Group pursues its growth objectives by ensuring, through balanced risk management, reliable and sustainable generation of value over time, while preserving and strengthening the mutualistic and local business DNA of the Affiliated BCCs.

The Risk Management Policy (RMP) represents the reference model in organizational and

process development and in the systematic execution of all the operational and business activities performed by Group Companies and is an integral part of the Risk Management Process (RMP), developed and implemented in accordance with the reference regulatory framework. The RMP is subject to continuous evolution depending on the changes in the framework itself, as well as on those occurring in the market and in the Group's operational environment.

The RMP is structured in five phases that represent the general organizational manifestation of the Group's risk assumption and management framework:

- 1. Risk identification (knowledge):** this requires that each process and/or operational and business activity that involves the assumption or management of risks on an ongoing basis provide for the identification of the underlying types of risk and the factors that drive them. This phase is especially significant at the start of new initiatives, in implementing new strategies (business, organizational and infrastructural development, etc.) but is also important in existing activities in the presence of changes in the surrounding context (market, operational, regulatory, etc.).
- 2. Assessment/measurement of the identified risks (awareness):** this requires that the level of risk connected with the activities performed be assessed/measured for each of the various types of identified risk. This phase is especially important in understanding the dynamics of the risks involved and in forecasting (or estimating) their developments in relation to developments in the underlying risk drivers and the possibility of adverse events that could jeopardize achievement of expected results or generate losses. The preceding step is also based on a methodological framework for the assessment/measurement of each type of risk assumed and/or managed, which has been defined and implemented consistently with the provisions of internal rules and in compliance with the applicable regulatory framework (and for this purpose recall the role played by Corporate Control Functions in this field, each in their respective area of responsibility).
- 3. Risk prevention and attenuation (strategy):** this consists in the ex-ante identification, both at the organization stage and the current execution of operational and business activities, of the possible approaches to preventing and attenuating adverse developments in the risks assumed and/or managed. After a cost/benefit analysis of the risk/return trade-off, this phase involves establishing the actions (or techniques) necessary to prevent the occurrence of adverse internal or external events or to attenuate the impact of an adverse event or development. In any case, such actions are intended to guide the evolution of the possible risk scenarios underlying operations within the risk appetite levels established for the individual operating or business segment.
- 4. Monitoring and reporting (tracking and control):** this consists of the set of monitoring and ongoing assessment (measurement) activities tracking the dynamic evolution of the risks underlying operating and business activities carried out in each segment, using methods consistent with the established methodological framework, providing for reporting at the frequency and levels established in the applicable internal rules for the segment, and functionally preliminary in terms of timeliness, accuracy and effectiveness to the decision-making process underlying the subsequent management and mitigation phase (recall the role played by Corporate Control Functions in this field too, each in their respective area of responsibility).

5. Risk management and mitigation (reaction and proactivity): this phase comprises the activities and actions that must be established for each operational and business segment to manage the development of the risks assumed, to mitigate any adverse impacts on expected results in the event of unfavorable actual or expected (estimated) developments, also assuming the constant monitoring of the results of the activities performed. The most important operational and business sectors perform entire corporate processes dedicated to these activities, with corresponding organizational arrangements specifically established for their performance. A critical success factor for the effectiveness of risk management and mitigation activities is the presence of a decision-making process to identify the activities themselves and their evolutionary/corrective maintenance that is soundly based on the results of the monitoring and reporting activities in the previous phase.

The Internal Control System (ICS) operates on the RMP, which must, in general, ensure the completeness, adequacy, functionality (in terms of effectiveness and efficiency) and reliability of the RMP and its consistency with the Risk Appetite Framework (RAF). The structure of the ICS was designed in line with the Group's organizational structure and takes account of the specific operations and associated risk profiles of each of the companies that comprise the Group.

The RAF is intended to explicate the medium/long-term vision of the desired risk profile for the Group as a whole and for each Group company, defining the risk area within which the management functions must operate in the pursuit of corporate strategies.

The RAF sets out - consistent with the maximum risk that can be assumed (Risk Capacity), the business model and the group strategy, the operational Plan and the company incentive system - the risk objectives or propensity (Risk Appetite) and the tolerance thresholds (Risk Tolerance), while also taking account of any possible adverse scenarios. According to the RAF, consistent operating limits are set out within the overall framework of the Risk Management Policy. The latter in turn constitutes the company regulatory interpretation of the "rules" for assuming and managing risks and forms an integral part of the RMP.

Within this framework, the risk objectives underlying the development and management of the corporate strategy are formalized within the Risk Appetite Statement (hereinafter "RAS"). In preparing the Group's RAS, the Parent Company takes account of the overall operations and risk exposure of the Group as a whole and of the companies included within the scope of management and coordination.

In terms of governance and responsibility for the overall system of the Internal Control System, the model adopted by the Iccrea Co-operative Banking Group hinges upon the responsibilities of the Parent Company for defining strategies, processes and control methods, tools, mechanisms and standards for planning and reporting activities, as well as the execution of second- and third-level controls.

Coordination within the Group is ensured not only by the proactive efforts of the Parent Company, but also by the existence and ongoing relevance of the methods of governance for the Affiliated Banks and for the other Group Companies in relation to the organizational model underlying creation of the IMBG.

In this regard, centralization of the Corporate Control Functions can be seen operationally in the various entities of the Group in the form of a model of operations that calls for either:

- oversight and coordination of the locally established Corporate Control Functions, over which the Parent Company assumes functional responsibility;
- the outsourcing of the Corporate Control Functions to the Parent Company, governed by appropriate outsourcing agreements.

The Group has outlined a model for the centralized governance of Corporate Control Functions, according to which the Parent Company regulates the operational criteria and the main powers of the Corporate Control Functions, while also defining the relationships between them and with corporate bodies. In line with the model adopted, the Parent Company is responsible for providing the Group with a single internal control system that allows effective control over both the strategic decisions made by the Group as a whole, and a balanced management of each component.

For this purpose, the Group has set up specific Corporate Control Functions, provided with autonomy and independence, dedicated to ensuring the proper and efficient functioning of the Internal Control System, and reporting directly to the Board of Directors of the Parent Company:

- the Compliance function (CCO Area) - second-level control;
- the Anti-money laundering function (CAMLO Area) - second-level control;
- the Risk Control function (CRO area) - second-level control;
- the Internal Audit function- third-level control.

Completing the Internal Control System are the first-level functions, i.e. all the operational and business structures that perform controls on their own business processes and the units dedicated solely to carrying out controls in specific operating environments.

With reference to the governance of Sustainability, the Group has adopted a management model with defined centers of responsibility:

- Executive Director for Sustainability;
- Chief Sustainability Committee, composed of ten Chief Managers of the Parent Company (until 2019);
- Sustainability Science Committee;
- Corporate Organizational Unit that is also dedicated to ESG issues: "Public Affairs & Sustainability".

It should be noted, in fact, that in 2020 the Parent Company's Board of Directors approved the Group Sustainability Plan 2020-2023, as an integral part of the Group 2020-2023 Business Plan. Among the objectives of the Sustainability Plan 2020-2023 is precisely that of achieving the integration of ESG factors in line with the mutualistic DNA of credit cooperation in favor of local communities.

As part of the evolution of the Group's overall Risk Governance, the IT Risk Management framework has been extended to the Affiliated Banks and the necessary and appropriate development steps have been defined. In this context, the IT Risk Self Assessment (IR-SA) module is of primary importance, the operational model of which has been outlined in line with the typical phases of a risk management process: identification, assessment and measurement, attenuation, monitoring, management and mitigation. In detail, the evolution of the framework substantiated in the formalization of the related regulatory framework consisting of the following documents:

- "Group Policy - IT Risk Management Framework", which lays down, at a centralized level, the principles and guidelines of the IT Risk Management framework adopted by the Iccrea Co-operative Banking Group, identifying the Roles and Responsibilities of the Corporate Bodies and Functions responsible for its implementation, execution and management;
- "Group Policy-IT Risk Self Assessment (IR-SA)" and related "Annex 1 - IT Risk Self Assessment (IR-SA) methodology", which describe the key elements of the IT Risk Self Assessment (IR-SA) process. The latter is aimed at supporting the self-assessment of IT Risk on the part of the functions of the subsidiaries and Affiliated Banks, as well as at supporting the identification of any related mitigation actions according to a common and well-defined methodological approach. This approach takes into consideration specific risk scenarios, including cyber risks.

During the last year, there was an increase in the use of digital channels, as well as of smart working, following the outbreak of the COVID-19 emergency. This has meant that the operational risk profile and, in particular, IT risk, has been increasingly affected by possible events and/or incidents (i.e. interruptions, breakdowns, damage, cyber attacks, malware and viruses, etc.) that might involve ICT infrastructures and related software applications, causing potential damage due to loss of integrity and availability of data and information. In order to cope with this scenario of changed operations, work was strengthened on the monitoring of the operational and IT risk profile, providing, among other things, for further monitoring carried out with reference to IT & Cyber incidents, which in recent months has been more focused on finding any possible causal link between the events and the pandemic crisis.

INTEGRATION OF ESG FACTORS INTO THE RISK SYSTEM

During the fourth quarter of 2020, work commenced on a project aimed at defining a detailed programme of measures and activities to include ESG factors within the systems of governance, strategic planning, risk measurement and management and public disclosure of the degree of exposure to risks.

The objectives of the project also include identifying and planning the developments necessary to incorporate the expectations of the Supervisory Authorities in relation to ESG risks reported in a set of documents published during 2020 (European Central Bank-ECB "*Guide on climate-related and environmental risks*"; European Banking Authority: "*Discussion Paper on Management and supervision of ESG risks for credit institutions and investment firms*"; European Banking Authority: "*Guidelines on loan origination and monitoring*").

More specifically, project activities will take into consideration the best operational practices of the banking industry and will cover the following areas:

- gap analysis with respect to the expectations of the Supervisory Authorities;
- strengthening the Governance Framework on ESG issues (policies, processes, roles of strategic management bodies, etc.);
- strengthening the Strategic Framework in order to include the elements of risk and opportunity linked to ESG factors (strategic planning, investment policy, risk propensity, etc.);
- strengthening the Risk Management Framework in order to include ESG risk factors (KRIs, risk assessment methodologies, RAF, stress testing, etc.);
- strengthening the disclosure system regarding the degree of exposure to ESG risk factors (taxonomy, sensitive information mapping, etc.);
- preliminary analysis of the degree of the Group's loan portfolio exposure to ESG risks.

The project therefore envisages the preparation of an action plan relating to the set of measures to be put in place. In this regard, particular attention and priority will be given to climatic and environmental risk factors, both physical and transitional, in line with the requirements of the guidelines of the Supervisory Authorities.

With regard to the process and mapping of risks associated with the Iccrea Co-operative Banking Group's material topics, during 2020 the **first-level functions** (i.e., **all the operating and business units** that carry out control activities as part of their own corporate processes and the **units dedicated exclusively to control tasks** over specific areas of operation³), in close collaboration with the Public Affairs & Sustainability OU, carried out a preliminary identification and assessment of the related controls. This work will be completed with the project to integrate ESG factors with the risk system, which is currently under development. In the meantime, reference should be made to the table below:

³ For more details on the risk system, reference should be made to the specific section of the Consolidated Financial Statements - Part E of the Explanatory Notes.

AREA OF INTEREST	MATERIAL TOPIC	MAIN RISKS	GOVERNANCE
SOCIAL > SHAREHOLDERS, COMMUNITIES AND TERRITORY (SOCIAL - IMPACT ON SOCIETY AND TERRITORY)	<p>Supporting local communities</p> <p>Improving moral, cultural and economic conditions</p>	<p>Lack of/incomplete management of strategic and operational risks and opportunities for the development of local areas and communities, resulting in the risk of ineffective management of the corporate structure</p> <p>Lack of transparency in community relations</p>	<p>The Iccrea Co-operative Banking Group's bond with local communities, especially through the BCC's business and operations in the area under their competence, represents the main and fundamental control over concrete actions to the benefit of the community and the territory, as provided for, in particular, under Article 2154 of the Italian Civil Code (regarding mutual banking requirements) and Article 35 of the Consolidated Banking Act (regarding requirements of predominant operations with shareholders). The commitments that the Iccrea Group has undertaken towards these stakeholders are mainly formalized in the Articles of Association and in the Charter of Co-operative Banking Values.</p> <p>Furthermore, through the coordination at central level on the part of the Public Affairs & Sustainability Organizational Unit (OU), for the work of monitoring and promoting activities in local areas, as provided for in the Sustainability Plan and on the part of the Marketing OU of the Parent Company, the support to local communities (including in terms of improvement of their economic, social and cultural conditions) is actually provided under projects that directly involve them, such as financial education programmes, for which budgeting (with regard to the Sustainability Plan), scheduling, approval and actual implementation processes are provided.</p> <p>The ongoing presence in local areas and compliance with the principles of the Iccrea Group, in general, are monitored at the level of the Parent Company, not only through corporate functions in charge of the Internal Control System, but also at the level of operational and business support corporate functions (including the BCC Governance OU).</p> <p>(GRI 103-2, GRI G4 FS16)</p>

AREA OF INTEREST	MATERIAL TOPIC	MAIN RISKS	GOVERNANCE
SOCIAL> CUSTOMERS, PRODUCTS AND SERVICES	<p>Constant attention to customer needs</p> <p>Supporting businesses and households</p>	Failure to use customer protection tools and inadequate quality of products and services, resulting in a risk of poor customer satisfaction	<p>The Iccrea Co-operative Banking Group has adopted a specific regulation on handling complaints by customers. Complaint management has been assigned to a special Complaints Office that is part of the General Counsel, which ensures the processing of customer complaints for the Parent Company and issues guidelines for Direct Perimeter Companies and Affiliated Banks.</p> <p>Furthermore, the Iccrea Group keeps in direct contact with BCCs and gathers any reports, including through annual customer satisfaction surveys. Moreover, the Group has launched a feasibility project to implement customer listening - "Voice of the customer" - in order to intercept and monitor moments in the bank-customer relationship downstream of specific interactions, collecting and analyzing immediate feedback.</p> <p>The implementation of a "Voice of the Customer" solution allows the organization to have a customer centric view and to be able to enable the collection of customer feedback in the:</p> <ul style="list-style-type: none"> - Relational domain - net of specific interactions to monitor the state of health of the relationship; - Transactional domain - in the presence of interactions on specific channels/touchpoints (e.g. branch, contact center, APP, ATM...). <p>The set of activities for the coordination and management of all the products/services of competence is defined in a dedicated Policy, i.e. "Product Management Policy".</p> <p>With the entry into force of the "Product Oversight Governance" (POG) regulations, a single operational model has been implemented, which is defined by the Iccrea Co-operative Banking Group, for the management of products and services, with the aim of ensuring standardization and creating synergies within the Iccrea Group, while considering local specificities and the autonomy of local communities. This Model is also governed by the Product Management Policy, which includes provisions on "Product Approval" (to monitor relevant activities in terms of transparency of products and services throughout the product life cycle) and "Governance and Control of banking products and services" targeted at retail customers.</p> <p>As for the electronic money sector, complaints are handled in accordance with Directive 64/2007 (abr. Payment Service Directive 1 - "PSD1") and subsequently by Directive 2366/2015 (abr. "PSD2").</p> <p>(IBG 000-2, GRI 102-15, GRI 102-103)</p>
	Transparency of communication with customers	Lack of compliance with regulations on product and service transparency with consequent shortcomings in the management of	<p>The Institutional Services OU is responsible for ensuring institutional customers (Iccrea Banca, Affiliated BCCs, Direct Perimeter Companies and customer banks) the transparency reporting obligations placed on intermediaries under the various regulations (MIFID, EMIR, MAD/MAR, CSDR, SFTR).</p> <p>Relations maintained with institutional customers are</p>

AREA OF INTEREST	MATERIAL TOPIC	MAIN RISKS	GOVERNANCE
		related controls (e.g. for improper commercial practices / mis selling of financial products)	<p>governed under specific contracts that regulate their purpose and the methods of delivery. The services provided comply with the sector regulations, such as, for example, MIFID II and EMIR.</p> <p>The risks associated with activities carried out with institutional customers are: operational risks; reputational risks; regulatory risks and the risk of sanctions.</p> <p>The Group's Product Management Policy univocally defines the operating model for the management of products and services offered by the Affiliated Banks and direct perimeter companies in the Iccrea Group with the aim of ensuring a uniform application and creating synergies within the Group, while considering local peculiar features and the autonomy of local communities.</p> <p>In addition to including the provisions on Product Approval, which ensure, among other things, the supervision over relevant activities concerning the transparency of products and services throughout their life cycle, the Model also regulates the Governance and Control mechanisms on banking products and services targeted at retail customers (POG) issued by the Bank of Italy with the amendments to the Transparency provisions, as well as on financial instruments (MIFID) and insurance products (IDD).</p> <p>The new Transparency regime came into effect for Co-operative Banks on 1 January 2020 and the Group's Product Management Policy was updated following the first year of application on the Affiliated Banks in the Iccrea Group.</p> <p>(GRI 102-15, GRI 103-2)</p>

AREA OF INTEREST	MATERIAL TOPIC	MAIN RISKS	GOVERNANCE
Strength, resilience and innovation	Capital and financial strength	Liquidity and capital and financial strength risk leading to poor ability to attract and retain customers	<p>The Chief Financial Officer Area ensures the proper management of the Group's financial assets and activities, proposing investment strategies and guaranteeing financial stability, liquidity and funding management, monitoring the related risks. It coordinates the implementation of planning and management control guidelines and policies and verifies whether they are actually implemented. It ensures the proper and timely reporting of the Parent Company's separate and consolidated results of operations and financial position, as well as the fulfillment of any related accounting, supervisory and tax obligation. It also manages relations with investors and rating agencies.</p> <p>Furthermore, in coordination with the General Manager, it ensures:</p> <ul style="list-style-type: none"> - the function of priority and official partner with the Affiliated Banks in relation to issues connected with the Early Warning System (EWS) and the Guarantee System (GS) and, through the management and coordination of Local Offices, contributes to the efficient management of relations with the Affiliated Banks, thus ensuring that they are developed in full synergy with the mechanisms of the EWS process; - on behalf of the Group, the management of relations with national and international institutional bodies and organizations, maintaining a coherent dialogue with regulatory and political counterparties, and acts as the sole technical-administrative secretary's office and coordination center for relations with the Supervisory Authorities and other authorities not specifically assigned to any other function.
	Occupational health and safety Staff training, development and enhancement	<p>Risks in Occupational Health and Safety related to bank personnel and contractors, resulting in the risk of accidents and situations of danger for workers</p> <p>Lack of or inadequate staff training</p>	<p>The "Human Resources" Risk Factor is included in the operational risk events defined by the Basel Committee and incorporated in the Regulation (EU) No. 575/2013 (CRR). The monitoring of this risk was therefore integrated into the Operational Risk Management Framework adopted by the Iccrea Group. Within this Framework, risk events are monitored, both ex-ante (assessment of the operating context, Risk Assessment) and ex-post (Loss Data Collection). On the basis of any findings that emerge, appropriate mitigation actions are proposed and assigned to the Human Resources Management department. Health and Safety risks (in accordance with Legislative Decree 81 of 2008) are managed on a uniform basis at the Group level, where a specific management system is established. The regulatory system to govern these risks provides for:</p> <ul style="list-style-type: none"> - specific arrangements within the Compliance Model 231/2001 of each company regarding personnel management (selection, remuneration and incentive system); - specific policies for the selection and formalization of the onboarding of new personnel and intragroup changes. <p>GRI (103-2, GRI 102-15)</p>
Human resources management	Employee welfare	Lack of protection and attention to employee welfare, with consequent shortcomings in the safeguards dedicated to	<p>The Iccrea Co-operative Banking Group places the protection of human rights among the cornerstones guaranteed by the adoption and application of the Iccrea Co-operative Banking Group's Code of Ethics and Charter of Values. Precisely with regard to the management of human resources, this Code of Ethics represents a guide for the safeguarding of the principles of mutual respect, fair</p>

AREA OF INTEREST	MATERIAL TOPIC	MAIN RISKS	GOVERNANCE
		inclusion and work-life balance and risk of loss of key staff members	<p>treatment and meritocracy, as well as for the contrast of any form of favoritism, nepotism or discrimination.</p> <p>In addition, during 2020, the Iccrea Co-operative Banking Group was faced with a new challenge connected with personnel management in the Covid-19 era. In this scenario, the Human Resources Management OU actively contributed to the plan of activities to mitigate any impact from the Covid-19 pandemic on the Group's Employees.</p> <p>The primary objectives of preventing contagion and protecting the health of the Group's workers were shared with the task force including the Business Continuity, Communication, Occupational Health and Safety, and Information Systems OUs, and later extended to the Marketing, General Counsel and Data Protection Officer Functions.</p> <p>In particular, as early as in the very first days of the pandemic, various actions were implemented in order to provide the IT equipment for the implementation of smart working extended to the entire company population.</p> <p>It's also worth noting the attention paid to assessing the extension of the precautionary quarantine measure to employees who came into contact not only with a person with a positive test result but also with contacts of a confirmed case of Covid-19. Among the measures implemented in order to ensure Business Continuity and, at the same time, reduce the risk of increased contagion, the Group established the rule of dividing the personnel of each office into two groups that alternate between working in the office and working remotely, every two weeks.</p> <p>(GRI 103-2)</p>
Human rights	Protection of workers' rights	Risk of conflicts with social partners arising from the breach of labor regulations	<p>Relations with social partners are managed in compliance with the information and consultation procedures provided for by law and under both national and supplementary collective labor agreements (Article 11-bis 22 of national collective/ supplementary labor agreements). In accordance with Article 11-bis of the National Collective Labor Agreement, the Parent Company also manages the conflict prevention procedures for the member BCCs. Within the Human Resources area, Organizational Units have been specifically established for Industrial Relations, People Care and Personnel Administration and Systems. The first OU is responsible for managing relations with social partners for the Parent Company, associates, subsidiaries and member BCCs.</p> <p>(GRI 402-1)</p>
	Protection of human rights	Inadequate management of human and/or labor rights in direct operations of the Iccrea Group and supplier companies, with consequent risk of breach of such rights	<p>In the field of Human Rights, with reference to the criminal offences referred to in Legislative Decree 231 of 2001, the Iccrea Co-operative Banking Group has identified and assessed the areas of offence that might generate an adverse impact, even indirectly. As a result of these assessments, the Iccrea Group has not identified any significant areas of residual risk. However, it is believed that respect for Human Rights is an essential requirement in the conduct of its business: for this reason, it protects and promotes continuous compliance therewith, including through the application of the Code of Ethics and the Charter of Values. In 2021 the Code of Ethics will be updated as part of the work to update the Model 231/2001.</p> <p>(GRI 406-1)</p>

Corruption	<p>Fight against corruption</p> <p>Business ethics and integrity</p> <p>Risk management</p>	Risk of corruption, money laundering and terrorist financing in the Group's activities	<p>The risk of corruption is regulated by the Compliance Model and, more specifically, the Internal Reporting Systems that are currently in place at the Iccrea Group are as follows:</p> <ul style="list-style-type: none"> - reports required under the Model 231/2001: in writing by express mail to the Company's registered office or by e-mail to the e-mail box set up by the Supervisory Body; - policy and process guidelines on internal whistleblowing systems: in writing to the members of the Whistleblowing Committee (Group Committee) - complaints: paper mail, email, certified email. <p>Control system adopted by the Group companies in accordance with Legislative Decree 231 of 2001.</p> <p>In 2021 the Code of Ethics will be updated within the scope of updating the Model 231/2001.</p> <p>In order to monitor and appropriately manage the risks of money laundering and terrorist financing, the Iccrea Co-operative Banking Group has issued the "Rules for the Parent Company's Anti-Money Laundering Function". These Rules, in accordance with the provisions of the Risk Management Process and in particular the Risk Appetite Framework (RAF), are an integral part of the Internal Control System (ICS) and the organizational and control arrangements for the governance and management of the risks of money laundering and terrorist financing at Iccrea Co-operative Banking Group level. With regard to risk management, the Iccrea Co-operative Banking Group conducts its business in accordance with the principles of prudence and risk containment, based on the need for stability associated with banking activity and the main characteristics of the BCCs and their customers. Consistent with these principles, the Group pursues its growth objectives by ensuring, through balanced risk management, reliable and sustainable generation of value over time, while preserving and strengthening the mutualistic and local business DNA of the Affiliated BCCs.</p> <p>The Risk Management Policy (RMP) represents the reference model in organizational and process development and in the systematic execution of all the operational and business activities performed by Group Companies and is an integral part of the Risk Management Process (RMP), developed and implemented in accordance with the reference regulatory framework. The RMP is subject to continuous evolution depending on the changes in the framework itself, as well as on those occurring in the market and in the Group's operational environment.</p> <p>The RMP is structured into five phases that represent the general organizational manifestation of the Group's risk assumption and management framework:</p> <ol style="list-style-type: none"> 1. Risk identification (knowledge) 2. Assessment/measurement of the identified risks (awareness) 3. Risk prevention and attenuation (strategy)
------------	--	--	--

AREA OF INTEREST	MATERIAL TOPIC	MAIN RISKS	GOVERNANCE
			<p>4. Monitoring and reporting (tracking and control)</p> <p>5. Risk management and mitigation (reaction and proactivity).</p> <p>The Internal Control System (ICS) operates on the RMP, which must, in general, ensure the completeness, adequacy, functionality (in terms of effectiveness and efficiency) and reliability of the RMP and its consistency with the Risk Appetite Framework (RAF). (GRI 102-29, GRI 103-2, GRI 205-1).</p>

AREA OF INTEREST	MATERIAL TOPIC	MAIN RISKS	GOVERNANCE
Environmental	Supporting sustainable development	<p>- Environmental impacts can turn into operational, financial, and reputational risks for the bank itself and the entire Iccrea Group:</p>	<p>During the fourth quarter of 2020, work commenced on a project aimed at defining a detailed programme of measures and activities to include ESG factors within the systems of governance, strategic planning, risk measurement and management and public disclosure of the degree of exposure to risks.</p> <p>The objectives of the project also include identifying and planning the developments necessary to incorporate the expectations of the Supervisory Authorities in relation to ESG risks reported in a set of documents published during 2020:</p>
	Direct environmental impact management	<p>Operational risks, in terms of inefficient resource management, increased costs and business discontinuity;</p> <p>Financial risks, in terms of credit risk, market risk, business risk;</p> <p>Reputational risks which, for a cooperative and mutual bank with sustainable development as its mission in the Articles of Association, can have a greater impact on its image and, consequently, on its business than other commercial banks.</p>	<p>- ECB - Guide on climate-related and environmental risks;</p> <p>- EBA - Discussion Paper on Management and supervision of ESG risks for credit institutions and investment firms;</p> <p>-EBA - Guidelines on loan origination and monitoring.</p> <p>More specifically, project activities, which will be also carried out with the advice of third-party consultants, will take into consideration the best operational practices of the banking industry and will cover the following areas:</p> <p>-GAP analysis with respect to the expectations of the Supervisory Authorities;</p> <p>- strengthening the Governance Framework on ESG issues (policies, processes, roles of strategic management bodies, etc.);</p> <p>- strengthening the Strategic Framework in order to include the elements of risk and opportunity linked to ESG factors (strategic planning, investment policy, risk propensity, etc.);</p> <p>- strengthening the Risk</p> <p>- Management Framework in order to include ESG risk factors (KRIs, risk assessment methodologies, RAF, stress testing, etc.);</p> <p>- strengthening the disclosure system regarding the degree of exposure to ESG risk factors (taxonomy, sensitive information mapping, etc.);</p> <p>- preliminary analysis of the degree of the Group's loan portfolio exposure to ESG risks.</p> <p>The project therefore provides for the preparation of an action plan relating to the set of measures to be put in place. In this regard, particular attention and priority will be given to climatic and environmental risk factors, both physical and transitional, in line with the requirements of the guidelines of the Supervisory Authorities.</p> <p>(GRI 102-29, GRI 102-30)</p>

3.7 Tax governance

The Iccrea Co-operative Banking Group carries out its activities in the field of taxation with the Parent Company issuing policies, guidelines, principles and rules for the implementation of the sector's regulations with regard to the Affiliated Banks and direct and indirect perimeter companies, in order to ensure compliance with the applicable legislation and limit the tax risk, i.e. the risk of giving rise to a violation of tax regulations or an abuse of the principles and purposes of the taxation system.

The Group maintains a relationship of full collaboration and transparency with the Tax Authorities, guaranteeing the promotion of a corporate culture based on the principles of integrity, honesty and compliance with tax regulations, while ensuring that they are complete, reliable and accessible to all levels of staff across the organization. This is achieved by communicating standards of conduct and spreading a culture of control over tax legislation. The Parent Company's corporate function that ensures the proper and uniform interpretation of current tax legislation and guarantees compliance therewith is the Tax Organizational Unit (OU), which carries out Management, Coordination and Control activities through laying down principles and rules for the implementation of regulations.

In particular, this OU identifies the tax regulations applicable to the Group Companies (Regulatory Observatory), assesses the potential impact they might generate (Regulatory Impact Analysis) and, in its capacity as Specialist Unit for Tax Regulations, designs the system for monitoring and controlling tax risks associated with corporate processes (business and support).

Furthermore, the Parent Company's Tax OU performs its supervisory work through its involvement in planning and making the organization's choices and business decisions (i.e. "Tax Sustainability"), in order to encourage critical interaction for taking informed decisions, in relation to every issue of company life that may affect the tax variable.

In order to ensure an adequate level of tax risk management and control, the Tax Department has set up and implemented, at Group level, the Tax Risk Management and Control System (TRMS), the action of which is inspired by the requirements set out by the TCF - "OECD Framework - Cooperative Compliance" at international level and in line with the Tax Authorities' guidelines for joining the Cooperative Compliance Regime.

The Tax Risk Management and Control System, in fact, makes it possible:

- to prevent any instance of violation or circumvention that may occur in the field of activities that are relevant for tax purposes;
- to guarantee the promotion of a corporate culture based on the principles of honesty and compliance with tax regulations and their dissemination at all levels;
- to improve the effectiveness of the Internal Control System;

- to ensure the capacity to adapt to major internal and external changes (amendments to tax legislation).

The Group's Tax Compliance Model is characterized by a close relationship between company "Operational Management" and "Tax Compliance Management"; the Model therefore includes a direct reference to "Business Compliance-Processes" that makes it possible to identify tax risks and manage and mitigate them by putting in place the related organizational and control measures.

For this purpose, the Processes-Compliance Matrix ("pillar" of the Model) has been created, in which the "tax risk areas" are identified through a link between tax compliance and the sensitive processes and products that are managed by the Group Banks and companies and that are relevant for tax purposes. This tool therefore accurately detects any potential tax risk arising from the business of each Group Company.

For each tax obligation applicable to the perimeter companies, a protocol has been prepared which provides guidelines for operational and managerial conduct from a tax point of view for those who are involved in handling relevant business and/or support processes and for those who are involved in tax compliance management. In addition to providing information, these protocols set forth checklists in support of the Tax Compliance audit work, setting out the organizational and control measures that are regarded as functional and necessary to mitigate tax risk.

Specifically, tax risk is assessed by using a method in line with that defined by the Parent Company's Compliance Function. The Potential Risk Index (PRI) is therefore determined and the adequacy and effectiveness of the organizational and control measures are then assessed at a later time.

The audit activities the Tax OU carries out in its capacity as Specialist Unit are scheduled on an annual basis in agreement with the Parent Company's Compliance Function. Subsequently, any areas of "non-compliance" with tax regulations are identified and the related corrective actions are planned. Finally, the state of progress of "active" mitigation actions is monitored periodically and a final report is prepared on the activities that have been carried out.

With reference to the compliance work assigned to the Specialist Tax Unit, the Indirect Legislation Organizational Unit of the Compliance Function supervises the proper performance of the aforesaid work, as well as compliance with the methodologies and standards defined by the Compliance Area, acquiring the results and coordinating periodic reporting. In the application of the principle of segregation of duties, which is one of the cornerstones of the Internal Control System, a third-level control is in place within the Bank, which is carried out by the Parent Company's Audit Function, with the aim of assessing the adequacy of the control system of the Specialist Tax Unit through independent evaluations on a periodic basis.

Actually, there is no Reporting mechanism at present, but all staff members of the perimeter companies are put in a position to become acquainted with the tax legislation, as well as to report any instance of non-compliance therewith and of violation of tax regulations or abuse of the principles and purposes of the tax system through the issue of tax protocols, and then through the dissemination of a culture of tax compliance.

For this purpose, the Group promotes awareness among its Directors and Employees of tax

risk, organizing training courses both for those who perform their work in the field of taxation, and for those who perform their work in other fields. This makes it possible to strengthen control over the tax risk arising from business activities and encourages the creation of a corporate culture focused on compliance with tax regulations.


In order to define policies, guidelines and principles on tax matters, as well as to design the Organizational and Operational Model adopted by the Tax OU, and to describe the Tax Compliance Model in all its main components, the Group Tax Department has issued two policies:

- the Tax Policy;
- the Tax Non-compliance Risk Management Policy.

These policies constitute the reference model in the field of taxation defined at Group level, in support of a sustainable implementation of the overall Tax Strategy.

The tax strategy is approved by the Board of Directors of Iccrea Banca S.p.A.. The Governing Bodies of the Companies in the Iccrea Co-operative Banking Group are required to implement the strategy by means of a specific resolution, thus assuming the responsibility for guaranteeing that it is well-known and ensuring that it is applied within the entities under their respective competence, together with the specific task of spreading the culture and values that are behind it. The related interpretation is entrusted to the Parent Company, through the Group's Tax OU, which is also responsible for putting forward proposals for updating.

4. Preventing and countering corruption

MATERIAL TOPICS Fight against corruption (material topic no. 11) Business ethics and integrity (material topic no. 12)	
SDGs 	TARGET 16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all 16.5 Substantially reduce corruption and bribery in all their forms

The Iccrea Co-operative Banking Group undertakes to manage relations with all its stakeholders employing the utmost degree of honesty, transparency and compliance with internal rules and applicable legislation, preventing any conflict between corporate and personal interests.

In order to prevent possible wrongdoing or irresponsible behavior, in compliance with the legislative requirements of Legislative Decree 231 of 2001, the Parent Company, the direct perimeter companies and most of the Affiliated companies have prepared a Compliance Model pursuant to and for the purposes of Legislative Decree 231 of 2001 - Model 231/2001.

More specifically, the Model adopted by the Parent Company consists of the following elements:

- **Code of Ethics and Conduct:** this document sets out the shared principles of values and expresses the ethical and behavioral commitments and responsibilities that Iccrea Banca assumes and implements in the conduct of its institutional business and to which its staff members, both top management and subordinate, collaborators and anyone acting in the name and on behalf of the Parent Company must conform. The Code of Ethics is updated at the same time as the Model 231/2001 mentioned below;
- **Behavioral Protocols - General Part:** this is a document illustrating the contents of Legislative Decree 231 of 2001, outlining the profile of the Supervisory Body and defining the methods for conducting training and information activities;
- **Crime risk mapping matrix:** this document summarizes the evidence resulting from the potential commission of the offences defined in the 231/2001 catalogue;
- **Behavioral Protocols Special Part:** this is a document defining the special preventive arrangements and the rules of conduct governing those working in “sensitive” corporate

areas, as managers of processes considered potentially exposed to the commission of the identified offenses that could be committed;

- **Disciplinary System:** this is a document that defines the specific system of penalties that can be imposed on violators of the provisions of the Compliance Model or parts thereof, in accordance with principles and procedures that comply with the Workers' Statute and the applicable National Collective Labor Agreement.

The task of ongoing supervision of the adequacy, effectiveness, updating and compliance with the Model adopted is entrusted to the Supervisory Body that is specifically appointed by the Board of Directors, which meets the autonomy and independence requirements provided for in Legislative Decree 231 of 2001. The Parent Company has given the role and functions of the Supervisory Body to the Board of Statutory Auditors.

The Iccrea Co-operative Banking Group has also launched a long-term project to update and implement a Model pursuant to Legislative Decree 231 of 2001 within the direct perimeter companies, which adopts a uniform methodological approach but is tailored to the specific businesses and the activities carried out by each company.

Each year, during the planning and budgeting phase, project sheets are prepared, which are aimed at expanding the number of direct perimeter companies involved in the project. These documents also provide data on in-house and third-party resources involved.

Below is a list of the companies that have been involved in the aforesaid project activities and have therefore updated their Models:

- 2016/2017: Iccrea Banca Model and a preliminary evaluation concerning other Direct Perimeter Companies;
- 2017/2018: Iccrea BancalImpresa and BCC Solutions Model;
- 2018/2019: BCC Lease, BCC Factoring, Banca Sviluppo, BCC Sistemi Informatici Model;
- 2020: updating of the Model involving BCC CreditoConsumo, BCC Risparmio & Previdenza, Mediocredito FVG, BCC Gestione Crediti (the latter was approved by the BoD in early 2021).

Work commenced on implementing the Model of Sinergia S.p.A. and updating the Model of the Parent Company Iccrea Banca, with a view to including the new regulatory developments, as well as the new organizational and corporate structure arising from the incorporation of the Iccrea Group. The work will be completed in the first half of 2021.

GRI 205-2

The direct perimeter companies that updated their Models 231/2001 in 2020 have been considered in order to determine the total number and percentage of transactions assessed for corruption-related risks. Since in some cases the processes under analysis that are linked to potential corruption offenses at the companies BCC Credito Consumo, BCC Risparmio & Previdenza, Mediocredito FVG, BCC Gestione Crediti were found to coincide, the table below

shows the numerator that considers the univocal data of the processes analyzed for corruption-related risks (53) and the denominator that considers the total number of processes provided for in the mapping of Group processes analyzed for the four companies (255), for a percentage of processes analyzed for corruption-related risks equal to 21%.

BUSINESS PROCESSES ASSESSED FOR CORRUPTION-RELATED RISK				
	2020		2019	
	N.	%	N.	%
PROCESSES ASSESSED	53	21%	36	11%
TOTAL PROCESSES	255		318	

4 Group companies out of the 14 in the direct perimeter have been analyzed for corruption-related risks as a whole. The percentage of Group companies analyzed for corruption-related risks is therefore 29%.

COMPANIES ASSESSED FOR CORRUPTION-RELATED RISK				
	2020		2019	
	N.	%	N.	%
COMPANIES ASSESSED	4	29%	4	31%
TOTAL COMPANIES	14		13	

The data reported above derive from the updating of the Model 231/2001 at the aforesaid four Companies. Additional business processes were analyzed compared with the previous year; specifically:

- with regard to BCC Credito Consumo, as part of the work aimed at updating the Model 231/2001, processes connected with potential corruption offences were considered (37), out of the total number of processes provided for in the mapping of processes analyzed for the company (188);
- with regard to Mediocredito FVG, processes connected with potential corruption offences were considered (39) out of the total number of processes envisaged in the mapping of processes analyzed for the company (215);
- with regard to BCC Risparmio & Previdenza, work was performed on processes connected with potential corruption offences (30) out of the total number of processes envisaged in the mapping of processes analyzed for the company (179);
- with regard to BCC Gestione Crediti, processes connected with potential corruption offences were considered (23) out of the total number of processes envisaged in the mapping of processes analyzed for the company (128).

BUSINESS PROCESSES ASSESSED FOR CORRUPTION-RELATED RISK	
BCC CREDITO CONSUMO	
PROCESSES ASSESSED	37
TOTAL PROCESSES	188
% OF PROCESSES ASSESSED	20%
MEDIO CREDITO FVG	
PROCESSES ASSESSED	39
TOTAL PROCESSES	215
% OF PROCESSES ASSESSED	18%
BCC RISPARMIO & PREVIDENZA	
PROCESSES ASSESSED	30
TOTAL PROCESSES	179
% OF PROCESSES ASSESSED	17%
BCC GESTIONE CREDITI	
PROCESSES ASSESSED	23
TOTAL PROCESSES	128
% OF PROCESSES ASSESSED	18%

In 2020, the Parent Company started the preparation of an Anti-Corruption Policy extended to all the companies and Affiliated Banks in the Iccrea Group. The Policy will be finalized during 2021, following the work for updating the Model 231/2001 of the Parent Company.

4.1 Preventing corruption

GRI 205-2

In its decisions and conduct, the Group is constantly guided by the following ethical principles and values, which distinguish its profile and operations: mutual benefit; fairness and honesty in business; transparency; protection of corporate assets; conflict of interest; diligence and professionalism; confidentiality and protection of privacy; quality of services; protection of the individual; protection of the environment; combating organized crime.

With regard to corruption offenses under the Model 231/2001, Iccrea Banca has carried out an analysis of the main processes and activities exposed to the risk of corruption, both between individuals and in relations with Public Authorities. Following this analysis process, the Parent Company established a specific system of responsibilities and controls to govern processes whose activities are potentially exposed to the risk of corruption.

Failure to comply with the provisions of the Model 231/2001, as well as the values and principles expressed internally in the Code of Ethics, by all the parties involved triggers the application of specific disciplinary sanctions.

Reports of violations or irregularities in the conduct of the parties operating in/for the companies and the Iccrea Group should be sent in writing or via e-mail to the appropriate e-mail address established by the Supervisory Body of each company. More specifically, the Internal Reporting Systems that, at present, are in place at the Iccrea Group are as follows:

- reports required under the Model 231/2001, in writing by express mail to the company's registered office or by e-mail to the mailbox set up by the Supervisory Body;
- policy and process guidelines on internal whistleblowing systems: in writing to the members of the Whistleblowing Committee (Group Committee);
- complaints: paper mail, email, certified email.

In accordance with Legislative Decree 231 of 2001, the Supervisory Body is entrusted with the task of monitoring the adequacy, effectiveness, updating and compliance with the Model adopted on an ongoing basis.

- The Model also consists of a Disciplinary System in which penalties are envisaged for any conduct (concerning acts or omissions) that gives rise to an infringement of provisions of the "Model 231/2001", even if the act is not committed, or the event does not occur.

In addition, the sanctions that can be imposed are compliant:

- with the National Collective Labor Agreement for Middle Managers and Personnel in the professional areas of Mutual Banks and Rural Savings Banks in force from time to time;
- for Collaborators and Suppliers and Providers of goods, services or works, with the contractual clauses governing sanctions and/or resolution, except for claims for damages, laid down in contracts and in the letters of engagement.

GRI 205-2

Furthermore, providing information and training to all employees on the Iccrea Co-operative Banking Group's policies and procedures in this area are key to preventing corruption offenses.

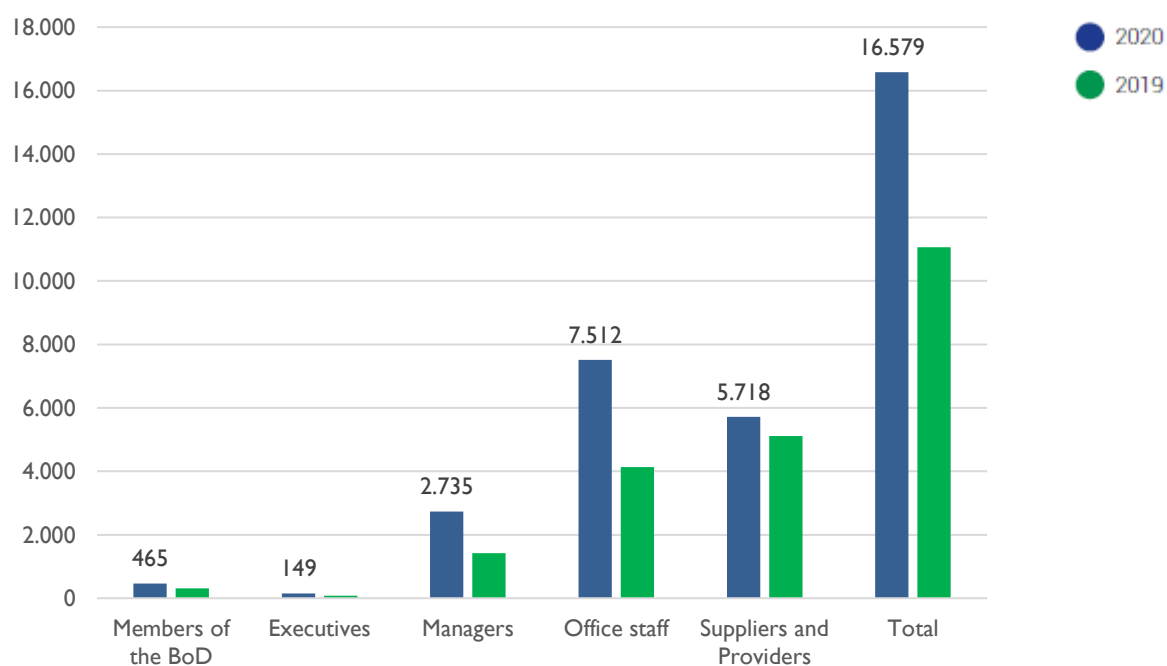
It should be noted that, as per company rules, anti-corruption and anti-money laundering policies and procedures are subject to approval by the Board of Directors and the Executive Committee of the Parent Company, and are available via download from the HUBA Intranet Portal, which is accessible to all employees. Furthermore, each new supplier or provider is required to take account of the Compliance Model in accordance with Legislative Decree 231 of 2001 when entering into contracts with the Group.

The tables below show the related data.

NUMBER AND PERCENTAGE OF MEMBERS OF GOVERNING BODIES AND EMPLOYEES WHO HAVE RECEIVED COMMUNICATIONS ON THE MATTER OF ANTI-CORRUPTION

COMMUNICATIONS ON POLICIES AND PROCEDURES ON THE MATTER OF ANTI-CORRUPTION				
YEAR	2020		2019	
RECIPIENTS	N.	%	N.	%
MEMEBERS OF THE BoD	465	38%	309	23%
EXECUTIVES	149	37%	82	20%
MANAGERS	2,735	43%	1.422	23%
OFFICE STAFF	7,512	49%	4.134	27%
TOTAL EMPLOYEES	10,396	47%	5.638	25%
SUPPLIERS	5,718	3,5%	5.113	4%

COMMUNICATION ON ANTI-CORRUPTION PROCEDURES



HOURS OF ANTI-CORRUPTION TRAINING

YEAR	2020			2019		
TYPE	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
EXECUTIVES	462	142	604	245	11	256
MANAGERS	12,928	4,324	17,252	4,056	1,581	5,637
OFFICE STAFF	20,610	19,377	39,987	3,490	3,339	6,829
TOTAL	34,000	23,843	57,843	7,791	4,931	12,722

NUMBER AND PERCENTAGE OF MEMBERS OF GOVERNING BODIES AND EMPLOYEES INVOLVED IN ANTI-CORRUPTION TRAINING⁴

YEAR	2020			2019		
TYPE	TOTAL	N. INVOLVED	%	TOTAL	N. INVOLVED	%
MEMBERS OF THE BoD	1,226	247	20.1%	1,373	119	8.7%
TYPE	TOTAL	N. INVOLVED	%	TOTAL	N. INVOLVED	%
EXECUTIVES	406	225	55.4%	409	67	16.4%
MANAGERS	6,312	4,990	79.1%	6,210	1,574	25.3%
OFFICE STAFF	15,424	9,816	63.6%	15,539	2,248	14.5%
TOTAL	22,142	15,031	67.9%	22,158	3,889	17.5%

⁴ Data do not include information relating to BCC Beni Immobili S.r.l., Coopersystem Soc. Coop., Sigest S.r.l.. With specific regard to BCC Beni Immobili S.r.l., it should be noted that the Director (the sole staff member of the company) is already included among the employees of Iccrea Banca. On the contrary, no data are available for the indirect perimeter companies mentioned above.

4.2 Preventing money laundering

Money laundering is one of the most serious crimes occurring in the financial market and is an area of specific interest to organized crime groups. The reinvestment of illicit proceeds in legal activities and economic operators and bodies colluding with criminal gangs profoundly alter market mechanisms, impair the efficiency and fairness in financial operations and weaken the economic system itself. For these reasons, the usual repressive action has been enhanced by a set of preventive measures, mainly aimed at protecting the financial sector. The same type of actions have also been extended to the fight against terrorist financing, which is an equally serious crime for which the European and Italian legislators, as well as numerous international bodies, have proposed and issued, over time, specific control processes concerning traditional anti-money laundering arrangements.

The Iccrea Co-operative Banking Group responds responsibly to the complexity and dangerousness of these crimes by paying the utmost attention to actions and tools to combat them, in the awareness that the search for profitability and efficiency must be combined with the effective monitoring of the integrity of the business structure on an ongoing basis.

For this reason, the involvement of the corporate bodies and the proper fulfillment of the obligations they have undertaken is a priority. In particular, it is the responsibility of the Board of Directors to put in place such policies to govern money laundering and terrorist financing risks as are appropriate to the amount and type of risks to which the business of the Group companies and Affiliated Banks are actually exposed. The complexity of the Iccrea Group's business, which is due to processes that are often differentiated by type of product and/or target customers, has led to creating a control model based on ex-ante analyses, for example in the pre-issue phase of new products or services, or of substantial changes in those that are already provided, which entail the preliminary involvement and require a mandatory opinion from the Parent Company's Anti-Money Laundering Function; the model also requires ex-post analyses through specific IT tools and controls catalogues that each company and Affiliated BCC are required to report at least on a six-monthly basis. The control system put in place is targeted at the mitigation of the risks of sanctions envisaged under the regulations in force, as well as at the mitigation of reputational risks, while also exerting pressure, in this sense, on institutional banking and financial counterparties for relations and services that are not directly subject to due diligence obligations.

The Iccrea Co-operative Banking Group adopts a model according to which the governance and responsibility of the Corporate Control Functions are centralized at the Parent Company, through outsourcing, under specific contracts, the Anti-Money Laundering Function of each Affiliated Bank to the peripheral offices of the Parent Company and of each direct perimeter company to the respective AML (Anti-Money Laundering) OU (Institutional & Retail AML OU or Lending AML OU).

This model provides for the set-up of a Parent Company Anti-Money Laundering Function which is entrusted with the role of guidance, coordination, monitoring and control of the individual entities belonging to the Group.

This Function is responsible for designing control strategies, policies, processes and methods, as well as tools, mechanisms and standards for planning and reporting activities and the execution of second-level controls.

In the light of the above information, with reference to the Parent Company Anti-Money Laundering Function, the Iccrea Group provides for:

- appointing a Chief Anti-Money Laundering Officer (CAMLO) to whom authority is delegated for Suspicious Transaction Report (STR) for the perimeter of Iccrea Banca;
- setting up a Methodologies and Reporting AML OU dedicated to the analysis of developments in anti-money laundering regulations, the assessment of impacts, the design of policies, methodological guidelines and standard control instruments, as well as to planning and reporting at Group level;
- setting up an Affiliated BCC AML OU in charge of monitoring and coordinating the operations carried out by the Peripheral AML Offices OUs for Affiliated Banks on an outsourced basis, as well as dedicated to ensuring the standardization and consistency of procedures and criteria for customer profiling, the assessment of suspicious transactions and any other relevant obligation on the matter;
- setting up a Direct Perimeter AML OU which coincides with Iccrea Banca's Anti-Money Laundering Function, in charge of monitoring and coordinating control activities carried out by the Institutional & Retail AML OU and the Lending AML OU for direct perimeter companies on an outsourced basis;
- setting up an Institutional & Retail AML OU and a Lending AML OU responsible for fulfilling anti-money laundering obligations for direct perimeter companies that operate on an outsourced basis, guaranteeing the adequacy standards required for the performance of these activities and the proper application of the framework defined by the Parent Company. For each of the above-mentioned Organizational Units a Manager is to be appointed, who is entrusted with the role of Head of AML of DPCs (Direct Perimeter Companies) (DPC HAML) and of Suspicious Transaction Report (STR) delegate for the company in the perimeter of competence;
- setting up Peripheral AML Offices OUs, by geographical area of reference, responsible for providing support on this matter to the Affiliated Banks that operate on an outsourced basis, guaranteeing the adequacy standards required for the performance of these activities and the proper application of the framework defined by the Parent Company. Within each Peripheral AML Office, the Head of Peripheral AML Office OU is to be appointed, who is responsible for coordinating and supervising, depending on the functional role, the activities carried out by the BCC's Heads of AML (BCC HAML) of the geographical area of reference, who fulfill AML obligations in line with the policies, methodologies and guidelines set out at Iccrea Group level;
- conferring responsibility for reporting suspicious transactions, for the Affiliated Banks belonging to the geographical area of reference, on the Head of Peripheral AML Office OU or to an employee of the same OU (STR Delegate) or to one or more BCC's Heads of AML (STR Delegates);

- appointing, through the Boards of Directors of the Affiliated BCCs and direct perimeter companies, after consulting their respective Boards of Statutory Auditors, a company Officer (BCC Contact Person and DPC Contact Person) with the task of supporting the outsourced function, identified as the Director with Delegated Powers for the Internal Control System.

COMPANY RULES FOR MONEY LAUNDERING RISK MANAGEMENT OPERATED BY THE CALMO AREA	
GROUP REGULATORY POLICIES	The main Group regulatory policies on the matter are the "Iccrea Co-operative Banking Group AML" Policy and Customer Due Diligence Policies for Affiliated BCCs and direct perimeter companies.
DETAILED OPERATIONAL PROCEDURES	Among detailed operational procedures on the matter are procedures for reporting suspicious transactions on the part of Affiliated Banks and direct perimeter companies.
GROUP ANTI-MONEY LAUNDERING RULES FOR DIRECT PERIMETER COMPANIES	Group AML rules are also applied for direct perimeter companies (see above).
CONTROLS CATALOGUE FOR AFFILIATED BCCs AND DIRECT PERIMETER COMPANIES	According to the regulation, each of the Iccrea Group companies has set out its own specific body of rules that outlines the control work arising from the individual obligations provided for in Legislative Decree 90 of 2017 in relation to the operational and distribution model adopted. Specifically, the body of rules consists of a general process rule and secondary rules. These rules make provision for obligations concerning customer due diligence, storage and recording of material information for anti-money laundering purposes and reporting of suspicious transactions.

The Group's AML structure also makes use of IT tools, which:

- assist the CAMLO Area in the in-house management of activities;
- support the STR officers/delegates in detecting potentially suspicious transactions of money laundering and terrorist financing, or in ascertaining operational anomalies through automatic first- and second-level controls;
- put in place a system for monitoring on direct perimeter companies and Affiliated BCCs, through Key Risk Indicators (KRIs) aimed at reporting shortcomings in anti-money laundering compliance on their part⁵.

⁵ The number of Key Risk Indicators (KRIs) activated by the Parent Function was 19 at 31 December 2020. This "Dashboard", internally conceived and realized by Iccrea Banca, monitors the work of peripheral offices and central units in all regulatory areas of interest to the Function on a monthly basis. The KRI system makes it possible to measure inherent risks and the validity of the controls adopted. The monitoring work, with respect to the main obligations imposed by the regulations in force, allows the CAMLO Area to take action by designing and putting in place specific mitigation measures for each obligation and entity involved.

INFORMATION FLOWS OF THE CAMLO AREA

ON A SIX-MONTHLY BASIS

From the AML Function to the Parent Company's Governing Bodies (Board of Directors, Executive Committee, Risks Committee), on the basis of the analyses it has received from the companies and Affiliated BCCs, while taking steps for ongoing monitoring of the remedial actions the CAMLO Area require from the BCCs and companies if risks are reported by audits.

ON AN ANNUAL BASIS

Reporting is carried out, as required by the Bank of Italy, by each BCC and direct perimeter company, through the self-assessment of money laundering and terrorist financing risks⁶.

Furthermore, the AML Function makes plans, in collaboration with the Parent Company's Human Resources department, on annual courses on anti-money laundering issues for employees as an additional measure to mitigate the risks under examination. The AML Function participates both directly in the training sessions and by selecting third-party teachers. The training offer is completed with the organization of days dedicated to specific topics, such as, for example, courses on anti-money laundering compliance targeted at foreign operations.

Finally, reports concerning money laundering and financing of terrorism are also made in accordance with the procedures set out in the Iccrea Group policy on internal reporting systems.






During 2020, the Parent Company's Audit Function started 148 audits (one for each Affiliated BCC and direct perimeter company), which were specifically aimed at assessing anti-money laundering safeguards put in place by the CAMLO Area and the related peripheral offices.

The monitoring activities carried out during the year by the Iccrea Group Companies subject to the obligations in this area provided for the analysis of the processes connected with potential money laundering and terrorist financing offenses. In this context, the Iccrea Group analyzed 21 processes (approximately 17% of the total) for a total of 127 companies.

The audits carried out by the Group Anti-Money Laundering Function consist of checks on each formality required by the regulations in force from time to time, which are then reported to the corporate bodies at least on a six-monthly basis, including depending on the severity of the final judgment expressed by the Function. In considering the disclosure obligations prescribed by law in favor of the national Supervisory Authorities, it is agreed to set the minimum perimeter of the annual audits carried out as 139, equal to the total number of the Anti-Money Laundering Annual Reports the Function issued to the Boards of Directors of each Affiliated BCC and direct perimeter company and sent to the Bank of Italy after the aforesaid Boards had granted their approval.

⁶ By means of a system of parameters aimed at identifying inherent risks and the critical issues concerning the safeguards put in place, each entity in the Iccrea Group expresses its own "risk value", which is individually reported to its Board of Directors in February, and is then consolidated at Group level by the CAMLO Area in order for the latter to report it in a single Annual Report to the Bank of Italy. Self-assessment parameters are set directly by the Area, which may also apply its own method, even if this is worse than the result reported to it, if there are internal and external factors that justify such a change.

5. Supporting local communities

MATERIAL TOPICS	
	<p>Improving moral, cultural and economic conditions (material topic no. 4)</p> <p>Supporting local communities (material topic no. 1)</p>
SDGs	TARGET
	<p>1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance</p>
	<p>2.a Increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development and plant and livestock gene banks in order to enhance agricultural productive capacity in developing countries, in particular least developed countries</p>
	<p>5.1 End all forms of discrimination against all women and girls everywhere</p> <p>5.2 Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation</p> <p>5.4 Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate</p>
	<p>7.a By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology</p> <p>7.b By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States and landlocked developing countries, in accordance with their respective programmes of support</p>
	<p>8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries</p> <p>8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors</p> <p>8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p> <p>8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment</p> <p>8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all</p>



9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending

9.a Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support to African countries, least developed countries, landlocked developing countries and small island developing States



10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status



11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons



16.1 Significantly reduce all forms of violence and related death rates everywhere

For the second year running, the material topic, or priority, indicated by the stakeholders (a total of **1,344 stakeholders consulted**, divided between 1,066 internal and 278 external stakeholders) coincides with "Support to local communities." The Iccrea Co-operative Banking Group substantiates its support in the many activities of which the BCCs are the main players, in line with the guiding principles set forth in Article 2 of the Standard Articles of Association of Affiliated Co-operative Banks (BCCs) in the Iccrea Co-operative Banking Group.



"IN CONDUCTING ITS BUSINESS, THE COMPANY'S ACTION IS INSPIRED BY THE COOPERATIVE PRINCIPLES OF MUTUAL BENEFIT WITHOUT ANY PURPOSE OF PRIVATE SPECULATION. ITS PURPOSE IS TO FAVOR MEMBERS AND LOCAL COMMUNITIES IN BANKING OPERATIONS AND SERVICES."

Taken from Article 2 of the Standard Articles of Association of BCCs.



5.1 Local committees

GRI 413-1

The Iccrea Co-operative Banking Group is strongly rooted in local communities thanks to the fundamental contribution given by BCCs. The fact of being actually present in the area, not only by name, makes the Iccrea Group a multi-stakeholder organization, which is capable of meeting the needs of the communities. In particular, a very important support is offered by the Committees that the BCCs have set up over the years. The Committees play a key role because they are composed of bank members, who come from the area concerned and are the most significant representatives of the corporate structure of the Affiliated Banks. For this reason, the Committees, together with all the members, are a link between the bank and the community in which it operates.

Despite the difficulties and the effects of the Covid-19 pandemic, the same number of **Committees** was confirmed in 2020 (compared to 2019), **namely 70**. It is worth noting that the Young Members Committees recorded a slight, but significant, increase of almost 9%, from **35 to 38 Young Members Committees**. This slight increase should be seen in the light of the pandemic emergency, which has had a large adverse impact on young people in particular. Young people have nevertheless responded with dynamism despite the fact that relations have undergone a major change and have been sometimes brought to an actual standstill.

TOTAL NUMBER OF COMMITTEES

TYPE OF COMMITTEE	2020	% OF TOTAL	2019	% CHANGE
YOUNG MEMBERS	38	54%	35	9%
MEMBERS	19	27%	21	-10%
LOCAL COMMITTEES	11	16%	10	10%

TYPE OF COMMITTEE	2020	% OF TOTAL	2019	% CHANGE
OTHERS	2	3%	4	-50%
TOTAL	70	100%	70	-

BREAKDOWN OF COMMITTEES BY GEOGRAPHICAL AREA

GEOGRAPHICAL AREA	YOUNG MEMBERS COMMITTEES	MEMBERS COMMITTEE	LOCAL COMMITTEES	OTHER COMMITTEES
CENTRE	14	6	4	1
ISLANDS		1		1
NORTH EAST	6	4	3	-
NORTH WEST	6	5	2	-
SOUTH	12	3	2	-
TOTAL	38	19	11	-

The Committees are present in a homogeneous manner throughout the country. About 37% of the Committees are located in Northern Italy (of which 19% in the North East and 19% in the North West regions), 36% in Central Italy and 27% in Southern Italy, including 2 in the main Italian islands.

COMPOSITION OF COMMITTEES BY GENDER

TYPE OF COMMITTEE	2020	2019	% CHANGE
YOUNG MEMBERS	1,621	1,985	-18%
WOMEN	749	905	-17%
MEN	872	1,080	-19%
MEMBERS	33,318	34,489	-3%
WOMEN	9,780	10,248	-4%
MEN	23,538	24,241	-3%
LOCAL COMMITTEES	381	354	8%
WOMEN	64	54	19%
MEN	317	300	6%
OTHERS	12	151	-92%
WOMEN	-	93	-100%

TYPE OF COMMITTEE	2020	2019	% CHANGE
MEN	12	58	-79%
TOTAL	35,332	36,979	-4%



70%



30%

THE HIGHLIGHTS OF THE BANKS' COMMITTEES INTENDED TO INVOLVE LOCAL COMMUNITIES



70

OVERALL
NUMBER OF
COMMITTEES



26

ADVISORY
COMMITTEES



44

PROACTIVE
COMMITTEES



32

BUDGET
COMMITTEES



38

COMMITTEES FOR
LOCAL
COMMUNITY
PROJECTS

YOUNG MEMBERS COMMITTEES

TOTAL NUMBER AND DISTRIBUTION OF MEMBERS BY GENDER



38



54%



46%

DISTRIBUTION BY TYPE OF COMMITTEE

	2020	2019
ADVISORY COMMITTEE	8	7
PROACTIVE COMMITTEE	30	28
TOTAL	38	35

NUMBER OF BUDGET COMMITTEE

	2020	2019
NO	18	16
YES	20	19
TOTAL	38	35

NUMBER OF COMMITTEES THAT HAVE DEVELOPED LOCAL COMMUNITY PROJECTS

	2020	2019
NO	15	21
YES	23	14
TOTAL	38	35

MEMBERS COMMITTEES

TOTAL NUMBER AND DISTRIBUTION OF MEMBERS BY GENDER


19


71%


29%

DISTRIBUTION BY TYPE OF COMMITTEE

	2020	2019
ADVISORY COMMITTEE	14	11
PROACTIVE COMMITTEE	5	10
TOTAL	19	21

NUMBER OF BUDGET COMMITTEES

	2020	2019
NO	13	16
YES	6	5
TOTAL	19	21

NUMBER OF COMMITTEES THAT HAVE DEVELOPED LOCAL COMMUNITY PROJECTS

	2020	2019
NO	11	7
YES	8	14
TOTAL	19	21

LOCAL COMMITTEES

TOTAL NUMBER AND DISTRIBUTION OF MEMBERS BY GENDER



DISTRIBUTION BY TYPE OF COMMITTEE

	2020	2019*
ADVISORY COMMITTEE	3	3
PROACTIVE COMMITTEE	8	6
TOTAL	11	10

*A committee has a different role

NUMBER OF BUDGET COMMITTEES

	2020	2019
NO	6	7
YES	5	3
TOTAL	11	10

NUMBER OF COMMITTEES THAT HAVE DEVELOPED LOCAL COMMUNITY PROJECTS

	2020	2019
NO	5	4
YES	6	6
TOTAL	11	10

OTHER COMMITTEES

TOTAL NUMBER AND DISTRIBUTION OF MEMBERS BY GENDER



DISTRIBUTION BY TYPE OF COMMITTEE

	2020	2019
ADVISORY COMMITTEE	1	2
PROACTIVE COMMITTEE	1	2
TOTAL	2	4

NUMBER OF BUDGET COMMITTEES

	2020	2019
NO	1	2
YES	1	2
TOTAL	2	4

NUMBER OF COMMITTEES THAT HAVE DEVELOPED LOCAL COMMUNITY PROJECTS

	2020	2019
NO	1	1
YES	1	3
TOTAL	2	4

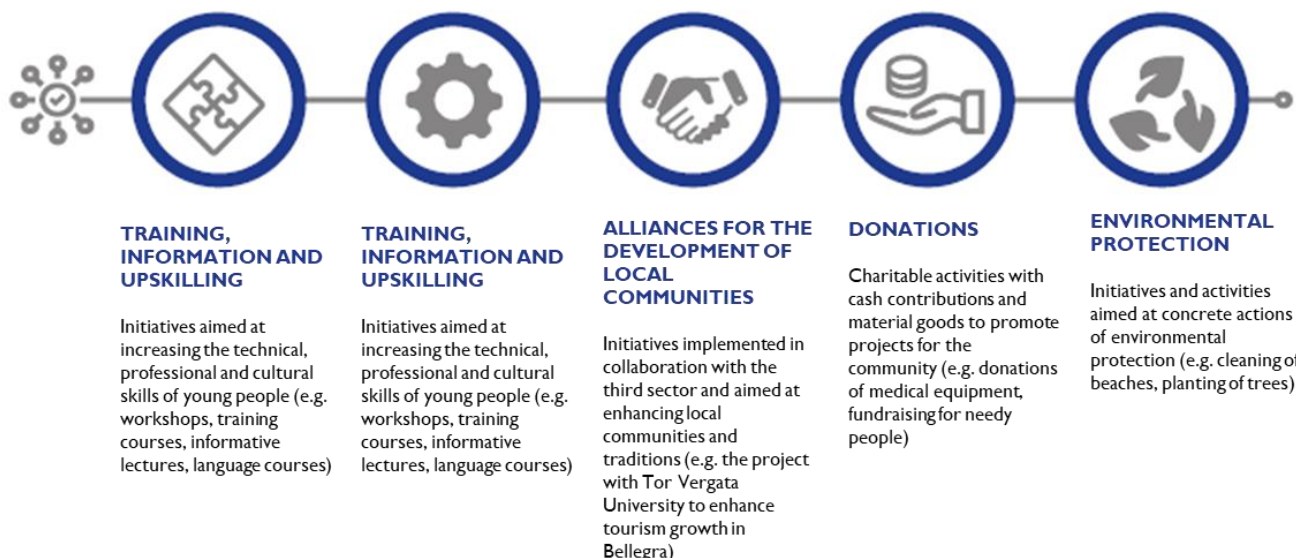
Actually, as an emanation of the social structure that characterizes the local areas in which the BCCs operate, the Committees are laboratories for social policy and dialogue through which it is possible to structure a channel of interaction between BCCs and local communities with a formal approach built in line with the Group's articles of association and DNA, counting on the commitment and voluntary spirit of about **35,332 members**.

In particular, the Young Members Committees continued to organize many events in 2020, despite the difficulties due to the pandemic, ensuring, on the one hand, the involvement of the community and the generation of a positive impact on local areas - an objective of each BCC - and, on the other, contributing to the mitigation of the adverse effects caused by the historical moment our country is going through.

In this sense, the Young Members carried out about 70 activities in 2020, attributable to five areas of action, as described below.

MACRO-AREAS OF ACTION OF YOUNG MEMBERS COMMITTEES IN 2020

Most of the activities organized by Young Members were aimed at the enhancement of technical, professional and cultural skills of young people ("*Training, information and upskilling area*") through the organization of webinars, online training courses and language courses. Almost a quarter of the projects involved charitable activities with contributions (both monetary and in the form of material goods) granted in order to promote various community projects ("*Donations Area*"), such as donations of medical equipment during the months of the Covid-19 emergency. The "*Social and Economic Development area*" includes projects aimed at establishing cooperative entities and social networks for young people, as well as the development of re-education projects; the work for "*Alliances for the development of local communities*", with the aim of enhancing local assets and traditions, was performed through collaborations with other players in local areas, in particular with representatives in the Third Sector (e.g. projects with Universities for tourism development in local areas). The latter set of projects, classified as "*Environmental protection activities*", concerned concrete actions of environmental protection, such as the cleaning of beaches and the planting of trees.



FOCUS ON PROJECTS IMPLEMENTED BY THE YOUNG MEMBERS COMMITTEES

Among the major projects for their clear and well-defined aim of developing social cohesion and the responsible and sustainable growth of local communities, as defined in the Statute of the Young Members Committees, is that promoted by a BCC in Bellegra (province of Rome), within the Area of Action of "*Alliances for the development of local communities*". The Young Members have launched a development project targeted at economic and social operators in the local area of competence of the Bank under an agreement signed between the BCC and Tor Vergata University. The objective of the partnership is to design the most appropriate strategic tool **to face the negative economic situation in the area that at present covers the Cesanese appellation wine roads**. At the heart of the investment programme is tourism connected to enology and gastronomy.

Particularly interesting are the initiatives of Kairòs Young Members of BCC Campania Centro (province of Salerno), which are examples in the Area of Action of "*Social and economic development*." Among the most important projects, we must mention the operations of two cooperatives that the young members of the Bank have already started for several years. The first one is **TAGS Soc. Coop.**, which was established in 2015 and is active in the communication sector, including in close collaboration with the Bank, with which it works by contributing to the drafting of articles, press releases, creation of videos for Kairòs Web TV of Young Members, the "*Stazione di Posta*" house organ and the management of social events. Furthermore, in recent months the cooperative has provided assistance to the BCC's members and customers who want to activate their public digital identity (SPID, *Sistema Pubblico di Identità Digitale*, Public Digital Identity System).

The other cooperative company is **ARCA Società Cooperativa**, which has been also established on the initiative of the Bank's young members and is operated by professionals who provide specific advice to the Bank's members and customers. Since 2019 ARCA has been registered in the National List of tutors for the Guarantee Fund, Microcredit section. In past years, the cooperative has also collaborated with the Legal Affairs and AML Office of Banca Campania Centro.

Among the most important initiatives is that implemented by the Young Members of the BCC in Montepaone (province of Catanzaro), which is also included in the Area of Action of "*Social and economic development*". The **social re-education** project, which is named "**Libere Mani**" and is currently in its start-up phase, aims to create a bakery and biscuit workshop inside the Catanzaro juvenile prison. The objective is to re-educate minors by reducing the risk of recidivism, engaging them in prison and educating them to work. There are two phases of the project: during the first one inmates are trained inside the prison and then embark on a work path, while the second one coincides with the conclusion of their prison experience. Young people are in fact helped to embark on a professional path and gain their financial independence, which will allow them to start their own business, creating for them a job opportunity.



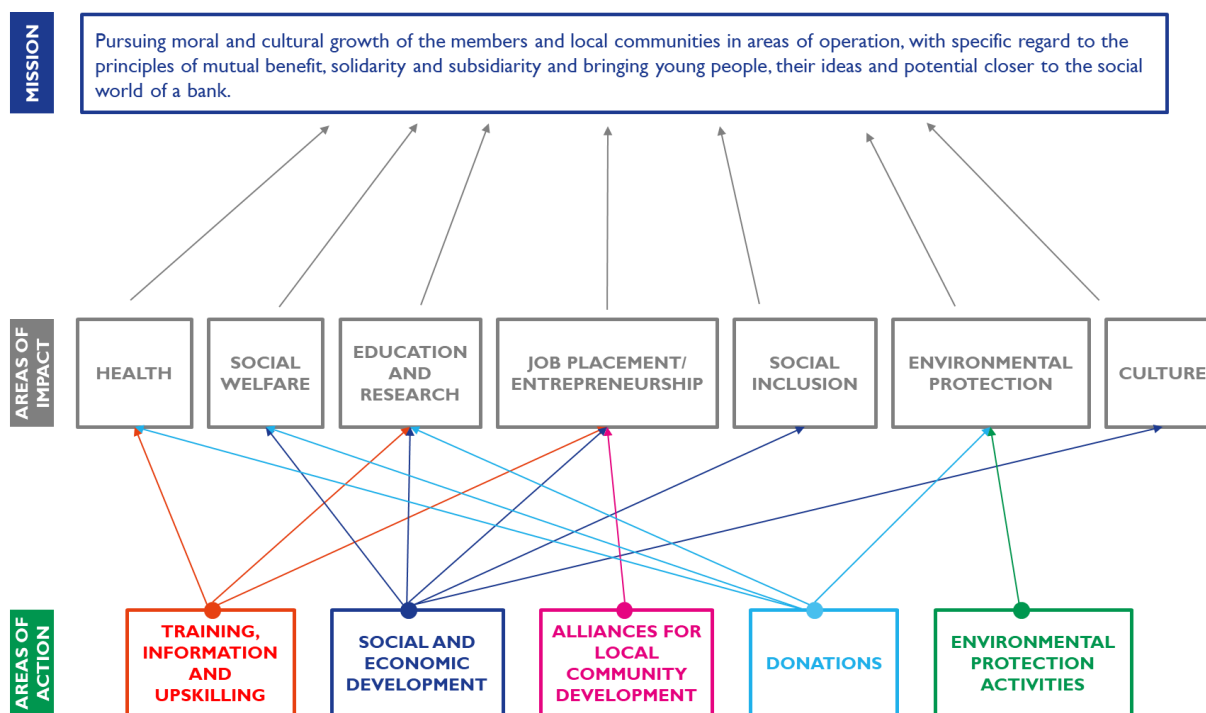
“PROMOTING THE DEVELOPMENT OF COOPERATION AND EDUCATION ON SAVINGS AND WELFARE ISSUES, AS WELL AS SOCIAL COHESION AND RESPONSIBLE AND SUSTAINABLE GROWTH OF THE LOCAL AREAS IN WHICH IT OPERATES.”



Taken from Article 2 of the Standard Articles of Association.

Therefore, the projects carried out by the Young Members Committees in 2020 gave a positive contribution to the sustainable development of local areas and, in more general terms, of our country. For a more extensive in-depth analysis and assessment of long-term impact and changes generated by these activities, the Theory of Change was developed. This methodology makes it possible to identify the causal link between action and social impact it potentially generates and a tool by which the initiatives implemented by the Young Members Committees during the year have been analyzed. According to the analysis carried out, it has been observed that the actions put in place by the Young Members Committees in 2020 generated a positive social impact, mainly as regards "Education and research" and "Job placement/Entrepreneurship".

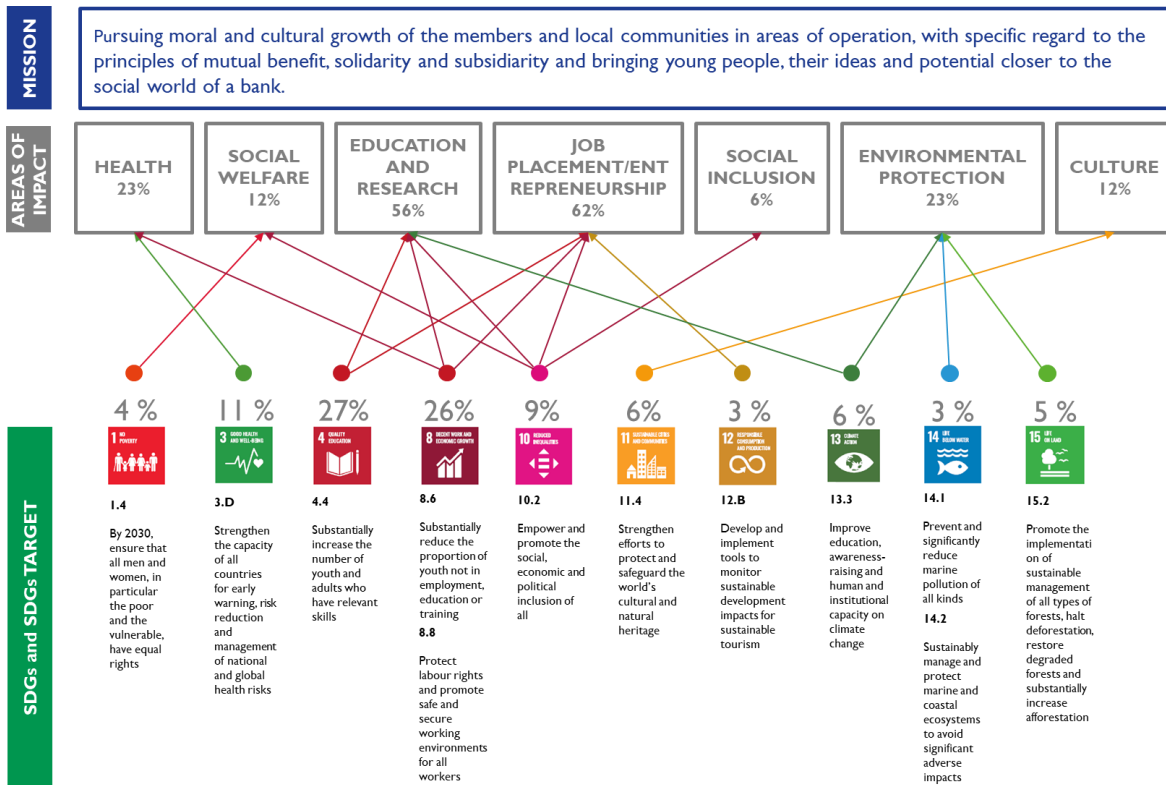
THEORY OF CHANGE⁷ OF THE YOUNG MEMBERS COMMITTEE'S PROJECTS IN 2020



⁷ For the purposes of a summary description, the impact (outcome) of each initiative has been then aggregated into homogeneous macro-areas called Areas of Impact.

The impact of the actions of the Young Members Committee and their contribution to generating shared value can also be assessed in view of the Sustainable Development Goals ("SDGs"), which were approved by the United Nations General Assembly in 2015.

Therefore, the analysis that has been carried out, as described below, aims to also report on the projects and the impact they have potentially produced through the key of interpretation provided by the SDGs. In this sense, the analysis and correlation between the projects and the goals have made it possible to identify 10 of the 17 goals of the 2030 Agenda. Furthermore, 12 targets of the SDGs have been identified, which are consistent with the Young Members Committees' purposes of development of local communities in order to strengthen the evidence on the actual areas for which the Committees' projects have contributed to the achievement of sustainable development goals.



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all (SDG 4) and promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (SDG 8) were the two goals that most characterized the activities of the Young Members, which in 2020 concerned in particular targets 4.4 ("By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship") and 8.6 ("By 2020 substantially reduce the proportion of youth not in employment, education or training").

5.2 Financial education

G4 FS16

In 2020, the pandemic emergency did not facilitate the organization of events, including those concerning financial education, which traditionally have always had great importance for BCCs, in line with the principle laid down in the articles of association mentioned above. During the reporting period, in fact, the financial education events organized by the entire Iccrea Cooperative Banking Group involved 111 courses, down compared to 2019, during which a total of 304 courses were held. The reduction in the number of initiatives was also due to the rationalization of the projects. The Iccrea Group's close collaboration with FEduF, the Foundation for Financial Education and Saving, also falls within the scope of this goal. The partnership - launched by Iccrea Banca, firstly as a supporter (July 2020) and then as a member (January 2021) - was established in line with the objectives of the Group's Sustainability Plan and in agreement with the **Tertio Millennio International Foundation-ETS (*Ente del Terzo Settore, Third Sector Entity*)**. The Foundation is a non-profit organization that was set up in 2000 by a group of founding members coming from the world of cooperative entrepreneurship and Catholic associations. The working group formed on the issue of Financial Education for Sustainability and Digitalization involved some third parties (e.g., "La Sapienza" University of Rome, Habacrus, etc.) and representatives of some of the Parent Company's Functions. After having completed an extensive benchmark analysis of financial education initiatives in the banking sector, at national and supranational level, the Working Group identified possible targets ("Kids", "Teens", "University students", "Analog adults") and a set of targeted actions for each of them. In this context, the opportunity was shared in order to identify third-party partners who can provide 'turnkey' services with tried and tested content, which would be useful to the Parent Company and BCCs to develop financial education actions.

The opportunity emerged to collaborate with FEduF, **the Foundation for Financial Education and Saving** with regard to the "Kids", "Teens" and "University students" targets (the three "classes" on which it was decided to start working).

The FEduF, which was established on the initiative of ABI, the Italian Banking Association, is a non-profit private-law legal entity, which pursues objectives of social utility by promoting Financial Education. On 7 October 2020 Iccrea Banca and FEduF organized, among other things, an event on "Local banks in support of citizens in the COVID19 era: economic growth of local communities, inclusion and financial education of young people, culture of sustainability". The meeting, which was held in virtual mode, is included in the program of the Sustainable Development Festival organized by ASviS.

Furthermore, the Parent Company - which has developed the more general project dedicated to the Third Sector - organized two meetings on financial education, again in close collaboration with the Tertio Millennio Foundation which were held in July 2020. These were two webinars:

- the first one the topic of finance and the Third Sector: from current account to fundraising;
- the second one on financial literacy and microcredit in Italy and the south of the world.

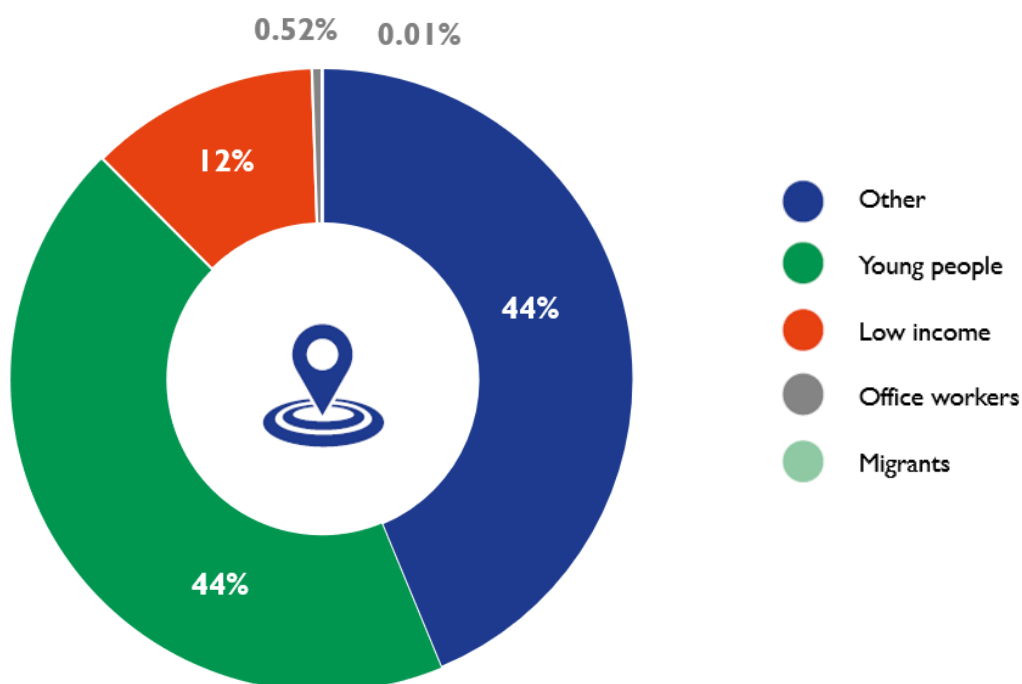
Under another plan, which is part of the broader Policoro Project, training courses were delivered to young Community Animators. The 2020 cycle of meetings was called #distantimaconnessi (i.e. physically distant but connected). The Policoro Project is a structured project of the Italian Church that tries to give a concrete answer to the problem of unemployment in Italy, especially to youth unemployment.

Through the Tertio Millennio-ETS Foundation (a member of the Policoro Project), the Iccrea Group provided a course in which it reviewed the products and services included in the standard offering of a bank. A special part of the lesson concerned microcredit, both social and productive. In this area, the current national legislation on the matter was discussed, as were microcredit practices in the Global South, with an overview of the Microfinanza Campesina programme and the micro-entrepreneurial project in Togo.

The period also saw the creation of the “*Pillole di Terzo Settore*” (Tips on the Third Sector) format from an idea of the Parent Company, consisting of video interviews focused on issues regarding financial education and published by social channels. The programme is the result of a collaboration between Kairos Young Members of Banca Campania Centro and the Parent Company, through the Coopera brand dedicated to the Third Sector. The episodes are published and remain on the social channels of young members and in particular: KairosWEBTV, (www.webtv.kairosgs.it); Facebook (@KairosGiovaniSoci) and Instagram (@kairosgiovanisoci). The scheduling proposed by the format is rich and varied: we have spoken about the reform of the Third Sector, as well as crowdfunding, fundraising, sustainability and much more in the episodes published so far.

The Iccrea Group's overall figures show that the number of recipients of the online courses organized involved a total of **13.501 people**, of whom **5.879** were young people.

NUMBER OF BENEFICIARIES			
YEAR	2020	2019	% CHANGE
INITIATIVES TARGETED AT YOUNG PEOPLE	5,879	14,412	-59.21%
INITIATIVES TARGETED AT OFFICE WORKERS	70	609	-88.51%
INITIATIVES TARGETED AT MIGRANTS	1	1,006	-99.90%
LOW-INCOME INITIATIVES	1,644	566	190.46%
OTHER INITIATIVES	5,907	11,034	-46.47%
TOTAL	13,501	27,627	-51.13%



Various initiatives were organized by the BCCs in local areas. Among them is the project realized by **BCC Pordenonese**, dedicated to a cycle of conferences called "*Non solo finanza*", in close collaboration with the Pordenone University District and the Norberto Association.

Banca di Credito Cooperativo di Staranzano-Villesse launched a financial education project called: "*Economia ABC*". BCC del Metauro too organized a live streaming on the portal of the University of Urbino to present the report on sustainable finance and the role of Cooperative Credit for the development of local communities, edited by the Foundation for subsidiarity.

During the reporting period, **BCC Credifriuli** held a conference of in-depth analysis on investment solutions and financial services in general. It also dedicated an in-depth seminar to banking issues as part of the "*Economia ABC*" project.

As part of the #ottobreeduFin initiative, **BCC Ravennate Forlivese e Imolese** made a video on financial education tips provided by young employees and members of the BCC's Young Members Committee. The video material and the in-depth articles were disseminated through the Bank's social channels and website. The initiative took place at the same time as the project called "*100_100 Diamo valore ai giovani*" aimed at rewarding the young people who obtained the highest marks in high school final examinations in 2020. Moreover, the BCC participated, with its own speaker, in the cycle of seminars held by the SOS DONNA Association of Faenza, aimed at promoting a proper financial education for women and informing them about instruments of protection.

During 2020 BCC Ravennate continued the dissemination of financial education issues, through specific articles, which were dedicated in particular to insurance and pension education and were included in the monthly BCC Informa magazine addressed to all Members.

During 2020 **BCC di Filottrano** too met with many school students in local areas in order to inform them about economic, environmental and energy saving.

In addition, **BCC Centromarca** launched a webinar on financial education with the aim of providing tools and collecting data to be known for a proper analysis and financial management of businesses in the current economic situation, in order to cope with the damage caused by the pandemic. These are the key issues of the course:

- measuring and classifying financial resources and needs of businesses;
- addressing and financially supporting survival policies;
- addressing and financially supporting growth policies;
- restructuring the business for an efficient use of capital;
- considering the contribution of extraordinary finance operations in search of the best solution.

BCC Pisa e Fornacette developed the seventeenth edition of the Master, targeted at young undergraduates and recent graduates, both Italian and foreign, young entrepreneurs and aspiring entrepreneurs, operators in the communication, insurance and banking sectors and planned on four modules:

- communication, personal development, empowerment;
- enterprise and economy of the future;
- finance, banking, insurance;
- teamwork, start-up games.

The BCC di Roma is responsible for the financial education initiative carried out in collaboration with the Spazi Attivi Lazio Innova Association, an in-house company of the Lazio Region. This is the certified business incubator with 11 offices in the Lazio Region with specific production specialization. The Association provides privileged access to the companies of the incubator, as well as an efficient connection with the various subsidized finance and Venture Capital projects carried out by the Regional Government.

Furthermore, this scope included the initiative, which was also promoted by BCC di Roma and which was based on a cycle of conferences held by the agricultural cooperative CO.RA.GIO, in partnership with Confcooperative Lazio and the Lazio-Umbria and Sardinia Federation of BCCs. The events focused on the primary sector. The Young Members Laboratory of the BCC participated in the project.

During the reporting period **BCC Campania Centro** held a course entitled: “*Due chiacchiere sulla finanza islamica*” (A talk about Islamic finance), which entailed a webinar in 4 episodes in collaboration with the Migranti e Banche Association, the Shariah Board of COREIS (*Comunità Religiosa Islamica Italiana*, Italian Islamic Religious Community), the “Il Mondo a Colori” association and the Kairòs Young Members club.

BCC di Caravaggio promoted the involvement of young members to participate in the international event entitled: “The Economy of Francis: young people, a pact, the future”, which took place in live streaming from 19 to 21 November. More than 2,000 young people connected from 120 countries, including Brazil, the USA, Argentina, Spain, Portugal, France, Mexico,

Germany, the United Kingdom, Lebanon and Uganda, as well as from the main venue of the Basilica of St. Francis of Assisi and five other places significant to the life of the Saint: the Church of St. Damiano, the Basilica of St. Claire, the Palazzo Monte Frumentario Palace and the sanctuaries of Rivotorto and of the Spoliation. The objective of the virtual meeting was to share lived experiences, proposals and reflections based on twelve thematic villages. The occasion allowed for a discussion on issues such as: work and care, management and gift, finance and humanity, agriculture and justice, energy and poverty, profit and vocation, policies for happiness, CO2 of inequality, business and peace, economy and women, businesses in transition, life and lifestyles. Emphasis was placed on the educational and training dimension, the actual implementation of the Social Magisterium and on the protagonism of young people, in continuity and consistently with the themes of the National Festival of Civil Economy and the Young Members Project of BCC.



**"STANDING OUT FOR SOCIAL ORIENTATION AND THE CHOICE
TO BUILD THE COMMON GOOD"**

Taken from Article 2 of the Standard Articles of Association of BCCs



5.3 Charitable donations and sponsorships

GRI 203-1

During the reporting period, donations made by the Iccrea Group totaled **more than Euro 41 million**. More in detail, the sum consists of charitable donations and sponsorships, equal to **over Euro 29 million** and of a portion of net profit allocated to mutual funds for the promotion and development of cooperation (paid to Fondosviluppo, the mutual fund of reference of the Affiliated BCCs), in the amount and in the manners prescribed by law, i.e. 3% of profit, equal to **almost Euro 12 million**.

The activities and projects in local areas are aimed at protecting and enhancing the historical, cultural and natural heritage, education and training of young people, scientific and university research, social welfare and healthcare, art, sports and recreation. The Iccrea Co-operative Banking Group has promoted, especially through its BCCs, projects aimed at developing and supporting initiatives that benefit the community without any return for the bank.

For more information on the total charitable and sponsorship contributions disbursed by the Iccrea Group to the benefit of the development of many initiatives in the area, reference should be made to the detailed data reported in the table below.

CHARITABLE CONTRIBUTIONS BY TYPE (€)			
YEAR	2020	2019	% CHANGE
ENVIRONMENT	79,327.58	153,382.60	-48.28%
CHURCH	1,909,622.71	1,893,332.46	0.86%
CULTURE	1,647,841.78	2,225,840.40	-25.97%
EDUCATION	1,463,669.82	1,316,319.31	11.19%
RESEARCH	56,378.00	58,438.00	-3.53%
HEALTHCARE	6,392,879.37	1,390,466.29	359.77%
SOLIDARITY	3,940,282.68	2,474,745.46	59.22%
SPORTS	682,050.98	1,718,934.31	-60.32%
LOCAL COMMUNITIES	2,512,966.19	3,728,843.62	-32.61%

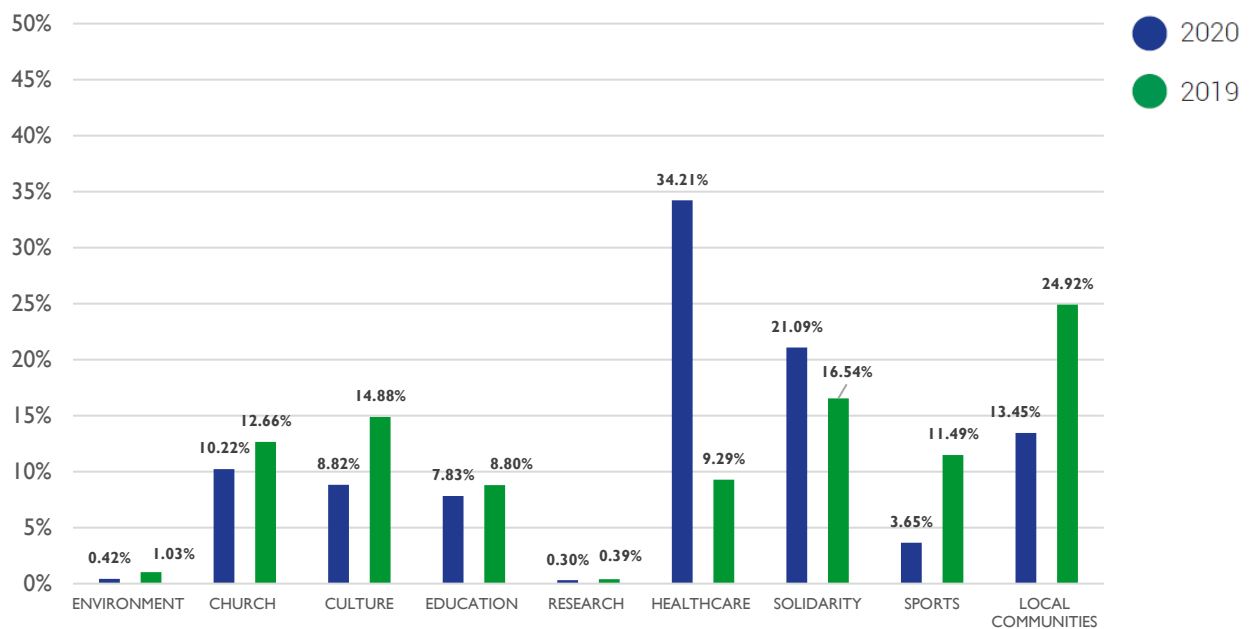
CHARITABLE CONTRIBUTIONS BY TYPE (€)			
YEAR	2020	2019	% CHANGE
TOTAL	18,685,019.11	14,960,302.45	24.90%

NUMBER OF CHARITABLE INITIATIVES BY TYPE	
YEAR	2020
ENVIRONMENT	83
CHURCH	1,241
CULTURE	1,360
EDUCATION	798
RESEARCH	28
HEALTHCARE	587
SOLIDARITY	3,600
SPORTS	837
LOCAL COMMUNITIES	1,238
TOTAL	9,772

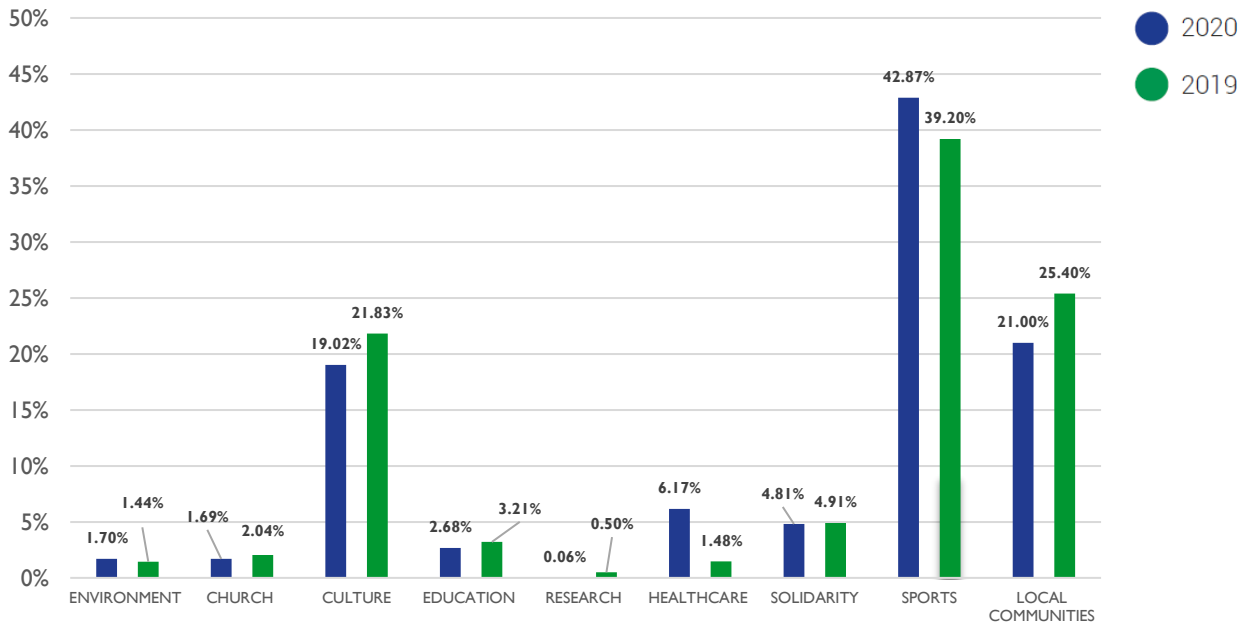
SPONSORSHIP CONTRIBUTIONS BY TYPE (€)			
YEAR	2020	2019	% CHANGE
ENVIRONMENT	180,123.36	208,993.30	-13.81%
CHURCH	179,387.00	297,340.42	-39.67%
CULTURE	2,020,723.54	3,178,395.85	-36.42%
EDUCATION	285,274.50	467,271.10	-38.95%
RESEARCH	6,306.00	73,096.00	-91.37%
HEALTHCARE	655,509.20	214,986.98	204.91%
SOLIDARITY	511,593.05	715,548.51	-28.50%
SPORTS	4,556,004.68	5,707,224.41	-20.17%
LOCAL COMMUNITIES	2,231,414.82	3,698,044.72	-39.66%
TOTAL	10,626,336.15	14,560,901.29	-27.02%

NUMBER OF SPONSORSHIP BY TYPE	
YEAR	2020
ENVIRONMENT	42
CHURCH	114
CULTURE	1,268
EDUCATION	132
RESEARCH	4
HEALTHCARE	66
SOLIDARITY	362
SPORTS	2,421
LOCAL COMMUNITIES	1,206
TOTAL	5,615

CHARITABLE CONTRIBUTIONS BY TYPE



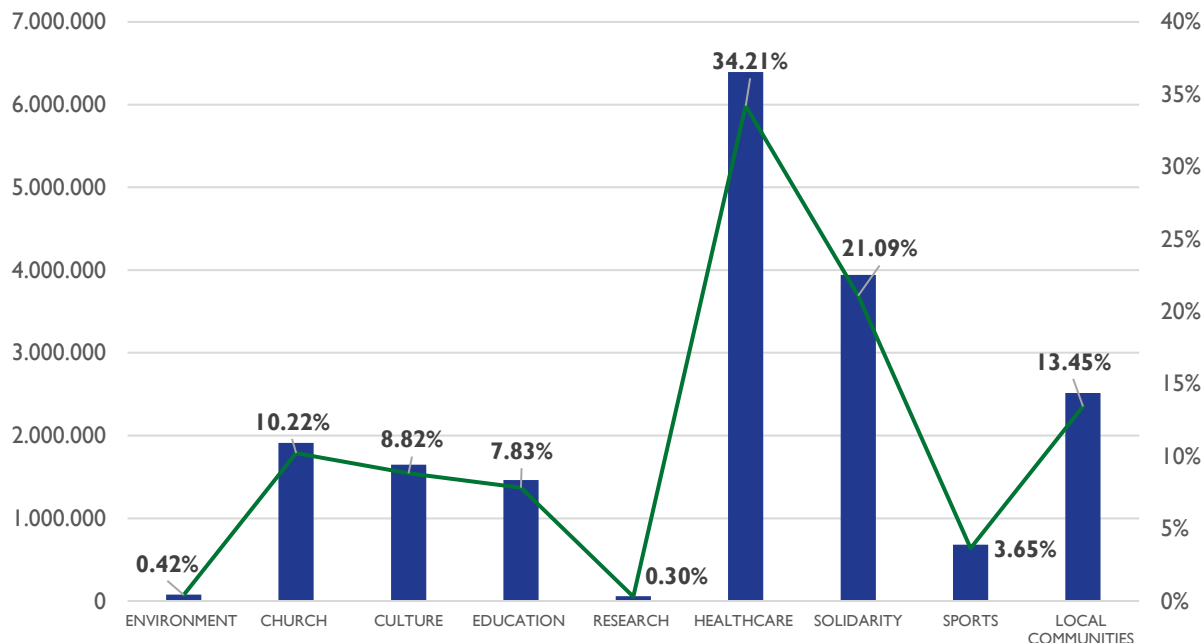
SPONSORSHIP CONTRIBUTION BY TYPE



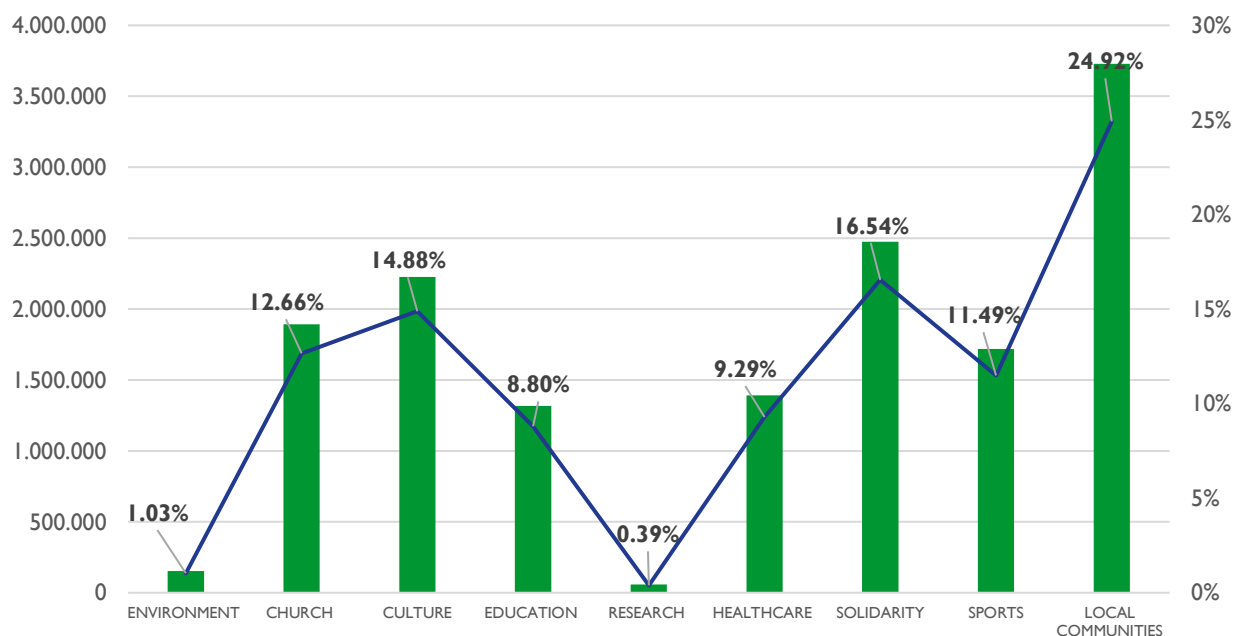
In 2020 the effects caused by the pandemic emergency were evident on the distribution of charitable donations and sponsorships. The healthcare sector, in fact, with more than 6 million contributions (see the table of data relating to charity) clearly prevails over other segments, as does solidarity. **Healthcare**, in fact, recorded a percentage increase of **more than 34%** in initiatives on total charitable donations. The breakdown was different in the 2019 financial year, when contributions to local communities, in terms of donations, had clearly prevailed (see the graphs reported above).

The figures show the great effort of solidarity with which the BCCs and the entire Iccrea Group responded to the emergency. For a complete view of the actions taken by the Group, reference should be also made to Chapter 6, Customers and Products, which provides the figures of loans and moratorium with which BCCs contributed to combat the negative economic situation due to the Coronavirus pandemic.

CHARITABLE CONTRIBUTIONS BY TYPE 2020



CHARITABLE CONTRIBUTIONS BY TYPE 2019

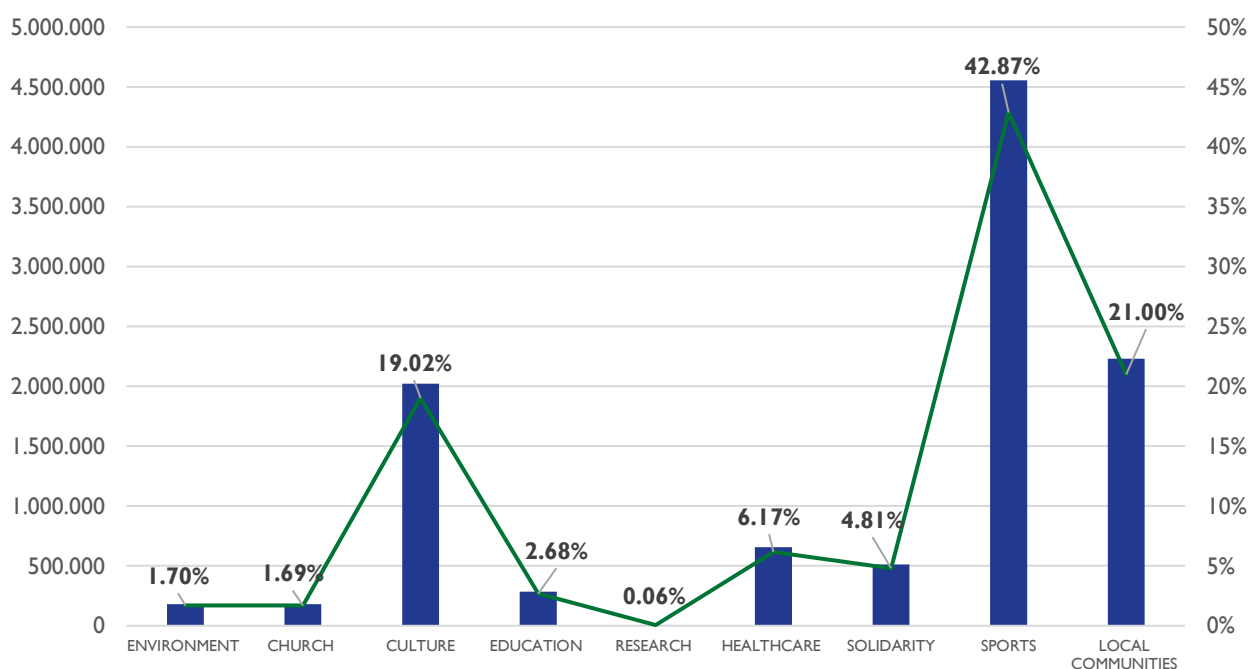


As far as activities carried out by the Parent Company are concerned, in 2020 Iccrea disbursed an amount of Euro 500 thousand in charitable donations and projects promoted in local areas, which were all aimed at the health emergency. In this case too, the period called for great mobilization to support health facilities: from Local Health Units (*ASL, Azienda Sanitaria*

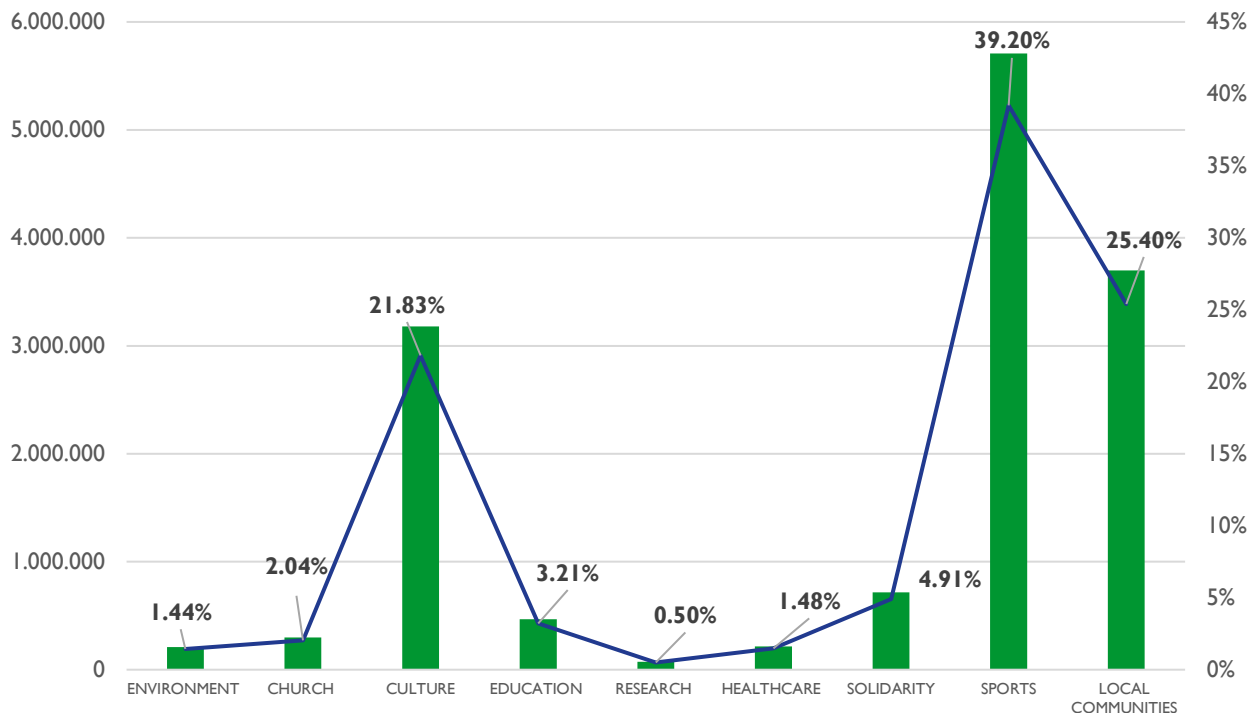
Locale), hospitals, local offices of Caritas (the charitable arm of the Italian Bishops Conference), non-profit organizations of Hospital Foundations, to Associations. The only purpose of the donations, from Veneto, Lombardy, Emilia Romagna to the Southern Regions, was to make aid converge in only one direction: the Covid-19 emergency.

Furthermore, upon the outbreak of the pandemic emergency, Iccrea Banca, Cassa Centrale Banca and the Raiffeisen Federation launched, with the support of Federcasse (National Association of BCCs), the fundraising campaign called “**#Terapie intensive contro il virus. Le BCC e le CR ci sono!**”. This campaign, through the unitary initiative of the system, allowed resources to be collected, which were then allocated to the three institutions by share (33%).

SPONSORSHIP CONTRIBUTION BY TYPE 2020



SPONSORSHIP CONTRIBUTION BY TYPE 2019



The BCCs also gave priority to charitable donations to healthcare facilities. Donations, in fact, were used to purchase hospital equipment, safety kits for family doctors and pediatricians and numerous contributions were also made to provide intensive care units with the necessary equipment.

Due to the pandemic emergency, the Parent Company also rescheduled other projects. Among these was the event called **Running for Good**. Under this sports and solidarity programme, the Iccrea Group dedicated an initiative to its employees, with whom it has been supporting minors at risk of marginalization for the past 5 years through the non-profit Sport Senza Frontiere Association, which took place in compliance with the safety measures imposed by the Covid-19 emergency. Running for Good did not stop despite the fact that the big races originally scheduled in local areas - Rome Marathon and Milan Marathon - were cancelled and it was not possible to provide in-person training. In fact, the race of solidarity continued to help children in difficulty due to the Coronavirus health emergency.

The updated Running for Good 2020 program included:

- the participation in a small-scale race in the area, the **Green Run** - Vallombrosa Trail, organized by the Affiliated Bank BCC Valdarno Fiorentino - Credito Cooperativo Valdarno Fiorentino Banca di Cascia S.C.;
- the first edition of the Iccrea Group's **#BackToSport Challenge**, a completely virtual race, designed to be sustainable in context-based terms, in which athletes and creatives, both company employees and third parties, were allowed to participate from all over the country.

Due to the restrictions imposed by the Covid-19 emergency, during the spring of 2020 the solidarity initiatives supported by the Group stopped traditional campaigns held in the squares and it was not possible to host them inside company offices.

Online campaigns were then launched to support fundraising in order to continue with the Group's commitment, mainly during the Easter and Christmas periods,

Below are the details of the fundraising campaigns supported by the Group:

- April 2020: 1st issue for the Migranti e Banche Voluntary Association - "*Le ricette di Lucrezia Romana*";
- October 2020: 1st issue for Unicef - "*Orchidea sospesa*";
- December 2020: 3 charity issues during the Christmas 2020 campaign;
- CIAI (*Centro Italiano Aiuti all'Infanzia*, Italian Children's Aid Center), "*Il panettone di CIAI*";
- AIL (*Associazione italiana contro le leucemie-linfomi e mieloma*, Italian Association against Leukemia, Lymphoma and Myeloma), "*La stella di AIL*";
- AISM (*Associazione Italiana Sclerosi Multipla*, Italian Multiple Sclerosis Association), "*Il Natale di AISM*".

5.4 Improving access to financial services for disadvantaged people

G4 FS14

The Iccrea Co-operative Banking Group, especially through the well-established footprint of BCCs in local areas, is today able to contribute to satisfying the needs of its stakeholders, as well as of those with special needs. Below are the data:

NUMBER OF INITIATIVES			
YEAR	2020	2019	% CHANGE
DISABILITY	12	8	50%
PHYSICAL BARRIERS	21	31	-32.26%
TOTAL INITIATIVES	33	39	-15.38%

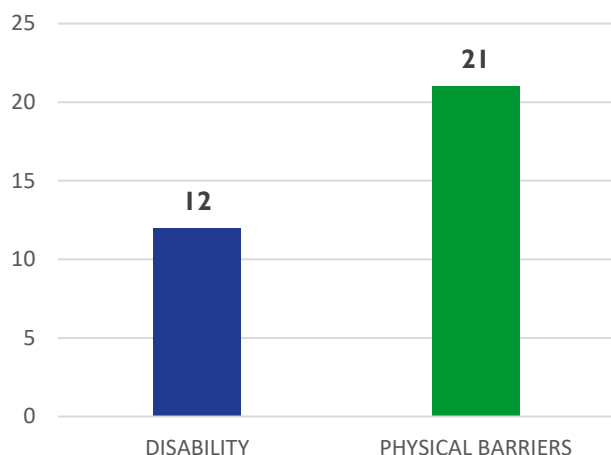
PERCENTAGE OF INITIATIVES		
YEAR	2020	2019
DISABILITY	36%	21%
PHYSICAL BARRIERS	64%	79%

NUMBER OF BENEFICIARIES			
YEAR	2020	2019	% CHANGE
DISABILITY	417	7,482	-94.43%
PHYSICAL BARRIERS	1,589	8,361	-81%
TOTAL BENEFICIARIES	2,006	15,843	-87.34%

PERCENTAGE OF INITIATIVES		
YEAR	2020	2019
DISABILITY	21%	47%

PERCENTAGE OF INITIATIVES		
YEAR	2020	2019
PHYSICAL BARRIERS	79%	53%

NUMBER OF INITIATIVES IN THE REPORTING PERIOD



Offering this category of stakeholder access to financial services that is complete and consistent with their needs is part of the concrete actions taken in local areas. The projects carried out by some Group companies in this field are reported below.

Banca Tema has improved access to some branches (Orbetello, Marina di Grosseto, Capalbio) in order to reduce physical barriers and improve access to banking services for people with disabilities.

BCC Ravennate Forlivese e Imolese has installed ATMs equipped with software and devices for the visually impaired. These machines are added to the normal reading systems with voice commands that guide the visually impaired user in the use of the service. There is at least one per city and the number is gradually increasing.

Furthermore, the BCC has enhanced its contact center service by increasing the number of employees in the office in charge of telephone services for customer contact (one more employee assigned to the office).

During renovation interventions on some branches, **BCC di Roma** also upgraded the workstations to make access easier for the disabled and executed external works, as required by legislation, to remove physical barriers.

During renovation and enlargement works on the Branch premises, **BCC di Ripatransone e del Fermano** improved access for the disabled.

Among the indirect perimeter companies, **Coopesystem**, which offers products and services to its client banks, has adopted Ingenico terminals, equipped with a keyboard that complies with the requirements prescribed by the ADA (Americans with Disabilities Act - www.ADA.gov),

which require the use of raised keys to identify the "OK", "Correction" and "Stop" functions and a "pin" placed in correspondence with the "5" key aimed at helping the visually impaired person locate the center of the keyboard itself. For terminals with touch-screen display, a plastic "mask" reproducing the ADA keycaps may be applied by the user when needed and removed after the operation. Moreover, a keycap has been placed on number 5 of the numeric keypad of the POS D210 terminal in order to facilitate the use of the terminal itself by the visually impaired. The aim is to orientate people by means of this keycap, which by touch indicates the direction of their hands and helps them to place them more effectively on the keyboard.

The Iccrea Co-operative Banking Group - in compliance with current regulations, as well as in order to make its services accessible to all users, including customers with disabilities (including visual impairments) and users with less than optimal abilities - has started a process of bringing its procedures into line with international accessibility standards in order to increase protection against the risk associated with the release of non-accessible digital products and services.

The project involves:

- directly BCCs and Group companies in relation to digital applications offered to customers and employees;
- directly Iccrea Banca for the applications offered to customers, employees, BCCs and Group companies;
- indirectly Iccrea Banca, in the role of Parent Company, in case of claims for damages against Affiliated BCCs and direct perimeter companies.

The intervention is also part of the broader programme of sustainability projects. In light of the digitization process supporting the strategic plan, the project is a first step in a broader process to reduce costs of platform upgrades carried out over the next few years.

The action is required in order to comply with current legislation on direct and indirect discrimination against people with disabilities (Law 67 of 2006), as well as with the amendment recently modified under Article 29 of the "Simplification" Decree Law in force as from 17 July and the new EU provisions that shall be implemented by 2022. Furthermore, the process has been started for bringing procedures into line with the future transposition of the "European Accessibility Act" (by June 2025).

5.5 Stakeholder engagement

With the aim of making its interaction with all the Group companies more effective, the Parent Company Iccrea Banca has for some time now been implementing certain actions to involve BCCs in order to obtain opinions and instructions from them. This includes the use of local and national working groups that are known as "MarkeTeams".

During 2020, the meetings of the national MarkeTeam continued to be held by videoconference, given the emergency due to the spread of the Covid-19 pandemic. There were a total of 27 meetings of the working group.

During 2020, other opportunities were created for meetings with BCCs, which concerned specific business sectors, such as foreign operations.

In this area, in June an online meeting was organized where, in addition to the BCCs, CredImpex Italia (an Association, founded in 1985, which brings together specialists from banks in Italy, engaged in international trade and which now also includes logistics operators) was also involved to discuss "Incoterms 2020"; in September the award ceremony of the contest "*Buoni oltre confine*" linked to foreign operations was held online. During the event it was possible to dialogue with the approximately eighty BCCs involved in projects in the international sector. Work on communication with BCCs also continued through the use of the usual tools such as Circular Letters, DEM (Direct Email Marketing) and News.

49 product Circular Letters were issued in 2020.

With regard to DEM, in 2020 the in-house approval process of the content (copy and visual) was updated, with the aim of improving the quality of the communication towards the BCCs and the Group companies, as well as towards the customers of the BCCs. A total of 461 DEM emails were drafted and sent to the categories of persons and entities mentioned above.

The News published on intranet sites Polaris and Huba ext and mainly intended for BCCs amounted to 121 and 130, respectively.

A new method of involving stakeholders was through the **Coopera brand**, which identifies the Group's projects targeted at the Third Sector. In particular, there were **three guidelines** in this sense:

The first one concerns the involvement of the BCCs in preparing the "philanthropic" page of the Coopera website (https://www.coopera.gruppoiccrea.it/template/default.asp?i_menuID=60856) which, in the first period of lockdown, collected data, on a daily basis, concerning the philanthropic projects put in place by the Group BCCs in favor of institutions engaged in the fight against the pandemic. During the period from March to May 2020, the number of BCCs that undertook initiatives amounted to a total of 110 to which must be added the initiative of the Federation of BCC Marchigiane and the system fundraising campaign promoted by Federcasse, which was also joined by the Iccrea Group by allocating an amount of Euro 500 thousand.

The second one, which is absolutely new, concerned the direct involvement of the corporate structure of one of our BCCs. This is a collaboration with Kairòs Young Members of Banca Campania Centro that led to producing a series of episodes entitled "*Pillole di Terzo Settore*" (Tips on the Third Sector) (see paragraph 5.2), which were then published on the bank's social channels and in particular on KairosWebTV (as well as Facebook and Instagram). The objective of the program is to provide financial education on issues relating to the reform of the Third Sector and to raise awareness about non-profit organizations close to the Mutual Banking business. From July to December, 15 episodes were aired with an average of about three hundred views, a number that is now growing on an ongoing basis (<https://www.webtv.kairosgs.it/>).

The third method of engagement allows BCCs to report topics to be dealt with in the news and in the Coopera newsletter (https://www.coopera.gruppoiccrea.it/page/default.asp?i_menuID=-540). The purpose is to share the best practices that the BCCs put in place in the local area in

which they operate in order to pursue the common good of the community.

Another way of involving stakeholders (BCCs) on market issues is to share business development plans in the local areas in which they operate. Traditionally it is the Parent Company that organizes marketing events through a plan to involve the BCCs which is segmented by target and professional areas. The plan usually includes meetings with the General Managers of BCCs on market strategies and information and motivational events on BCC officers. The plan is implemented by taking account of the initiatives targeted at retail and corporate customers, in line with the business plan and the key areas of the strategic plan.

In 2020, due to the Covid-19 epidemic and the consequent impossibility of holding traditional in-person events, the Parent Company promptly activated online meetings in order to satisfy the need to quickly inform the BCCs of the Group's initiatives in support of the banks and their customers. Iccrea Banca also supervised the organizational issues of meetings structured on the Microsoft Teams platform.

In this manner, virtual appointments were transformed into more structured meetings with a precise management of invitations and registrations, for in-depth analyses of topics of particular interest or need.

From April to December 2020, 41 virtual meetings were organized on different topics and targets for a total of over 4,500 connections.

Although the in-person events scheduled for 2020 were cancelled for safety reasons due to the emergency situation, there was no lack of opportunities for sharing and moments of discussion. The use of digital tools made it possible to maintain ongoing dialogue with employees and support the Group's Governance.

Furthermore, the Parent Company organized and carried out various in-house meetings on behalf of the General Managers and other Organizational Units of the Parent Company and the direct perimeter companies, which were in some cases extended to the Affiliated Banks.

THE SOCIAL CHANNELS

Stakeholder engagement also took place by using the various social channels, for which a quarterly performance analysis has been conducted, including the number and type of interactions, target analysis, and Engagement Rate.



In 2020, Carta BCC card's Facebook profile reached **75,618 followers** and **130 posts were published during the year**. Again on Facebook, **Coopera's profile reached 1,869 followers with 181 posts published**.



The Iccrea Co-operative Banking Group's **YouTube profile**, where 24 videos and 3 Playlists were published in 2020, reached **567 followers**.



The Group's Twitter profile reached 659 followers and 117 tweets were published.



The Group's LinkedIn profile reached 45,355 followers and 143 posts were published. It should be noted that the Iccrea Group's LinkedIn profile manages 7 other profiles:

- **Iccrea Banca S.p.A.:** the profile reached **15,806 followers** and 20 posts were published;
- **BCC Gestione Crediti S.p.A.:** the profile reached **6,341 followers**;
- **BCC Risparmio & Previdenza:** the profile reached **472 followers**;
- **BCC Factoring:** the profile reached **265 followers**;
- **Iccrea Bancalmpresa:** the profile reached **9,530 followers** and 31 posts were published;
- **BCC Credito Consumo:** the profile reached **2,610 followers**;
- **Mediocredito FVG:** the profile reached **351 followers**.

Again with regard to the web, the **CartaBCC website generated 2,565,737 sessions**, while the **Coopera website**, where **100 news items were published**, generated **4,552 sessions**.

A feasibility project has been launched to implement customer listening, called "Voice of the customer", in order to intercept and monitor moments in the bank-customer relationship downstream of specific interactions, collecting and analyzing immediate feedback.

The implementation of a Voice of the Customer solution allows the organization to have a customer centric view and to be able to enable the collection of customer feedback in the:

- Relational domain: net of specific interactions to monitor the state of health of the relationship;
- Transactional domain: in the presence of interactions on specific channels/touchpoints (e.g. branch, contact center, APP, ATM...);
- Customer Journey: downstream of a specific event (e.g. loan application, mortgage underwriting, complaint).

The project started with the Contact Center for Carta BCC cards and continued with an evaluation phase, involving the functions of Iccrea Banca that are in charge of Contact Center, Telephone Banking and Electronic Money services, with particular reference to the management of the master database, to collect key elements in order to customize the solution for listening to customer calls to the Contact Center for Carta BCC cards.

RELATIONSHIPS WITH UNIVERSITIES

Furthermore, the Iccrea Co-operative Banking Group has entered into agreements with various Italian universities and educational institutions to organize internship and apprenticeship programs aimed at promoting the integration of young people into the world of work. In particular, the Iccrea Group collaborated with the following institutions:

- University of Rome Tor Vergata;
- La Sapienza University of Rome;
- LUISS Guido Carli University of Rome;

- Luigi Bocconi University of Milan;
- University of Udine;
- University of Pisa;
- University of Milan-Bicocca;
- Associazione for Culture and Leisure (ACTL).

SUPPORTING LOCAL COMMUNITIES BEYOND THE BORDERS: MICROFINANZA CAMPESINA

The partnership between Federcasse (National Federation of Mutual Banks) and Codesarrollo (which, since March 2014, has become a bank in the form of a joint-stock company, taking the name BANCODESARROLLO), established in 2002, provides support, with subsidized loans, specialist technical advice and training activities (including with the contribution of Fondosviluppo), in favor of the promotion and dissemination of mutual banking and credit cooperation, especially in the most disadvantaged areas of Ecuador. The project, which is called "Microfinanza Campesina" (Microfinance for farmers), goes beyond mere welfarism, providing support for the entire economic cycle for an economy that promotes the development of resources and provides work for the population. The cultural and financial cooperation agreement was signed 18 years ago and renewed in 2012.

A major partner of the project is the Ecuadorian Populorum Progressio Fund (FEPP), a private non-profit foundation established in the 1970s, at the behest of the Ecuadorian Episcopal Conference in order to follow up on the words of Pope Paul VI who called for the creation of common funds to assist the poorest, with a view to a solidarity-based development of humanity, in the Populorum Progressio encyclical. Over time, BCCs have contributed to the development of the system of village mutual banks.

The funds made available by Italian BCCs help the weaker segments of the Ecuadorian population to obtain loans for small but essential investments. Loans are disbursed at reasonable rates to buy a house, redeem a plot of land, set up a bakery business, buy livestock and tools to work the land. In this manner, family and community businesses are created, which transform natural resources and agricultural products into goods to be put on the market, through the development of local production activities so that the wealth created remains in the local area concerned.

The project is the largest carried out in Ecuador with private funds and is recognized at an international level as a new model of cooperation to combat poverty in developing countries.

The Iccrea Group continued to support BANCODESARROLLO in 2020 too. The outstanding debt of the loans disbursed to the latter amounted to more than **Euro 13 million** at 31 December 2020. The initiatives financed are supporting numerous projects in Ecuadorian communities in relation to: tourism, strengthening small businesses, mutual banking offices, family and community businesses, housing for farmers, marketing for women, microfinance, financing for small businesses, youth entrepreneurship, micro and small-sized businesses (agricultural, livestock, fishing), etc..

AWARDS OBTAINED BY THE ICCREA CO-OPERATIVE BANKING GROUP FOR COMMUNITY SUPPORT PROJECTS

The Iccrea Co-operative Banking Group was among the finalists of the second edition of the **Sustainability Report Award** in the category "Large Companies", together with four other excellence brands of our country.

The Award was created to recognize the commitment and to reward Italian companies on the basis of their disclosures of non-financial information or, more generally, sustainability reporting, and is aimed at strengthening a culture of sustainability. This result is even more significant for the 132 member banks that have always been committed to spreading the culture of sustainability in local areas and communities.

5.6 Supply chain management

GRI 102-9
GRI 204-1
GRI 414-1

The Iccrea Co-operative Banking Group has prepared specific internal rules to govern the process of managing suppliers and procuring goods and services for the Group companies, in compliance with the applicable legislation in this area (Legislative Decree 231/2001, privacy, anti-money laundering, "relevant persons").

The process for evaluating and selecting Iccrea Group suppliers is based on a careful technical and economic analysis of a variety of parameters, such as the analysis of the product, the offer, pricing, the technical and professional appropriateness, competence and reliability, and service quality.

In the selection process, the Group also assesses the suppliers' possession of certifications (e.g. ISO 14001 and OHSAS 18001) and the suppliers are required to comply with the Code of Ethics of the Iccrea Group.

In specific cases provided for in the relevant internal rules, the Iccrea Co-operative Banking Group verifies that the supplier's officers meet integrity and reputability requirements. In the Code of Ethics and Conduct, the Iccrea Group emphasizes, among other things, the importance of ensuring that relations with suppliers are conducted in compliance with the law and current internal rules. To this end, Iccrea Banca makes all suppliers aware of the contents of the Code and requires compliance with the principles expressed in it. Any violation of the general principles of the Code by the suppliers is grounds for the bank exercising the termination clauses included in the individual supply contracts.

In general terms, the Iccrea Group avails itself of suppliers to provide services, products and instruments necessary to pursue and enhance the efficiency of banking activities, property management, ICT activities and services, logistics, marketing and personnel.

In addition to regulatory obligations, the Iccrea Group has also set itself objectives for better supply chain management. According to the Sustainability Plan 2020-2023, an ESG scoring process will be launched on the suppliers of the Parent Company that meet specific requirements in terms of size, strategy and criticality. The aim will be to develop Guidelines aimed at putting in place a system of ESG supplier qualification in order to make BCCs aware of ESG selection criteria. These guidelines may also be adopted by BCCs on a voluntary basis.

During the reporting period the number of new suppliers was **8,545**, of which 7.12% (608) were evaluated according to social criteria.

NUMBER OF SUPPLIERS OF THE ICCREA GROUP			
YEAR	2020	2019	% CHANGE
TOTAL SUPPLIERS	164,613	119,102	38.21%
TOTAL SUPPLIERS - ITALY	164,498	118,970	38.37%
% LOCAL SUPPLIERS	99.93%	99.89%	0.04%

PROPORTION OF SPENDING ON LOCAL SUPPLIERS							
YEAR	2020			2019			
	BANK	COMPANY	TOTAL	BANK	COMPANY	TOTAL	(TOT) % CHANGE
PURCHASES FROM SUPPLIERS – AREA OF OPERATION*	290,052,191.83	293,051,698.00	583,103,889.83	322,740,770.50	310,531,218.70	633,271,989.20	-7.92%
TOTAL PURCHASES (€)	722,523,952.88	309,948,680.00	1,032,472,632.88	973,661,903.28	327,281,041.80	1,300,942,945.08	-20.64%
% FROM LOCAL SUPPLIERS ⁸	40.14%	94.55%	56.48%	33.15%	94.88%	48.68%	16.02%

* According to current secondary legislation, the Municipalities in which the bank has branches, as well as neighboring municipalities, fall within this category (Article 35, paragraph 2, of the Consolidated Banking Act). The proportion of spending on local suppliers is reported by using different and more detailed criteria than those adopted in previous reporting periods. The fact of having extended the use of the NFS portal to include Group companies has, in fact, made it possible to identify and report on the proportion of purchases from the Areas of Operation of the Group companies, in addition to purchases made from Italian suppliers.

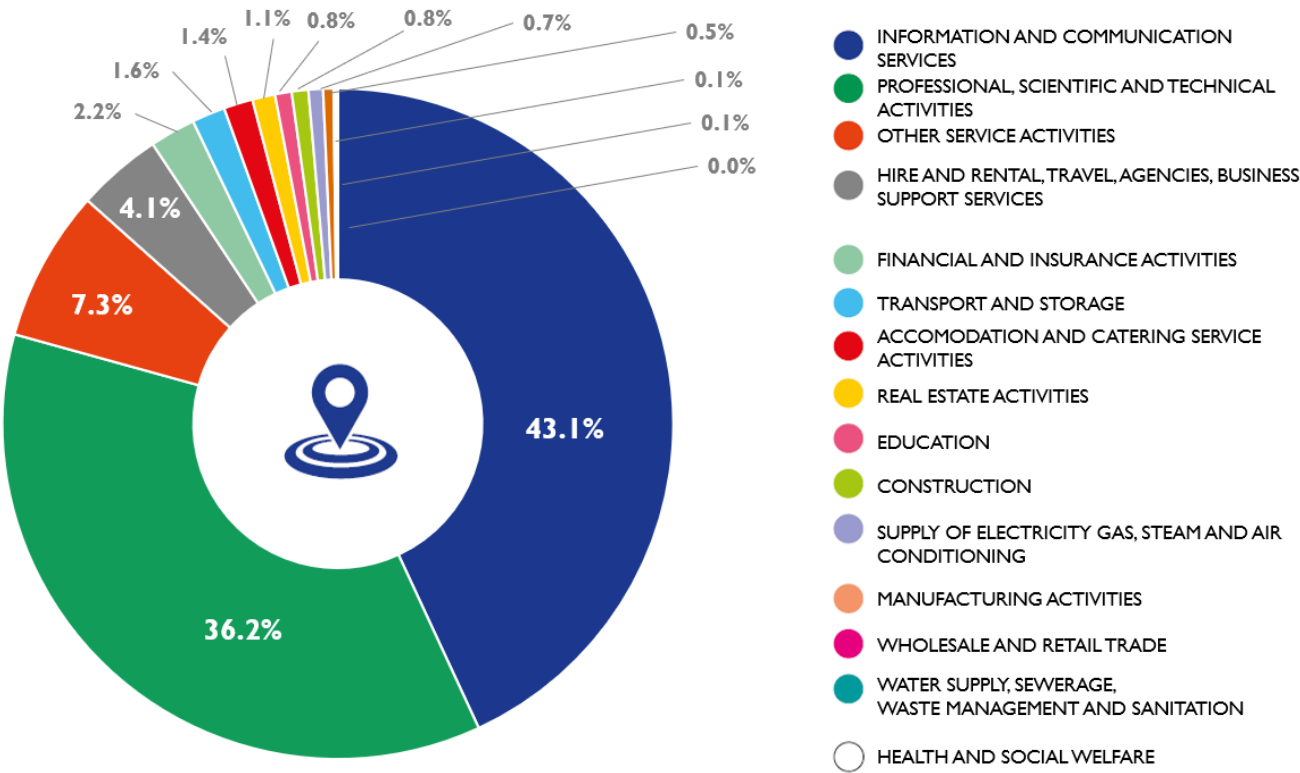
NUMBER AND PERCENTAGE OF NEW SUPPLIERS ASSESSED ACCORDING TO SOCIAL CRITERIA		
YEAR	2020	2019
NEW SUPPLIERS ASSESSED ACCORDING TO SOCIAL CRITERIA	608	311
NEW TOTAL SUPPLIERS	8,545	9,453
% NEW SUPPLIERS ASSESSED ACCORDING TO SOCIAL CRITERIA	7.12%	3.29%

⁸ Total suppliers of BCCs + local suppliers of BCC Solutions (excluding Mediocredito FVG, Sinergia and indirect perimeter companies).

With regard to the suppliers of the direct perimeter of the Iccrea Group, the core business sectors identified through Ateco (Classification of Economic Activities) codes are reported below:

ATECO CATEGORY	PURCHASING VALUE (€)	PERCENTAGE OF TOTAL (%)
INFORMATION AND COMMUNICATION SERVICES	126,167,182.07	43.1%
PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	106,005,036.42	36.2%
OTHER SERVICE ACTIVITIES	21,419,717.61	7.3%
HIRE AND RENTAL, TRAVEL AGENCIES, BUSINESS SUPPORT SERVICES	11,851,264.60	4.1%
FINANCIAL AND INSURANCE ACTIVITIES	6,554,996.00	2.2%
TRANSPORT AND STORAGE	4,755,563.28	1.6%
ACCOMMODATION AND CATERING SERVICE ACTIVITIES	4,227,200.39	1.4%
REAL ESTATE ACTIVITIES	3,079,813.57	1.1%
EDUCATION	2,412,434.36	0.8%
CONSTRUCTION	2,232,254.09	0.8%
SUPPLY OF ELECTRICITY, GAS STEAM AND AIR CONDITIONING	1,902,281.63	0.7%
MANUFACTURING ACTIVITIES	1,501,196.32	0.5%
WHOLESALE AND RETAIL TRADE	264,678.63	0.1%
WATER SUPPLY; SEWERAGE NETWORKS, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	230,667.96	0.1%
HEALTHCARE AND WELFARE	37,440.00	0.0%
TOTAL	292,641,726.93	100%

ATECO CATEGORIES (PURCHASING VALUE) ITALY



5.7 Economic value generated, retained and distributed

GRI 201-1

The economic value generated, retained and distributed consists of the measure of wealth produced by the Iccrea Co-operative Banking Group and has been determined on the basis of the data provided in the Consolidated Financial Statements⁹.

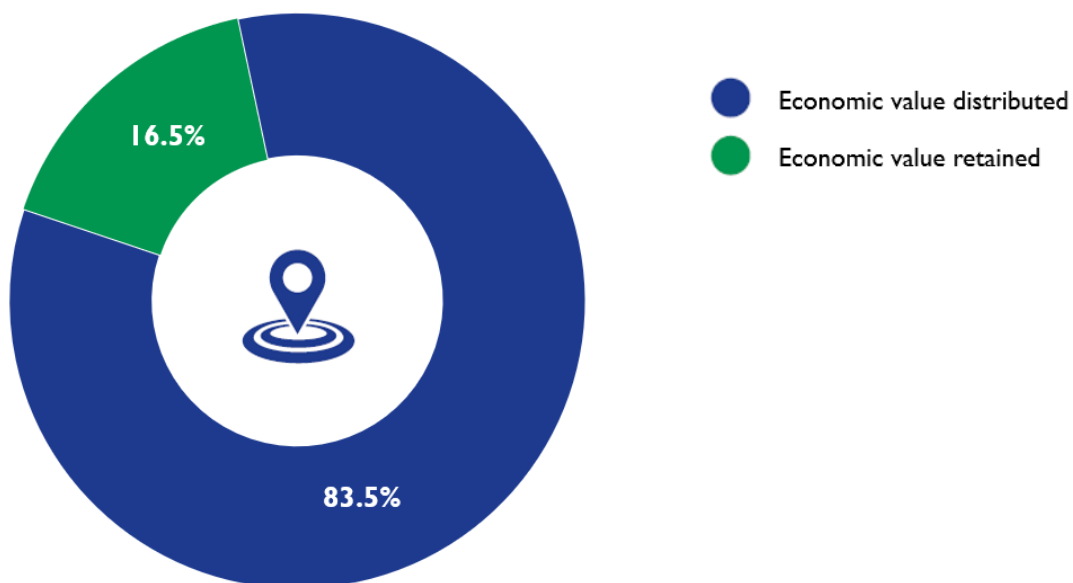
The economic value generated, equal to Euro **3.56 billion** in 2020, is mostly distributed to the counterparties with which the Group operates, for a total of Euro **2.97 billion** in 2020 (about **83.5%** of the total).

The remaining amount, equal to about Euro **0.6 billion**, consists of the sum of economic value retained by the Iccrea Co-operative Banking Group.

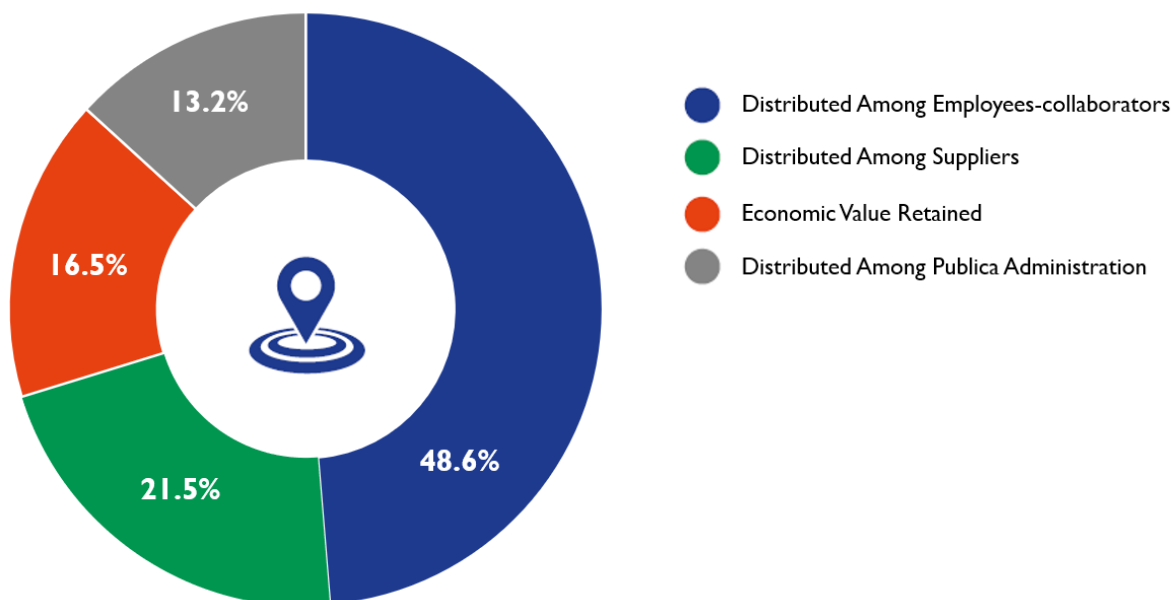
ECONOMIC VALUE GENERATED, RETAINED AND DISTRIBUTED (2020)		
ITEM	€/MIL	%
ECONOMIC VALUE DISTRIBUTED	2,972	83.5%
OF WHICH TO SUPPLIERS	766	21.5%
OF WHICH TO EMPLOYEES AND COLLABORATORS	1,729	48.6%
OF WHICH TO THIRD PARTIES	7	0.2%
OF WHICH TO MEMBERS	-	-
OF WHICH TO THE CENTRAL AND LOCAL PUBLIC SECTOR	451	12.7%
OF WHICH TO THE COMMUNITY	19	0.5%
ECONOMIC VALUE RETAINED	589	16.5%
ECONOMIC VALUE DIRECTLY GENERATED	3,560	100.0%

⁹ The calculation has been made in accordance with the guidelines provided by ABI in the "Statement of value added determination and distribution" published in September 2019.

BREAKDOWN OF ECONOMIC VALUE GENERATED BY THE GROUP









BREAKDOWN OF ECONOMIC VALUE GENERATED



The distribution of the Economic Value Generated by the Group shows that most of the value is distributed among employees-collaborators (approx. 49%), suppliers (approx. 22%), public administration and communities (approx. 13%). In addition, the retained value is equal to 16.5%. It's worth noting that almost all of the suppliers (more than 98%, see paragraph 5.6) are Italian suppliers: this value is therefore distributed, once again, to the benefit of the communities.

The overall 13.2% share allocated to the public administration and the community, equal to Euro 470 million, is to be put in relation to the amount of more than Euro 29 million of charity and sponsorship contributions that the Iccrea Group allocated to the communities. Therefore, the Group supported local communities with more than Euro 500 million during the reporting period.

6. Customers and products

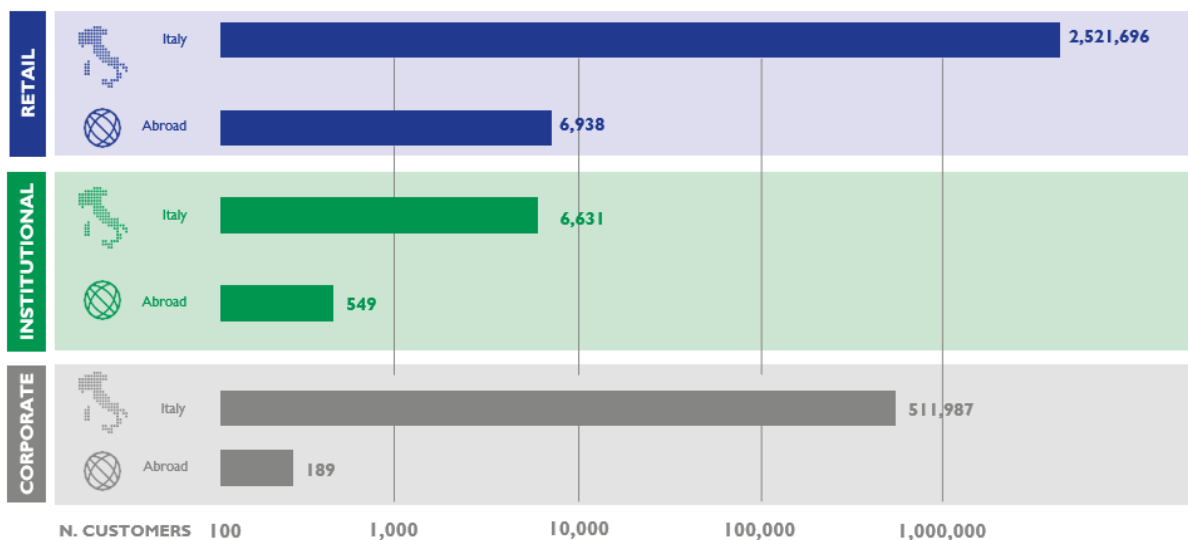
SDGs	MATERIAL TOPICS
	<p>Constant attention to customer needs (material topic no. 2)</p> <p>Supporting businesses and households (material topic no. 3)</p> <p>Transparency of communication with customers (material topic no. 13)</p>
	TARGET
	<p>1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance</p>
	<p>8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p> <p>8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all</p>
	<p>9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets</p>
	<p>10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p>
	<p>11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums</p>
	<p>16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all</p> <p>16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements</p> <p>16.a Strengthen relevant national institutions, including through international cooperation, for building capacity at all levels, in particular in developing countries, to prevent violence and combat terrorism and crime</p>

The Iccrea Co-operative Banking Group offers its customers a wide and diversified range of products and services through its direct perimeter companies and Affiliated BCCs, counting on the Iccrea Group's widespread local footprint.

The Iccrea Group's offer and service model operates through an organizational structure that is divided into three main strategic areas:



CUSTOMERS OF THE MAIN ICCREA GROUP COMPANIES (EXCLUDING BCCS) BY GEOGRAPHICAL AREA (ITALY VS ABROAD)



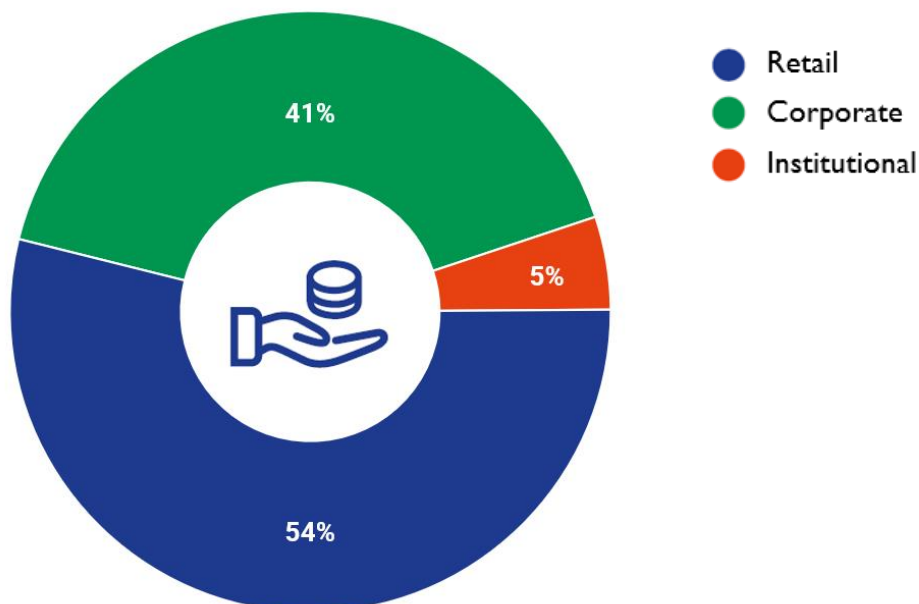
The comparison with the previous reports is shown below.

G4-FS6

CUSTOMERS OF THE MAIN ICCREA GROUP COMPANIES				
TYPE OF CUSTOMERS	GEOGRAPHICAL AREA	2020	2019	% CHANGE
INSTITUTIONAL	ITALY	6,631	6,468	2.52%
INSTITUTIONAL	ABROAD	549	528	3.98%
RETAIL	ITALY	2,521,696	2,489,648	1.29%
RETAIL	ABROAD	6,938	7,040	-1.45%
CORPORATE	ITALY	511,987	477,448	7.23%
CORPORATE	ABROAD	189	162	16.67%
TOTAL ITALY		3,040,314	2,973,564	2.24%
TOTAL ABROAD		7,676	7,730	-0.70%
GRAND TOTAL		3,047,990	2,981,294	2.24%

The incidence of the three business areas on the total loans of the Iccrea Co-operative Banking Group is reported below.

INCIDENCE OF BUSINESS AREAS ON TOTAL LOANS



INSTITUTIONAL

This Area includes the companies that provide products and services directly to the Affiliated Banks. The wide range of solutions available includes financial services, payment systems, securities administration, credit collection services, Web services, facility management, real estate services, and IT and back-office services, as well as logistical, administrative and infrastructure support. The main Group companies engaged in this area are Iccrea Banca - which as Parent Company carries out the management, coordination and control activities provided for under applicable law and the Cohesion Contract - BCC Sistemi Informatici, BCC Solutions, and Sinergia.

MUTUAL BANKS, THE MAIN TARGET OF THE INSTITUTIONAL SEGMENT

The institutional segment includes all the companies of the Iccrea Co-operative Banking Group, which offer products and services to support the operations of the Co-operative Banks (BCCs).

In this area, the Iccrea Group offers the BCCs a wide variety of solutions that include financial services, payment systems, securities settlement and administration, debt recovery, facility management, property management and IT infrastructure management services.

CORPORATE

This area is composed of the subsidiaries of Iccrea Banca S.p.A. that offer solutions to small and medium-sized enterprises and to local government entities that are customers of the Affiliated BCCs. It provides a wide range of products and services for meeting all customer needs, even the most advanced ordinary lending and special corporate finance products, medium/long-term lending and international services, leasing, factoring, rental and other advanced consulting. The Group companies that operate in this area are Iccrea BancalImpresa and its subsidiaries BCC Factoring and BCC Lease, in addition to Mediocredito del Friuli-Venezia Giulia.

MICRO, SMALL- AND MEDIUM-SIZED ENTERPRISES (MSMES), THE MAIN TARGET OF THE CORPORATE SEGMENT

The corporate segment represents the Iccrea Co-operative Banking Group's offer for companies, mainly micro-Small and Medium-sized Enterprises (mSMEs), which are the main corporate customers of the mutual banks.

In this segment, the Iccrea Group offers Italian mSMEs services tailored to the needs of different business sectors, with products ranging from traditional forms of lending to more evolved and innovative financing options.

RETAIL

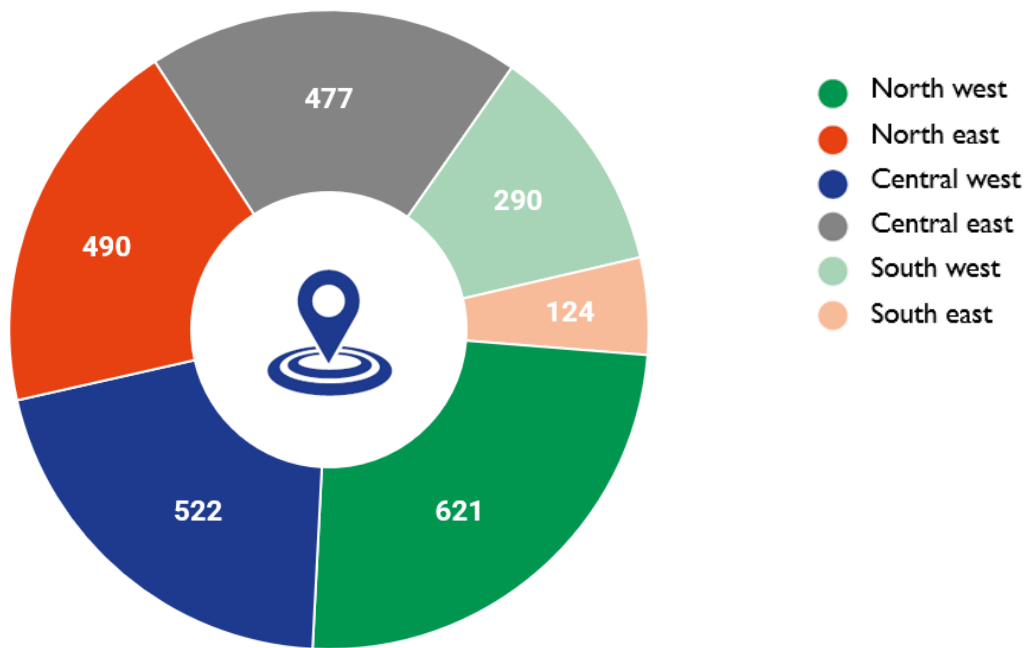
This segment includes the mutual banks that represent the largest portion of the Co-operative Banking Group's consolidated assets (more than 80%, net of intercompany items). As fully explained above, the Affiliated BCCs traditionally work to promote the development of local communities and the local economy. The principle of mutualism, which is a distinctive characteristic of mutual banking, enables the banks to play a key role in the panorama of the national banking industry and makes them an important partner for households and small and medium-sized enterprises (SMEs). It includes the activities carried out by BCC Risparmio & Previdenza, BCC Credito Consumo and the traditional banking business conducted by Banca Sviluppo.

INDIVIDUALS AND HOUSEHOLD, THE MAIN TARGET OF THE RETAIL SEGMENT

The Iccrea Co-operative Banking Group's offering is dedicated to individuals and households that are customers of the Co-operative Banks. As at 31 December 2020 the incidence of consumer households was 35% of all the loans granted by the Iccrea Group.

Retail activities are mainly carried out by the various Co-operative Banks in the Iccrea Group. The breakdown of local branches by region is reported below.

BREAKDOWN OF BRANCHES BY AREAS



BREAKDOWN OF BRANCHES BY REGION

REGION	BRANCH
AOSTA VALLEY	-
APULIA	77
ABRUZZO	73
BASILICATA	35
CALABRIA	62
CAMPANIA	103
EMILIA-ROMAGNA	240
FRIULI-VENEZIA GIULIA	90
LATIUM	195
LIGURIA	11
LOMBARDY	520
MARCHES	164
MOLISE	12
PIEDMONT	90
SARDINIA	11
SICILY	130

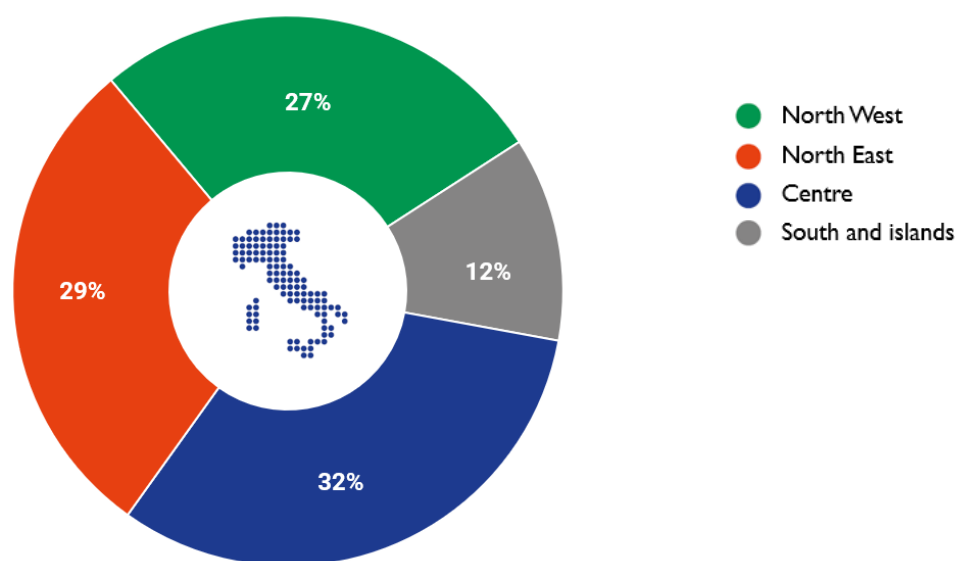
REGION	BRANCH
TUSCANY	279
TRENTINO-ALTO ADIGE	2
UMBRIA	37
VENETO	398
TOTAL	2,529

Data processing on the financial statements at 31 December 2020.

Customer proximity is ensured by the operation in local areas that characterizes the mutual banking activities of the Affiliated BCCs and the product Companies that support them.

Likewise, the following is a breakdown of the Iccrea Group's loans by area:

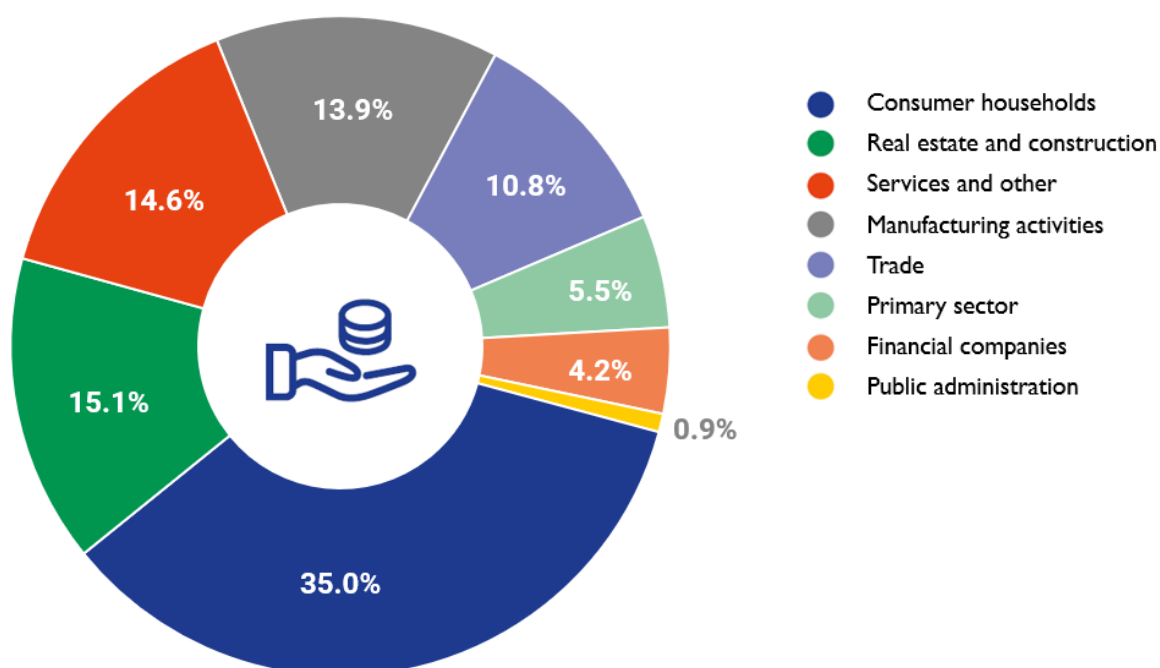
BREAKDOWN OF LOANS BY GEOGRAPHICAL AREA



GEOGRAPHICAL AREA	GROSS VALUE (€)	INCIDENCE ON TOTAL LOANS AND ADVANCES	PERFORMING LOANS AND ADVANCES		NON-PERFORMING LOANS AND ADVANCES	
			INCIDENCE ON TOTAL	INCIDENCE ON TOTAL PERFORMING	NPL RATIO	INCIDENCE ON TOTAL NPLS
NORTH EAST	26,469,783	28.50%	92.00%	28.90%	8.00%	24.90%
NORTH WEST	24,995,343	26.90%	91.20%	27.00%	8.80%	25.90%
CENTRE	30,053,144	32.40%	90.00%	32.10%	10.00%	35.60%
SOUTH AND ISLANDS	11,263,289	12.10%	89.80%	12.00%	10.20%	13.60%
TOTAL LOANS TO CUSTOMERS AT A.C.	92,781,558	100.00%	90.90%	100.00%	9.10%	100.00%

As regards the market covered, a breakdown of customers by categories in terms of loans is reported below:

BREAKDOWN OF LOANS BY MACRO ECONOMIC SECTORS



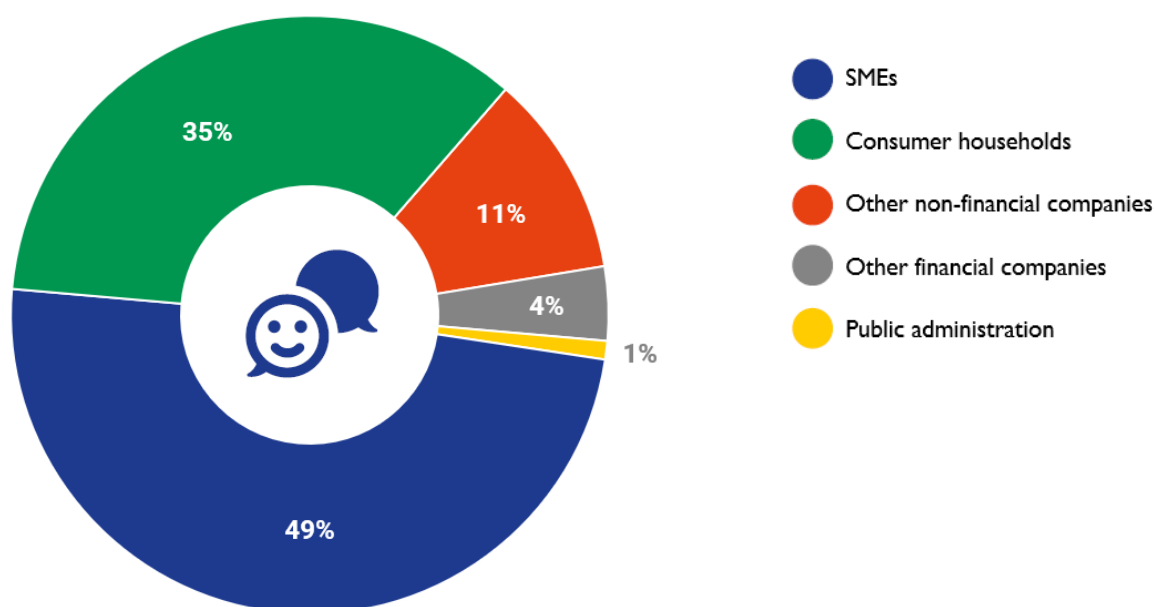
COUNTERPARTY'S ECONOMIC ACTIVITY	GROSS VALUE (€)	INCIDENCE ON TOTAL LOANS AND ADVANCES	PERFORMING LOANS AND ADVANCES		NON-PERFORMING LOANS AND ADVANCES	
			INCIDENCE ON TOTAL	INCIDENCE ON TOTAL PERFORMING	NPL RATIO	INCIDENCE ON TOTAL NPLS
CONSUMER HOUSEHOLDS	32,476,794	35.00%	94.80%	36.50%	5.20%	20.10%
PRIMARY SECTOR	5,105,500	5.50%	92.00%	5.60%	8.00%	4.80%
MANUFACTURING ACTIVITIES	12,884,685	13.90%	91.50%	14.00%	8.50%	12.80%
TRADE	10,060,290	10.80%	90.60%	10.80%	9.40%	11.20%
REAL ESTATE AND CONSTRUCTION	14,041,950	15.10%	77.70%	12.90%	22.30%	36.90%
SERVICES AND OTHER	13,516,943	14.60%	91.70%	14.70%	8.30%	13.30%
PUBLIC ADMINISTRATION	789,680	0.90%	98.30%	0.90%	1.70%	0.20%
FINANCIAL COMPANIES	3,905,717	4.20%	98.50%	4.60%	1.50%	0.70%
TOTAL LOANS TO CUSTOMERS AT A.C.	92,781,558	100.00%	90.90%	100.00%	9.10%	100.00%

In 2020, more than 84% of financing, as shown by the breakdown of the Iccrea Co-operative Banking Group's loans, was granted to households and micro-SMEs. This figure confirms the Group's actual proximity to local communities and to the network of businesses that operate in the area.

TYPE OF COUNTERPARTY	GROSS VALUE (€)	INCIDENCE ON TOTAL LOANS AND ADVANCES	PERFORMING LOANS AND ADVANCES		NON-PERFORMING LOANS AND ADVANCES	
			INCIDENCE ON TOTAL	INCIDENCE ON TOTAL PERFORMING	NPL RATIO	INCIDENCE ON TOTAL NPLS
ORDINARY CUSTOMERS	91,991,879	99.10%	90.80%	99.10%	9.20%	99.80%
CONSUMER HOUSEHOLDS	32,476,794	35.00%	94.80%	36.50%	5.20%	20.10%
SMALL AND MEDIUM-SIZED ENTERPRISES	45,003,078	48.50%	90.90%	48.50%	9.10%	48.50%
- PRODUCER HOUSEHOLDS	8,678,209	9.40%	90.30%	9.30%	9.70%	9.90%
- MICRO-ENTERPRISES, ENTITIES AND ASSOCIATIONS	8,763,340	9.40%	88.30%	9.20%	11.70%	12.10%
- OTHER SMES	27,561,529	29.70%	91.80%	30.00%	8.20%	26.50%
OTHER NON-FINANCIAL COMPANIES	10,606,290	11.40%	75.60%	9.50%	24.40%	30.50%
OTHER FINANCIAL COMPANIES	3,905,717	4.20%	98.50%	4.60%	1.50%	0.70%
PUBLIC ADMINISTRATION	789,680	0.90%	98.30%	0.90%	1.70%	0.20%
TOTAL LOANS TO CUSTOMERS AT A.C.	92,781,558	100.00%	90.90%	100.00%	9.10%	100.00%

Source: Annual Financial Statements at 31/12/2020.

BREAKDOWN OF LOANS BY TYPE OF CUSTOMERS



Source: Annual Financial Statements at 31/12/2020.

BREAKDOWN OF CUSTOMERS BY TYPE		
TYPE	NUMBER OF CUSTOMERS	COUNTERVALUE (€)
CONSUMER HOUSEHOLDS	774,295	31,465,099,919.00
PRODUCER HOUSEHOLDS	203,195	8,158,167,461.00
NON-FINANCIAL COMPANIES	251,757	42,189,183,755.00
NON-PROFIT ORGANIZATIONS	22	13,384,396.00
FINANCIAL COMPANIES	3,014	3,855,506,498.00
PUBLIC ADMINISTRATION	1,614	786,474,536.00
OTHER CATEGORIES	15,742	809,996,920.00
TOTAL	1,249,639	87,277,813,485.00

6.1 Social impact products by strategic line of business

G4-FS7

For the Iccrea Group, its constant attention to the customer needs, as well as its ongoing support to households and businesses over time, are the cornerstones for building a sustainable business, and a key principle for operating in an effective manner today to the benefit of its future performance. It is no coincidence that the third material topic linked to this chapter, namely attention to transparency in communications with customers, goes precisely in this direction in order to confirm confidence in a different model of conducting a banking business.

This chapter considers the products with a social impact that the different strategic lines of business of the Iccrea Group offer on the market, while a detailed description of those with an environmental impact is provided in the relevant chapter. In view of the peculiar situation we are going through, we have decided to summarize the efforts that the Iccrea Co-operative Banking Group has made to cope with the effects of the pandemic in line with the material topic (Supporting households and businesses).

THE ICCREA GROUP'S COVID-19-RELATED INITIATIVES

The Affiliated BCCs in the Iccrea Co-operative Banking Group have always played a fundamental role in providing financing to small and medium-sized enterprises, households

and non-profit associations, using an operational model based on relationships and knowledge of local communities. During the last year that was marked by the global pandemic emergency, the vocation to support members and customers allowed the BCCs to take a leading role in supporting customers in the local areas of their operation and to guide the significant measures provided for by the legislation in force, as well as by trade associations and by the Banking Group for the purpose.

In particular, numerous actions were promptly taken by the Iccrea Group in order to adopt the schemes made available by public authorities and trade associations and make them operational. These initiatives were aimed at making additions to the schemes applied under both the Cure Italy Decree and the Liquidity Decree, in favor of businesses and households. Likewise, the Group put in place additional "private" measures, on the initiative of the BCCs, in order to enable the suspension of the repayment of loans within the economic and social structure and get through the pandemic crisis, which is still ongoing. The Group has turned its attention inward to allow its employees to continue to operate as best they can, as we will discuss at the end of this paragraph.

With regard to **moratorium**, the Group **approved 215,444 applications, for a residual debt exceeding Euro 23,260 billion at 31 December 2020.**

Furthermore, the 132 **Affiliated BCCs and the direct perimeter companies** had disbursed a total of 133,162 **loans** under Article 13 of Decree Law 23 (Liquidity Decree), guaranteed by the SME **Guarantee Fund**, for an overall amount **exceeding Euro 7 billion**, at 31 December 2020. Of the more than 133,000 loans, **more than 115,000 concerned applications relating to the forms of financing provided for in Article 13(m) of the Liquidity Decree** (up to Euro 25 thousand, subsequently increased to Euro 30 thousand after converting the Liquidity Decree into law) for an overall amount of more than **Euro 2.3 billion**. The percentage of loans disbursed out of applications received was **over 97.7%.**

The intense work on supporting businesses and households continued during the first months of 2021.

DECREE LAW 18 OF 17 MARCH 2020 (CONVERTED BY LAW 27 OF 30 APRIL 2020)	RECIPIENT OF THE MEASURE	NUMBER OF APPLICATIONS	GROSS EXPOSURE VALUE (€/MIL.)
ART. 56, PARA. 2.A	SMEs	12,764	350
ART. 56 PARA. 2.B	SMEs	4,497	336
ART. 56 PARA. 2.C	SMEs	113,966	14,294
ART. 54	RETAIL/HOUSEHOLDS	9,476	969

ABI AND ASSOFIN MORATORIUM	RECIPIENT OF THE MEASURE	NUMBER OF APPLICATIONS	GROSS EXPOSURE VALUE (€/MIL.)
ABI "IMPRESA IN RIPRESA 2.0"	BUSINESSES	5,357	995
ABI - 21 APRIL 2020	RETAIL/HOUSEHOLDS	21,892	1,923
ASSOFIN – CONSUMER CREDIT	RETAIL/HOUSEHOLDS	-	-
OTHER REQUESTS FOR MORATORIUM THAT MEET THE EBA GLS' DEFINITION OF A "GENERAL PAYMENT MORATORIUM"		337	28

DECREE LAW 18 OF 17 MARCH 2020	NO. OF TRANSACTIONS	AMOUNT DISBURSED (€/MIL.)
ART. 19-22 ADVANCE PAYMENTS FROM THE REDUNDANCY FUND FOR SUBORDINATE EMPLOYEES UNDER ARTICLE 19- 22	4,011	5

DECREE LAW 23 OF 8 APRIL 2020	NO. OF TRANSACTIONS	AMOUNT DISBURSED (€/MIL.)
ART.1, PARA. 2.D.1 SACE – NEW LOANS - 90% GUARANTEE	19	93
ART.1, PARA. 2.D.2 SACE – NEW LOANS - 80% GUARANTEE	-	-
ART.1, PARA. 2.D.3 SACE – NEW LOANS - 70% GUARANTEE	-	-
ART.13 SME FUND – NEW LOANS (TOT EX ART. 13)	125,582	6,044
ART.13, PARA. 1.C OF WHICH: SME FUND – NEW LOANS	7,297	2,110
ART.13, PARA. 1.D OF WHICH: SME FUND – NEW LOANS	1,239	242
ART.13, PARA. 1.E OF WHICH: SME FUND – LOANS RENEGOTIATED	5,452	1,348
ART.13, PARA. 1.L OF WHICH: SME FUND – PORTIONS OF JUNIOR TRanches OF LOAN PORTFOLIOS	-	-
ART.13, PARA. 1.M OF WHICH: SME FUND – NEW LOANS OF UP TO € 25,000/30,000	110,999	2,224
ART.13, PARA. 1.N OF WHICH: SME FUND – NEW LOANS OF UP TO € 800,000	595	120

MORATORIUM AGREEMENTS OUTSIDE THE SCOPE OF THE DECREE AND OUTSIDE ASSOCIATIONS		
SCOPE	NUMBER OF APPLICATIONS	GROSS EXPOSURE VALUE (€/MIL.)
NON-FINANCIAL COMPANIES	7,034	1,154
RETAIL/HOUSEHOLDS	31,470	2,488
TOTAL	38,504	3,642

The figures shown above certainly represent a summary, but they highlight some key issues.

It is no coincidence that supporting households and businesses has been indicated by our stakeholders as one of the key material topics. The Iccrea Co-operative Banking Group has demonstrated its positioning in practice and the operational effort has been considerable (the total number of positions processed for various reasons exceeds 345,000 applications approved), and to this must be added some considerations.

In addition to **more than 215,000 moratorium granted by regulatory provisions, the Affiliated BCCs approved a further 47,155, equal to approximately a further 22% of suspended payments in order to support the local communities in which they operate.** The efforts made (and the resources devoted to specific activities) reverberated across the entire system, thus affecting both the results of core business operations and the projects concerned.

This clear positioning is closely linked to the information provided in the previous chapter concerning usual initiatives (donations and sponsorships) that the Iccrea Co-operative Banking

Group as a whole continued to provide in local communities and areas.
Below are summarized the data stated above:

COVID-19-RELATED INITIATIVES	MEMBERS	AMOUNT DISBURSED (€/MIL.)
WAGE-SUPPORT SCHEMES	4,011	5
MCC GUARANTEE-BACKED LOANS	125,582	6,044
SACE GUARANTEE-BACKED LOANS	19	93
MORTGAGE MORATORIUM*	215,444	23,260*
TOTAL	345,056	29,402

**Residual debt of suspended payment positions.*

Internal indicator IBG 000-3

INSTITUTIONAL SEGMENT - ICCREA BANCA



However, the Parent Company Iccrea Banca's commitment did not cease with reference to the specific business sectors. During the 2020 financial year, Iccrea Banca subscribed to bonds falling within the Global Category ESG for an amount of Euro 7.1 million, having the features and purposes set out in the related Final Terms.

During the 2020 financial year Iccrea Banca also made payments for capital calls on the part of DEA CAPITAL ALTERNATIVE FUNDS S.G.R. S.p.A. that manages the following Investment Funds:


1. **IDEA Taste of Italy 2**, for an amount, net of equalization, **equal to Euro 690,865.03** (of which fees and expenses of Euro 66,586.85 for setting up the fund). The fund was set up in 2020 and the subscription commitment of Iccrea Banca S.p.A. is equal to Euro 4 million. In accordance with the Fund's Rules (Article 4.6.3), the Asset Management Company is required to invest in the agro-industrial chain (production and distribution of food products, in the form of primary goods, as well as deriving from their processing, or of services related thereto) in Italy and, outside of Italy, mainly in Spain, with a residual minimum possibility of investment by the Fund in third countries;
2. **IDEA Agro** for an amount, net of equalization, equal to **Euro 202,403.71** (of which expenses and commissions of Euro 10,311.92). Since the date of establishment of this Fund, Iccrea Banca has paid a total of Euro 554,256.70 against a total subscription commitment of Euro 1 million. With reference to the Fund referred to in point 2), the Asset Management Company is required, in accordance with the Fund's Rules (Article 4.6.3), to invest in companies operating with a view to eco-sustainability in the agricultural supply chain and the agro-industrial sector. In particular, the Fund may invest in, and set up, entities, including, but not limited to, companies operating in all segments of the economy involved in the cultivation, production and primary processing and related distribution of agricultural and/or food products.

In order to provide support directly to the Affiliated BCCs, Iccrea Banca has joined the third ECB Program called “Targeted Longer-Term Refinancing Operations - (T-LTRO III)”, through the establishment of the TLTRO III - Group within which Iccrea assumes the role of lead institution, recognized with a memo from the Bank of Italy on 14 November 2019, and which carried out its operations throughout 2020.

The T-LTRO III Group allows the Affiliated Banks and the direct perimeter companies of the Iccrea Group to participate in the T-LTRO III program that is structured into seven medium/long-term refinancing transactions on a quarterly basis, each with a term of three years, repayable according to the terms and conditions provided for by the ECB itself. Under this Program the ECB may disburse loans to Banks so that the latter in turn provide financing to support the real economy, specifically targeted at non-financial companies and households.

Total transactions of Euro 18.9 billion were negotiated, which involved 110 Affiliated BCCs as programme members.

THE CORPORATE SEGMENT

 Iccrea Bancalmpresa (IBI) supports businesses throughout Italy through a comprehensive range of financial services. IBI's main sectors of reference are agriculture, forestry and fishing, real estate and the supply of electricity, gas, steam and air conditioning. The counterparties that are most served, in collaboration with Affiliated BCCs, are SMEs.

At present, an in-depth analysis is being carried out for transactions that combine innovative investments with respect for the environment and sustainable production.

IBI'S TRANSACTIONS IN FAVOR OF SMES

Below are the specifications relating to the table at the end of the paragraph.

- the EIF InnovFin SME Guarantee Facility showed a clear decrease in uses in 2020, which was significantly affected by the strengthening and regulatory easing of the Guarantee Fund, due to the Covid-19 emergency;
- as far as the Sabatini Act is concerned, the number of applications that were accepted came to 553 during the reporting period, corresponding to disbursements of more than Euro 99 million;
- with regard to the work of the IBI Service on the Central Guarantee Fund, the figures of the Guarantee Fund's operations on Article 13, paragraph 1(m), of Decree Law 23 of 8 April 2020 (Liquidity DL) are reported below. Under this Article a simplified procedure of immediate access to the Fund's guarantee has been introduced to allow those who carry out business activities to find the liquidity required to cope with the current Covid-19 health emergency. The measure provides for the Fund's release of 100% coverage on new loans up to Euro 30 thousand granted to small and medium-sized enterprises and individuals who are engaged in business, arts or professions and have suffered a damage or loss in their

business activity due to the COVID-19 emergency. This intervention involved 74,965 customers of the Banking Group for a total amount of disbursement of Euro 1,521,981,724. It should be considered as an additional product and service with a social purpose. This operation has already been included in the paragraph dedicated to the COVID-19 emergency. As anticipated, all of the Group's functions were dedicated to coping with the effects of the pandemic;

- as shown in the table below, 4 transactions in the Healthcare sector were reported in the area of "additional Products/Services with a Social Purpose", for a total amount of disbursement of Euro 9.9 million and a total amount of disbursement of Euro 23,550 million at 31 December 2020.

G4 - FS7 (3)

IBI TRANSACTIONS FOR SMEs	MEMBERS (NO.)	% OF TOTAL	AMOUNT DISBURSED (€)	% OF TOTAL
PUBLIC LEASING	6	0.01%	10,502,494.30	0.19%
SOCIAL HOUSING	-		-	
EIF – INNOVFIN	2	0.00%	1,716,000.00	0.03%
SABATINI ACT	553	0.63%	99,093,939.00	1.79%
CENTRAL FUND'S GUARANTEE *	86,554	98.12%	5,211,691,748.00	94.04%
MICROCREDIT OPERATIONS	684	0.78%	14,288,838.00	0.26%
SMALL AMOUNT	152	0.17%	3,731,500.00	0.07%
CENTRAL FUND – DIRECT OPERATIONS	262	0.30%	201,151,285.00	3.63%
TOTAL	88,213	100.00%	5,542,175,804.30	100.00%

* Operations already included since they are commented on this paragraph.

PUBLIC LEASING

Another type of collaboration used by IBI is the Public-Private Partnership (PPP) under Article 180, paragraph 8, of Legislative Decree 50 of 2016 (Code of Public Contracts), in particular by using finance leases of public works (public leasing), which are regulated under Article 187 of the Code of Public Contracts. In entering into this transaction, the contracting authority takes over the use of the work made available by the private lender (who remains the owner), against payment of a periodic fee for the term of the contract, at the end of which the entity has the right to acquire ownership by paying redemption fees¹⁰. Public bodies or Public Authorities are

¹⁰ Finance leases are characterized by a direct relationship between financing and the execution of the work, integrated within a single public tender procedure. Finance lease schemes are particularly effective for the execution of works aimed at delivering public utility services without charging users a fee, i.e. with a minimum level of charging that does not allow the recovery of the capital employed ("cold works" [those whose operation does not

making increasingly frequent use of this measure for the execution of public works as a result of the serious crisis in the target market that is now experiencing a significant decline in public resources to be allocated for this purpose.

The main public leasing transactions carried out by Iccrea Bancalmpresa are in the field of management and healthcare, sports building, school building and energy. The portfolio stipulated during the reporting period is broken down as follows:

PROPERTY LEASE		
CUSTOMER	EXPOSURE (€)	DETAILS OF THE TYPE OF WORKS
ABBIATEGRASSO MUNICIPALITY	275,002.00	ACTIVATION OF PPP FOR THE CONSTRUCTION OF THE MUNICIPAL SWIMMING POOL
GORLA MINORE MUNICIPALITY	167,033.00	ACTIVATION OF PPP FOR THE REDEVELOPMENT OF THE MUNICIPAL SPORTS CENTER
ORIO AL SERIO MUNICIPALITY	5,138,290.00	ACTIVATION OF PPP FOR THE CONSTRUCTION OF THE NEW MUNICIPAL GYMNASIUM
VALEGGIO SUL MINCIO MUNICIPALITY	1,550,433.00	ACTIVATION OF PPP FOR THE REDEVELOPMENT AND COMPLETION OF THE MUNICIPAL SPORTS CENTER
VARESE MUNICIPALITY	2,517,358.00	ACTIVATION OF PPP FOR THE REDEVELOPMENT OF THE ATHLETICS FIELD
VOLPIANO MUNICIPALITY	854,378	ACTIVATION OF PPP FOR THE REDEVELOPMENT AND COMPLETION OF AN ELEVEN-A-SIDE SOCCER PITCH

SOCIAL HOUSING

Social housing interventions carried out by Iccrea Bancalmpresa are long-term investments, designed to provide answers to emergency situations and to support those who do not find an adequate response to their housing needs. Sometimes target users are able to afford a fixed rent, but often do not meet the requirements for access to public residential housing (PRH), and therefore, also struggle to access the free market.

The objective of promoting social housing is to increase the offering of social housing for lease at fixed rent, including under "lease with redemption" schemes (a type of lease agreement whereby lease payments can be made to obtain ownership of the property after a set period of time according to predetermined terms and conditions) and for sale at agreed prices, in support and integration of public policies to combat housing hardship.

In December 2014, the Social Housing project was launched by IBI as a tool to manage non-performing positions both for positions in the IBI portfolio and for positions in the portfolio of BCCs, together with establishing the IBI social housing fund.

The Fund was promoted by IBI jointly with FIA (*Fondo Investimenti per Abitare*, the Housing Investment Fund promoted by CDP Investimenti SGR asset management company), and is intended to implement forms of Social Housing, such as the construction of communal housing

directly generate market revenue], such as, for example, hospitals, schools, prisons, barracks, public offices, properties for public use etc.). In addition, if the interventions are not provided for in the planning schemes approved by the contracting authority in accordance with current legislation, the code of public contracts gives private operators the opportunity to submit proposals to the public body on private initiative (Article 16 of Legislative Decree 50 of 2016), concerning the construction, financing, operation multi-year maintenance of a public work.

and ethical investment policies.

The Fund has collected subscriptions totaling more than Euro 80 million (including an amount of Euro 20 million from IBI (25%) and of more than Euro 60 million from FIA (75%)) and has made total calls of over Euro 43.7 million.

The subscription period of the Fund ended on 31 December 2018, while payments may also be requested by the SGR in more than one solution and at different times for each class of units, in any case **by 31 December 2021**.

In December 2020 the Fund was involved in the transfer of the business unit from Iccrea Bancalmpresa to Iccrea Banca and the sale of the units will be completed during 2021.

SUBSCRIPTIONS IN EURO UNITS – POSITION AT 31/12/2020				
UNITHOLDERS	CLASS OF UNITS	SUBSCRIPTIONS	%	CALLS
FIA- CDPI SGR	B	60,200,000.00	75%	33,660,000.00
IBI	A	20,000,000.00	25%	10,106,666.67
TOTAL		80,200,000.00	100%	43,766,666.67

The Equity collected will be allocated by completing investments relating to the acquisitions of projects in the pipeline, deriving from the scouting work to be completed mainly through the purchase of future assets.

The Business Plan - which is currently being updated - provides for the purchase of the initiatives during the first half of 2022, for a total purchasing value (including closing costs) of approximately Euro 80 million.

The IBI Social Housing Fund pursues the following aims:

- using the properties held as collateral by the Banks and not yet sold on the market, which constitute a loss of profitability for the Banks (properties as security for doubtful loans that adversely affect balance sheets);
- realizing opportunities for businesses that can build quality social housing, increasing the value of properties and stopping their deterioration;
- creating a social resource to give an important response to a segment of concern in the Italian population;
- recovering and redeveloping abandoned properties, including in key areas of municipal districts.

The real estate projects financed by IBI and BCCs are reported below, with interventions aimed at the construction and completion of small buildings and property units for social housing throughout the country, mainly in central-northern regions (Lazio, Reggio Emilia, Tuscany, Veneto).

SOCIAL HOUSING REAL ESTATE PROJECTS - IBI FUND					
PROJECT	STATE OF PROGRESS	STATUS IN PORTFOLIO	APP. NO.	NON-RESIDENTIAL UNITS	PRICE (€/MIL.)
RIMINI- CORPOLO	EXECUTED	ACQUIRED	53	-	5.6
ROMA CONIT	EXECUTED	ACQUIRED	55	12	12.8
REGGIO EMILIA	UNDER COMPLETION	EXECUTION OF THE NOTARIAL DEED SCHEDULED ON 01/2021	54	-	6.3
REGGIO EMILIA	UNDER COMPLETION	PRELIMINARY CONTRACT SIGNED	20	-	2.6
MOLINELLA	UNDER COMPLETION	PRELIMINARY CONTRACT SIGNED	44	-	5.2
CASTELFRANCO VENETO	UNDER COMPLETION	PRELIMINARY CONTRACT SIGNED	70	-	7.9
GRANAROLO DELL'EMILIA	UNDER COMPLETION	PRELIMINARY CONTRACT SIGNED	82	-	11.4
TOTAL			378	12	51.8

NEW PROJECTS IN THE PRELIMINARY PHASE					
PROJECT	STATE OF PROGRESS	STATUS IN PORTFOLIO	APP. NO.	NON-RESIDENTIAL UNITS	PRICE (€/MIL.)
SIGNA	PRE-EXAMINATION	LETTER OF INTEREST (LOI)	44	-	5.2
RIMINI- CORPOLO	PRE-EXAMINATION	LETTER OF INTEREST (LOI)	70	-	7.9
VERDELLO	PRE-EXAMINATION	LETTER OF INTEREST (LOI)	82	-	11.4
TOTAL			196	-	24.5

New real estate projects are being evaluated which are to be carried out with a view to social housing until the entire available ceiling has been used.

DIRECT PERIMETER COMPANIES

BCC Beni Immobili The Institutional strategic line of business also includes the direct perimeter companies **BCC Beni Immobili**, **BCC Sistemi Informatici**, **BCC Gestione Crediti** and **BCC Solutions**, which provide support to the Affiliated BCCs with their products and services and Sinergia.

BCC Sistemi Informatici BCC Sistemi Informatici (BCC SI) continued its work to support the corporate functions of the Parent Company in the Information Communication Technology (ICT) area, in particular under the programme aimed at integrating and standardizing all the IT system tools of the Affiliated Banks, in line with the Parent Company and the other direct and indirect perimeter companies.

BCC Gestione Crediti Among direct perimeter companies is BCC Gestione Crediti,

which manages the doubtful loans of the BCCs and other Group companies.



BCC Solutions, on the other hand, deals with work relating to the purchase of goods and services, regulatory compliance controls in the field of security, the operation of Information Technology, LAN and Help Desk services at the Lucrezia Romana Executive Center (while also managing the flow of correspondence for all offices) and the logistics of the offices located throughout Italy. Since the establishment of the Iccrea Co-operative Banking Group, the Company has set itself the objective of reorganizing its business by centralizing processes in order to ensure advantages and economies of scale. Sinergia is a joint-stock consortium invested in by Co-operative Banks, which is mainly involved in the design and delivery of back-office and business process management services in support of the Banks that are members of the Consortium, in compliance with the mandatory regulations in the field of banking, safety and environment, privacy protection and guarantee in the processing of personal data (Regulation (EU) 2016/679, "GDPR").

INDIRECT PERIMETER COMPANIES

Indirect perimeter companies that also operate in the Corporate segment are **Banca Mediocredito FVG**, while those in the Institutional strategic line of business are **Sigest and Coopersystem**.

COOPERSYSTEM



Coopersystem manages services and products such as POSs and IT and other sales services, at a nationwide level. It devotes special attention to the proper disposal of obsolete and outdated POSs.

BANCA MEDIOCREDITO DEL FRIULI VENEZIA-GIULIA



Banca Mediocredito del Friuli Venezia-Giulia (Mediocredito FVG), which is invested in by the Autonomous Friuli-Venezia Giulia Regional Government, specializes in mainly medium and long-term loans and is responsible for the subsidized loan granted through subsidized financing instruments that the Regional Government itself (in part under Revolving Funds) and other public entities has made available to businesses.

Furthermore, Banca Mediocredito FVG manages, through servicing activities, the disbursement of funds from the Friuli-Venezia Giulia Regional Government in favor of private individuals to reduce the financial costs associated with loans taken out with third-party banks for the purchase or refurbishment of their first home.

BCC FACTORING



BCC Factoring, which is controlled by IBI, offers a mix of financial products and solutions to reduce the time to collect invoices, prevent insolvencies and increase the liquidity of the Italian businesses, with a turnover of more than Euro 2 billion¹¹.

BCC LEASE



BCC Lease, a subsidiary of Iccrea Banca Impresa, is the financial company specializing in small-ticket leasing and operates in two distinct market segments: it offers financial solutions to manufacturers and resellers of capital goods in order to assist them in their sales and provides BCC customers (businesses, artisans and professionals) with solutions for their company cars.



During 2020 the COSME guarantee generated **1,104** transactions for a countervalue of **Euro 33.6 million**.

At 31 December the overall value (residual debt) of these loans amounted to more than **Euro 96 million**.

BCC RISPARMIO & PREVIDENZA SGR



BCC Risparmio & Previdenza S.G.R.p.A. is an asset management company that places its own products (Mutual Funds, Pension Funds, Individual Asset Management) and the units or shares of third-party UCIs through the network of Co-operative Banks, according to specific placement agreements. These agreements laid down the obligations of the distributor in carrying out promotion and placement activities, with regard to both retail and professional customers, as defined by the regulations in force. The distributor shall scrupulously comply with the applicable provisions of law, as well as with the guidelines of the Bank of Italy and CONSOB (Italian Securities and Exchange Commission) and with the provisions of the Management Documents and Agreements. In particular, the distributor ensures the strict observance by its employees, promoters and appointed officers of the provisions governing the provision of investment services.

After having stated this, the Asset Management Company manages the relationship with the customer in fulfilling legal obligations (mandatory disclosures) and in the event of the latter contacting the company to request information or make a complaint. In a residual manner and to an irrelevant extent on the business volume, the Asset Management Company also provides for the direct placement of its products, while it provides specialist training on products and services for customers indirectly, i.e. through the network of distributors.

The management style of the Asset Management Company is based on the pursuit of the

¹¹ On the basis of the statistical data provided by Assifact, of which BCC Factoring is a member.

actual preservation of the assets under management or their revaluation in the medium and long term. Investment evaluations of a speculative nature are therefore excluded. On the contrary, the strategies designed to outline the Tactical Asset Allocation derive, according to a top-down approach, from the definition of a macro-economic scenario, the identification (on a fundamental and statistical basis) of the asset classes that most diverge from their fair value, the selection of strategies that are estimated to have the best risk/return profile or from the adoption of quantitative models capable of generating "automated" investment strategies.

BCC CREDITO AL CONSUMO (BCC CRECO)



BCC Credito al Consumo mainly offers products and services, such as personal and salary-backed loans on a national scale in the area of lending to households and micro-Small and Medium-sized Enterprises (mSMEs).

As regards projects with a social impact, the Studio Sì Project dedicated to students living in the central and southern regions became operational in 2020. This is an agreement with the European Investment Bank (EIB) for the management of funds of Euro 46.5 million targeted at supporting the tertiary training of master's and graduate students residing in the Central South regions as part of the budget allocated to the MIUR (Italian Ministry of Education, University and Research) - Research & Innovation 2014-2020 NOP [National Operational Programme] (it is a national programme whose objective is to improve the quality of higher education and strengthen research, technological development and innovation, in compliance with European objectives in favor of its most disadvantaged local areas).



As at 31 December 2020, BCC Cre.Co had **disbursed more than Euro 20 million in student loans for a total of 2,437 beneficiaries.**

Studio Sì loans accounted for more than Euro 4.1 million for a total of 409 beneficiaries.

BANCA SVILUPPO



According to its Articles of Association, Banca Sviluppo *"acquires - through mergers, demergers, contribution and purchases made also pursuant to the Consolidated Banking and Credit Act - and manages, even under specific contracts, banking companies, company business units, assets and legal relationships from Co-operative Banks or other banks and cooperates with the Depositors Guarantee Fund for Mutual Banking in the interventions in favor of Mutual Banks in difficulty"*.

In this area, it is responsible for the ordinary management of the branches with a view to operational continuity, retaining market shares - by developing commercial actions, especially on loans - and employment levels of the Iccrea Group.

In line with plans from recent years, Banca Sviluppo has continued to pursue its strategic objective of completing the disposal of its sales network and, as per the latest 2020-2023 Plan

presented to the Board of Directors, the goal of shifting the organization towards new business models. Despite the heavy effects due to the Covid-19 health emergency, the bank completed three sales, in line with its plan, which resulted in the definitive closure of the branches in the Campania and Emilia-Romagna regions. In Campania, 2 branches were sold to BCC di Capaccio Paestum e Serino, while in Romagna the bank completed the sale of 11 branches to BCC Ravennate Foirlive Imolese, 3 branches to Credito Cooperativo Romagnolo and 7 branches to Riviera Banca.

AFFILIATED BCCs

In compliance with the principles of the Iccrea Co-operative Banking Group, BCCs are multi-dimension banks, i.e. they are:

- banks, in terms of pursuing the objectives of efficiency and solidity;
- cooperatives, with a common and shared identity, supporting the actual participation of their members;
- local businesses, as they traditionally invest, before being obliged to do so by law, at least 95% of deposits in the local community of reference, thus triggering a mechanism of geo-circular economy ante litteram.

BCCs offer a complete range of banking services to their members, as well as to other parties in their target market, such as households and micro and Small/Medium-sized Enterprises (mSMEs).

Among the main social impact products offered are:

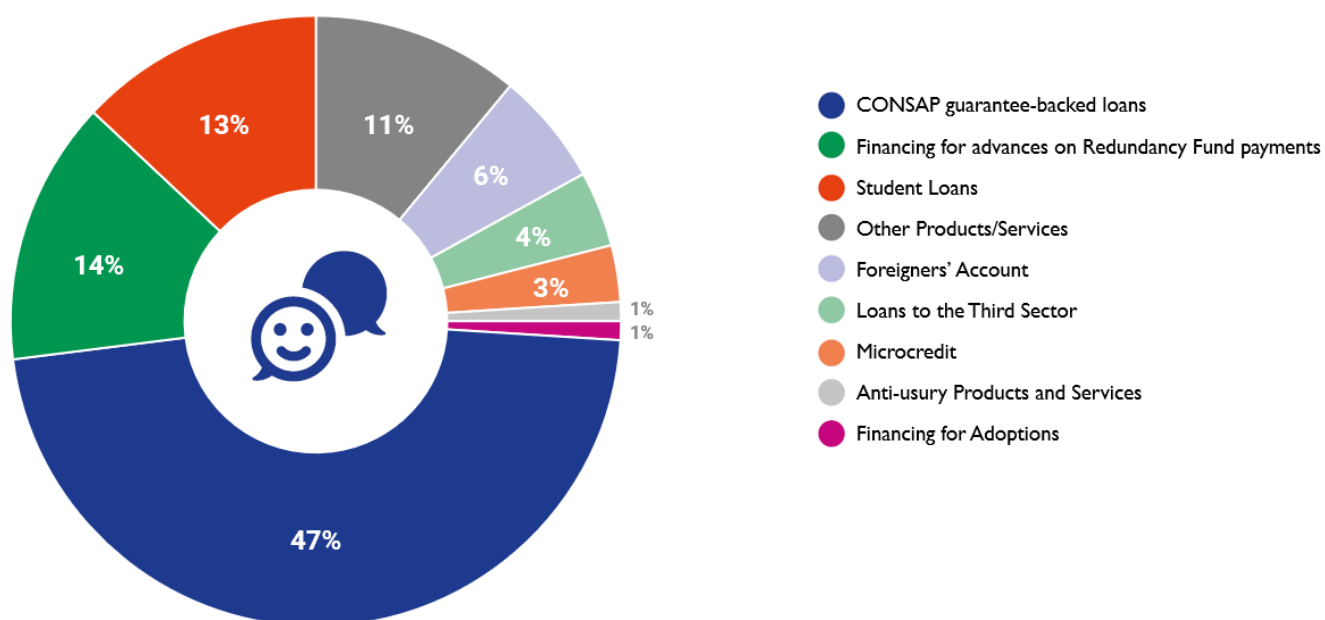
1. Foreigners' Account;
2. Financing for Adoptions;
3. Other subsidized loans with social purposes (including with the use of public funds);
4. Financing for advances on Redundancy Fund payments;
5. Social housing;
6. Microcredit;
7. CONSAP guarantee-backed loans;
8. Loans to the third sector;
9. Student Loans;
10. Anti-usury products and services;
11. Other Products and Services.

The total number of beneficiaries of these schemes with a social impact was 19,756, for a total countervalue of Euro 1.12 billion, during the reporting period.

The social impact projects (referred to above) are presented below, broken down by the number of members and the amount disbursed (in thousands of Euros).

SOCIAL IMPACT PRODUCTS/SERVICES OFFERED	NO. OF MEMBERS		
	2020	2019	% CHANGE
OTHER PRODUCTS/SERVICES	2,124	13,755	-84.56%
FOREIGNERS' ACCOUNT	1,197	1,391	-13.95%
FINANCING FOR ADOPTIONS	39	87	-55.17%
SUBSIDIZED LOANS	130	283	-54.06%
FINANCING FOR ADVANCES ON REDUNDANCY FUND PAYMENTS	2,721	110	2,373.64%
SOCIAL HOUSING	-	3	-100.00%
SMALL LOANS WITH SOCIAL PURPOSE	-	1,619	-100.00%
MICROCREDIT	576	-	NEW 2020
CONSAP GUARANTEE-BACKED LOANS	9,391	10,970	-14.39%
LOANS TO THE THIRD SECTOR	796	783	1.66%
STUDENT LOANS	2,513	220	1042.27%
ANTI-USURY PRODUCTS AND SERVICES	269	273,306	-99.90%
GRAND TOTAL	19,756	302,527	-93.47%

SOCIAL IMPACT PRODUCTS FOR MEMBERS



SOCIAL IMPACT PRODUCTS - AMOUNTS

As can also be seen from the description of the G4 FS7 indicator, social impact projects continued to be carried out, even in a particular year such as the reporting period, although showing a marked decrease compared to 2019.

A significant percentage was accounted for by student loans, including both the "Studio Si" (Cre.co) project and the activity of each Affiliated BBC, while the impact of the disbursement of CONSAP guarantee-backed loans was confirmed at over Euro 1 billion.

The reduction in terms of beneficiaries and amount was certainly the result of the weight of non-recurring operations due to the Covid-19 pandemic (see paragraph 6.1). However, if we also consider the more than 345,000 positions involved in "COVID-19" financing in the broad sense, we can see how the overall number of beneficiaries was clearly on the rise.

G4 - FS7 (1)

PRODUCTS/SERVICES	2020 AMOUNTS (€)		2019 AMOUNTS (€)		% CHANGE
	LOANS	DEPOSITS	LOANS	DEPOSITS	
OTHER PRODUCTS/SERVICES	39,873,227.21	-	35,891,137.21	-	11%
FOREIGNERS' ACCOUNT	-	15,220,963.53	-	2,448,894.85	522%
FINANCING FOR ADOPTIONS	348,337.00	-	1,460,769.00	-	-76%
SUBSIDIZED LOANS	10,827,786.11	-	13,545,308.54	-	-20%
FINANCING FOR ADVANCES ON REDUNDANCY FUND PAYMENTS	4,220,373.25	-	621,397.00	-	579%
SOCIAL HOUSING	-	-	6,280,000.00	-	-100%
MICROCREDIT	2,607,383.13	-	35,154,581.60	-	-93%
CONSAP GUARANTEE-BACKED LOANS	1,030,061,840.88	-	1,363,331,664.40	-	-24%
LOANS TO THE THIRD SECTOR	62,548,236.00	-	264,591,604.70	-	-76%
STUDENT LOANS	21,165,021	-	890,528.00	-	2,277%
ANTI-USURY PRODUCTS AND SERVICES	7,289,966.55	-	12,136,712.90	-	-40%
GRAND TOTAL	1,178,942,171.13	15,220,963.53	1,733,903,703.35	2,448,894.85	-32%

SME GUARANTEE FUND

Complete data on the operations of the 132 Affiliated BCCs in the Iccrea Banking Group relating to the entrepreneurial microcredit and small-amount operations sections are provided below:

ENTREPRENEURIAL MICROCREDIT OPERATIONS - 2020

As Microcredit, in 2020 BCCs generated 288 new transactions with a Central Fund guarantee for a financed amount of **Euro 6.7 million**. The Group's market share is equal to 20.20% as number of transactions and 19.77% as financed amount. 16% of BCCs generated at least one microcredit transaction during the year.

SMALL AMOUNT OPERATIONS - 2020

In terms of small amount, in 2020 BCCs generated 1,833 transactions with a Central Fund guarantee, for a financed amount of **almost Euro 36.5 million**, against Euro 49.4 million in the previous year, thus showing a reduction of about 26%. The number of new transactions (1,833) remained substantially stable compared to 2019 (1,829). 64.4% of Affiliated BCCs generated at least one transaction of small amount.

ISMEA

In 2020 the Group's BCCs generated 1,651 transactions with ISMEA (Subsidiary Guarantee), in line with 1,691 in 2019 for a financed amount that increase from Euro 215.1 million in 2019 to **almost Euro 246 million in 2020**. The incidence of the Group's activities compared to the total of new ISMEA-guaranteed transactions was 10.95% in terms of operations and 11.87% in terms of disbursements. With regard to Direct Guarantee transactions, in 2020 the Affiliated BCCs generated 11 new operations for a countervalue of Euro 4.2 million, bringing the incidence of the Iccrea Group to 8.6% of the annual total. The incidence of the Group's activities compared to the total of new ISMEA-guaranteed transactions was just under 9% of the total disbursed. More than 41% of the Group BCCs generated at least one transaction during the year.

RESTO AL SUD (INVITALIA)

Resto al Sud is a program that supports the start-up and development of new business and professional activities in Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia and Sicily and in the 116 municipal districts of the earthquake area in Central Italy (Lazio, Marche, Umbria). The incentive is intended for those aged between 18 and 55 years of age. The

available funds, which are managed by Invitalia (the Italian Agency for Inward Investment and Economic Development) amount to Euro 1,250,000,000.

The businesses eligible for funding include production activities in industry, crafts, processing of agricultural products, fishery and aquaculture, provision of services to businesses and individuals, tourism, professional activities (both individual and corporate) and exclude agricultural activities and trade.

The *Resto al Sud* program covers up to 100% of expenses, with a maximum funding of Euro 50,000 for each applicant, which can be increased up to Euro 200,000 in the case of companies with four partners. The maximum financing for individual enterprises, with only one applicant, is Euro 60,000.

The concessions cover 100% of eligible expenses and are composed as follows:

- 50% non-refundable grants;
- 50% bank loan backed by the SME Guarantee Fund. Accrued interest is entirely borne by Invitalia.

At the end of 2020, **52 BCCs** out of the 58 BCCs operating in the 8 regions of Southern Italy had formally joined the programme. More in detail, 36 BCCs concluded at least one transaction from the date of start of operations under the scheme to the end of 2020, **for a total of 444 transactions**, of which 235 in 2019 and 209 in 2020.

6.2 Innovation and digitization of banking services

Internal indicator IBG 000-4

Technological and digital development has generated key changes in the financial sector. The Iccrea Co-operative Banking Group has always been committed to seizing the opportunities provided by technological innovation and new methods of distribution of financial services and customer relations. During the reporting period, this commitment was affected by the focus on the issues of the pandemic (both at Parent Company level and at Affiliated BCCs level).

In this area, the Institutional Services OU continued its work on providing ongoing and proactive support to institutional customers through applications:

- CAD finance applications: data warehousing, custody of financial instruments, capital transactions and securities settlement;
- Telemonitor IOS Market Abuse: it intercepts and aggregates orders on financial instruments placed in the market, in order to assess whether there are potential market abuses;
- CSDR Settlement Internalizer: it forwards to CONSOB reports on settlements on financial instruments that are not carried out by a central counterparty;

- WEBamTit: it is a portal for the management and administration of events on capital;
- Position Keeping: it records and archives all own and institutional customers' trades;
- Orizzonte: it is used to submit reports on the various financial instruments;
- Finv: it is used for settlement operation and reporting for assets under management (Funds and SICAVs open-ended investment funds).

The objective is to make it possible to reduce work times, improve the final output and ensure ongoing monitoring.

G4 - FS7 (2)

With regard to e-banking products with specific social purposes, the E-bank department currently has the following products in its catalog:

- **CUS card - Standard/with IBAN code Prepaid Card issued to university students:** under an agreement with the University of Turin and with the support of Banca Alpi Marittime, we have designed a prepaid card for the exclusive use of students. In addition to being a means of payment, this card ensures particularly advantageous conditions and allows access to the premises of the university sports centre (CUS, *Centro Universitario Sportivo*);
- **Basic Account Card:** this is a means of payment with limited operations that can be associated with the basic account and that allows access to payments for poor and retired customers. On the other hand, no commissions or costs are charged on the card;
- **Unibas Card: Standard/with IBAN code Prepaid Card issued to university students in Basilicata:** under an agreement with the University of Potenza and with the support of BCC Basilicata, we have designed a prepaid card for the exclusive use of students. In addition to being a means of payment, this card ensures particularly advantageous conditions and allows access to the premises of the university sports centre (CUS, *Centro Universitario Sportivo*);
- **Ventis Card:** Credit Card issued in collaboration with the Ventis Group company. The product combines the features of a modern credit card with the benefits and promotions provided on the Iccrea Ventis Group's e-commerce platform. Specifically, the card holder may access to spending vouchers and reserved discounts, as well as to free shipping for purchases made on the Ventis platform.

As for digital development, which has had such an impact on the financial world in recent years, the E-Bank department, as part of its core business and its own particular activities, has effectively implemented the following projects:

- the International Debit card has been developed, which also extends the acceptance functionality online through international circuits;
- the CartaBCC website has been completed with new functions, as provided for by PSD2, especially in terms of strong customer authentication;
- NoPin (payment by contact and without entering the PIN, for the payment of tolls and/or

parking fees) and CashBack (withdrawals at commercial establishments) services have been activated, which are ancillary to the Bancomat Card;

- the state CashBack service scheme has been joined for the encouragement of card payments;
- commissions applied to merchants for micropayments have been cancelled;
- the "Paywaymail" payment acceptance platform has been launched, which replaces the old MO/TOs and ensures security and speed of execution.

The design and management phase of new products is formalized in the combined company process Rules of the individual Organizational Units. Furthermore, the Iccrea Co-operative Banking Group has adopted, in compliance with the regulatory provisions, a specific product management policy (see the document named "POL-G12-01-R02"). This document governs the process of engaging the various corporate functions in the field of a new product or service or a change to an existing one. The handling of complaints from customers is regulated at EU level, previously under Directive 64/2007 (abr. "PSD1") and subsequently under Directive 2366/2015 (abr. "PSD2").

INSTITUTIONAL SERVICES

The Institutional Service OU manages digital relationships maintained with institutional customers, which are regulated by specific contracts that govern the object and the methods of their provision. The services delivered are compliant with industry regulations, such as, for example, MIFID II, EMIR, Market Abuse Regulation, etc.

All institutional digital services include SLAs and KPIs that measure their performance. At least on an annual basis, special reports are prepared on the performance of FEI-classified services: for example, the number of incidents and subsequent service restoration times, as well as certification of the minimum guaranteed service levels.

The Institutional Services OU provides institutional customers (Iccrea Banca, Affiliated BCCs, direct perimeter companies and customer banks) with such post-trading services as are functional to the trading of financial instruments on their own behalf and on behalf of their retail customers. Furthermore, it also fulfills, on behalf of the same entities, the transparency reporting obligations placed on intermediaries under the various regulations (MIFID, EMIR, MAD/MAR, CSDR, SFTR). In particular, the services delivered are:

- a) Custody and Administration of financial instruments;
- b) Settlement of financial instruments;
- c) Reporting to supervisory authorities on transactions carried out on securities and derivative contracts in accordance with MIFID2, EMIR, MAD, CSDR regulations;
- d) Production of master data on financial instruments;
- e) Support in the placement of Funds and SICAVs open-ended investment funds.

The provision of services to institutional customers is regulated by contracts that are designed

to protect customers, including by setting out SLAs and KPIs concerning the quality of the services offered and to ensure operational continuity. The centralized management of the services offered is aimed at guaranteeing BCCs, even when they are small-sized, at sustainable costs, the monitoring of the work required to ensure the offer of investment services to their retail customers at market conditions and competitive quality levels. Within the MIFID 2 regulatory framework, the OU oversees the determination of the target markets of financial instruments that are functional to the BCCs' proper placement of financial products to appropriate customers. It also oversees the production of information on costs and charges for financial instruments in order to ensure transparent disclosures on costs associated with investment activities to the BCCs' retail customers. While providing support to the BCCs in reporting any possible conduct of customers that is not compliant with the market abuse regulations, and to the use of inside information, it helps the Iccrea Group monitor whether operations are carried out properly and its retail customers comply with market rules.

Institutional customers would not be able to autonomously manage the services provided by the Institutional Services OU without the help of the applications; moreover, among the objectives that were pursued through the use of the above-mentioned applications, it is possible to identify: reduction of work times, improvement of the final output and their ongoing monitoring.

6.3 Constant attention to customer needs

Internal indicator IBG 000-2

Customer Experience surveys are a basic issue of the Iccrea Group's business strategy. The pursuit of the welfare of members and the sustainable development of the local areas in which they operate, make BCCs the fundamental hub for the satisfaction of the corporate structure and customers' needs.

Structured listening to BCCs, as the primary stakeholders and players in maintaining relations with their customers, is a key source for the Parent Company in identifying competitive factors for success on the market.

The incorporation of the Iccrea Co-operative Banking Group, together with the cohesion pact, have strengthened the primary role played by the BCCs in designing the business model. Customer satisfaction surveys carried out at the Affiliated BCCs make it possible to identify strengths and areas for improvement in order to raise the level of service delivered and build customer loyalty, as well as to acquire new potential.

In 2020, the Parent Company's work focused on listening to BCCs on a two-way communication basis: structured listening through satisfaction surveys on the one hand, and, on the other, online meetings to be held to inform and involve BCCs on market/product/developments issues.

In 2020 work continued on satisfaction surveys, which are usually carried out by the Parent Company, with the primary objective of making the commercial offering to customers more effective and concerned:

1. Customer Satisfaction reports on the general managers of the Affiliated BCCs;
2. Vertical Customer Satisfaction surveys of sales representatives by customer segment and type of offer;
3. Positioning analysis for the development of new products;
4. Concept tests to verify approval of the naming and visual identity of new offerings;
5. The study and design of a format for opening BCC branches, financial store style, for strategic services such as bancassurance;
6. The launch of a Voice of Customer project on customers aimed at investigating the level of service at certain touch points such as the e-money customer service.

The by now historic survey of BCC Directors' satisfaction with the Group and the direct perimeter companies in 2020 was carried out at the end of June with the aim of investigating the key elements of satisfaction with the Group and the perceived quality of the offering submitted by the Product Companies.

The methodology used is CATI (Computer Assisted Telephone Interviewing), which allowed the involvement of 119 BCC General Managers interviewed and a participation of 87%, with an increase of 13% compared to July 2019. This was certainly a sign of strong involvement of the BCCs' top management towards the Iccrea Group.

The overall level of satisfaction, both instinctive and reasoned, was down compared to 2019, mainly due to the implementation phase of the incorporation of the Group, which entailed a huge effort for BCCs, including in terms of adequate tools, procedures and processes. This transition phase was further exacerbated by the Covid-19 emergency and the continuing health and economic emergency. On the other hand, despite some elements showing a decrease in overall satisfaction, the Group's recommendability indicator remained significantly higher than satisfaction KPIs. The strong sense of belonging and closeness to a Group that is perceived as solid, providing security and being a point of reference, as well as the trust placed in a common project, stand out among positive factors. Based on the information provided in the minutes, being part of a large Group facilitates, especially for smaller BCCs, the entry into the market and, in this particular historical moment, it has allowed them to meet the demands coming from local businesses.

The survey is carried out on a scale of 1 to 10, using the Net Satisfaction Index (NSI) reporting and applying NPS like clusters, promoters (9-10) minus detractors (0-6). In addition to being internationally recognized, this KPI is challenging and connected with the generation of value for the Group. The NSI report is a crucial management tool for the Group's Management in order to design the plan of actions aimed at raising the quality of service to be delivered to BCCs and consequently to end customers.

For the reporting of CS results, in 2020 the Group decided to show the results with the average of the judgments expressed, rather than with the net satisfaction index (NSI) used in 2019: the average is in fact an indicator that tends to smooth out the tails of the distributions, mitigating

an excessive convergence of opinions, given also the complexity of the period analyzed and the impact, extraordinary and unprecedented, of the pandemic. A summary of the Strategic CS 2020 is reported below.

The level of instinctive overall satisfaction decreased from 7 in July 2019 to 6.6 in June 2020, while reasoned satisfaction recorded 6.7 compared to 7.1 in the previous survey. There is awareness of the transition phase that is still in progress and of the difficulties associated with it, exacerbated by the particular historical period marked by the Covid-19 emergency. A greater sense of intolerance for the continuation of a transition phase is evident from the reports. The complexity of this moment is not helped by the Covid-19 emergency, which has required an additional effort on the part of all the Group BCCs.

Among the priorities for intervention, we confirm the ability to listen to the needs of BCCs, as well as the role of the Iccrea Group in providing effective and qualitative responses and in offering guidance and coordination activities. Among the Banks, the desire to feel part of the Group remains, working together and jointly taking responsibility according to shared rules.

As far as the product companies and business units are concerned, the best performances were confirmed in the areas of Finance for Iccrea Banca, BCC CreditoConsumo and of Receipts and Payments for Iccrea Banca.

The advice and support provided by the Group officers and the range of products and services continue to be among the most cited positive factors.

The Net Promoter Score - i.e. an indicator that measures the level of recommendability of a brand - is clearly higher than satisfaction KPIs. The strong sense of belonging and closeness to a Group that is perceived as solid, providing security and being a point of reference, as well as the trust placed in a common project, stand out among positive aspects.

Among the various repercussions, the results were also used to implement the 2020 managerial MBO (Management By Objectives) programme for the Group's top management.

VERTICAL CUSTOMER SATISFACTION OF SALES REPRESENTATIVES BY CUSTOMER SEGMENT AND TYPE OF OFFERING

In 2020, work resumed on vertical customer satisfaction surveys - which had been suspended in 2019 - involving the BCCs' officers by professional families and the products and services delivered by the Group's product companies, focusing on those that have an impact on end customers.

The areas surveyed concerned the business units of the parent company and the companies that are regarded as the factories of products and services for BCCs from a market perspective according to the Group's business model.

The survey was delivered in November 2020 and involved 1,400 colleagues from Co-operative Banks who are the contact officers, by professional roles, for the different sectors surveyed and/or by type of customers. The methodology used is CAWI, an online questionnaire that allowed an average participation of 67% on the total base of BCCs.

As regards the business segment, vertical customer satisfaction surveys focused on the operations of the subsidiaries of Iccrea Banca, including Iccrea Bancalmpresa, BCC Factoring, BCC Lease and Mediocredito Friuli-Venezia Giulia.

As regards the segment of institutional activities, the impact involved BCC Gestione Crediti, the Finance OU of Iccrea Banca and the Receipts and Payments OU of Iccrea Banca.

On the retail side, the companies involved were BCC Credito al Consumo, BCC Risparmio & Previdenza, BCC Vita and BCC Assicurazioni, as were the companies controlled by the Cattolica Group and invested in by Iccrea on the bancassurance side, and the Electronic Money service function, issuer and acquirer for the Iccrea Group's payment systems.

The questionnaire provided focused on the reporting of overall satisfaction, both instinctive and reasoned, and on the reasons underlying the opinions that emerged. For all the functions, the level of offering was investigated, with a focus on the use and satisfaction of each product supplied, broken down into multiple detailed items, as was the quality of relations with sales representatives, the effectiveness of communication and the promotion of products and services, the level of satisfaction with digital channels and training initiatives and, where existing, the quality of service provided by call centers dedicated to customers.

The results of the vertical CS surveys will be available in early 2021.

THE “VOICE OF THE CUSTOMER” PROJECT

The Iccrea Co-operative Banking Group has launched a feasibility project to implement customer listening, called "Voice of the customer", in order to intercept and monitor moments in the bank-customer relationship downstream of specific interactions, collecting and analyzing immediate feedback.

The implementation of a “Voice of the Customer” solution allows the organization to have a customer centric view and to be able to enable the collection of customer feedback in the:

- Relational domain: net of specific interactions to monitor the state of health of the relationship;
- Transactional domain: in the presence of interactions on specific channels/touchpoints (e.g. branch, contact center, APP, ATM...);
- Customer Journey: downstream of a specific event (e.g. loan application, mortgage underwriting, complaint).

Given the vastness of the project, the Group decided to start operations with the Contact Center for Carta BCC cards and continued with an assessment phase, involving the functions of Iccrea Banca that are in charge of Contact Center, Telephone Banking and Electronic Money services, with particular reference to the management of the master database, to collect key elements and to customize the solution for immediate listening after customer calls to the Contact Center for Carta BCC cards.

The Iccrea Group aims to survey the Customer Satisfaction and NPS™ of customers interacting with the Electronic Money service Contact Center and identify the reasons for contact and the related customer experience.

6.4 Transparency of information and the quality of products and services

The Iccrea Co-operative Banking Group pursues the satisfaction and satisfaction of its customers, responding to their financial needs through the ongoing development of innovative, high quality services and products. The Iccrea Group is committed to establishing a relationship of mutual trust with BCC customers, abiding by the principles of collaboration, availability, professionalism and transparency in full compliance with current regulations.

During the reporting period there were sporadic events that gave rise to non-conformities. In the case of information regarding products and services, only one case resulted in a sanction. The number of non-conformities relating to customer communications was also limited.

GRI 417-2

INCIDENTS OF NON-COMPLIANCE CONCERNING PRODUCT AND SERVICE INFORMATION (NO.)			
TYPE	2020	2019	% CHANGE
NON-COMPLIANCE - SANCTION	1	2	50.00%
NON-COMPLIANCE - REPORT	3	1	200.00%
NON-COMPLIANCE - VOLUNTARY CODES	5	32	-84.38%

INCIDENTS OF NON-COMPLIANCE CONCERNING PRODUCT AND SERVICE INFORMATION (%)		
TYPE	2020	2019
NON-COMPLIANCE - SANCTION	11.11%	5.71%
NON-COMPLIANCE - REPORT	33.33%	2.86%
NON-COMPLIANCE - VOLUNTARY CODES	55.56%	91.43%

GRI 417-3

INCIDENTS OF NON-COMPLIANCE CONCERNING MARKETING COMMUNICATIONS (NO.)			
TYPE	2020	2019	% CHANGE
NON-COMPLIANCE - SANCTION	-	-	-
NON-COMPLIANCE - REPORT	-	-	-

INCIDENTS OF NON-COMPLIANCE CONCERNING MARKETING COMMUNICATIONS (NO.)			
TYPE	2020	2019	% CHANGE
NON-COMPLIANCE - VOLUNTARY CODES	3	1	200.00%

INCIDENTS OF NON-COMPLIANCE CONCERNING MARKETING COMMUNICATIONS (%)		
TYPE	2020	2019
NON-COMPLIANCE - SANCTION	-	-
NON-COMPLIANCE - REPORT	-	-
NON-COMPLIANCE - VOLUNTARY CODES	100%	100%

6.5 Complaint management, privacy, data protection and cybersecurity

In compliance with the transparency rules issued by the Bank of Italy, Iccrea Banca S.p.A. has adopted specific rules for the management of customer complaints. The Complaints Office, which is currently part of the Legal Advice, Litigation and Complaints Organizational Unit, in the General Counsel area, ensures the management of customer complaints for the Parent Company and issues guidelines for the direct perimeter companies and the Affiliated Banks.

Please note that all complaints made by customers, whether in written or oral form, are brought to the attention of the Complaints Office, which is required to receive them, register them, assess them and settle them within the time limit established in current legislation. If the internal channels established by the bank are not sufficient to resolve disputes, customers can contact the Banking and Financial Ombudsman (ABF) or submit a request for mediation to a mediation body for conciliation purposes, enrolled in the Register of Conciliatory Bodies kept by the Ministry of Justice". There was a marked decrease in the total number of complaints from customers (which accounted for the only type of complaint reported in 2020 too).

GRI 418-1

With regard to the breach of the privacy of consumers' data, it should be noted that:

- total number of losses and thefts identified - they are managed in the Iccrea Group's Register of Incidents present in the Remedy application. These are Incidents relating to BCCs, none of them related to direct perimeter companies;

- number of complaints received from third parties - Iccrea Banca keeps a register of requests received from data subjects for the direct perimeter companies (in 2020 no complaints were received from third parties);
- complaints from regulatory bodies - among the duties of Iccrea Banca's Data Protection Officer (DPO) is the cooperation with the Supervisory Authority and acting as a point of contact for issues concerning the processing of personal data. In 2020, as reported, no complaints were received from the Regulatory Bodies for the sector (Data Protection Authority).

DOCUMENTED COMPLAINTS FOR BREACHES OF CONSUMER DATA PRIVACY (%)			
YEAR	2020	2019	% CHANGE
TOTAL COMPLAINTS	47	55	-14.55%
% OF COMPLAINTS FROM THIRD PARTIES	100%	100%	-
% OF COMPLAINTS FROM REGULATORY BODIES	-	-	-
LOSSES AND THEFTS	3	3	-

Internal indicator IBG 000-5

With regard to cybersecurity, data are reported below which concern the number of proven cases of fraud on online current accounts that amounted to 20 for the entire perimeter of the Iccrea Co-operative Banking Group during the reporting period. In particular, priority was given to the number of events recorded in Loss Data Collection, i.e. with a loss greater than Euro 500,00 and with the following characteristics:

- accounting date relating to FY 2020;
- classification as "External Fraud" (ET 2);
- relating to complaints, ABF and requests for reimbursement received from customers in consideration of online transactions on current accounts (e.g. via home-banking on a specific product);
- attributable to Iccrea Group companies.

Currently, the cardholders may send complaints by using one of the following channels formalized as per contract:

- a letter addressed to the Complaints Office of the Issuer Iccrea Banca S.p.A. - Complaints;
- electronically to the certified e-mail (PEC) address;
- electronically to the designated e-mail address.

6.6 Responsibility in lending






Internal indicator IBG 000-3

With regard to the ethical and anti-money laundering issues in the sectors that are eligible for financing, some economic activities or sectors have been identified which, although they are legal activities, are not eligible for financing, except in certain conditions (in any case to be regarded as exceptional) by the Board of Directors of the direct perimeter companies and of the Affiliated Banks, or by the decision-making Management Persons/Bodies to which it has delegated authority. Specifically:

- manufacture, distribution and marketing of weapons (with the exclusion of weapons for sporting or recreational activities), equipment and systems that can be used for military purposes only. It should be noted that no exceptions are allowed for certain cases that are properly identified within the Due Diligence Policy for Affiliated Banks;
- manufacture, distribution and marketing of equipment for betting, video-poker, slot-machines, etc.;
- setting up and operation of gaming and betting halls;
- all sectors relating to pornography (e.g. sex shops, pornographic publications, etc.).
- We Buy Gold shops;
- Money Transfers;
- Management and administration trust companies that use omnibus accounts.

Any possible transaction in the sectors referred to above must be accompanied by adequate reasons regarding their viability (for example, the importance of the initiative for the economic environment, the moral character of the members, the company's core business as opposed to the activity that cannot be financed, etc.).

7. Personnel management

MATERIAL TOPICS	
Protection of human rights (material topic no. 7) Staff training, development and enhancement (material topic no. 8) Protection of workers' rights (material topic no. 9) Employee welfare (material topic no. 10)	
SDGs	TARGET
 3 GOOD HEALTH AND WELL-BEING	3.2 By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births
	3.3 By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases
	3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being
	3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination
 4 QUALITY EDUCATION	4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university
	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
	4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations
 5 GENDER EQUALITY	5.1 End all forms of discrimination against all women and girls everywhere
	5.4 Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate
 8 DECENT WORK AND ECONOMIC GROWTH	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors
	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
	8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training
	8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
 10 REDUCED INEQUALITIES	10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard

7.1 The personnel of the Iccrea Co-operative Banking Group

People are the value through which the Iccrea Co-operative Banking Group can achieve its objectives. For this reason, the Group offers all employees the same opportunities with no discrimination in the selection, recruitment, management, development and remuneration of personnel through the Human Resources Management OU.

The Iccrea Co-operative Banking Group includes the protection of human rights among the fundamental values ensured by the adoption and application of the Group's Code of Ethics and Charter of Values. In terms of human resources management, the Code of Ethics is a guide for safeguarding the principles of mutual respect, fair treatment and meritocracy, as well as for the fight against any form of favoritism, nepotism or discrimination.

In particular, people management within the Group is inspired by the following principles:

- recognizing and enhancing the skills of its employees;
- ensuring the protection of the psychological and physical integrity of workers and respect for their moral personality;
- guaranteeing the dignity of each person and preventing any form of discrimination.

The Iccrea Co-operative Banking Group opposes any kind of discriminatory behavior, harassment and mobbing carried out against its personnel. Furthermore, the Group ensures that personnel can operate in a working environment that nurtures and improves the capabilities and potential of each individual, promotes diversity and protects the work-life balance.

The Group pays particular attention to the selection of resources, in accordance with the values of equality and personal growth, in line with the provisions of the law, as well as of the Workers' Statute and the National Collective Labor Agreement that is applied.

In this phase, the objective that guides the Group's action in allocating resources is not only the full satisfaction of company needs, but above all the enhancement of the growth and development of the people concerned and involved.

This is why the process of selecting and formalizing the recruitment of resources is also oriented towards optimizing the professional skills available within the Group under

appropriate internal mobility programmes. Precisely for this reason, in 2020 the Group established the **Mobility Center**, which was then integrated into the Human Resources department with the aim of fostering the professional growth of resources belonging to Group companies and Affiliated Banks through a mutual exchange of value.

It should be noted that the Parent Company, the direct and indirect perimeter companies and the Affiliated BCCs (which in the meantime are bringing their organizations into line with the Group's regulatory framework) meet the requirements of Legislative Decree no. 231 of 2001.

The Group has put in place a specific Whistleblowing Policy that makes it possible to contact the Human Resources, Audit and Compliance Organizational Units (OUs) in any case of confidential reporting. Suppliers and providers, on the other hand, are referred to the Central Purchasing Office of BCC Solutions. There were no cases of discrimination in this area during the reporting period.

As regards training in this specific area, no training courses were delivered in 2020 due to the health emergency, which would be aimed at providing insights into policies and procedures regarding all aspects of human rights that are relevant to the organization's activities.

At the end of the 2020 financial year, the Iccrea Co-operative Banking Group consisted of 22,142 employees, of whom 41.9% were women and **98.4% of the Iccrea Group's personnel had open-ended contracts**, while 1.6% worked under fixed-term contracts. For more details, see the tables and charts reported below¹²:

GRI 102-8

ICCREA GROUP						
YEAR	2020			2019		
TYPE OF CONTRACT (NUMBER)	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
FULL-TIME	12,719	7,649	20,368	12,823	7,618	20,435
PART-TIME	146	1,628	1,774	140	1,583	1,723
TOTAL	12,865	9,277	22,142	12,963	9,201	22,158

ICCREA GROUP						
YEAR	2020			2019		
TYPE OF CONTRACT (%)	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
FULL-TIME	62%	38%	100%	63%	37%	100%
PART-TIME	8%	92%	100%	8%	92%	100%

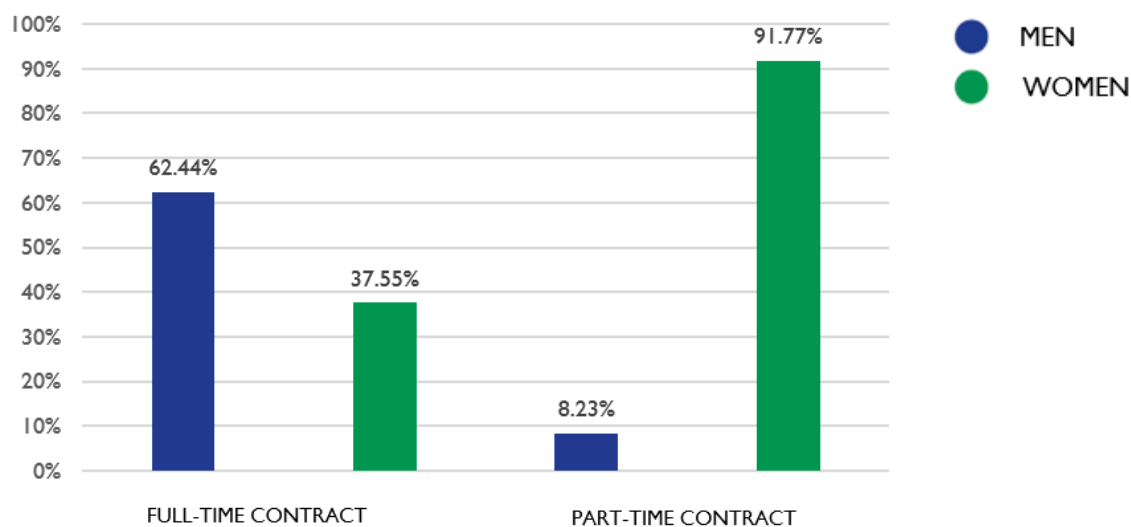
¹² With regard to the reporting scope of the data provided in this paragraph, please note the exclusion of BCC Beni Immobili, since the Director of the company (who is the only resource of the company) is already included among Iccrea Banca's employees.

ICCREA GROUP						
YEAR	2020			2019		
TOTAL	58%	42%	100%	58.5%	41.5%	100%

ICCREA GROUP						
YEAR	2020			2019		
TYPE OF CONTRACT (NUMBER)	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
FIXED-TERM CONTRACT	194	158	352	174	154	328
OPEN-ENDED CONTRACT	12,671	9,119	21,790	12,783	9,047	21,830
TOTAL	12,865	9,277	22,142	12,957	9,201	22,158

ICCREA GROUP						
YEAR	2020			2019		
TYPE OF CONTRACT (%)	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
FIXED-TERM CONTRACT	55%	45%	100%	53%	47%	100%
OPEN-ENDED CONTRACT	58%	42%	100%	59%	41%	100%
TOTAL	58%	42%	100%	59%	41%	100%

FULL TIME/ PART TIME 2020



As at 31 December 2020 the Iccrea Co-operative Banking Group consisted of **22,142 employees**, approximately **0.1% less than the previous year** when the number of employees was 22,158. At the end of the reporting period, there were **1,102 new hires** (down by 22.2%

compared to 2019) and 1,118 exits (down by 4% compared to 2019)¹³.

GRI 401-1

ICCREA GROUP						
NEW HIRES (N.)		2020			2019	
AGE GROUP	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
UNDER 30	148	152	300	194	169	363
BETWEEN 30 AND 50	336	234	570	429	323	752
OVER 50	185	47	232	222	79	301
TOTAL	669	433	1,102	845	571	1,416
INBOUND TURNOVER (%)		2020			2019	
AGE GROUP	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
UNDER 30	38.1%	36.4%	37.2%	49.2%	40.5%	44.8%
BETWEEN 30 AND 50	5.1%	3.9%	4.5%	6.0%	5.1%	5.6%
OVER 50	3.1%	1.7%	2.7%	4.1%	3.2%	3.8%
TOTAL	5.2%	4.75	5.0%	6.5%	6.2%	6.4%

ICCREA GROUP						
OUTBOUND TURNOVER (N.)		2020			2019	
AGE GROUP	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
UNDER 30	25	28	53	39	36	75
BETWEEN 30 AND 50	250	167	417	298	173	471
OVER 50	482	166	648	465	154	619
TOTAL	757	361	1,118	802	363	1,165
OUTBOUND TURNOVER (%)		2020			2019	
AGE GROUP	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
UNDER 30	6.4%	6.7%	6.6%	9.9%	8.6%	9.2%
BETWEEN 30 AND 50	3.8%	2.8%	3.3%	4.2%	2.7%	3.5%
OVER 50	8.2%	5.9%	7.5%	8.6%	6.3%	7.9%
TOTAL	5.9%	3.9%	5.0%	6.2%	3.9%	5.3%

¹³ In 2019, six resources (actually non-employee workers) from one of the Group's Affiliated Banks had been erroneously included in the headcount, equal to 22,164 total employees. The figure has been properly adjusted and aligned with the 2020 figure.

ICCREA GROUP						
NO. OF EMPLOYEES BY CATEGORY AND AGE GROUP		2020			2019	
EMPLOYMENT CATEGORY	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
EXECUTIVES	379	27	406	384	25	409
UNDER 30	-	-	-	-	-	-
BETWEEN 30 AND 50	53	5	58	68	7	75
OVER 50	326	22	348	316	18	334
MANAGERS	4,720	1,592	6,312	4,668	1,542	6,210
UNDER 30	4	4	8	4	5	9
BETWEEN 30 AND 50	1,683	687	2,370	1,839	751	2,590
OVER 50	3,033	901	3,934	2,825	786	3,611
OFFICE STAFF	7,766	7,658	15,424	7,882	7,657	15,545
UNDER 30	384	414	798	390	412	802
BETWEEN 30 AND 50	4,847	5,365	10,212	5,210	5,599	10,809
OVER 50	2,535	1,879	4,414	2,282	1,646	3,928
TOTAL	12,865	9,277	22,142	12,934	9,224	22,158

ICCREA GROUP						
NO. OF EMPLOYEES BY CATEGORY AND AGE GROUP		2020			2019	
EMPLOYMENT CATEGORY	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
EXECUTIVES	93%	7%	100%	94%	6%	100%
UNDER 30	-	-	-	-	-	-
BETWEEN 30 AND 50	91%	9%	100%	91%	9%	100%
OVER 50	94%	6%	100%	95%	5%	100%
MANAGERS	75%	25%	100%	75%	25%	100%
UNDER 30	50%	50%	100%	44%	56%	100%
BETWEEN 30 AND 50	71%	29%	100%	71%	29%	100%
OVER 50	77%	23%	100%	78%	22%	100%
OFFICE STAFF	50.4%	49.6%	100%	51%	49%	100%
UNDER 30	48%	52%	100%	49%	51%	100%
BETWEEN 30 AND 50	47.5%	52.5%	100%	48%	52%	100%
OVER 50	57%	43%	100%	58%	42%	100%

ICCREA GROUP						
NO. OF EMPLOYEES BY CATEGORY AND AGE GROUP	2020			2019		
EMPLOYMENT CATEGORY	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
TOTAL	58%	42%	100%	58%	42%	100%

7.2 Remuneration of personnel

The Co-operative Banking Group has set out its remuneration and incentive policies with the aim of ensuring the best possible alignment between the interests of its Members, the bank's management and all stakeholders, through a proper correlation between the results that are achieved and economic sustainability.

GRI 102-35

GRI 102-36

GRI 102-38

In line with the key pillars of the new Strategic Plan, the 2020 Remuneration Policies provide for new components aimed at further aligning the interests of personnel with those of all the Group's stakeholders. The enhancement of the potential of each individual substantiates in effective, fair and transparent processes, aimed at encouraging, recognizing and rewarding professional skills and their development.

The Group has set out its remuneration and incentive policies in compliance with the regulations and in line with the cooperative credit structure of the Group and the mutualistic DNA of Co-operative banks. The remuneration and incentive system constitutes an important operational lever for directors, management staff and all those who hold key roles within the corporate organization and is applied to the Parent Company, the investee companies and the Affiliated BCCs.

The remuneration system for corporate bodies¹⁴ is based on compliance with the regulations in force, including the Supervisory Provisions on the organization and corporate governance of banks, and is inspired by the cooperative principles of mutual banking without the aim of private speculation.

Remuneration is proportionate to the work performed and the efforts made, including in terms of time available and taking account of the importance of the position held and related responsibilities.

Specifically, the members of the Board of Directors:

¹⁴ The Board of Directors/Sole Director and the Board of Statutory Auditors/Sole Statutory Auditor in accordance with the Rules of the Iccrea Group.

- receive fixed remuneration¹⁵ established by the Members' Meeting and the reimbursement of the expenses that are actually incurred to perform their duties;
- do not receive variable remuneration depending on the achievement of results;
- hold "accident" and "third party liability" insurance policies, as defined by the Members' Meeting or by the Board of Directors on a mandate by the Members' Meeting.

Furthermore, the Directors who hold executive positions can receive an additional fixed remuneration established by the Members' Meeting and the reimbursement of expenses that are actually incurred for the performance of their duties.

In accordance with Article 2389 of the Italian Civil Code, the Board of Directors - upon proposal of the Remuneration Committee and having heard the Opinion of the Board of Statutory Auditors - set the remuneration of Directors who hold specific positions, by linking their fees to the efforts they have made and the responsibilities they have assumed in compliance with the resolutions passed by the Members' Meeting.

Finally, it should be noted that in no case may the total fees due to the Chairman of the Board of Directors exceed the fixed remuneration received by the General Manager.

Specifically, the members of the Board of Statutory Auditors:

- receive fixed remuneration¹⁶ established by the Members' Meeting for their entire term of office and the reimbursement of the expenses that are actually incurred to perform their duties;
- do not receive variable remuneration depending on the achievement of results;
- hold "accident" and "third party liability" insurance policies, as defined by the Members' Meeting or by the Board of Directors on a mandate by the Members' Meeting.

The Group Companies that have opted not to appoint the Board of Statutory Auditors as the Supervisory Body (hereinafter also referred to as "SB") in accordance with Legislative Decree no. 231 of 2001 pay the latter's members - as a guarantee of the independence and autonomy of the function and of the diligent performance of their duties - a fixed remuneration set in advance by the Board of Directors for the entire period of their term of office, based on market conditions and the responsibilities they have assumed. The Chairman may receive a higher remuneration than the fees due to the other members of the Supervisory Body. In no case may these persons receive a variable remuneration linked to the results achieved by the company or by the SB itself.

¹⁵ With particular reference to the Affiliated Banks, the Shareholders' Meeting may envisage paying the Directors an attendance fee as an alternative to fixed remuneration (or as an addition thereto).

¹⁶ With particular reference to the Affiliated Banks, the Shareholders' Meeting may envisage paying the Statutory Auditors an attendance fee as an alternative to fixed remuneration (or as an addition thereto).

Furthermore, below is the breakdown of the ratio between the annual remuneration of the individual to the highest remuneration within the organization and the median values of the total annual remuneration of all employees:

ICCREA GROUP	
YEAR	2020
PAY RATE	23,56

GRI 401-2

The general criteria of the remuneration and incentive policies are accessible to all staff members, respecting each person's right to confidentiality. The criteria on which performance appraisals are based are clear and predetermined and the decision-making process is properly documented and made transparent to each person concerned.

The pay package reserved for employees is structured on the basis of the following components:

- fixed remuneration and benefits that are normally associated with this component;
- variable remuneration;
- recognition of goods and services in the form of company welfare (e.g. training activities, study and education courses, welfare services).

GRI 402-1

Relations with social partners are managed in accordance with the information and consultation procedures laid down by law and under both national and supplementary collective labor agreements (Article 11-bis 22 of the National Collective Labor Agreement/Supplementary Agreements). The minimum average period of notice that is generally given to employees and their representatives before significant operational changes that could have a considerable impact on workers is 2 weeks.

The Parent Company also manages industrial relations for its member BCCs in accordance with Article 11-*bis* of the National Collective Labor Agreement. An Organizational Unit (OU) for Industrial Relations, People Care and Personnel Administration has been specifically set up in the Chief Human Resources Officer Area, within which the specific Industrial Relations Organizational Unit operates and manages relations with social partners for the Parent Company, the associated and subsidiary companies and the member BCCs.

It should be noted that the Parent Company has recently launched a project aimed at developing a "Banding System", which uses the classification of managerial positions as a reference framework for the proper management of any and all processes involving human resources.

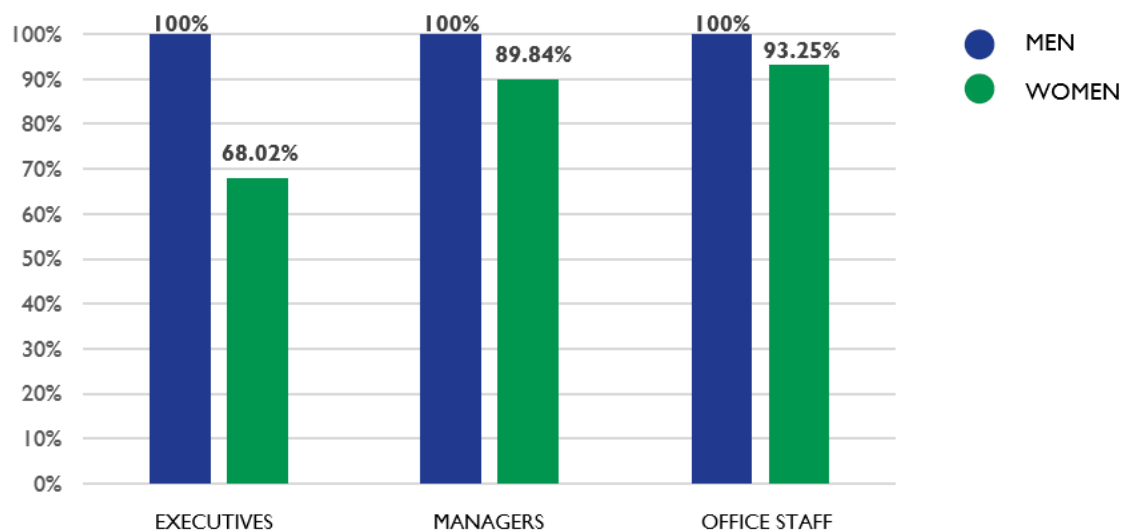
The remuneration and incentive policy with reference to any other form of variable remuneration provided for in the regulations defines the features of these components and

lays down the rules to be applied for their recognition.

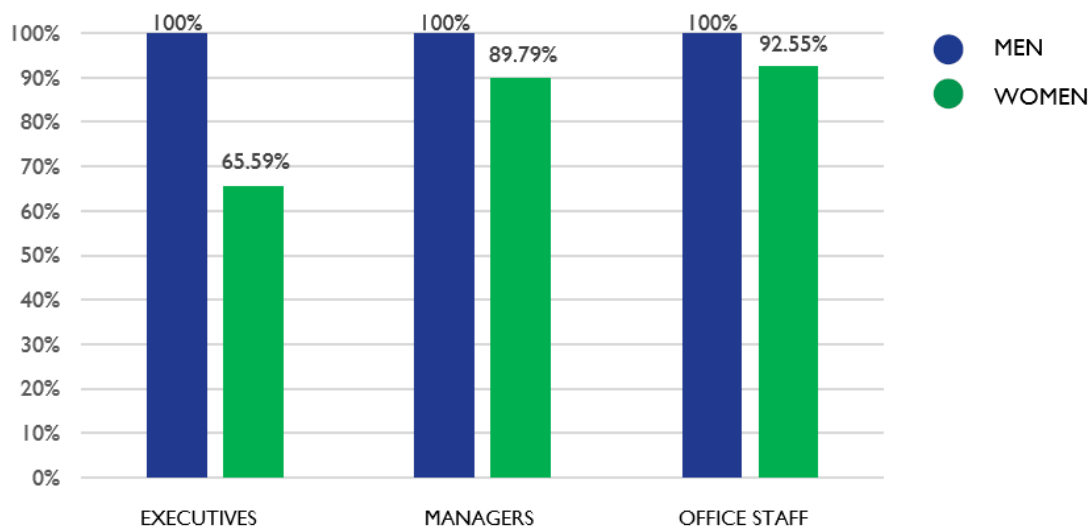
The features of remuneration by gender are detailed below¹⁷.

GRI 405-2

GENDER GAP BY BASIC SALARY 2020



GENDER GAP BY AVERAGE SALARY 2020



¹⁷ It should be noted that the reporting scope of the data provided in this paragraph does not include BCC Beni Immobili, since the related Director (the only resource of the Company) is already counted among the employees of Iccrea Banca, Coopersystem S.c.a.r.l. and Sigest S.r.l.

7.3 Staff training and development

The Iccrea Group considers the development of skills and their professional growth as fundamental for its employees beyond the ongoing technological evolution of banking services and the transformation of industry regulations.

The competent Organizational Units design their personnel training and growth policies in accordance with the key objectives of the Iccrea Group and of the individual companies, and ensure their consistent adoption. The Human Resources (HR) function is responsible for ensuring the development and growth of human capital, in line with the Group's strategic development plans. The work is performed under programmes aimed at developing the necessary expertise, knowledge and skills of all staff members of the Parent Company and of the direct and indirect perimeter companies.

The function ensures the satisfaction of the Group personnel's needs in terms of refresher and training course and is also responsible for the management of technical and specialist, mandatory and behavioral training activities. The work in this area that is targeted at employees in the Group's direct perimeter fall under two main categories, depending on the promoter of the project, the related methods of management and the purposes:

- in-house training in which training and development programmes are designed, planned and delivered internally by the Parent Company in collaboration with the various suppliers and providers. This work is aimed at creating a common culture on the various topics across the organization;
- outsourced training, including courses, conventions, seminars, workshops, webinars, etc., which are promoted and delivered independently by the various third-party training bodies through their own channels. This training is aimed at creating vertical skills and ensuring the adoption of innovative visions and themes within the company.

GRI 404-2

With a view to the growth of employee skills, the annual training plan takes account of guidelines from area managers and specialists and is mainly defined on the basis of the results of the analysis of training requirements. As part of this process, managers are asked to specify the training areas and/or courses for their staff members. The function responsible for training analyzes the data that are collected and, on their basis, proceeds with structuring a training plan that is consistent with company training requirements.

The dates are then scheduled on which the selected courses are to be held, and the competent function then proceeds with their design, planning and organization, collaborating with suppliers and providers and managing the logistical and organizational issues for each edition.

Work is in progress on mapping of professional areas and profiles, which will have as its output role profiles, accompanied by technical knowledge, skills and the related expected

levels, and will involve both the direct perimeter and the commercial staff operating at banks in local areas and communities. Once an assessment of the skills currently available has been carried out and the gaps are identified with respect to expectations, appropriate programmes will be adopted for retraining, strengthening and/or acquiring new skills in order for the present resources to adapt to the new organizational and business requirements. Furthermore, new projects will be put in place for the management of the final phase of a person's career, while seeking to combine support and accompaniment actions with the enhancement of the expertise that has been gained.

The tables below provide the data on training initiatives.

GRI 404-1

HOURS OF TRAINING PROVIDED

ICCREA GROUP						
YEAR	2020			2019		
EMPLOYMENT CATEGORY	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
EXECUTIVES	7,221	790	8,011	11,893	2,045	13,938
MANAGERS	219,404	72,216	291,620	251,168	77,090	328,258
OFFICE STAFF	374,424	355,133	729,557	399,172	360,726	759,898
TOTAL	601,049	428,139	1,029,188	662,233	439,861	1,102,094

AVERAGE NUMBER OF HOURS OF TRAINING

ICCREA GROUP						
YEAR	2020			2019		
EMPLOYMENT CATEGORY	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
EXECUTIVES	19	29	20	31	82	34
MANAGERS	46	45	46	54	50	53
OFFICE STAFF	48	46	47	51	47	49
TOTAL	47	46	46	51	48	50

In addition, data are reported on feedback provided to employees in relation to career development processes:

GRI 404-3

NUMBER OF EMPLOYEES THAT RECEIVED REPORTS ON THE RESULTS AND ON CAREER DEVELOPMENT

ICCREA GROUP						
YEAR	2020			2019		
EMPLOYMENT CATEGORY	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
EXECUTIVES	47	3	50	50	3	53
MANAGERS	1,850	617	2,467	1,571	510	2,081
OFFICE STAFF	2,321	2,577	4,898	2,461	2,597	5,058
TOTAL	4,218	3,197	7,415	4,082	3,110	7,192

PERCENTAGE OF EMPLOYEES THAT RECEIVED REPORTS ON THE RESULTS AND ON CAREER DEVELOPMENT

ICCREA GROUP						
YEAR	2020			2019		
EMPLOYMENT CATEGORY	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
EXECUTIVES	12%	11%	12%	13%	12%	13%
MANAGERS	39%	39%	39%	34%	33%	34%
OFFICE STAFF	30%	34%	32%	32%	35%	33%
TOTAL	33%	34%	33%	32%	34%	33%

7.4 Caring for employees and People Care

The Iccrea Co-operative Banking Group has set up a specific function with the aim of developing a system of welfare and care for the Iccrea Group's employees. The purpose of the OU is to promote people's well-being and improve work-life balance.

The People Care action is guided by the concept of "personal care": the psychological and physical wellbeing of the employee is achieved through the company's offer of services and projects to reconcile **private life and work**, without these being confused with each other but providing support in the management of the two spheres, which are sometimes experienced as irreconcilable. The employee, as a member of the community, is placed at the center of all People Care projects and activities, with the aim of generating positive effects on the social and environmental areas in which the company and the employee operate.

Furthermore, the Iccrea Group provides for the payment of a portion of employees' salaries to two institutions. The first one is the National Pension Fund (*Fondo Pensione Nazionale*) oriented towards sustainable investments, while the second one is the National Health Insurance Fund (*Cassa Mutua Nazionale*), which has been set up under union agreements as part of the national collective bargaining agreement, signed by Federcasse.

GRI 403-6

Specifically, the National Health Insurance Fund has as its institutional aim the delivery of health services to its members, generally in the form of reimbursement of expenses incurred for this purpose. Benefits are guaranteed to the employees and to the members of their families.

The employees can remain enrolled, together with their family members, even in the years of their retirement. During 2020, there were 4,020 beneficiaries of the benefits provided by the National Health Insurance Fund, amounting to Euro 2,291,670¹⁸.

The projects that the Iccrea Co-operative Banking Group implemented in 2020 to improve employee well-being are reported below.

¹⁸ This figure includes the calculation of LTC (Long-Term Care) benefits for services requested in this area, which amounted to Euro 360,585.

ACTIVITY	DESCRIPTION	DATA AT 31/12/2020	BENEFICIARIES
PERFORMANCE BONUS (PB)	Employees who opt to allocate their Performance Bonus to the Welfare Account or PerBene Account benefit from bonus tax relief and company incentives. They can manage their flexible benefits through the Edenred portal.	649 employees	All the Iccrea Group employees - direct perimeter
AGREEMENTS			
CORPORATE BENEFITS -PORTAL OF THE ICCREA GROUP PEOPLE CARE AGREEMENTS	The Iccrea Group People Care programme offers its employees and their families numerous agreements, which as from 2018 are available on a dedicated portal: https://iccreabanca.convenzioniazionali.it/login	400 agreements	All the Iccrea Group employees - direct perimeter
INSURANCE ADVICE	The Insurance Advice service has been operational since December 2018 at the Rome offices located at Lucrezia Romana and Via Carucci; it was also extended to the 2 Milan offices (Via Esterle and Peschiera Borromeo) in 2019. The Service is intended for all the Iccrea Group employees with dedicated discounts and the possibility of paying the insurance premium in installments at zero interest. The conditions offered are also applicable to the employees' family members (resulting from a family status certificate and de facto cohabitants), as well as for retired staff members.	80 insurance policies	All the Iccrea Group employees at the Rome offices at Lucrezia Romana and Via Carucci and the two Milan offices - Via Esterle and Peschiera Borromeo
SMART WORKING	"Smart Working" or "Agile Work" means the performance of work in a flexible and unstructured manner with respect to both the time and place in which it is delivered, subject to compliance with the maximum duration of working time and contractual arrangements. After the Pilot Project started in November 2017, the Project is now into full operation since 2018 with the possibility of granting Smart Working schemes to up to 400 employees (Group Smart Working Policy, IBG-POL-HR-06-R02).	353 employees (the number does not include colleagues placed on smart working schemes due to the Covid-19 pandemic)	All the Iccrea Group employees - direct perimeter
FAMILY			
COMPANY NURSERY - LUCREZIA ROMANA	Company nursery service - operational near the Rome office at Lucrezia Romana since 2017 - reserved exclusively for the children of the Iccrea Group Companies employees aged 0 to 3 years, with subsidized monthly contribution fees.	25 children	All children - aged 0 to 3 years - of the Iccrea Group's employees working at the Rome offices
ACTIVE LISTENING SERVICE (LUCREZIA ROMANA ROME OFFICES, ESTERLE AND PIOTTELLO MILAN)	The Active Listening Service makes available a room where it is possible to talk to a professional psychologist about the difficulties that may arise in a specific moment of life, in the family or at work, or to develop insights into issues concerning international adoption with	Service provided at the Lucrezia Romana, Milan Esterle and Peschiera Borromeo	All the Iccrea Group employees at the Rome offices at Lucrezia Romana and Via Carucci, and the

ACTIVITY	DESCRIPTION	DATA AT 31/12/2020	BENEFICIARIES
OFFICES)	<p>the possibility to receive guidance and support. The Listening Service is also operational from January 2019 for new mothers and new fathers, aimed at parents of children up to 3 years old.</p> <p>It is a free service of listening, guidance, help relationship for the Iccrea Group employees.</p>	<p>offices:</p> <p>it was used by 13 people, of which 9 women and 4 men;</p> <p>10 people benefited from the package of</p> <p>5 interviews;</p> <p>52 total interviews</p> <p>Interviews were mainly held online due to the Covid-19 emergency.</p>	Milan offices at Esterle and Peschiera Borromeo
MEETINGS FOR ORIENTATION TO UNIVERSITY IN COLLABORATION WITH TALENTS VENTURE	The project aims to provide children of employees with the tools and information required to make an informed decision in line with their skills, future aspirations and demands from the labor market.	<p>41 Webinar participants</p> <p>28 enrollments for the personalized desk</p>	All children of the Iccrea Group employees, attending grades 1st to 5th of high schools (14-18 years old)
A "SOCIAL" FINANCING PRODUCT CREATED IN COLLABORATION WITH BANCA SVILUPPO FOR THE GRANTING OF MORTGAGE AND UNSECURED LOANS ON SUBSIDIZED TERMS IN FAVOR OF ALL THE ICCREA GROUP EMPLOYEES.	Provision of social financial instruments for access to mortgage and unsecured loans on subsidized terms in favor of all the Iccrea Group employees, disbursed through the branches of Banca Sviluppo.	101 soft loans disbursed	All the Iccrea Group employees
ETHICAL FINANCING PRODUCT CREATED IN COLLABORATION WITH BCC CREDITO CONSUMO AND GRANTING OF SOFT LOANS FOR EMPLOYEES WHO UNDERTAKE THE ADOPTION PROCESS	An ethical financing product has been prepared for the expenses to be incurred for an adoption process, which is proposed to the market through the CIAI association and is also open to the ICCREA GROUP employees at favorable conditions, as part of the Active Listening Service Project and specifically on the subject of adoptions, in collaboration with BCC Credito Consumo.		All the Iccrea Group employees whose financial needs fall within the scope of People Care issues
HELATH AND WEALTH			
CRI (CROCE ROSSA ITALIANA) ITALIAN RED CROSS - BLOOD DONATION AT THE ROME	Days organized at the Lucrezia Romana office for the collection of blood in collaboration with the Italian Red Cross.	99	All the Iccrea Group employees of the Rome office (Lucrezia Romana, Via Carucci,

ACTIVITY	DESCRIPTION	DATA AT 31/12/2020	BENEFICIARIES
OFFICE IN LUCREZIA ROMANA			Via Adige)
SUSTAINABLE MOBILITY			
ANNUAL LOCAL PUBLIC TRANSPORT SUBSCRIPTION - ROME (ATAC)	<p>The employees working at the Rome offices can apply for annual concessionary tickets for public transport managed by ATAC, paying for it in 12 monthly installments that are debited directly from their pay slip, through the Mobility Portal</p> <p>(https://iccrea.mmanager.net/app/website/index.html).</p>	85 subscriptions	<p>All the Iccrea Group employees working at the Rome offices, Lucrezia Romana and</p> <p>Via Carucci</p>
ANNUAL LOCAL PUBLIC TRANSPORT SUBSCRIPTION -MILAN (ATM)	<p>The employees working at the Milan offices can apply for annual concessionary tickets for public transport managed by ATM, paying for it in 12 monthly installments that are debited directly from their pay slip, through the Mobility Portal</p> <p>(https://iccrea.mmanager.net/app/website/index.html).</p>	21 subscriptions	<p>All the Iccrea Group employees working at the Milan offices, Revere, Esterle and Peschiera</p> <p>Borromeo</p>
ANNUAL LOCAL PUBLIC TRANSPORT SUBSCRIPTION -MILAN (TRENORD)	<p>The employees working at the Milan offices can apply for annual concessionary tickets for public transport managed by Trenord, paying for it in 12 monthly installments that are debited directly from their pay slip.</p>	11 subscriptions	<p>All the Iccrea Group employees working at the Milan offices, Revere, Esterle and Peschiera</p> <p>Borromeo</p>
CULTURE AND LEASURE TIME			
BANCARIOCHILEGGE! LIBRARY SERVICE	<p>Bancariochilegge!, operational since 2016, is a digital book lending service targeted at the Iccrea Group's employees, i.e. an online library whose books are in electronic format and can be downloaded for free for immediate use on your PC, tablet, e-book reader or smartphone.</p> <p>The Bancariochilegge! library service has evolved with the lending of paper books in addition to the digital one with the Italian MLOL digital library network: on 10 October 2019, the Print Library was inaugurated at the Lucrezia Romana office.</p>	<p>590 accesses to the on-line portal</p> <p>189 books borrowed</p>	All the Iccrea Group employees
INFOPROGRESSO			
2ND EVENT WITH THE CARABINIERI CORPS ON: "GENDER VIOLENCE" (17/01/2020)	Seminar with videoconference for all local offices at the Rome office of Lucrezia Romana		All the Iccrea Group employees
PARTNERSHIP WITH THE CARABINIERI	The Carabinieri Corps and ICCREA have established a partnership for the definition of Guidelines to combat scams against the elderly		All the Iccrea Group and BCC

ACTIVITY	DESCRIPTION	DATA AT 31/12/2020	BENEFICIARIES
CORPS (15/07/2020)	to be disseminated to our branches and become a benchmark for the banking and postal sector.		employees

7.5 Occupational health and safety

The Iccrea Co-operative Banking Group is aware of the importance of ensuring the best health and safety conditions in the workplace and, for this reason, is constantly committed to promoting responsible behavior among its employees and to preserving the health, safety and security of all staff members, as well as of third parties who frequent the bank's premises.

All employees are obliged to cooperate, within the sphere of their competence, in maintaining a healthy, safe and efficient working environment, and abiding by the company rules on occupational safety, as provided for by Legislative Decree 81 of 2008. The Iccrea Group actively involves worker representatives when dealing with the health and safety issues addressed by Legislative Decree 81 of 2008. Under these agreements, it has not been necessary to enter into other arrangements with trade unions on occupational health and safety. In particular, the persons concerned must not engage in any conduct that could result in risks to the safety of their fellow workers, third parties or risks of damage to property or systems. They are required to use company assets, premises, furnishings, infrastructure and work tools with diligence and care. Mandatory training is also provided to all categories of workers.

GRI 403-1

The Iccrea Co-operative Banking Group has put in place an Occupational Health and Safety Management System in accordance with the UNI (Italian Standardization Body)-INAIL (Italian Institute for Insurance against Accidents at Work) guidelines, with a certificate of conformity issued by a third party. The certificate that guarantees compliance expires on an annual basis and includes 10 companies of the Iccrea Co-operative Banking Group. The inspections of the work environments subject to audit with the certifying body have been scheduled preliminarily, and from 2019 CCFs (Corporate Control Functions) were also included in the annual audits for a number equal to 12 BCCs (which vary from time to time) that host the colleagues from Iccrea Banca.

The Intercompany Occupational Health and Safety Committee has been established, composed of all the OHSMS managers of the companies in the reporting perimeter, in order to standardize and direct the activities pertaining to the Occupational Health and Safety (OHS) of each company, in line with the Occupational Health and Safety Management System (OHSMS) of the Iccrea Co-operative Banking Group.

GRI 403-7

This standard is not considered applicable to the context of Iccrea Co-operative Banking Group, given the type of business and in relation to the prevention and mitigation of any impact in the field of occupational health and safety within business relationships.

GRI 403-8

The Occupational Health and Safety Management System adopted by the Group, which covers all employees, is based on the Group Manual and operational procedures that cover any and all regulatory issues. The Group Manual and the underlying operational procedures are available on HuBa in the section Standards and Processes - Company Regulatory System - Management Systems - Occupational Health and Safety (OHS) or in the document repository currently used by the company concerned.

In line with the Health and Safety Management System, and in accordance with the relevant legislation in force, the Group has designated the officers responsible for managing the health and safety of its workers. The officers are involved in the risk assessment processes and in setting out prevention and training processes for any and all companies.

GRI 403-2

GRI 403-4

A Workers' Safety Representative (WSR) has been appointed for each Company, who participates in the most significant meetings regarding company issues in the field of occupational safety. These officers also participate in the periodic meeting referred to in Article 35 of Legislative Decree 81 of 2008. According to Article 50 of the abovementioned Legislative Decree 81 of 2008, each WSR:

- is consulted in advance and in a timely fashion on risk assessment, as well as on the identification, planning, implementation and audit of prevention measures at the Company;
- is consulted on the appointment of the Manager and the Staff members in charge of the prevention service, fire prevention, first aid, evacuation of workplace and the Company Doctor;
- is consulted on the training activities referred to in Article 37 of Legislative Decree 81 of 2008;
- is appointed to receive company information and documentation concerning risk assessment and related prevention measures, as well as those concerning work organization and environments, accidents and occupational diseases;
- promotes the preparation, identification and implementation of suitable prevention measures to protect the health and physical integrity of workers;
- informs the Company's manager of the risks identified during its work.

In considering the work activities carried out and the duties of the workers present, the greatest risk posed to workers stems from the use of video terminals that can cause visual and postural fatigue or due to the microclimate and/or lighting of environments. All risks are assessed in the Risk Assessment Document and the priorities for intervention are evaluated on this basis. In particular, the main types of hazards can be:

- physical (radiation, electrical malfunctions, high noise, etc.);
- ergonomic (inappropriate workstation layout, poor lighting, etc.);
- biological (linked to the risk of being infected with "severe acute respiratory syndrome from SARS - CoV-2");
- psychological (verbal abuse, bullying, discrimination);
- linked to work organization (excessive working hours, absence of breaks from work, etc.).

Following the risk assessment, a prevention and protection plan is put in place with the aim of eliminating, or at least reducing, the likelihood of hazardous situations. The Risk Assessment Document serves precisely to assess the probability of occurrence of a harmful event for workers, calculate the amount of the damage that might result and suggest concrete prevention and protection measures. For example, the work-related stress is regularly assessed in connection with work organization or psychological concerns, in order to identify any possible critical areas for improvement.

It is worth noting that the greatest risks (as also confirmed by the accidents recorded) derive from the use of vehicles (commuting accidents) used by workers during the normal journey to and from their place of residence and workplace. This risk is also addressed by maintaining high levels of maintenance of any possible company vehicle made available and by providing as much training and information as possible to personnel.

Furthermore, the Group has entrusted the health surveillance work to the company doctors at the various entities, who are responsible for monitoring the health of employees and the healthiness of the work environment on an ongoing basis.

GRI 403-3

Occupational medicine services include: medical examinations carried out as per the health protocol approved by the coordinating company doctor and included in the Risk Assessment Document of each individual company; appointments of local Company Doctors; health protocols for specific risk from video terminals; medical examinations with a validity of 2-5 years (organized according to these deadlines) or at the request of the worker for suitability for specific tasks; medical examinations after returning to work following absences due to periods of illness of more than 60 days, as well as examinations after returning to work due to being tested positive for Covid-19; clearance for compulsory flexible abstention for pregnancy; medical examinations for the identification of frail persons; annual inspection of working environments on the part of the Company Doctors.

In this regard, it should be noted that 953 visits were carried out by the Company Doctors during 2020.

Raising awareness among workers - through appropriate training and information - is undoubtedly the most effective tool adopted by the Iccrea Co-operative Banking Group, to which must be added an adequate organization aimed at ensuring the management of emergencies and work procedures on the one hand, and, on the other, the appropriate maintenance of tools, machinery and systems installed at the workplace to serve the personnel.

In 2020 all courses with in-person attendance were suspended due to the health emergency, as were courses and refresher sessions for first aid and fire prevention staff members. However, the following courses were delivered via e- learning / virtual classroom:

- basic course: 505 certificates achieved;
- specific risk: 505 certificates achieved;
- specific risk refresher course: 128 certificates achieved;
- refresher course for Prevention and Protection Service Staff members: 1 certificate achieved;
- course for executives: 1 certificate achieved;
- course for supervisors: 60 certificates achieved;
- refresher course for supervisors: 10 certificates achieved;
- Workers' Safety Representative training: 3 certificates achieved;
- Workers' Safety Representative refresher course: 13 certificates achieved.

Therefore, the total number of certificates achieved during the year was 1,226.

125 accidents were recorded in 2020.

EMPLOYEES			2020			2019		
TYPE OF RATE	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL		
DEATH RATE DUE TO ACCIDENTS AT WORK	-	-	-	-	-	-		
RATE OF SERIOUS ACCIDENTS AT WORK (EXCLUDING DEATHS)	0.04	0.12	0.07	-	-	-		
RATE OF RECORDABLE ACCIDENTS AT WORK	2.10	3.70	2.75	0.84	1.04	0.93		
HOURS WORKED	24,326,057	16,759,509	41,085,566	34,404,494	23,965,864	58,370,358		
NON-EMPLOYEES			2020			2019		
TYPE OF RATE	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL		
DEATH RATE DUE TO ACCIDENTS AT WORK	-	-	-	-	-	-		
RATE OF SERIOUS ACCIDENTS AT WORK (EXCLUDING DEATHS)	-	-	-	-	-	-		
RATE OF RECORDABLE ACCIDENTS AT WORK	4.32	6.06	4.95	-	2.01	0.82		
HOURS WORKED	1,158,401	660,382	1,818,783	1,431,660	993,599	2,425,259		

EMPLOYEES			2020			2019		
NUMBER OF ACCIDENTS	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL		
DEATHS	-	-	-	-	-	-		
SERIOUS ACCIDENTS	1	2	3	-	-	-		
RECORDABLE ACCIDENTS	51	62	113	29	25	54		
TOTAL	52	64	116	29	25	54		
NON-EMPLOYEES			2020			2019		
NUMBER OF ACCIDENTS	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL		
DEATHS	-	-	-	-	-	-		
SERIOUS ACCIDENTS	-	-	-	-	-	-		
RECORDABLE ACCIDENTS	5	4	9	-	2	2		
TOTAL	5	4	9	-	2	2		

7.6 Health emergency management

During 2020, the Iccrea Co-operative Banking Group was faced with a new challenge concerning personnel management. In managing the pandemic, the Human Resources Management OU actively contributed to the plan of actions to mitigate the impact of Covid-19 on its staff members. The primary objectives of preventing infection and protecting the health of the Group's workers were shared with the **Task Force** composed of the Business Continuity, Communication, Occupational Health and Safety, and IT Systems Organizational Units, and subsequently extended to the Marketing, General Counsel and Data Protection Officer Functions.

In particular, as early as the very first days of the pandemic, various actions were taken in order to provide the IT equipment needed for the extension of smart working to the entire company population. It is also worth noting the attention paid to assessing the extension of the precautionary quarantine measure to employees who came into contact not only with a person with a positive test result but also with contacts of a confirmed case of Covid-19. This was made possible by tracking confirmed cases of Coronavirus and quarantine - both first and second level - that impacted on employees and by monitoring the numbers and their distribution within the Group's offices and the individual Organizational Units on a daily basis. In this regard, the Group used clear and transparent communication toward the entire population, thanks to the fundamental contribution provided by the Internal Communication OU. In fact, all activities and initiatives have been reshaped in order to ensure an ongoing and timely flow of information to the company population and compliance with the safety regulations applicable in the context.

In the pandemic scenario that characterized the reporting period, the HuBa Intranet portal was confirmed as the main channel of communication between the Parent Company, Direct Perimeter Companies and Affiliated Banks. In fact, all information regarding operational continuity and the Guidelines was conveyed on the company intranet in order to ensure the safety of employees inside and outside the workplace.

A campaign dedicated to the Covid-19 emergency was created, as were sections containing specific documentation. In particular, the Covid-19 awareness raising and prevention campaign was a useful tool for conveying safe behaviors and company rules to be adopted, in addition to the news on the subject based on official sources such as the Italian Ministry of Health, the Italian Government website and the Italian Health Institute. The aim was to get users accustomed to always referring to reliable sources and company Guidelines in order to



Internal organization

With regard to company organization, the Group's staff in **smart working** mode are **8,204**, equal to **37.05%** of the total number of the Iccrea Group's employees.

As at 31 December, **3,712** employees were actually in smart working mode in line with current regulations. Only **10 out of 2,529** branches, equal to around **0.40%** (source: consolidated financial statements) were closed following the pandemic. None of the 3,252 ATMs were out of service.

avoid falling victim to possible fake news and alarmism, which are often present on the web.

Among the measures implemented in order to ensure operational continuity and, at the same time, reduce the risk of increased contagion, the Group imposed the rule of dividing the personnel of each office into two groups that alternate, one at workplace and one working remotely, every two weeks.

All these measures have allowed the Group to limit the possibility of infection within the organization, including by laying down Guidelines for the safe use of company premises.

7.7 Trade union relations

Within the Iccrea Group, trade union relations are inspired by principles of fairness, respect for roles and compliance with rules, with the aim of achieving ever new convergence for growth, competitiveness and sustainable employment.

With regard to industrial relations, in 2020 work was intensified on talks with trade unions both in the procedures relating to the Parent Company and the Direct Perimeter Companies and in relation to the reorganization and aggregation of the Affiliated BCCs.

Since the early months of the year, industrial relations were obviously affected by the consequences arising from the Covid-19 epidemiological emergency; within the sphere of trade unions, this has led to the need for a permanent round table, both at system and Group level, aimed at finding the best shared solutions to ensure the effective protection of workers' health, in addition to ensuring business continuity. In compliance with the Protocols shared at government level with the social partners, concerning the regulation of measures to combat and contain the spread of the virus in the workplace and the subsequent understandings, prepared by the trade association and the national trade union secretariats, **Company Committees** were also set up within the Group in order to apply and check the rules laid down at government and trade association level.

In March, the procedure was started for the transfer of the business unit of the 21 **Banca Sviluppo** branches located in Emilia-Romagna to Ravennate Forlivese Imolese, Credito Cooperativo Romagnolo and Riviera Banca BCCs. The discussions with the social partners ended with the union agreement of 29 May 2020, which, in addition to governing the effects on the employment relationship of the 108 employees of the branches being sold, also specified the working conditions of an additional 23 employees of Banca Sviluppo in the Emilia-Romagna region, the so-called "indirect" personnel, who through the individual assignment of employment contracts to Iccrea Banca or to the assignee BCCs themselves, will continue to serve in their original areas.

Three important agreements were reached with regard to the direct perimeter companies:

- the union agreement regarding the transfer of operations, with effect from 1 July 2020, of the IT business units of Iccrea Banca and Iccrea Banca Impresa in favor of **BCC Sistemi Informatici**, concerning a total of 172 employees;

- the union agreement regarding the transfer of operations, with effect from 1 January 2021, of the **loans** (ordinary credit, special-purpose credit, foreign operations and corporate finance) of **Iccrea Banca Impresa in favor of Iccrea Banca, concerning a total of 227 employees**;
- the agreement on the financing of training through the recourse to the bilateral sector FONCOOP fund scheme.

The union agreement on the **Performance Bonus** for this year again provided for the possibility of paying the bonus using a flexible benefits approach, in a percentage selected by the employee, with the disbursement by the company, where the welfare mode is adopted, of an additional contribution of 20% of the value of the bonus.

Furthermore, two significant understandings were reached regarding access to the **extraordinary benefits of the Solidarity Fund**: on 6 November 2020, for employees who had joined the Parent Company's early retirement scheme to achieve the "quota 100" or early retirement pension benefits (by 31 March 2021) and for those who, in addition to being eligible for old-age or early retirement pension benefits by 31 December 2023, were in "disadvantaged" conditions; on 22 December 2020 for a maximum of 60 employees who will receive old-age or early retirement pension benefits by 31 March 2027. Finally, again in 2020, procedures were set out for centralizing the Corporate Control Functions of the Direct Perimeter Companies at the Parent Company, and talks were started regarding the reorganization of the Local Offices.

Trade union procedures continued at the Group's banks regarding reorganization processes undertaken as a result of the revision of the distribution model. In the final part of the year, **union procedures were also implemented in relation to two major mergers**: in Sicily the merger of BCC San Giuseppe di Mussomeli, BCC Don Stella di Resuttano and San Biagio Platani by incorporation into **BCC Toniolo di San Cataldo** and in Veneto the merger of Credito Trevigiano by incorporation into Cra Brendola, creating **Banca delle Terre Venete**. Two banking entities of considerable size originated from these mergers, which were completed with the consequent union agreements and which strengthen the Group's footprint in their respective local areas of operation.

7.8 Protection of workers' rights







GRI 412-2

The Iccrea Co-operative Banking Group has adopted a Code of Ethics and Conduct, considering respect for individual freedoms and the protection of human rights to be an essential principle. Furthermore, the Group complies with Law 68/1999 (the purpose of which is to encourage the insertion and integration of persons with disabilities in the workplace by providing support services and through targeted placement), guaranteeing that it meets the required percentage, namely 7%, of the staff being comprised of persons with disabilities. In addition, the Iccrea Group complies with Article 46 of Legislative Decree 198/2006, for which

it is required to prepare the “Biennial Report on gender for companies with more than 100 employees”. This document contains detailed information on each of the professional categories, state of affairs regarding recruitments, training and any other factor that makes up the process of the professional development of the human capital on which the Iccrea Co-operative Banking Group is based. The Iccrea Group offers interpretation services with the aim of enabling deaf employees to also participate in events. Specifically, Iccrea Banca makes use of qualified persons to offer this service, translating all the speeches given during these events into sign language.

No training courses on human rights were delivered during 2020 due to the health emergency.

8. Environment

MATERIAL TOPICS	
	<p>Supporting sustainable development (material topic no. 5)</p> <p>Direct environmental impact management (material topic no. 6)</p>
SDGs	TARGET
	1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance
	3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination
	<p>7.2 By 2030, increase substantially the share of renewable energy in the global energy mix</p> <p>7.3 By 2030, double the global rate of improvement in energy efficiency</p>
	<p>8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p> <p>8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead</p> <p>8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all</p>
	9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets
	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status



11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums



12.2 By 2030, achieve the sustainable management and efficient use of natural resources

12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment

12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse



13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries



14.3 Minimize and address the impacts of ocean acidification, including through enhanced scientific cooperation at all levels



15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally



16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all

The Iccrea Co-operative Banking Group is aware of the interdependence existing between economic activities, ecosystems, resources and people. For this reason, it directs the creation of value to the benefit of all stakeholders, such as customers, Members, suppliers, communities and future generations, thus contributing to sustainable economic development in the medium- to long-term. In this perspective, environmental protection and attention to climate change constitute the founding principles of cooperation and mutual benefit. The "responsible and sustainable growth of the local communities in which it operates" and the propensity to stand out "for its social orientation and choice to build the common good" under Article 2 of the Articles of Association is an essential part of the Group's mission and a guide for the BCCs that refer to it. This concept is reported in the Charter of Values of Co-operative Banking whereby, in accordance with the "Principle of connection with local communities", it is necessary to promote a responsible and sustainable growth of the local communities and areas and in the Group's Charter of Commitments on Environment and Fight against Climate Change. There will be several references to these guidelines in this chapter.

For the Iccrea Group, care for the environment means protection of communities and people.

The financial wellbeing of BCCs is closely connected with the social, economic and environmental wellbeing of the local areas in which they operate.

The pressure posed by climate change can no longer be postponed. In fact, the importance of these issues to stakeholders has been strongly reiterated in the Materiality Analysis, in which the "direct environmental impact management" and "supporting sustainable development" have emerged as material topics.

The principles that guide the Iccrea Group in the management of environmental impact and the actual integration of environmental and climate change issues into its business strategies and operations can be attributed to an ever increasing efficiency in the use of resources necessary to carry out activities, as well as to **innovation** in operations through the digitalization of processes, products and services, the promotion of the **culture** of the environment, by encouraging all counterparties to adopt virtuous behaviors and the **collaboration** with environmental associations recognized at national and international level.

The environmental challenge is complex and is destined to have a strong impact on the future, including the near future. As pointed out on more than one occasion at various national and European levels, banks play a key role in this transition, since they are able to direct investments and financing and have the possibility of giving priority to businesses with a lower impact on the climate and consequently reducing any related risk.

The Guide on climate-related and environmental risks that the European Central Bank (ECB) issued during 2020 can be rightly included in these actions. The document describes how the ECB expects banks to manage these risks in a prudent manner and to provide transparent disclosure in this regard in compliance with current prudential rules. In 2021, banks will be asked to conduct a self-assessment with a view to the supervisory expectations set out in the Guide and to draw up a plan of action on this basis. The ECB will subsequently conduct a comparative analysis of the self-assessments and of the plans of action that will be the object of critical discussion as part of the supervisory dialogue. In 2022, a comprehensive supervisory review of banks' practices will be conducted, to which the ECB will follow up with concrete actions where necessary, in line with the growing importance of climate change to the global economy and more available data demonstrating its financial impact on banks. The first of the expectations states as follows: *"Institutions are expected to understand the impact of climate-related and environmental risks on the business environment in which they operate, in the short, medium and long term, in order to be able to make informed strategic and business decisions."*

The approval of Regulation (EU) No. 2020/852 on taxonomy is also part of this programme.

Sustainable and responsible investments show higher than average returns and most European policies are moving towards only one objective: directing financial resources, both public and private, towards sustainable investments and uses.

In early 2021, a Group Policy will therefore be issued on the integration of sustainability risks into the provision of investment services. In the implementation of Regulation (EU) No. 2019/2088 (SFDR - Sustainable Finance Disclosure Regulation), the Iccrea Co-operative Banking Group's Policy on the integration of environmental, social and governance (ESG) factors into the provision of investment services will fall within the scope of this framework.

According to the Policy, the Group will be committed to contributing to sustainable economic development by giving preference, in its investment decisions, to businesses that adopt virtuous practices focused on the use of environmentally friendly production methods, the guarantee of inclusive working conditions that pay attention to human rights and the adoption of the best standards of corporate governance.

8.1 Direct environmental impact: consumption at offices and branches

"Direct environmental impact" is defined as any impact arising from business activities that entail the consumption of resources, the production of waste and the emission of harmful substances. The management of this impact takes the form of a set of measures that will be implemented gradually by the Parent Company and, over time, by the Affiliated BCCs on the basis of their applicability in the local area of reference and their depreciation schedules for vehicles and plants:

Rational use of resources and reduction of emissions into the atmosphere through:

- the optimization of energy consumption, by investing in energy efficiency solutions, such as consumption monitoring systems, use of environmentally efficient lighting systems and other low-consumption electrical/electronic equipment and related systematic renewal;
- the improvement of the Group's energy profile by preferring to use renewable and/or low-emission energy sources;
- the ongoing monitoring of electricity consumption and the appropriate regulation of heating and air conditioning systems;
- the reduction in the consumption of materials and water.

Promotion of sustainable mobility through:

- the use of shared transport services (e.g. "company shuttle", "pool sharing");
- the gradual inclusion of vehicles that use low-emission propulsion systems (e.g. hybrid or electric vehicles) in the company fleet;
- the reduction of business trips, making efficient and effective use of all means of virtual communication.

Refurbishments and new construction oriented **to the energy efficiency** of buildings through:

- the definition of standards or guidelines that provide for the use of high-performance building technologies.

Increase in the purchase of "green" products and services through:

- the purchase (where possible and with conditions of equal functionality) of equipment, work tools, services and consumer goods characterized by a lower environmental impact throughout their life cycle (e.g. ecological and/or recycled paper, treated with eco-friendly processes, reusable toner cartridges);
- the purchase of disposable compostable/biodegradable products, with the gradual elimination of disposable plastic;
- the purchase of products and services from local areas, in order to also minimize the environmental impact of transport.

Responsible waste management through:

- the development of solutions aimed at enhancing the principles of Reduction, Recycling and Reuse;
- the use of dematerialization of documents and the maximization of the share of waste that can be recycled and reused.

Efficient management of environmental emergencies through:

- prevention and protection measures designed to respond to potential accidents and emergencies, as well as to prevent and mitigate the environmental impact that might result.

In view of an increasing attention to the management of direct impact, there is the need to structure a network of support for both the activities of the Parent Company and those of the Affiliated BCCs, by strengthening experiences that have already been in place for several years, as reported below:

BIT S.p.A.



Is the Company of the Iccrea Co-operative Banking Group that provides technical and administrative support to the BCCs for investment projects in the renewable energy, energy efficiency and agricultural, agri-food and agro-energy sectors. BIT, as a center of specialist expertise, also provides support to the Iccrea Co-operative Banking Group in the ESG area, to plan and organize activities and services capable of increasing the sustainability of the local areas covered by BCCs. BIT is an Energy Services Company (ESCo) that is UNI CEI 11352 certified, serving BCCs and their customers in the field of energy efficiency, on the open energy market and in the renewable energy sector.

CONSORZIO BCC ENERGIA



The Iccrea Co-operative Banking Group procures electricity and natural gas through Consorzio BCC Energia, which uses a portfolio management approach to operate on energy markets through structured contracts. The Consortium also manages value-added services in the energy sector. BCC Energia counts, among its consortium members, the Group Companies, in addition to 100 Cooperative Banks (BCCs) that are members of the Iccrea Group. Every year it manages an energy supply portfolio of over 145 GWh of electricity and over 3.5 million cubic meters of gas. The exclusive purchase of green energy from a certified renewable source with Guarantee of Origin (GO) allowed economic savings, besides being a concrete measure in favor of the environment.

Bringing together the BCCs of the entire Co-operative Banking system and the Group Companies in a single large purchasing force on the free market makes it possible to have an important bargaining power, but above all to be protagonists on the markets, with evolved contractual forms that modify the approach towards an active management of the procurement portfolio. The Consortium makes it possible to seize the potential for energy efficiency, with a specialized contribution aimed at harnessing technological solutions, regulatory opportunities, and incentives a complete supervision for energy management, thus reducing the impact on the environment and energy expenditure.

BCC SOLUTIONS



The effective management of direct impact is peculiar to BCC Solutions' business. In 2020, through the Central Purchasing Office, it began to manage bank expenses with the Cost Excellence project. Under this programme, about ten product categories were managed (Meal Vouchers, ATMs, PCs, Couriers, Postal services, etc.) for a volume of expenditure of approximately Euro 110 million.

Among the changes that involved the properties at the Iccrea Group offices in 2020 is the refurbishment of the ladies' toilets at the Lucrezia Romana headquarters.

Both the architectural and plant engineering project relating to this refurbishment had to comply with the requirements of LEED certification in terms of energy efficiency; specifically:

- reduction of water and energy consumption;
- management and control of waste production;
- purchase of products with low environmental impact;
- sustainable work site management.

LEED - Leadership in Energy and Environmental Design is the most important certification system for energy and environmental sustainability in the world. The LEED O+M v4.1 beta certification which BCC Solutions has chosen to achieve for its office located at Via Lucrezia Romana is an initial test of a system that, by measuring monthly consumption of energy and water resources, as well as the performance concerning the sustainable management of the

building and the subsequent comparison with a benchmark building that is similar in terms of size, intended use and occupancy levels, gives the building a performance score comparable with local and international average. This periodic monitoring, together with an updated energy audit of the building, makes it possible to establish the initial performance level and to schedule and monitor improvements.

The application of the LEED O+M v4.1 beta protocol provides for uploading consumption data within the online platform (www.arkscoru.com), which assigns a performance score for each credit according to the different categories of impact. All efficiency projects in the plant engineering and management areas are encouraged as they contribute to improving the final score. In the energy and atmosphere area, the impact concerning energy consumption is calculated on the basis of the level of total emissions of climate-altering gases and according to the comparison with the behavior of similar buildings in terms of intended use, occupancy level and size.

At present, the certification has been activated for the building of the Rome - Lucrezia Romana headquarters only, but some components, such as the use of Ecolabel products by Global Service companies, FSC-certified paper and waste sorting management, have been extended to all the offices operated by BCC Solutions throughout the country.

The fact of having joined the LEED O+M v4.1 Beta version certification scheme for the headquarters located at Via Lucrezia Romana requires the formalization of a set of building management policies, which are mandatory prerequisites for achieving the certification. These policies outline the approach chosen to prevent, manage and, where possible, reduce the environmental impact that is generated by the activities of the building, either directly or indirectly.

Given the group's focus on environmental efficiency and sustainability, the adoption of sustainable practices in building design and management such as those proposed by LEED® certification systems produces environmental, economic and social benefits (at local and global level) with obvious positive effects on all building users, including owners, tenants and occupants.

The main reasons that prompted the Group to undertake a LEED certification process are certainly the value attributed to the rigorous verification by the Iccrea Group's third-party certification body (Green Business Certification Inc.), thanks to which the LEED® certification is synonymous with transparent processes and is a project that complies with specific and high quality standards. It is also a guarantee of the correct functioning of the entire building system and the correct implementation of the sustainability measures undertaken.

In addition, in strategic and operational terms, it provides for a reduction in costs related to energy consumption thanks to a non-energy consuming building and a reduction in maintenance costs as a result of the implementation of high-level technological components that facilitate monitoring.

The performance approach of the LEED protocol requires the adoption of best practices for:

- the adoption of systems for an efficient use of energy, as well as monitoring and reducing consumption;

- the responsible use and management of water resources, monitoring and reducing consumption;
- management, collection and disposal of waste, produced in accordance with modern recycling practices and using production processes that will gradually reduce waste;
- encouraging the use of shared transport, as well as sustainable mobility and teleworking;
- favoring the purchase of energy produced from renewable sources;
- favoring the purchase of low environmental impact products based on a life cycle analysis;
- monitoring environmental quality and internal comfort;
- adopting management systems to collect reports/complaints from stakeholders (LEED O+M certification requires a survey on at least an annual basis of how employees travel from home to the workplace in order to encourage alternative and sustainable mobility policies, as well as a survey on the quality of the internal environment and the level of comfort perceived by the users of the building).

In particular, for the headquarters located at Via Lucrezia Romana, a monitoring system adopted by the certifying body is used to report all materials purchased by BCC Solutions and by the contracting companies for a sustainability screening of purchases (Ecolabel, FSC, 0 KM products, etc.), which shall meet the requirements imposed by the certification. The latter also includes the separate management of waste produced at the building and the method of its disposal.

In order to improve in-house processes on an ongoing basis and promote conscious behavior at all levels, the following policies will be shared with all suppliers involved and monitored so as to ensure that they are properly applied:

POLICY FOR ENVIRONMENTALLY-PREFERABLE PURCHASING.

This Policy applies to all incoming purchases at the Iccrea Group's headquarters located at Via Lucrezia Romana such as: purchases of consumer goods in operation, purchases of electronic equipment, purchases of food and beverages and purchases of lamps. The list reported below includes the top 6 categories of most purchased products under the control of the Group's management, except for those products whose supply and disposal are included in specific rental agreements. By way of example only, most printers and multifunction printers are managed under an "all-inclusive" rental agreement that provides for the supply and disposal of equipment and consumables (toner and cartridges) relating to:

- Paper;
- Document holders and binders;
- Pens, pencils and markers;
- Envelopes;

- Stationery products in general;
- Food and Beverage.

POLICY FOR RENOVATION AND MAINTENANCE WORK

This policy applies to any and all maintenance operations and renovation activities that are carried out at the Iccrea Group's headquarters located at Via Lucrezia Romana and provides guidelines for purchasing materials, disposing of waste and managing indoor air quality in performing such activities.

GREEN CLEANING POLICY

This policy applies to all cleaning procedures, as well as to purchases of cleaning material, cleaning equipment and cleaning services that are delivered inside and outside the Iccrea Group's headquarters located at Via Lucrezia Romana. The policy requires compliance with sustainability criteria for at least 75% (based on cost) of purchases of cleaning products and materials, controlled use of toxic chemicals, and inventory of equipment used. The policy covers the following:

a) Cleaning strategies for:

- cleaning and maintenance of floors, carpets, and rugs;
- protection of vulnerable occupants during cleaning;
- selection and use of disinfectants and sanitizers;
- safe storage and handling of cleaning chemicals, including management of spills (if any).

b) Performance measurement and development of strategies aimed at:

- reduction in the use of water and energy and chemical toxicity;
- purchase of green cleaning products;
- purchase of green cleaning equipment.

c) Staff management and training plans:

- staffing requirements and shortage contingency;
- timing and frequency of staff training.

SMOKE-FREE POLICY

A health-promoting company relies on healthy workers in a supportive environment, promotes a positive image that is attentive to the staff's needs and improves the corporate climate. One

of the areas of action recognized as a priority under health promotion programs is preventing and fighting against the habit of tobacco use, encouraging smokers to adopt effective methods of stopping smoking and supporting them in the follow-up phase, preventing any form of "relapse". The Company, including all its indoor (buildings) and outdoor spaces and its assets (including vehicles), must be tobacco-free 24 hours a day, 365 days a year. Employees may smoke during breaks only outside in designated areas at a distance of 7.5 meters from building entrances and doors.

LEED O+M V4.1 CERTIFICATION

LEED O+M v4.1 certification - applied to the building of the Lucrezia Romana headquarters - is a system for measuring and assessing a building's performance during the operation and maintenance phase, on the basis of the impact the building may have in various subject areas:

- location and transportation
- sustainable site
- water efficiency
- energy and atmosphere
- materials and resources
- indoor environmental quality

Each subject area is subdivided into Prerequisites and Credits, which provide for requirements to be met in order to obtain certification. Prerequisites are mandatory, while Credits are the optional group with the most suitable certification programme for the building being certified is chosen.

Each Prerequisite and Credit is based on an environmental intent that establishes targets to be achieved and margins for improvement on the basis of the impact to be reduced.

The approach behind the LEED certification protocol is based on the Building Life Cycle Analysis, or Life Cycle Assessment (LCA), an analytical tool that provides a holistic view of the potential environmental impact associated with a product, process, or human activity, from the extraction of raw materials to end-of-life management.

This approach turns into improvement strategies, such as:

- using systems for an efficient use of energy, monitoring and reducing consumption;
- making a responsible use and management of water resources, monitoring and reducing consumption;
- managing, collecting and disposing of waste produced in accordance with modern practices applied in the field of recycling and putting in place production processes that generate its gradual reduction;
- promoting the use of shared means of transport and encouraging sustainable mobility and teleworking;
- preferring the purchase of energy produced from renewable sources;
- preferring the purchase of products with low environmental impact with respect to a life cycle analysis;
- monitoring the quality of the indoor environment and comfort;
- adopting management systems to collect reports/complaints from stakeholders (LEED O+M certification requires at least an annual survey on how employees travel from home to work and return in order to encourage alternative and sustainable mobility policies and a survey on the quality of the indoor environment and level of comfort perceived by building users).

In 2020, the energy efficiency project for the air conditioning and heating system serving buildings A and C of the Lucrezia Romana headquarters was approved, which will be implemented in 2021 in full compliance with the requirements of LEED Certification. It should be noted that the boilers serving building B will also be replaced with high-efficiency multipurpose heat pumps.

USE OF MATERIALS

In terms of direct impact, the main raw materials used within the Iccrea Co-operative Banking Group are paper, toner (or cartridges) for printers for company use and for those relating to services provided to customers. During the year, the following quantities were used within the Iccrea Group:

GRI 301-1

ICCREA GROUP ¹⁹			
MATERIAL USED BY TYPE (KG)	2020	2019	% CHANGE
PRINTER CARTRIDGES	5,014.90	7,616.38	-34.16%
A3 NON-RECYCLED PAPER REAMS	24,957.33	37,903.21	-34.16%
A4 NON-RECYCLED PAPER REAMS	1,439,604.85	2,044,371.02	-29.58%
A3 RECYCLED PAPER REAMS	2,676.30	442.50	504.81%
A4 RECYCLED PAPER REAMS	204,696.55	192,076.25	6.57%
TONER FOR PRINTERS	23,694.24	26,181.96	-9.50%
RECYCLED TONER FOR PRINTERS	1,660.14	-	-
TOTAL MATERIAL USED	1,702,304.31	2,308,591.32	-26.26%

The sharp reduction is also a consequence of the change in the way offices are now used following the outbreak of the pandemic. The only value that reverses the trend is the use of recycled paper, but the total is well below the values recorded in the previous year. The quantity of recycled toner is also recorded as from the current year.

As regards consumption, the percentage of consumption deriving from recycled products should also be reported as from the current year. Consumption of these types of products, especially paper, is affected by technology (printers) that must often be adapted to new consumption patterns. Although still not particularly significant, consumption of recycled paper amounted to 12.40%, showing an increase of more than 7.7% compared with the previous year.

¹⁹ Data do not include information relating to BCC Beni Immobili S.r.l., Coopersystem Soc. Coop., Sigest S.r.l., Sinergia S.c.a.r.l and Mediocredito FVG. With specific regard to BCC Beni Immobili S.r.l., it should be noted that the Director (the only resource of the Company) is already counted among the employees of Iccrea Banca. Data are not available for the Indirect Perimeter Companies mentioned above.

PERCENTAGE OF RECYCLED MATERIAL USED ²⁰	
RECYCLED PAPER	RECYCLED TONER
12.40%	6.55%

ENERGY CONSUMPTION AND EMISSIONS

The Iccrea Co-operative Banking Group monitors the materials that are used, as well as its emissions created by the direct consumption of energy produced by the use of natural gas for heating (Scope 1) and indirect emissions deriving from the consumption of electricity purchased from third parties (Scope 2).

During the year the Iccrea Co-operative Banking Group recorded direct energy consumption totaling 222,562 GJ. As shown in the table, the Iccrea Group's energy consumption is mainly linked to the use of heating and air conditioning systems, office lighting systems and the use of the company vehicle fleet. Consumption related to **non-renewable sources amounted to 170,037 GJ**, while **48,093 GJ were consumed for the use of the company fleet**. There was a slight increase compared with the previous report as a whole. In detail, there was a sharp reduction in consumption for use of the company fleet (the only figure that reverses the trend was natural gas for transport), and a slight increase in consumption of natural gas.

ICCREA GROUP - DIRECT ENERGY CONSUMPTION BY SOURCE (GJ) ²¹			
TYPE OF SOURCE	2020	2019	% CHANGE
FROM NON-RENEWABLE SOURCES	170,037.59	152,943.88	11.18%
FROM NON-RENEWABLE SOURCE - DIESEL	2,735.6	3,440.47	-20.49%
FROM NON-RENEWABLE SOURCE – NATURAL GAS	167,301.99	149,503.42	11.91%
FROM RENEWABLE SOURCES	4,431.48	4,003.76	10.68%
FROM RENEWABLE SOURCE– WIND ENERGY	-	-	-
FROM RENEWABLE SOURCE – SOLAR ENERGY	4,431.48	4,003.76	10.68%
FOR USE OF THE COMPANY VEHICLE FLEET	48,093.8	58,489.51	-17.77%

²⁰ Data do not include information relating to BCC Beni Immobili S.r.l., Coopersystem Soc. Coop., Sigest S.r.l., Sinergia S.c.a.r.l and Mediocredito FVG. With specific regard to BCC Beni Immobili S.r.l., it should be noted that the Director (the only resource of the Company) is already counted among the employees of Iccrea Banca. Data are not available for the Indirect Perimeter Companies mentioned above.

²¹ The calculation of energy consumption considers 70% of diesel consumption relating to dual purpose vehicles. The value of 70% derives from applying the provisions on taxation laid down in Article 51, paragraph 4.a), of the consolidated Income Tax Act to the calculation of emissions.

ICCREA GROUP - DIRECT ENERGY CONSUMPTION BY SOURCE (GJ) ²¹			
TYPE OF SOURCE	2020	2019	% CHANGE
COMPANY FLEET – GASOLINE	3,496.76	6,853.04	-48.98%
COMPANY FLEET - DIESEL	34,882.28	51,046.15	-31.67%
COMPANY FLEET – LPG	145.48	423.08	-65.61%
COMPANY FLEET – METHANE GAS	9,569.28	167.24	5622.05%
TOTAL DIRECT CONSUMPTION	222,562.87	215,437.15	3.31%

Furthermore, the Iccrea Group purchased and consumed **441,823.55 GJ** of electricity during the year, of which more than **72%** (318,445.85 GJ) **came from renewable sources**, in addition to a total of **19,450.94 GJ** relating to thermal energy. The amount of electrical energy from renewable sources rose from about 64% to more than 72%, whilst thermal energy fell from 31% to 22%. Below is the breakdown of indirect energy consumption by source:

ICCREA GROUP - INDIRECT ENERGY CONSUMPTION BY SOURCE (GJ)			
TYPE OF SOURCE	2020	2019	% CHANGE
ELECTRICITY	441,823.55	463,783.84	-4.74%
NON-RENEWABLE ELECTRICITY	123,377.7	165,794.08	-25.58%
RENEWABLE ELECTRICITY	318,445.85	297,989.8	6.86%
THERMAL ENERGY	19,450.94	18,583.18	4.67%
NON-RENEWABLE ENERGY	15,170.9	12,844.78	18.11%
RENEWABLE ENERGY	4,280.03	5,738.4	-25.41%
TOTAL INDIRECT CONSUMPTION	461,274.48	482,367.02	-4.37%

Below is total energy consumption:

ICCREA GROUP - TOTAL ENERGY CONSUMPTION INSIDE THE ORGANIZATION (GJ)			
TYPE OF CONSUMPTION	2020	2019	% CHANGE
TOTAL DIRECT CONSUMPTION	222,562.87	215,437.15	3.31%
TOTAL INDIRECT CONSUMPTION	461,274.48	482,367.02	-4.37%
TOTAL	683,837.35	697,804.17	-2.00%

ICCREA GROUP - ENERGY CONSUMPTION OUTSIDE OF THE ORGANIZATION (GJ) ²²	
TYPE OF CONSUMPTION	2020
SMALL CAR	6,897.78
MEDIUM CAR	8,318.81
LARGE CAR	1,956.40
TOTAL CONSUMPTION – CARS	17,172.99
NATIONAL TRAINS	796.73
INTERNATIONAL TRAINS	0.17
TOTAL CONSUMPTION – TRAINS	796.89
TOTAL CONSUMPTION – FLIGHTS	2,018.94
TOTAL CONSUMPTION (CARS, TRAINS, FLIGHTS)	19,988.82

Based on this reporting, the Group has introduced the measurement of energy intensity, or, as defined by the Global Reporting Initiative, "*energy intensity ratios define energy consumption in the context of an organization-specific metric.*" As indicated in the ABI Lab Guidelines, an initial "objective" parameter has been used, i.e., the total number of Group employees equal to 22,037. This parameter has then been added to by the total loans that have been granted, in order to define energy intensity on the basis of the specific activity carried out by our Group. Below is the calculation of energy intensity on total loans and employees:

GRI 302-3 (Consumption inside the organization in GJ / Total Employees)

ENERGY INTENSITY – CONSUMPTION INSIDE THE ORGANIZATION			
YEAR	2020	2019	% CHANGE
CONSUMPTION (GJ)	683,837.35	-	-
TOTAL EMPLOYEES (NO.)	22,037	-	-
ENERGY INTENSITY ²³	31.03	-	-

²² Energy consumption outside of the organization does not include Mediocredito FVG and Indirect Perimeter Companies.

²³ Value obtained from the ratio of total consumption inside the organization in GJ to total employees as at 31/12/2020.

GRI 302-3 (Consumption outside the organization in GJ / Total Employees)

ENERGY INTENSITY – CONSUMPTION OUTSIDE THE ORGANIZATION	
YEAR	2020
CONSUMPTION OUTSIDE THE ORGANIZATION (GJ)	19,988.82
TOTAL EMPLOYEES (NO.)	22,037
ENERGY INTENSITY ²⁴	0.91

As a result of the energy consumption reported, the Iccrea Co-operative Banking Group recorded **greenhouse gas emissions of approximately 14,122 tons of CO2 equivalent** during the year.

GRI 305-1

ICCREA GROUP – DIRECT GHG SCOPE I EMISSIONS (TCO2EQ)			
TYPE OF EMISSIONS	2020	2019	% CHANGE
FROM NON-RENEWABLE SOURCES	9,900.23	8,920.97	10.98%
FROM NON-RENEWABLE SOURCE – DIESEL	203.22	255.58	-20.49%
FROM NON-RENEWABLE SOURCE – NATURAL GAS	9,697.02	8,665.39	11.91%
FOR USE OF THE COMPANY VEHICLE FLEET	4,222.48	4,354.11	-3.02%
COMPANY VEHICLE FLEET – GASOLINE	259.06	507.71	-48.98%
COMPANY VEHICLE FLEET – DIESEL	2,593.07	3,794.66	-31.67%
COMPANY VEHICLE FLEET – LPG	9.61	27.96	-65.61%
COMPANY VEHICLE FLEET – METHANE GAS	1,360.73	23.78	5,622.05%
TOTAL EMISSIONS - SCOPE I	14,122.71	13,275.08	6.39%

²⁴ Value obtained from the ratio of total consumption outside the organization in GJ to total employees as at 31/12/2020.

As required by the “Guidelines on the application of the GRI environmental indicators to Banks” by AbiLab, the greenhouse gas emissions (Scope 2) are reported below according to a methodology that is additional to the previously-used “Market Based” approach. This method, called “Location Based”, considers the contribution of the average emission factors of the distribution network used by the organization for its own electricity consumption. The Guidelines provide for the use of a formula in which the main variable refers to the total kWh of electricity purchased by the Iccrea Group (both renewable and non-renewable).

ICCREA GROUP – INDIRECT GHG SCOPE 2 EMISSIONS – MARKET BASED METHOD (TCO ₂ EQ) ²⁵			
TYPE OF EMISSIONS	2020	2019	% CHANGE
NON-RENEWABLE ENERGY	849.22	719.01	18.11%
NON-RENEWABLE ELECTRICITY	59.22	79.58	25.58%
TOTAL EMISSIONS - SCOPE 2 MARKET BASED METHOD	908.44	798.59	13.76%

ICCREA GROUP – INDIRECT GHG SCOPE 2 EMISSIONS – LOCATION BASED METHOD (TCO ₂ EQ) ²⁶			
TYPE OF EMISSIONS	2020	2019	% CHANGE
TOTAL INDIRECT CONSUMPTION (GJ)	461,274.48	482,367.02	-4.37%
TOTAL EMISSIONS - SCOPE 2 LOCATION BASED METHOD	146.44	153.14	-4.37%

The business of the Iccrea Co-operative Banking Group complies with the applicable regulatory requirements on an ongoing basis, both at the level of the Parent Company (Iccrea Banca, Direct and Indirect Perimeter Companies) and at the level of the individual Affiliated BCCs.

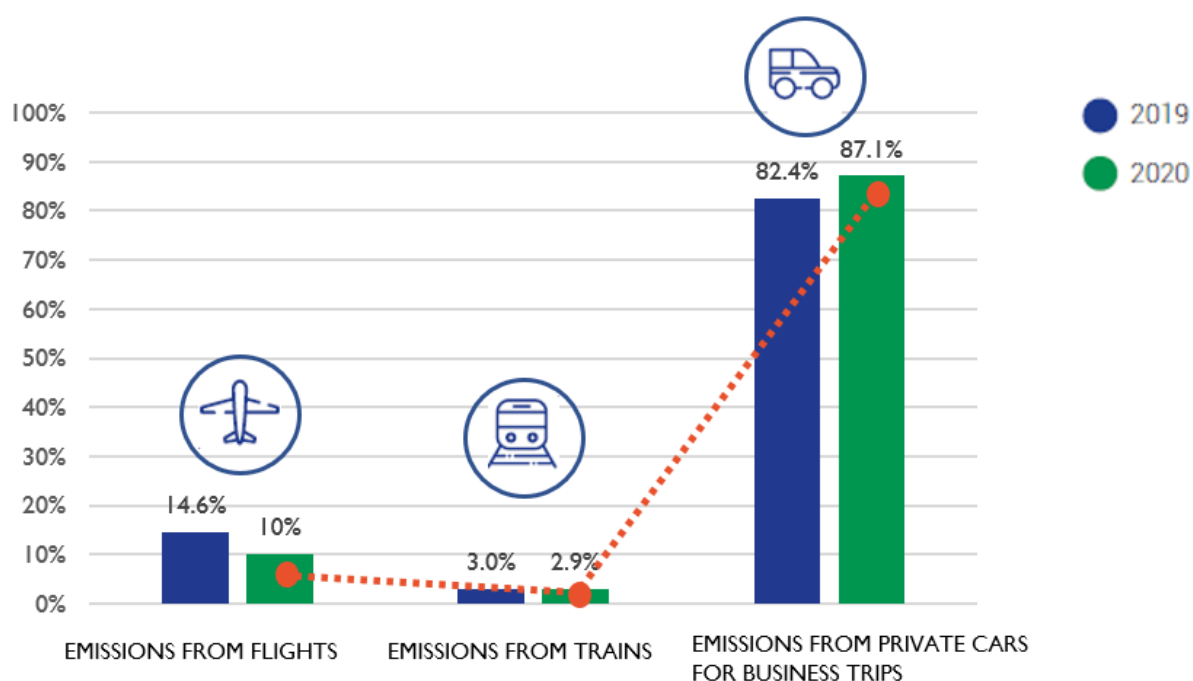
²⁵ Emissions are given in metric tons of CO₂ equivalent and include emissions of CO₂, CH₄ and N₂O, as provided for in the “Guidelines on the application of GRI environmental indicators to Banks” issued by AbiLab.

To calculate Market Based emissions: 1) emissions from electricity purchased from non-renewable sources were calculated based on the Residual Mix for Italy issued by the Italian Banking Association (ABI) for 2017, equal to 480 gCO₂e/kWh; 2) the share of electricity purchased from renewable sources is entirely covered by Certificates of Origin, therefore the emission factor is considered equal to 0; 3) emissions relating to district heating are estimated on the basis of the average emission factors defined by ISPRA applied to the fuel used for the production of thermal energy by the supplier.

²⁶ The calculation of Location Based emissions was based on the formula proposed by the ABI guidelines on the application of the GRI standards to banks: $((Y296.5 + 28Y0.0175 + 265Y*0.0036)/1,000,000)$, where Y refers to the total kWh of electricity purchased by the Group (both renewable and non-renewable).

ICCREA GROUP – EMISSIONS FROM CONSUMPTION OUTSIDE THE ORGANIZATION – SCOPE 3 (TCO2EQ)			
EMISSIONS BY TYPE OF VEHICLE	2020	2019	% CHANGE
LARGE CAR	143.46	139.61	+2.76%
MEDIUM CAR	610.02	699.42	-12.78%
SMALL CAR	505.82	603.74	-16.22%
TOTAL EMISSIONS – CARS	1,259.30	1,442.77	-12.72%
INTERNATIONAL TRAINS	0.01	-	-
NATIONAL TRAINS	41.71	51.90	-19.63%
TOTAL EMISSIONS – TRAINS	41.72	51.90	-19.62%
SHORT HAUL FLIGHTS – BUSINESS CLASS	1.54	2.66	-42.11%
SHORT HAUL FLIGHTS – ECONOMY CLASS	17.85	36.00	-50.42%
LONG HAUL FLIGHTS – BUSINESS CLASS	8.23	-	-
LONG HAUL FLIGHTS – ECONOMY CLASS	19.58	1.42	1278.87%
LONG HAUL FLIGHTS – FIRST CLASS	-	-	-
LONG HAUL FLIGHTS – PREMIUM CLASS	-	-	-
MEDIUM HAUL FLIGHTS – BUSINESS CLASS	6.46	3.03	113.20%
MEDIUM HAUL FLIGHTS – ECONOMY CLASS	90.03	208.34	-56.79%
MEDIUM HAUL FLIGHTS – FIRST CLASS	-	-	-
MEDIUM HAUL FLIGHTS – PREMIUM CLASS	0.67	4.3	-84.42%
TOTAL EMISSIONS – FLIGHTS	144.36	255.75	-43.55%
TOTAL EMISSIONS (CARS, TRAINS, FLIGHTS)	1,445.38	1,750.42	-17.43%

SCOPE 3 EMISSIONS (% ON TOTAL)



Also in the analysis of emission intensity, we considered both total employees, as per ABI Lab guidelines, and total loans disbursed.

GRI 305-4 (Total emissions inside the organization / Employees)

EMISSION INTENSITY – SCOPE I			
YEAR	2020	2019	% CHANGE
EMISSIONS - SCOPE I (TCO2E)	14,122.71	-	-
TOTAL EMPLOYEES (NO.)	22,037	-	-
EMISSION INTENSITY	0.64	-	-

EMISSION INTENSITY – SCOPE 2 MARKET BASED METHOD			
YEAR	2020	2019	% CHANGE
EMISSIONS - SCOPE 2 – MARKET BASED METHOD (tCO ₂ e)	908.44	-	-
TOTAL EMPLOYEES (NO.)	22,037	-	-
EMISSION INTENSITY	0.041	-	-

EMISSION INTENSITY – SCOPE 2 LOCATION BASED METHOD			
YEAR	2020	2019	% CHANGE
EMISSIONS - SCOPE 2 – LOCATION BASED METHOD (tCO ₂ e)	146.44	153.14	-4.37%
TOTAL EMPLOYEES (NO.)	22,037	22,158	-0.10%
EMISSION INTENSITY	0.007	0.007	-

GRI 305-4 (Total emissions outside the organization / Employees)

EMISSION INTENSITY – SCOPE 3			
YEAR	2020	2019	% CHANGE
EMISSIONS - SCOPE 3 (tCO ₂ e)	1,445.38	-	-
TOTAL EMPLOYEES (NO.)	22,037	-	-
EMISSION INTENSITY	0.065	-	-

8.2 Indirect environmental impact: business and environment

"Indirect environmental impact" is generated by the behavior of third parties, such as customers and suppliers, which can also be attributed to our work as a credit provider and counterparty in the process of procuring goods and services from suppliers and business partners. This impact is a key issue because, through its management, the Group has the

possibility of contributing to the adoption of environmentally virtuous processes and behaviors. Therefore, the Iccrea Group is committed:

- to offering its customers green banking and financial products and services aimed at meeting the demands of a market that is increasingly attentive to environmental issues;
- to promoting the gradual diffusion of financing and investment products characterized by a high level of environmental responsibility, with the aim of promoting the gradual decarbonization of its portfolio.

The commitment to providing support to the sustainable development of local areas and communities is an issue that is particularly peculiar to the Iccrea Co-operative Banking Group organization, both at a central and local level. This support is rooted in the BCC's Standard Articles of Association and merges with the long-term objectives that the Group has set for itself. The consideration of the impact that products have on the environment and therefore on local areas and communities is inherent in the concept of sustainable development.

The environmental impact activities of the Iccrea Co-operative Banking Group are described below:

ICCREA BANCA

In 2020, Iccrea Banca obtained the approval of the Euro Medium Term Note Programme - EMTN Programme, under which it may issue bonds with a social and/or environmental purpose (Green and Social Bonds) in line with market best practices. The bonds may be admitted to listing on the Luxembourg Stock Exchange and are reserved for institutional customers.

Again in the 2020 financial year Iccrea Banca subscribed to bonds falling within the Global Category ESG for the amounts reported below, having the features and purposes set out in the related Final Terms.

During 2020, Iccrea Banca also made payments for capital calls on the part of Dea Capital Alternative Funds S.G.R. S.p.A. that manages the following Investment Funds:

- **IDEA Taste of Italy 2**, for an amount, net of equalization, equal to Euro 690,865.03. The fund was set up in 2020 and the subscription commitment of Iccrea Banca S.p.A. is equal to Euro 4 million. In accordance with the Fund's Rules (Article 4.6.3), the Asset Management Company is required to invest in the agro-industrial chain (production and distribution of food products, in the form of primary goods, as well as deriving from their processing, or of services related thereto) in Italy and, outside of Italy, mainly in Spain, with a residual minimum possibility of investment by the Fund in third countries;
- **IDEA Agro** for an amount, net of equalization, equal to Euro 202,403.71. Since the date of establishment of this Fund, Iccrea Banca has paid a total of Euro 554,256.70 against a total subscription commitment of Euro 1 million. With reference to the Fund referred to in point 2), the Asset Management Company is required, in accordance with the Fund's Rules (Article 4.6.3), to invest in companies operating with a view to eco-sustainability in

the agricultural supply chain and the agro-industrial sector. In particular, the Fund may invest in, and set up, entities, including, but not limited to, companies operating in all segments of the economy involved in the cultivation, production and primary processing and related distribution of agricultural and/or food products.

ICCREA BANCAIMPRESA

As regards indirect impacts, as early as from 2017 Iccrea Bancalmpresa (IBI) issued a General Process Standard on the mitigation of environmental risks. The Standard is aimed at identifying control measures to put in place to mitigate risks associated with potential environmental crimes, attributable to the bank, in the provision of banking services to current or potential customers.

The operations in the Project Financing sector favor the development of projects in the renewable energy sector: PV plants, hydroelectric and wind energy, biogas and biomethane.

The Group favors projects that also have an industrial impact in the local area of development, in close collaboration with the local BCCs that operate in the area. In the structuring of loans, an attempt is always made to involve local BCCs, favoring the development of projects promoted by corporate customers of BCCs. At the financial level, this means the BCC's participation in the financing pool and in the management of the operation as Custodian Bank. Another policy regarding investments in renewables provides for the use of technical consultants (BIT S.p.A.: technical consulting firm belonging to the Iccrea Co-operative Banking Group) and legal advisors, in order to promote risk control especially in the construction phase of systems and plants. In terms of commercial policies, the Group opts to operate in the renewables sector by balancing Greenfield Project Financing operations.

Green Project Financing is divided into:

- financing the construction of Plants for the production of energy from renewable sources (Greenfield Projects);
- refinancing (after) Acquisition of Plants for the production of energy from renewable sources (Brownfield Projects).

All the projects financed involve a reduction in CO₂ emissions connected to the production of electricity. The power plants under development will in fact replace the more polluting coal-fired plants operating in the country and in the process of being decommissioned.

All our Project Financing loans are granted in favor of companies benefiting from renewable energy incentive tariffs provided by GSE (Italian Energy Services Operator).

Only recently, IBI has considered the possibility of financing Grid Parity projects in the sectors of PV and large wind energy plants sectors, resulting in a higher market risk (given by fluctuations in energy prices). In 2020, the first Grid Parity PV plant project was carried out (Sef Solar Abruzzo).

Below are the major risks of the loans in the portfolio:

- construction risk for Greenfield projects;
- administrative/GSE risk for possible loss of incentive (Greenfield and Brownfield);
- technological risk, due to any possible lack of plant productivity;
- interest rate risk, given the long term of the loans (10-15 years);
- energy price risk (in the case of Grid Parity projects under PPAs).

In order to cope with these risks, the following strategies are implemented in line with typical Project Financing operations:

- legal Due Diligence (DD) to assess legal and administrative issues linked to the Company's compliance with the conditions laid down in the decree for being awarded the incentive;
- technical DD and disbursement subject to Work Progress Reports (SAL) to assess technical issues (production estimates of plants and state of work progress for plants under construction);
- mandatory All Risk insurance coverage and mandatory interest rate risk hedging to ensure stability of cash flows (mandatory hedging provided for as per contract);
- evaluation of PPAs with valid counterparties (often self-consuming) by enhancing the value chain (case of Sef Solar Abruzzo).

The recent issue of the new 2019 decree on RESs (Renewable Energy Sources) on 4 July 2019 was a good opportunity to continue the Project team's work on the development of plants for the production from renewable (greenfield) sources. The impact of RESs 2019 will end in 2021 with the release of the last 4 calls for tender. A further opportunity is the development of advanced biomethane plants whose incentive scheme will cease to be applicable in 2022. However, new regulatory developments are expected in the future to support the objectives set at European and national level. Another opportunity concerns the conversion of biogas to advanced biomethane plants with GSE incentives whose expiry date is scheduled for the end of 2022.

Among the projects reported in the table, we would like to mention those that best summarize our positioning. Constant attention to local areas and communities, in their various meanings of environment, economic activities, people who live and work there.

ACTIVITY	DESCRIPTION
AGRI ITALIA	<p>Iccrea Bancalmpresa has joined the Italian multiregional guarantee platform Agri-Italia. A ceiling of Euro 150 million is available for the regional governments joining the scheme, intended for the development of the agricultural sector.</p> <p>Each regional government joining the scheme will see a ceiling applied for the development of local businesses in the agricultural sector. This is a program of European structural and investment funds which will be applicable in the five-year period from 2019 to 2023. In Calabria, 3 operations have just been concluded, aimed at the development of a breeding chain of the "Italian black pig", for Euro 1.5 million.</p>
CONSORZIO CASALASCO	<p>Financing of Euro 160 million for the growth of the Consorzio Casalasco del Pomodoro Consortium. The transaction was concluded with the support of Cassa Depositi e Prestiti and Unicredit, together with a pool of banks, to expand the business of the Consortium, an Italian excellence in the agri-food sector.</p>
IBI FRI-EL HYDROPONIC GREENHOUSES	<p>Iccrea Bancalmpresa is the leading company of a syndicated Green Loan of Euro 46 million in favor of Fri-el Green House S.r.l., an agricultural company specializing in the hydroponic cultivation of tomatoes.</p> <p>The objective of the Green Loan is the construction of two innovative technological greenhouses lit by LED lights in the provincial district of Ferrara. With the construction of the two new greenhouses, Fri-el Green House will reach a production area of 30 hectares with an annual production of about 25 thousand tons of tomatoes.</p>

Within the Direct Perimeter Companies, the activities of two entities stand out:

BCC CREDITO AL CONSUMO

During the reporting period, BCC Credito al Consumo continued to disburse loans intended for house refurbishment under financial plans created ad hoc for green purposes and made available to member BCCs. In addition to the ordinary activities, a project in collaboration with the Italian Environmental Fund (FAI, *Fondo Ambiente Italiano*) was launched. Crediper, in collaboration with FAI, identified the FAI Asset to be supported through a donation following the contribution of customers who obtained the Crediper Green personal loan. The preference could be expressed among the 3 pre-selected Assets:

- the Garden of Kolymbethra in the Valley of the Temples in Agrigento;
- the St. Francis Wood in Assisi;
- the Villa Gregoriana Park in Tivoli.

The St. Francis Wood was chosen with more than 63% of the preferences. It is a particular corner of Umbrian landscape, a place of harmony and silence at the foot of the magnificent Basilica of St. Francis in Assisi, a path that becomes also an inner journey and that inspired the master Michelangelo Pistoletto in the creation of the land artwork "Third Paradise".

In order to keep intact and properly care for this magnificent place, FAI carries out careful maintenance on an ongoing basis, both routine and non-routine. BCC Credito Consumo is pleased to help keep alive this unique and special place. (*source: BCC Cre.Co website*).

Specifically, **1,555 applications** were approved for a value of **over Euro 21 million**.

BCC RISPARMIO & PREVIDENZA

BCC Risparmio & Previdenza, an Asset Management Company (SGR), has made funds available to its sub-distributors to promote the financial investments of households and institutions towards companies and States that are more attentive to the social and environmental impact of their actions. The share of funds distributed - which are classified as "Green" in the system EMT scheme - amounted to approximately Euro 74.5 million in 2020 (against over Euro 19.5 million in 2019, +282%) for a number of members equal to 14,672. The total amount distributed on green products amounted to over Euro 320 million at 31 December 2020.

AFFILIATED BCC'S ACTIVITY

The environmental activities of the Affiliated BCCs are fundamental in order to complete the report on the indirect impact of the Iccrea Group's business. There are countless projects carried out by the 132 BCCs in this area.

G4-FS8

ENVIRONMENTAL IMPACT PRODUCTS	MEMBERS		% CHANGE
	2020	2019	
OTHER PRODUCTS/SERVICES	2,519	629	300.48%
BIOGAS/BIOMETHANE FINANCING FOR BUSINESSES	2	-	
FINANCING FOR NATURAL DISASTERS	647	-	
ENERGY EFFICIENCY FINANCING FOR PUBLIC BODIES	2	-	
ENERGY EFFICIENCY FINANCING FOR BUSINESSES	26	-	
WIND ENERGY FINANCING FOR BUSINESSES	4	-	
SOLAR PV ENERGY FINANCING FOR PUBLIC BODIES	-	-	
SOLAR PV ENERGY FINANCING FOR BUSINESSES	91	154	-40.91%
SOLAR PV ENERGY FINANCING FOR PRIVATE INDIVIDUALS	233	688	-66.13%
HYDROELECTRIC ENERGY FINANCING FOR BUSINESSES	12	-	
ENVIRONMENTAL RECOVERY FINANCING	61	146	-58.22%
HOUSING REDEVELOPMENT FINANCING	447	-	
SMART MOBILITY FINANCING FOR PUBLIC BODIES	-	-	

ENVIRONMENTAL IMPACT PRODUCTS	MEMBERS		% CHANGE
	2020	2019	
SMART MOBILITY FINANCING FOR TO BUSINESSES	2	-	-
GREEN FUNDS – FAI PROJECT	1,658	-	-
TAXONOMY GREEN FUNDS	23,023	11,965	92.42%
OVERALL TOTAL	28,727	13,582	111.51%

The table above shows almost 29,000 financing projects with environmental impact (showing an increase compared to the previous year, which was also due to the consolidation of the Iccrea Bancaimpresa activity) for a countervalue disbursed equal to over Euro 160 million in 2020. This is an estimate of the impact produced by the Iccrea Group on local areas and communities.

G4-FS8 / Net amount of bank accounts

	AMOUNT DISBURSED 2020	2020 DEPOSITS	AMOUNT DISBURSED 2019	2019 DEPOSITS	% CHANGE
ENVIRONMENTAL IMPACT PRODUCTS	TOTAL		TOTAL		
OTHER PRODUCTS/SERVICES	7,648,313.79	-	9,015,872.13	-	-15.17%
BIOGAS/BIOMETHANE FINANCING FOR BUSINESSES	1,078,878.57	-	-	-	-
FINANCING FOR NATURAL DISASTERS	25,170,192.85	-	-	-	-
ENERGY EFFICIENCY FINANCING FOR PUBLIC BODIES	149,589.00	-	-	-	-
ENERGY EFFICIENCY FINANCING FOR BUSINESSES	2,592,614.05	-	-	-	-
WIND ENERGY FINANCING FOR BUSINESSES	19,605,826.00	-	-	-	-
SOLAR PV ENERGY FINANCING FOR PUBLIC BODIES	-	-	-	-	-
SOLAR PV ENERGY FINANCING FOR BUSINESSES	37,172,641.15	-	15,020,645.24	-	147.48%
SOLAR PV ENERGY FINANCING FOR PRIVATE INDIVIDUALS	423,000.00	-	17,398,218.46	-	-97.57%
HYDROELECTRIC ENERGY FINANCING FOR BUSINESSES	9,978,596.63	-	-	-	-
ENVIRONMENTAL RECOVERY FINANCING	1,894,000.00	-	5,149,002.00	-	-63.22%
HOUSING REDEVELOPMENT FINANCING	31,091,640.44	-	24,465,917.77	-	27.08%
SMART MOBILITY FINANCING FOR PUBLIC BODIES	-	-	-	-	-
SMART MOBILITY FINANCING FOR TO BUSINESSES	805,578.61	-	-	-	-
CREDIPER GREEN FUNDS – FAI PROJECT	22,519,705.38	-	-	-	-
TAXONOMY GREEN FUNDS	-	320,706,076.93	-	248,067,332.05	29.28%
OVERALL TOTAL	160,130,576.47	-	71,049,655.60	-	125.38%

SDGs IMPACT AND TARGETS

In the various definitions of sustainable development (from the Brundtland report onwards), one of the constant issues has been the approach to environmental sustainability, consisting of the intention not to weaken the ecosystems on which we all depend. This requires a very close correlation between the three social, economic and environmental dimensions, giving rise to the triple bottom line approach. Environmental sustainability can be summarized as any action aimed at preserving natural capital, i.e., that this is maintained and enriched. Despite the trend in the reporting period, which was marked by the peculiar emergency linked to the Covid 19 Pandemic - which had a significant impact on the operations of the Iccrea Cooperative Banking Group (see chapter 6) - the focus on consumption and the environment did not change.

We recorded a positive impact on all indicators in this area, as well as a reduction in the use of materials, such as 26.5% less paper consumption, and a reduction in overall energy consumption of 2%. The emissions of the corporate fleet of the Parent Company and of the Companies (excluded from the 2019 calculations) are also reported from 2020. The tons of CO₂ saved turn into a decidedly positive direct environmental impact on the part of the Iccrea Group. This is specifically in relation to targets 7.2 and 7.3 (SDG 7 - affordable and clean energy) in consideration of the percentages of renewable energy and attention to energy efficiency. Equally important is the reduction in GHG emissions that give rise to a positive impact on targets 14.2 and 15.3 (SDG 14 life below water, SDG 15 life on land), reducing acidification of rainfall and thus preserving natural capital.

Indirect impact is instead mainly linked to the products and services that the Iccrea Group provides through the Direct and Indirect Perimeter Companies, and especially through the Affiliated BCCs. The commitment has been considerable with regard to the environment too (see chapter 6 regarding the impact that extraordinary operations have had in the ESG area). This is confirmed by the more than 157,000 projects and the 161,000 people they have reached, together with the activities of IBI.

Methodological note

Standards applied and mutualistic indicators

The Consolidated Non-Financial Statement of the Iccrea Co-operative Banking Group (Iccrea Group), prepared in accordance with Article 4 of Legislative Decree 254/2016 (the Decree), contains information concerning environmental, social, personnel-related, human rights compliance and anti-corruption issues helpful in providing stakeholders with an accurate, comprehensive and transparent vision of the strategies, activities undertaken, the Group's performance and results from it has achieved in ensuring its financial growth, taking account of the expectations of the Stakeholders involved and seeking continuous improvement in the environmental and social impacts generated by its activities.

In order to support the collection of data and ensure the traceability of qualitative and quantitative information (as required by the relevant regulations) we have used the in-house software, called **DNF Portal**, whose validity has already been tested with the Affiliated BCCs in 2019. The purpose of the Portal is to collect and consolidate data and archive all the documents necessary to provide the evidence required by the audit firm in relation to the **132 Affiliated BCCs, the 14 Direct and Indirect Perimeter Companies and the 55 Organizational Units of the Parent Company**. The Portal has been structured on the basis of an authorization workflow governed by the Process Standard on NFSs and has managed, within this reporting cycle, the activities of **approximately 400 users, processing 5,038 qualitative and quantitative data sheets** relating to **152,354 data points** through **235 aggregation clusters**.

The qualitative and quantitative data and information provided in the Statement relate to the Group's performance for the financial year ended 31 December 2020.

This Statement is the second one since the Iccrea Group's incorporation (4 March 2019) and therefore presents comparative data with respect to only one previous financial year; it has been drawn up pursuant to Legislative Decree 254/2016 and the reporting standards used are the "GRI Sustainability Reporting Standards - Core Option" issued in 2018 by the Global Reporting Initiative (GRI). These guidelines are currently the most widely adopted and internationally recognized standard for non-financial reporting. Furthermore, where appropriate, the indications of the GRI G4 Financial Services Sector Disclosure have been applied. In order to facilitate the retracing of information within the document for readers, the GRI Content Index is available on page 234.

The information included in non-financial reporting reflects the principle of materiality or relevance, a characteristic that is provided for in the relevant legislation and characterizes the GRI Standards: the topics covered in the Statement are those that, following an analysis and

evaluation of materiality (described on page 231 of this document) were considered relevant, as they can reflect the social and environmental impacts of the Group's activities or influence the decisions of its stakeholders.

The 2020 Consolidated Non-Financial Statement of the Iccrea Co-operative Banking Group has undergone a limited review ("limited assurance engagement" in accordance with ISAE 3000 Revised) by the audit firm EY S.p.A.. The report describing the procedures carried out and the related conclusions is available on page 240.

During the reporting period, the Iccrea Group used 6 independent indicators, which were developed internally and were aimed at measuring and highlighting the Iccrea Group's mutual banking performance and peculiarities.

- IBG 0002: Customer Satisfaction survey, the indicator aims to provide information on the degree of customer satisfaction in terms of products and services offered and brand reputation and is regarded as a tool for listening to and opening up to this category of stakeholders.
- IBG 0003: shares of portfolio allocated to ESG-oriented sectors. It is required to report information on how assets are managed in a responsible manner, while protecting those customers who have relied on the intermediary for such management.
- IBG 0004: digitization and innovation services. The organization is required to provide information regarding certain digitization services and activities whose objective is innovation in the products and services it offers, specifying: i.e. the digital services offered; ii. the projects for digitization of products and services and the percentage of investment in research and development allocated to these projects; iii. the projects targeted at customers whose object is digitization and innovation; iv. a description of the additions and efficiency improvement that digitization and innovation have brought about in the company's internal and external processes towards stakeholders.
- IBG 0005: cybersecurity. The organization is required to report the number of documented complaints of online account cloning, together with a qualitative description of the methods of management and related organizational controls.
- IBG 0006: attention to relations with Members. The indicator represents: the performance or failure to perform customer satisfaction activities towards Members; the attention paid to members in terms of listening on the part of the BCCs.
- IBG 0007: incidence of Members' activities. The indicator represents: the incidence of Members' activities on the total operations of the BCCs.

Scope of the Statement

The Consolidated Non-Financial Statement (CNFS) is prepared in addition to strategic and financial information. For the purposes of the CNFS, the perimeter of the "Iccrea Co-operative Banking Group" includes the Parent Company, as well as all the Group companies that are consolidated on a line-by-line basis within the scope of accounting consolidation. In particular, the perimeter includes Iccrea Banca S.p.A., the Affiliated Banks under the Guarantee Scheme and the banking, financial and operating Companies that are directly or indirectly controlled by the Parent Company, to which the line-by-line consolidation method is applied for the purposes of the consolidated financial statements.

The Statement is prepared on the basis of the data, processes and production systems existing at all the Companies that are included in the Group's scope of consolidation. It is the responsibility of the Board of Directors of the Parent Company to ensure compliance with Legislative Decree 254/2016 in relation to the qualitative and quantitative information provided in the disclosure and to promptly report to the Supervisory Authority any and all situations that prevent or hinder the publication of the information required by the relevant legislation.

It should also be noted that the energy data and related climate-altering emissions refer to the Parent Company, the Direct (12) and Indirect (2) Perimeter Companies - as explained in Chapter 2 -, the Local Offices (11) and the Affiliated BCCs (132). Any exception in relation to the perimeter is clearly stated within the document. Any exclusions are specified at the bottom of each table.

Furthermore, it should be noted that for the reporting period the Iccrea Group does not provide the relevant information regarding the management of all issues in the area of waste and water discharges. Such information is not necessary in order to ensure an understanding of the Iccrea Group's activities and impacts.

Materiality analysis

Within the scope of the preparation of the Consolidated Non-Financial Statement (CNFS) - in compliance with Legislative Decree 254/2016 and in accordance with the Global Reporting Initiative (GRI) international reporting Standard 2016 -, the stakeholder engagement process was launched in October in order to promote the materiality analysis aimed at identifying and prioritizing the material topics to be reported in the disclosure of non-financial information for 2020. The materiality analysis, which considers not only the perspective of the organization but also that of third-party stakeholders, was carried out according to completely new methods. The stakeholder engagement process (by which the organization engages stakeholders who may be affected by the decisions it makes or who may influence the implementation of its decisions) was entirely digitized. The questionnaire to identify priority issues was submitted to internal stakeholders via the Group's intranet channel Huba and Huba ext, while it was submitted to external stakeholders through the Iccrea Co-operative Banking Group's website, Coopera's website and some social channels operated by the Group: the LinkedIn and Facebook pages of Coopera. With these new methods, the process involved a total number of 1,344 external and internal stakeholders, against 290 participants engaged in 2019. During the last months of 2020, a selection of material topics was submitted to internal and external stakeholders, which were identified on the basis of an external benchmark, focusing on the experiences of some of the most representative entities in the banking industry and extended to production sectors other than banking. Finally, the topics were submitted to external and internal stakeholders by filling in an online assessment questionnaire circulated through the above-mentioned web channels. We identified 5 relevant macro-themes (clusters) for the Iccrea Group, starting from the content of the Group Sustainability Plan that was approved in March 2019. Subsequently, 2 macro-themes not directly related to the Sustainability Plan were identified, which, however, can be considered as "prerequisites" for a "sustainable" management of business activities and processes.

The materiality matrix was approved by the Board of Directors on 15 January 2021.

Contacts

For more information and details on the contents of the Statement, contact the Public Affairs & Sustainability Unit, through the Function for the Consolidated Non-Financial Statement, at the address DNF@iccrea.bcc.it.

GRI Content Index

Reconciliation of material topics and GRI standards

THE MATERIAL TOPICS IDENTIFIED BY THE GROUP	SCOPES OF LEGISLATIVE DECREE 254/2016	REFERENCE GRI STANDARDS AND GROUP INDICATORS
SUPPORTING LOCAL COMMUNITIES	Social issues	<ul style="list-style-type: none"> • GRI 203 - Indirect economic impacts • GRI 204 - Procurement practices • GRI 413 - Local communities • GRI 414 - Supplier social assessment
CONSTANT ATTENTION TO CUSTOMER NEEDS	Social issues	<ul style="list-style-type: none"> • IBG 000-2 - Main customer satisfaction results • IBG 000-4 - Products for digitization of banking services
SUPPORTING BUSINESSES AND HOUSEHOLDS	Social issues	<ul style="list-style-type: none"> • GRI 201 - Economic performance • G4-FS6 - Product portfolio • G4-FS13 - Access points in low-populated areas • G4-FS14 - Access to financial services for disadvantaged people • G4-FS16 - Financial literacy
IMPROVING MORAL, CULTURAL AND ECONOMIC CONDITIONS	Social issues	<ul style="list-style-type: none"> • G4-FS7 - Monetary value of products and services designed to deliver a specific social benefit
SUPPORTING SUSTAINABLE DEVELOPMENT	Social issues / Environmental issues	<ul style="list-style-type: none"> • G4-FS8 - Monetary value of products and services designed to deliver a specific environmental benefit • IBG 000-3 - Share of portfolio intended for esg- oriented sectors
DIRECT ENVIRONMENTAL IMPACT MANAGEMENT	Environmental issues	<ul style="list-style-type: none"> • GRI 301 - Materials • GRI 302 - Energy • GRI 305 - Emissions
PROTECTION OF HUMAN RIGHTS	Human rights	<ul style="list-style-type: none"> • GRI 406 - Non-discrimination • GRI 412 - Human rights assessment
STAFF TRAINING, DEVELOPMENT AND ENHANCEMENT	Personnel-related issues	<ul style="list-style-type: none"> • GRI 404 - Training and education • GRI 405 - Diversity and equal opportunity

THE MATERIAL TOPICS IDENTIFIED BY THE GROUP	SCOPES OF LEGISLATIVE DECREE 254/2016	REFERENCE GRI STANDARDS AND GROUP INDICATORS
PROTECTION OF WORKERS' RIGHTS	Personnel-related issues	<ul style="list-style-type: none"> • GRI 402 - Labor/management relations • GRI 403 - Occupational health and safety
EMPLOYEE WELL-BEING	Personnel-related issues	<ul style="list-style-type: none"> • GRI 401 - Employment
FIGHT AGAINST CORRUPTION	Anti-corruption	<ul style="list-style-type: none"> • GRI 205 - Anti-corruption
BUSINESS ETHICS AND INTEGRITY	Company	<ul style="list-style-type: none"> • GRI 206 - Anti-competitive behavior • GRI 418 - Customer privacy • GRI 419 - Socioeconomic compliance
TRANSPARENCY OF COMMUNICATION WITH CUSTOMERS	Company	<ul style="list-style-type: none"> • GRI 417 - Marketing and labeling
RISK MANAGEMENT	Company	<ul style="list-style-type: none"> • IBG 000-5 - Cybersecurity
CAPITAL AND FINANCIAL STRENGTH	Company	<ul style="list-style-type: none"> • TIER 1 - Common Equity Tier 1
TOPICS FURTHER DISCUSSED	Company / social issues	<ul style="list-style-type: none"> • GRI 207 - Tax • IBG 000-6 - Attention to relations with members • IBG 000-7 - Incidence of members activities

GRI Content Index

The table below shows the summary of the GRI indicators reported, with the relative page references and any notes or omissions. Furthermore, for the material topics not referable to a GRI indicator, the reference of the pages in which they are reported is provided.

GRI CONTENT INDEX			
GRI STANDARD	STANDARD DESCRIPTION	PAGE NUMBER	NOTES AND OMISSIONS
GRI 102: GENERAL DISCLOSURES			
ORGANIZATIONAL PROFILE			
GRI 102-1	Name of the organization	13	
GRI 102-2	Activities, brands, products and services	18	
GRI 102-3	Location of headquarters	16	
GRI 102-4	Location of operations	19	
GRI 102-5	Ownership and legal form	43, 50	
GRI 102-6	Markets served	19, 150	
GRI 102-7	Scale of the organization	13	
GRI 102-8	Information on employees and other workers	179-180	
GRI 102-9	Supply chain	134-137	
GRI 102-10	Significant changes to the organization and its supply chain	13	
GRI 102-11	Precautionary principle	79-86	
GRI 102-12	External initiatives	32-42	
GRI 102-13	Membership of associations	32-42	
STRATEGY			
GRI 102-14	Statement from senior decision-maker	9-12	
GRI 102-15	Key impacts, risks and opportunities	77	
ETHICS AND INTEGRITY			
GRI 102-16	Values, principles, standards and norms of behavior	25	
GOVERNANCE			
GRI 102-18	Governance structure	43	Reporting is limited to letter a) of the indicator
GRI 102-20	Executive-level responsibility for economic, environmental and social topics	56	
GRI 102-21	Consulting stakeholders on economic, environmental and social topics	43-89	
GRI 102-22	Composition of the highest governance body and its committees	52-55	
GRI 102-24	Nominating and selecting the highest governance body	52-55	
GRI 102-25	Conflicts of interest	46	

GRI CONTENT INDEX			
GRI STANDARD	STANDARD DESCRIPTION	PAGE NUMBER	NOTES AND OMISSIONS
GRI 102-29	Identifying and managing economic, environmental and social impacts	79-86	Reporting is limited to letter a) of the indicator.
GRI 102-30	Effectiveness of risk management processes	56	
GRI 102-35	Remuneration policies	183-185	
GRI 102-36	Process for determining remuneration	183-185	
GRI 102-38	Annual total compensation ratio	183-185	
STAKEHOLDER ENGAGEMENT			
GRI 102-40	List of stakeholder groups	71,72	100% of employees are covered by collective bargaining agreement
GRI 102-41	Collective bargaining agreements	178	
GRI 102-42	Identifying and selecting stakeholders	60-64	
GRI 102-43	Approach to stakeholder engagement	60-64	
GRI 102-44	Key topics and concerns raised	60-64	
REPORTING PRACTICE			
GRI 102-45	Entities included in the consolidated financial statements	15	Any changes to the information included in the previous documents are appropriately identified in the text by specific explanatory notes.
GRI 102-46	Defining report content and topic boundaries	60	
GRI 102-47	List of material topics	60	
GRI 102-48	Restatements of information	-	
GRI 102-49	Changes in reporting	229-232	
GRI 102-50	Reporting period	229-232	2020 is the last year of most recent report.
GRI 102-51	Date of most recent report	229-232	
GRI 102-52	Reporting cycle	229-232	
GRI 102-53	Contact point for questions regarding the report	232	
GRI 102-54	Claims of reporting in accordance with the GRI standards	229-232	
GRI 102-55	GRI content index	232-240	
GRI 102-56	External assurance	241-245	
TOPIC-SPECIFIC DISCOSURE			
GRI 201: ECONOMIC PERFORMANCE			
GRI 103-1,103-2, 103-3	Management approach	79-86	
GRI 201-1	Direct economic value generated and distributed	138-140	
GRI 203: INDIRECT ECONOMIC IMPACTS			
GRI 103-1,103-2, 103-3	Management approach	79-86	Reporting is limited to letter a) of the indicator.
GRI 203-1	Infrastructure investments and services supported	119-126	
GRI 204: PROCUREMENT PRACTICES			
GRI 103-1,103-2, 103-3	Management approach	79-86	

GRI CONTENT INDEX			
GRI STANDARD	STANDARD DESCRIPTION	PAGE NUMBER	NOTES AND OMISSIONS
GRI 204-1	Proportion of spending on local suppliers	134-137	
GRI 205: ANTI-CORRUPTION			
GRI 103-1,103-2, 103-3	Management approach	79-86	During the year, the parent company and direct perimeter companies did not report any episodes of corruption and money laundering. The BCCs reported four episodes of corruption.
GRI 205-1	Operations assessed for risks related to corruption	91-93	
GRI 205-2	Communication and training about anti-corruption policies and procedures	91-96	
GRI 205-3	Confirmed incidents of corruption and actions taken	-	
GRI 206: ANTI-COMPETITIVE BEHAVIOUR			
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	-	In 2020 an appeal was still pending before the Lazio regional administrative Court against ruling no. 26565 of the competition Authority of 28 april 2017, issued following proceedings no. 1794 and notified to Iccrea Banca (together with other banks and the Italian Banking Association) on 16 may 2017.
GRI 207: TAX			
GRI 103-1,103-2, 103-3	Management approach	79-86	
GRI 207-1	Approach to tax	87-89	
GRI 207-2	Tax governance, control and risk management	87-89	
GRI 300: ENVIRONMENTAL DISCLOSURES			
GRI 301: MATERIALS			
GRI 103-1,103-2, 103-3	Management approach	79- 86	
GRI 301-1	Materials used by weight or volume	213	
GRI 301-2	Recycled input materials used	214	
GRI 302: ENERGY			
GRI 103-1,103-2, 103-3	Management approach	79-86	
GRI 302-1	Energy consumption with the organization	214, 215	
GRI 302-2	Energy consumption outside of the organization	216	
GRI 302-3	Energy intensity	216, 217	
GRI 305: EMISSIONS			
GRI 103-1,103-2, 103-3	Management approach	79-86	
GRI 305-1	Direct (scope 1) GHG emissions	217	
GRI 305-2	Energy indirect (scope 2) GHG emissions	218	
GRI 305-3	Other indirect (scope 3) GHG emissions	219, 220	
GRI 305-4	GHG emissions intensity	220, 221	

GRI CONTENT INDEX			
GRI STANDARD	STANDARD DESCRIPTION	PAGE NUMBER	NOTES AND OMISSIONS
GRI 400: SOCIAL DISCLOSURES			
GRI 401: EMPLOYMENT			
GRI 103-1,103-2, 103-3	Management approach	79-86	Group employees on fixed-term contracts receive the same benefits as those hired on open-ended contracts.
GRI 401-1	New employee hires and employee turnover	180, 181	
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	185	
GRI 402: LABOR/MANAGEMENT RELATIONS			
GRI 103-1,103-2, 103-3	Management approach	79-86	Articles 11 bis and 22 of the Federcasse collective bargaining agreement provide for a minimum of two weeks' notice.
GRI 402-1	Minimum notice periods regarding operational changes	185-186	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY			
GRI 103-1,103-2, 103-3	Management approach	79-86	100% of employees are represented on formal joint management-worker health and safety committees.
GRI 403-1	Occupational health and safety management system	194	
GRI 403-2	Hazard identification, risk assessment, and incident investigation	195, 196	
GRI 403-3	Occupational health services	196	
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	195, 196	
GRI 403-5	Worker training on occupational health and safety	197	
GRI 403-6	Promotion of worker health	190-194	
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	195	
GRI 403-8	Workers covered by an occupational health and safety management system	195	
GRI 403-9	Work-related injuries	198	
GRI 404: TRAINING AND EDUCATION			
GRI 103-1,103-2, 103-3	Management approach	79-86	
GRI 404-1	Average hours of training per year per employee	188	
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	187, 188	
GRI 404-3	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	189	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY			
GRI 103-1, 103-2, 103-3	Management approach	79-86	
GRI 405-1	Diversity of governance bodies and employees	182, 183	
GRI 405-2	Ratio of basic salary and remuneration of women to men	186	

GRI CONTENT INDEX			
GRI STANDARD	STANDARD DESCRIPTION	PAGE NUMBER	NOTES AND OMISSIONS
GRI 406: NON-DISCRIMINATION			
GRI 103-1,103-2, 103-3	Management approach	79-86	No incidents of discrimination occurred during the year.
GRI 406-1	Incidents of discrimination and corrective actions taken	-	
GRI 412-2	Employee training on human rights policies or procedures	201, 202	
GRI 413: LOCAL COMMUNITIES			
GRI 103-1,103-2, 103-3	Management approach	79-86	
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	103-113	
GRI 414: SUPPLIER SOCIAL ASSESSMENT			
GRI 103-1,103-2, 103-3	Management approach	79-86	
GRI 414-1	New suppliers that were screened using social criteria	134-137	
GRI 417: MARKETING AND LABELING			
GRI 103-1,103-2, 103-3	Management approach	79-86	During the reporting period there were 9 incidents of non-compliance concerning information and labeling at affiliated BCCs, of which 5 relate to voluntary codes, while 4 relate to current legislation. Of these, 1 led to sanctions and 3 to reports. During the year, there were 3 incidents of non-compliance concerning marketing communications, which, however, involved voluntary codes.
GRI 417-1	Requirements for product and service information and labeling	173	
		173	
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling		
		173, 174	
GRI 417-3	Incidents of non-compliance concerning marketing communications		
GRI 418: CUSTOMER PRIVACY			
GRI 103-1,103-2, 103-3	Management approach	79-86	During the year, 47 complaints were received from third parties concerning breaches of customer privacy. There were 3 incidents of loss or theft of sensitive data.
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	174, 175	
GRI 419: SOCIO-ECONOMIC COMPLIANCE			
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	-	No incidents of non-compliance occurred during the year.
GRI G4 FINANCIAL SERVICES SECTOR SUPPLEMENT			
PRODUCT PORTFOLIO			
GRI G4-FS6	Portfolio for business lines by specific region and by sector	143-149	
GRI G4-FS7	Monetary value of products and services designed to deliver a specific social benefit	150-153 155-166	
GRI G4-FS8	Monetary value of products and services designed to deliver a specific environmental	226, 227	

GRI CONTENT INDEX			
GRI STANDARD	STANDARD DESCRIPTION	PAGE NUMBER	NOTES AND OMISSIONS
	benefit		
CUSTOMERS			
GRI G4-FS13	Branches in low-populated or economically disadvantaged areas	19-22	
LOCAL COMMUNITIES			
GRI G4-FS14	Initiatives to improve access to financial services for disadvantaged people	127-129	
GRI G4-FS16	Initiatives to enhance financial literacy	114-118	
OTHER MATERIAL TOPICS			
IBG 000-2 CUSTOMER SATISFACTION SURVEY			
GRI 103-1,103-2, 103-3	Management approach	169-172	
IBG 000-3 SHARE OF PORTFOLIO INTENDED FOR ESG-ORIENTED SECTORS			
GRI 103-1,103-2, 103-3	Management approach	153-155 176	
IBG 000-4 DIGITISATION AND INNOVATION SERVICES			
GRI 103-1,103-2, 103-3	Management approach	166, 167	
IBG 000-5 CYBERSECURITY			
GRI 103-1,103-2, 103-3	Management approach	175	
IBG 000-6 ATTENTION TO RELATIONS WITH MEMBERS			
GRI 103-1,103-2, 103-3	Management approach	27-31	
IBG 000-7 INCIDENCE OF MEMBERS' ACTIVITIES			
GRI 103-1,103-2, 103-3	Management approach	27	
TIER 1 RATIO	Management approach	15	

Independent auditor's report on the Consolidated Non- Financial Statement

According to art. 3, c. 10, Legislative Decree no.
254/2016 and to art. 5 CONSOB Regulation no. 20267

Independent auditors' report on the consolidated non-financial statement in accordance with Article 3, par. 10, of Legislative Decree 254/2016 and with Article 5 of CONSOB Regulation adopted with Resolution n. 20267 of 18 January 2018 (Translation from the original Italian text)

To the Board of Directors of
Iccrea Banca S.p.A.

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree 30 December 2016, n. 254 (hereinafter "Decree") and article 5 of CONSOB Regulation adopted with Resolution 20267/2018, on the consolidated non-financial statement of Iccrea Co-operative Banking Group (hereinafter the "Group") for the year ended 31st December 2020 in accordance with article 4 of the Decree approved by the Board of Directors on 22nd April 2021 (hereinafter "CNFS").

Responsibilities of Directors and Board of Statutory Auditors for the CNFS

The Directors are responsible for the preparation of the CNFS in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" defined by the GRI - Global Reporting Initiative (hereinafter the "GRI Standards"), as indicated in the "Methodological Note" of the CNFS identified by them as a reporting standard.

The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the CNFS that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for identifying the contents of the CNFS within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The Directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the CNFS, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

EY S.p.A.
Sede Legale: Via Lombardia, 31 - 00187 Roma
Capitale Sociale Euro 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. 250904
P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

A member firm of Ernst & Young Global Limited

Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the CNFS with the requirements of the Decree and of the GRI Standards. Our work has been performed in accordance with the principle of "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. This principle requires the planning and execution of work in order to obtain a limited assurance that the CNFS is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the CNFS were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the CNFS, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant topics in relation to the activities and characteristics of the Group reported in the CNFS, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;
2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;
3. comparison of the economic and financial data and information included in the CNFS with those included in the Group's consolidated financial statements;
4. understanding of the following aspects:
 - o Group's management and organization business model, with reference to the management of the topics indicated in article 3 of the Decree;
 - o policies adopted by the Group related to the matters indicated in art. 3 Decree, results achieved and related key performance indicators;
 - o main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

With regard to these aspects, we obtained the documentation supporting the information contained in the CNFS and performed the procedures described in item 5. a) below.

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the CNFS.

In particular, we have conducted interviews and discussions with the management of the Company and of subsidiaries BCC Solutions S.p.A., Iccrea BancaImpresa S.p.A., Consorzio BCC Energia and the Affiliated Mutual Banks Emil Banca - Credito Cooperativo S.c., Banca di Udine Credito Cooperativo Soc. Coop. e Banca di Credito Cooperativo di Montepaone s.c..

We have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the CNFS.

Furthermore, at group level, for significant information, considering the Group activities and characteristics:

- at Group level:
 - a) with reference to the qualitative information included in the CNFS, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
 - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
 - For the following Affiliated Mutual Banks: Emil Banca - Credito Cooperativo S.c., Banca di Udine Credito Cooperativo Soc. Coop. e Banca di Credito Cooperativo di Montepaone s.c., selected based on their activity and relevance to the consolidated performance indicators, we have carried out interviews during which we have had discussions with management and personnel responsible for the collection and transmission of data and information of a non-financial nature of the Mutual Banks and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.
6. Reading of the CNFS, in order to verify its consistency with the information acquired and the limited checks carried out.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that CNFS of the Group for the year ended 31st December 2020 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards.

Roma, 5th May 2021

EY S.p.A.

Wassim Abou Said
(Auditor)

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