

Consolidated Non- Financial Statement 2019



*Gruppo
Bancario
Cooperativo
Iccrea*



Consolidated Non-Financial Statement **2019**

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Giuseppe Maino, *President*

Mauro Pastore, *General Manager*



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THIS IS
OUR STARTING
“**PER**”.

PEOPLE

ECOSYSTEM

RESPONSIBILITY



Letter to Stakeholders

President
Iccrea Cooperative Banking Group
Giuseppe Maino

General Manager
Iccrea Cooperative Banking Group
Mauro Pastore



The first Consolidated Non-financial Statement (CNFS) of the Iccrea Cooperative Banking Group comes to life in an extremely complex and challenging context. The complexities are linked, in addition to the recent formation of the Iccrea Group - which still requires efforts for the full implementation of internal operating mechanisms - to the management of the impacts of the coronavirus pandemic (Covid-19) and the urgency to contribute, as community banks, to a model of development based on a new sustainable economic paradigm that leaves no one behind.

The activities covered by this report condense the contribution of the Iccrea Group to the development of the economy, the market but also the social dimension, which has always been at the core of the mission for Mutual Banks given the centrality of sustainability. In line with art. 2 of the Standard Statute of Cooperative Credit Banks (BCCs in Italian), the Group stands out for its social orientation, its pursuit for the common good and the support of the development of cooperation and education in savings and welfare as well as social cohesion and the responsible and sustainable growth of the territory in which it operates.

The Iccrea Group is close to its communities by statute, mission and values. The fidelity to the local and Mutual Banks, ratified in Article 2 of the Statute, at first and foremost is ensured by the regulations which define the role of BCCs within the national economic system, committing them to: assuming at least 50% of credit exposure to cooperating members/shareholders, allocating at least 95% of credit exposures to the respective territory and to prevent the distribution of dividends to a significant extent.

The Iccrea Group recognizes the mutuality and support function of its Banks's communities as its *raison d'être* and relentlessly implements the paradigms of the circular economy and sustainable development: the financial resources raised by our banks are predominantly used in the locations themselves and aim to support the long-term economic and social development of the territories. We are symbiotic with the territories in which we operate and we fully share their fate. Our institutional aim is to support the communities in which our banks operate. The development of economic, social and environmental prosperity of the areas in which our banks are present is a condition and, at the same time, a guarantee of the sustainability of our Group.

The pandemic phenomenon which is affecting the planet has further underlined the need for socio-economic actors to work in support of communities and not only for profit driven purposes. This report also provides evidence of the extraordinary social and financial commitment of our banks in this critical period.

In order to “transform a pressing challenge into a unique opportunity”, as stated in the European Green Deal, the Iccrea Group has defined a Sustainability Plan that aims to combine the commitment to face the climate emergency with the determination to contribute to social and territorial development. The actions included in the Group's Sustainability Plan 2020-2023, approved on March 31st, 2020, identify even more in the near future the role of Mutual Banks as ESG (Environmental, Social, Governance) Banks for the territory. The Sustainability Plan, an integral part of Iccrea's Strategic Plan, defines the courses of action of the group to achieve the commitment that the European Union (EU) has outlined in the Green Deal. The European program aims to “protect, conserve and enhance the EU's natural capital, and protect the health and well-being of citizens from environment-related risks and impacts. At the same time, this transition must be just and inclusive”.

The Iccrea Cooperative Banking Group traditionally places the social dimension at the center of its operating interest, particularly now that the health and social emergency induced by the Covid-19 pandemic highlights the importance of the work of Mutual Banks for the support of their communities.



Mutual Banks are multidimensional socio-economic actors: in addition to being banks, they are also cooperatives and have a significant capacity for social impact in their areas of operation.

This versatility makes them closer to the need of the stakeholders, whose request can be more easily met because the banks belong to its members/shareholders, representatives of the communities in which the Mutual Banks operate. The Mutual banks affiliated to the Iccrea Group have more than 807 thousand members/shareholders nationwide. Of these, just under 720 thousand are individuals and over 87 thousand are companies. In particular, through **Members/Shareholders Committees, Young Members/Shareholders Committees, Territorial Committees** and others (70 in total) the Mutual Banks are amplifying their multi-stakeholder approach and are increasingly opening up to collaboration and sharing. The committees are social laboratories which, thanks to the participation of almost 37 thousand members/shareholders, constitute a direct representation of Mutual Banks in the territory, in line with the provisions of Article 2 of the Standard Statute of the Cooperative Credit Banks.

The partnership between Mutual Banks and stakeholders is facilitated by the peculiar governance of the group, in which the affiliated banks are linked by the so-called Cohesion Contract, which promotes and consolidates the growth of mutual Banks through a model that brings together their capital strength, their best practices, the offer and service capability of the Parent Company and the product and instrumental companies, while maintaining the autonomy and proximity to the territories of the Mutual Banks.

The Iccrea Group's commitment to support the communities to which it belongs enabled, in 2019, to allocate 47% of its credit to households (consumers and producers) and to micro, small and medium enterprises (mSMEs), in part thanks to the cooperation of the Mutual Banks with the "Guarantee Fund for SMEs", with which 8,556 operations were concluded totaling a financed amount of 1.13 billion euros. In particular, in 2019, with the section of the fund dedicated to productive micro-credit (mainly directed at start-ups), the Mutual Banks of the Iccrea Group carried out 775 operations under guarantee of the "Central Fund" for 18.5 million euros, about a quarter of the total on a national basis, while with the Guarantee Fund dedicated to the operations of reduced amount, BCCs carried out 1,829 operations under guarantee of the Fund financing a total of 49.4 million euros.

Furthermore, regarding **social impact initiatives** (small loans for social purposes; student loans; accounts for foreigners; wear projects; social housing, etc.) the Mutual Banks registered more than **302 thousand initiatives, for a total value of 1.7 billion euros**. In particular, through "Resto al Sud" the Mutual banks financed entrepreneurs under 46 years of age to ensure the start of new entrepreneurial activities in Southern Italy.

Donations and sponsorships also contribute to the support of our communities. In this context, the characteristics of Mutual Banks impose an obligation to allocate a proportion of the net profit to mutual fund for the promotion and development of cooperation within the requirements provided by the law (3% of profits). **More than 12 million euros were contributed, in the reporting year, to Fondosviluppo, the mutual fund of reference for the affiliated Mutual Banks.**

In addition, charitable donations and sponsorships of the Iccrea Group, mainly through Mutual Banks, amount to **over 9.5 million euros, to promote projects aimed at supporting community initiatives with no economic return for the banks.**

This highlights the commitment of Mutual Banks to facilitate financial inclusion, which often also translates into greater social inclusion.

With respect to the focus on climate change, the affiliated BCCs realized almost **2,800 financing initiatives with an environmental impact, during the reporting year, for a total of over 71 million euros.**



Among the **green investments made by Iccrea BancaImpresa**, 23 million euros were allocated to the wine sector and about 7.8 million euros to the renewable energy sector. In addition, 20 million euros went to the agricultural risk insurance sector. These investments show the attention to the environment and climate change that the Iccrea Group establishes within the Sustainability Plan and Charter of Commitments on the Environment and Climate Change, approved in 2020, committed to improve the environmental footprint of the group and to increasingly combine financial inclusion with climate change, two tightly linked aspects. The transition to clean energy, provides the opportunity to stably start up a new path of sustainable and inclusive growth, with a focus on the Sustainable Development Goals, which this year have been linked to the material topics of the Iccrea Group.

In the transition towards a sustainable Europe, therefore, the environmental and social dimensions are parallel. For this reason, the group pays particular attention to the welfare of its employees, 98.5% of whom (out of the total) have a permanent contract. In addition, there was a higher turnover of employees entering than leaving in the reporting year (6.4% versus 5.3%). Its attention to human resources places the Iccrea Group in a leading role in the construction of the sustainable future of our country, putting the experience of the affiliated Cooperative Credit Banks as the common factor.

The Banks of the Iccrea Group will face with determination the many challenges of the future with the strength and experience that come from over a hundred years of history of community banks which have always been committed to sustainable development.

General Manager
Iccrea Cooperative Banking Group
Mauro Pastore

President
Iccrea Cooperative Banking Group
Giuseppe Maino





2. Identity of the Iccrea Cooperative Banking Group

The **Iccrea Cooperative Banking Group** is Italy's largest cooperative banking group, at the forefront of promoting a radical shift of paradigm in the way to carry out banking activities. Close to its customers, partners, businesses and the excellence of the Made in Italy expressed through the territories in which it is present.

Created through the reform of Italian Cooperative Credit, since March 4th, 2019 it has brought together **140 Mutual Banks (Cooperative Credit Banks or BCCs in Italian)**, which chose to entrust Iccrea Bank to grow together, making available to their customers an offer of products and services in order to support the development of local territories and communities.

The Group's central objective is to support this growth path by offering BCCs tools and means necessary to ensure their stability and prosperity.

The Iccrea Cooperative Banking Group is an unicum **within the Italian landscape**, because it combines the ability of local banks to develop strong links with their respective territories and the experience of a large group capable of identifying strategies and business solutions in line with market trends.

2.1 Structure of the Iccrea Cooperative Banking Group

The Iccrea Cooperative Banking Group is positioned, within the national banking industry, as the first banking group with entirely Italian capital, with a number of branches amounting to 2,544 and total assets of 155.5 billion euros.

As of December 31st, 2019, the Iccrea Group consisted of the Parent Company, Iccrea Banca SPA, **140** affiliated BCCs and a total of 40 entities, which compose the offer system in favor of BCCs. Iccrea has also equipped itself with **11** territorial presidia.

The companies are so organized:

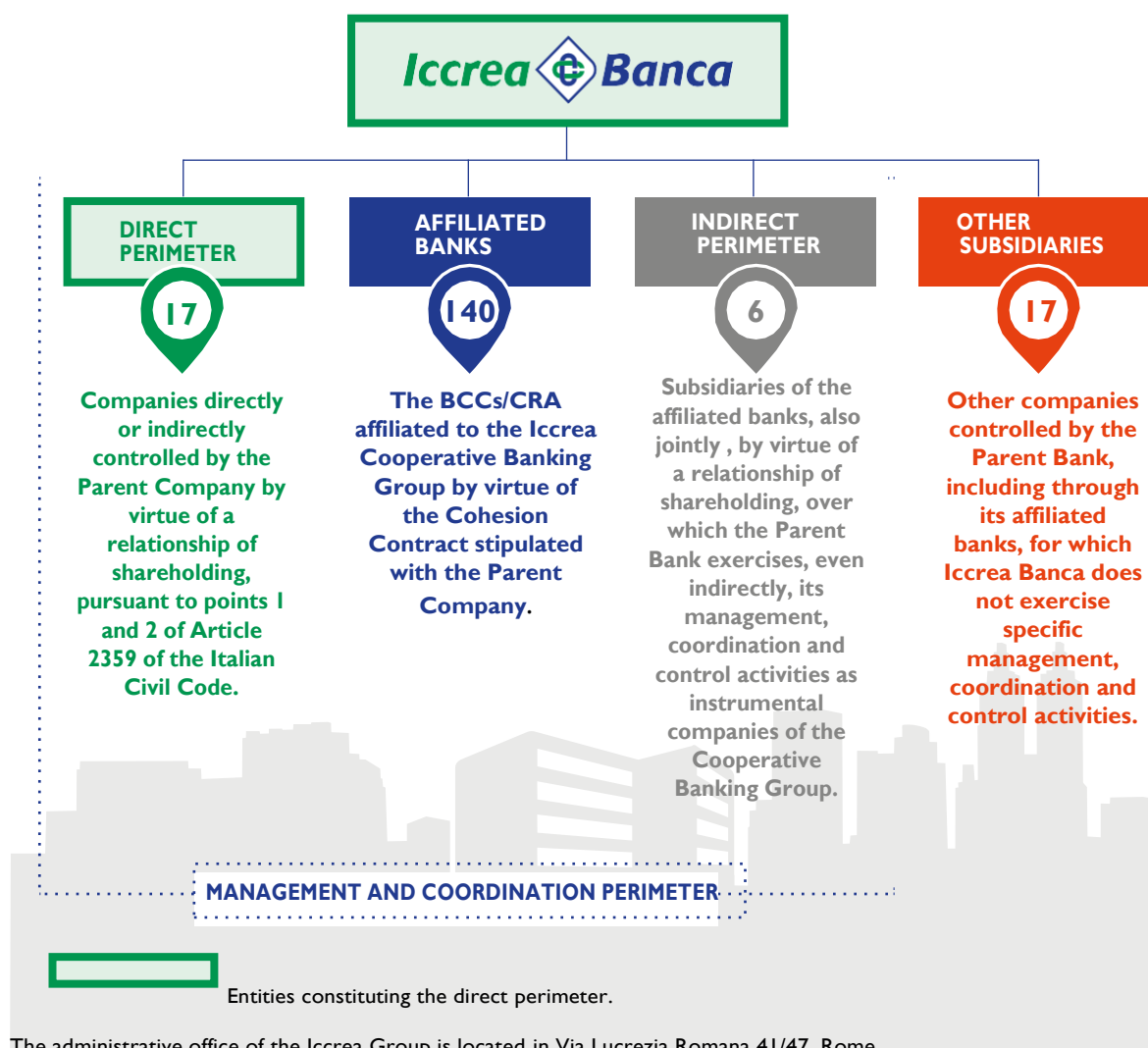
- **17 entities** (including Accademia BCC, now in liquidation) are part of the **direct perimeter**;
- **6 entities within the indirect perimeter**;
- **17 other subsidiaries**.

The operating procedures of the Iccrea Group and, in particular, the activities and instruments of management, coordination and control of the Parent Company, on the companies within the scope of management and coordination, are governed by the Cohesion Contract and the Group's Internal Regulations.

The Parent Company performs management, coordination and control activities over the companies within the scope of management and coordination and provides products, services and consultancy to the affiliated BCCs with the aim of satisfying the needs of members/shareholders, customers, families and the territorial operations of the Banks.



THE STRUCTURE OF ICCREA COOPERATIVE BANKING GROUP



In exercising its management and control activities, Iccrea also avails itself of the Territorial Presidia. Each of the 11 Head Offices covers one or more Regions (Piedmont-Lombardy, Veneto-Friuli Venezia Giulia, Emilia Romagna, Tuscany, Lazio-Umbria and Sardinia, Campania, Abruzzo and Molise, Marche, Puglia and Basilicata, Calabria, Sicily). The Head Offices act as a direct link with the territories and facilitate the exchange between the Iccrea Group and the affiliated banks, transferring the operational processes of support and control of the Parent Bank, especially during this phase when the standardization of the Group's operating practices is necessary.

The companies within the scope of management and coordination (in accordance with Article 2359 of the Italian Civil Code and Article 23 of the Consolidated Banking Law (Testo Unico Bancario – TUB in Italian)) are as follows:

- Companies directly or indirectly controlled by the Parent Company on the basis of a relationship of shareholding, over which the Iccrea Group exercises specific management, coordination and control activities (**direct perimeter**);
- Cooperative Credit Banks (**affiliated BCCs**), subject to management and coordination under the Cohesion Contract, in accordance with the relevant prudential regulations;



- Subsidiaries of the Parent Bank, through one or more affiliated banks, on the basis of a relationship of shareholding, over which the Parent Bank exercises, even indirectly, management, coordination and control activities (**indirect perimeter**);
- In addition, there are other entities controlled by the Parent Company, through the BCCs, over which Iccrea Banca does not exercise specific management, coordination and control activities, and other companies included in the scope of the consolidated financial statement of the Iccrea Group.

The Parent Company's coordination, control and management model for the companies within the direct perimeter and the affiliated Banks is expressed through the authority and responsibilities exercised in all areas of operations for each company.

For entities within the indirect perimeter, their operations must comply with the strategic orientation of the Iccrea Group, if directly concerned, or require prior approval by the Parent Company.

PERIMETER OF CNFS 2019 (FULLY CONSOLIDATED ENTITIES)

COMPANIES OF DIRECT PERIMETER OF THE GROUP

- ICCREA BANCA SPA
- BCC RISPARMIO&PREVIDENZA SGRPA
- ICCREA BANCA IMPRESA SPA
- BCC FACTORING SPA
- BANCA SVILUPPO SPA
- BANCA DEL MEDIOCREDITO DEL FVG SPA
- BCC GESTIONE CREDITI SPA
- BCC SOLUTIONS SPA
- BCC BENI IMMOBILI SRL
- BCC LEASE SPA
- BCC CREDITO CONSUMO SPA
- BCC SISTEMI INFORMATICI SPA

**140
BCCs**

COMPANIES OF INDIRECT PERIMETER OF THE GROUP

- COOPERSYSTEM SOCIETÀ COOPERATIVA
- SIGEST SRL
- SINERGIA - SISTEMA SERVIZI SCARL

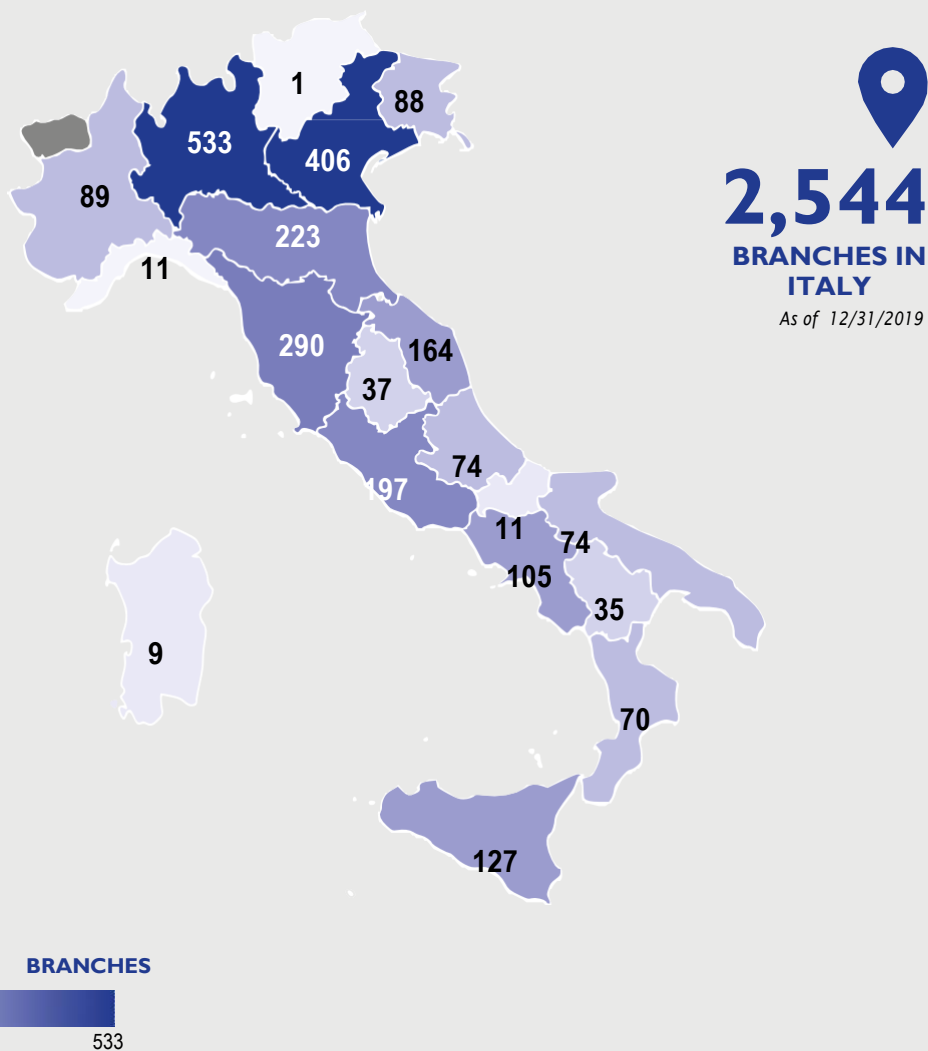




2.2 Geographical Breakdown

The Iccrea Cooperative Banking Group (Iccrea Group) is present in 19 out of 20 regions with 2,544 branches and 140 BCCs throughout the country (as of 12/12/2019): this is the result of a mission characterized by proximity and mutualistic support to the territory.

Distribution of the branches by region



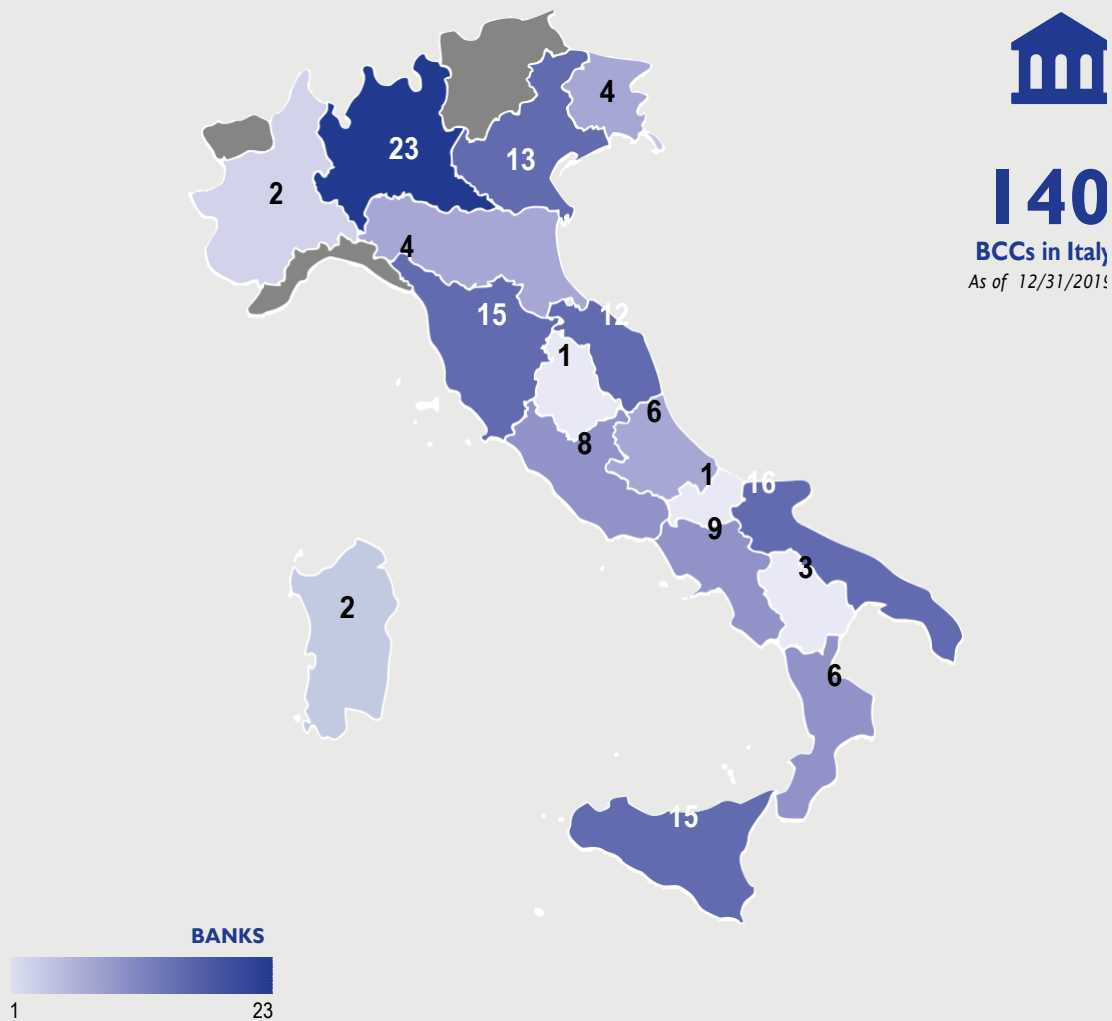


Lombardy is the Iccrea Cooperative number of BCCs, that is 23 Banks (533 branches).

Region where Banking Group has the largest

REGION	BANKS
ABRUZZO	6
BASILICATA	3
CALABRIA	6
CAMPANIA	9
EMILIA ROMAGNA	4
FRIULI VENEZIA GIULIA	4
LAZIO	8
LOMBARDIA	23
MARCHE	12
MOLISE	1
PIEMONTE	2
PUGLIA	16
SARDEGNA	2
SICILIA	15
TOSCANA	15
UMBRIA	1
VENETO	13
	140

Distribution of BCCs by Region





2.3 History of the Iccrea Group

The Iccrea Cooperative Banking Group is the result of a long history of consolidation of Mutual Banks in Italy, as described below.

The first "Cassa Sociale dei Prestiti" Association was founded in the Rhineland (Germany) by **Friedrich Wilhelm Raiffeisen**. Raiffeisen is regarded as the founder of credit cooperation in Europe.

The first Catholic "Cassa Rurale", in the province of Venice, by Don **Luigi Cerutti** is founded.

The Italian Federation of "Casse Rurali ed Artigiane" was re-established.

Iccrea Banca was established in Rome through the signing of the constitutive act

of the Credit Institute of "Casse Rurali ed Artigiane (CRA)", with the aim of making the activities of CRA more intensive and effective through performance of credit functions Banking intermediation and financial assistance ones.

On January 1st, 1994 the new "Testo Unico Bancario" (TUB, the main Italian Banking Code) came into force, with which CRA became the current Mutual Banks (BCCs). Subsequently the Group underwent a fundamental reorganization with the foundation of **Iccrea Holding**, which began operating in 1995

with controlling shares in Iccrea Banca, Banca Agrileasing (now Iccrea BancalImpresa) e Aureo Gestioni (now BCC Risparmio & Previdenza).

1864

1883

1890

1909

1950

1961

1963

1978

1995

1997

Establishment of the first "Cassa Rurale di **Loreggia**", Padua, on the initiative of **Leone Wollemborg**.

The Italian Federation of "Casse Rurali ed Artigiane" was established in Brescia, to represent and protect its member banks.

The first local federations are gradually formed.

Creation of the **Guarantee Central Fund (Fondo Centrale di Garanzia, in Italian)**, a voluntary initiative of "protection" between the CRA, and indirectly, of their depositors, hinged at Iccrea.

The **Depositors' Guarantee Fund of Cooperative Credit** (Fondo di Garanzia dei Depositanti del Credito Cooperativo – FGD, in Italian) is created, a mandatory instrument of protection according to the provisions of Directive 94/19/CEE on deposit guarantee schemes, implemented in Italy by the Legislative Decree 4 December 1996, no. 659.

**Banca Sviluppo SPA**

was established by the will of nine members/shareholders, among the most representative of the cooperative movement: Iccrea Holding SPA, BCC di Roma, BCC di Alba Langhe e Roero, BCC Pordenonese, BCC di Pompiano e della Franciacorta, BCC di Bene Vagienna, BCC di Treviglio, BCC G. Toniolo di San Cataldo and Emil Banca (formerly CrediBo). The Bank was established with the aim of acquiring and managing banking companies, company branches, assets and legal relationships in favour of Cooperative Credit Banks in difficulty, collaborating with the Depositors' Guarantee Fund.

The **Institutional Guarantee Fund of Cooperative Credit** (Fondo di Garanzia Istituzionale del Credito Cooperativo, in Italian) is established with the aim of monitoring and preventing crises linked to liquidity and solvency problems of BCCs.

BCCs are exempted by the emergency measure of the Italian Government through the Decree Law 24 January 2015, no. 3, limited, consequently, to the "popular banks". The **Project of Self-Reform of the Cooperative Credit** started.

The process for the establishment of cooperative banking groups begins, which will lead to the official formation of the **Iccrea Cooperative Banking Group** (142 BCCs) and the "Cassa Centrale-Italian Cooperative" (84 BCCs-CRA).

Il 4 marzo 2019 prende ufficialmente avvio il Gruppo Bancario Cooperativo Iccrea, con l'iscrizione nell'Albo dei Gruppi Bancari e con decorrenza dal 1° gennaio 2019.

1999**2004****2008****2013****2015****2016****2017****2018****2019**

The **Bondholders' Guarantee Fund** (Fondo di Garanzia degli Obbligazionisti – FGO, in Italian), is founded with the aim of protecting bondholders, customers of the BCCs.

130° anniversary of the foundation of the first Cassa Rurale di Loreggia (1883-2013) by Leone Wollemborg.

With Decree Law no.18 of 14 February (converted into Law no. 49 of 8 April) the process of Cooperative Credit Self-Reform begins, which ends on November 3rd, with the **publication of the Implementing Provisions of the Bank of Italy**. Subsequently, the **Temporary Fund of Cooperative Credit** (Fondo Temporaneo del Credito Cooperativo, in Italian) was founded, a "transition tool" that aims at supporting, also through the provision of interventions, consolidation and concentration processes among BCCs-CR.

Iccrea Holding and Iccrea Banca formalize the "reverse" merge between the two companies and **Iccrea Banca stands at the top of the Iccrea Banking Group**, respecting those requirements asked by the European Central Bank (ECB).

Iccrea Banca presents to ECB its request for the establishment of a **Cooperative Banking Group** ("Gruppo Bancario Cooperativo - GBC", in Italian), whose establishment conditions are satisfied. Banca Mediocredito del Friuli Venezia Giulia also joins the Group during the year.

Celebrated the **200th anniversary** of the birth - in Germany - of Friedrich Wilhelm Raiffeisen, considered the founder of the modern credit cooperation.



2.4 Mission and Values of Iccrea Group

The Iccrea Cooperative Banking Group (Iccrea Group) pursues a strategy aimed at the stability and development of the affiliated Cooperative Credit Banks (BCCs, in Italian), respecting their territorial, historical, cultural, social and economic identity.

The Iccrea Group aims to support BCCs in their market approach and to accompany them in preparation of the necessary technical and organizational structures, in order to improve their market positioning and increase their competitive capacity. Moreover, thanks to its efforts, the Iccrea Cooperative Banking Group is committed in promoting the development of the prevalent mutuality activities typical of Cooperative Credit Banks.

The main regulatory peculiarities that distinguish BCCs, as community banks, are:

- **50.1% of exposures are to cooperative members/shareholders (or are guaranteed by co-operative member/shareholder)** or destined for risk-free activities;
- **At least 95% of credit exposures** must be issued in the respective territory;
- **The prohibition to distribute dividends in excess of the maximum interest on interest-bearing postal savings bonds**, increased by two and a half points compared to the capital actually paid out (Article 2514 of the Italian Civil Code);
- **The net profit** shown in the financial statements is allocated as follows:
 1. **A share, of at least 70%, to the foundation or expansion of the legal reserve;**
 2. **A share to mutual funds for the promotion and development of cooperation**, to the extent and in the terms required by law;
 3. Any residual profits may be:
 - allocated to increase the nominal value of the shares, in accordance with law provisions;
 - allocated to other reserves or funds;
 - distributed to the members/shareholders, within the limit of the dividends mentioned above;
 - the portion of profits that may still remain is allocated for charitable or mutual purposes;
 - attributed to the cooperating members/shareholders by way of restitution, in accordance with the provisions of art. 50 of the BCCs Statute.

These peculiarities are safeguarded by the Iccrea Cooperative Banking Group, through the management, coordination and control activities of the Parent Company Iccrea Banca, ensuring stability and supporting the mutualistic exchange with members/shareholders and activities in the areas of competence. In order to guarantee the entrepreneurial design shared with the signing of the Cohesion Contract, the Mutual Banks operate preferentially with the companies of the Iccrea



Group, strengthening the approach of partnership and proximity that has always characterized the relations between them.

The Iccrea Cooperative Banking Group is constantly oriented, in its choices and behaviour, towards ethical principles and values expressed within the **“Carta dei Valori del Credito Cooperativo”** (Cooperative Credit Values Chart) on which the Cooperative Credit Banks action, strategy and practices are based. The Charter of Values sets out the principles of reference and guidance for the action of BCCs. Furthermore, the **“Carta della Finanza libera, forte, democratica”** reaffirms (Chart of free, strong, democratic Finance) reaffirms the commitment of BCCs to economic, civil and social action aimed at relaunching Italy. The Charter expresses in ten points the "finance we want", which must be: responsible, social, plural, inclusive, comprehensible, useful, incentivizing, educational, efficient and participatory. In addition, the guiding principles of the BCCs are also reiterated in art 2 of the Standard Statute of the Cooperative Credit Banks.



The article aligns with the mission of the affiliated banks. It strongly highlights that mutuality and pursuit of development and support of territories and communities are primary aims of Mutual Banking, in line with materiality analysis on sustainability issues carried out by Iccrea Group.

Art. 2 of Standard Statute of the Cooperative Credit Banks



“In carrying out of its activity, the Company is guided by the cooperative principles of mutuality without private speculation. Aimed at favoring members/shareholders of local communities in bank operations and services, pursuing the improvement of moral, cultural and economic conditions and promoting the development of cooperation and education on savings and welfare as well as social cohesion and the responsible and sustainable growth of the territory in which it operates.

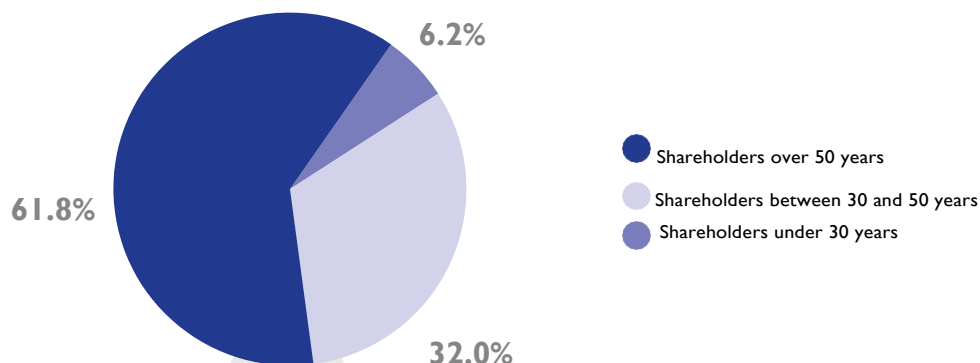
The Company is characterized by its social orientation and its choice to pursue the common good. It is also committed to act consistently with the “Cooperative Credit Values Chart” and to implement appropriate forms of economic and financial democracy and mutualistic exchange among its members/shareholders as well as their participation in social life”.



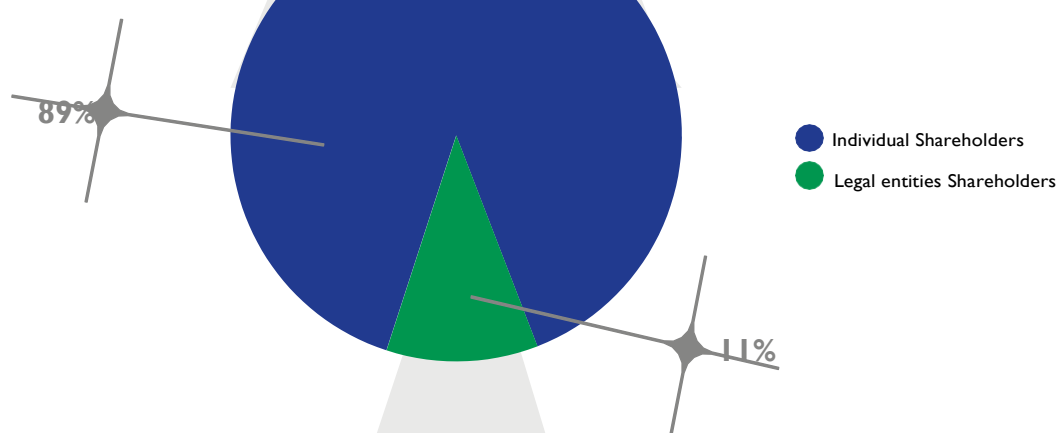


The 140 Cooperative Credit Banks affiliated to the Iccrea Group counted, as of December 31st, 2019: **807,411 shareholders (or members)**, of which **719,682 individuals** and **87,729 companies**.

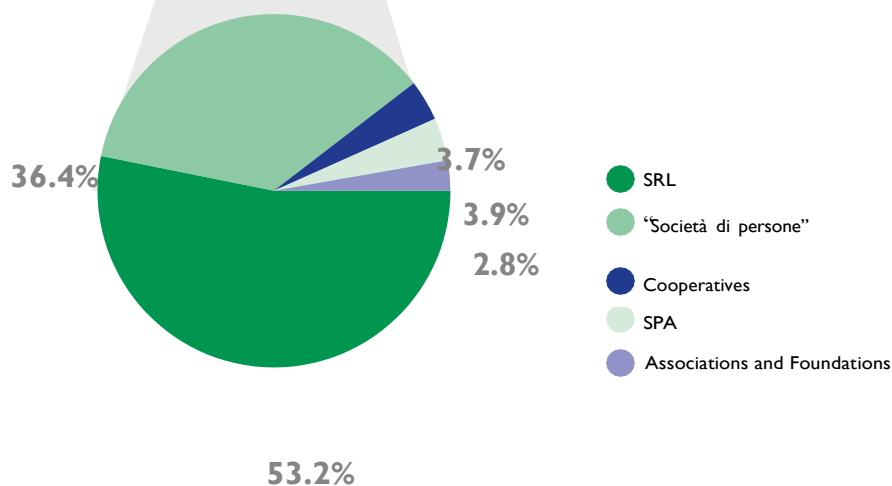
SHAREHOLDERS BY TYPE OF INDIVIDUALS



SHAREHOLDERS BY TYPE



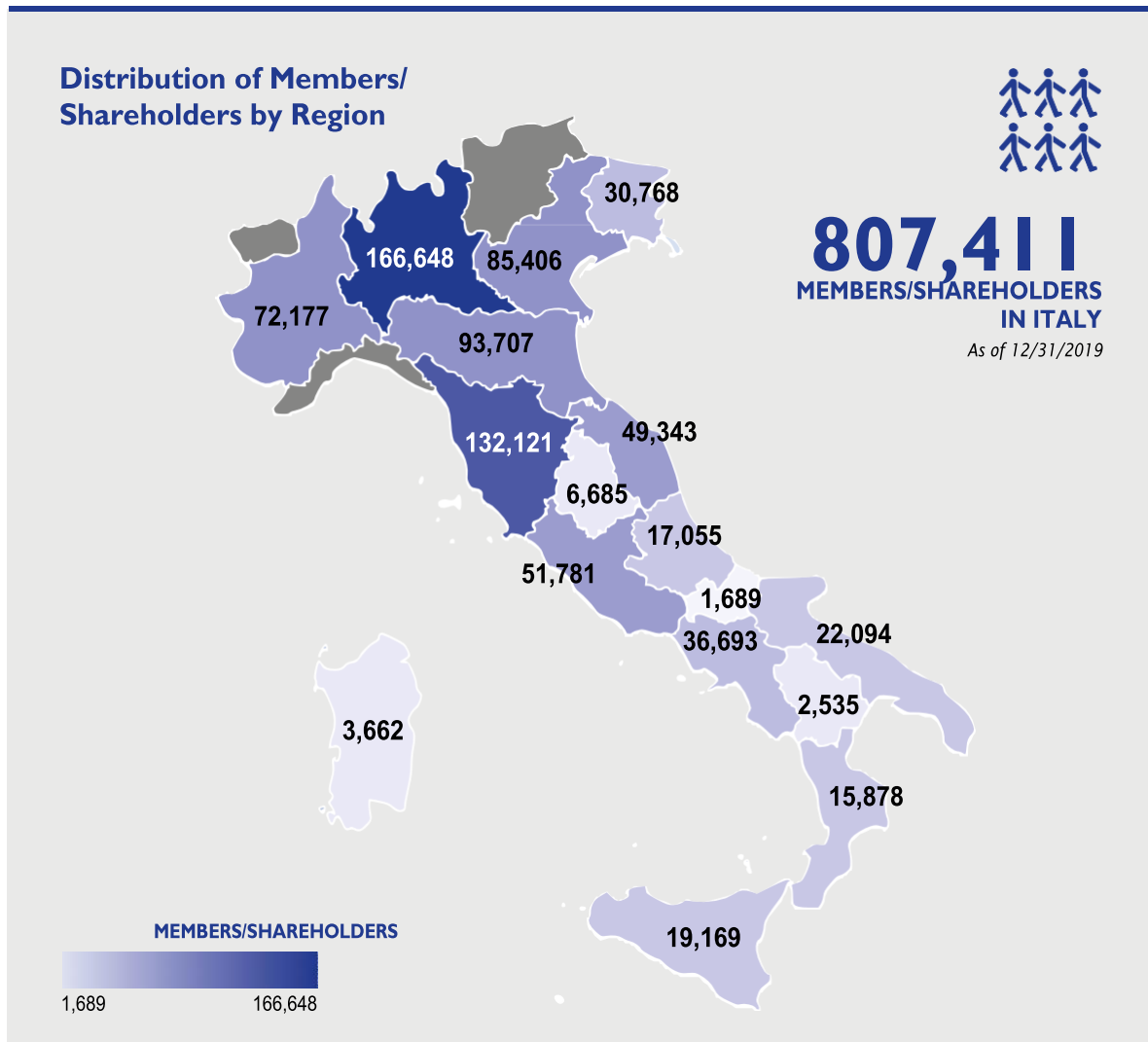
SHAREHOLDERS BY TYPE OF LEGAL ENTITIES





In BCCs, the principle of per capita vote (one head-one vote) applies regardless of the number of shares held by each member. In the assemblies the participation of members/shareholders with proxy is 3.4%, and of members/shareholders without proxy is 8.3%.

Below is a breakdown of the BCCs' shareholding structure by region:



Statutory and Cooperative Credit Chart Principles are fully coherent with the evidence that emerged from the materiality analysis of the Iccrea Group, which identified "Support for the development of the territory" as a priority theme.

The Iccrea Cooperative Banking Group has also developed a **Code of Ethics and Conduct**, which:

- expresses the shared principles of values, commitments and ethical and behavioral responsibilities that the Group assumes in carrying out its corporate activities;
- guides the business in order to respect laws and compliance.



2.5 Partnerships and collaborations of Iccrea Group

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

TRADE ASSOCIATIONS		
NAME OF ORGANIZATION	ACTIVITY	TYPE OF PARTICIPATION
ABI Iccrea Cooperative Banking Group companies belonging to the organization: ICCREA BANCA ICCREA BANCAIMPRESA BCCs CREDITO CONSUMO BANCA SVILUPPO	<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. These objectives are pursued through the organization of studies and debates, the solicitation of regulatory innovation, national labour bargaining, information, training and dissemination activities, elaboration of guidelines and codes of conduct, collaboration with national and international public institutions and cooperative initiatives among members.</p> <p>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>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 board and the executive committee. The general manager Mauro Pastore is a Member of the Board.</p>
FEDERCASSE Iccrea Cooperative Banking Group companies belonging to the organization: ICCREA BANCA	<p>Federacasse – National Federation of Mutual Banks- is the trade association of BCCs. It carries out most of the activities that ABI offers to the rest of the Italian banking system. In particular, it manages the National Collective Labour Contract – Contratto Collettivo Nazionale del Lavoro or CCNL in Italian (in this regard, it is pointed out that BCCs have a specific CCNL), offers legal and fiscal consultancy and assistance services, statistics studies services, promotes the image of the company through national communication campaigns, training and information activities. In addition, it safeguards specific interests in the main national (ABI and Confcooperative) and international industry associations (European Association of Cooperative Banks-EACB)</p>	<p>Iccrea Banca participates As ordinary member and Designated two directors. Moreover, through Federacasse, the Iccrea Group participates in the work of EACB, giving support and actively participating in various Working Groups: Green & Sustainable Finance Working Group (WG); Financial Markets WG (the chairman of the Group comes from Iccrea).</p>





TRADE ASSOCIATIONS		
NAME OR ORGANIZATION	ACTIVITY	TYPE OF PARTICIPATION
ASSOSIM Iccrea Cooperative Banking Group companies associated to the organization ICCREA BANCA	<p>Assosim (Italian Financial Market Intermediaries Association) represents the actors of the Italian securities market in relation to State bodies and public administrations, other business associations, economic and social organizations, public and private entities.</p> <p>It carries out research activities, regulatory assistance and training, with publications and organization of conferences and seminars.</p> <p>The association has about 80 members including banks, securities brokerage firms, Italian branches of foreign intermediaries, active on the primary and secondary markets and on the derivatives market, with a share of 82% of the entire volume traded on Italian regulated markets. Since 2007, the membership has been extended to law firms, consulting and IT solutions development companies and to those entities that provide services to securities intermediaries.</p>	Iccrea Banca participates as an ordinary member.
ASSILEA Iccrea Cooperative Banking Group companies associated to the organization: ICCREA BANCAIMPRESA	<p>Assilea is the Italian Leasing Association. 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>	Enrico Duranti, General Manager of Iccrea BancaImpresa, is President of Assilea.
ASSIFACT Iccrea Cooperative Banking Group companies associated to the organization: BCCs FACTORING	<p>Assifact, a trade association of factoring companies, was founded in 1988 with the aim of bringing together factoring operators and encouraging efficient development of the sector market. The Association therefore aims to collaborate in the analysis and solution of problems related to factoring. It carries out an activity of research, information and technical assistance, in favor of its members.</p> <p>It also represents the interests of the sector in relation to the economic and financial system, monetary and supervisory authorities and public authorities.</p>	BCCs Factoring is an ordinary member of Assifact.





TRADE ASSOCIATIONS		
NAME OR ORGANIZATION	ACTIVITY	TYPE OF PARTICIPATION
IFLA Iccrea Cooperative Banking Group companies associated to the organization: ICCREA BANCAIMPRESA	IFLA association (International Finance and Leasing 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.	Enrico Duranti, General Manager of Iccrea BancaImpresa, is President of IFLA. Roberta Campanelli, Operations Manager of BCCs Lease, is Secretary General of IFLA.
LEASEUROPE Iccrea Cooperative Banking Group companies associated to the organization: ICCREA BANCAIMPRESA	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. 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, to promote an appropriate market environment for the sector. In addition, it informs 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.	Enrico Duranti, General Manager of Iccrea BancaImpresa, is a director of Leaseurope.
ASSOFIN Iccrea Cooperative Banking Group companies associated to the organization: BCCs CREDITO CONSUMO	Assofin (Italian consumer credit and real estate association) 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 dialog 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.	BCCs CreditoConsumo is an ordinary member of Assofin.





TRADE ASSOCIATIONS		
NAME OF ORGANIZATION	ACTIVITY	TYPE OF PARTICIPATION
ASSOGESTIONI Iccrea Cooperative Banking Group companies associated to the organization: BCCs RISPARMIO E PREVIDENZA	<p>Assogestioni, the Italian association of asset managers, 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. In addition, it 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 European Funds and Asset Management Association (EFAMA), with which it collaborates on the development of Community legislation and the effective self-regulation of the European asset management sector</p>	BCCs Risparmio&Previdenza is an ordinary member of Assogestioni.
ASSOPREVIDENZA Iccrea Cooperative Banking Group companies associated to the organization: BCCs RISPARMIO E 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. It brings 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 by membership fees and contributions from the operators in the sector for research activities.</p>	BCCs Risparmio&Previdenza is an ordinary member of Assoprevidenza.
CSR EUROPE Iccrea Cooperative Banking Group companies associated to the organization: ICCREA BANCA	<p>CSR Europe is the leading European network for Corporate Social Responsibility (CSR). Through a network of 40 companies and 41 national organizations, it brings together more than 10,000 companies in a unified platform. CSR Europe is the European hub that incorporates multi-stakeholder initiatives addressing the UN 2030 Sustainable Development Agenda. The sustainability agenda is in fact central to its mission. CSR Europe goes beyond Europe and cooperates with corporate social responsibility organizations in other regions of the world.</p>	Iccrea Banca is an ordinary member of CSR Europe.
EUROPEAN BANKING FEDERATION (EBF) Iccrea Cooperative Banking Group companies associated to the organization: ICCREA BANCA	<p>The European Banking Federation is the voice of the European banking sector, bringing together 32 national banking associations in Europe which together represent about 3,500 banks - large and small, local and international - which employ about two million people.</p>	Iccrea Banca, through l'ABI, participates in various working groups: Sustainable Finance and Taxonomy Subgroup.

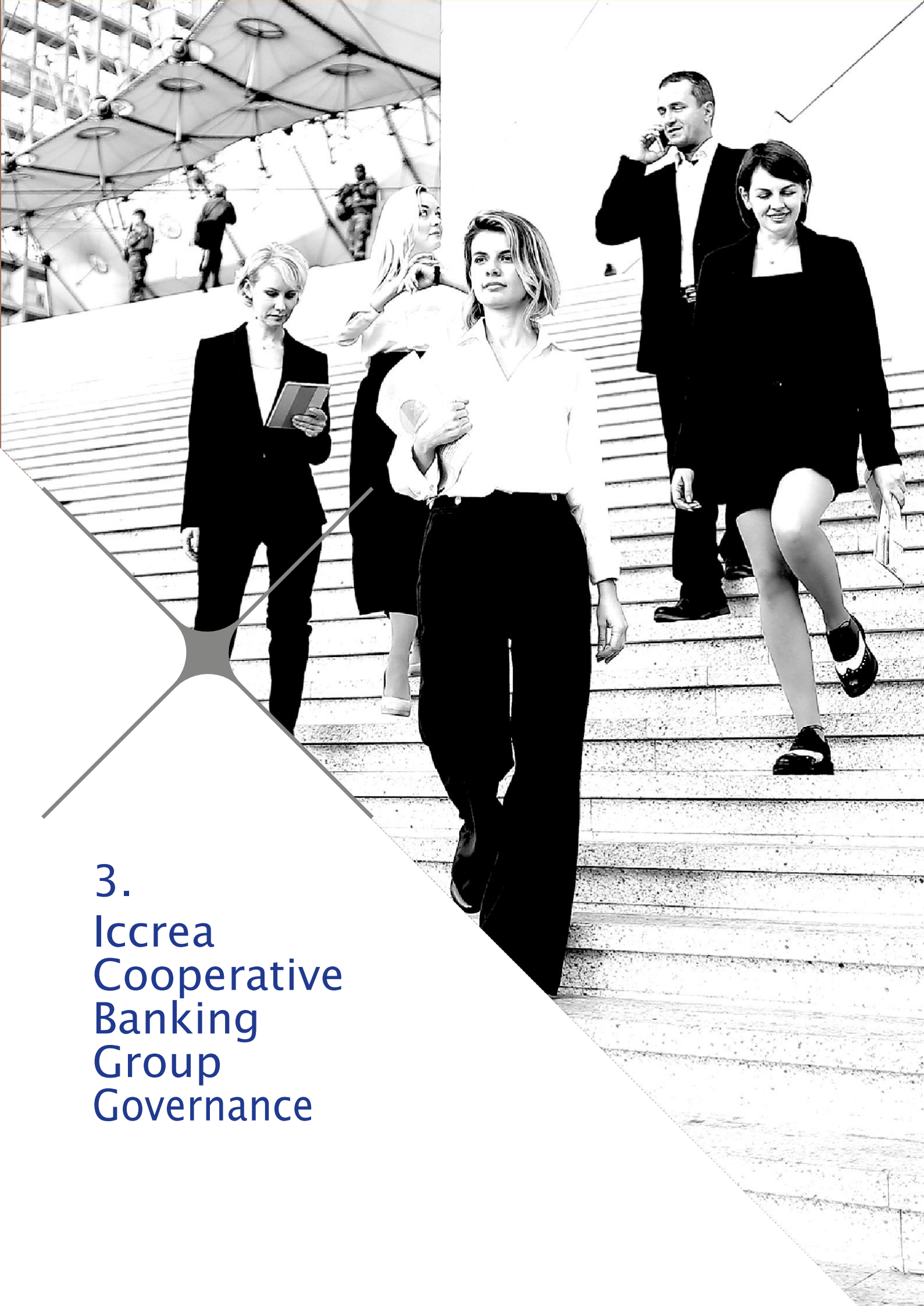


TRADE ASSOCIATIONS		
NAME OF ORGANIZATION	ACTIVITY	TYPE OF PARTICIPATION
<p>ALLEANZA ITALIANA PER LO SVILUPPO SOSTENIBILE (ASVIS)</p> <p>Iccrea Cooperative Banking Group companies associated to the organization ICCREA BANCA</p>	<p>The mission of ASVIS (Italian Alliance for Sustainable Development) is to raise awareness in Italian society, economic actors and institutions of the importance of the Agenda 2030 for sustainable development. It connects those who already deal with specific aspects included in the Sustainable Development Goals (SDGs) in order to:</p> <ul style="list-style-type: none"> • to foster the development of a sustainability culture at all levels, steering production and consumption trends to this end; • analyses the implications and opportunities for Italy related to the Sustainable Development Agenda. • contribute to the development of an Italian strategy for the achievement of the SDGs (also using analytical and forecasting tools that help the definition of sustainable development policies) and to the implementation of 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
FORUM FINANZA SOSTENIBILE-FFS Iccrea Cooperative Banking Group companies associated to the organization ICCREA BANCA	<p>The Forum for Sustainable Finance is a non-profit association founded in 2001. The membership base is multi-stakeholder, which include financial operators and other organizations interested in the environmental and social impact of investments</p> <p>The mission of the Forum is to promote awareness and use of sustainable investments, with the aim of spreading the integration of environmental, social and governance (ESG) criteria into financial products and processes.</p> <p>The activity of the Forum is divided into three main areas: Research, Projects and Relations with Institutions.</p> <p>Within these areas it focuses on:</p> <ul style="list-style-type: none">• conducting research, working groups and training activities with the aim of highlighting good practices and contributing to the analysis and spread of sustainable investment;• informing and raising awareness among the financial community, the media and the general public about socially responsible investing (SRI) through communication initiatives and the organization of conferences, seminars and cultural events;• collaborating and conducting advocacy activities with Italian and European institutions to support the implementation of a regulatory framework that promotes sustainable investment. <p>Since 2012 the Forum organizes the SRI Week, one of the main events in Italy dedicated to sustainable and responsible investment.</p>	Iccrea Banca is an associate member.



3. Iccrea Cooperative Banking Group Governance



3.1 The governance model adopted by Iccrea Cooperative Banking Group

The Iccrea Cooperative Banking Group (Iccrea Group) officially started on March 4th, 2019 with its registration in the Register of Banking Groups and with effects from January 1st, 2019.

This radical change has introduced a completely original new legal entity into the European banking landscape.

The main objective of the establishment of the Iccrea Group is to promote and consolidate the growth of the Cooperative Credit Banks (BCCs in Italian), to compete in the new market context, allowing these Banks, at the same time, to remain faithful to the local and proximity vocation, reaffirmed by the BCCs in art. 2 of the standard Statute.

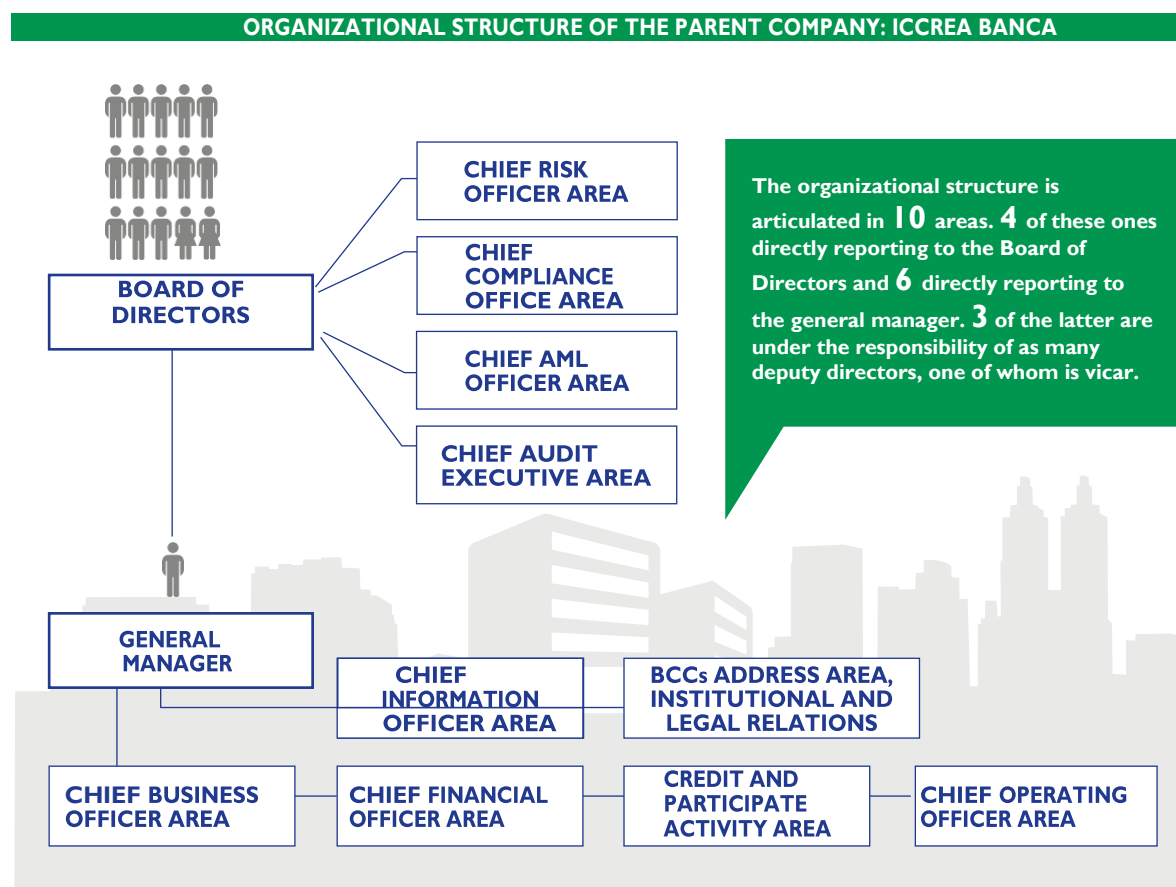
MANAGEMENT, COORDINATION AND CONTROL AREAS

The Parent Company carries out management, coordination and control activities in these areas:

1. Corporate Governance;
2. Strategic Planning;
3. Risk Governance 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 Supervisory Reports;
9. Management of Tax Aspects;
10. Organization Model;
11. Purchases and Expenses;
12. Human Resources;
13. Information Systems;
14. Legal Activities;
15. Operations and Real Estate;
16. Public Affairs.



Each area is placed under the supervision of one or more corporate areas of the Parent Company that regularly coordinate with the equivalent functions, possibly set up in the entities of the management and coordination area. The details of the roles and responsibilities of the corporate areas involved in each management, coordination and control area are defined by the function charts of the Parent Company and the ones of individual companies. The areas mentioned above are attributable to the 10 areas of the organizational structure of Iccrea Banca, summarized in the diagram below.



The architecture of the Iccrea Cooperative Banking Group borrows certain characteristics from the large European cooperative groups, however standing out for some of its own features. The main ones include:

1. A corporate, management and coordination control model based on a voluntary contract: **Cohesion Contract**;
2. The activation of an internal non-contributory institutional protection system at Iccrea: **Guarantee System**;
3. A management and coordination model managed by the Parent Company Iccrea, with gradual exercise of powers, commensurate with the state of health of the affiliated Banks: **risk-based** approach;
4. A risk monitoring and classification system of the affiliated Banks, based on qualitative and quantitative indicators: the Early Warning System (EWS). The Parent Company's Board of



Directors is responsible for these activities and therefore avails itself of the collaboration of an intra-council Committee. This is the Committee for Controls and Interventions of affiliated Banks (CIBA), composed by independent directors, which provides a guarantee of independence and supervision of conflicts of interest in the monitoring, classification and risk of the affiliated Banks;

5. A **unique governance model**, which reserves at least 60% of the Parent Company's share capital and voting rights, as well as 10 of the 15 directors, to the affiliated Banks;
6. The **BCCs Standard Statutes** and the Statutes of the Parent Company.

COHESION CONTRACT

The legislator introduced the provision of a group on a contractual basis through the definition of a specific voluntary agreement between the Parent Company and the affiliated Banks. The central pillar of the corporate model of Iccrea Group is, therefore, the Cohesion Contract (art. 37 bis of the Testo Unico Bancario (TUB)), through which the affiliated Banks confer on 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, signed in January 2019 by all the affiliated Banks, defines all the reciprocal rights and duties of the affiliated Banks and the parent company Iccrea.

In addition to containing the "general" powers of direction and coordination of the Iccrea Group and its affiliates, the Cohesion Contract also regulates the specific powers necessary to ensure the unity and effectiveness of the management and control systems at a consolidated level. The contract also establishes compliance with the prudential requirements, the reporting obligations applicable to Iccrea Group and its components, as well as other banking and financial provisions. The Parent Company is required to exercise its management and coordination powers with the objective of safeguarding the stability of the Iccrea Group. The Iccrea Cooperative Banking Group with its peculiarities is positioned as a "unicum" in the landscape of European groups, for the governance system adopted. The involvement of the BCCs takes place through specific consultative moments, the Territorial Assemblies, envisaged by Testo Unico Bancario (TUB), in which non-binding opinions are expressed for the Parent Company.

WARRANTY AGREEMENT

The System of crossed Guarantees is one of the most qualifying elements of the functioning of the Iccrea Cooperative Banking Group. The guarantee between the Parent Company and the affiliated Banks is reciprocal (cross-guarantee) and contractually regulated so as to produce the effect of qualifying the liabilities of the Parent Company and the affiliates as joint and several obligations of all the parties to the agreement. In other words, all affiliated Banks and the parent company are obliged - both internally and externally - for all obligations contracted by the Parent Company or by any affiliate. The mutual guarantee, as provided in the Cohesion Contract in article 6, has a dual purpose:

- I. To guarantee the obligations of each affiliated Bank to the Iccrea Group that defaults on its creditors (External Guarantee);





- II. To ensure financial support mechanisms for the solvency and liquidity of the same BCCs (Intercompany Support).

The common goal is to preserve solvency and liquidity of the Banks themselves, through a system which, as it is structured, qualifies as innovative and, at the same time, mutualistic.

The joint and several guarantees of the obligations assumed by the Parent Company and the affiliated Banks constitutes a further founding and constitutive element of the Iccrea Cooperative Banking Group.

MONITORING AND CLASSIFICATION SYSTEM: EARLY WARNING SYSTEM-EWS

As reported in the Cohesion Contract in Annex 2 entitled: "Early Warning System" (EWS), Iccrea Banca SPA, as Parent Company, carries out constant monitoring activities on the organization and on the operating, equity, economic and financial situation of the Affiliated Banks. The aim of these activities is to identify any symptoms of management difficulties and / or failure to comply with the obligations assumed under the Cohesion Contract. If necessary, the Parent Company can recommend or arrange, according to the specificity of the case and based on the proportionality principle, the appropriate intervention measures. To this end, the Iccrea Group adopts an Early Warning indicator system.

The aim is to:

- verify compliance with the Directives issued by the Parent Company;
- classify the affiliated Banks according to their riskiness, also to graduate the exercise of powers by the Parent Company;
- provide the instructive elements in support of the intervention measures applicable by the Parent Company in accordance with the Cohesion Contract, as well as activate the intercompany support interventions provided in the guarantee agreement.

The EWS classification process involves three different overall risk situations (ordinary, tension, critical) characterized by a progressive degree of compliance with the indications of the Parent Company.

Iccrea, according to the classification of the affiliated Banks, according to the defined risk levels, as well as the results of the overall control activity and the results of the interventions already put in place, can activate the following types of intervention:

- a) Interventions for preventive purposes, in case of symptoms of management difficulties and / or failure to comply with the obligations assumed under the Cohesion Contract;
- b) Interventions for corrective purposes, which come into action in case of elements of anomaly such as to compromise the operational, financial, capital balance and business continuity, or the failure and / or breach by the Banks Affiliated with the Parent Company Directives and / or with the obligations under the Cohesion Contract.
- c) Intercompany support interventions, when with reference to each of the affiliated Banks such cases are noted:



- there are solvency and liquidity needs and in particular in situations where compliance with the prudential requirements and requests of the Supervisory Authority is or could be compromised;
- there are solvency and liquidity needs that entail the risk of being subject to the resolution procedures pursuant to Legislative Decree of November 16th, 2015 no. 180 or the compulsory administrative liquidation procedure in accordance with the articles of Section III of Testo Unico Bancario (TUB).

The necessary support interventions in favor of the affiliated Banks, both in terms of capital and liquidity - taking into account the results of the EWS - are carried out only by the Parent Company, using the financial resources made available by the affiliated Banks in execution of the warranty agreement. In particular, each member, in order to ensure a prompt availability of the funds and financial resources necessary to carry out the guarantee interventions, constitutes the so-called "Readily Available Funds (FPD, "Fondi Prontamente Disponibili" in Italian)". They are represented by a pre-established ex-ante quota and a quota that can be called up by the Parent Company in case of need (the ex-post quota), by making contributions with technical forms provided for in the Cohesion Contract.

At least once a year, the Parent Company carries out the stress test exercise on the perimeter of the members, aimed at determining the FPD and, consequently, at the adjustment of the relative portions of competence with respect to the greater or lesser amount already established at the Parent Company.

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

- the internal regulatory body that regulates the functioning of the EWS, that is the set of inspiring principles, rules of operation and operational management, roles and responsibilities of the Bodies and Company Functions regarding EWS, assessment areas, indicators classification and interaction mechanisms with banks, as well as interventions that can be activated;
- the internal regulatory body that regulates the functioning of the Guarantee System (SDG, "Sistema di Garanzia"), that is the set of governance principles, rules of operation and operational management, roles and responsibilities of the Bodies and Company Functions regarding the Guarantee System, the logics of accounting and prudential treatment, the valuation models, the investment policies of the financial resources, the methods for activating and managing the intercompany support interventions.

THE NEW STANDARD STATUTE OF BCCs

BCCs standard Statute continues to be central to the regulation of Cooperative Credit Banks (BCCs). The rules of the Statute relating to the cooperative and mutualistic nature of the Cooperative Credit Banks changed to include new statutory rules that describe the Bank's membership to the group, the powers of the Parent Company, as well as the duties defined in the Cohesion Contract and in the warranty agreement.

The powers, as identified in the primary and supervisory regulations, are those inherent to compliance with the provisions on prudential and credit matters, including the provisions on corporate governance, the remuneration and incentive policies and practices, the Internal Control System, the informative system and operational continuity, the holdings that can be held, the risk activities and conflicts of interest with related parties, the transparency of banking operations, the provisions on usury and anti-money laundering.





THE NEW STATUTE OF THE PARENT COMPANY AND STANDARD ELECTORAL REGULATIONS OF BCCs

The Testo Unico Bancario (TUB) - modified after the reform of Cooperative Credit and the related Supervisory Provisions - pays particular attention to the Parent Company's Statute.

The main changes made to the Statute when the Iccrea Cooperative Banking Group was established, refer to the exercise of the Parent Company's activity (art. 6), the admission procedures, the exclusion and withdrawal of the affiliated Banks to the Iccrea Cooperative Banking Group (Articles 7, 8 and 9) and to the Guarantee Agreement (Article 10).

In addition, in order to better describe the role of Iccrea Banca, it was necessary to make changes also to the corporate purpose (art. 4). These are access to interbank markets, exchange services and settlement of collections and payments, services for access to interbank procedures, financial flows intermediation and collaterals management.

The corporate purpose also specifies the support that the Parent Company must guarantee to the affiliated Banks and other entities of the Iccrea Group, in performing their respective activities, ensuring the stability and solidity of the Iccrea Cooperative Banking Group.

The Statute refers to the need to strengthen intra-group synergies, specifying that the affiliated Banks must operate mainly with the companies of the direct and indirect perimeter.

As for the standard electoral regulation of the BCCs, the Cohesion Contract, in accordance with the provisions of the primary legislation, assigns specific powers to the Parent Company in the process of assignment of BCCs corporate bodies. For this reason, the new Standard Electoral Regulation of the BCCs provides for the establishment of an Electoral Commission in the affiliated Banks, appointed by the Board of Directors, which ensures the correct application of the rules concerning the election of corporate positions.

In the case of banks in critical risk or tension situations, the preventive assessment of the candidates is carried out by the Parent Company.

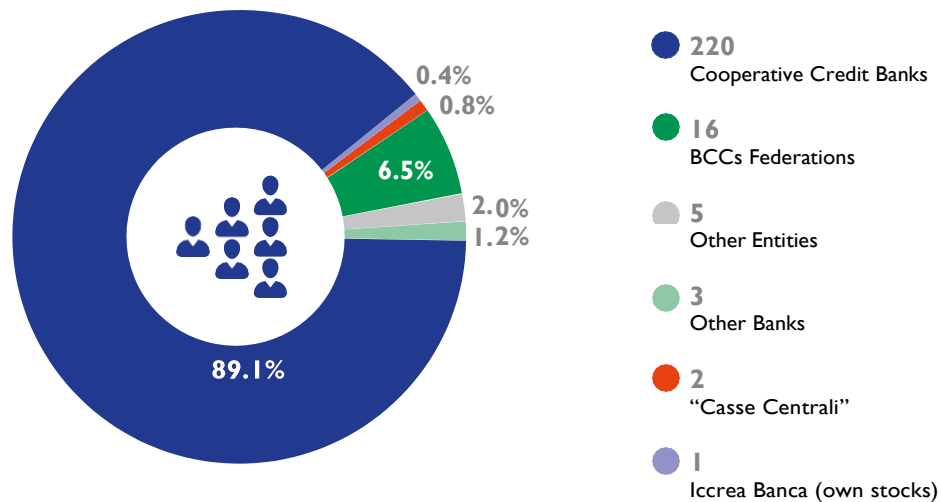




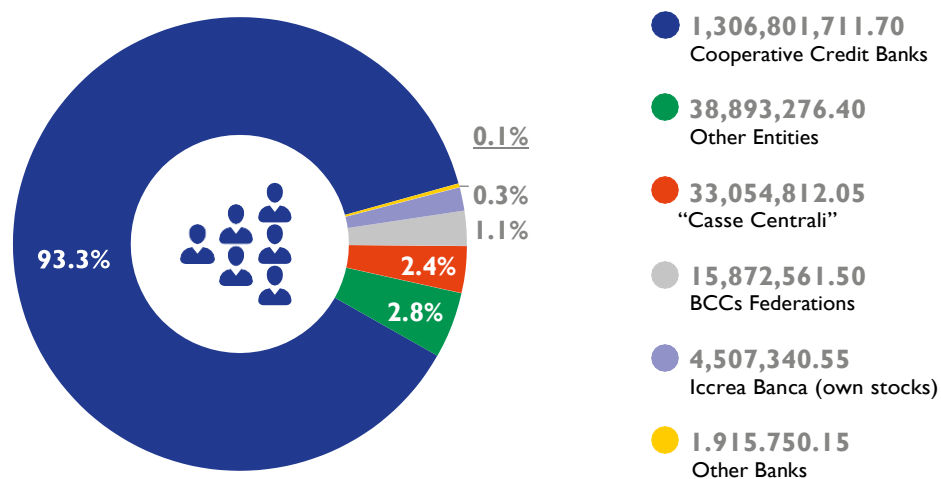
CAPITAL DISTRIBUTION BY MEMBER/SHAREHOLDER TYPE

SHAREHOLDER TYPE	# MEMBERS	#SHARES	NOMINAL VALUE OF SHARES	% SHAREHOLDING
COOPERATIVE CREDIT BANKS	220	25,301,098	1,306,801,711.70	93.3%
ICCREA BANCA (OWN SHARES)	1	87,267	4,507,340.55	0.3%
CASSE CENTRALI	2	639,977	33,054,812.05	2.4%
BCCs FEDERATIONS	16	307,310	15,872,561.50	1.1%
OTHER ENTITIES	5	753,016	38,893,276.40	2.8%
OTHER BANKS	3	37,091	1,915,750.15	0.1%
OVERALL	247	27,125,759	1,401,045,452.35	100.0%

NUMBER OF MEMBERS (SHAREHOLDERS)



VALUE OF STOCKS



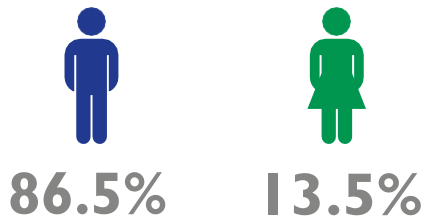


GRAPHIC REPRESENTATION OF THE GOVERNMENT BODIES OF THE ICCREA COOPERATIVE BANKING GROUP

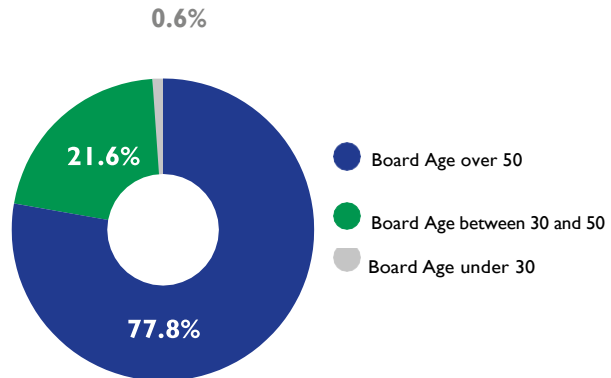
FOCUS ON BOARD OF DIRECTORS

The data shown correspond to the entire consolidation perimeter.

BOARD BY GENDER



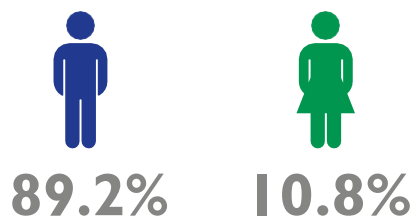
BOARD BY AGE RANGE



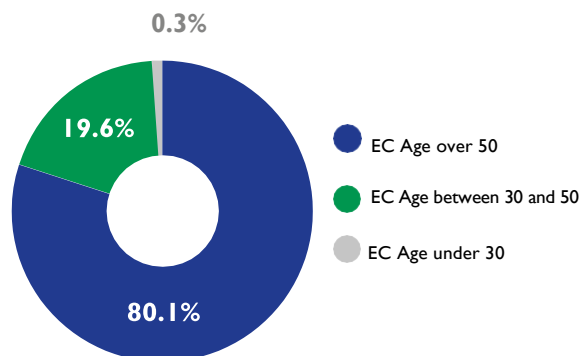
FOCUS ON THE EXECUTIVE COMMITTEES, WHERE PROVIDED

The data shown correspond to the entire consolidation perimeter.

EC BY GENDER

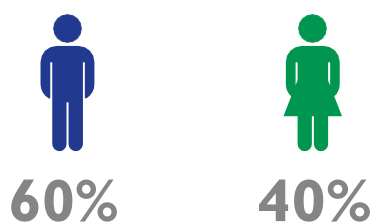


EC BY AGE RANGE

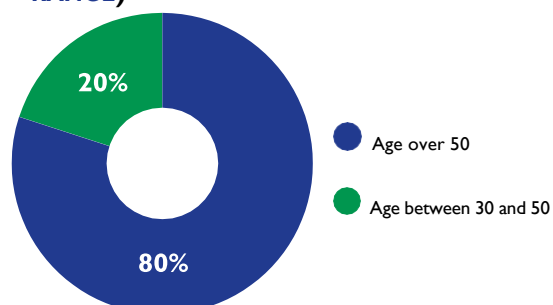


FOCUS OF THE ICCREA BANCA ENDOCONSILIARY COMMITTEES

ASSIGNMENT COMMITTEE (BY GENDER)



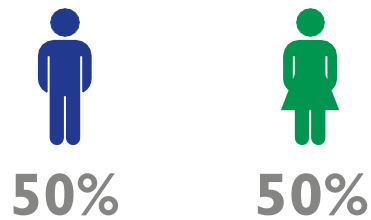
ASSIGNMENT COMMITTEE (BY AGE RANGE)



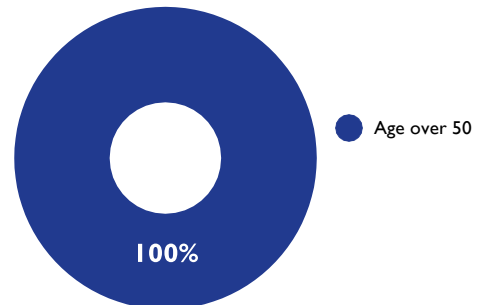


FOCUS ON THE ICCREA BANCA REMUNERATION COMMITTEE

REMUNERATION COMMITTEE
(BY GENRE)

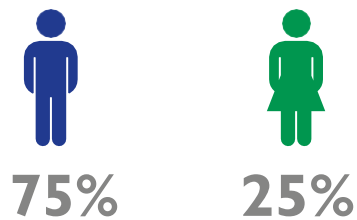


REMUNERATION COMMITTEE
(BY AGE RANGE)

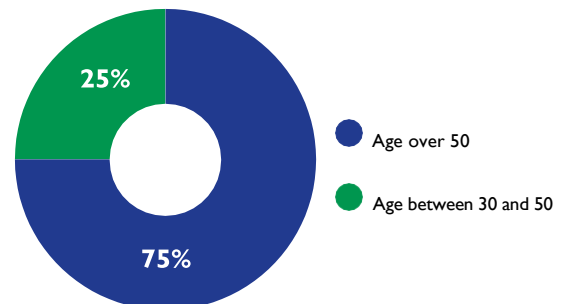


FOCUS ON ICCREA BANCA RISK COMMITTEE

RISK COMMITTEE
(BY GENRE)



RISK COMMITTEE
(BY AGE RANGE)



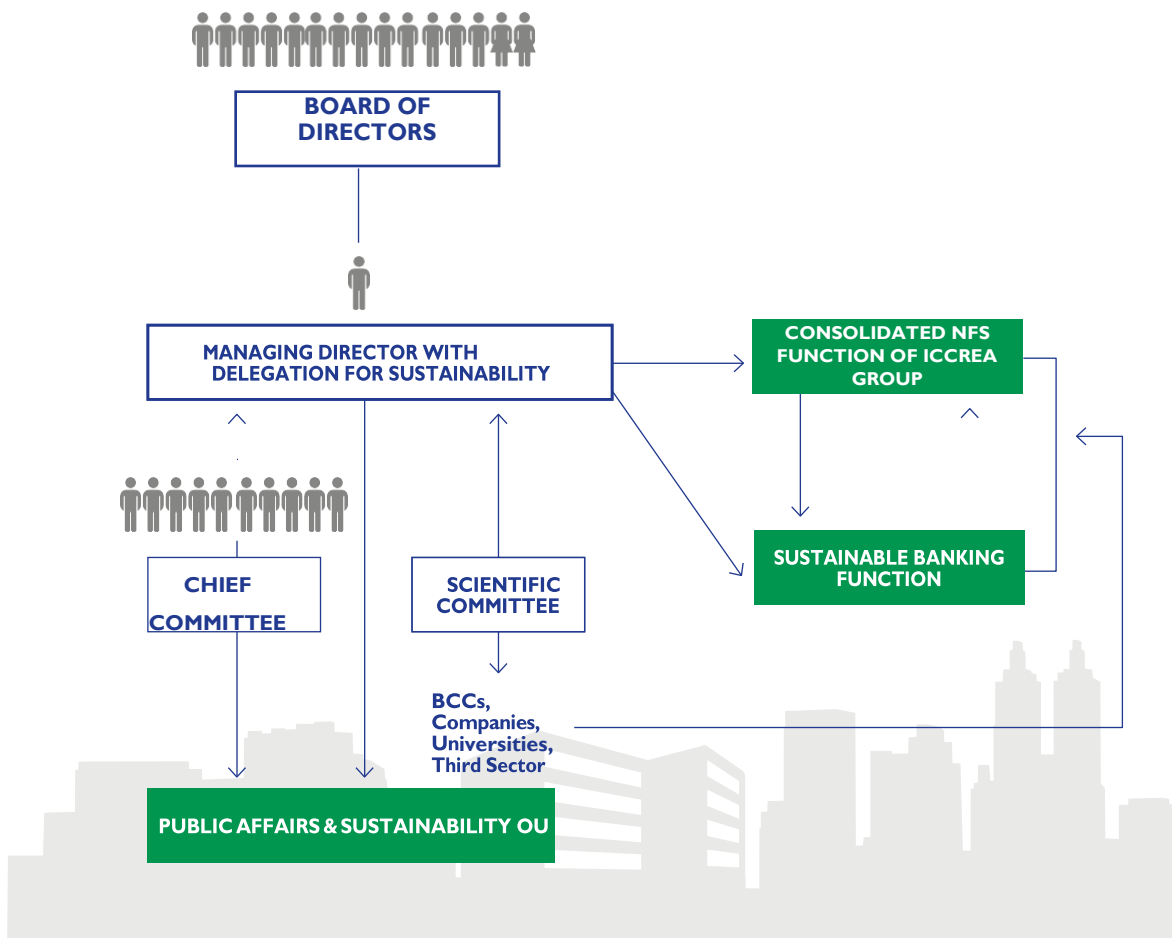


3.2 Sustainability in Iccrea Group governance

Iccrea Cooperative Banking Group, at the time of its establishment in 2019, had already started to integrate sustainability into corporate governance, adopting a management model based on specific centers of responsibility.

The first step in this direction was taken at an operational level, already in October 2018, with the establishment of the Organizational Unit (OU) called Public Affairs & Sustainability, dedicated to the management of institutional relations and sustainability, either in terms of non-financial reporting, or as a plan for the development and integration of ESG factors (Environmental, Social, Governance) in the strategies and policies of the Iccrea Group (Sustainability Plan). In addition, the Parent Company's Board of Directors assigned the aforementioned OU the function of operational support to the Managing Director for Sustainability, the Chief Committee and the Scientific Committee on Sustainability.

STRUCTURE OF ICCREA GROUP PUBLIC AFFAIRS & SUSTAINABILITY





The "Sustainability" branch of the OU is divided into two functions. The first one is responsible for the Consolidated Non-Financial Statement (CNFS) of the Iccrea Cooperative Banking Group. The second one is responsible for the Sustainability Plan and for the promotion and integration of ESG factors into operations and internal procedures.

In detail:

- The Board of Directors (BD) in May 2019 appointed a member of the Board of Directors of the Parent Company as **Managing Director for Sustainability**;
- At the same time, the same BD approved the establishment of a **Chief Sustainability Committee**. The latter is composed by the 10 Chief Managers of the Parent Company.
- The Chief Committee, in the planning phase of the Sustainability Plan, analyzed the state of the art, the challenges, the actions to be activated within the plan and how to organize, accordingly, the activities of the consolidated non-financial reporting. The definition of the plan was started in the second half of 2019. The in-depth analysis was started together with a sample of 15 affiliated banks and the study of the sustainability reports of 52 affiliated BCCs.
- For a greater involvement of the stakeholders in the decision-making processes of the group in the field of sustainability, especially at a strategic level, the **Scientific Committee on Sustainability** was set up, composed of authoritative representatives of civil society (entrepreneurship, universities, associations) and the affiliated BCCs.

This year the CNFS consolidates 140 affiliated Banks, 15 companies of the direct and indirect perimeter and involves about 46 OU of the Parent Company in the reporting process.





3.3 The material topics of Iccrea Cooperative Banking Group

In compliance with the requests of Legislative Decree no. 254/2016 and as defined by the reporting standards of the Global Reporting Initiative (GRI) - Standard 2016 in accordance "Core" - Iccrea Cooperative Banking Group carried out a materiality analysis in order to identify the relevant topics (materials topics) and prioritize them for themselves and their stakeholders. The materiality analysis is essential to bring the Iccrea Group closer to the aspirations of its stakeholders. In fact, materiality (relevance) considers not only the perspective of the organization but also that of the latter. The positioning of the materiality topics in the specific matrix is the result of the importance attributed to the relevant themes, as defined above, in relation to the business aspects and the impact on stakeholders. The impacts are the positive or negative effects, current or potential, direct or indirect, short or long term that the company has on economy, environment and society. The "material topics" reflect the significant economic, environmental and social impacts of the organization or which could substantially influence stakeholders' assessments and decisions.

During 2019, a selection of material topics identified on the basis of an internal benchmark, taken from the individual Declarations of previous Iccrea Banking Group and BCCs exercises, required for individual reporting, was submitted to internal and external stakeholders, for a total of 290 participants. To this was added an external benchmark, focused on the experiences of the banking industry.

2019 Internal stakeholder engagement was inspired by an understanding of the needs of the stakeholders, with the aim of meeting their expectations. As mentioned, it is aimed at identifying material topics and prioritizing them, involving all affiliated BCCs and participating companies. Among these subjects, 104 BCCs and 36 between investee companies and Organizational Units of the Parent Company Iccrea Banca, took part in the meetings and shared the materiality analysis process.

In particular, during 2019, the OU Public Affairs & Sustainability met with the representatives of all the BCCs in a discussion dedicated both to the evaluation of material topics and to the start of a direct dialogue on the Group's actions of a non-financial nature. During the numerous meetings, the BCCs highlighted the strong relevance of the topics related to "Support for the development of the territory", "Constant attention to customer needs", "Innovation and digitization of banking services" and "Improvement of the moral, cultural and economic conditions of the territory". These themes are the basis of the business model of Iccrea Cooperative Banking Group, which drives its activities towards a sustainable and ethical business, based on the continuous improvement of the relationship with the customer, considering the latter not only in its individual dimension, but also within the community which it belongs to. In fact, the greatest importance has been attributed to "Support for the development of the territory", a theme completely in line with the strong link existing between the BCCs and the territories they operate in.

2019 External stakeholder engagement instead involved the members of the Scientific Committee for sustainability, which in total counts 10 experts from the world of entrepreneurship, large companies, universities and associations.



This analysis was carried out for the first time in 2017, hiring the managers of the Iccrea Banking Group of that period, who provided an assessment of the topics. This basing on their knowledge and experience in the context in which the group operated. The result of this activity took the form of a list of material topics.

In 2018, the group involved management representatives and employees, as well as representatives of various BCCs which, before the establishment of the Iccrea Cooperative Banking Group, formed a representative sample of stakeholders outside the group, in the dual role of customers and shareholders.

THE RESULTS OF THE 2019 MATERIALITY ANALYSIS

The Iccrea Group considered the themes as **“prerequisite” material topics**:

- good governance,
- regulatory compliance;
- economic performance (including corporate ethics and integrity, value creation and protection of human rights).

This first selection took place not only in consideration of the requests of Legislative Decree no. 254/2016, but above all for the centrality that the aforementioned aspects have in carrying out the business activity of the Iccrea Group.

The assessment of material topics took the form of defining the materiality matrix, within which the material themes are positioned along two Cartesian axes:

- the abscissas reflect the internal relevance, that is the significance of the aspects for the internal stakeholders of the Iccrea Group (including the affiliated BCCs);
- the ordinates report the external relevance, that is the significance of the aspects for the main external stakeholders of the Iccrea Cooperative Banking Group.

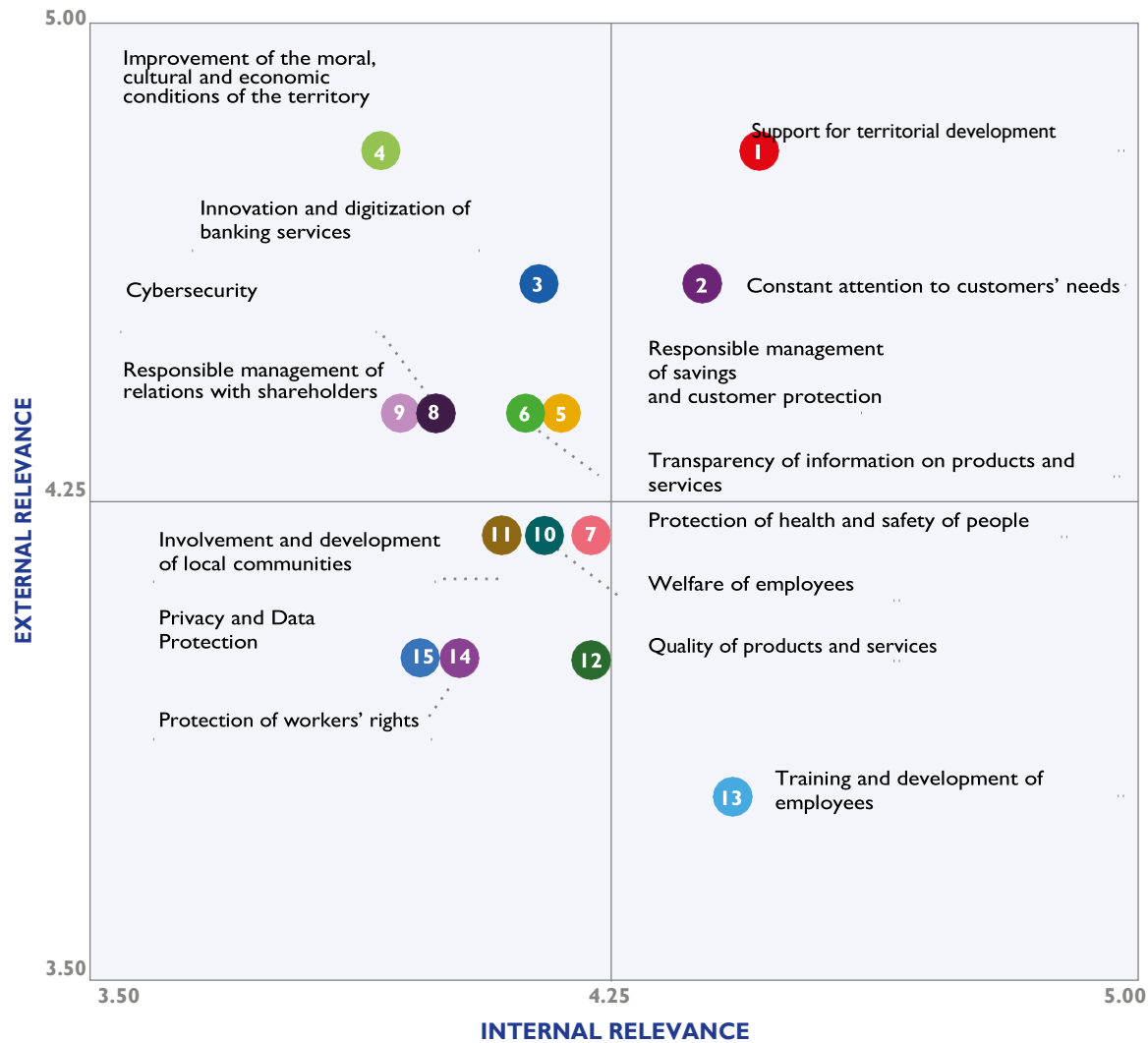
In summary, the materiality analysis revealed the following 15 issues as relevant and priority for the Iccrea Group:

1. Support for territorial development
2. Constant attention to customers' needs
3. Innovation and digitization of banking services
4. Improvement of the moral, cultural and economic conditions of the territory
5. Responsible management of savings and customer protection
6. Transparency of information on products and services
7. Protection of the health and safety of people
8. Cybersecurity
9. Responsible management of relations with members/shareholders
10. Welfare of employees
11. Involvement and development of local communities
12. Quality of products and services
13. Training and development of employees
14. Protection of workers' rights
15. Privacy and data protection.





MATERIALITY MATRIX 2019



- 1 Support for the territorial development
- 2 Constant attention to customers' needs
- 3 Innovation and digitization of banking services
- 4 Improvement of the moral, cultural and economic conditions of the territory
- 5 Responsible management of savings and customer protection
- 6 Transparency of information on products services
- 7 Protection of health and safety of people
- 8 Cybersecurity
- 9 Responsible management of relations with shareholders
- 10 Welfare of employees
- 11 Involvement and development of local communities
- 12 Quality of products and services
- 13 Training and development of employees
- 14 Protection of workers' rights
- 15 Privacy and data protection



3.4 The risk management process and the Internal Control System

Iccrea Cooperative Banking Group carries out its business inspired by criteria of prudence and containment of exposure towards risks, in relation to the need for stability connected to the banking activity and to the prevalent features of the BCCs and their customers. Consistent with these principles, the Group pursues its development objectives by ensuring, through a balanced risk management, a reliable and sustainable generation of value over time, preserving and strengthening the mutual and territorial character of the affiliated Banks.

Risk Governance Policies represent the reference model in the organizational and process development and systematic execution of all operational and business activities carried out by the Group Companies and are an integral part of the Risk Management Process (Processo di Gestione dei Rischi - PGR in Italian), developed and implemented in compliance with the reference regulatory framework. The PGR is subject to continuous evolution as a function of changes in the framework as well as those of the internal market and management context.

The PGR is divided into five phases which represent the general organizational definition of the Group's risk management and risk management framework:

- 1. Identification of the risks** (knowledge): it assumes that each corporate process and / or operational and business activity put in place, that involves risk taking or continuous management of the latter, provides a phase of identification of the types of underlying risks and of the factors which determine its dynamics. This phase assumes particular importance in the launch of new initiatives, in the implementation of new strategies (business, organizational and infrastructural development, etc.) but also in the continuation of pre-existing activities in the presence of changes in the reference context (market, operational, regulatory, etc.).
- 2. Assessment / measurement of identified risks** (awareness): it assumes that for each of the different types of risk identified, the risk levels connected to the activity put in place are assessed / measured. This phase assumes particular relevance in terms of the dynamics of the risks themselves and, therefore, in view of forecasting (or estimating) their evolution as a function of the dynamics of the underlying factors and the possibility of unfavorable events occurring that could compromise the achievement of the expected results or cause leaks. These elements also imply the existence of a methodological assessment / measurement system for each type of risk assumed and / or managed, which has been defined and implemented consistently with the internal regulatory provisions and in compliance with the related reference regulatory framework (and for this purpose we recall to the role played in this context by the Corporate Control Functions, one each for the areas of their respective competence).
- 3. Risk prevention and mitigation** (strategy): it consists of identifying “ex-ante”, both in the “set up” phase and in the context of the current execution of operational and business activities, the possible methods of preventing and mitigating unfavorable developments in the dynamics of the risks assumed and / or managed. This phase assumes that, in the face of a cost-benefit analysis in a risk / result trade-off, those actions (or technical ones) capable of preventing the occurrence of unfavorable events internal or external to the organization, to mitigate the effect in case of





manifestation of the event or the occurrence of an unfavorable dynamic; and in any case these actions are aimed at directing the evolution in the possible risk scenarios underlying the operations within the risk appetite levels defined for the specific operating or business sector.

4. **Monitoring and reporting** (follow-up and control): it is represented by all the continuous follow-up and assessment (measurement) activities of the evolutionary dynamics of the risks underlying the operational and business activities implemented in each sector, according to methods consistent with a defined methodological assessment system, providing widespread reporting within times and at levels envisaged by the sector internal regulatory framework, and which is functionally preparatory - primarily for timeliness, correctness and effectiveness - to the decision-making process basis of the management and mitigation activities referred to in the next phase (also in this context, we recall the role played by the Corporate Control Functions, each one for the respective areas of competence).
5. **Risk management and mitigation** (reaction and proactivity): this phase is representative of the whole of activities and actions that must be envisaged in each operating and business sector in order to manage the evolutionary dynamics of the risks assumed, to mitigate any negative impact on the expected results in the event of unfavorable or expected (estimated) dynamics, also assuming constant monitoring of the results deriving from the activities performed. It is envisaged that entire business processes dedicated to these activities are developed in the most important operating and business divisions with corresponding organizational controls explicitly set up for the performance of the activities themselves. The presence of a decision-making process aimed at identifying the activities themselves or their evolutionary / corrective maintenance which rests solidly on the results of the monitoring and reporting activities referred to in the previous phase, constitutes a critical success factor for the effectiveness of the risk management and mitigation.





The **Internal Control System (ICS)** operates on the PGR and it must, in general, ensure the completeness, adequacy, functionality (in terms of effectiveness and efficiency), reliability of the PGR itself and its consistency with the Risk Appetite Framework (RAF). The articulation of the ICS was designed in line with the organizational structure of the group and considers the specific operations and the associated risk profiles of each of the companies that compose it.

The RAF aims to clarify the medium / long-term vision of the desired risk profile, for the group as a whole and for each entity in the group, defining the risk area within which the management functions must operate in the pursuit of corporate strategies.

The RAF defines - in line with the maximum risk capacity (Risk Capacity), the business model and the group strategy, the Operational Plan and the corporate incentive system - the objectives of risk or risk appetite (Risk Appetite) and the tolerance thresholds (Risk Tolerance) also taking into account possible adverse scenarios. Starting from the RAF, consistent operational limits are defined within the overall risk governance policies. The latter constitute the internal regulatory declination of the "rules" for the assumption and management of risks and are an integral part of the PGR.

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 considers the overall operations and risks to which the group as a whole and the companies in the management and coordination area are exposed.

In terms of governance and responsibility of the overall system of the Internal Control System, the model adopted in the Iccrea Group hinges in the responsibilities of the Parent Company the definition of strategies, processes and control methods, tools, mechanisms and programming and reporting standards activities, as well as the execution of second and third level controls.

Coordination within the group is ensured not only by the proactive role of the Parent Company but also by the existence and continuous relevance of the governance methods of the affiliated Banks and Group entities to the organizational model underlying the establishment of the Iccrea Group.

In this context, the centralization of the **Corporate Control Functions** has been declined operationally in the various entities of the group through a functioning model which provides, alternatively:

- the direction and coordination of locally established Corporate Control Functions, of which the Parent Company assumes functional responsibility;
- the outsourcing of the Corporate Control Functions to the Parent Company, regulated by means of specific outsourcing agreements.

The group has defined a centralized governance model of the Corporate Control Functions, on the basis of which the Parent Company regulates the operating criteria and the main functions of the Corporate Control Functions, also defining the interrelationships between them and with the corporate bodies. In line with the model adopted, the Parent Company has the responsibility of providing the group with a unified system of internal controls that allows effective control both on the strategic choices of the group as a whole and on the managerial balance of the individual components.

To this end, the group has set up specific Corporate Control Functions, endowed with autonomy





and independence, dedicated to ensuring the correct and efficient functioning of the Internal Control System, and placed directly under the control of the Parent Company's Board of Directors:

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

To complete the structure of the Internal Control System, the so-called **first level functions**, i.e. **all operating and business structures** that carry out control activities within their own business processes and **units dedicated exclusively to control tasks** on specific operating areas.

With regard to the process and the mapping of the risks relating to the material issues of the Iccrea Cooperative Banking Group, the related controls were identified and assessed in coordination with the Group Risk Governance Organizational Unit. Work is underway to integrate ESG factors into the risk framework, as envisaged in the Sustainability Plan (approved on March 31st, 2020).

SCOPE	MATERIAL TOPIC	MAIN ASSOCIATED RISKS	PRESIDIUM
Social > Members, community and territory	Support for the territorial development	Lack / inadequate management of risks and strategic and operational opportunities for the development of the territory and local communities, with the consequent risk of inefficient management of members' structure	The territorial bond of the Iccrea Cooperative Banking Group, especially through the business and operations of the mutual banks in their area of competence, represents the main and fundamental safeguard for a concrete operation to benefit the community and the territory, as expected, in particular, from art. 2154 of the Italian Civil Code (about mutuality requirements) and art. 35 TUB (relating to the operational requirements prevailing with members/shareholders). The commitments that the Iccrea Group has entered to with these stakeholders are formalized first and foremost within the Statute and the Cards of Cooperative Credit Values. In addition, through coordination at central level by the Organizational Unit (OU) Public Affairs & Sustainability, for the monitoring and promotion of activities in the area, as required by the Sustainability Plan currently being defined and by the Parent Company OU "Marketing", support to the territory (also in terms of economic, social and cultural improvement of the latter) is realized through community involvement initiatives such as financial education programs, for which budgeting, scheduling, approval processes and effective implementation are foreseen. The constant presence on the territory and the respect of the principles of the Iccrea Group, in general, are supervised at Parent Company level, not only through company structures in charge of the Internal Control System, but also at the level of operational and business support (including the OU "BCCs Government"). Furthermore, since the figure of the member/shareholder is the main stakeholder in the Iccrea Cooperative Banking Group, the dedicated BCCs Committees constitute one of the fundamental safeguards for the protection of the corporate structure, a means not only of dialogue with them, but also of monitoring demographic changes in the areas of competence.
	Improvement of the moral, social and economic conditions of the territory		
	Involvement and development of local communities		
	Responsible management of relations with members/shareholders	Lack of transparency in relations with members/shareholders and community	

¹ For a detailed view of the risk system, please refer to the specific section of the consolidated financial statements - Part E of the explanatory Note.



RISKS			
Social > Customers, products and services	Constant attention to customers' needs Quality of products and services	Failure to introduce customer protection tools and inadequate level of quality of products and services, with consequent risk of poor customer satisfaction	<p>The Iccrea Cooperative Banking Group has adopted a specific regulation to manage complaints from customers and has entrusted the management of the same to a specific Complaints Office, within the Organizational Unit General Counsel, which ensures evasion of customer complaints for the Parent Company and issues guidelines for companies of the direct perimeter and for the affiliated Banks. In addition, the Iccrea Group maintains direct contact with the BCCs and collects any reports also through annual customer satisfaction surveys.</p> <p>The quality of products and services offered is also monitored at group level through the Parent Company's OU "Marketing" activities also carried out on behalf of the companies of the Iccrea Group (except for BCCs Risparmio & Previdenza) which in turn operate through the "BCCs market". In addition, an operating model has been defined to oversee customer loyalty and development, which supports the performance of Customer Relationship Management and Campaign Management activities (for example, targeted customer relationship analyses are carried out). The set of coordination and management activities for all the relevant products / services is defined within a dedicated Policy, i.e. "Product Management Policy".</p> <p>With the entry into force of the Product Oversight Governance (POG) regulation, a single operating model - defined by the Iccrea Cooperative Banking Group - was implemented for the management of products and services, with the aim of ensuring homogeneity and creating synergies within the Iccrea Group simultaneously considering local peculiarities and territorial autonomy. This Model is always governed by the Product Management Policy which includes the provisions on "Product Approval" (to oversee the relevant activities regarding the transparency of products and services throughout the product life cycle) and "Governance and Control on banking products and services" aimed at retail customers. As regards the monetics sector, the management of complaints is regulated by Directive no. 64/2007 (abr. Payment Service Directive I - "PSD1") and subsequently by Directive no. 2366/2015 (abr. "PSD2").</p>
	Innovation and digitization of banking services	Failure / lack of management of strategic opportunities and operational deriving from the digitization of the main brokerage channels	<p>The development of digital projects aimed at the creation of disintermediation tools is supported in accordance with the main new national and especially EU regulations (e.g. the EU Directive n. 2366/2015 - PSD2) on instant payment, security measures (Strong Customer Authentication) and new operators (so-called "Third parties"). In addition, the digital relationships held with institutional customers are governed by specific contracts that rule their object and the methods of delivery of the same. The services provided comply with sector regulations such as, for example, MIFID 2, EMIR Regulation, Market Abuse Regulation etc. (to monitor operational, reputational and regulatory / sanctioning risks). All institutional digital services include SLAs and KPIs that measure their performance. At least once a year, special reports are drawn up on the performance of the services classified as "Important Operating Functions" – "FOI" in Italian.</p>
	Transparency of information on product services	Failure to comply with regulations regarding the transparency of products and services with consequent deficiencies in the management of the relative controls (e.g. for incorrect commercial practices / misselling of financial products)	<p>The Iccrea Group prepares the Information Sheets for products and services and the Sheets on Average Global Effective Rates (TEGM), which the BCCs make available to customers on a quarterly basis. In order to uniformly regulate the Product Governance aspects of financial and insurance products at the Iccrea Group level, the Model adopted was integrated with the provisions on MIFID 2 and Insurance Distribution Directive (IDD). The new Transparency regime is already in effect from January 1st, 2019 for Iccrea Banca and the companies of the group's direct perimeter, while for the BCCs the entry into force is scheduled for January 1st, 2020.</p>





SCOPE	MATERIAL TOPIC	MAIN ASSOCIATED RISKS	PRESIDIUM
Social > Customers, products and services	Privacy and data protection	Violation of privacy and IT security legislation with consequent loss of data and sensitive information and shortcomings in the management of safeguards dedicated to the protection and correct management of data and cybersecurity	<p>Currently each entity of the Iccrea Group, as Data Controller, deals with the issue individually, in compliance with the regulatory requirements introduced by EU Regulation no. 679/2016, General Data Protection Regulation (GDPR), relating to the protection of individuals with regard to the processing and free circulation of personal data. To guard against these risks, the Incident Management standard, which will also include privacy violations, is being updated, in the light of further regulatory productions on the matter. In ICT Security area, in accordance with the "Group Policies for Information Security and information classification", approved by the Parent Company's BoD, the ICT Security function is responsible for the special operating activities in the field of IT security and management. risk, ensuring that threats are monitored. A project to strengthen the monitoring of IT risks was also completed, including cyber risk, which envisages the stipulation of specific insurance policies.</p> <p>In addition, as part of the evolution of the Group's overall Risk Governance, the IT Risk Management framework was extended to affiliated banks, identifying the necessary and appropriate evolutionary steps. In this context, the IT Risk Self-Assessment (IR-SA) module, whose operating model has been defined with reference to the typical phases of a risk management process: identification, evaluation and measurement, is of primary importance. risk mitigation, monitoring, management and mitigation. In detail, the evolution of the framework was substantiated in the formalization of the related regulatory framework consisting of the following documents:</p> <ul style="list-style-type: none"> - "Group Policy-IT Risk Management Framework", which defines, at a centralized level, the principles and guidelines of the IT Risk Management framework adopted by the Iccrea Cooperative Banking Group, identifying the Roles and Responsibilities of the Bodies and of the Company Functions which are responsible for their implementation, implementation and management; "Group Policy-IT Risk Self-Assessment (IR-SA)" and related "Annex I-Methodology of IT Risk Self-Assessment (IR-SA)", which describe the key elements of the IT Risk Self-Assessment (IR) process -SA) which is aimed at supporting the self-assessment of IT risk by the structures of the Subsidiaries and the affiliated Banks, as well as supporting the identification of the relative mitigation actions according to a common and defined methodological approach. This approach takes into consideration specific risk scenarios including cyber scenarios.
	Cybersecurity		
Social > investment/financing practices	Responsible management of savings and customer protection	Financing / investment in activities that are featured by critical environmental (e.g. sectors exposed to transition risk) and social (e.g. sectors sensitive to health and safety at work) issues and / or companies operating / operations in controversial sectors (e.g. armament production, gambling, tobacco, etc.)	<p>In order to protect against potential impacts, the Iccrea Group has excluded the possibility of financing certain sectors of activities deemed "controversial" as per the Code of Ethics and the Credit Policy. With reference to the risks related to the Corporate sector, the risk of financing activities with environmental and social problems is covered by internal regulations that rule specific financing activities. In the credit policy, have been identified those economic activities or sectors which, although included among the legal activities, cannot be financed (except for any exceptions to be considered in any case exceptional and as provided for by the pro tempore group policies in force) by the Board of Directors of companies of the direct perimeter and affiliated Banks or by the subjects / executive decision-making bodies delegated by that.</p> <p>In particular, these are the sectors related to the construction, distribution and marketing of weapons (with the exclusion of weapons intended for sports or leisure activities), equipment and systems that can be used exclusively for war purposes, the construction, distribution and marketing of equipment for betting, video-poker, slot machines etc., for the setting up and management of gaming and betting rooms and all sectors related to pornography (sex shop, sector publishing, etc.). Any operations derogating from the sectors mentioned above must be accompanied by adequate reasons, regarding their indispensable necessity (for example the importance of the initiative for the economic fabric, the morality of the members/shareholders, the main activity of the company compared to that deemed not financeable etc.).</p>



SCOPE	MATERIAL TOPIC	MAIN ASSOCIATED RISKS	PRESIDIUM
Management of Human Resources	Protection of health and safety of people Training and development of employees	Occupational Health and Safety risks attributable to bank and contractor staff, with the consequent risk of accidents and dangerous situations for workers Lack of / inadequate staff training	The "Human Resources" Risk Factor is included in the events of operational risk defined by the Basel Committee and implemented in Regulation (EU) no. 575/2013 (so-called CRR). The protection of the same was therefore brought within the framework of the operational risk management framework adopted by the Iccrea Group. In this framework, risk events are monitored both ex-ante (Operational context assessment, Risk assessment) and ex-post (Loss Data Collection). On the basis of any findings emerged, appropriate mitigation actions attributed to the Human Resources Management Function are proposed. With particular reference to the risks in the Health and Safety regulatory area (pursuant to Legislative Decree no. 81/2008), uniform management has been envisaged at group level, also through the development of a specific management system. To monitor the risks in question, the regulatory system provides: - Specific safeguards within the Organization, Management and Control Model 231/01 of each company regarding personnel management (selection, remuneration and incentive system); - Specific policies regarding the selection and formalization of the entry of new resources and intra-group changes.
	Welfare of employees	Lack of protection and attention to the welfare of employees, with consequent shortcomings of the safeguards dedicated to inclusion and work-life balance and risk of loss of key figures	The Iccrea Group has adopted the Organizational Units Industrial Relations and People Care, dedicated to the management of People Care Policies. In addition, the Easy Welfare IT platform was implemented for the use of Flexible Benefits by all employees of the Parent Company and the companies. The Iccrea Group has also defined tools and solutions aimed at promoting the well-being of people and a better balance between professional and private life (e.g. smart working).
	Protection of workers' rights	Risk of conflict with the social partners deriving from the violation of labor law regulations	The management of relations with the social partners takes place in compliance with the information and consultation procedures required by law and by collective bargaining, both national and supplementary (art. 11 bis 22 CCNL / Supplementary contracts). By virtue of art. 11 bis CCNL the Parent Company manages the conflict prevention procedures also for the participating BCCs. In the Human Resources area, the Organizational Units relating to Industrial Relations, People Care and Administration and Personnel Systems have been specifically created. The first OU is responsible for managing relations with the social partners for the Parent Company, associated companies, subsidiaries and participating BCCs.
Human Rights	Protection of human rights	Inadequate management of human rights and / or work at the direct transactions of the Iccrea Group and supplier companies, with consequent risk of violation of these rights	With regard to human rights, with reference to the predicate offenses envisaged by Legislative Decree no. 231/2001, the Iccrea Cooperative Banking Group has identified and assessed the areas of crime that can generate a negative, even indirect, relapse. Following these assessments, the Iccrea Group has not identified significant areas of residual risk. However, it is believed that respect for human rights is an essential requirement in the performance of its activities, and for this reason, it protects and promotes continuous respect, also through the application of the Code of Ethics and the Charter of Values.
Corruption	Contrast to active and passive corruption	Corruption, money laundering and terrorism financing risk in the group's activities	The risk of corruption is regulated within the Organization, Management and Control Model adopted by the Group companies pursuant to Legislative Decree no. 231/2001. In order to properly monitor and manage the risks of money laundering and terrorist financing, the Iccrea Cooperative Banking Group has issued a "Government Policy and management of the risk of money laundering and terrorist financing", which refers internally to the guidelines which refer to the different management models applied within the individual companies of the Iccrea Group, to which the current legislation is applicable.





3.5 The system of policies for sustainability

The Iccrea Cooperative Banking Group has defined a codified internal regulatory system which represents the point of reference for all corporate structures. This system contributes to ensure the certainty and consistency of the corporate organization and the correct management of the activities of the Iccrea Group, in its different areas of operation. In particular, the same is made up of: a "Primary Regulation" which governs the corporate governance of Iccrea Group, the roles and responsibilities of the Bodies and Corporate Structures, as well as the general principles and rules of conduct; a "Secondary Regulation" which governs, in compliance with what is defined in the primary legislation, the corporate behavior and the methods for the functioning of activities, through the formalization of the processes and the definition of operating provisions and technical criteria to be followed.

In this context, the group policy on the Consolidated Non-Financial Statement is aimed at regulating phases, timing, roles, activities, responsibilities of the areas of Iccrea Banca, the entities of the direct, indirect perimeter and the affiliated BCCs involved in the consolidation process of non-financial reporting. In addition to the Primary Regulations, it has also been defined the related Process of the Consolidated Non-Financial Statement, dedicated to the affiliated BCCs. The process defines in detail the phases and activities that contribute to the data collection and the information to be reported. It describes the certification and traceability process of qualitative and quantitative information, pursuant to Legislative Decree no. 254/2016. All this in close correlation with the identification and prioritization of the material issues and the indicators of the Plan of Accounts ("Piano dei Conti" in Italian).

In March 2020, the Board of Directors of Iccrea Banca approved the Charters for group commitments on environmental issues, climate-change fight and human rights. These Charters define the commitments and guidelines for all the entities and affiliated Banks of the Iccrea Group regarding the environment, the fight against climate change and respect for human rights, as well as specific commitments and guidelines. The first Charter represents an effective summary of the principles the group adheres to in the prevention, management - and, where possible, reduction - of the environmental impacts (direct and indirect) deriving from the operations of the Iccrea Cooperative Banking Group. All this in compliance with the legislative provisions on matter and contributing to the achievement of the objectives of the 2030 Agenda for Sustainable Development of the UN (United Nations Organization).

The second promotes and guarantees the protection of human rights, in compliance with national and international regulatory provisions.





3.6 The links between the Sustainable Development Goals and the material topics of the Iccrea Group

On September 25th, 2015 the United Nations Organization (UN) approved the 2030 **Agenda for sustainable development** and the related 17 Sustainable Development Goals (SDGs), divided into 169 targets to be reached by 2030.

The development model is monitored through a system based on 17 objectives, 169 targets and over 240 indicators. With respect to these parameters, each Country is periodically evaluated in the UN, by national and international public opinions.

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

Keeping in mind the nature of the SDGs, the opportunity for companies does not only lie in being part of a change towards greater global sustainability, but in reforming business models to better meet community expectations.

The UN 2030 Agenda is therefore an important opportunity for companies, and especially banks, which play a fundamental role in directing their resources to areas and activities that are more compatible with expectations with their financing activity. of the Goals.

This new perspective makes it possible to move from a shareholder economy to an actual stakeholder economy, expanding areas of interest and impacts to be monitored.

The Strategic Plan of the Iccrea Cooperative Banking Group approved on March 31st, 2020, aims to integrate the SDGs in the strategy and to define the objectives for the coming years.





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



Starting from the current year, the Iccrea Cooperative Banking Group makes explicit the link between the SDGs and their material topics, i.e. those that emerged from the materiality analysis carried out during 2019.

THE ICCREA COOPERATIVE BANKING GROUP E THE SUSTAINABLE DEVELOPMENT GOALS

17 GOALS UN 2030 AGENDA	MATERIAL TOPICS GBCI – MATERIALITY ANALYSIS 2019	SCOPE 254/16
         	Support for the territorial development Improvement of moral, cultural and economic conditions of the territory Responsible management relations with stakeholders Involvement and development of local communities Relations with suppliers - no material topic 2019	Impact on companies and territories
	Prerequisites - no materiality analysis	Corruption
      	Constant attention to customers' needs Innovation and digitization of banking services Transparency of information on products and services Cybersecurity Quality of products and services Privacy and data protection	Clients Products
    	Protection of the health and safety of people Welfare of employees Training and development of employees Protection of workers' rights	Personnel
  	Prerequisites - no materiality analysis	Human rights
       	Responsible management of savings and customer protection Green procurement - no material topic 2019 Climate change - no material topic 2019	Environment



3.7 Commitments towards Stakeholders

Iccrea Cooperative Banking Group has started, since its establishment (March 9th, 2019), a solid relationship with internal and external stakeholders, based on the principles of transparency and mutual trust.

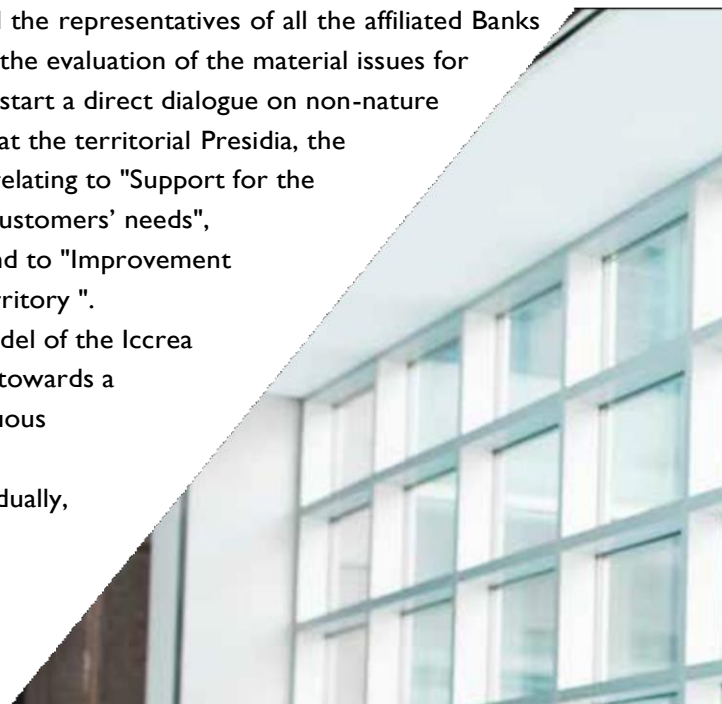
The dialogue and constant listening of all stakeholders represent for Iccrea Cooperative Banking Group a fundamental tool for obtaining relevant information on the economic and social context of reference and drawing immediate feedback on its work, with a view to continuous improvement.

Despite not having structured a process for stakeholder engagement, the Iccrea Group has defined various communication channels with them. The constant and direct comparison with the Cooperative Credit Banks (BCCs), which represent the main channel of contact with ordinary customers, as well as with territories and local communities with which they operate, in order to grasp their need and to identify potential critical issues. For this purpose, the Infra-group Communications Policy was defined during 2019, with the aim of defining the model and guidelines relating to the process of managing and monitoring the Infra-group Communications issued by the Parent Company and addressed to the companies in the management area and coordination. Guidelines are binding and non-binding and constitute Management and Coordination Acts, in compliance with the provisions of the Group Regulations, and in line with the operating model of the Early Warning System. Unified and integrated communication management, based on codified tools and predefined channels, represents a key factor for the governance of the Iccrea Group; this model responds to the need of ensuring a direct relationship between the Parent Company and the individual Group entities through dedicated channels guaranteeing, at the same time, the confidentiality of all communication flows and the circulation of uniform, consistent and standardized information, safeguarding the integrity and reputation of the Iccrea Cooperative Banking Group.

In particular, during 2019, the Iccrea Group involved the representatives of all the affiliated Banks in a moment of dialogue and discussion dedicated to the evaluation of the material issues for the Iccrea Cooperative Banking Group, as well as to start a direct dialogue on non-nature issues financial. During the numerous meetings, held at the territorial Presidia, the BCCs highlighted the strong relevance of the issues relating to "Support for the territorial development", to "Constant attention to customers' needs", to "Innovation and digitization of banking services" and to "Improvement of moral, cultural and economic conditions of the territory".

These issues are, in fact, the basis of the business model of the Iccrea Cooperative Banking Group, which directs activities towards a sustainable and ethical business, based on the continuous improvement of the relationship with the customer, considering the latter not only in its contest as individually, but also within the community which it belongs to.

In fact, the greatest importance is attributed to "Support for the territorial development"; theme in line with the strong link between the BCCs and the territories they operate in.





In order to continue strengthening the link with stakeholders and to provide answers to their needs, the Iccrea Group has developed, in 2019, its own Sustainability Plan, closely connected to the priorities that emerged from the materiality analysis. In fact, the Sustainability Plan focuses on mutualism for an inclusive local ecological transition.

The definition of the contents of the Plan started from the identification of the sustainability objectives of the Iccrea Group, focused on the inclusion between its strategic objectives and the three ESG factors (Environmental, Social and Governance) and on the alignment with the 17 Sustainable Development Goals of the United Nations 2030 Agenda and with the main new paradigms of economy, finance and sustainable development. The group sustainability objectives are divided into three Strategic Lines and will be pursued, on the basis of their respective spheres of competence, at the level of the Parent Company, subsidiaries and affiliated BCCs.

In the Plan, the Iccrea Group placed the topics of sustainable finance and sustainability in general at the center of the strategy in line with the interests of the stakeholders. On the European agenda, the emergency of climate change is at the basis of Europe's new growth strategy, summarized in the European Green Deal, recently presented by the European Commission. It is a work program which will allow European citizens and businesses to benefit from a green and sustainable transition. The measures, accompanied by an initial roadmap with the main policies, provide for significant reductions in emissions, investments in research, in cutting-edge innovation and protection of Europe's natural environment. Over the next decade, the Commission has



allocated 1,000 billion euros of sustainable investments. A renewed sustainable finance strategy will aim to redirect private capital flows to green investments. Furthermore, the European climate pact will involve regions, local communities, civil society, schools, industry and individuals. With the Sustainability Plan, the Iccrea Group is organizing itself to seize all the opportunities and needs posed by the Green Deal.

The table below summarizes the different stakeholders of the Iccrea Group and highlights the main general commitments undertaken towards them, as defined in the Code of Ethics, in the Charter of Values and, in particular, in the Standard Statute of the BCCs (art.2).

ICCREA COOPERATIVE BANKING GROUP STAKEHOLDERS	
CATEGORY	GENERAL COMMITMENTS UNDERTAKEN BY THE GROUP
COOPERATIVE CREDIT BANKS	<p>To promote relationships based on the principles of collaboration, professionalism and transparency (as established, moreover, by the Cohesion Contract).</p> <p>To support the stability and continuous development of the BCCs.</p>
BCCs' MEMBERS	<p>To promote relationships, through the BCCs, based on the principles of collaboration, professionalism and transparency. To ensure the development and strengthening of mutual basis of the affiliated Banks.</p>
CUSTOMERS	<p>To promote relationships based on the principles of collaboration, professionalism and transparency.</p> <p>To ensure transparency of banking operations and financial culture through comprehensive preventive information.</p> <p>To adopt effective cyber security practices.</p> <p>To satisfy customers' financial needs through ever better and high quality services and products.</p>
PEOPLE OF ICCREA COOPERATIVE BANKING GROUP	<p>To promote staff growth and development, in compliance with the principle of equal opportunities.</p> <p>To recognise and enhance the skills of its employees.</p> <p>To guarantee the protection of the psycho-physical integrity of workers and respect for their moral personality.</p> <p>To guarantee the dignity of each person and prevention against all forms of discrimination.</p>
SUPPLIERS	<p>To privilege local suppliers, in order to guarantee the development of the territories in which the Group operates.</p> <p>To guarantee a selection of suppliers based on the principle of impartiality, avoiding favourable or discriminatory treatments.</p>
LOCAL COMMUNITIES AND TERRITORY	<p>To contribute to the enrichment of economic, intellectual and social heritage of the territory and local communities.</p> <p>To support and promote, through sponsorships and donations initiatives aimed at supporting and developing the community.</p>
ENVIRONMENT	<p>To reduce the environmental impact of its activities, through the rational use of resources.</p> <p>To promote environmentally responsible behavior by all internal actors and external interlocutors.</p> <p>To purchase goods and services with lower environmental impact.</p>



In line with European commitments and with the will of the Iccrea Cooperative Banking Group, the Organizational Unit (OU) Public Affairs & Sustainability has promoted the culture of sustainability, organizing various meetings, aimed at internal and external stakeholders.

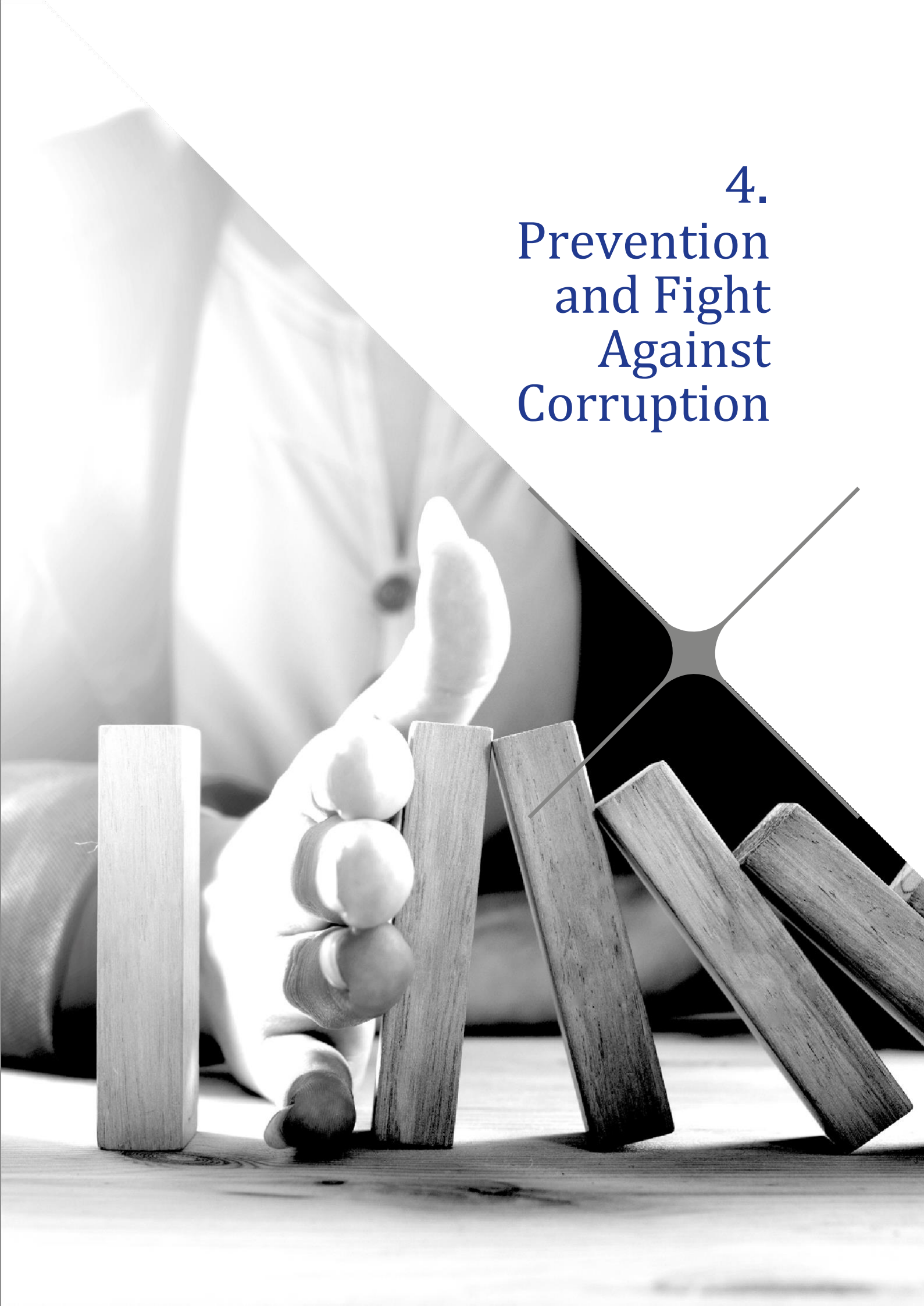
INTERNAL EVENTS

1. Two advanced training meetings organized for the directors of the Banks affiliated to the Iccrea Group;
2. The “lectio magistralis” held by prof. Enrico Giovannini, spokesman for the Italian Alliance for Sustainable Development (ASviS) on the Sustainable Development Goals and the relationship between economy, finance and sustainability. The lectio was organized within the cycle of workshops called “Conviva”. These are meetings dedicated to employees, managers of the Iccrea Group, directors and administrators of the affiliated Banks.

EXTERNAL EVENTS

1. Iccrea Banca - as part of the SRI (Social, Responsible Investment-Socially Responsible) week scheduled every year in November by the Forum for Sustainable Finance - organized and promoted the workshop entitled: “The sustainability rating: opportunities and advantages”, held in Milan on November 13th, 2019;
2. The Iccrea Cooperative Banking Group, in July 2019, was the guest of the conference on the theme: “Sustainable development and finance”, organized by Bank of Italy. Iccrea participated, through the Public Affairs & Sustainability Unit, in the panel of speakers;
3. The Iccrea Group participated in the international meeting entitled: “Euro-Mediterranean Investment Forum 2019, Financing the Maritime Economy, Investment and Development in the Mediterranean”. The event, organized by the Federation of Insurance and Finance Banks (FeBAF), discussed the important role that the financial sector can play in promoting sustainable development in regions bordering the Mediterranean.





4. Prevention and Fight Against Corruption



The Iccrea Group guarantees a management of relations with its stakeholders inspired by the utmost fairness, transparency and compliance with internal rules and laws in force, without any conflict between corporate and personal interest.

In order to prevent possible offences or irresponsible behavior, in compliance with the regulatory requirements of Legislative Decree no. 231/2001, the companies within the direct perimeter adopt the Organization, Management and Control Model, on the basis of the guidelines provided by the Parent Company. In particular, the Model adopted by the Parent Company is composed of the following elements:

- **Code of Ethics and Conduct:** document which defines the shared principles of values and expresses the commitments and ethical and behavioral responsibilities that the companies of the group assume and implements in the carrying out of their institutional activities; and to which its staff, top management and subordinates, collaborators and anyone acting in the name and on behalf of the companies of the Iccrea Group are conformed to;
- **Mapping of offence-risk:** document summarizing the evidence resulting from the potential commissions of the individual offenses listed in the 231/2001 catalogue;
- **General Part Behavioral Protocols:** a document illustrating the contents of Legislative Decree no. 231/2001, outlining the profile of the Supervisory Body and defining the methods for delivering training and information;
- **Special Part Behavioral Protocols:** a documents that defines the special preventative measures and rules of conduct to which those who operate in “sensitive” areas of the company are subject to, as managers of processes considered potentially criminogenic and who, therefore, are potential perpetrators of the crimes listed at risk of occurrence;
- **Internal Disciplinary System:** a document that defines the specific penalty provisions for any conduct (active or emissive) that constitutes an infringement of a requirement of the 231/2001[†] Model. These sanctions can be imposed on the perpetrators of violations of the Model, according principles and procedures in compliance with the Worker’s Statue, the National Collective Labor Contract (Contratto Collettivo Nazionale del Lavoro – CCNL, in Italian), for the management and staff of the professional areas of the Mutual Banks.

The duty of ongoing supervision of the adequacy, effectiveness, updating and compliance with the Model is entrusted to the Supervisory Body. The Body is specifically appointed by the Board of Directors and complies the principles of autonomy and independence required by the Legislative Decree no. 231/2001. The Iccrea Group has assigned the role and functions of the Supervisory Body (Organismo di Vigilanza – OdV in Italian) to the Board of Statutory Auditors.

The Banking group has launched a long-term project, in order to update and, where necessary, implement a uniform 231/2001 Model with all companies included in the direct perimeter, paying particular attention to the specific nature of the business and the activities carried out by each entity.

[†] Even if the event or action does not take place.



Currently the companies involved and those in the process of being included in the initiative, are as follows:

1. 2016/2017: implementation of the Model for Iccrea Banca and evaluation of the status quo of companies in the direct perimeter
2. 2017/2018: implementation of the Iccrea BancaImpresa and BCCs Solutions Model;
3. 2018/2019: implementation of the BCCs Lease, BCCs Factoring, Banca Sviluppo, BCCs IT systems Model, issued in 2019
4. 2019/2020: implementation of the Model of BCCs Credito Consumo, BCCs Gestione Crediti, BCCs Risparmio & Previdenza, Banca Medio Credito del Friuli Venezia Giulia. This phase will end in 2020.

With reference to the affiliated BCCs, for which the adoption of the Model is optional, 71 BCCs (50.7% of the total) have adopted a Model pursuant to Legislative Decree 231/2001.



4.1 Prevention of Corruption Offenses

With reference to corruption offenses, as part of the 231/2001 Model, Iccrea Banca has carried out an analysis of the main processes and activities subject to the risk of corruption, both between private individuals and in relations with the Public Administration. Following the analysis process, the Parent Company has regulated, through a precise system of responsibilities and controls, the activities potentially associated with corruption offences.

Failure to comply with the provisions of the Model 231/2001, as well as the value and principles expressed internally in the Code of Ethics, by all parties concerned, entails the application of specific disciplinary measures.

Any reports of violations or anomalies in the behaviors of the subjects operating in/for the companies of the Iccrea Group, can be sent by email, to a specific email address set up by the Supervisory Body of each entity.

COMMUNICATION OF PROCEDURES ON CORRUPTION	
ICCREA GROUP	2019
BOARD MEMBERS	309
MANAGERS	82
DIRECTORS	1,422
STAFF	4,134
TOTAL EMPLOYEES	5,638
SUPPLIERS	5,113
DIRECT PERIMETER COMPANIES	2019
BOARD MEMBERS	22
MANAGERS	0
DIRECTORS	0
STAFF	0
TOTAL EMPLOYEES	0
SUPPLIERS	0
BCCs	2019
BOARD MEMBERS	287
MANAGERS	82
DIRECTORS	1,422
STAFF	4,134
TOTAL EMPLOYEES	5,638
SUPPLIERS	5,113

BOARD MEMBERS TRAINING	
ICCREA GROUP	2019
BOARD MEMBERS	119
DIRECT PERIMETER COMPANIES	2019
BOARD MEMBERS	0
BCCs	2019
BOARD MEMBERS	119

* Data does not include information relating to BCCs Beni Immobili SRL, Coopersystem Soc. Coop., Sigest SRL, Sinergia SCARL. With particular reference to BCCs Beni Immobili SRL, it should be noted that the Director (the Company's only resource) is already included among the employees of Iccrea Banca. For the Companies of the indirect perimeter mentioned above, however, data are not available.



In order to establish homogenous organizational structures within the group, the Parent Company recently issued the “Policy and process guidelines on internal violation reporting system”, which calls for the establishment of a violation reporting channel available to all group employees. This channel allows for the submission of any reports, in written form, to the members of the Internal Violation Reporting Committee.

The system is structured in such a way as to guarantee the confidentiality and protection of the reporter, in accordance with current legislation and company procedures regarding privacy and the processing of personal data of all persons involved and/or mentioned in the reports.

During the reporting year, the Parent Company, simultaneously updated the 231/2001 Model at BCC Lease, BCC Factoring, Banca Sviluppo and BCC Sistemi Informatici and carried out an analysis of the processes connected with potential corruption offences. In particular, these activities led to the analysis of 36 company processes², accounting for approximately 11% of the total number of processes mapped by the group.

Regarding the communication of bribery procedures, 22.5% of the members of the Board of Directors of the Iccrea Group, about 20%, 23% and 26.6% of the Group’s executives, middle managers and employees, respectively (i.e., just over a quarter of the total number of employees), were recipients of this communication during the reporting year. Moreover, about 4.3% of the Iccrea Group’s suppliers were also involved in this process. With regards to the process of training members of the Board of Directors on the topics of corruption, about 8.7% of the total number of directors of the Iccrea Group were involved. The tables in the previous page report the numerical details.

² Since some of the processes analyzed at the four companies coincided in some cases, the process was only counted once. Therefore, it wasn’t the mere sum of the processes linked to the potential corruption offenses (18 for BCC Lease, 19 for BCC Factoring, 24 for Banca Sviluppo, 15 for BCC Sistemi Informatici).



4.2 Prevention of Money Laundering Offences

With regards to the measures to combat money laundering and financing of terrorism, considering the complexity and danger of the phenomenon's in question, the Iccrea Cooperative Banking Group places the utmost attention to the actions and instruments of control, in the awareness that the pursuit of profitability and efficiency must be combined with the continuous and adequate monitoring of the company structure's integrity.

For this reason, the involvement of company bodies is a priority for the correct fulfillment of obligations. In particular, it is up to the Board of Directors to identify policies to manage the risk of money laundering and financing of terrorism, appropriate to the extent and type of risk profiles to which the Iccrea Group's activities are concretely exposed.

The complexity of the Iccrea Cooperative Banking Group's business, driven by processes often differentiated by type of product and/or type of customer, has determined a control model aimed, in preliminary terms, at "ex-ante" analyses. These are carried out in the pre issuance phase of new products or services, or of substantial changes to existing ones, which involves the prior involvement and mandatory approval of the Anti-Money Laundering Function of the Parent Company. At the same time, "ex-post" analyses are carried out using specific IT tools and control catalogues, which each Company and affiliated BCC are required to report on at least a half-yearly basis. The controls implemented relate not only to the mitigation of the risks of sanctions set by the current regulations, but also to the mitigation of reputational risks. In this sense, we also insist on institutional banking/financial counterparties for relationship/services that are not directly subject to the obligations of adequate verification.

From an organizational point of view, in line with the Iccrea Group model (governance and responsibility of the Corporate Control Functions - Funzioni Aziendali di Controllo or FAC, in Italian – centralized in the Parent Company), the following is envisaged for the Anti-Money Laundering (AML) function of the Parent Company:

- The Organizational Unit (OU) AML Methodologies and Reporting is responsible for ensuring uniform control methodologies and reporting standards for the management of money laundering and financing of terrorism risk within the control chain set for the Iccrea Group;
- The OU "AML affiliate Mutual Banks" unit ensures the coordination and operational supervision of the Anti-Money Laundering Control Model relating to the perimeter of the affiliated banks. From this OU, it depends the Peripheral AML Presidium as the AML Structure dislocated in the Peripheral Presidium, which the execution of planned supporting activities is asked to. In addition, the BCC AML manager is responsible for the Anti-Money Laundering Function of the individual affiliated Bank;
- The perimeter of the AML OU coincides with Iccrea Banca's Anti-Money Laundering Function and is therefore dedicated to monitoring the risk of money laundering and financing of terrorism. In addition, it is responsible for the functional coordination and operational monitoring of the anti-money laundering control model for companies within the direct perimeter, in which a local Anti-Money Laundering Function has been set up, or a Presidium has been identified.



At the end of the reporting year, the Chief Anti-Money Laundering Officer (CAMLO) counted a total of 172 resources, including the head chief.

INTERNAL REGULATIONS FOR THE MANAGEMENT OF MONEY LAUNDERING RISK BY THE CAMLO AREA

GROUP NORMATIVE POLICIES

The main Group normative policies on the subject are the “AML Iccrea Cooperative banking Group” policy and the Policy for Adequate customer assessment of affiliated BCCs.

DETAILED OPERATIONAL PROCEDURES

Among the detailed operational procedures, in this area, there is the procedure for reporting suspicious transactions (segnalazione di operazioni sospette – SOS, in Italian).

INTERNAL ANTI-MONEY LAUNDERING REGULATIONS OF DIRECT PERIMETER COMPANIES

An internal regulation on AML is also established for the companies within the direct perimeter.

CONTROL CATALOGUE FOR AFFILIATED MUTUAL BANKS AND DIRECT PERIMETER COMPANIES

On the basis of the regulation, each of the companies of the Iccrea Group has defined a specific internal regulatory body which, in relation to the operating and distribution model adopted, outlines the control activities deriving from individual obligations provided by the Legislative Decree no. 90/2017. In particular, the regulatory body is composed of general process norms and secondary norms. These rules call for the obligations of adequate customer verification, the storage and recording of relevant information for anti-money laundering and the reporting of suspicious transactions.

The group's AML system is also equipped with IT tools, which:

- a) Assist the CAMLO Area in the internal management of the activities;
- b) Support SOS managers/delegates in identifying potential money laundering/financing of terrorism transaction (i.e. detection of operational anomalies through automatic level I and level II controls);
- c) Define a monitoring system on the direct perimeter companies and affiliated BCCs, through Key Risk Indicators (KRIs) aimed at identifying shortcomings in their anti-money laundering procedures³.

³ As at 12/31/2019, the number of Key Risk Indicators (KRIs) activated by the Parent Bank Function was 16. This "Dashboard", designed and implemented internally by Iccrea Banca, monitors on a monthly basis the work of peripheral controls and central structures on all the regulatory areas of interest to the Function. The KRI system makes it possible to measure the inherent risks and the validity of the controls adopted. The monitoring, with respect to the main obligations imposed by current regulations, allows the CAMLO Area to intervene by defining and implementing the specific mitigation measures for each obligation and entity involved.



CAMLO AREA INFORMATION FLOWS

ON A BIENNIAL BASIS From the AML Function to the Parent Company's Management Bodies (Board of Directors, Executive Committee, Risk Committee), based on the analyses received from the Companies and the affiliated BCCs, while at the same time continuously monitoring the corrective actions required by the CAMLO Area to the BCCs/Companies in the presence of risks identified by the audits.

ON AN ANNUAL BASIS Reporting is carried out, as required by the Bank of Italy, by each BCC/Direct perimeter company, through a self-assessment of the risks of money laundering and financing of terrorism⁴.

In addition, annually, as a further risk mitigation measure, the AML Function, in cooperation with the Parent Company's Human Resources Department, plans training courses on anti-money laundering for employees. The AML Function participates both directly in the training sessions and through the choice of external lecturers. The training offer is completed by the organization of days dedicated to specific topics, for example, courses on anti-money-laundering compliance aimed at foreign operations.

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

In 2019, The Parent Bank's Audit Function performed 148 audits (one for each BCC/Subsidiary within the direct perimeter) specifically aimed at assessing the anti-money laundering controls implemented by the CAMLO Area and the related peripheral structures.

The monitoring activities, carried out during the year by the Iccrea Group Entities subject to the relevant obligations, included an analysis of processes related to potential money laundering and terrorism financing crimes. In this context, the Iccrea Group has analyzed 21 processes, about 17% of the total, for a total of 148 companies, as reported by the Parent Company's Anti-Money Laundering Function (coverage level of 95% considering the entire Iccrea Cooperative Banking Group).

⁴ Through a system of parameters aimed at identifying inherent risks and vulnerability of the implemented controls, each entity of the Iccrea Group expresses its own "risk value", individually represented to its Board of Directors in February, which is then consolidated at Group level by the CAMLO Area to be represented in a single Annual Report to the Bank of Italy. The parameters for the self-assessment are set directly by the Area, which can also apply its own evaluation, even a pejorative one, with respect to the result reported to it, in the presence of internal and external factors that justify the said change.





FIGURES OF THE ICCREA COOPERATIVE BANKING GROUP FOR THE PREVENTION OF CORRUPTION AND MONEY LAUNDERING OFFENSES

The information and training of all the people of the Iccrea Cooperative Banking Group on the policies and procedures adopted in this context is fundamental for the prevention of corruption offences. Following below is the data:

HOURS OF TRAINING BY GENDER AND LEVEL ON ANTI-CORRUPTION AND ANTI-MONEY LAUNDERING ISSUES

ICCREA GROUP	MAN	WOMAN	TOTAL
EXECUTIVES	245	11	256
MIDDLE MANAGERS	4,056	1,581	5,637
STAFF	3,490	3,339	6,829
TOTAL	7,791	4,931	12,722
DIRECT PERIMETER COMPANIES	MAN	WOMAN	TOTAL
EXECUTIVES	208	11	219
MIDDLE MANAGERS	3,216	1,349	4,565
STAFF	2,258	2,280	4,538
TOTAL	5,682	3,640	9,322
BCCs	MAN	WOMAN	TOTAL
EXECUTIVES	37	0	37
MIDDLE MANAGERS	840	232	1,072
STAFF	1,232	1,059	2,291
TOTAL	2,109	1,291	3,400

* Data does not include information relating to BCC Beni Immobili SRL, Coopersystem Soc. Coop., Sigest SRL, Sinergia SCARL. With particular reference to BCC Beni Immobili SRL, it should be noted that the Director (the Company's only resource) is already included among the employees of Iccrea Banca. For the Companies of the indirect perimeter mentioned above, however, data are not available.



NUMBER OF EMPLOYEES INVOLVED BY LEVEL

ICCREA GROUP	TOTAL	EMPLOYEES INVOLVED (N)	%
EXECUTIVES	409	67	16.4%
MIDDLE MANAGERS	6,210	1,574	25.3%
STAFF	15,545	2,248	14.5%
TOTAL	22,164	3,889	17.5%
DIRECT PERIMETER COMPA	TOTAL	EMPLOYEES INVOLVED (N)	%
EXECUTIVES	131	54	41.2%
MIDDLE MANAGERS	1,521	1,097	72.1%
STAFF	1,797	1,138	63.3%
TOTAL	3,449	2,289	66.4%
BCCs	TOTAL	EMPLOYEES INVOLVED (N)	%
EXECUTIVES	278	13	4.7%
MIDDLE MANAGERS	4,689	477	10.2%
STAFF	13,748	1,110	8.1%
TOTAL	18,715	1,600	8.5%

Furthermore, during the year, the policies adopted by the Iccrea Group on anti-corruption were communicated to all the directors of Banca Sviluppo, BCC Lease, BCC Factoring and BCC Sistemi Informatici, who approved the updated version of the 231/2001 Model in 2019.

It should be noted that, in accordance with internal regulations, anti-corruption and anti-money laundering policies and procedures are subject to the approval of the Board of Directors and the Executive Committee of the Parent Company, and are available on the HUBA intranet portal, which is accessible to all employees. In addition, each new supplier is required to review the Organizational Model pursuant to Legislative Decree no. 231/2001 when signing contracts with the Group. In this Model, as previously mentioned, there are references to anti-corruption and anti-money laundering legislations.





5. Support for territory and communities



MAKE EFFECTIVE APPROPRIATE FORMS OF ECONOMIC AND FINANCIAL DEMOCRACY AND MUTUALISTIC EXCHANGE BETWEEN MEMBERS/SHAREHOLDERS AND THEIR PARTICIPATION IN SOCIAL LIFE.

From art. 2 of the Standard Statute of BCCs



The support for the territories in which the Iccrea Cooperative Banking Group is established is expressed in the numerous activities of the Mutual Banks and the Parent Bank, in line with the inspiring principles, reiterated in art. 2 of the Standard Statute of BCCs affiliated to the Iccrea Group.

5.1 Local Committees

The strong connection between the BCCs and the Iccrea Group with the local communities is expressed in the constitution and functioning of the local Committees through which the affiliated Banks establish a “direct line” with the territories throughout the whole of Italy.

In 2019, **70 Committees were active**, reflecting the multi-stakeholder approach of the Cooperative Credit Banks.

COMMITTEES	TOTAL	MEMBERS' COM	YOUNG MEMBERS' COM	TERRITORIAL COM	OTHER COMMITTEES
NUMBER OF COMMITTEES	70	21	35	10	4

	NUMBER	% ON TOTAL
YOUNG MEMBERS' COMMITTEE	35	50.0%
MEMBERS' COMMITTEE	21	30.0%
TERRITORIAL COMMITTEE	10	14.3%
OTHER COMMITTEES	4	5.7%
	70	100.0%

COMPOSITION OF COMMITTEES BY GENDER



69%



31%

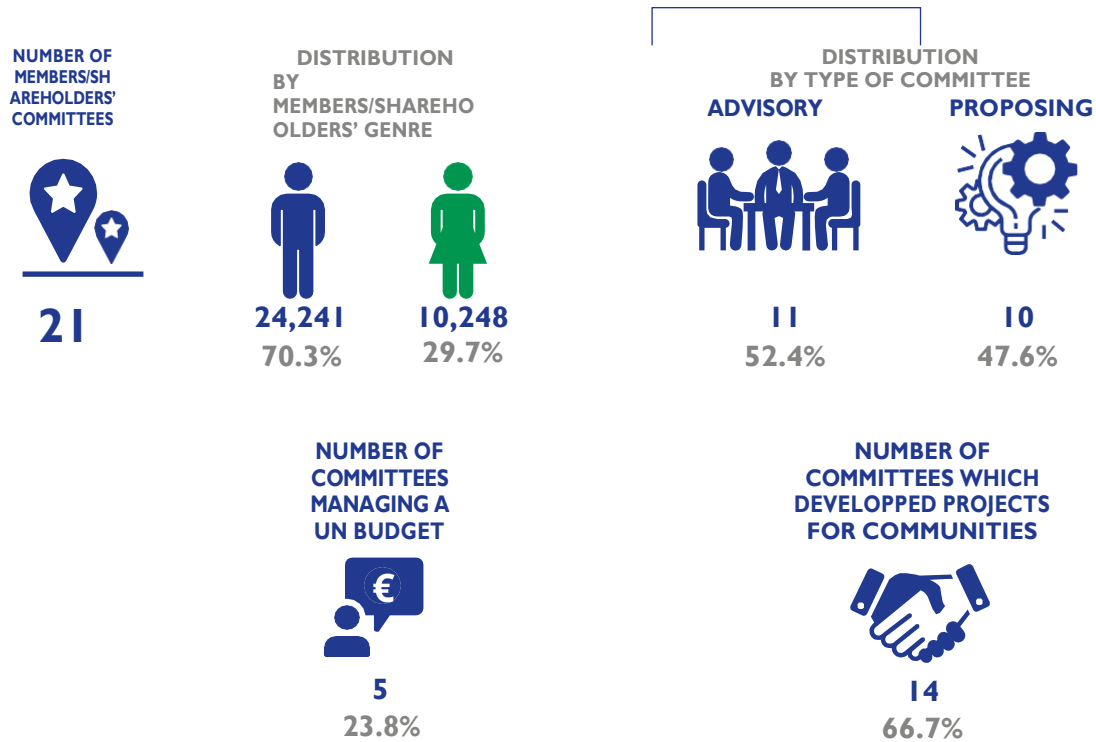


THE MAIN FIGURES OF THE BANKS' COMMITTEES DEDICATED TO COMMUNITY INVOLVEMENT



Of these 70 committees, direct expression of the BCCs' membership structure, **56** are distributed as follows: **Members' Committees (21)** and **Young Members' Committees (35)**.

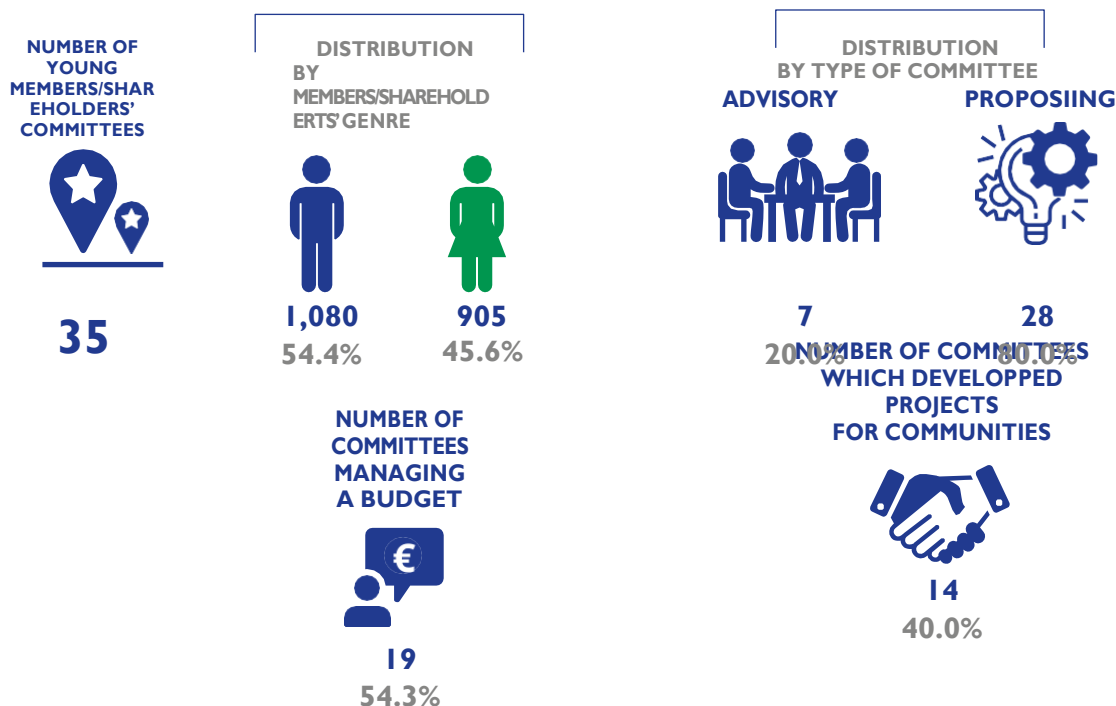
MEMBERS/SHAREHOLDERS' COMMITTEES





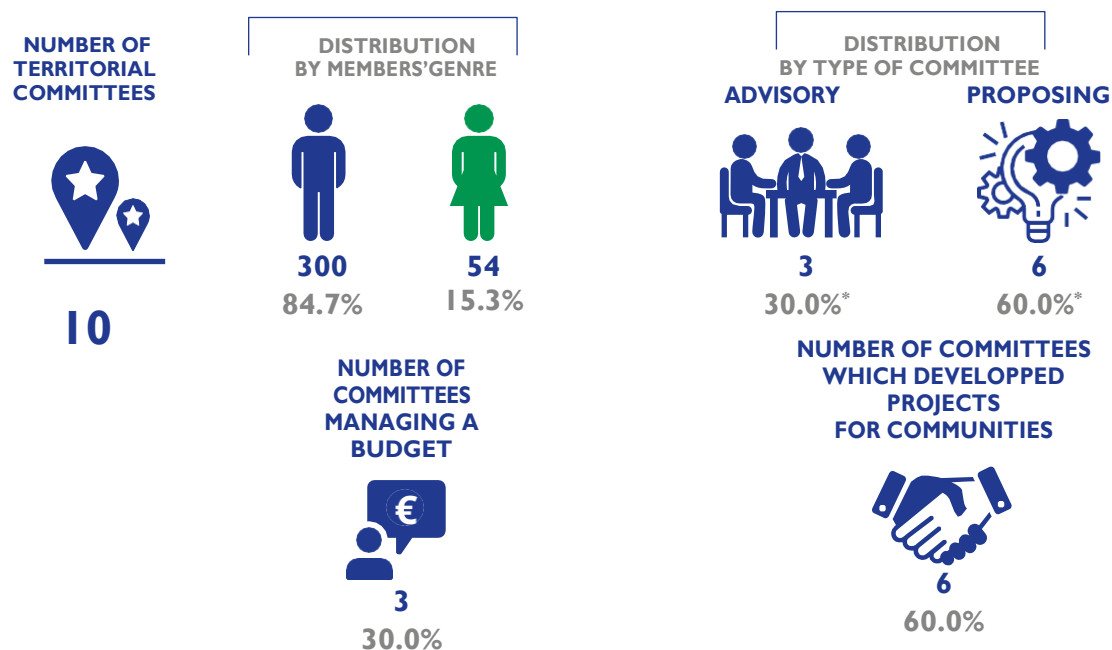
The **35 Young Members/Shareholders' Committees** are very dynamic, generating new local projects at the service of the community and the BCCs, which are designed to meet the needs of stakeholders.

YOUNG MEMBERS/SHAREHOLDERS' COMMITTEES



10 Territorial Committees and 4 Other Committees also contribute to facilitate the dialogue with the territories.

TERRITORIAL COMMITTEES



5. Support for territory and communities

5.1 Local Committees

"The difference is represented by a territorial committee of a different nature."





OTHER COMMITTEES

NUMBER OF OTHER COMMITTEES



4

DISTRIBUTION BY MEMBERS' GENRE



58
38.4%



93
61.6%

DISTRIBUTION BY TYPE OF COMMITTEE

ADVISORY



2
50.0%

PROPOSING



2
50.0%

NUMBER OF COMMITTEES MANAGING A BUDGET



2
50,0%

NUMBER OF COMMITTEES WHICH DEVELOPED PROJECTS FOR COMMUNITIES



3
75,0%

All these organizations are emanation of the social structure that characterizes the territories in which the Mutual Banks are active. The Committees represent social workshops which, through the participation of **36,979 members/shareholders**, create a direct point of contact between the Mutual Banks and the territory, as indicated in the Statue. As a result, 4.6% of the total number of members/shareholders actively participate in the life of the community, guaranteeing a constant and direct connection with the Mutual Banks to which they belong to. The members/shareholders, in addition, provide their collaboration on a voluntary basis

As part of the concrete support to the territory, there is also the participation of members in initiatives dedicated to pre-assembly meetings. For example, the BCC Ravennate, Imolese e Forlivese project, which includes 9 pre-assembly meetings aimed at members/shareholders to receive updates on the bank's performance and to deepen their knowledge of the initiatives to support the territory, has been developed in this area.





TO PROMOTE THE DEVELOPMENT OF COOPERATION AND EDUCATION ON SAVINGS AND WELFARE AS WELL AS SOCIAL COHESION AND THE RESPONSIBLE AND SUSTAINABLE GROWTH OF THE TERRITORY IN WHICH IT OPERATES.

From art. 2 of the Standard Statute of BCCs



5.2 Financial Education

Territorial proximity, multi-stakeholder approach and sharing of relational networks have always characterizes the BCCs affiliated to the Iccrea Cooperative Banking Group and are carried out through activities such as financial education and responsible growth of the territory. In 2019 a total of **304 financial education courses** were carried out by the Iccrea Group.

In particular, the Parent Company – which has developed the more general project dedicated to the third Sector- has organized two financial education meeting included in the official calendar of #OttobreEdufin, dedicated to the “Month of Financial Education”, now in its second edition in 2019. In addition, the following events should be mentioned:

- The “Third Sector and Finance” meeting organized with the BCC Valdrano Fiorentino; the initiative was addressed to nonprofit organizations, present in the BCCs’ reference territories, which participated in large numbers;
- The meeting, organized with the Yunus Social Business Centre of the University Carlo Bo di Urbino (department of Law) named “Financial education and Microfinance”, addressed to the students of the University of Urbino and the local population.

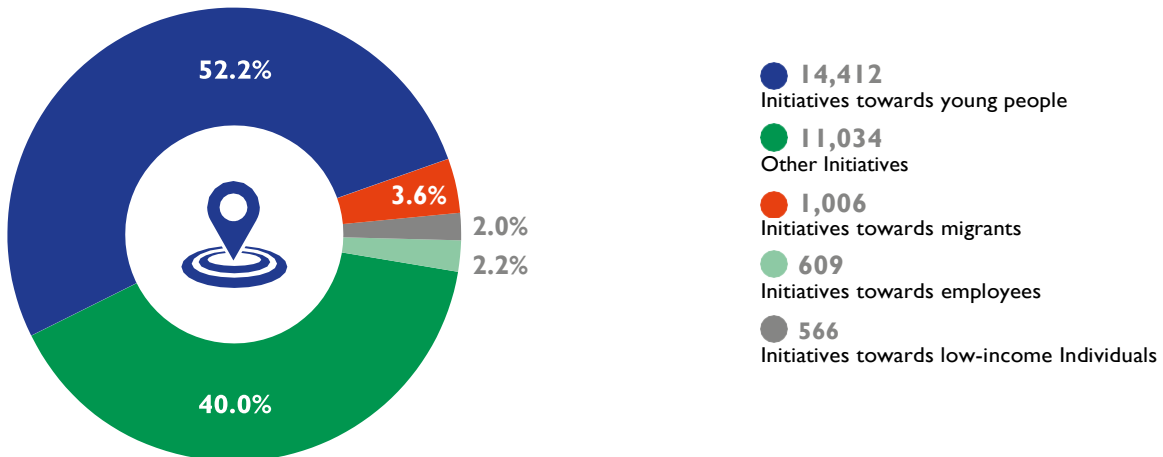
As part of the Parent Company’s Sustainability Plan, a Sustainability Financial Educational Project is being launched by the Iccrea Group which, in collaboration with Tertio Millennio and Federcasse, which will provide hundreds of training initiatives dedicated to different age groups, schooling and employment, in the territory.

In addition to these initiatives, there are those carried out directly by the affiliated BCCs of the Iccrea Group. More in detail, the Cooperative Credit Banks have carried out a total number of financial education initiatives in the territories equal to 302. Of these projects, the largest number (162) was aimed at young people. The number of recipients is also in line with this figure. More than **14 thousand young people and more than 1,000 migrants** took part in the financial education courses.



INITIATIVES BY BCCs	NUMERO	BENEFICIARI	%
INITIATIVES TOWARDS YOUNG PEOPLE	162	14,412	52.2%
INITIATIVES TOWARDS MIGRANTS	3	1,006	3.6%
INITIATIVES TOWARDS LOW-INCOME INDIVIDUALS	6	566	2.0%
INITIATIVES TOWARDS EMPLOYEES	13	609	2.2%
OTHER INITIATIVES	118	11,034	40.0%
TOTALE	302	27,627	100.0%

BENEFICIARIES OF INITIATIVES TO PROMOTE FINANCIAL EDUCATION



Many initiatives are organized within the territory of the BCCs. This is the case for BCC of Fano, BCC of Piceno, BCC of Trevigiano, BCC Centromarca, BCC Umbria and BCC of San Giuseppe di Petralia Sottana, which in collaboration with BCC Risparmio & Previdenza SGR, have carried out an initiative called “Sustainable and responsible finance: the double value of investments”. The project combines economic performance with sustainability and aims to spread knowledge about it throughout the territory. Remaining on the subject of sustainability, the BCC of Marca has promoted the initiative called: “Investing responsibly. Financial disclosure on sustainable and environmentally conscious investment instruments”. The event organized by the BCC CrediFiuli named “eco-sustainable finance” is also part of this initiative.

In terms of financial disclosure, the initiatives of BCC Montepaone and BCC Ancona e Falconara Marittima are also relevant. The first one has planned the financial salon dedicated to the theme of welfare, while the latter has launched the project “Growing through cooperation”. On the subject of financial disclosure, during the reporting year, the Mutual Bank of Rome also organized several events: “Value of savings and global warming”; “Complementary Social Security and TFR: what opportunities?”; “Ethics in the portfolio”; “Complementary Social Security”; “Finance dedicated to Agricultural Enterprises. Agriculture 4.0”; “CAN Matching, Start Cup Lazio”; “Coop-up Confcooperative Roma”; “Training course- Lazio innovates incubator”; “How new technologies will influence everyday life- Microsoft Event”.



5.3 Liberal largesse and sponsorships

Support and promotion are encouraged through liberal disbursements, sponsorships and with the allocation, for the BCCs, of a share of the net profit to mutual funds for the promotion and development of cooperation, to the extent and in the manner prescribed by law, i.e. 3% of profit.

Over 12 million euros, in the reporting year, were paid to Fondosviluppo, the mutual fund of reference of the affiliated BCCs.

The activities and initiatives in the area are aimed at protecting and enhancing historical, cultural and natural heritage, education and training of young people, scientific and university research, social and health care, in artistic, sports and recreational fields. Iccrea Cooperative Banking Group has promoted, above all through the BCCs, projects aimed at developing and supporting initiatives for the benefit of the community without return for the bank.

The charitable contributions and sponsorships that Iccrea Group has made in total for the benefit of the development of many local initiatives amount to **over 29.5 million euros**. See the detailed data shown in the table, referring in particular to the BCCs.

	CHARITY	SPONSORSHIPS	OVERALL FOR SCOPE	INCIDENCE% ON OVERALL
CULTURE	2,225,840	3,083,896	5,309,736	18.4%
SOLIDARITY	2,474,745	715,549	3,190,294	11.0%
HEALTH	1,340,466	214,987	1,555,453	5.4%
SPORT	1,587,774	5,617,224	7,204,999	25.0%
RESEARCH	58,438	58,096	116,534	0.4%
EDUCATION	1,296,319	455,271	1,751,590	6.0%
ENVIRONMENT	60,383	167,593	227,976	0.8%
TERRITORY	3,728,844	3,653,045	7,381,888	25.6%
CHURCH	1,850,332	297,340	2,147,673	7.4%
OVERALL	14,623,142	14,263,001	28,886,144	100.0%

With **25.5% of the contributions in favor of the territory**, the local orientation of the affiliated BCCs is confirmed, consistently with the first material theme identified, namely "Support to the territory and communities". Furthermore, these activities add to the share - equal to a minimum of 95% of the loans of the BCCs - which must remain by law in the territory of competence.

As regards the activities carried out by the Parent Company, in 2019, Iccrea disbursed over 433 thousand euros in charitable donations and projects promoted in the area. In addition, during the year the Iccrea Cooperative Banking Group supported numerous charitable initiatives, identified on the basis of the sectors of destination, such as entities with humanitarian, health, social assistance and conservation of the environment, cultural heritage and of the territory. It also supported entities operating both nationally and internationally, enhancing long-term collaborative relationships between the associations supported and the Bank.

In particular, the Parent Company supported:



- Associations of a religious and laic nature operating in Rome or in the Lazio region, including the Community of Sant'Egidio, the Community of Capodarco, the Assohandicap, the association Sport Without Borders, the Casa Betania, the Vides Mic Mag Tbm, for an amount equal to 43 thousand euros.
- National and international associations that operate for the purpose of dialogue and intercultural, humanitarian and cooperation, environmental and recovery or conservation of historical and artistic heritage. In this context, the Bank disbursed 93 thousand euros to: Cortile dei Gentili, Coopermondo (projects in Togo and Colombia), Equestrian Order of the Holy Sepulcher of Jerusalem, Legambiente, Federparchi and the Italian Environment Fund (FAI).
- In addition, Iccrea Banca donated 20 thousand euros in support of the Friends of the Normale Association of Pisa, as part of the five-year sponsorship plan launched in 2017. This contribution provides for a total donation of 100 thousand euros and aims to establishment of a chair of economic history to be named after President Carlo Azeglio Ciampi. The chair is established at Palazzo Strozzi in Florence, together with the establishment of an Institute of advanced studies as a post-graduate and post-doctoral interdisciplinary training center with an international vocation.
- Iccrea Banca and the entities of the group support CRAL annually, the circle of employees that promotes cultural, sporting and recreational initiatives for them. In 2019, a contribution to the CRAL of 131,430 euros was disbursed, of which 93,600 euros paid by Iccrea Banca. In particular, since 2006 CRAL has organized the national 5-a-side football tournament of the Cooperative Credit in a different place every year. An event involving hundreds of BCCs employees from all over Italy and interacting directly with the local communities where the tournament takes place. In 2019 the contribution of the Iccrea Cooperative Banking Group to the organization of the tournament was 50 thousand euros, the participants were around 1,300 and the benefits of organizing the tournament to local communities can be monetized into 52 thousand euros (considering hotel expenses , free gifts to participants, water, various services, medical supervision, catering etc.).

In addition, the Parent Company (for a total of **297,900 euros**) supported the operations of the Cooperative Credit Banks, with the aim of contributing to the development and involvement of the territory and local communities, safeguarding mutualistic and localistic principles. Also included are the initiatives developed directly by the Parent Company, in some cases in partnership with some BCCs.

Some emblematic examples are reported. During 2019 specific activities were carried out on three important strands - difference in gender, environment and social issues - which have a strong impact on communities.

With regard to gender difference, attention to the female world led to the creation of the **ForWe account** (#FORWOMENENERGY), through which the Iccrea Cooperative Banking Group chose a distinctive positioning, which aims to promote gender equality and the importance of working in a team.





**DISTINGUISH FOR YOUR OWN SOCIAL ORIENTATION
AND FOR THE CHOICE TO BUILD THE COMMON GOOD.**

Taken from art. 2 of the Standard Statute of the BCCs



The initiative concerns the activation of a bank account characterized by:

- **Expenses accounted for defined** (differentiated on the basis of the accrual or not of the salary). The account, to which a website (www.contoforme.it) was also dedicated, is placed by 112 Cooperative Credit Banks, for a total of almost 7,000 open accounts, with free internet banking.



With **25.5%** of the contributions in favor of the territory the local orientation of the affiliated BCCs is confirmed

The account was launched in correspondence with the sponsorship made by the Iccrea Group at the cycling event of the Giro Rosa Iccrea, womanly Giro d'Italia, which took place in July, which crossed, with its 13 stages, the North of the peninsula passing through the territories of some BCCs. The event had more than positive results in the sports and social fields, with a notable prominence from the media and a considerable turnout of the public;

- **Free Debit Card.** The debit card associated with the ForWe account has been customized so that it has a greater appeal on the "pink" segment;
- **Dedicated prize competition.**





The Parent Company, together with the BCCs, supports the development of the territories with various activities, including the sponsorship of initiatives aimed at pursuing the well-being of the community and concerning various sectors, including environment, amateur sport, culture, art and research.

Details are given below:

SPONSORSHIP AND BENEFICIARIES



LEGAMBIENTE

Four events were sponsored for a total amount of 56,400 euros distributed as follows:

- FestAmbiente, the national festival of Legambiente which takes place in August in Rispeccia (Grosseto), where the Iccrea Group was present at the Civil Economy Pavilion with a stand furnished with eco-sustainable materials dedicated to Coopera, the project aimed at the Third Sector;
- #salvailclima is the event to promote the plastic free message (initiative Always held as part of FestAmbiente);
- Guida Blu, the tourist guide that Legambiente has been managing since 1999, together with the Italian Touring Club;
- First Agroecology Forum "From the field to the table";
- XXIV edition of the National Tasting Review of Organic and Biodynamic Wines (national excellences).



TEDXROMA

The TEDxRoma event is one of the most important TEDs in the world (whose primary objective is the sharing of "ideas that deserve to be shared") where we talk about innovation and new technologies. The event involves numerous young people. The Roman event, in particular, now in its sixth edition, has an audience of over 1,800 people and 2.3 million views of the interventions visible on the TEDx YouTube channel. The contribution to this event was 20 thousand euros.



NATIONAL ASSOCIATION "CITTÀ DELL'OLIO"

The Iccrea Group supported the Association with a contribution of 15 thousand euros. The Parent Company was, together with the BCC Chianti Banca, the official sponsor of the event named "Olio 2030", which took place over three days of meetings and events. The aim of the project is to consider oil, not only as a mere product, but also from a cultural and tourism point of view.



NATIONAL ASSOCIATION "I BORGHİ PIÙ BELLI D'ITALIA"

Iccrea sponsored the "BUYBORGHİ" project, for an amount of 45 thousand euros. The objective of the initiative is to encourage - through a digital hub - the economic and tourism development of the territories, thus promoting the most beautiful villages of Italy.



CULTURAL ASSOCIATION VALORISATION RANGO

The Iccrea Group has participated in the enhancement of the village in the province of Trento, Rango, making it one of the most beautiful villages in Italy, through various activities and events, for an amount of 20 thousand euros.



SPORTIT

The Iccrea Group contributed to support, for an amount of 35 thousand euros; Sportit is an innovative startup, owner of a digital platform that offers services for those who practice winter sports and for companies operating in the sector.



BIG DATA IN BUSINESS

The Iccrea Group supports Big Data Business for an amount of € 12 thousand. This is a second level master's degree from the Department of Economics and Finance of the University of Tor Vergata.



NONPROFIT DAY

The Iccrea Group participated in the Nonprofit Day - a day dedicated to the Third Sector - with a stand dedicated to Coopera (see below) and took part in a round table. Iccrea provided a contribution of 2 thousand euros.



PRIVATE BANKING ITALIAN ASSOCIATION

The Iccrea Group supported, with a contribution of 2,500 euros, the Italian Private Banking Association. Its goal is to develop the culture of private banking, involving various players in the company, including academia.



ARCHAEOLOGICAL PARK OF LUCREZIA ROMANA

The parent company, through BCC Solutions, in the years between 2016 and 2019 built the **Archaeological Park of Lucrezia Romana**, near the Rome headquarters of the Iccrea Group.

The area is of archaeological interest due to the presence of a vast necropolis consisting of tombs located on the sides of the ancient route of the Via Latina Antica, between the sixth and seventh miles. There are also burials for people belonging to different social classes and a mausoleum of considerable historical interest, which is currently undergoing conservative restoration. The historical urban planning of the entire site was proceeded through the creation of an Archaeological Park with an adjoining area used by children, all accessible by the community during the daytime and managed directly by the Iccrea Group, without causing the public to bear the costs Administration.

The equipped area is at the service of the neighborhood, with the function of social aggregation and leisure, as well as environmental and ecological lung. Furthermore, the initiative allowed the redevelopment of the adjoining area and the safety of via del Casale Ferranti, through the construction of the pedestrian sidewalk and the public lighting system, performed in derogation pursuant to art. 14 of the Presidential Decree n. 380/2001.



SOCIAL MEDIA

The direct relationship with local communities is also maintained through the web, such as social networks and websites. During 2019 there were many accesses to the social networks Facebook, Youtube, LinkedIn and Instagram. In particular:



Facebook: CartaBCC's profile has reached 75,182 followers and 146 posts have been published. That of Coopera, however, active since mid-October, reached 400 followers and 40 posts were published during the year. The Giro Rosa Iccrea website has 18,600 followers, with 177 posts published;



Youtube: the profile has reached 400 followers and 26 videos and 9 Playlists have been published;



LinkedIn: the profile of the Iccrea Group has reached 21,900 followers and 140 posts have been created and published. Eight others are connected to this profile and exactly: Iccrea Banca SPA with around 10,000 followers; Iccrea Bancalmpresa (5,500); BCC SPA Credit Management (5,000); BCC Risparmio & Previdenza (330); BCC Factoring (130); BCC Credito Consumo (1,100); Banca Mediocredito (270); Aureo Gestioni SGR (210);



Instagram: Giro Rosa Iccrea profile # GiroRosalccrea2019, created in July, reached 5,500 subscribers with 152 posts published.

RELATIONSHIP WITH UNIVERSITIES

The Iccrea Cooperative Banking Group has also entered into agreements with various Italian universities and training bodies, in order to activate internship and traineeship programs, aimed at promoting the integration of young people into the world of work. In particular, the Iccrea Group collaborated with the following institutes:

- Università degli Studi di Roma Tor Vergata;
- Università degli Studi di Roma La Sapienza;
- LUISS - Libera Università Internazionale degli Studi Sociali Guido Carli di Roma;
- Università Commerciale Luigi Bocconi di Milano;
- Università degli Studi di Udine;
- Università di Pisa;
- Università degli Studi di Milano Bicocca;
- Associazione per la Cultura e il Tempo Libero (ACTL).





5.4 Projects for the Community

Numerous initiatives in favor of the community have been promoted by the BCCs. Some of them are given below by way of example:

- **In Tour Innovative Tourism:** The project, promoted by the Parent Company and in which 47 BCCs took part, is aimed at promoting tourism and the cultural and productive excellence of the territory. In particular, the idea is to create a service proposal, based on the development of relationships and collaborations between BCCs and qualified partners, which can best assist the customers of the BCCs in the context of the sharing economy and digital evolution.
- **Regional multi-sector fair of Borghetto Lodigiano:** it is a historical fair organized and supported by the BCC of Borghetto Lodigiano. It has been recognized as a regional and multi-sectoral fair, as it highlights the culture of the Lombardy region, through a series of exhibitions, shows, culinary and cultural moments.
- **Funding of the announcement issued by the Provincial Foundation of the Comasca Community Onlus:** the Cooperative Credit Bank of Cantù has co-financed the announcement "Growth of young people and their social valorization", addressing the local communities. In particular, funds have been set aside for the realization of over 12 projects for young people, with the aim of improving the quality of life of the Como community and strengthening its connection of solidarity.
- **Vicenza minors:** the BCC of Brendola donated 5,000 euros to the Public Institute of Assistance and Charities (IPAB in Italian) for the Minors of Vicenza, through the project "A network for Minors 2019", which includes initiatives, integrated with each other and implemented by a network of city operators, for the benefit of minors who live in difficult situations.
- **EC.CO.LO.:** the acronym refers to an initiative of Local Collaborative Economy, a crowdfunding project promoted by the BCC Valdarno Fiorentino, with the aim of carrying out projects for the enhancement and development of the territory, thus creating a strong relationship between the BCCs and the community local. Fundraising has been included to support a further "Space for Travel ... Sport and more" project promoted by the "Enrico's Smile" association. The type of crowdfunding chosen for the "#spazioviaggio" project is reward-based, to generate a greater sense of belonging and interest in the initiative.

In order to further enhance the donations of the entire Iccrea Cooperative Banking Group, the Parent Company is developing **a crowdfunding platform dedicated to the collection of donations, called "CooperaCrowd"**, to be made available to the Cooperative Credit Banks and the whole group. The crowdfunding of the BCCs reinforces the commitment of the whole Iccrea Group to support the world of nonprofits and more generally the development of the territory with greater efficiency and effectiveness. The aim of the project is also to make the exchange of value between donation and campaign objective more transparent.



IMPROVEMENT OF ACCESS TO FINANCIAL SERVICES TO DISADVANTAGED PERSONS

The Iccrea Cooperative Banking Group, especially through the constant presence of the mutual banks in the area, is now able to contribute satisfying the needs not only of the stakeholders, but also of the bearers of needs, such as disadvantaged people.

Offering this category of stakeholders complete and consistent access to financial services with the related needs is part of the concrete operation in the area.

The initiatives to this effect carried out by some Group companies are shown below:

- **BCCs Credito Consumo** offers "Online Loan", a product that can also be used in cases of reduced mobility, as it allows you to obtain financing without the need to access a physical branch;
- **Coopersystem** offers ATM and POS for the blind and partially sighted, in continuity with the initiatives to benefit disadvantaged categories, such as, for example, starting from 2018 the revision of its website (<https://www.coopersystem.it/>) aimed at ensuring ease of use and access to digital financial services.

The Iccrea Cooperative Banking Group - in compliance with current legislation, but also to make services accessible to all users including customers with disabilities (including visual disabilities) and users with sub-optimal skills - has started analysing the accessibility of the Relax Banking application.

As regards the initiatives aimed at disabled people promoted by the BCCs and the number of beneficiaries who have used the projects dedicated to them, a summary table is shown below:

REFERENCE SOCIAL TARGET	
INITIATIVES FOR DISABLED PEOPLE	8
INITIATIVES AGAINST ARCHITECTURAL BARRIERS	31
BENEFICIARIES (DISABLED)	7,482
BENEFICIARIES (INITIATIVES AGAINST ARCHITECTURAL BARRIERS)	8,361
TOTAL INITIATIVES	39
TOTAL BENEFICIARIES	15,843

BENEFICIARIES OF THE INITIATIVES TO IMPROVE ACCESS TO FINANCIAL SERVICES FOR DISADVANTAGED PERSONS



7,482
DISABLED
PEOPLE



8,361
PEOPLE
WHO HAVE TO
FACE BARRIERS





The initiatives listed above constitute a direct testimony to the way in which the BCCs bring their contribution to the areas of competence. Behind every project there is a story; some of them are given by way of example:

- **BCC of Cantù** supports the “Il Gabbiano” cooperative, to maintain a high level of socio-educational activity aimed at young people with disabilities and their families, by trying to improve spaces for residential accommodation and socio-sanitary services for the population;
- **BCC Ravennate Imolese e Forlivese** has installed ATMs for the visually impaired / blind, with assistance from the Contact Centers in case of need, facilitating access to banking services even for the disabled;
- **Banca di Credito Cooperativo di Basciano** supported, during 2019, a series of cultural, religious and solidarity initiatives. In particular, the BCC gave its contribution to the Italian Association of down-onlus people;
- **“TCR Alta Padovana” Project**: for the replacement in the Veneto agencies of the cash in-cash out devices with the adaptation of the workstations that allow easier access for disabled people in wheelchairs. The goal is to improve access to counter services for disabled people.

SUPPORT TO TERRITORIES BEYOND THE BOUNDARIES: CAMPESINA MICROFINANCE

The partnership between **Federcasse** (Federation of Italian Cooperative Credit Banks) and **Codesarrollo** (which since March 2014 has become a bank in the form of a joint-stock company, taking the name of banCODESARROLLO), started in 2002, supports subsidized loans, specialist technical advice and training activities (also with the contribution of Fondosviluppo), the promotion and diffusion of mutual credit cooperation, especially in the most disadvantaged areas of Ecuador. The project called “Campesina Microfinance” goes beyond mere welfare, providing support to the entire economic cycle for an economy that promotes the development of resources and gives work to the population. The cultural and financial cooperation agreement was signed 18 years ago and renewed in 2012.

An important partner of the project is the **Fondo Ecuatoriano Populorum Progressio** (FEPP), a private non-profit foundation founded in the 70s, on the auspices of the Ecuadorian Episcopal Conference, to follow up on the words of Paul VI who, in the encyclical Populorum Progressio (1967), called for the creation of common funds to assist the poorest, in the perspective of a solidarity development of humanity. Over time, the BCCs have contributed to the development of the village cooperative banking system.

The funds made available by the Italian mutual banks help the weaker sections of the Ecuadorian population to obtain loans for small but essential investments. Credits are paid at reasonable rates to buy a house, redeem land, set up a bakery, buy livestock, buy tools to work the land. Thus, family and community businesses start up and transform natural resources and agricultural products into goods to be put on the market in order to preserve wealth.

The project is the largest realized in Ecuador with private funds and is recognized internationally as a new model of cooperation to fight poverty in developing countries.



The BCCs affiliated to the Iccrea Group continued, also in 2019, to support banCODESARROLLO. The residual debt of the loans disbursed to the it amounts to approximately **15 million euros**, while the exposures to the FEPP have a residual value of almost **2 million euros**.

AWARDS OBTAINED BY THE ICCREA COOPERATIVE BANKING GROUP FOR COMMUNITY SUPPORT PROJECTS

During 2019 some projects to support communities and territories, managed by the Iccrea Cooperative Banking Group through the affiliated BCCs, achieved important awards:

- **The Iccrea Cooperative Banking Group, with the projects of BCC Basilicata, Emil Banca and Banca TEMA, has been awarded with the AIFIn prize for the CSR & Social Innovation 2019.**



The awarded projects are concrete examples of how the BCCs of the Iccrea Group have always operated in the area to protect and promote well-being and local development. With the initiatives called: "Ethical fund for local projects" (promoted by the BCC Basilicata), "MUG Magazzini Generativi" (developed by Emil Banca) and "Per amor di Maremma" (launched by Banca TEMA), the Cooperative Banking Group Iccrea managed to win the first place of the 2019 AIFIn Prize.





In particular, the initiative on the Ethical Fund for Territorial Projects of the **BCC Basilicata**, (which is based in Laurenzana, Potenza), is based on a fund aimed at providing charity and mutuality contributions set aside by the Bank and dedicated to the whole community local: people (individuals, families, businesses), environment, cultural and social heritage. The Fund is accompanied by a specific Regulation which governs, in a transparent and timely manner, the criteria and processes for disbursing contributions. The Fund's commitment is dedicated to five areas: social service, territory, culture, environment, health and sport, according to a detailed and transparent approval procedure, which provides for precise obligations for the beneficiary: for example the deadlines established for the realization of the project and the sharing of advertising campaigns in support. The Fund, active since 2014, has already funded 680 projects for a value of 1.4 million euros while, for 2019 alone, 180 projects have been supported for a commitment of 600 thousand euros. BCC Basilicata also stands out for having the majority female Board of Directors.

Emil Banca, BCC based in Bologna, has created “MUG Magazzini Generativi”, a hub to give concreteness to innovative business projects and more. A place where the BCC can confront those who promote the development of the circular economy: these factors positively affect the risk reduction of companies and guarantee territorial development and social innovation, with a positive impact on society. The project focuses on big data and robotics, on Artificial Intelligence (AI) and on the Internet of Things (IOT), which focus on man and his well-being, focusing on issues such as Society 5.0. The values that inspire MUG are four: cooperation, involvement, trust and sustainability, which materialize in three operational tools: a Changemakers Community, that is a community of people who collaborate to grow, build relationships, facilitate the growth of projects and startups; Innovate, an Open Innovation program to encourage the meeting and activation of investment and collaboration paths between changemakers, companies and organizations involved by Emil Banca; a space consisting of a technologically advanced area of 1,750 square meters in the center of Bologna, aimed at promoting contamination between startups, talents and consolidated companies.

The project “Per amor di Maremma” of **Banca TEMA**, BCC based in Grosseto, is a new economic initiative based on subsidized and innovative financial instruments, dedicated to the territory. The aim of the project is to contrast phenomena (especially natural ones) that risk jeopardising - sometimes even upset - the landscape and nature. “Per amor di Maremma” pursues the goal of preserving the territory so that the area remains a green lung where the environment and its products continue to be genuine and protected. The project focuses on fighting fires, desertification, drought and subsidies for farms that are planning an organic route. In the event of the phenomena described above, Banca TEMA has already activated a fund of 500 thousand euros, immediately usable and at extremely favorable conditions (1% rate), in order to protect and support those who have suffered particularly serious damage.

• **The Iccrea Cooperative Banking Group obtained the recognition of Top Fundraiser 2019, in the Banks and Insurance category, during the Milan Marathon 2019 Charity Awards.**



Fundraising, linked to the event called **Running for Good**, which was attended by Iccrea Group runners, exceeded the amount of 17 thousand euros. The Iccrea group, through fundraising, supported the non-profit organization Sport Without Borders. The funds raised supported the Joy Summer Camp project.



With this initiative, the Iccrea Group supported the activities of the summer camp, created in collaboration with the Italian Red Cross. The camp aims to welcome children from areas affected by the earthquake and last year also children from Genoa, belonging to families damaged by the collapse of the Morandi bridge. The children of employees of Iccrea Group also attended the Joy Summer Camp. Some employees also took part in the summer camp, as volunteers in the activities planned for the children.

Running for Good, at the fourth edition, aims to spread the value of solidarity among employees, promoting sports (collective training and running competitions) as a tool for business aggregation and prevention of pathologies related to sedentary activity. The initiative was attended by employees of the Parent Company and of the entities of the direct perimeter, who taking part, in teams, in the marathon of Milan and Rome, also played an active role in raising funds for the non-profit Sport Without Borders. In fact, each team organized a small fundraiser. In the first half of 2019 the most important race of the course took place, the Milan Marathon 2019, which was attended by 110 colleagues, including relay runners and marathon runners of the Iccrea Group.

- **The Iccrea Cooperative Banking Group achieved the Welfare Awards for standing out in the landscape of Italian organizational well-being.**



The best 2018 conversion plan for the performance bonus (PdR in Italian) belongs to the Iccrea Group. Over 700 companies were involved in the survey carried out by Easy Welfare to identify the best welfare policies adopted by the personnel departments. The Iccrea Group, with the award-winning initiative, has guaranteed numerous welfare-related policies to employees. This recognition confirms that the Iccrea Cooperative Banking Group has worked effectively to protect the well-being, serenity and purchasing power of workers and their families, in the awareness that all this contributes to improve worker satisfaction in the company.



5.5 Supply chain management

Iccrea Cooperative Banking Group has defined specific internal regulations aimed at regulating the process of managing suppliers and purchases of goods and services for the group entities in accordance with the main reference regulations (Legislative Decree no. 231 / 2001, privacy, anti-money laundering, "relevant subjects"). The process of evaluation and selection of the suppliers of the Iccrea Group is based on a careful technical and economic analysis of different parameters, such as the analysis of the product, the offer, the economic convenience, the technical and professional suitability, competence and reliability and quality of services. In some cases, the selection process also assesses the possession of any certifications (e.g. ISO 14000 and ISO 18000) and suppliers are asked to comply with the Code of Ethics of Iccrea Group. In specific cases provided for by the internal reference regulations, Iccrea Cooperative Banking Group checks that the supplier possesses the integrity and respectability requirements of the corporate officers. In the Code of Ethics and Conduct, Iccrea Group underlines the importance of basing relations with suppliers in compliance with the law and internal regulations in force. To this end, Iccrea Banca makes all the suppliers aware of the contents of the Code and requests compliance with the principles expressed in it. Any violations of the general principles of the Code by suppliers, entail the faculty for the Bank to avail itself of the termination clauses included in the individual supply contracts. In general terms, Iccrea Group makes use of suppliers for the supply of services, products and tools necessary for the performance and efficiency of banking activities, property management, ICT activities and services, logistics, marketing and staff. Beyond regulatory obligations, Iccrea Group has also set objectives for better management of the supply chain. In the 2020-2023 Sustainability Plan, whose planning began from the second half of 2019, an ESG scoring process will start on the Parent Company's suppliers that fall within specific dimensional, strategic and critical requirements, by 2023. For the sensitization of the BCCs to the ESG selection criteria, the goal will be to develop guidelines aimed at creating an ESG supplier qualification system. These guidelines may also be adopted by the BCCs on a voluntary basis.

During 2019, Iccrea Group involved a total number of suppliers equal to 119,102 of which 118,970 are Italians, therefore equal to 99.89%. The purchase quota was 3.3 billion euros, 99.50% of which went to Italian suppliers. Therefore only 0.50% is the share destined for foreign suppliers. During the reporting year, the number of new suppliers was 9,453, 3.29% of which were assessed according to social criteria.

Considering the peculiarity of the Iccrea Cooperative Banking Group, the purchasing practices adopted by the mutual banks also depend on the principles of competence and localism. Therefore, for consistency in the data aggregation process at Iccrea Group level, the suppliers surveyed by the BCCs were totally added to the Italian ones of the Parent Company and of the Companies included in the perimeter of this specific indicator. Foreign suppliers were considered separately. Due to the ongoing process of organization of Iccrea Group, the following companies of the direct and indirect perimeter were excluded from the data provided, in relation to the proportion of expenditure towards local suppliers: Banca Sviluppo SPA, BCC Factoring SPA, BCC Credito Consumo SPA, Banca del Mediocredito FVG SPA, BCC Lease SPA, Coopersystem Soc. Coop., Sigest SRL, Sinergia SCARL.



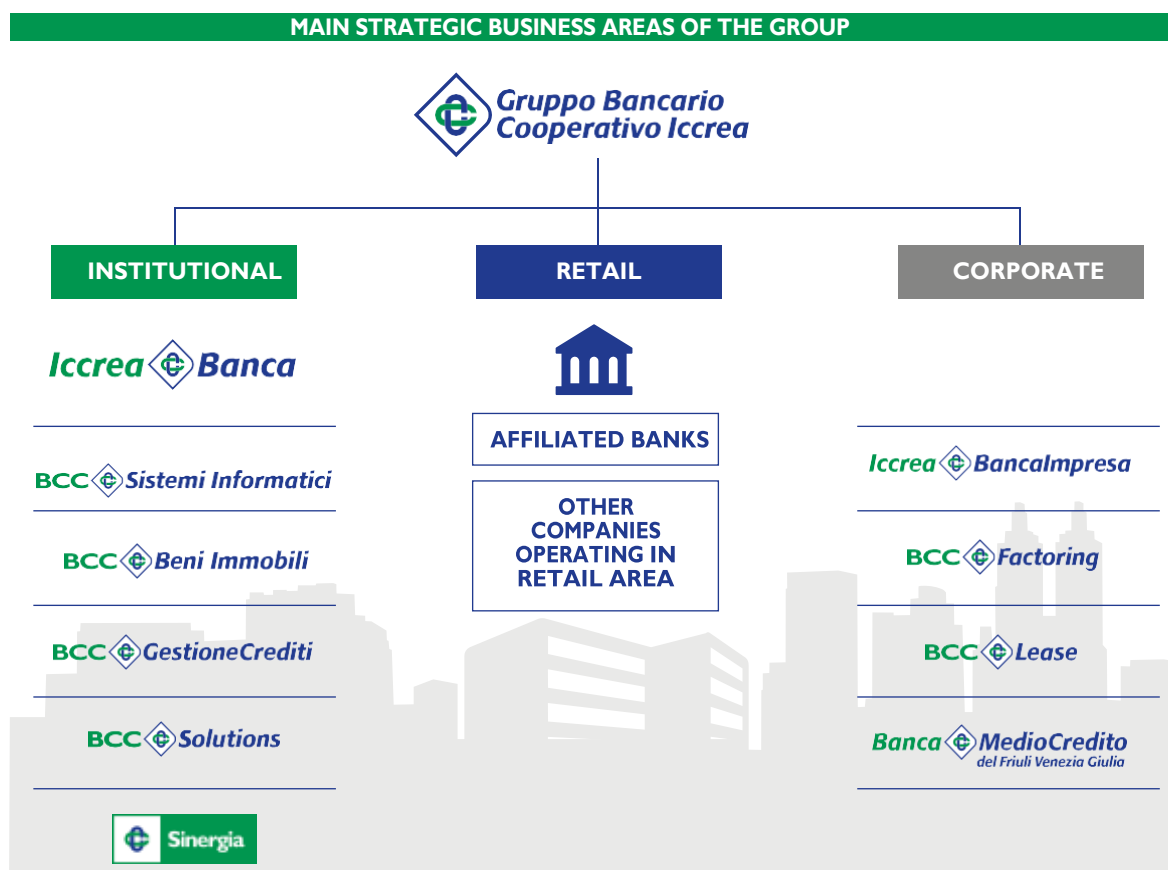


6. Clients and Products

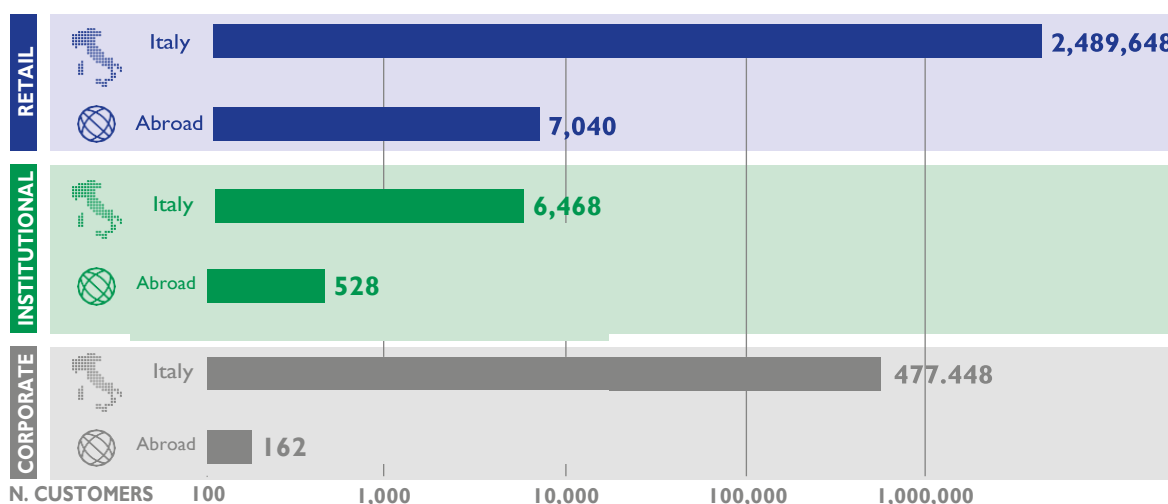


Iccrea Cooperative Banking Group offers to its customers a broad and diversified range of products and services through the companies of the direct perimeter and affiliated BCCs, counting on the territorial capillarity of Iccrea Group.

The offer and service model of Iccrea Group operates through an organizational structure which is articulated in three main strategic areas.



CUSTOMERS OF THE PRINCIPLE ENTITIES OF THE ICCREA GROUP (EXCLUDED BCCs) BY GEOGRAPHIC AREA (ITALY VS ABROAD)

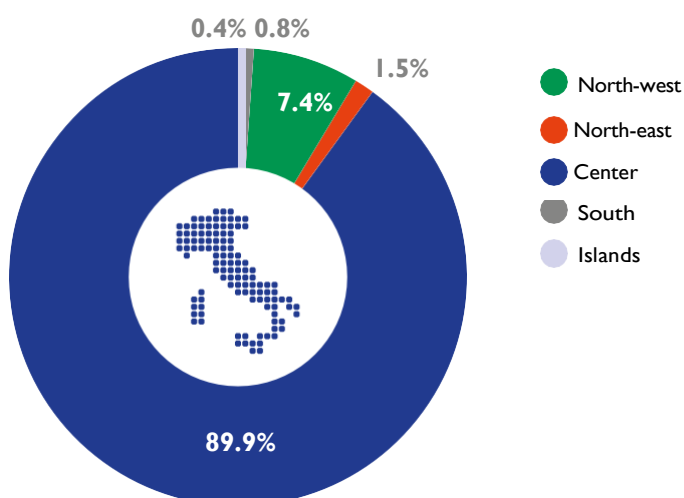




INSTITUTIONAL

This strategic area includes those activities towards institutional counterparties (BCCs, other banks, and public institution) in the field of payment services, financial brokerage activities (trading and capital market) e activities with abroad entities, and other services to support affiliated Banks. There are the Parent Company **Iccrea Banca**, **BCC Sistemi Informatici**, **BCC Gestione Crediti**, **BCC Solutions**, **BCC Beni Immobili**, **Sinergia**, **Sigest** and **Coopersystem**.

PARTITION OF INTITUTIONAL CUSTOMERS BY GEOGRAPHICAL AREA OF OUR NATIONAL TERRITORY ACCORDING TO THE WEIGHT ON GROSS AMOUNTS ON BALANCE SHEET OF ICCREA GROUP (2019)



COOPERATIVE CREDIT BANKS, THE MAIN TARGET OF INSTITUTIONAL STRATEGIC AREA

The Institutional segment includes those entities of the Iccrea Cooperative Banking Group offering products and services to support the operating of Cooperative Credit Banks (BCCs).

In this context, Iccrea Group offers to BCCs numerous solutions which comprise financial services, payment systems, stocks regulations and administration, services of credit recovery, facility management, real estate services and IT infrastructure management.

Thanks to this broad range of services, in 2019 Iccrea Group assisted a huge part of Cooperative Credit Banks which belong to the current Iccrea Cooperative Banking Group.

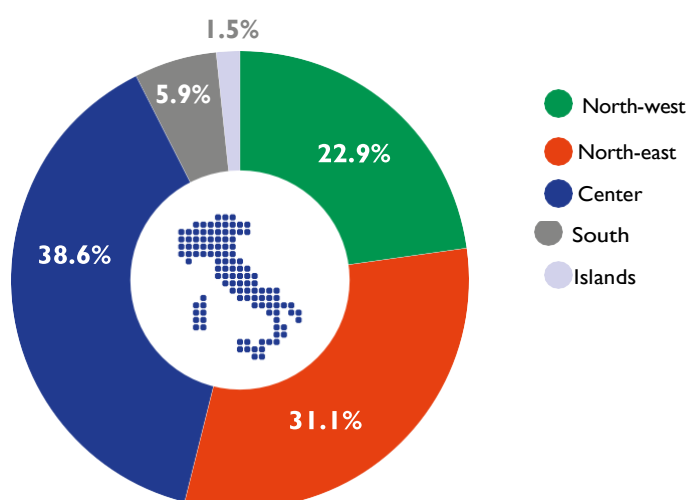




CORPORATE

It includes activities especially direct to the financing of Small and Medium Enterprises (SMEs) customers of BCCs. There are **Iccrea Bancalmpresa**, **BCC Lease**, **BCC Factoring** and **Banca Mediocredito del Friuli Venezia-Giulia**.

PARTITION OF INTITUTIONAL CUSTOMERS BY GEOGRAPHICAL AREA OF OUR NATIONAL TERRITORY ACCORDING TO THE WEIGHT ON GROSS AMOUNTS ON BALANCE SHEET OF ICCREA GROUP (2019)



MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs), THE MAIN TARGET OF CORPORATE STRATEGIC AREA

Corporate segment of Iccrea Cooperative Banking Group refers mainly to micro Small and Medium Enterprises (mSMEs), which represent the principle corporate clients of Cooperative Credit Banks.

Through the activities of Iccrea Bancalmpresa and its controlled BCC Factoring and BCC Lease, Iccrea Group offers to Italian mSMEs personalized services, tailor-made for the needs of different business sectors with offers including traditional technical forms and more evolved and innovative ones.

The Group developed a broad range of products which includes ordinary finance unto extraordinary one. There are services towards abroad entities, project finance, subsidized finance, mini-bond, factoring, financial and operating leasing. Beyond financial products and credit supply, Iccrea Banca, with the support of BCCs as distributors, offers to its corporate clients specific monetics products (for instance, business credit card, services of acceptance of payment instruments and the possibility to sell own goods on the new online shop window offered by Ventis).

Into the Corporate segment, there is also Banca Mediocredito del Friuli Venezia Giulia, specialized in short term and medium-long term credit, in favour of SMEs operating in regional territories.

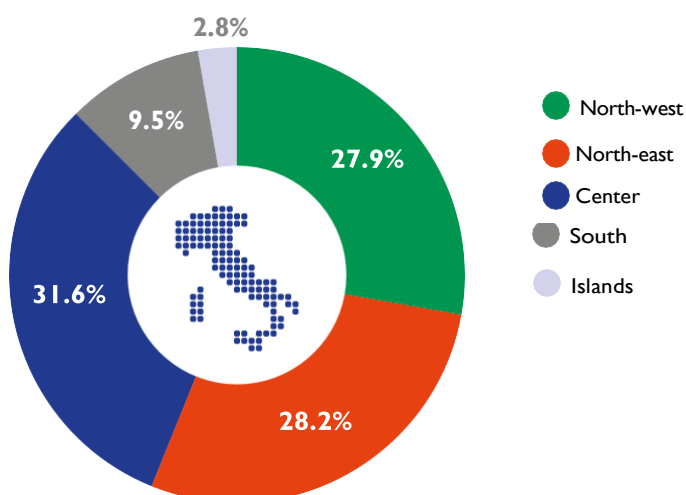




RETAIL

It includes Asset Management activity on individual and collective basis addressed to Retail clients (**BCC Risparmio & Previdenza**), consumption credit supply (**BCC Credito Consumo**) and traditional banking activities by **Banca Sviluppo**.

PARTITION OF INTITUTIONAL CUSTOMERS BY GEOGRAPHICAL AREA OF OUR NATIONAL TERRITORY ACCORDING TO THE WEIGHT ON GROSS AMOUNTS ON BALANCE SHEET OF ICCREA GROUP (2019)



PEOPLE AND FAMILIES, THE MAIN TARGET OF RETAIL STRATEGIC AREA

Retail segment includes the offer of Iccrea Group dedicated to people and families as clients of Cooperative Credit Banks. The offer of this branch comprehends products and services of managed saving, social security e safety, personal financing, mortgage and payment systems based on cards. In this segment **BCC Risparmio & Previdenza**, **BCC Credito Consumo**, **BCC Retail**, **Banca Sviluppo** and **Iccrea Banca** operate with the support of the BCCs as distributors.

During the year, the Group sold products and services to about **2,496,688** clients of Retail segments.

Retail activities are executed mainly by the whole of Cooperative Credit Banks adhering to Iccrea Group.

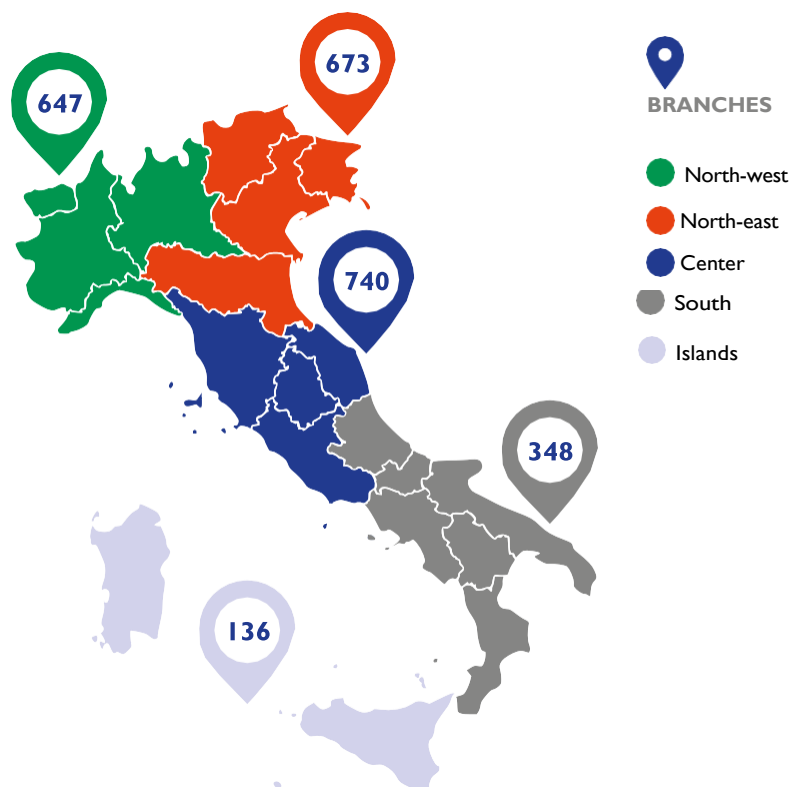
Iccrea Group pursue the aim of managing, guarding e protecting competence territories, offering products and services capable to meet the needs of people, business and institutions.

Proximity to customers is granted by localism which characterized the cooperative activities of affiliated BCCs and “Product-Companies” which support them.

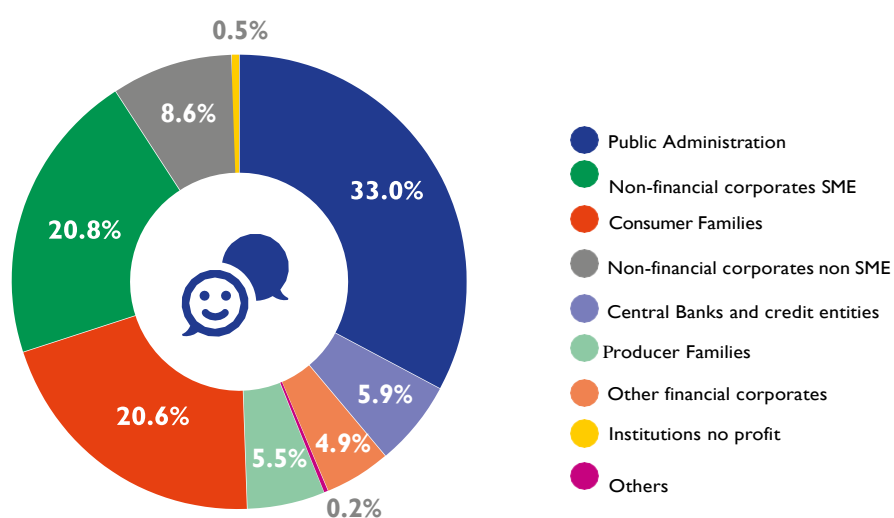




DISTRIBUTION BRANCHES BY AREAS



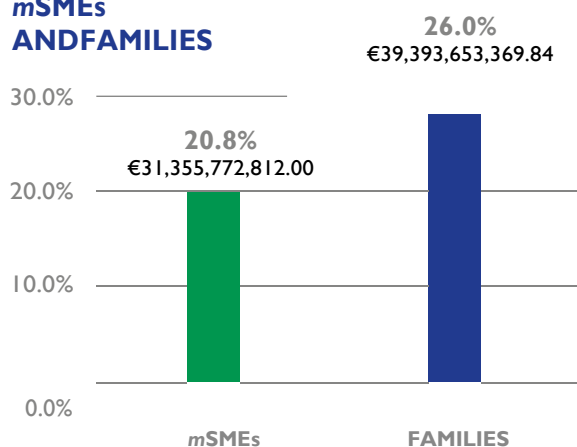
CLIENTS BY TYPES (CLASSIFICATION SAE)



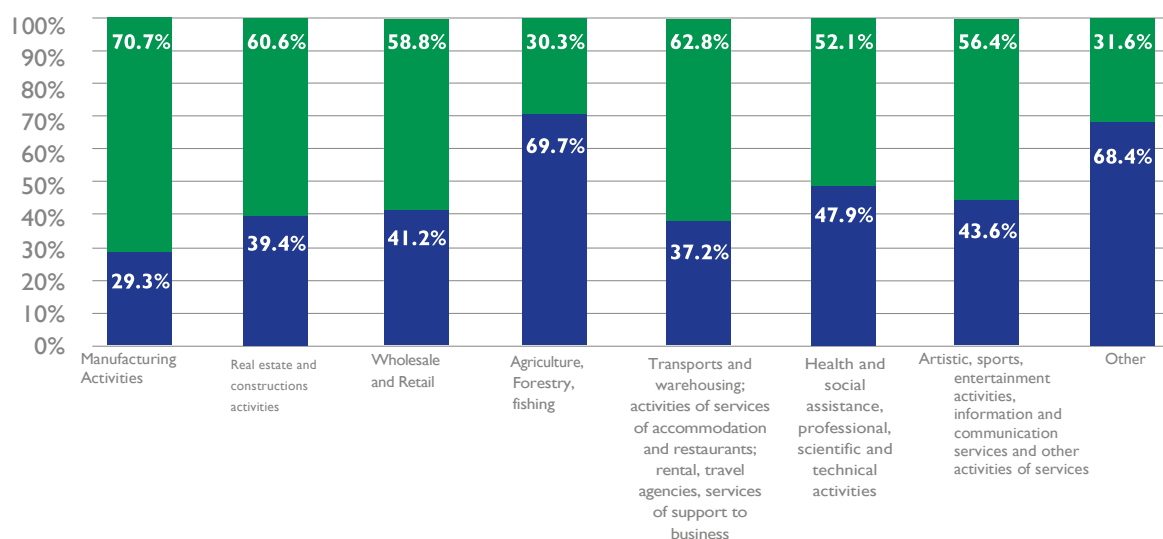


In 2019 the **46.8% of amounts on total** of Iccrea Cooperative Banking Group was addressed towards **families and micro Small and Medium Enterprises (mSMEs)**.

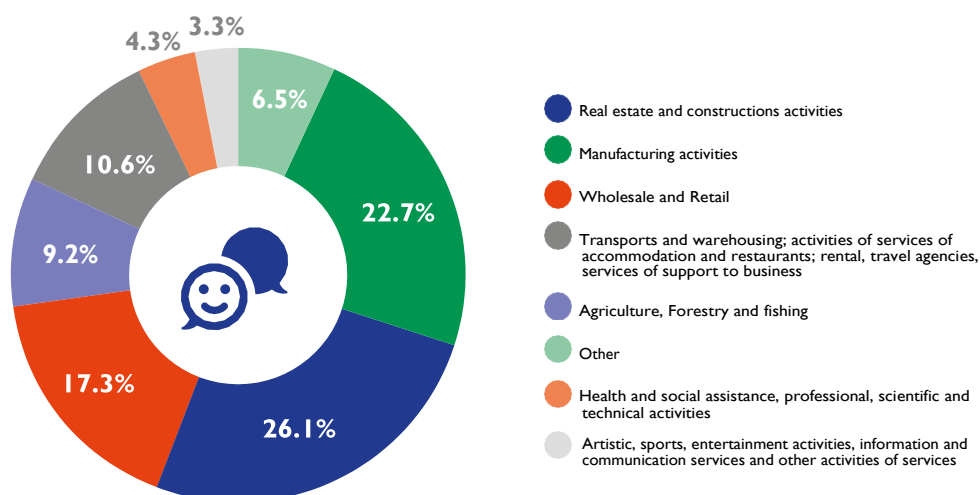
mSMEs AND FAMILIES



CONTRIBUTION TO SMEs ON TOTAL OF CLIENTS BY SINGLE AGGREGATE ATECO OF ICCREA GROUP



MAIN SERVED SECTORS





6.1 Social Impact Products by strategic area

Customer protection for the Iccrea Group is a prerequisite for a sustainable business, as well as a strategic principle for operating well today for the benefit of the future. This principle is realized through the responsible management of savings, with the offer of products and services aimed at pursuing positive impacts from a social and environmental point of view.

In this chapter, the products with social impact that the different strategic areas of the Iccrea Group offer on the market are discussed, postponing the detailed discussion of those with environmental impact in the chapter dedicated to them.

INSTITUTIONAL AREA – ICCREA BANCA



In the reporting year, Iccrea Banca joined the third program of the European Central Bank (ECB) called Targeted Longer-Term Refinancing Operations (T-LTRO III), through the establishment of the TLTRO III-Group of which Iccrea has assumed the lead institution role, recognized by the ECB on November 14th, 2019. This program has the purpose of providing loans from the ECB to the Banks, so that the latter provide loans to support the real economy. Loans are intended for non-financial corporations and families.

The T-LTRO III Group allows the Affiliated Banks and Companies of the Direct Perimeter of the Iccrea Group to participate in the program. The latter is divided into seven medium-long term refinancing operations on a quarterly basis, each with a duration of three years, repayable according to the conditions established by the ECB.

In particular, the counterparties of these transactions will be able to benefit from the maximum rate reduction if the amounts of eligible loans outstanding at March 31st, 2021 exceeds their reference level (benchmark stock of eligible loans) by 2.5%. Below this threshold, the rate will be reduced in linear proportion to the percentage of surplus actually achieved by the counterparty compared to its reference level.

During 2019, the T-LTRO III Group participated in the December auction for an amount of 78 million euros, with the participation of 94 Cooperative Credit Banks and 2 Companies of the direct perimeter, with Iccrea Banca as lead institution, as better specified in the chapter dedicated to environmental issues.

With reference to the subscription of Mutual Funds, during the 2019 financial year, Iccrea Banca subscribed shares of Funds / ETF¹ which fall into the broader category ESG-Environmental, Social, Governance (Global Category ESG).

¹ The ETF ("Exchange Traded Fund") is, as defined by Borsa Italiana, a particular type of Investment Fund / SICAV traded on the Exchange as a share and with a single investment objective such as that of replicating the index to the which it refers (benchmark) through totally passive management





CATEGORY	NAME	MAIN FEATURES	COUNTERVALUES AT 12/31/2019
34211 – ESG CORP STOCK ETF	Lyxor MSCI Europe ESG Leaders DR UCITS ETF	The ETF aims to replicate the evolution of the reference index MSCI Europe ESG Leaders Net Total Return Index, offering exposure to the performance of the shares of large and mid-caps of developed European countries, issued by companies with solid ESG ratings.	€ 553,312.62
34211 – SOSTENIBILE AND SUPPORTIVE	Raiffeisen- Nachhaltigkeit- Solide	The investment objective of this mixed fund is a moderate capital growth by investing exclusively in securities and / or money market instruments, whose issuers are sustainable and classified on the basis of social, ecological and ethical criteria.	€5,007,749.60

With regard to the digital products and services offered, the Parent Company provides to institutional customers (Iccrea Banca itself, the affiliated BCCs, Companies of the Direct Perimeter and some client banks) post trading services, functional to the trading of financial instruments on their own account and on behalf of their Retail clientele.

It also takes care, on behalf of the same subjects, of the reported requirements of the various regulations (such as MIFID, EMIR, MAD / MAR, CSDR, SFTR), envisaged for intermediaries.

In particular, the services provided are:

- custody and administration of financial instruments;
- financial instruments regulation;
- reports to the Supervisory Authorities of the transactions carried out on securities and derivative contracts pursuant to the MIFID2, EMIR, MAD, CSDR regulations;
- production of personal data on financial instruments;
- support in the placement of Funds and Sicav.

The provision of services to Institutional customers is governed by contracts that aim to protect customers, also through the definition of Service-Level Agreements (i.e. agreements on the service level-SLA) and performance indicators (Key Performance Indicators-KPI), regarding the quality of the services offered. The same contracts also aim to guarantee business continuity.


The centralized management of the services offered is functional to guarantee the BCCs, even small ones, supervision of activities at sustainable costs, in order to ensure their Retail customers investment services at market conditions and competitive quality levels.

DIRECT PERIMETER CORPORATES


The Institutional strategic area also includes the companies of the direct perimeter **BCC Beni Immobili**, **BCC Sistemi Informatici**, **BCC Gestione Crediti** and **BCC Solutions**. These companies offer support to the affiliated BCCs with their products and services.





BCC  Sistemi Informatici With reference to BCC Sistemi Informatici (BCCs SI), in 2019 the Company continued its support activities for the Parent Company's corporate structures in the field of Information Communication Technology (ICT), in particular in the path aimed at integrating and standardizing all system tools information of the affiliated Banks, in line with the Parent Company and with the other companies of the Direct and Indirect Perimeter.

Among the companies of the Direct Perimeter there is BCC **Gestione Crediti**, which deals with the problematic loans of the BCCs and of the other Group Companies.

BCC  Solutions BCC Solutions, on the other hand, deals with the activities relating to the purchase of goods and services, the regulatory compliance checks on security, the management of Information Technology, LAN and Help Desk services in the Management Center of Lucrezia Romana (also managing the flow of correspondence for all offices) and to the logistics of the offices located throughout Italy. Since the establishment of the Iccrea Cooperative Banking Group, the Company has set the goal of reorganizing activities by centralizing processes in order to guarantee advantages and economies of scale.

COMPANIES OF INDIRECT PERIMETER

The companies of the Indirect Perimeter, also attributable to the strategic Institutional area, are **Sinergia**, **Sigest** and **Coopersystem**.



Sinergia is a joint-stock consortium participated by Cooperative Credit Banks, which in compliance with the binding regulations in the banking, safety and environment, privacy protection and guarantee in the processing of personal data (Regulation EU 2016/679, c.d. "GDPR"), mainly deals with the design and provision of back office and business process management services to support the banks belonging to the Consortium. More specifically, Sinergia deals with:

- payment systems in Italy and abroad, foreign-goods, treasuries of public entities, accounting, securities and credit surveillance reports;
- provision of management and assistance services on multi-channel, digital and e-banking products to direct and indirect (end-user) customers;
- products and services relating to payments, collections and cards (in back office), open banking, reporting, accounting and Daily Settlement Account (CRG, Conto di Regolamento Giornaliero), activities aimed abroad, treasury of public entities, credits, market, salaries to the BCCs, monetics systems and electronic services and other complementary services, mainly provided to the BCCs users of the BCCs SI informatic system.

In addition, the Company offers services linked to activities relating to:

- the securities, which see BCCs as users of the BCCs SI IT System;
- the money offered for the benefit of all the BCCs and Iccrea Banca.



Coopersystem manages services and products such as POS, IT services and other sales services, at national level. It pays particular attention to the correct disposal of obsolete and no longer updatable POS. POS services are mainly intended for entities operating in the wholesale and retail sector (99% of customers). The remaining portion of this service (approximately 0.31%) is made up of banks. They are also beneficiaries of the other services offered by Coopersystem.

CORPORATE AREA – ICCREA BANCAIMPRESA

Iccrea BancaImpresa Iccrea BancaImpresa (IBI) supports companies in the national territory through the offer of loans, mortgages and guarantees.

IBI's main sectors of reference are agriculture, forestry and fishing, real estate activities and the sector of electricity, gas, steam and air conditioning supply. The counterparties most served are SMEs.

The operations that combine innovative investments with respect for the environment and sustainable production are currently being carefully studied.

As regards agricultural credits, the management model provides for the involvement of the commercial area and the affiliated BCCs. Internal and external training courses are periodically organized to raise awareness of the development of commercial actions for the sector, in particular to finance innovative investments also thanks to the use of ad hoc guarantees (including the European Investment Fund- FEI, Institute of Services for the Agricultural Food Market-ISMEA etc.).

IBI OPERATIONS FOR SMEs

Through its "Facilities" Organizational Unit, IBI has contributed to the development of the following facilities and guarantees:

- a) Agreement with the European Investment Fund (EIF) for access to the InnovFin guarantee product. The agreement signed by Iccrea BancaImpresa, together with the Parent Company's OU Public Affairs, allows IBI to receive a 50% guarantee on a portfolio of new financing transactions for mSMEs and Small Midcaps (companies up to 499 employees at group level) oriented towards innovation. This tool is part of the European Horizon 2020 program for research and innovation. Through IBI, the Iccrea Banking Group has subscribed around 38 million euros in favor of innovative companies in 2019 for 24 operations.
- b) Access to interest rate subsidies under the Sabatini law. Thanks to this tool IBI in 2019 positively instructed 1,297 applications which led to the booking of a total credit of 310 million euro, of which approximately 27 million euros are represented by interest rate subsidies.
- c) Access to the Guarantee Fund guarantee for mSMEs on bank loans granted by the BCCs destined for mSMEs. IBI manages, through a dedicated servicing, the guarantee on behalf of partner BCCs. During 2019, 3,711 requests, which resulted in a total loan of approximately 545 million euros, were submitted.



In addition, the IBI service intermediates BCCs in operations with the Guarantee Fund for SMEs. In relation to microcredit in 2019:

- 457 requests to the Fund, which resulted in a total loan of approximately 11 million euros;
- the direct activity of Iccrea BancaImpresa of transactions with the Guarantee Fund for SMEs generated in 2019 138 guaranteed financing transactions for a total amount of approximately 61 million euros.

d) Furthermore, IBI entered into two agreements with SACE that provided: :

- 26 financing transactions in favor of SMEs for a total of over 27 million euros, whose share of IBI is equal to approximately 62% (that is, in absolute value, 16.7 million euros). The BCCs currently adhering to this Convention are 72;
- 4 guarantees for a total of approximately 12 million euros.

e) SACE was involved in the stipulation of an Intercompany transaction (which includes the 50% SACE guarantee) for a total of 3.5 million euros.

Moreover, Iccrea BancaImpresa has signed a new agreement with the European Investment Bank (EIB) for the management of 46.5 million euros turned to the students residing in the Central and Southern regions to support the tertiary education of master students and graduates residing in the South Center in the context of the MIUR - PON Research & Innovation 2014-20 (national instrument whose objective is to improve the



Launch of a project that provides for the granting of loans for tertiary education for master students and graduates residing in the Center South.

With the aim of reducing the distance between the percentage of graduates from the South of Italy compared to the European average.

quality of higher education and strengthen research, technological development and innovation, in compliance with the European objectives in favor of its most disadvantaged territorial areas). The initiative, developed with the subsidiary BCC Credito Consumo, provides, in a logic of financial sustainability, the granting of non-interest bearing loans not covered by guarantees (so-called "unsecured") with the possibility of twenty-year repayment starting from the achievement of the academic title. The project represents a first form of public and private institutions partnership in favor of human capital growth with the aim of reducing the distance between the percentage of graduates in the South compared to the European average.

PUBLIC LEASING

IBI exploits also **Public Private Partnership (PPP) pursuant to art. 180, paragraph 8**, Legislative Decree no. 50/2016 (so-called Codice degli Appalti), in particular for what concerns financial leasing instrument for public works (so-called public leasing), governed by art. 187 of Codice degli Appalti. Through this operation, the contracting authority acquires the availability of the work supplied by the private lender (who remains the owner), against the payment of a periodic fee for the duration of the contract, at the end of which the entity has the right to acquire





ownership by paying a ransom². The Public Entity or Public Administration uses this tool more and more frequently for the construction of public works, in light of the situation of serious crisis in the reference market characterized by a significant contraction of public resources to be allocated for this purpose.

The main public leasing operations carried out by Iccrea BancaImpresa are in the management and healthcare, sports construction, school construction and energy sectors. The portfolio subscribed at 12/31/2019 is divided as follows:

ASSET	CONTRACTUAL AMOUNT (€)	% ON TOTAL	N. OPERATIONS	MEDIUM TICKET (MLN€)
MULTI-PURPOSE BUILDING	50,524,194.22	22.5%	8	6.32
SCHOOL BUILDING	49,274,046.66	21.9%	15	3.28
SPORT BUILDING	64,999,847.13	28.9%	22	2.95
ENERGY	26,700,171.95	11.9%	10	2.67
HEALTH	33,374,021.89	14.8%	6	5.56
TOTAL	224,872,281.85	100.0%	61	3.69

With particular reference to the contracts stipulated in the reporting year, there have been 8 calls for 2019 for a total contractual amount of over 35 million euros, the details of which are shown on the next page.

² The financial lease is characterized by a direct relationship between financing and construction of the work, integrated within a single procedure with public evidence. The application of the financial leasing instrument is particularly effective for the construction of works aimed at providing public utility services without user charges, or with a minimum rate level that does not allow the recovery of the capital employed (so-called "cold works" such as, for example, hospitals, schools, prisons, barracks, public offices, buildings for public use, etc.). Furthermore, if the interventions are not present in the programming tools approved by the contracting authority on the basis of current legislation, the Procurement Code gives the possibility for private operators to formulate proposals to the public body for private initiative (art. 16 of Legislative Decree no. 50/2016), concerning the construction, financing, management and long-term maintenance of a public work



PUBLIC AUTHORITY	OBJECT OF THE NOTICE	DATE OF STIPULA	CONTRACTUAL AMOUNT
Municipality of Torri di Quartesolo (VI)	Activation of a public private partnership through financial lease of public works pursuant to art. 187 Legislative Decree no. 50/2016 for the executive design, refurbishment, financing and maintenance of the synthetic grass soccer field in Lerino.	04/04/2019	€ 901,111.32
Municipality of Madesimo (SO)	Activation of public private partnership, pursuant to art. 3, c. 1, lett. eee, 180 and 187 of Legislative Decree no. 50/2016 and subsequent amendments, concerning the executive design, financing, construction of the works and the multi-year maintenance service for a period of 20 years of the works to complete the ice stadium of the Municipality of Madesimo.	24/04/2019	€ 1,189,490.40
Municipality of San Vittore Olona (MI)	Activation of public private partnership through financial leasing of public works, pursuant to art. 3, comma 1, lett. eee, 180 and 187 Legislative Decree no. 50/2016, concerning the planning, the realization of the works of re-qualification, restructuring and regulatory adaptation, the maintenance and management for 20 years of the sports facilities of the Municipality of San Vittore Olona, G. Malerba and Via Roma.	30/04/2019	€ 1,007,220.00
Municipality of Crevoladossola (VB)	Open procedure for assignment through public private partnership pursuant to art. 183 comma 15 and art. 187 of Legislative Decree no. 50/2016 of the executive planning (with the acquisition of the definitive planning in the offer), the financing, the realization and the ordinary / extraordinary maintenance of an elementary school and gym for school use through the conversion of the factory building of the former sports hall existing in Crevoladossola Preglia.	23/07/2019	€ 2,604,800.00
Municipality of Campi Bisenzio (FI)	Activation of public-private partnership for definitive executive planning, financing, construction of works and maintenance service, for service, for a period of 20 years of the new kindergarten in Via Gramignano in the Municipality of Campi Bisenzio.	11/09/2019	€ 3,614,134.50
Municipality of Sanremo (IM)	Activation public private partnership by means of a proposal for the financial leasing of public works, pursuant art. 183 c. 16 of Legislative Decree no. 50/2016, concerning The construction and financing of the new multifunctional Sports facility at the Municipality of Sanremo in the Pian Of Pome Area	30/10/2019	€ 9,895,918.22
Municipality of Arezzo (AR)	Open procedure for public private partnership, pursuant to art. 3 c. 1 lett. eee), art. 180 and art. 187 Legislative Decree no. 50/2016, concerning the definitive planning (to acquired during the offer), the executive planning, the financing, the realization of the works and the multi-year maintenance service, of the new headquarters of the Arezzo municipal police command.	14/11/2019	€ 3,985,345.16
Veritas SPA	Public private partnership for executive planning after environmental investigations, construction, financing, maintenance and management, for 20 years, of a new company headquarters for integrated water service laboratories and offices, to be implemented according to the model of the financial lease pursuant to art. 183, paragraphs 15 ss and 187 of Legislative Decree no. 50/2016, on the basis of the proposal presented by a private entity.	09/12/2019	€ 12,297,287.02





Initiatives launched in 2019 amounted at 17.9 million euros. They are as follows:

PUBLIC AUTHORITY	OBJECT OF THE NOTICE	COMMENCEMENT DATE	CONTRACTUAL AMOUNT
Asl I Avezzano-Sulmona-L'Aquila (AQ)	Public-private partnership for the executive design, construction and maintenance of a new building to be used as a health facility in the SS. Annunziata di Sulmona by financial lease.	25/07/2019	€ 15,054,623.58
Municipality of Biassono (MB)	Activation of a public private-leasing partnership, pursuant to the combined provisions of articles 153 paragraphs 19, 20 and 160-bis of Legislative Decree no. 163/2006, concerning the definitive planning (to be acquired during the offer), the executive planning, the construction, the financing as well as the perfect maintenance (ordinary and extraordinary) for a period of 20 (twenty) years, of the new gym with annexed changing rooms and services at the Biassono Sports Center.	01/07/2019	€ 2,851,186.85

Furthermore, in December 2019, IBI renewed the agreement with Fondosviluppo³. Fondosviluppo is the mutual fund to which, by law, the 140 affiliated BCCs of the Iccrea group allocate 3% of profits. The purpose of the partnership is to promote the provision of loans to cooperative companies and entities controlled by them, regularly associated with Confcooperative. These loans are usually disbursed in pools with the BCCs concerned, at better conditions than the market, also thanks to the interest-rate contributions that Fondosviluppo can possibly resolve on

each initiative⁴. The average amount of the financing transactions was 2.8 million euros. Over 60% of the initiatives involved cooperatives in the agricultural sector, followed by social ones for over 15% and work ones.



In the triennial 2017-2019:

- **60** cooperative entities funded;
- **€ 450 million** of financing;
- **Interest account contribution over € 6 million.**

SOCIAL HOUSING

The 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 the target audience is able to sustain a

³ Mutual Fund for the promotion and development of the SPA cooperation of the Italian Cooperative Confederation, set up on February 25th, 1993, pursuant to articles 11 and 12 of Law no. 59 of January 31st, 1992.

⁴ The operations of the new Convention will concern, in addition to typical loans (medium and long-term mortgage / mortgage loans, unsecured loans, short-term loans, extraordinary and project finance, operations from national and foreign funds and concessional instruments and / or related to MCC, European or Bank Trust guarantees, supply chain contracts and pooled syndicated transactions, import and export financing, Cross Border, Foreign Goods, Leasing, Factoring without recourse and without recourse), also other products of the Iccrea Group.





regulated fee, but often does not meet the requirements for access to public residential construction (ERP), and therefore, it is also difficult to access the free market. The aim of promoting social housing is to increase the offer of social housing to rent at a reduced rate, also with the formula "rent with redemption" (type of rental contract for which the rental fees can be paid, to obtain ownership of the asset, after a defined period at pre-determined conditions) and on sale at discounted prices, to support and integrate public policies that face housing problems.

The IBI social housing fund was promoted by Iccrea BancaImpresa jointly with the Investimenti per l'Abitare Fund (FIA) - promoted by Cassa Depositi e Prestiti (CDP) Investimenti Sgr (of which CDP holds 70%) – amounts to 2 billion euros and it is intended for qualified operators throughout the national territory. Iccrea BancaImpresa, in collaboration with the affiliated BCCs, has the objective of carrying out social housing initiatives, in collaboration with Cassa Depositi e Prestiti, providing concrete answers to the housing needs of the communities served by the local BCCs, with a view to responsible and sustainable growth of the territory.

The IBI social housing fund pursues the following purposes:

- to use the properties held as collateral by the Banks and not yet sold on the market which represent a loss of profitability for the Banks (properties to guarantee problematic loans that weigh on the balance sheets);
- to realize the opportunities for companies that can build quality social housing, enhancing properties and interrupting their deterioration;
- to create a social resource to constitute an important response to a problematic segment of the Italian population;
- to recover and redevelop abandoned properties also in key areas of the municipal area.

The business Plan provides for the purchase of the initiatives up to 2021, for an overall purchase value of approximately 80 million euros.

Investments were mostly done in Emilia Romagna, Tuscany, Veneto and Lazio.

Social housing operations carried out in 2019:

- in April, in Rimini, a second building of 24 housing units with related appurtenances was purchased at a price of 2.6 million euros. The intervention was financed in pool by IBI and the BCC Riviera Banca (formerly Rimini Banca) for a total of 1.7 million euros for the construction of the entire building. IBI's share of the purchase was 1 million euros (40% of the price). Riviera Banca will contribute to the purchase of shares in the Fund for a total value of 0.7 million euros;
- 2 buildings for a total of 70 units is under construction in Castelfranco Veneto. The financing of IBI is equal to a total of 7.7 million euros. The building permit was granted on November 30th, 2019. The construction site is in the start-up phase;
- in Rome, the transactions amounted to 14 million euros divided into 2 steps: 1. immediate purchase (completed on 03/01/2019) at the price of 12.3 million euros and 2. post-regularization purchase at the price of 1.7 million euros.





BANCA MEDIOCREDITO DEL FRIULI VENEZIA GIULIA



Banca Mediocredito del Friuli Venezia Giulia (Mediocredito FVG),

partly owned by the Autonomous Region of Friuli Venezia Giulia, whose control passed from July 2018 to the Iccrea Cooperative Banking Group (through IBI), is specialized in medium-long term credit, with expertise on the subsidized credit granted on the subsidized finance instruments made available to businesses by the Region (also in the context of the revolving funds) and other public entities.

In addition, Banca Mediocredito FVG manages, through servicing, the disbursement of funds from the Friuli Venezia Giulia region, in favor of individuals to reduce the financial charges related to mortgages signed with third-party banks for the purchase or restructuring of the first house.

BCC FACTORING

BCC Factoring, a factoring company controlled by IBI, offers a mix of products and financial solutions to reduce invoice collection time, prevent insolvencies and increase the liquidity of Italian companies, with a turnover of more than 2 billion of euros⁵.



In particular, BCC Factoring operates on the Italian market (with a prevalent presence in Lombardy, Lazio and Piedmont) and offers its products and services mainly to sectors attributable to manufacturing activities (which are worth more than 50% of the turnover), to services and construction.

Consistent with the distribution of the customers, the main social impact products offered by BCC Factoring are loans to the Third Sector and other subsidized loans for social purposes (also with the use of public funds).

BCC LEASE



BCC Lease, controlled by Iccrea Bancalmpresa, is the financial company specialized in small-amount leasing (so-called small ticket) and operates in two distinct market segments: it offers producers and retailers of capital goods financial solutions to assist them in their sales and provides customers of BCCs (companies, artisans and professionals) with solutions for their company cars. During the year, the company activated the procedure for managing the eco-bonus, i.e. the possibility of leasing electric cars and activated the possibility of requesting loans for the purchase of electric recharging columns for cars electric.

The main categories of companies served are the mSMEs (approximately 98%) which make the most use of the operating leasing service (43% of the mSMEs).

It should be noted that BCC Lease and the European Investment Fund (EIF) - in collaboration with the Parent Company's Organizational Unit (OU) Public Affairs - signed an agreement in 2016, renewed during 2019, to facilitate access to the credit of the most fragile SMEs, offering the COSME Guarantee. During 2019, 2,440 contracts were concluded for an amount equal to 50 million euros.

⁵ Based on the statistical data provided by Assifact, to which BCCs Factoring adheres.



BCC RISPARMIO&PREVIDENZA SGR



BCC Risparmio & Previdenza SGR (asset manager) is the savings management company that places its own products (mutual investment funds, pension funds, individual asset management) and the units or shares of third party collective investment schemes (collective investment undertakings) through the network of Cooperative Credit Banks, on the basis of specific placement agreements.

The placement agreement defines the obligations of the placement agent in carrying out the promotion and placement activity, both towards retail customers and professional customers, as defined by current legislation. “SGR” management style is based on the pursuit of the real conservation of the managed assets, or of its revaluation in the medium and long term. Investment valuations which are speculative in nature are therefore excluded.

As part of the distribution of third-party products, the asset manager has made available to its sub-distributors the funds of a primary asset manager, which promotes the financial investments of families and institutions towards the most attentive companies and States the social and environmental consequences of their actions. In choosing the ethical investment universe, the asset manager uses the methodological support offered by providers of proven international standing.

During 2019, the asset manager launched the new fund “Investiper Etico Bilanciato” (Balanced Ethic Investiper): investment policy is determined relating to the trend and the perspectives of economies and financial markets of the single Countries or defined geographic areas. The asset manager, in 2019, launched also 6 new “ethic” management lines investing in undertakings for the collective investment bodies (OICR in Italian) whose investment policy provides the selection of the issuers also on the basis of an analysis aiming at verifying the existence of standards

of social and environmental responsibilities and “good behaviour” (in terms of governance responsibilities) ones.



To identify the “OICR” in which to invest, the asset manager implements a proprietary methodology. It takes into account different aspects of issuers’ responsibilities, among which:

1. **Social policies, in matter of health and security on workplace, relationship with trade unions and workers’ participation, equal opportunities, personnel training, relationship with local communities;**
2. **Environmental impacts, particularly products and production environmental impacts, environmental management system and certificates, environmental reporting, compliance with environmental rules;**
3. **Governance quality, in terms of composition of board of directors, anti-corruption policies, remuneration mechanisms, ethic codes, social, environmental and governance risk management.**

BCC CREDITO CONSUMO (BCC CRECO)

In the scope of credit to households and micro Small and Medium Enterprises (mSMEs), BCC Credito Consumo mainly offers products and services such as personal loans and transfers of the fifth on the national





perimeter. To date, there are more than 36,600 practices for a total funded of approximately 433 million euros. With particular reference to products to be considered with a positive social impact, in 2019, the Company developed a campaign called "Crediper Regala un Sorriso" with Dynamo Camp. Against the loan granted to the customer, the Company has undertaken to donate 1% of the interest accrued to Dynamo Camp from the campaign loans indicated above. The production results at 12/31/2019 saw 2,068 cases for a value of financed of over 25 million euros. In addition, BCC CreCo has granted loans to 1,159 students, for a value of over 8 million euros.

BANCA SVILUPPO



In accordance with the Statute, Banca Sviluppo "buys - through mergers, demergers, transfers and purchases made also pursuant to the Consolidated Law on banking and credit laws - and manages, also on the basis of specific contractual relationships, banking companies, business units, assets and legal relationships from Cooperative Credit Banks or from other banks and collaborates with the Guarantee Fund of Cooperative Credit Depositors in interventions in favor of Cooperative Credit Banks in difficulty".

In this context, it deals with the ordinary management of the branches with a view to business continuity, with the maintenance of market shares - by developing commercial actions especially on loans - and with the employment levels of the Iccrea Group.

It supports the movement with the acquisition of BCCs in difficulty and is also proposed as a commercial tool to convey, with increasing strength and synergy, the products of the group companies to territories diversified by culture and banking needs.

Fourteen is the number of sales operations carried out up to November 2019 (the last saw the involvement of the BCC Mediocrati), while 32 branches are still present in the area.

AFFILIATED BCCs

Cooperative Credit Banks, in compliance with the principles of the Iccrea Cooperative Banking Group, are multidimensional banks. That is, they are:

- **banks**, in terms of pursuing the objectives of efficiency and solidity;
- **cooperatives**, with a common and shared identity, which support the real participation of members/shareholders;
- **local businesses**, since traditionally, and by law, invest in the community of reference at least 95% of the amount collected, triggering a geo-circular economy mechanism ante litteram.

BCCs offer complete banking operations not only to members/shareholders, but also to other privileged interlocutors such as families, micro and small and medium-sized enterprises (mSMEs).





Among the main social impact products offered, we mention:

1. Small loans for social purposes;
2. Student loan;
3. Account for foreigners;
4. "Consap" mortgages (first home discounts);
5. Anti-wear initiatives;
6. Adoption Loans;
7. Financing for family expenses with infants;
8. Third Sector Loans;
9. Social housing;
10. Housing leasing;
11. Loans for advance layoffs;
12. Other subsidized loans for social purposes (also with the use of public funds);
13. Other types different to the previous ones.

BCCs PROVIDERS OF SOCIAL IMPACT INITIATIVES

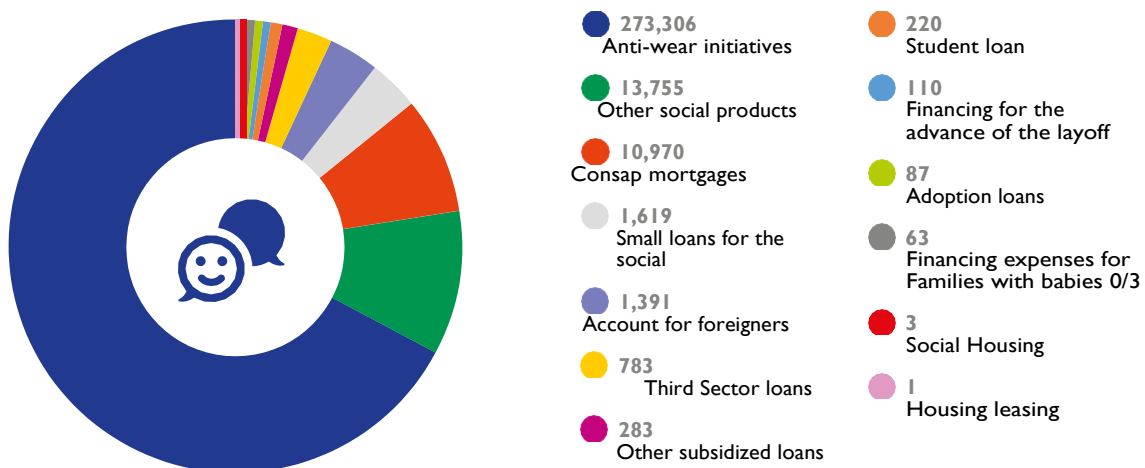




The **beneficiaries** of these social impact initiatives were, in the reporting year, equal to **302,591**, for a total value of **1.7 billion euros**.

The social impact initiatives (shown above) are presented below, distributed by number of members and equivalent value (in thousands of euros).

RECIPIENTS BY TYPE OF SOCIAL IMPACT INITIATIVES



With regard to the only component of the beneficiaries of these products, almost all of the members (just over 90.3%, equal to 273,306 members) turned to the BCCs for anti-usury initiatives, followed by Consap users (first home concessions, approximately 3.6%, equal to 10,970 members) and from other types of products other than those listed above (approximately 4.55%, equal to 13,755 members).

In 2019, the social impact initiatives most used in terms of countervalue were Consap mortgages (78.5% of the total BCCs with a countervalue of 1.3 billion euros), loans to the Third Sector (15, 23% of the total BCCs with a value of 264 million euros), small loans for social purposes (2% of the total BCCs with a value of over 35 million euro) and other types of products other than those previously listed (2% of the total BCCs with a value of almost 36 million euros), as shown in the following table:





SOCIAL IMPACT INITIATIVES	No. BCCs %		ADHERENTS	%ADHERENTS	COLLECTION	COUNTERVALUE
ACCOUNT FOR FOREIGNERS	49	35%	1,391	0.5%	2,448,894.85 €	
SMALL LOANS FOR SOCIAL PURPOSES	69	49%	1,619	0.5%		35,154,581.60 €
STUDENT LOAN	68	49%	220	0.1%		890,528.00 €
CONSAP MORTGAGES	80	57%	10,970	3.6%		1,363,331,664.40 €
ANTI-USURY MORTGAGES	68	49%	273,306	90.3%		12,136,712.90 €
LOANS FOR ADOPTIONS	61	44%	87	0.0%		1,460,769.00 €
FINANCING EXPENSES FOR FAMILIES WITH BABIES 0/3	48	34%	63	0.0%		404,000.00 €
THIRD SECTOR LOANS	63	45%	783	0.3%		264,591,604.70 €
SOCIAL HOUSING	47	34%	3	0.0%		6,280,000.00 €
HOUSING LEASING	55	39%	1	0.0%		133,140.00 €
FINANCING FOR THE ADVANCE OF THE LAYOFF	57	41%	110	0.0%		621,397.00 €
OTHER FACILITATED FINANCING	62	44%	283	0.1%		13,545,308.54 €
OTHER SOCIAL PRODUCTS	57	41%	13,755	4.6%		35,891,137.21 €
TOTAL			302,591	100.0%	2,448,894.85 €	1,734,440,843.35 €

GUARANTEE FUND FOR SMEs

Data of the 140 BCCs affiliated to the Iccrea Cooperative Banking Group relating to the sections of the production microcredit and of the small amount operations are shown below: *Operations 2019 production microcredit*. On Microcredit, the BCCs of the Iccrea Group generated 775 operations with a guarantee from the Central Fund for a loan of **18.5 million euros**. The incidence of the activities of the Iccrea Group on the total assets of the Fund is equal to **24.21% as the number of transactions and 24.69% as the amount**. 20% of the BCCs generated at least one microcredit operation in the year.

OPERATIONS 2019 REDUCED AMOUNT

In 2019, the BCCs generated 1,829 transactions with a guarantee from the Central Fund for a funded amount of **49.4 million euros**.

The incidence of the Iccrea Group's activities on the total assets of the Fund is **10.94% as number of transactions and 11.38% as an amount**. 55% of the BCCs of the Iccrea Group generated at least one transaction of a reduced amount in the year.

OVERALL DATA CENTRAL GUARANTEE FUND FOR SMES. NEW OPERATIONS 2019

The BCCs of the Iccrea Group generated **8,556** operations with guarantee from the Fund **for an overall amount of 1.134 billion euros**. The impact of the activities of the Iccrea Group on the total of the activities of the Guarantee Fund for SMEs is equal to **6.86% as number of operations** and 5.86% as amount. 75% of the BCCs generated at least one operation in the year.





The IBI Service currently only intermediates a part of all the 140 affiliated BCCs, respectively 43.4% of the operations and 48.1% of the funded. In fact, many BCCs manage the dialogue internally with the Central Fund or make use of third-party consultants. See the IBI Service data shown above.

ACTIVITIES CARRIED OUT THROUGH THE INSTITUTE OF SERVICES FOR THE FOOD MARKET (ISMEA) AND SACE

ISMEA-NEW OPERATIONS 2019 WARRANTY OVERALL DATA SUBSIDIARY WARRANTY ONLY

On ISMEA (Subsidiary Guarantee), the BCCs of the Iccrea Group generated **1,691 operations for a funded amount of 215.1 million euros. The incidence of group activities on the total of ISMEA (Subsidiary Guarantee) activities is equal to 9.04% as the number of operations and 11.74% as the amount.** 40% of the group's BCCs generated at least one operation in the year.

SACE-NEW OPERATIONS 2019 WARRANTY OVERALL DATA

The SACE guarantee applies to unsecured loans granted to companies that internationalize their business. Among the "stakes" envisaged by the Agreement stipulated by the Iccrea Group (through IBI) with SACE, there is a minimum share of export turnover equal to 10%.

In 2019, 26 loan operations with SACE guarantee were entered into **for a loan of over 27 million euros.** The operations, all pooled with the IBI leader, **see a direct use of 23 BCCs for 10.3 million euro.** 50.7% of the group's BCCs acceded to the Convention.





PROGRAM “RESTO AL SUD”

Resto al Sud program by Invitalia is a facilitating tool for new entrepreneurs aged between 18 and 46, active in the southern regions and in the 116 municipalities included in the seismic crater of Central Italy. “Resto al Sud” covers up to 100% of the eligible expenses, with a limit of 50,000 euros per applicant, reaching a maximum of 200,000 euros in the case of companies made up of four partners. The facility provides for a 35% covered by a non-refundable contribution and a 65% covered by a bank loan guaranteed by the Guarantee Fund for SMEs, with interest paid by Invitalia.

At the end of 2019, 49 out of the 59 BCCs operating in the 8 regions of Southern Italy formally joined the program. This corresponds to 83% of the group's BCCs. More in detail:

30 BCCs - out of the 49 total - have concluded at least one operation from the start of the instrument's operations to the whole of 2019 (equal to 50.2%), for a total of 235 operations. The most operational Cooperative Credit Banks were:

- BCC Mediocrati (43 operations);
- BCC Campania Centro (25);
- BCC Crotonese (17);
- BCC Capaccio Paestum e Serino (17);
- BCC Don Rizzo (16).

ROTARY FUND FOR SOCIAL ECONOMY

Attention to the social impact by the affiliated BCCs is also evident in the adhesion to the Social Economy Support Fund of the Ministry of Economic Development (MISE, in Italian). 3 out of the 8 institutions participating in the Agreement signed by MISE, by the Italian Banking Association (ABI, in Italian) and by Cassa Depositi e Prestiti (CDP), launched on July 28th, 2017, are BCCs

affiliated to the Iccrea Cooperative Banking Group. The agreement consists of a series of concessions aimed at the birth and growth of companies, which pursue purposes of social utility and of general interest. The Program is operational **throughout the national territory**.

By way of example, it should be remembered that in 2019 Credito Cooperativo Romagnolo provided a loan, in pool with CDP, for over 7 million euros in favor of the social cooperative “Il Cigno”, a loan intended for the construction of a service center.



6.2 Innovation



and digitization of banking services

Technological and digital development has generated important changes in the financial sector. The Iccrea Cooperative Banking Group is committed to seize the opportunities offered by technological innovations and emerging ways of distributing financial services and contacting customers.

This commitment is kept in compliance with the main new national and especially with Community regulations, for example the EU Directive 2015/2366 - PSD2, about instant payment, security measures (Strong Customer Authentication) and new operators (Third parties set off).

The Iccrea Group continues the implementation of the 2018-2020⁶

innovation development program. It aims to combine short-term results with long-term structural changes, following three main guidelines:

- **reinforce and enhance the concept of proximity**, making digital technology an additional means of strengthening the relationship with customers in an omnichannel logic;
- **adopt operating models and build more efficient and flexible infrastructures**, through the introduction of new technologies and an architecture open to integration in an open banking context;
- **support the continuous development of innovation** with the introduction of new business models, which favor support for the territories and their excellence. In this context, the Iccrea Group has started a specific process of digitizing its structures, with the aim of exploiting the online environment, as a communication channel and offer of services in synergy with the traditional physical one.

In parallel, the Iccrea Cooperative Banking Group has set up a specific service design function, with the aim of improving, simplifying customer interaction and optimizing navigation on the different internet channels.

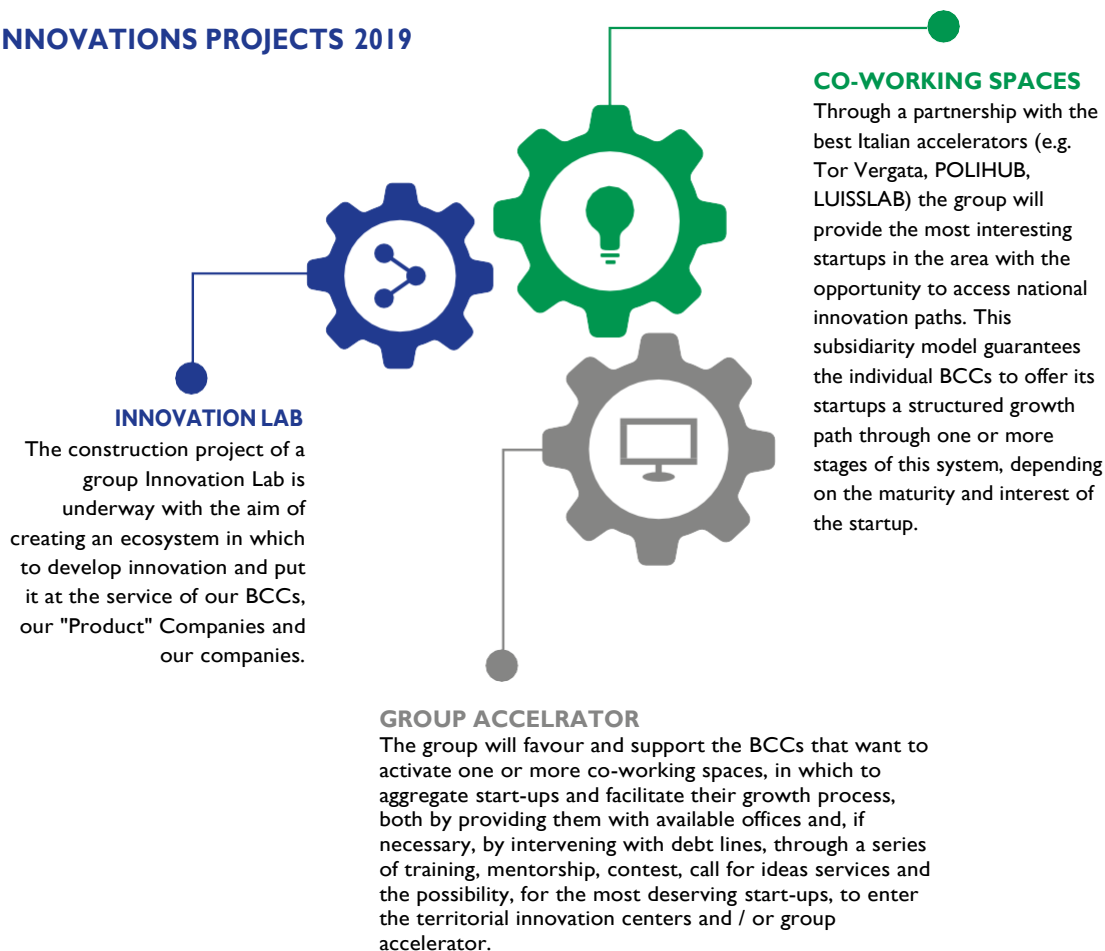
The group innovation project aims to create an ecosystem based on integrated and synergistic elements, such as co-working spaces managed by the BCCs, territorial innovation centers (Innovation Lab) and group accelerator.

⁶ In 2018, the 2018-2020 innovation development program was formalized through an official document approved by the Parent Company's Board of Directors, obtaining important results already in 2018.





INNOVATIONS PROJECTS 2019



The Innovation Project, launched in 2019, envisages a development model assisted by the establishment of two Innovation Labs located in the area and dedicated to specific development strands. The first one is dedicated to Fintech and is based in Rome and Milan, while the second one is based in Bologna and focuses on Footech & Circular Economy, in collaboration with Emil Banca.

In 2019, in addition to the design of the innovation model through the Innovation Lab, a membership and two co-working spaces were signed at the Fintech District in Milan.

For 2020, again in order to make the project described operational, the collaboration with the Polihub and the partnership with the Emil Banca MUG project in Bologna are being evaluated.

PSD2 PROJECT

Directive 2366/2015, implemented in Italy with Legislative Decree no. 218/2017, and known as PSD2 (Payment Service Directive 2) has introduced numerous innovations regarding payment services.

From September 2019 the Iccrea Group is compliant with the PSD2 regulation. The Interbank Corporate Banking Consortium (now CBI SCPA) has promoted a national standardization initiative and a consortium technological platform for primary use by the members.

Iccrea Banca actively participates in the CBI task forces, in order to define the technical interview





standards and the requirements, so-called gateway to interact with third parties. In particular, the working group dedicated to the PSD2 and the project Steering Committee, with the favorable opinion of the structures of Iccrea Banca, positively assessed the adhesion to the CBI project, both from a tactical point of view (costs and time-to-market) and from a more strategic point of view, since it is a system initiative that guarantees greater bargaining power with third parties and institutional subjects. It represents, at the moment, the best way forward to ensure regulatory compliance within the deadlines.

NEW APP RELAX BANKING

Smartphones have become the most natural means to communicate for people, companies and organizations. Smartphones and everyday objects are connected to each other through a vast mobile network called the Internet of Things (IoT) that is completely transforming the way we live and work as well as Augmented and Virtual Reality (AR / VR), Artificial Intelligence (AI) and the new broadband networks 5G. A clear change not only in factories, but in the branches of banks, in retail outlets, in schools, hospitals and public offices.

The new Group Mobile Banking solution was designed and developed in line with the trend of use of digital banking services ("mobile first"); the new Relax Banking App offers to BCCs' customers a better user experience and a higher level of security in online operations. The App was released on stores on April 16th, 2019. A few months after the launch of the new App, there are approximately 9 million monthly accesses, generated by approximately 570,000 active users on a monthly basis, highlighting an average of 16 monthly accesses per user. Already in the first two months of its launch, there has been a trend version of the use of Relax Banking:

April 16th, 2019: launch of the RelaxBanking App on the stores



A few months after the launch: monthly accesses about 9

million from about 570,000 active users on a monthly basis, with an average of 16 monthly accesses per user.

About 70% of access to Relax Banking takes place today via the App.

The operations arranged by the App went from around 130,000 in May to over 927,000 in September

Ratings expressed on App stores went from 1.9 to 4.3 out of five stars, exceeding the midline of our peers.

about 70% of access to Relax Banking takes place today through the App.

The operations arranged by the App were around 130,000 in May, while they amounted to over 927,000 in September.

The appreciation for the new version of the App is also evidenced by the upgrading in ratings expressed on the App stores, which went from a score of 1.9 to 4.3 out of five stars, exceeding the midline of our peers. It is an important step forward towards a multi-channel model to support branch operations. These results were obtained thanks to the creative path undertaken within a structured and coordinated work team with an inter-functional task force.

A careful and specific methodology of design was used (denominated Human Centered Design) which put at center of the issue the user, with usability test (UI/UX) in laboratory and crowdtesting (spread throughout the country with a representative sample), combined with an "Agile" development methodology that allows continuous improvement also based on user feedback.





A solid governance model on digital analytics has been defined, in order to have data on which to base future business choices and any corrective actions for the optimization of design. The analysis of customer behaviour combined with technological updating and the adoption of industry best practices, will allow to analyze the critical points highlighted in the individual processes and to adapt the user experience by directing the definition of further strategies.

Regarding e-banking products with marked social purposes, E-bank products are shown aside.

PLATFORM PLACEMENT OF PRODUCTS / ONLINE SERVICES

In the Iccrea Cooperative Banking Group emerged the need to allow banks to place their products / services through the digital channel. Therefore, it was decided to focus on online placement of:

- a package consisting of current account, registered debit card, Internet banking. The user can integrate this offer by selecting an additional product (prepaid / prepaid card with IBAN) within the same subscription session;
- a prepaid card;
- a prepaid card with IBAN.

A possible evolution of the service foresees the possibility for the customer to complete its product portfolio by subscribing to other product families, such as, for example credit (e.g. credit card, consumer credit) and insurance (group and / or third parties).

The project set itself the objective of creating a relational and sales platform for products / services through the digital (online) channel, which will allow the Iccrea Group and the participating BCCs to place their products (account, cards, etc.) through its digital channels and / or sites of the Iccrea Group and / or its commercial partners.

Products E-bank



CUS CARD > Standard Prepaid Card / with IBAN issued to students university students: number of active cards **1,732**.

BASIC ACCOUNT CARD > Debit Card associated with the "Basic Account" with ceilings and limited operations: number of active cards **17,081**.

UNIBAS CARD > Standard Prepaid Card / with IBAN issued to Basilicata university students.

VENTIS CARD > Credit card issued in collaboration with the Ventis Group company: number of active cards **33,042**.



The goal is to provide Banks with a relational platform enabling the proposition of products / services on the digital channel characterized by a centralized operating model to guarantee group service standards.



UNIQUE CUSTOMER SERVICE OF THE ICCREA COOPERATIVE BANKING GROUP

In the area of "Digital Transformation", a project was launched for the creation of a Single Customer Service of the Iccrea Group, a single Contact Point towards which all requests from the area converge:

- by customers (single toll-free number, cards, RelaxBanking etc.);
- by the Banks (single help desk).

The solution guarantees a homogeneous, centralized data collection and a unique view of the customer's contact history (integrated with the Customer Relationship Management-CRM internal to the banks). The new infrastructure allows a rationalization of the contact points and allows product companies and banks to easily adopt structured solutions for proposing multichannel inbound / outbound activities. The project management is centralized. The solution will also enable the telephone banking model.

On the subject of digital development, the E-Bank, within its core business and specific activities, has effectively implemented the following projects:

- Garmin Pay with CarteBCC, VISA and MC (Enabling Direct Issuing cards for payments with supported Garmin devices and related launch activities);
- launch of the International Debit Card which, thanks to international circuits, extends the acceptance function also online;
- integration of the CartaBCC website with new functions, as envisaged by the PSD2, especially in terms of communication with third parties;
- dematerialization of the PIN and sending it via SMS;
- distribution of Smart POS: latest generation terminals which, in addition to guaranteeing acceptance of



traditional payment systems, make the operator available to various applications / functions (eg WebPOS Business, ItTaxi). The terminals will also guarantee the production and transmission of the so-called electronic invoice, as required by the latest regulatory updates.

In addition, the E-Bank has taken as a model of its digital development a relational hub to combine the needs of the world of payments with those of the world of e-commerce. In this context, the idea of the "Ventis pay" digital "wallet" was born, which will allow to acquire, also through the e-commerce platform, new customers for both worlds. This project is currently under development and will be soon launched on the market. The entire E-bank corporate structure follows the entire development and implementation cycle of the projects indicated above⁷.

The participation of the Iccrea Cooperative Banking Group in Italian and European working groups aimed at monitoring and guiding legislation on digital innovation, Fintech, privacy and innovative payments is underlined. Participation in these initiatives aims to prevent possible problems and risks for customers deriving from the digitization of financial services, as well as to encourage the development of innovative products and services that increase consumer confidence, ease of use, greater competition between the parties and lower costs.

⁷ The design and management phase of the new products is formalized in the combined process regulations of the individual Organizational Units.



6.3 The quality and adequacy of products and services

In the development of financial products and services, the Iccrea Cooperative Banking Group pays attention to mitigating potential regulatory and reputational risks. These risks may arise from a failure to comply with current regulations, in terms of transparency, customer protection and from a deviation with respect to the values of the Iccrea Cooperative Banking Group.

The offer of the Iccrea Group to customers, under the responsibility of the Parent Company, takes the form of the conception, development and implementation of all product promotion and communication activities, with the aim of retaining and satisfying customers and to maximize market shares in the various operating segments. These activities are also accompanied by the definition and promotion of the coordinated image, the "Brand Architecture" and the "Brand Identity" of the Iccrea Group and of the individual companies.

The operating activities of the Parent Company are also carried out for the companies of the direct perimeter - except for BCC Risparmio & Previdenza - which distribute their offer through the BCCs market.

The definition and management of customer experience models and levels for the various commercial segments are also fundamental, promoting their adoption on affiliated banks.

Furthermore, the so-called product management governance (PMG) represents the set of coordination and management activities of all the products / services of its competence, ensuring integrated management within the group Product Catalogue. This process is defined within a dedicated Policy: The Product Management Policy.

In 2019, the Product Oversight Governance (POG) regulation came into force for the Iccrea Group, including the companies of the direct perimeter. It is a single operating model - defined by the Iccrea Cooperative Banking Group - for the management of products and services, with the aim of ensuring homogeneity and creating synergies within the group, simultaneously considering local peculiarities and territorial autonomy.

The POG model is governed by the aforementioned Product Management Policy which includes the provisions relating to Product Approval. They ensure the monitoring of relevant activities regarding the transparency of products and services throughout the life cycle of the product, regulate their governance and control arrangements for banking products and services aimed at retail customers, introduced by the Bank of Italy with the amendments to the transparency provisions.

The new transparency regime, already in effect from January 1st, 2019 for Iccrea Banca and the companies of the direct perimeter of the Iccrea Group, has provided for the Cooperative Credit Banks to extend the entry into force until January 1st, 2020.

Furthermore, in order to regulate the Product Governance aspects of financial and insurance





products in a uniform manner at group level, the Model adopted was integrated with the provisions on MIFID 2 and Insurance Distribution Directive (IDD)⁸.

With particular reference to the requirements defined by MiFID 2 (regarding the provision of investment services, in force since January 2018) and to those defined by the PSD2 directive (regarding payment services, also in force since January 2018, with the aim of promoting the development of an efficient, safe and competitive payment market), the Parent Company has introduced greater safeguards to protect investors, with particular attention to the disclosure obligations in the placement of financial products.

Therefore, considering what is represented, also in view of attributing the roles and responsibilities between the Banks and the Parent Company, in 2019 the Product Management Policy was extended to the affiliated Banks. The Policy contains differentiated criteria based on riskiness and complexity of initiatives, which aim to ensure adequate monitoring of the same.

In this context there is also the introduction of the Parent Company's Product Committee, an inter-group consultative body, which intervenes in the decision-making process addressed to the competent decision-making bodies, and of the Product Development Committee, set up within BCC Risparmio & Previdenza SGR (company of the Group dedicated to asset management).

The functions of the latter Committee are:

- to evaluate - on the basis of the analysis of the markets, the evolution of the regulations, in accordance with the policies and strategic lines by the Parent Company - the opportunity to introduce new products, services and new business lines or to modify existing ones;

⁸ Already in 2018, in accordance with the "Insurance Distribution Directive" (so-called IDD), the Iccrea Cooperative Banking Group approved an overall and univocal framework for the management of activities related to the distribution of insurance products. This framework has been translated into the document entitled: "Group policy on the governance and control of insurance products", which presents the main guidelines, common at group level, on Product Governance controls, applicable to companies in the group as "Distributor" of non-self-made insurance products.





- to provide the company's Board of Directors, which is responsible for the final resolution, all necessary information and analysis for making informed strategic choices.

Remaining on the quality and adequacy of the services, the evolution program of the target information system of BCC SI started in January 2019. It includes the following main construction sites:

- architectural evolution of the information system, with the aim of improving the user experience of the affiliated Banks (unifying and optimizing the front-end); prepare the back-end component for a service architecture to enable future evolutions; strengthen the basic tools of the system with reference to security aspects;
- data and reporting focused on the creation of the new commercial data-warehouse (DWH) and reporting to support professional use for the market;
- relational front-end to simplify the management of relationship with customers / counterparties, management of contacts, activation of sale, monitoring of performance and to suggest any areas for improvement;
- creation of the new engine for the generation of multichannel and multistep initiatives integrated with e-mail, SMS, landing page, internet banking, push notification, branch, contact center and ATM channels;
- adjustment of the information system in light of the group credit policies;
- implementation of the strategy on the digital channels of the Iccrea Group.





6.4 Constant attention to Customers' needs

We analyzed in the previous paragraphs how the relationship with Institutional, Corporate and Corporate customers is managed by the Iccrea Cooperative Banking Group through traditional and digital channels.

The participation and involvement of the mutual banks in marketing initiatives are essential for their success.

The relationship with stakeholders was also deepened thanks to technology and meetings aimed at better focusing customer needs. During 2019, interactive web conferences were organized via streaming, on the Youtube channel of the Iccrea Group, on specific issues (e.g. FEI-Agritalia guarantee), which connected a total of over 100 BCCs and recorded about a thousand views.

Furthermore, the annual convention of corporate specialists, open to all the banks affiliated to the Iccrea Group, and the Corporate Banking Meetings (CBM), addressed to the general managers of the BCCs, increase the ways in which the BCCs are involved in development and relationship initiatives.

The dedicated structure of the Parent Company has carried out various satisfaction surveys, including:

- customer satisfaction on e-money and payment cards, divided into different professional figures within the BCCs;
- the detection of the banking needs expressed by the so-called Generation Z (young people in the age group 12-25 years).

The Iccrea Group's offer on payment cards is divided into two specific brands: CartaBCC and VentisCard. In order to define a winning and performing strategy on cards, all the BCCs were heard, articulating the insights on 4 professional figures. This made it possible to have the bank's contribution with a focus on the commercial, technical-specialist and managerial.



Some examples of moments of periodic aggregation of support and dissemination of initiatives

WORKING GROUPS MARKETEAM

8 national group meetings and 6 territorial meetings.

WORKING GROUPS DEDICATED TO THE SECTORS, C.D. CLUB

the "agribusiness" club has 43 registered BCCs, the "foreign" club has 78 registered BCCs.

INTOUR INNOVATIVE TOURISM

with the participation of 47 BCCs (and their customers) in the three events in the area.

SMALL MEDIUM ENTERPRISE TEAM

160 BCCs representatives attended for regional meetings, 23 representatives for the national event.





All the general managers, e-money managers, marketing managers and branch managers were consulted, for a total of 3,000 people.

With regard to the detection of the banking needs expressed by the so-called Generation Z (young people in the age group 12-25 years, subdivided in 3 clusters: 12-15 years, 16-19 years, 20-25 years), this target clientele covers for the Iccrea Group a strong attractive potential: a fundamental lever for long-term sustainable growth.

The behaviors relating to the relationship with payment instruments and decision-making autonomy on money management have identified 4 types (dependent, beginner, beginner pro, advanced) of segments that recall specific needs and needs from time to time, but also different approaches and behavioral strategies for which to create diversified and ad hoc offers.



6.5 The management of complaints

The Iccrea Cooperative Banking Group has adopted specific legislation for the management of complaints from customers and has entrusted the management of the same to a specific Complaints Office, within the Organizational Unit General Counsel, which ensures the processing of customer complaints for the Parent Company and issues the guidelines for the companies of the direct perimeter and for the affiliated Banks.

In the specific field of monetics, the management of complaints from cardholders is regulated at Community level by Directive 64/2007 (PSD1), modified by the subsequent Directive 2366/2015 (PSD2), in addition, of course, by the detailed provisions of national legislator and authorities competent on the matter (e.g. Bank of Italy).

Currently, cardholders can send complaints by following one of the contractually formalized channels: letter addressed to the Complaints Office of the Issuer Iccrea Banca; electronically to the dedicated certified e-mail address or, always electronically, to another e-mail address, not certified.

It should be noted that all complaints formalized by customers, both in written and oral form, are brought to the attention of the Complaints Office, which is required to receive them, register them, instruct them and deal with them, within the times provided for by current legislation. If the internal channels defined by the Bank are not sufficient to resolve disputes, customers have the possibility to contact the Financial Banking Arbitrator (“Arbitro Bancario Finanziario” – ABF in Italian), a system for resolving disputes between customers, banks and other intermediaries concerning banking and financial transactions and services.





6.6 Transparency of information and the quality of products and services offered

The Iccrea Cooperative Banking Group pursues the satisfaction and the approval of its customers, responding to their financial needs through the continuous development of high quality innovative products and services. The Iccrea Group is committed to establish a relationship of mutual trust with the customers of the affiliated Banks, directing it to the principles of collaboration, availability, professionalism and transparency in full compliance with current regulations.

During the reporting year, 2 cases of non-compliance were recorded, which resulted in a penalty (in addition to a report). More than 91% of registered non-compliance cases concern voluntary codes.

Moreover, in the MIFID 2 regulatory framework, the Parent Company oversees:

- the determination of the target markets of the financial instruments functional to a correct placement of the financial products by the BCCs to the appropriate customers;
- activities to produce information on the costs and charges of financial instruments, to ensure the retail customers of the BCCs the transparent representation of the costs associated with investment activities;
- the control regarding the operational correctness and the respect of the market rules by the Retail client, through the support to the BCCs in the detection of any customer behavior not compliant with the market abuse regulation.





6.7 Privacy and Data protection and cybersecurity

In compliance with national regulations on privacy and protection of personal data, Iccrea Cooperative Banking Group has its own internal regulations, in which roles and responsibilities relating to the management of personal data processing operations are identified.

The security measures adopted by Iccrea Group differ according to whether data processing is carried out with or without the aid of electronic instruments and it concerns sensitive or judicial data of the interested parties⁵.

The Iccrea Group periodically updates documents and privacy notices on the company intranet, on the website and available to customers, in order to respond to the different changes in the reference regulatory context (in particular, in accordance with the provisions from the European Regulation 679/2016 / UE General Data Protection Regulation-GDPR). In this way, it ensures the regulatory compliance of the Group companies and the affiliated BCCs. In particular, Iccrea Group has set up an e-mail box, through which stakeholders have the possibility to report to the Iccrea Group Data Protection Officer (DPO) any violations of the policy or request additional information on the protection of personal data.



⁵ Among the documents of internal privacy legislation, there is also the Policy relating to the management of the Customer Registry, which aims to define the principles and guidelines relating to the governance, management and control model of the Iccrea Group's master data processes, by which is meant the activities aimed at identifying, registering and checking the personal data of the counterparts of the Iccrea Group.





Following the digital evolution of the banking world and with the emerging of new risks for the privacy and customer data, the Organizational Units that are responsible for the operational activities in the field of IT security ensure the control of related threats to guarantee the protection of IT resources and managed information, through the implementation and verification of processes, controls and IT security measures, in line with the Group's policies on the matter.

Moreover, taking into account that global economic, demographic and geopolitical trends, combined with rapid technological progress are transforming traditional risks, it is essential to underline the need to guarantee even more coverage and mitigation of cyber risk, which is increasingly relevant in terms of impact on corporate reputation. The Iccrea Group has therefore started, since 2017, a process aimed at strengthening the tools to manage this risk. In particular, this process is based on the results of an in-depth analysis of the business of the different Group companies, of the reference market and of the entire technological infrastructure. The process also has the objective of establishing an insurance coverage system. This system is useful to reduce the group's exposure to damage deriving from events such as the theft of sensitive data and the interruption of activities following the blocking of IT systems. The path taken by the group was extended in 2019 to the companies of the direct perimeter.

As part of the evolution of the overall Risk Governance of the Iccrea Cooperative Banking Group, the IT Risk Management framework, already adopted by the former Iccrea Banking Group, has been extended to the affiliated Banks, identifying the necessary and appropriate steps evolutionary. With reference to this framework, the IT Risk Self-Assessment (IR-SA) module is of primary importance, the operating model of which has been defined with reference to the typical phases of a risk management process: identification, assessment and measurement, attenuation, monitoring, management and mitigation of the risks.





6.8 The adoption of criteria of responsibility in financing practices

The Parent Company has defined a credit granting and improvement policy which identifies sectors that, although included in the legal activities, cannot be financed for ethical reasons. In fact, in the credit policy and in the other internal provisions of the group (see, in the Anti-Money Laundering-AML area, the Adequate Verification Policy for the affiliated BCCs approved by the Board of Directors of June 14th, 2019), have been identified those activities or economic sectors that cannot be financed (but for any exceptional exceptions) by the Board of Directors of the companies of the direct perimeter and of the Affiliated Banks or by the subjects / executive decision-making bodies delegated by this.

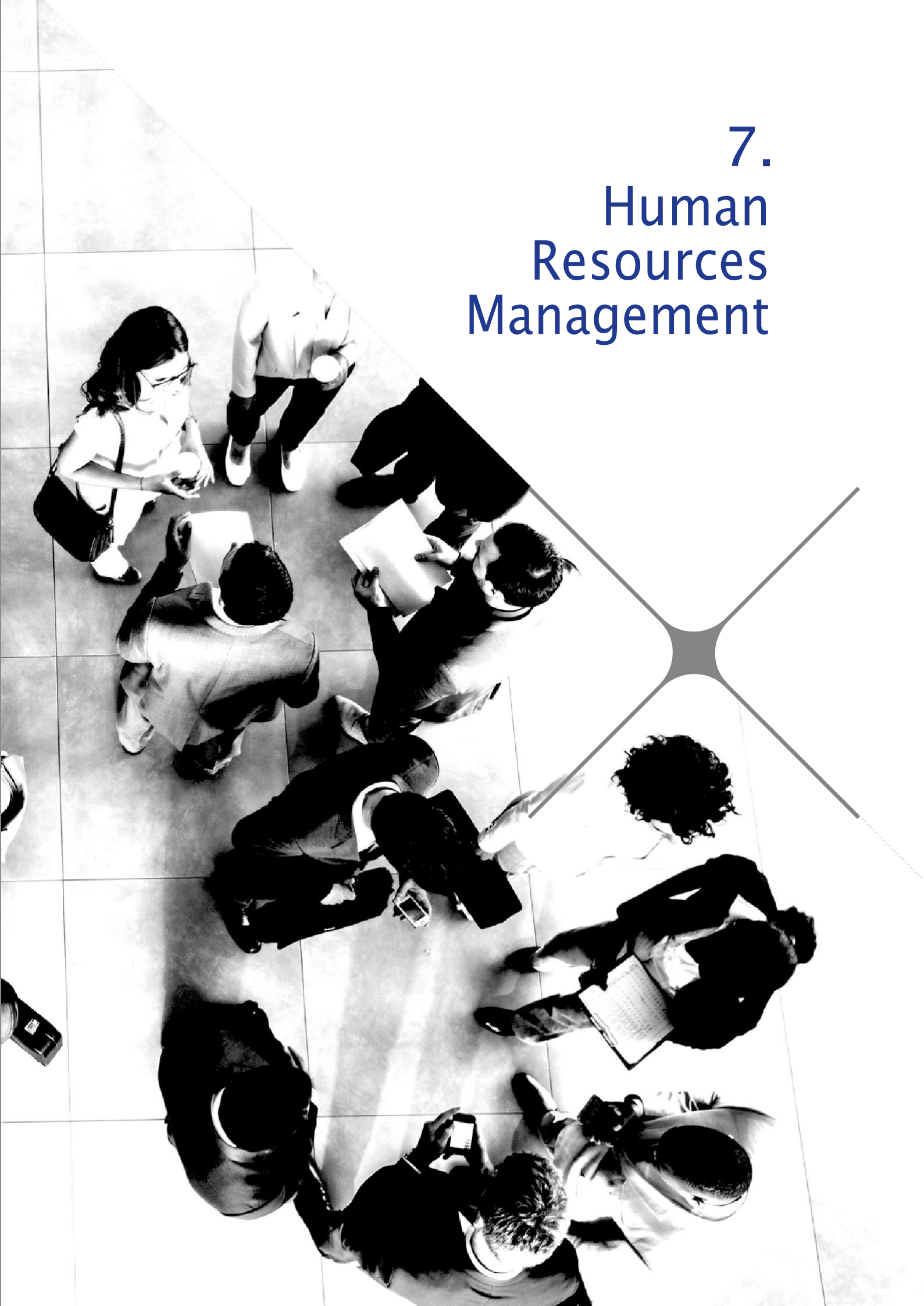
In particular, these are the sectors related to:

- construction, distribution and marketing of weapons (with the exclusion of weapons intended for sports or leisure activities), equipment and systems that can only be used for war purposes;
- construction, distribution and marketing of betting equipment, video poker, slot machines, etc., and the setting up and management of gaming and betting rooms;
- all sectors related to pornography (sex shop, sector publishing, etc.).

Any transactions derogating from the sectors above must be authorized by the BoD of the Bank / Entity through a specific resolution that underlines the adequate reasons for their feasibility and necessity (for example the importance of the initiative for the economic fabric, morality of the members/shareholders, the main activity of the company with respect to that considered not financeable etc.) and the precise indication of the measures to contain the risks relating to AML. The AML Function considers these to be high risk sectors and strong verification measures are provided as well as reporting to the Parent Company's AML Function of any resolutions taken in derogation.



7. Human Resources Management





7.1 People of Iccrea Cooperative Banking Group

Only thanks to the people who are part of it, the Iccrea Cooperative Banking Group can achieve its goals. The Iccrea Group requires collaborators to act with professionalism, dedication, loyalty, honesty and a spirit of collaboration, in line with the principles and values of the group, strongly oriented towards ethics and integrity.

The management of people within the group is inspired by the following principles:

- to encourage the growth and development of personnel, in compliance with the principle of equal opportunities;
- to recognize and enhance the skills of its employees;
- to guarantee the protection of the psycho-physical integrity of workers and respect for their moral personality;
- to guarantee the dignity of each person and prevention against all forms of discrimination.

To concretely promote these principles, the Iccrea Group organizes events among employees with the participation of qualified external speakers. The aim is to encourage discussion on the issues of diversity, the culture of integration and respect as values of the Iccrea Group.

The Iccrea Cooperative Banking Group guarantees all employees the same opportunities without any discrimination in the selection, hiring, training, management, development and remuneration activities. It fights against any type of discriminatory differentiation, harassment and bullying carried out towards its staff. It also guarantees people to operate in a working context capable of promoting and increasing each one's skills and potential, through the enhancement of diversity, the inclusion and protection of the balance between private and professional life.

All hiring takes place in line with the provisions of the law, the Workers' Statute and the applicable National Collective Labour Agreement (Contratto Collettivo Nazionale del Lavoro – CCNL, in Italian). In addition, with regards to personnel management, the Iccrea Group has defined its own Code of Ethics and Conduct, for the protection of the principles of mutual respect, fair treatment and meritocracy, as well as the commitment to combat any form of favoritism, nepotism or discrimination.

The Iccrea Cooperative Banking Group makes the protection of human rights a cornerstone guaranteed by the adoption and application of the Code of Ethics and the Charter of Values of the Iccrea Cooperative Banking Group. The Parent Company, the Companies of the direct / indirect perimeter and the affiliated BCCs (which in the meantime are conforming to all the group regulatory references) correspond to the requirements of Legislative Decree no. 231/2001.

The group has a specific Policy on Internal Violation Reporting Systems (so-called whistleblowing) which makes it possible to contact the Organizational Units (OU) Human Resources, Audit and Compliance in the event of a report. The suppliers, for their part, have as reference the Purchasing Center of BCC Solutions. No cases of discrimination occurred on this issue in the reporting year.

As for training in this specific area, in 2019, 64 total hours were dedicated to deepening the policies and procedures concerning all aspects of human rights relevant to the organization's activity.





The activity involved 0.16% of the workers of the the Iccrea Group⁶ (excluding the affiliated BCCs, the companies of the indirect perimeter and BCC Beni Immobili).

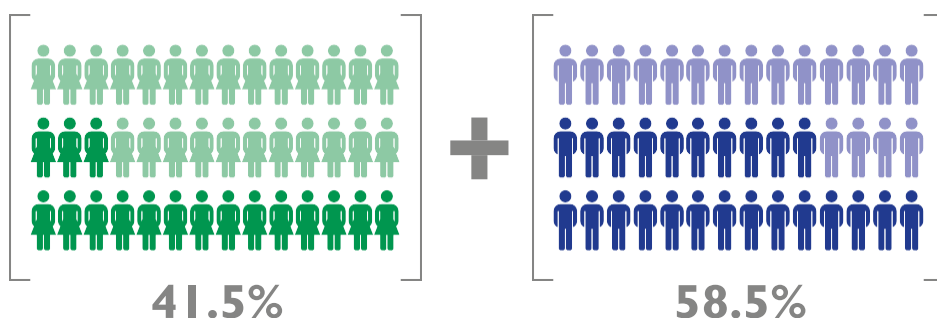
The Iccrea Cooperative Banking Group believes in the importance of involving staff in a perspective of increasing the sense of belonging and continuous development, providing moments and communication tools, adapting them to the specific needs of the parties concerned. To this end, the Iccrea Group is committed to recognizing and enhancing the skills of its human resources, making suitable tools for professional training and updating.

The establishment of the Iccrea Cooperative Banking Group, which took place on March 4th, 2019, led to a significant impact on personnel management. The risk of unavailability of the necessary skills has been greatly mitigated thanks to the commitment to fill the roles envisaged by the beginning of the new organizational structure, selecting necessary resources mainly within the Iccrea Group. This approach maximizes organizational and cost synergies.

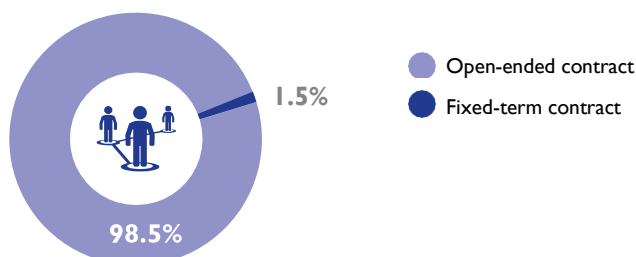
Since the assumption of Iccrea Banca SPA as Parent Company of the Iccrea Cooperative Banking Group, during the reporting year, the centralization of the Company Control-FAC (from “Funzioni Aziendali di Controllo” in Italian) has continued (i.e. Risk Management, Compliance, Audit and Anti-Money Laundering). 393 people, coming from the territorial offices and from the associated BCCs, joined the staff of the parent company's control functions.

At the end of 2019, the Iccrea Cooperative Banking Group is made up of **22,164 employees, 41.52% of whom are women and 98.5% of the staff of the Iccrea Group have a permanent contract, while 1.5% work on fixed-term contracts**. For more details see the following tables and graphs⁷:

EMPLOYEES BY GENDRE



EMPLOYEES BY CONTRACT TYPE (OPEN-ENDED VS FIX-TERM)

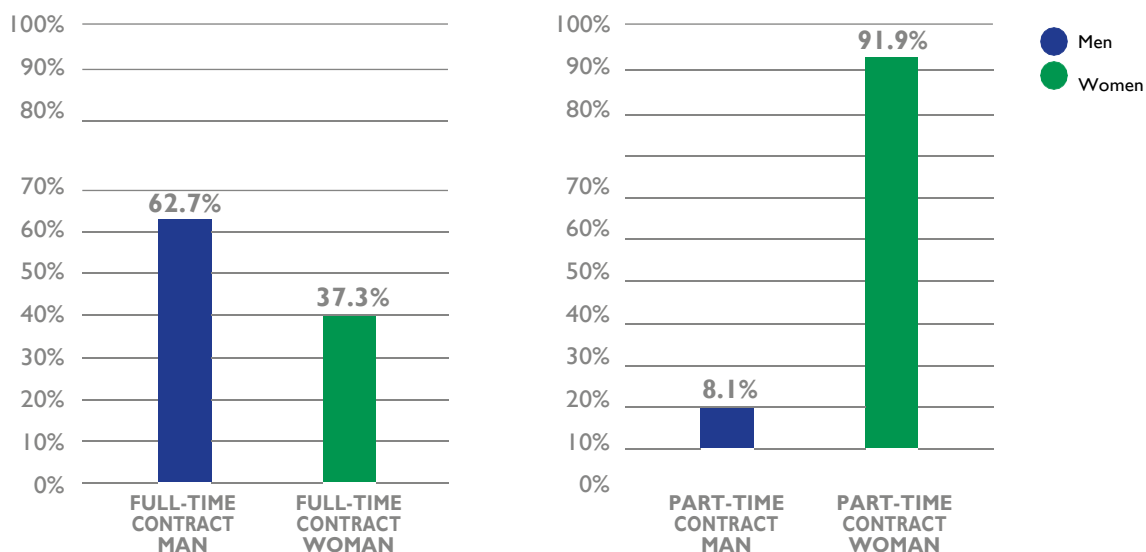


⁶ Excluding the affiliated BCCs, the companies of the indirect perimeter and BCC Beni Immobili. With particular reference to BCC Beni Immobili SRL, it should be noted that the Director (the Company's only resource) is already included among the employees of Iccrea Banca. However, the data are not available for the indirect perimeter companies mentioned above and the BCCs.

⁷ Regarding the reporting perimeter of the data reported in this paragraph, the exclusion of BCC Beni Immobili is underlined, as the latter's Administrator (the Company's only resource) is already included among the employees of Iccrea Banca.



EMPLOYEES BY GENDER AND TYPE OF CONTRACT (FULL-TIME VS PART-TIME)



ICCREA GROUP - 2019			
TYPE OF CONTRACT	MAN	WOMAN	TOTAL
OPEN-ENDED CONTRACT	174	154	328
FIXED-TERM CONTRACT	12,789	9,047	21,836
TOTAL	12,963	9,201	22,164

ICCREA GROUP - 2019			
TYPE OF CONTRACT	MAN	WOMAN	TOTAL
CONTRATTO FULL-TIME	12,823	7,618	20,441
CONTRATTO PART-TIME	140	1,583	1,723
TOTALE	12,963	9,201	22,164

The creation of the Iccrea Cooperative Banking Group and the transfer of resources within it have led to high mobility with repercussions on hiring and turnover rates. With regard to the latter, there was an overall incoming turnover of **6.4%** and an outgoing turnover of **5.3%**.

INCOMING TURNOVER RATE BY GENDER AND AGE GROUP

ICCREA GROUP			
INCOMING TURNOVER RATE	MAN	WOMAN	TOTAL
AGE LESS THAN 30	49.2%	40.5%	44.8%
AGE BETWEEN 30 AND 50	6.0%	5.1%	5.6%
AGE MORE THAN 50	4.1%	3.2%	3.8%
TOTAL	6.5%	6.2%	6.4%





OUTGOING TURNOVER RATE BY GENDER AND AGE GROUP

ICCREA GROUP			
OUTGOING TURNOVER RATE	MAN	WOMAN	TOTAL
AGE LESS THAN 30	9.9%	8.6%	9.2%
AGE BETWEEN 30 AND 50	4.2%	2.7%	3.5%
AGE MORE THAN 50	8.6%	6.3%	7.9%
TOTAL	6.2%	3.9%	5.3%

NEW RECRUITMENTS BY GENDER AND AGE GROUP

ICCREA GROUP			
NUMBER OF NEW RECRUITMENTS	MAN	WOMAN	TOTAL
AGE LESS THAN 30	194	169	363
AGE BETWEEN 30 AND 50	429	323	752
AGE MORE THAN 50	222	79	301
TOTAL	845	571	1,416

EMPLOYEES WHO LEFT THE COMPANY BY GENDER AND AGE GROUP

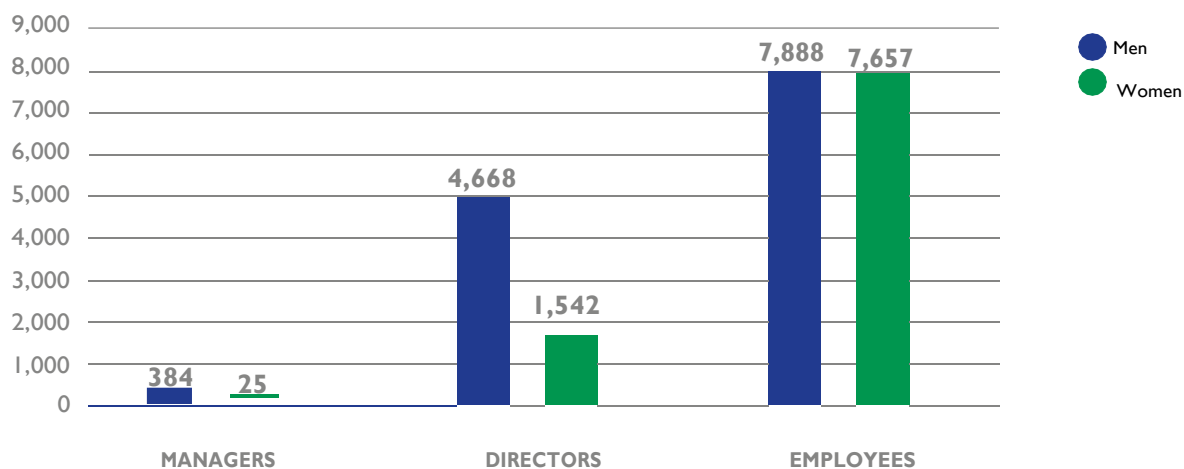
ICCREA GROUP			
EMPLOYEES WHO LEFT THE COMPANY	MAN	WOMAN	TOTAL
AGE LESS THAN 30	39	36	75
AGE BETWEEN 30 AND 50	298	173	471
AGE MORE THAN 50	465	154	619
TOTAL	802	363	1,165

NUMBER OF EMPLOYEES BY CATEGORY, GENDER AND AGE GROUP

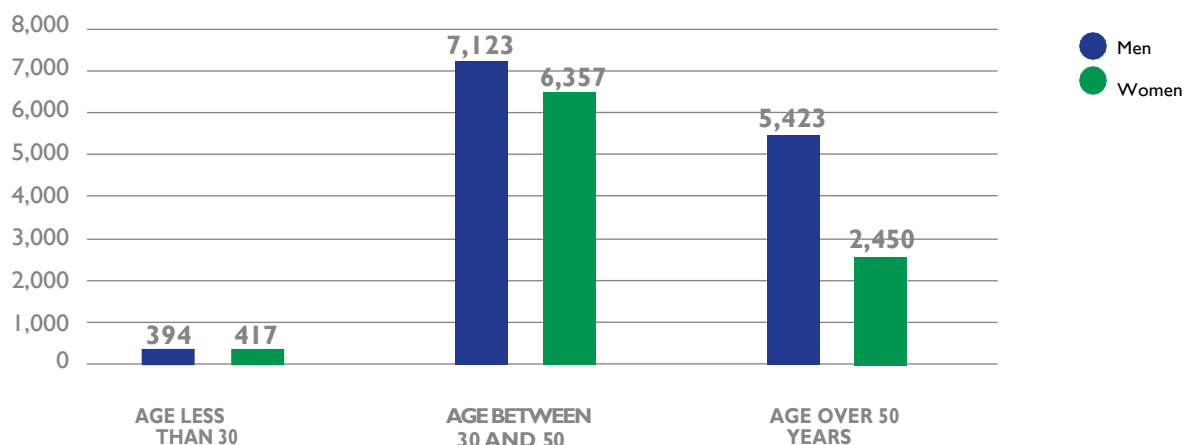
ICCREA GROUP			
CATEGORY OF EMPLOYEE	MAN	WOMAN	TOTAL
MANAGERS	384	25	409
AGE LESS THAN 30	0	0	0
AGE BETWEEN 30 AND 50	68	7	75
AGE MORE THAN 50	316	18	334
DIRECTORS	4,668	1,542	6,210
AGE LESS THAN 30	4	5	9
AGE BETWEEN 30 AND 50	1,839	751	2,590
AGE MORE THAN 50	2,825	786	3,611
EMPLOYEES	7,888	7,657	15,545
AGE LESS THAN 30	390	412	802
AGE BETWEEN 30 AND 50	5,216	5,599	10,815
AGE MORE THAN 50	2,282	1,646	3,928
TOTAL	12,940	9,224	22,164



EMPLOYEES BY GENRE AND CATEGORY



EMPLOYEES FOR GENDER AND AGE GROUP



PERCENTAGE OF EMPLOYEES BY CATEGORY, GENDER AND AGE RANGE

ICCREA GROUP			
CATEGORY OF EMPLOYEES	MAN	WOMAN	TOTAL
MANAGERS	3.0%	0.3%	1.8%
AGE LESS THAN 30	0.0%	0.0%	0.0%
AGE BETWEEN 30 AND 50	0.5%	0.1%	0.3%
AGE MORE THAN 50	2.5%	0.2%	1.5%
DIRECTORS	36.0%	16.7%	28.0%
AGE LESS THAN 30	0.0%	0.1%	0.0%
AGE BETWEEN 30 AND 50	14.2%	8.1%	11.7%
AGE MORE THAN 50	21.8%	8.5%	16.3%
EMPLOYEES	61.0%	83.0%	70.2%
AGE LESS THAN 30	3.0%	4.5%	3.6%
AGE BETWEEN 30 AND 50	40.4%	60.7%	48.9%
AGE MORE THAN 50	17.6%	17.8%	17.7%





With regards to gender diversity, the Iccrea Cooperative Banking Group adhered with conviction to the **Charter "Women in the bank: enhancing gender diversity"**.

The initiative was promoted by the Italian Banking Association (ABI) and is in line with the corporate goals included in the Sustainability Plan (approved on March 31st, 2020) and with the external context. This Charter intends to enhance the equal treatment and opportunities between genders within corporate organizations. The signatories undertake, consistently with their specific, dimensional and operational, to enhance the following principles for equal opportunities in their company policies:

- to constantly promote an inclusive and open work environment to the values of diversity, including gender;
- to strengthen the selection and development methods suitable for promoting equal gender opportunities throughout company organization, also in order to bring out qualified female candidates if they are lacking;
- to spread the full and effective participation of women with particular reference to the highest positions, in a company environment oriented at all levels to equal role opportunities and equal treatment;
- to promote gender equality also outside the bank and for the benefit of the reference communities;
- to implement appropriate initiatives to address and enhance their corporate policies on gender equality - also through testimonials and awareness-raising activities on the motivations and expected benefits - under the responsibility of high-level figures.

iDEE, Association of the women of the Cooperative Credit



The Association, founded in 2004, aims to promote the contribution of Cooperative Credit

women through the contribution of solidarity and culture among the members, in order to strengthen the female presence in the management of the Cooperative Credit system and, in line with the strategy of the same, the enhancement of the identity and centrality of the person. The objectives of the Association will have impacts: on an individual level, in terms of professional and personal enrichment; at company level, in terms of transferring sensitivity, skills and best practices for the benefit of the bank but also of the territory and local communities; at the system level, in terms of enhancing the contribution of women to the definition of Cooperative Credit policies.





7.2 Personnel Remuneration

Iccrea Cooperative Banking Group has a remuneration system aimed at attracting, motivating and enhancing people with the professional qualities required by the continuous challenges that the sector imposes. This system is structured according to principles of fairness, transparency and correctness.

The Iccrea Group defines the remuneration and incentive policies in compliance with the regulations and ensures that the remuneration systems support the creation of suitable conditions for the professional fulfillment of all employees. The enhancement of the potential of individuals is substantiated with effective, fair and transparent processes, aimed at promoting, recognizing and rewarding professional skills and their development. These policies are valid for the Parent Company, the investee companies and the affiliated BCCs.

The remuneration policies of the Iccrea Cooperative Banking Group are consistent with the prudent management of risk and with the long-term objectives, providing a correct balance between fixed and variable short and medium-long term components of the remuneration. Among other things, they determine:

- the maximum limit applicable to the ratio between the fixed remuneration component and the variable remuneration component;
- that for the variable component the conditions of access to the incentive systems of the direct perimeter and of the affiliated Banks are consistent with those defined by the Parent Company, also functional to the application of the ex-post correction mechanisms;
- criteria for the remuneration to be granted in the event of early termination of the employment relationship or early termination of office, including the limits set on remuneration in terms of annual fixed remuneration and the maximum amount deriving from their application.

With reference to the direct perimeter, the Policies are approved by the Ordinary Assembly of the Parent Company on the proposal of the Board of Directors. These Policies are adopted by the other companies through the formal resolution of the respective Assemblies for Banks and Asset Management Companies (SGR, in Italian), as well as any other competent bodies for the other companies.

Furthermore, the Policies apply to the affiliated BCCs which are responsible for compliance with the legislation directly related to them, according to the principle of proportionality and for the correct implementation of the guidelines provided by the Parent Company. The affiliated BCCs follow the guidelines of the Parent Company in their own document which is submitted to the resolution and approval of the competent bodies.

During 2019, the Iccrea Group introduced:

- the provision of a policy on the identification process of the most relevant personnel at a consolidated level;
- the revision of the conditions of access (so-called gates) to variable remuneration at consolidated and company level;
- the redefinition of the mechanisms of disbursement of the variable remuneration of the most important staff, including the materiality threshold, the amount considered particularly high and the percentages of the portion in financial instruments and of the deferred portion and the deferral period;
- rules' updating on the amounts to be granted in the event of early termination of the employment relationship or termination of office.





Through the Policies belonging to the Iccrea Group, Companies and Banks aim:

- to promote the achievement of dimensional objectives, risk containment, organizational improvement and, therefore, the set of results envisaged by the long-term Group Strategy;
- to ensure the active participation of the most relevant staff and the rest of the group staff in the pursuit of the economic, equity and commercial objectives, in line with the defined risk profiles.

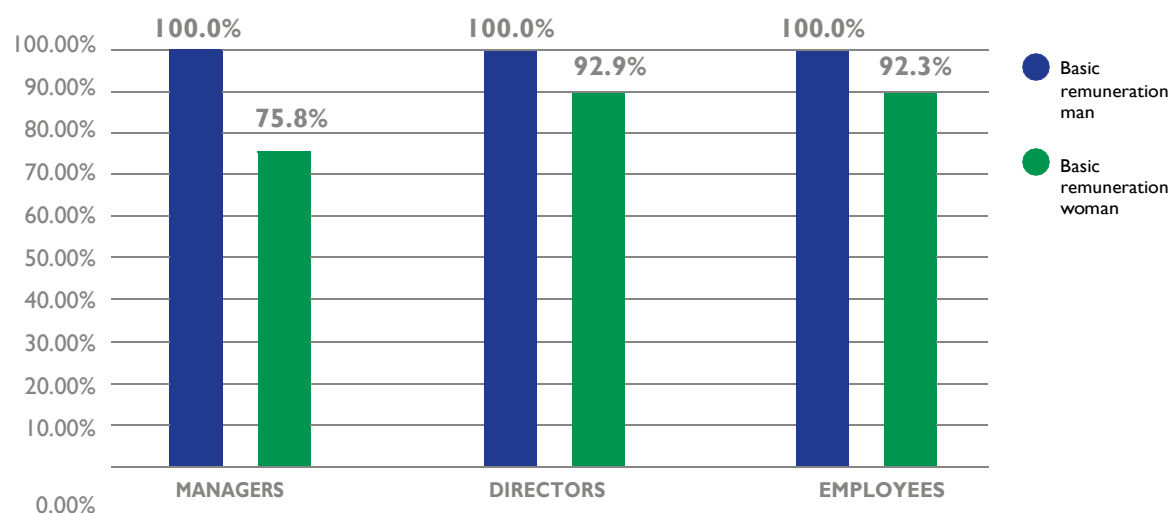
The remuneration and incentive policy for the relevant positions of the Iccrea Group is based on the analysis and evaluation system of the organizational positions. The categories identified are those provided by the National Collective Labour Agreement (CCNL, in Italian) for managerial staff, for staff in the professional areas and specific ones (always envisaged by the CCNL) for managers of Cooperative Credit Banks. It should also be noted that Cooperative Credit has a specific CCNL, different from the rest of the banking sector.

The remuneration system defined by the Iccrea Cooperative Banking Group consists of a fixed and a variable component. For the fixed one, the Iccrea Group refers to the items envisaged by the national collective bargaining. The variable component is, instead, characterized by the presence of an annual incentive system, defined for the different categories of employees, which allows the payment of a bonus linked to the achievement of the defined performance objectives. In addition, for employees who do not fall into the category of relevant personnel, wages are determined on the basis of the provisions of the Collective Agreement of the Cooperative Credit Banks, as well as the second level contract (CIA, in Italian) envisaged by current legislation.

This incentive system is intended to stimulate people's motivation to achieve the predetermined improvement objectives. It also allows the Iccrea Group to reward the staff who have most contributed to the achievement of the corporate objectives in line with the company's strategic plans.

The characteristics of the remuneration by gender are detailed below³.

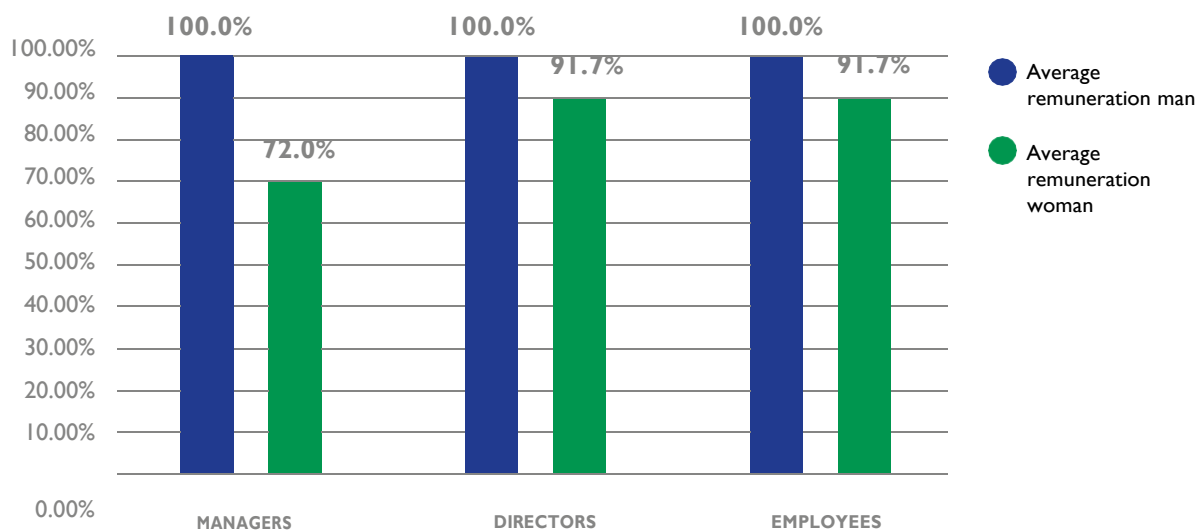
GENDER GAP BY BASIC REMUNERATION



³ With regard to the reporting perimeter of the data presented in this paragraph, the exclusion of BCC Beni Immobili is underlined, as the latter's Director (the Company's only resource) is already included among the employees of Iccrea Banca.



GENDER GAP FOR AVERAGE REMUNERATION



The management of relations with the social partners takes place in compliance with the information and consultation procedures envisaged by law and by both national and supplementary collective bargaining (art. 11 bis 22 CCNL / Supplementary contracts).

The minimum notice period generally communicated to employees and their representatives, before significant operational changes that could have considerable effects on workers, is defined by the CCNL in 2 weeks.

By virtue of art. 11 bis of the National Collective Labor Agreement, the Parent Company also manages union relations for the adherent BCCs. In the Chief Human Resources Officer Area, the Organizational Unit (OU) for Industrial Relations, People Care and Personnel Administration was specifically created, within which the specific Industrial Relations Organizational Unit is provided. The last one manages relations with social partners on behalf of the Parent Company, the associated and controlled companies, the participating BCCs.



Salary for the same classification

MANAGERS

A man perceives the:

- **24.2%** more than basic remuneration
- **28%** more than average remuneration compared to a woman.

DIRECTORS

A man perceives the:

- **7.1%** more than basic remuneration
- **8.3%** more than average remuneration compared to a woman.

EMPLOYEE

A man perceives the:

- **7.7%** more than basic remuneration
- **8.3%** more than average remuneration compared to a woman.





As anticipated, the Iccrea Group has established the Infra-group Committee for Health and Safety at Work: the Committee has a coordinating role for the Companies in relation to the rules for applying the management system. The Committee coordinates and manages the activities aimed at obtaining the compliance certification by the third party (DNW-GL).

This Committee is chaired by the sub-delegate for safety at work of BCC Solutions, of the companies of the perimeter. The heads of the Occupational Health and Safety Management System (Responsabili del Sistema di Gestione Salute e Sicurezza sul Lavoro – RSGSL, in Italian) of the companies of the direct perimeter participate to the Committee. Currently there are 10 RSGSLs on the Committee, 6 men and 4 women, and all the employees of the Parent Company and of the companies of the Direct Perimeter (excluding BCC Beni Immobili) are represented.

Regarding the agreements at the local level, they provide for:

- a company observatory with reference to the hygienic-environmental conditions in the workplace;
- participation of workers' representatives in inspections, audits relating to health, safety and accident investigations;
- training;
- personal protection equipment;
- complaint mechanisms;
- the right to refuse unsafe jobs;
- periodic inspections.

Global agreements generally include topics such as:

- compliance with the principles of the International Labor Organization (ILO);
- dispositions or structures for problem solving;
- commitments on performance objectives or on the level of practices to be adopted, including health and safety aspects in the workplace.

Even in 2019, the activities for the certification of conformity of the Occupational Health and Safety Management System for the Iccrea Cooperative Banking Group were successfully completed, coordinated by the BCC Solutions' Health & Safety Environment (HSE) OU.

In 2019, the perimeter was expanded to include local areas, also in relation to the presence of some Iccrea Banca employees seconded to the BCCs. The verification path did not find any non-compliance.

In December 2019, BCC Sistemi Informatici approved the Management System procedures and the appointment of the SGSL manager, preparatory activities for entering the UNI INAIL perimeter.

This ensured the need for the administrative liability of the companies within the perimeter for the purposes of Legislative Decree no. 231/2001 as well as a discount on INAIL rates.



7.3 Employees' training and development

Beyond the continuous technological evolution of banking services and the transformation of sector regulations, the Iccrea Group considers the development of skills and professional growth to be fundamental for its employees.

The Organizational Units in charge define the training and staff growth policies, in accordance with the strategic goals of the Iccrea Group and 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 evolution plans. The activities are carried out through initiatives to develop skills, knowledge and capability necessary for all the staff of the Parent Company and the companies in the management and coordination area. The function ensures that update and training needs of the Iccrea Group's personnel are met. Furthermore, it deals with the management of technical-specialist, compulsory and behavioral training activities. The training initiatives for employees within the Direct Perimeter of the group fall into two main categories, depending on the promoter of the initiative, the related management methods and purpose:

- in-house training in which training and development initiatives are conceived, planned and provided internally by the Parent Company in collaboration with the various suppliers. This training is aimed at creating a common and transversal culture on the various themes;





- outsourced training, which includes courses, conferences, seminars, workshops, webinars, etc. promoted and provided independently by the various external training bodies, through their own channels. This training is aimed at creating vertical skills and ensuring the introduction of innovative visions and themes in the company.

With respect to the first strand, the definition of the training plan considers the indications coming from the area managers and specialists and is defined mainly on the basis of the results of the census of training needs. As part of this process, the managers are called to indicate the training areas and / or courses for their collaborators. The function in charge of training analyzes the data collected and on the basis of these, structures a training plan consistent with the strategic priorities and in line with the sustainability of the budget that will be approved.

A calendar is defined, containing the dates on which to make the editions of the chosen courses. The function in charge therefore deals with planning, programming and organization of courses, interfacing with suppliers and managing the logistical and organizational aspects for each edition.

As regards the development initiatives, in line with the strategies indicated by the top management, the human capital development goals and activities that are considered more functional and effective are defined. The structure in charge identifies the recipients, the initiatives to be put in place, plans and delivers the activities, also with the support of external partners,.

To promote the integration between the resources belonging to the various companies of the Group, where possible on the basis of organizational, logistical and economic constraints, activities are structured with the aim of transversely involving the personnel of different companies.

€ 1,442,000
ECONOMIC RESOURCES
FOR TRAINING
AND
DEVELOPMENT
ACTIVITIES



The monitoring of the effectiveness of the training activities is carried out through the administration of feedback questionnaires, concerning both the didactic and logistical-organizational aspects. Data are analyzed in order to implement any improvement actions or as a starting point for planning further activities.

The mapping of families and professional profiles is underway, and it will output role profiles, accompanied by technical knowledge, skills and related expected levels. The activity will affect both the companies of the Direct Perimeter, as well as the commercial profiles operating at the banks in the area. Once the evaluation of the currently available skills has been carried out and the gaps compared to the expectations

have been identified, specific programs for the requalification, consolidation and / or acquisition of new skills will be adopted.

The initiatives for the management of the final stage of the career will also be defined, trying to combine support actions, accompaniment and enhancement of the skills acquired.

The economic resources for training and development activities amounted to approximately **1,442,000** euros in 2019 (the resources committed for Development Bank are excluded from the calculation).

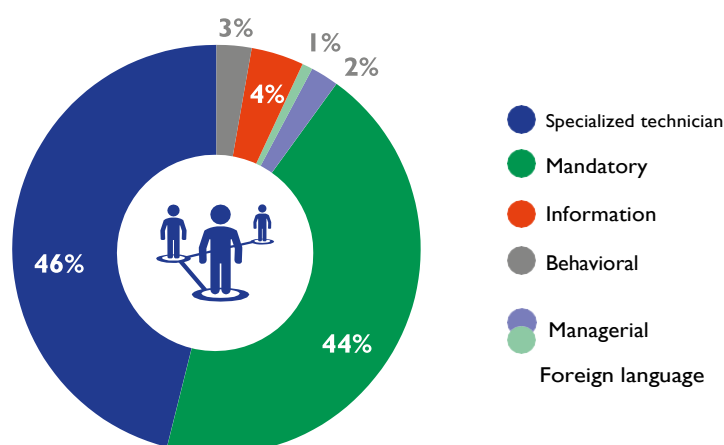
The following tables show data relating to the training activity.



HOURS OF TRAINING PROVIDED TO EMPLOYEES BY GENDER AND LEVEL *

ICCREA GROUP			
CATEGORY OF EMPLOYEES	MAN	WOMAN	TOTAL
MANAGERS	11,893	2,045	13,938
DIRECTORS	251,168	77,090	328,258
EMPLOYEES	399,172	360,726	759,898
TOTAL	662,233	439,861	1,102,094

TOTAL TRAINING HOURS BY TYPE*



NUMBER OF EMPLOYEES INVOLVED IN TRAINING ACTIVITIES, BY GENDER AND LEVEL *

ICCREA GROUP			
CATEGORY OF EMPLOYEES	MAN	WOMAN	TOTAL
MANAGERS	408	43	451
DIRECTORS	6,003	2,073	8,076
EMPLOYEES	10,115	8,244	18,359
TOTAL	16,526	10,360	26,886

AVERAGE HOURS OF TRAINING BY GENDER AND LEVEL ON THE TOTAL EMPLOYEES*

ICCREA GROUP			
CATEGORY OF EMPLOYEES	MAN	WOMAN	TOTAL
MANAGERS	31	82	34
DIRECTORS	54	50	53
EMPLOYEES	51	47	49
TOTAL	51	48	50

* With regard to the reporting perimeter of the data presented in this paragraph, the exclusion of BCC Beni Immobili, Coopersystem Soc. Coop., Sigest SRL, Sinergia SCARL is underlined. With particular reference to BCC Beni Immobili SRL, it should be noted that the Director (the Company's only resource) is already included among the employees of Iccrea Banca. For the companies of the indirect perimeter mentioned above, however, the data are not available.





In addition, data on the feedback provided to employees relating to career development processes are reported:

NUMBER OF EMPLOYEES WHO HAVE RECEIVED REPORTS ON RESULTS AND CAREER DEVELOPMENT *

ICCREA GROUP			
CATEGORY OF EMPLOYEES	MAN	WOMAN	TOTAL
MANAGERS	50	3	53
DIRECTORS	1,571	510	2,081
EMPLOYEES	2,461	2,597	5,058
TOTAL	4,082	3,110	7,192

PERCENTAGE OF EMPLOYEES WHO RECEIVED REGULAR REPORTS ON RESULTS AND CAREER DEVELOPMENT DURING THE REPORTING PERIOD, BY GENDER AND EMPLOYEE CATEGORY *

ICCREA GROUP			
CATEGORY OF EMPLOYEES	MAN	WOMAN	TOTAL
MANAGERS	13%	12%	13%
DIRECTORS	34%	33%	34%
EMPLOYEES	32%	35%	33%
TOTAL	32%	34%	33%

* With regard to the reporting perimeter of the data presented in this paragraph, the exclusion of BCC Beni Immobili, Coopersystem Soc. Coop., Sigest SRL, Sinergia SCARL is underlined. With particular reference to BCC Beni Immobili SRL, it should be noted that the Director (the Company's only resource) is already included among the employees of Iccrea Banca. For the companies of the indirect perimeter mentioned above, however, the data are not available.





7.4 Attention to employees and People Care

The Iccrea Cooperative Banking Group has set up a specific structure with the aim of developing an attention and care system for the employees of the Iccrea Group. The purpose of the OU is to promote well-being of people and improve balance between professional and private life. In addition, the Iccrea Group plans to pay a portion of the employees' salary to two institutions. The first is the **National Pension Fund** (Fondo Pensione Nazionale, in Italian) oriented towards sustainable investments, and the second is “**Cassa Mutua Nazionale**”, a Healthcare Fund set up with a trade union agreement in the context of national collective bargaining, signed by Federcasse.

In particular, Cassa Mutua Nazionale has the purpose to provide health services to its members, generally through a reimbursement of the incurred expenses. Benefits are guaranteed to employees and their family members; employees can remain enrolled, together with family members, even during retirement years. In the reporting year, 7,426 employees were recipients of these services, divided between employees on duty (3,126) and family members (4,297). Around 57% of them effectively benefited from the services (4,206). With regard to the amounts disbursed, in 2019 the benefits amounted to over 2.6 million euros, while the income from contributions amounted to around 2.3 million euros. At the moment, not all employees of the Iccrea Cooperative Banking Group use Cassa Mutua services, because some Affiliated Banks refer to other institutions for the provision of health services.

Generally, the BCCs provide their permanent, fixed-term and part-time employees, **benefits (financial and non-financial)** which include life insurance, healthcare, coverage of disability / disablement and other benefits.

Below is presented a list of the initiatives that the Iccrea Cooperative Banking Group puts in place with a view to employee welfare.





ACTIVITY	DESCRIPTION	SITUATION AT 12/31/2019	RECIPIENTS OF INITIATIVES
RESULT BONUS (PREMIO DI RISULTATO – PDR, IN ITALIAN) - FROM THE WELFARE ACCOUNT TO THE “PERBENE” ACCOUNT (BORN IN OCTOBER 2019)	Employees who choose to allocate their PDR to the Welfare account / PerBene account, benefit from the tax reduction of the premium and from a company incentive. They can manage their flexible benefits through the Easy Welfare portal.	717 employees.	All employees of Iccrea Banca and of the companies of the direct perimeter.
CONVENTIONS			
CORPORATE BENEFITS - GBI PEOPLE CARE CONVENTIONS PORTAL	The People Care offers its employees and Families numerous conventions that have been available on a dedicated portal since 2018.	291 Conventions, including the conventions of Iccrea Banca and the direct perimeter.	All employees of Iccrea Banca and of the companies of the direct perimeter.
INSURANCE ADVICE	Insurance Consulting, in collaboration with leading insurance partners, has been active since December 2018 in the Rome offices (via Lucrezia Romana and via Carucci) and in 2019 it has also been extended to two Milan offices (via Esterle and Peschiera Borromeo). The service provides a dedicated discount and the possibility of paying the zero-rate insurance premium in installments. The conditions offered are also valid for the family members of employees (resulting from family status and de facto cohabiting partners), as well as retired staff.	Active in 2019 in the two offices in Rome and two in Milan.	All employees of Iccrea Group of offices in Rome (via Lucrezia Romana and via Carucci) and in two offices in Milan (via Esterle and Peschiera Borromeo).
SMART WORKING	Smart working or agile work means the performance of the job through a flexible and unstructured way, respect for both time and place where it is performed, without prejudice to compliance with the maximum duration of working hours and contractual institutions. After the pilot project started in November 2017, since 2018 the project has gone at full speed with the ability to grant smart working up to 400 employees (smart working, GBI-POL-HR-06-R02). System totally took off in 2020, to deal with the pandemic linked to the emergency Covid-19 (see the appendix).		All employees of Iccrea Banca and of the companies of the direct perimeter.
FAMILY			
ITALIAN MODEL UNITED NATIONS (IMUN)	Since 2017, Iccrea Banca has offered its employees' children the opportunity to participate for free in the IMUN project, providing for the costs of enrolling in the program and rewarding the most deserving students with 3 scholarships to participate in the international diplomatic jobs of the Global Citizens Model United Nations (GCMUN), which take place every year in New York, at the Palazzo di Vetro, headquarters of the United Nations Organization (UN).	As part of the project, 100 units of participation in IMUN were financed throughout the national territory (Rome, Milan, Venice, Bari, Catania, Naples, Palermo, Turin).	All children of Iccrea Group employees, from high school (14-18 years).





ACTIVITY	DESCRIPTION	SITUATION AT 12/31/2019	RECIPIENTS OF INITIATIVES
CORPORATE NURSERY (VIA LUCREZIA ROMANA, ROME)	Company Nursery Service - active near the Rome office since 2017 - reserved exclusively for the children of employees of the companies of the Iccrea Group, with a reduced monthly fee.	30 subscribers.	All children - from 0 to 3 years old - of Iccrea Group employees who work in the office in Rome.
IN OFFICE WITH MUM AND DAD	Event held in September 2019, dedicated to the families of the Iccrea Group. Didactic and recreational activities were organized, divided by age group and focused on the theme "Children and Nature". The initiative allowed employees' children to visit their parents' offices. The event involved around 500 people.	170 registered children.	All children of Iccrea Group employees of the Rome offices, of age between 0 and 13 years.
ITALIAN CENTER "AID FOR CHILDHOOD" - ACTIVE LISTENING SPACE (OFFICES IN ROME, VIA LUCREZIA ROMANA, MILAN, VIA ESTERLE AND PESCHIERA BORROMEO)	The Active Listening Space is a place to confront with a professional psychologist on difficulties that can arise in a specific one moment of life, in family or at work, or to learn more about adoption issues international, with the possibility of receiving orientation and support. The service has been running since January 2019 of Listening Space for new mothers and new fathers, aimed at parents of children up to 3 years. It is a free listening, orientation, help report for employees of Iccrea Cooperative Banking Group.	They took advantage of it 39 people, including 31 women and 8 men: - 22 people availed of a 5-interviews package; - 17 people used the Active Listening Space for a number inferior to 5 interviews and will continue in 2020; - 151 total interviews.	All employees of Iccrea Group.
ETHICAL FINANCING PRODUCT CREATED IN COLLABORATION WITH BCC CREDITO CONSUMO AND GRANTING OF FACILITATED FINANCING FOR EMPLOYEES WHO TAKE THE PATH OF ADOPTION	As part of the Active Listening Space Project and specifically on the adoptions theme, thanks to the collaboration with BCC Credito Consumo, an ethical financing product has been prepared for the necessary expenses for adoptions, proposed to the market through the Italian Center "Aid for Childhood" (Centro Italiano Aiuti all'Infanzia - CIAI, in Italian) and also open to Iccrea Group employees on advantageous terms.		All employees of Iccrea Group.
SOCIAL IMPACT FINANCING, CREATED IN COLLABORATION WITH THE DEVELOPMENT BANK, FOR THE CONCESSION OF MORTGAGE LOANS AND RETRIEVERS AT FACILITATED CONDITIONS, IN FAVOR OF ALL EMPLOYEES OF THE ICCREA GROUP	Provision of social financial instruments, for access to mortgage and unsecured loans with facilitated conditions, in favor of all employees of the Iccrea Group, provided through the branches of Banca Sviluppo.	163 subsidized loans disbursed.	All employees of Iccrea Group.
LEGAL ADVICE	The legal advisory service allows employees to send a question of a legal nature and to receive a free response from the affiliated law firm. It is possible to request advice on the following topics: tax collection files, traffic and road accidents, condominium and successions.		All employees of Iccrea Group.





ACTIVITY	DESCRIPTION	SITUATION AT 12/31/2019	RECIPIENTS OF INITIATIVES
HEALTH AND WELLNESS	On the health front, several days dedicated to prevention took place, below the details of the initiatives		
MELANOMA- PREVENTION ROME	Company screening days	50 screenings	All employees of Iccrea Group of offices in Rome, via Lucrezia Romana and Via Carucci
MELANOMA- PREVENTION MILAN	Company screening days		All employees of Iccrea Group.
PROSTATE CANCER PREVENTION- ROME	Company screening days	247 screenings	All employees of Iccrea Group of offices in Rome
PROSTATE CANCER PREVENTION- MILAN	Company screening days	58 screenings	All employees of Iccrea Group.
SENOLOGICAL PREVENTION - ROME	Company screening days	247 screenings	All employees of Iccrea Group.
SENOLOGICAL PREVENTION - MILAN	Company screening days	58 screenings	All employees of Iccrea Group.
FLU VACCINE	Flu vaccine administration.	300 vaccines	All employees of Iccrea Group.
ITALIAN RED CROSS (CROCE ROSSA ITALIANA - CRI, IN ITALIAN) - BLOOD DONATION	Organized days, at the headquarters in via Lucrezia Romana, for the collection of blood, in collaboration with the Italian Red Cross.	71 days	All employees of Iccrea Group.
METABOLIC AND VASCULAR DISEASES PREVENTION 2 DAYS	Screening days organized from 12 to 16 April 2019.	83 screenings	All employees of Iccrea Group, of offices in Rome (via Lucrezia Romana, via Carucci, via Adige).
BASIC LIFE SUPPORT-BLS COURSE (ROME - MILAN)	Course organized by the Italian Red Cross, in the offices in Rome via Lucrezia Romana and in Milan in via Esterle and Pioltello.		All employees of Iccrea Group.
PEDIATRIC LIFE- SAVING MANEUVERS COURSE	Course pediatric life-saving maneuvers organized by the Italian Red Cross, in the offices in Rome via Lucrezia Romana and in Milan in via Esterle and Pioltello.		All employees of Iccrea Group.
COURSE ON THE DIGESTIVE SYSTEM (ROME)	Single theme course on the digestive system, organized by the Italian Red Cross, in the Rome office in via Lucrezia Romana and in via Carucci.		All employees of Iccrea Group.





ACTIVITY	DESCRIPTION	SITUATION AT 12/31/2019	RECIPIENTS OF INITIATIVES
SOLIDARITY HOLIDAYS	To meet the needs of some workers, in 2019 the Iccrea Group renewed the solidarity holiday initiative. Employees with serious medical conditions or who need work permits to assist their family members can take advantage of this. With this system, the employees of the Iccrea Cooperative Banking Group have the opportunity to voluntarily transfer part of their holidays to support colleagues in situations of need. In addition, for each voluntary donation, the company contributes to feeding the fund of solidarity holidays with an allocation equal to 50% of the days donated by employees.		All employees of Iccrea Group.
CULTURE AND LEISURE			
LIBRARY BANCARIOCHILEGGE!	The initiative called Bancariochilegge! it has been active since 2016. It is a book loan service, in digital format, aimed at employees of the Iccrea Group. For this reason, an online library has been created, with books in electronic format, which can be downloaded for free for immediate use on a PC, tablet, e-book reader or smartphone. The Bancariochilegge! library has evolved with the introduction of the loan of paper books which is added to the digital one with the online Media library (MLOL). In October 2019, the traditional library was inaugurated, with paper books, in the Rome office, in via Lucrezia Romana.	The library had 2,255 accesses to the online portal with 308 books on loan. The traditional library consists of 1,009 volumes, donated by the workers and by the corporate CRAL. 21 are the books lent.	All employees of Iccrea Group.
COMPANY WELLNESS – THE POSTURE ON WORKPLACE	Seminar in Rome office, via Lucrezia Romana, with videoconference for all local offices.		All employees of Iccrea Group.
NUTRITIONIST WELLNESS THROUGH GOOD SUPPLY	Seminar in Rome office, via Lucrezia Romana, with videoconference for all local offices.		All employees of Iccrea Group.
CYBERBULLYING	Seminar in Rome office, via Lucrezia Romana, with videoconference for all local offices.		All employees of Iccrea Group.
PHOTOGRAPHY - COMMUNICATING EMOTIONS THROUGH THE PHOTOGRAPHIC LANGUAGE	Seminar in Rome office, via Lucrezia Romana, with videoconference for all local offices.		All employees of Iccrea Group.
ENDOCRINOLOGY AND INTELLIGENT NUTRITION	Seminar in Rome office, via Lucrezia Romana, with videoconference for all local offices.		All employees of Iccrea Group.
STRESS AND ANXIETY, THE EFFECTS IN EVERYDAY LIFE	Seminar in Rome office, via Lucrezia Romana, with videoconference for all local offices.		All employees of Iccrea Group.





ACTIVITY	DESCRIPTION	SITUATION AT 12/31/2019	RECIPIENT OF INITIATIVES
EVENT WITH THE WEAPON OF THE CARABINIERI ON THE THEME: "SCAMS FOR THE ELDERLY HOW TO DEFEND PEOPLE NEAR US"	Seminar in Rome office, via Lucrezia Romana, with videoconference for all local offices.		All employees of Iccrea Group.
EVENTS-60 MINUTES PEOPLE CARE	Presentation of the People Care activities / initiatives with meetings held in the Rome office, in via Lucrezia Romana, in video connection with all the territorial offices. The initiatives were carried out in collaboration with the Organizational Unit (OU) Internal Communication.		All employees of Iccrea Group.
2nd MEETING OF THE GROUP'S HEARING EMPLOYEES ICCREA AT THE ROME OFFICE, IN VIA LUCREZIA ROMANA			All employees of Iccrea Group.
FESTIVALFUTURO PARTICIPATION	People Care participated in the 2019 edition of Future Festival, an event organized by AltroConsumo in Milan on September 28 th and 29 th , 2019, making available for 2 days a free "baby parking" facility for visitors to the fair and illustrating with our staff the corporate People Care best practices.		
SURVEY ON RESTAURANT SERVICES IN THE ICCREA GROUP	Survey on the catering services offered at the Iccrea Group offices, to offer a service that is ever closer to the needs of employees.		All employees of Iccrea Group.
SURVEY PEOPLE CARE	Survey on the services of the Iccrea Group People Care Unit to offer initiatives that are ever closer to the needs and needs of employees		All employees of Iccrea Group.
BUSINESS TRAVEL & LEISURE	The philosophy of the new Business Travel project is the use of new technologies such as self-booking platforms and "apps", capable of connecting the skills and the widespread presence of Cooperative Credit on the national territory, relative to tourist services.		All employees of Iccrea Group.
INITIATIVES BY OU "INTERNAL COMMUNICATION"	In the promotion and well-being of employees, the dissemination and awareness activities carried out by the Organizational Unit (OU) also play a crucial role. The OU contributes to support the dissemination and roots of the identity and values of the Iccrea Cooperative Banking Group, through the conception, management and implementation of campaigns, projects, events and communication initiatives for all employees of the Iccrea Group.		





ACTIVITY	DESCRIPTION	SITUATION AT 12/31/2019	RECIPIENT OF INITIATIVES
DIGITAL STRATEGY	In 2019, entry to the HuBa intranet portal was extended on this front. With the approval of the Intra-Group Communications Policy, in fact, access to HuBa has also been opened to Affiliated Banks, thus increasing the range of action of Internal Communication to the entire Iccrea Cooperative Banking Group.		All employees of Iccrea Group.
EVENTS AND INITIATIVES OF CHANGE MANAGEMENT	To encourage moments of discussion and dialogue between employees in 2019, the OU has carried out various Change Management events and initiatives, some of which have been extended to the Affiliated Banks.		
MEETINGS CONVIVA (KNOWLEDGE, VISION, VALUE)	During the reporting year, 7 events dedicated to management issues were organized with the involvement of authoritative guests, some from academia, other journalists and industry experts. Among the topics covered: artificial intelligence, sustainability, diversity, international political and economic balances.		Events addressed to the directors and managers of the Parent Company and of the companies of the direct scope. Furthermore, in 2019 the events were opened to employees of the affiliated banks.
EXHIBITION "THE ENERGY OF WOMEN"	The Internal Communication Unit organized the exhibition entitled "The energy of women". The aim of the event is to tell the stories of 23 exceptional protagonists, 20 Italian and 3 foreign. Twenty-three free spirits who in their own way have been able to bend the "rules of the game" and conquer new spaces at the expense of the context. Their very different personalities are seen through the eye of Marcello Geppetti, one of the greatest photographers of the twentieth century.		



7.5 Occupational Health and Safety

The Iccrea Cooperative Banking Group, aware of the importance of guaranteeing the best conditions of health and safety in the workplace, is constantly engaged in promoting and spreading responsible behavior among its employees and in preserving health, safety and integrity of all staff, as well as of third parties who frequent the institute's structures.

All employees are obliged to collaborate, as far as they are competent, in maintaining a healthy, safe and efficient work environment, observing the internal rules on safety in the workplace, as required by Legislative Decree no. 81/2008. Iccrea Group actively involves workers' representatives on the health and safety issues promulgated by Legislative Decree no. 81/2008. By virtue of these agreements, it was not necessary to define other rules with the trade union organizations on health and safety at work. In particular, the parties must not carry out any conduct that could generate safety risks for their work colleagues, for third parties or risks of damage to property or equipment. They are required to use company assets, premises, furnishings, infrastructures and work tools with diligence and care. Compulsory training is also provided for all categories of workers.

The Iccrea Cooperative Banking Group has defined a Management System for Occupational Health and Safety according to UNI INAIL guidelines, with a certificate of conformity from a third party. In order to standardize and direct the Occupational Health and Safety (OHS) activities of each company to the Iccrea Group Health and Safety Management System, it was established the Infragroup Committee for Occupational Health and Safety.





In accordance with the Health and Safety Management System and the labor legislation, the Iccrea Group has identified the figures responsible for management of the safety and health of workers, who are involved, for all companies, in the risk assessment processes and in the definition of prevention and training. It has also entrusted the health surveillance activity to the competent doctors present in the different companies, responsible for the continuous monitoring of the health of employees and the healthiness of the workplace.

Regardless of the level of risk to which workers are exposed, the Iccrea Group adopts a preventive approach. An annual plan of improvement interventions has been prepared, which reports the measures that the various companies are required to implement in the field of safety in the workplace.

In 2019, 185 accidents were recorded, most of which were on the way, and one decease on the way.

INJURIES AND INJURY RATE * (employees)

ICCREA GROUP			
INJURIES	MAN	WOMAN	TOTAL
AT WORK IN ITALY	28	25	53
AT WORK ABROAD	0	0	0
ON THE WAY IN ITALY	64	68	132
ON THE WAY ABROAD	0	0	0
TOTAL INJURIES	92	93	185
DECEASES			
AT WORK IN ITALY	0	0	0
AT WORK ABROAD	0	0	0
ON THE WAY IN ITALY	1	0	1
ON THE WAY ABROAD	0	0	0
TOTAL DECEASES	1	0	1
CASES OF PROFESSIONAL DISEASES			
IN ITALY	1	0	1
ABROAD	0	0	0
TOTAL CASES OF PROFESSIONAL DISEASES	1	0	1
NUMBER OF DAYS OF ABSENCE FOR INJURIES			
AT WORK	500	1,171	1,671
ON THE WAY	1,374	1,202	2,576
TOTAL NUMBER OF DAYS OF ABSENCE FOR INJURIES	1,874	2,373	4,247
RATE OF LOST WORKING DAYS	0.054	0.099	0.073
RATE OF OCCUPATIONAL DISEASES (ODR)	0.006	0.000	0.003
INJURY RATE (IR)	2.703	3.881	3.187

* Calculation notes. Rate of lost working days (Number of days of absence due to accident / Total number of hours worked (estimated)) * 1,000 -> severity index.

Occupational disease rate (ODR): (Total number of cases of occupational disease / Total number of hours worked (Estimated)) * 200,000 -> Calculation method suggested by the GRI.

Injury rate (IR) : (Total number of accidents + total number of deaths) / Total number of hours worked (estimated) * 1,000,000

-> frequency index.

The data do not include information relating to BCC Beni Immobili SRL, Coopersystem Soc. Coop., Sigest SRL, Sinergia SCARL. With particular reference to BCC Beni Immobili SRL, it should be noted that the Director (the Company's only resource) is already included among the employees of Iccrea Banca. For the companies of the indirect perimeter mentioned above, however, the data are not available.





With particular reference to accidents of non-employee workers, the data are listed in the reference table:

INJURIES AND INJURY RATE (non-employee workers)

ICCREA GROUP			
INJURIES	MAN	WOMAN	TOTAL
AT WORK IN ITALY	0	2	2
AT WORK ABROAD	0	0	0
ON THE WAY IN ITALY	3	1	4
ON THE WAY ABROAD	0	0	0
TOTAL INJURIES	3	3	6
DECEASES			
AT WORK IN ITALY	0	0	0
AT WORK ABROAD	0	0	0
ON THE WAY IN ITALY	0	0	0
ON THE WAY ABROAD	0	0	0
TOTAL DECEASES	0	0	0
INJURY RATE (IR)	2.095	3.019	2.474

The table below presents the data relating to employee absences by type:

EMPLOYEES ABSENCE BY TYPE * (in days)

ICCREA GROUP			
EMPLOYEES ABSENCE BY TYPE	MAN	WOMAN	TOTAL
DISEASE	208,723	203,590.26	412,313.26
ACCIDENT	3,810.13	6,378	10,188.13
RELATED WORKING STRESS	1	0	1
PAID PERMITS FOR PUBLIC FUNCTIONS	1,336	360	1,696
PERMISSIONS AND EXPECTATIONS NOT PAID FOR PUBLIC FUNCTIONS	1,353	190	1,543
TRADE UNION PERMITS (EXCLUDING COUPON)	9,604	4,013	13,617
PERMITS FOR ASSEMBLIES	4,107	3,382	7,489
PERMITS EX LAW 104/92 FOR THE RIGHTS OF PERSONS WITH DISABILITIES	33,468	33,772	67,240
STRIKE	33	26.22	59.22
TOTAL	262,435.13	251,711.48	514,146.61
TASSO ABSENTEEISM	5.66%	8.26%	6.69%

* The data do not include information relating to BCC Beni Immobili SRL, Coopersystem Soc. Coop., Sigest SRL, Sinergia SCARL. With particular reference to BCC Beni Immobili SRL, it should be noted that the Director (the Company's only resource) is already included among the employees of Iccrea Banca. For the companies of the indirect perimeter mentioned above, however, the data are not available.



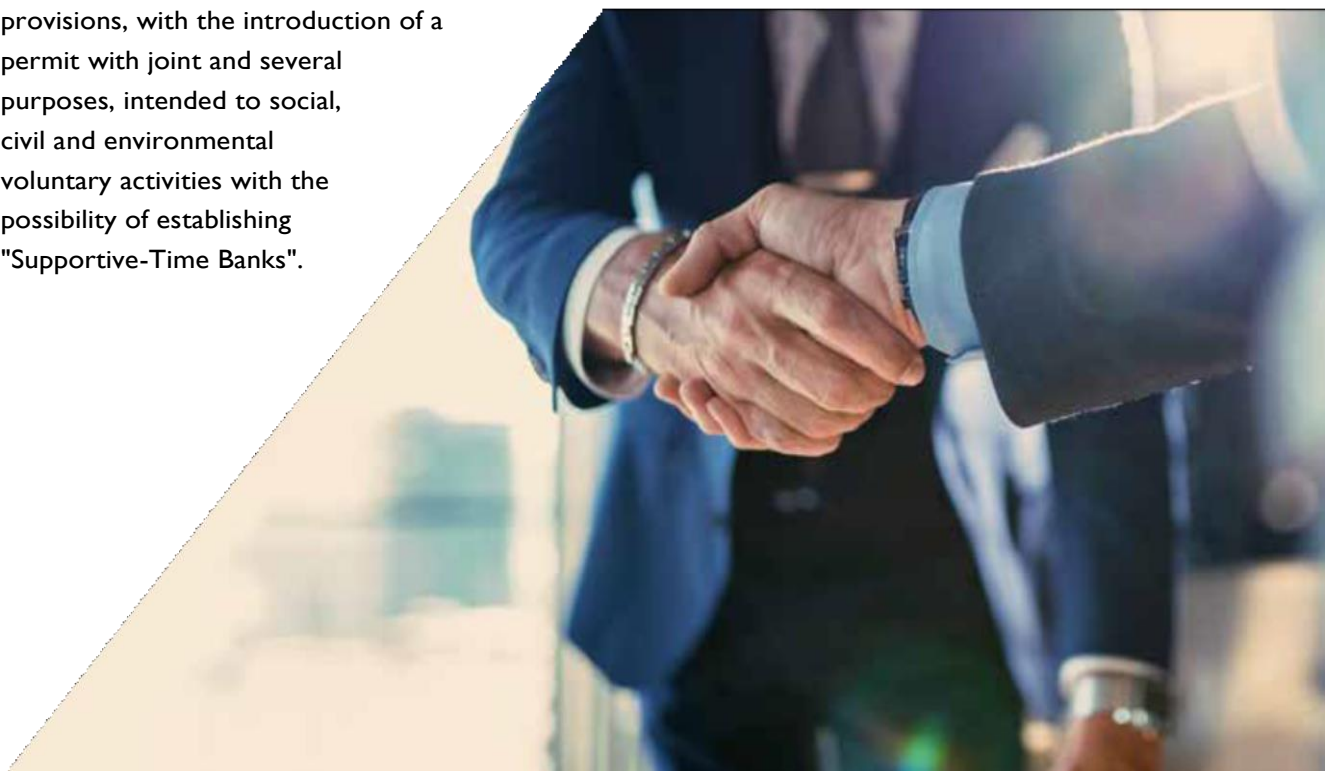
7.6 Relations with Trade Unions

In Iccrea Group, relations with trade union organizations are inspired by principles of fairness, respect for roles and compliance with the rules, with the aim of always achieving new convergences for growth, competitiveness and sustainable employment.

With reference to industrial relations, 2019 also consolidated the constructive confrontation with the union in the search for shared solutions for the benefit of staff, both in terms of employment and professional and economic-regulatory aspects, constantly and constructively accompanying the moments of reorganization of the operational and corporate structures of the Iccrea Group. In view of the significant organizational changes that affected the Parent Company, during the first half of the year, intense activity took place in the round tables, in particular for the management of around 400 conciliation procedures pursuant to art. 1406 of the Italian Civil Code, as well as for the transfer to Iccrea Banca of the Corporate Control Functions (FAC) from the BCCs and local federations.

During January the negotiation for the renewal of the collective labor agreement of the BCCs ended. The new contract provides for: forms of greater flexibility from an organizational point of view; economic adjustments for the staff of the BCCs, "Casse Rurali", "Casse Raiffeisen" and for all the entities and companies of the Cooperative Credit; particular attention to investments in training and enhancement of skills; measures for work-life balance, as well as provisions which, in general, strengthen the community service function, typical of BCCs. Moreover, the renewal agreement also includes rules

for the protection of parenting and for social provisions, with the introduction of a permit with joint and several purposes, intended to social, civil and environmental voluntary activities with the possibility of establishing "Supportive-Time Banks".



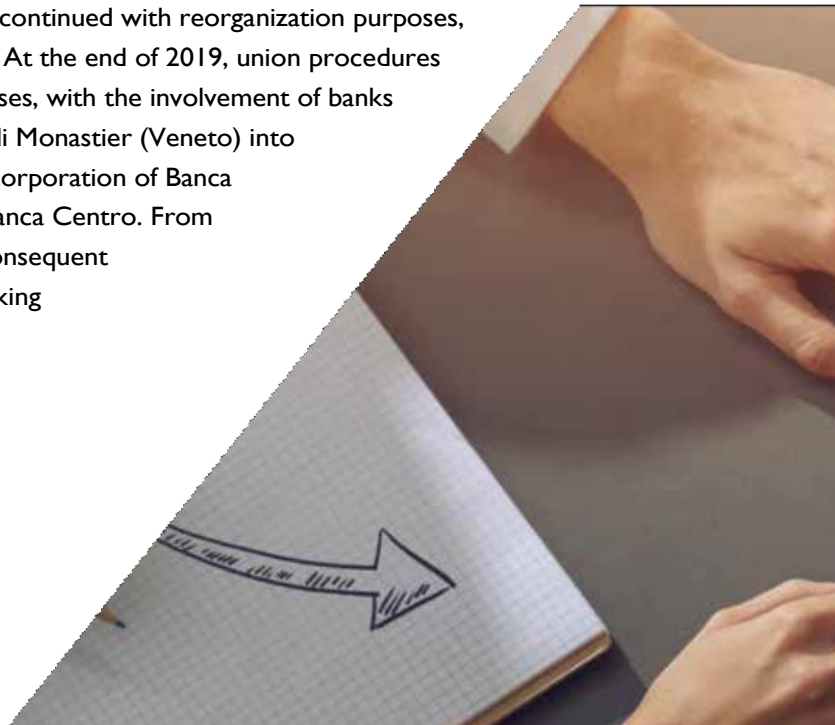


The defined agreement also provides for the launch of a permanent programmatic comparison table, necessary to analyze contractual regulations with respect to transformations, which will be determined over time by full implementation of the sector reform, and impacts on consequent employment levels.

In April, the procedure for the transfer of the business branch of the 20 Calabrian branches of Banca Sviluppo to the BCC Mediocrati was launched. The discussion with social partners ended with the union agreement of October 31st which, in addition to regulating the effects on the employment relationship of the 87 employees of the branches being sold, also defined the working conditions of the additional 42 employees of Development Bank present in the Calabria region.

In relation to the direct perimeter, two important agreements were reached. In the reporting year, the union agreement on the Result Bonus was signed. This agreement provided for the possibility of recognize the amount of the bonus in flexible benefits mode, in the percentage chosen by the employee, with the further disbursement from part of the company, in the case of the option of the welfare mode, of an additional contribution of 20% on the amount of the premium. In this agreement it was also established that the meal tickets of the Companies of the direct perimeter, starting from January 1st, 2020, will be distributed electronically. In addition, an agreement was reached on access to the extraordinary benefits of the Solidarity Fund for a maximum number of 30 employees, in possession of the fulfillment of the pension requirements by June 1st, 2023.

In the banks of the Iccrea Group, union procedures continued with reorganization purposes, deriving from the revision of the distribution model. At the end of 2019, union procedures took place relating to two important merger processes, with the involvement of banks from different regions. The incorporation of Banca di Monastier (Veneto) into BCC Pordenonese (Friuli Venezia Giulia) and the incorporation of Banca Cras (Tuscany) into Banca Umbria, which created Banca Centro. From the aforementioned mergers, completed with the consequent union agreements, two large-scale transregional banking entities were born.





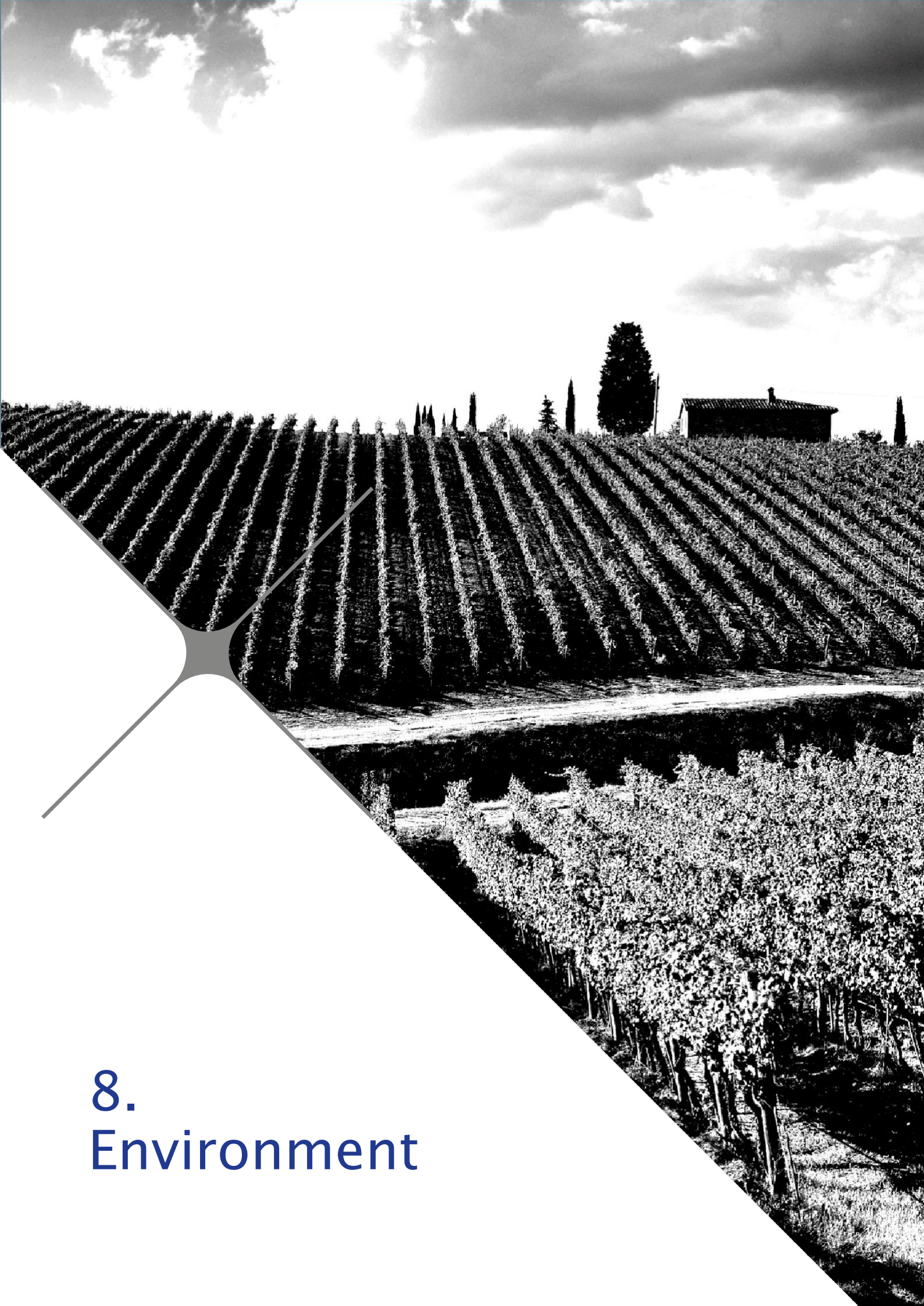
7.7 The protection of workers' rights

The Iccrea Cooperative Banking Group has adopted a Code of Ethics and Conduct, recognizing the respect for individual freedoms and the protection of human rights as an essential principle, complying with Law no. 68/1999 (whose purpose is the promotion of the insertion and labor integration of disabled people into work life, through targeted support and placement services) and ensuring compliance with the quota of disabled workers expected, i.e. 7%.

The Iccrea Group complies with art. 46 of Legislative Decree no. 198/2006, drawing up the "Biennial report on the situation of male and female staff for companies with more than 100 employees". The Report contains the statement of the individual professions, the status of hires, training and any other element that is part of the professional growth process of human capital on which the Iccrea Cooperative Banking Group is based.

The Iccrea Group offers an interpreting service with the aim of allowing deaf-mute colleagues to participate in these initiatives. Iccrea Banca makes use of qualified personnel who offers this service and who, on the occasion of the aforementioned events, translates all speakers' interventions into sign language.





8. Environment

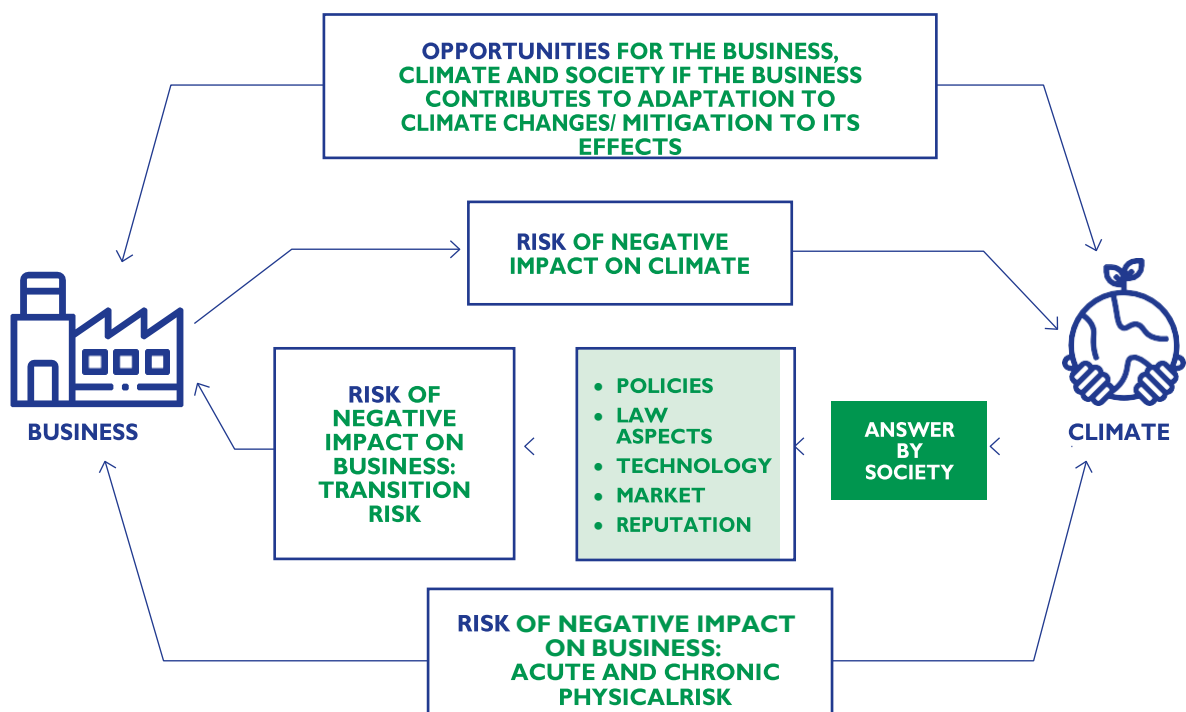


Iccrea Cooperative Banking Group pay attention to those themes linked to environment protection. Nowadays, direct and indirect environmental impacts management are a central issue either from a business viewpoint or from the stakeholders' one. Solicitation deriving from climate changes is no more postponed, nor much less negligible. It is a complex challenge, intended to have a tough impact on the near future. As mentioned by European Commission, Banks play a key-role in this transition process, addressing investments and financing activities with a lower impact on climate and reducing linked risks.

Iccrea Cooperative Banking Group is committed to limit its own impact on climate, also thanks to the purchase of electric energy from renewable sources and through energy efficiency process of its own offices dislocated all over the national territory. During 2019, the process to reach the definition of Group Engagement Chart in matter of Environment and Climate Change began (approved on March 31st, 2020), that together with the Sustainability Plan (approved on March 31st, 2020) indicate the relative goals of Iccrea Cooperative Banking Group.

2019/C 209/I Communication by Commission, about climate changes, requires that information to be reported, in non-financial statement, represents impacts by business on environment and climate change, towards stakeholders (consumers, civil society, investors, employees). At the same time, it must allow to evaluate impacts that climate change and relating risks have on income and financial trend of the business.

Below graphic synthesis of two-way relationship business/climate.



Source: 2019/C 209/I Communication by Commission.



As presented in the previous scheme, the linked risks are “physical” (linked to the effects of climate changes on natural capital and consequently on all sectors related) and “transition” (deriving from the passage to a low-carbon economy resilient climate changes, which are more transversal).

This dualism, that is risks of negative impacts on business and risks on negative impacts on climate, can be caused by the business activity and happens along the whole value chain, either at the beginning or at the end.

Moreover, the impact those phenomena can cause on activities of a financial intermediary such as Iccrea Group are clear. Those phenomena can be losses deriving from the reduction of value of Bank's goods (homes, grounds etc.) until the reduction of productive capabilities of business as clients, whose performance is influenced by material effects of climate changes.

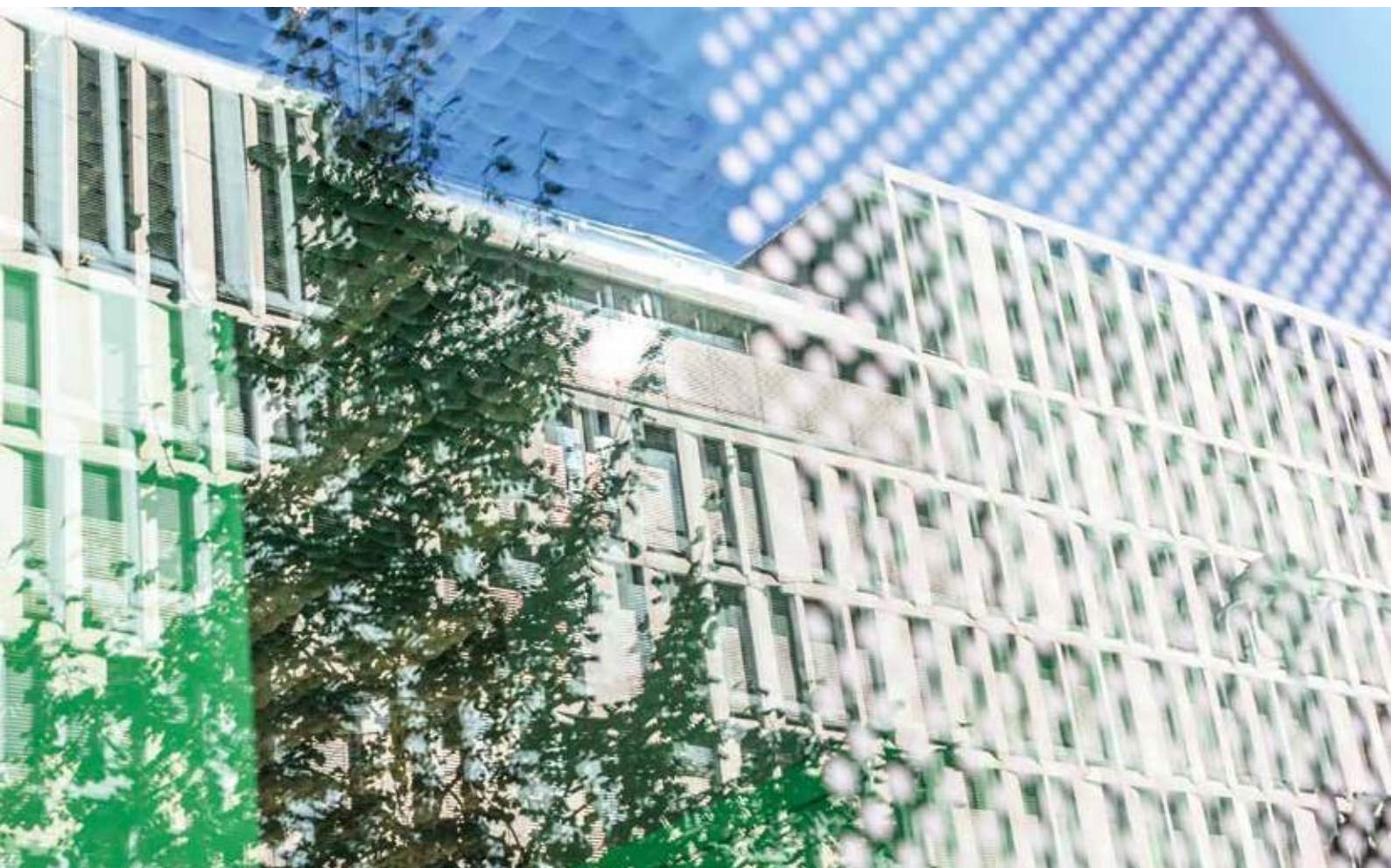




8.1 Direct environmental impacts: consumptions by offices and branches

The attention to environmental issues by the Iccrea Cooperative Banking Group is mainly reflected in the actions aimed at saving that can be pursued through energy efficiency measures on buildings and logistics, in line with the objectives defined in the Strategic Plan and in compliance with sector regulations.

Environmental management of the buildings and logistics of the Iccrea Group is entrusted to BCC Solutions. It deals with real estate and logistics services for Group companies and with the Iccrea Group's real estate projects, guaranteeing their quality and efficient operation. The Iccrea Cooperative Banking Group has also been active for several years in terms of sustainable mobility.





EXISTING INITIATIVES AND ACTIVITIES

The table below is a summary of the initiatives and activities that the Iccrea Group puts in place to protect environmental heritage and reduce its direct environmental impacts:



RESTYLING AND ENERGY EFFICIENCY OF THE LUCREZIA ROMANA BUSINESS CENTER

BCC Solutions managed an expansion, restyling and energy efficiency project which involved the headquarters in Via Lucrezia Romana in Rome

Furthermore, changes were made to the air conditioning and heating system, as well as to the air renewal system, by replacing machines with other energy-efficient ones, which ensure better performance, higher yields, as well as the elimination of atmospheric emissions due to gas combustion. For example, machines were purchased which, by recovering heat, allow a reduction in the energy requirement of the premises served, in addition to the decrease in operating costs, especially in the middle seasons. Below is a list of energy efficiency measures carried out in 2019:

1. Efficient renovation: for the headquarters of Lucrezia Romana, a restructuring was carried out on the premises where the company canteen is held. In particular, the new architectural and plant design project complied with the requirements in terms of energy efficiency, indoor comfort (correct air conditioning and ventilation system), reduction of water resource consumption (low consumption water sanitary equipment). Furthermore, the use of plastic within the canteen and bar service (plastic free dishes, drink dispensers) has also been completely removed.

2. Led lightning: it was started in the offices where BCC Solutions directly manages the maintenance in the Facility Management contract and in the adaptation of the offices, which in 2019 involved some offices of the Iccrea Group.

3. Building Management System (BMS): in 2019 a Building Management System (BMS) was installed at the offices of Lucrezia Romana and via Esterle, in Milan. This system makes it possible to draw up a historical report of electricity consumption, on the basis of which new energy efficiency interventions can be planned and designed, with a view to the continuous improvement of the energy saving of the sites.

4. The photovoltaic system: in July 2019, the previously installed photovoltaic system with a potential of 74.25 kW was activated on the roof of building B of the Lucrezia Romana headquarters.

BIT SPA



BIT SPA is the Iccrea Cooperative Banking Group Company (from December 20th, 2019), which performs the function of technical advisor. It offers technical-administrative support to the BCCs for investment projects in the renewable energy sector, energy efficiency and the agricultural, agri-food and agro-energy sector. BIT constitutes a technical support for the Iccrea Cooperative Banking Group also for the ESG, (Environmental, Social and Governance) field. In particular, it plans and organizes activities and services capable of providing innovative and quality responses aimed at increasing the sustainability of the territories presided over by the BCCs, which are part of the group.

BIT Energia SRL is a company incorporated and wholly controlled by BIT. It is an Energy Services Company (ESCo.) Established in 2007 and certified ISO UNI CEI 11352, it is at the service of the BCCs and their customers, operates in the field of energy efficiency, the free energy market and in the renewable energy sector.





BIT Energia proposes as the partner with which the BCCs and their client companies can undertake a path of optimization of energy costs and consumption, taking advantage of the opportunities offered by technology and the incentives provided by law. The purpose of BIT Energia is to optimize consumption, costs and environmental impact, linked to the use of the energy of its customers, also through the identification and implementation, in synergy with the Cooperative Credit Banks, of the most appropriate financing mechanisms.



BCC ENERGIA CONSORTIUM

The Iccrea Cooperative Banking Group obtains electricity and natural gas through the BCC Energia Consortium, which through a portfolio management approach operates on energy markets through structured contracts. The Consortium also manages value-added services in the energy sector.

BCC Energia counts among its consortium members, in addition to the Group companies, 90 Cooperative Credit Banks belonging to the Iccrea Group. It manages an energy supply portfolio of over 145 GWh electricity and over 3.5 million cubic meters of gas every year. The economic savings are combined with a concrete choice for the environment, thanks to the exclusive purchase of green electricity certified from renewable sources with a Guarantee of Origin (GO).

Bringing together the BCCs of the entire Cooperative Credit system and the Group Companies in a single large purchasing force on the free market, allows to obtain an important negotiating lever, but above all the possibility of being protagonists on the markets, with contractual forms evolved that modify the approach towards an active management of the supply portfolio.

In addition to this fundamental activity, the Consortium allows to grasp the potential for energy efficiency, with a specialist contribution aimed at declining the technological solutions, regulatory opportunities, incentives and in general the approach to energy management, thus reducing the impact on the environment and energy expenditure.



BCC SOLUTIONS – LEED CERTIFICATION

As part of the environmental management policies, which aim to achieve increasingly virtuous results over time, the Iccrea Group has chosen to start a LEED O + M v4.1 Beta version certification process for the headquarters in via Lucrezia Romana. LEED (Leadership in Energy and Environmental Design) O + M is an international and voluntary environmental sustainability certification focused on the management and maintenance of existing buildings which, by measuring the objective performance of the building, in terms of consumption of energy resources and water, green purchases, environmental impact of transport, quality of the internal environment (perceived and measured), the subsequent comparison with a benchmark building similar in size, intended use and employment levels, attributes to the building a certification rating (CERTIFIED, SILVER, GOLD and PLATINUM). Green Business Certification Inc (GBCI) is the certification body that issues the certification, based on a 12-month monitoring of the building's activity. The initial certification is valid for 3 years. To keep it active, it is necessary to continue to track and provide data on the building's performance, following the same procedure as in the first year and then for the next three.

The goal is to monitor the headquarters in via Lucrezia Romana in 2019 to obtain certification in the first months of 2020.

The LEED O + M v4.1 Beta certification provides for the loading of consumption data within the online platform (www.arkscoru.com) which, according to the different categories of impacts, assigns a performance score for each credit. In the energy and atmosphere thematic area, the impacts relating to energy consumption are calculated on the basis of the level of climate-altering overall gas emissions and on the basis of the comparison with the behavior of similar buildings in terms of intended use, employment level and size.





SUSTAINABLE MOBILITY

PROJECT	FEATURES		RECIPIENTS
CARPOOLING 2.0	II Carpooling 2.0 is the evolution of the Carpooling project, which provides for the definition of a "crew" made up of 2 or more employees	10 crews in the Rome office, via Lucrezia Romana, with reserved parking spaces in the internal car park.	All employees of the Iccrea Group of the Rome office, in via Lucrezia
SHUTTLE SERVICE	The shuttle service is set up for the Rome offices and for the Milan offices. During 2019 there were over 31,000 trips made, with a total passenger exceeding 130,000.		
ANNUAL SUBSCRIPTION TPL-ROME (ATAC)	Through the Mobility Portal, employees of the Iccrea Group of the Rome offices can request the annual discounted subscription to public transport managed by ATAC, paying it in 12 monthly installments charged directly on the salary slip.	145 subscriptions	All employees of the Iccrea Group in the Rome offices.
ANNUAL SUBSCRIPTION TPL-MILAN (ATM)	Through the Mobility Portal, employees of the Iccrea Group of the Milan offices can request the annual discounted subscription to public transport managed by ATM, paying it in 12 monthly installments charged directly on the salary slip.	73 subscriptions	All employees of the Iccrea Group in the Milan offices.
ANNUAL SUBSCRIPTION TPL-MILAN (TRENORD)	Through the Mobility Portal, employees of the Iccrea Group of the Rome offices can request the annual discounted subscription to public transport managed by TRENORD, paying it in 12 monthly installments charged directly on the salary slip.	12 subscriptions	All employees of the Iccrea Group in the Milan offices.
DRIVE2WORK	Sustainable Mobility Event organized at the offices in Rome, Via Lucrezia Romana, in April 2019. Employees were able to try out some Rome models of cars with hybrid power.	Event in the office In Rome	All employees of the Iccrea Group in the Rome offices.
INIZIATIVE "M'ILLUMINO DI MENO 2019"- PARTNERSHIP WITH ESOSPORT MARCH 1st, 2019	Iccrea, in partnership with Esosport, organized the first project for the collection and recycling of sports shoes in Italy and Europe. This occurred with the permanent installation, in the Rome and Milan offices, of containers in which employees deposited old sneakers. From their recycling, playground equipment and athletics tracks will be born.		All employees of the Iccrea Group, of the Rome and Milan offices.
SURVEY PSCL	Survey plan home-work travel through the Portal of Mobility.		All employees of the Iccrea Group, of the Rome and Milan offices.
SINERGIA	Adopts a management system certified according to the international standards UNI EN ISO 9001: 2015 (Quality), UNI EN ISO 14001: 2015 (Environment) and BS OHSAS 18001: 2015 (Safety), which made it possible to achieve the "Certificate of Excellence" issued by the Certiquality Body. The system allows the consistent management of social impacts, in the area of health, safety and the environment.		





MATERIALS USED

Within the Iccrea Cooperative Banking Group, the main raw materials used are paper and toners (or cartridges) for internal printers and for those relating to services rendered to customers. During the year, the following quantities were used within the Iccrea Group:

ICCREA GROUP	
MATERIALS USED	KG
REAMS RECYCLED PAPER A4 SIZE	192,076.3
REAMS RECYCLED PAPER A3 SIZE	442.5
REAMS NON-RECYCLED PAPER A4 SIZE	2,044,371
REAMS NON-RECYCLED PAPER A3 SIZE	37,903.21
CARTRIDGES FOR PRINTERS	7,616.375
TONER FOR PRINTERS	26,181.96

** The data do not include information relating to BCC Beni Immobili SRL, Coopersystem Soc. Coop., Sigest SRL, Sinergia SCARL. With particular reference to BCC Beni Immobili SRL, it should be noted that the Director (the Company's only resource) is already included among the employees of Iccrea Banca. For the companies of the indirect perimeter mentioned above, however, the data are not available.*

ENERGY CONSUMPTION AND EMISSIONS

The Iccrea Cooperative Banking Group is attentive not only to the materials used but also to its own emissions deriving from the direct consumption of energy produced by the use of natural gas for heating (so-called Scope 1) and indirect emissions deriving from consumption electricity purchased from third parties (so-called Scope 2). Starting from the 2019 financial year, the data refer to the reporting perimeter.



8. Environment

8.1 Direct environmental impacts: consumptions by offices and branches



During the reporting year, the Iccrea Cooperative Banking Group recorded total direct energy consumption of 215,437 GJ. The energy consumption of the Iccrea Group is linked, as shown in the table, mainly to the use of heating and air conditioning systems, office lighting systems and the use of the company fleet. Consumption relating to non-renewable sources is 152,943 GJ, while the use of the company fleet consumed 58,489 GJ.

DIRECT ENERGY CONSUMPTION BY SOURCE - 2019 - ICCREA GROUP	
FROM NON-RENEWABLE SOURCES	GJ
NATURAL GAS	149,503.4161
DIESEL	3,440.465017
FOR USE OF THE COMPANY FLEET	GJ
PETROL	6,853.043341
DIESEL	51,046.14694
GPL	423.0800403
METHANE	167.2352966
FROM RENEWABLE SOURCES	GJ
PHOTOVOLTAIC	4,003.760016
TOTAL DIRECT CONSUMPTIONS	215,437.1468

Note. In calculating energy consumption, 70% of diesel consumption relating to cars for mixed use is considered. The 70% value derives from the application to the calculation of the emissions of the tax provisions of art. 51 paragraph 4, letter a) of the Consolidated Income Tax Act

In addition, the Iccrea Group purchased and consumed 463,784 GJ of electricity during the year, of which 165,794 GJ from non-renewable sources and 297,990 GJ from renewable sources, in addition to a total of 18,583 GJ relating to thermal energy.

Details are shown below:

INDIRECT ENERGY CONSUMPTION BY SOURCE - 2019 - ICCREA GROUP	
ELECTRICITY	GJ
FROM NON-RENEWABLE SOURCES	165,794.0773
FROM RENEWABLE SOURCES	297,989.7601
THERMAL ENERGY	GJ
FROM NON-RENEWABLE SOURCES	12,844.77796
FROM RENEWABLE SOURCES	5738.4
TOTAL INDIRECT CONSUMPTIONS	482,367.0153

In summary:

TOTAL ENERGY CONSUMPTION (GJ) - 2019 - ICCREA GROUP	
TOTAL DIRECT CONSUMPTIONS	215,437.1468
TOTAL INDIRECT CONSUMPTIONS	482,367.0153
TOTAL CONSUMPTIONS	697,804.1621





Against the reported energy consumption, the Iccrea Cooperative Banking Group recorded greenhouse gas emissions during the year of approximately 14,073 tons of CO₂ equivalent:

GREENHOUSE GAS EMISSIONS (TCO ₂ EQ) - 2019 - ICCREA GROUP	
TOTAL EMISSIONS*	14,073.66818
SCOPE 1 EMISSIONS	13,275.08032
FROM THE USE OF FUELS	8,920.966098
FROM USE OF THE COMPANY FLEET	4,354.114221
SCOPE 2** EMISSIONS	798.587861
MARKET BASED	798.587861

*The emissions are expressed in Tons of CO₂ equivalent and include the CO₂, CH₄ and N₂O emissions in the calculation, as required by AbiLab's "Guidelines on the application in the bank of the GRI Environment Indicators".

**For the calculation of Market Based emissions: 1) the emissions deriving from electricity purchased from non-renewable sources were calculated on the basis of the Residual Mix for Italy issued by the AIB 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) the 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.

As required by AbiLab's "Guidelines on the application of the GRI Environment Indicators in the bank", we report below the reporting of greenhouse gas emissions (Scope 2) using a methodology additional to the "Market Based" method previously used.

This method, called "Location Based", considers the contribution of the average emission factors of the distribution network used by the organization for its electricity consumption. The Guidelines provide for a formula in which the main variable refers to the KWh of electricity purchased overall by the Iccrea Group (both renewable and non-renewable).

GREENHOUSE GAS EMISSIONS (TCO ₂ EQ) (WITH LOCATION BASED METHODOLOGY) - 2019 - ICCREA GROUP	
SCOPE 2* EMISSIONS	153.1386482
LOCATIONBASED	153.1386482

*For the calculation of Location Based emissions, the formula proposed by the ABI Guidelines on the application of GRI standards in banks was used: $((Y * 316 + 28 * Y * 0.0176 + 265 * Y * 0.0037) / 1.000 .000)$. In the formula applied Y refers to the KWh of electricity purchased by the Group as a whole (both renewable and non-renewable).

The activity of the Iccrea Cooperative Banking Group constantly complies with the regulatory provisions in force, both at the level of the Parent Company (Iccrea Banca, Company of the direct and indirect perimeter) and at the level of the individual affiliated BCCs.



8. Environment

8.1 Direct environmental impacts: consumptions by offices and branches

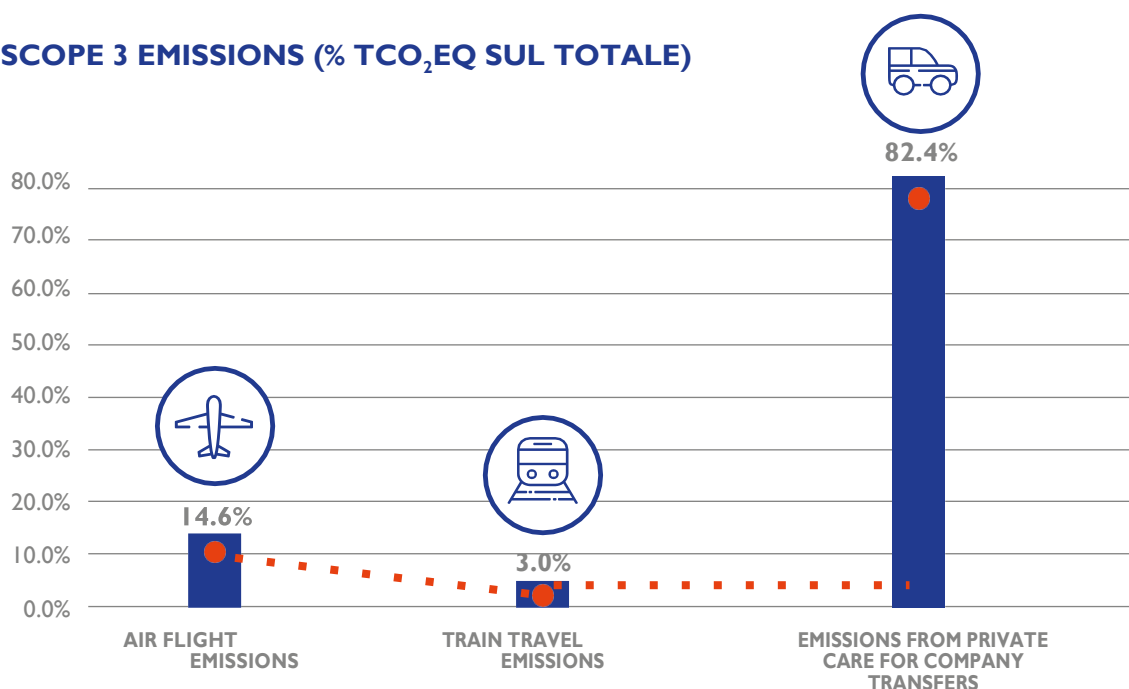


CONSUMPTION EMISSIONS OUTSIDE THE ORGANIZATION - 2019		
AIR FLIGHT EMISSIONS	KM	TCO ₂ EQ (SCOPE 3)*
SHORT FLIGHTS: X < 500 KM		
ECONOMY CLASS	231,153.58	35.99754701
BUSINESS CLASS	11,406	2.6644416
MEDIUM FLIGHTS: 500 KM < X < 1600 KM		
ECONOMY CLASS	1,390,698.43	208.3405318
PREMIUM ECONOMY CLASS	17,936	4.2992592
BUSINESS CLASS	6,997	3.03991662
FIRST CLASS	0	0
LONG FLIGHTS: X > 1600 KM		
ECONOMY CLASS	10,278.5	1.423010016
PREMIUM ECONOMY CLASS	0	0
BUSINESS CLASS	0	0
FIRST CLASS	0	0
TOTAL	1,668,469.51	255.7647062
TRAVEL TRAVEL EMISSIONS	KM	TCO ₂ EQ (SCOPE 3)*
NATIONAL TRAINS	1,261,132.32	51.89559497
INTERNATIONAL TRAINS	0	0
TOTAL	1,261,132.32	51.89559497
EMISSIONS FROM PRIVATE CAR FOR COMPANY TRANSFER **	KM	TCO ₂ EQ (SCOPE 3)*
SMALL CAR	4,036,233.83	603.7398562
MEDIUM CAR	3,870,406.259	699.421115
LARGE CAR	610,785.1316	139.6071575
TOTAL	8,517,425.22	1,442.7681287

* * For the calculation of Scope 3 emissions, the conversion factors provided by DEFRA 2019 were considered.

* ** To apply the conversion factors of DEFRA 2019 according to the division of cars into Small Car, Medium Car and Large Car, the contributions expressed in km of the national car park were calculated, elaborated from the historical series of ISPRA, subsequently applied in% of the total Km reported by the BCCs. The BCCs car fleet has therefore been re-categorized as shown in the table.

SCOPE 3 EMISSIONS (% TCO₂EQ SUL TOTALE)





8.2 Indirect environmental impacts: business and environment

Responsible savings management, both at central and local level, meets the long-term objectives set out in the Standard Statute of the BCCs. Responsible savings management must consider the impacts that the products have on the environment and therefore on the territory. The environmental impact of activities of the Iccrea Cooperative Banking Group are illustrated below.

ICCREA BANCA

During the 2019 financial year, the Parent Company Iccrea Banca obtained the approval of the Euro Media Term Note Program-EMTN Programme, through which it can issue bonds for the first time with social and / or environmental purposes (Green and Social Bond) in line with market best practices. The securities may be admitted to listing on the Luxembourg Stock Exchange and intended for Institutional customers.

Furthermore, in the same year, Iccrea Banca, as arranger, has structured a securitization transaction, called Credico Finance 18, of performing trade financing granted to Small and Medium-sized Enterprises (SMEs) coming from 14 affiliates Banks, participants as transferring banks. This operation will allow the latter to benefit from the funds made available by the European Investment Bank (EIB), allowing the 14 transferring Banks to obtain new liquidity, to be used to offer loans at subsidized rates to SMEs, favoring among the other, development and employment in the agriculture and renewable energy sectors.

The participating banks have undertaken to disburse liquidity with loans in favor of the SMEs within 24 months from the date of issue of the notes in a corresponding amount:

- 70% of this liquidity to finance SMEs projects;
- a maximum of 30% of the liquidity to finance MidCap projects (medium capitalization);
- an amount equal to 25% to finance initiatives in the agriculture and / or bioeconomy sector.

With particular reference to the subscription of Mutual Funds, during the 2019 financial year, Iccrea Banca subscribed shares of Funds / ETFs that fall into the broader category "ESG-Environmental, Social, Governance" (Global Category ESG).





CATEGORY	NAME	MAIN FEATURES	COUNTERVALUE AT 12/31/2019
34211 – WATER STOCK ETF	Lyxor WorldWater UCITS ETF	ETF ¹ , whose investment objective is to replicate the performance of the World Water CW Net Total Return Index, that is representative of the 20 main stock market capitalizations operating in the world water sector. Includes water remediation, infrastructure and water treatment.	€ 834,026.05

During the 2019 financial year, Iccrea Banca also made payments for capital calls by DEA CAPITAL ALTERNATIVE FUNDS SGR SPA, which manages the following Investment Funds:

- IDEA Taste of Italy, for an amount equal to over 2.1 million euros. Since the date of establishment of this Fund, Iccrea Banca has paid a total of 6.7 million euros against a total subscription commitment of 7.5 million euros. With regard to this Fund, the asset management company (“Società di Gestione del Risparmio” – SGR in Italian), pursuant to the Fund Regulations, is required to invest in the Italian agro-industrial chain (including companies producing machinery and plants, functional to the sector);
- IDEA Agro, for an amount of 336 thousand euros in 2019. Since the establishment of the Fund, Iccrea Banca has paid over 351 thousand euros in total against a total subscription commitment of 1 million euros. With reference to this Fund, the asset management company (SGR), pursuant to the Fund Regulations, is required to invest in companies operating along the agricultural supply chain, located in the Italian territory and operating in an environmentally sustainable way and aimed at enhancing Made in Italy.

Regarding the community, the Iccrea Cooperative Banking Group, which has always been attentive to the people and communities in which it operates, paid attention to the realities of the condominiums. In this regard, the Iccrea Group has prepared CONDviene, an unsecured loan aimed at exploiting the opportunities related to the redevelopment of real estate structures, to reduce energy consumption, environmental impacts and to increase the safety of the homes involved. These purposes have a strong impact on the territory and on the community. 18 BCCs joined the initiative, which started in November.

ICCREA BANCAIMPRESA

As regards indirect impacts, as early as 2017 Iccrea BancaImpresa introduced an internal disposition which formalizes the process of environmental risks mitigation. This internal regulation is aimed at identifying control measures for mitigating the risks linked to potential environmental crimes attributable to the bank, for the provision of banking services to current or potential customers.

IBI's attention is reflected in projects developed in accordance with the ESG (Environmental, Social, Governance) approach. The initiatives dedicated to the topic by IBI are mainly aimed at the production of electrical and thermal energy from renewable sources, intended as hydroelectric,

¹ The ETF (“Exchange Traded Fund”) is, as defined by Borsa Italiana, a particular kind of Investment Fund/Asset Management Company with variable capital (SICAV in Italian) traded in the stock market as a share and with just one aim of investment: to replicate the index which it refers to (benchmark) through a totally passive asset management.



photovoltaic, wind and biogas sources. Most of the operations consist of Green Project Financing. More in detail it is about:

- financing to support the construction of plants for the production of energy from renewable sources (Green Field Projects);
- (post) refinancing and / or acquisitions of plants for the production of energy from renewable sources (Brown Field Projects).

The recipients of these loans are companies that benefit from incentive rates for the acquisition of renewable energy, as required by the Energy Services Manager ("Gestore Servizi Energetici" – GSE in Italian). For this reason, these loans can be considered low market risk, since they are subject to flat rates for 20 years, with a government counterpart.

In the evaluation of potentially financeable projects, the environmental impact (e.g. consumption of the territory, requalification of abandoned structures, reduction of CO₂ emissions in the means of transport etc.) is the qualifying and central element for the selection of the initiatives to be financed.

The risk assessment by Iccrea Bancalmpresa is in line with what emerges from the studies on climate change which in fact highlight the risk of reduced production of hydroelectric energy due to lower rainfall. Consequently, the productivity of photovoltaic systems (due to greater irradiation) and wind plants (due to increased windiness of the sites) will increase. The IBI portfolio consists of two thirds of photovoltaic and wind plants. IBI has opted for a portfolio diversification policy regarding technology and geolocation of the plants.

Regarding the agriculture, agro-industry and environment sector, IBI has developed numerous initiatives, in line with the traditional production activities that have characterized Cooperative Credit Banks since their origins. In particular, the Iccrea Group - through Iccrea Bancalmpresa and the Cooperative Credit Banks (both individually and with pool operations) - supports companies operating in the primary sector, with the aim of promoting the development of the territory and the made in Italy through financial products dedicated to the growth of agricultural and zootechnical activities.

Iccrea Bancalmpresa favors access to credit for farms with the use of sector guarantee instruments, such as Fei-Innovfin, ISMEA (with subsidiary or direct guarantee) and sector of bank trusts. The main products offered are:

- agricultural wine loans for the planting of vineyards, construction and renovation of cellars, purchase of wine vessels, support for commercial development plans, with long-term financing aimed at supporting investment and / or financial requalification programs;
- instrumental leasing aimed at farmers to acquire tractors and auxiliary machines (seeders, harrows, harvesting machines, etc.) and machinery useful for the processing / transformation of agricultural land (mills, wine pots, etc.);
- BIOGAS100 loan, agricultural loan whose purpose is the construction of Mini BIOGAS plants with an installed power not exceeding 100 KW, powered by products of biological origin and by-products;
- short / medium-term unsecured loans that meet the needs of companies for operating and endowment capital, for small investments, possibly assisted by a promissory note.

Furthermore, always in support of the environment, IBI's offer, aimed at the use of renewable sources, consists of:

- mortgage loans to finance long-term investments of the company, for the purchase or construction of properties intended for corporate purposes;
- agricultural loans for biomass plants for renewable energy from biomass.

In terms of amounts relating to previous products described, in 2019 were disbursed loans for approximately 168 million euros in favor of the agribusiness sector, distributed as follows:



Agribusiness financing 2019



- Big enterprises: about € 31 million**
- Micro and small enterprises: € 27 million**
- Medium enterprises: € 73 million**
- Counterparties that don't have an SME size (e.g. Defense Consortia and / or other entities): about € 37 million**

In 2019, the usual annual operations of anticipation of the premiums of subsidized policies towards the Defense Consortiums continued (they represent agricultural companies in order to defend their income from adverse weather conditions, through insurance policies facilitated by the public contribution: community, state and regional). This made it possible to reach the share of approximately 41 million euros in the reporting year, distributed to the benefit of an audience of over 10,000 farms.

Noteworthy is also the operation of the so-called "Supply Chain Contracts", which sees IBI protagonist (together with other primary national companies, including public ones) of investments for over 700 million euros, in the next 4 years, in the main sectors of traditional agriculture and agroindustry.









In addition, 102 transactions which generate positive impacts on the environment and society with an average duration of 61 months, were completed. More specifically, around 74 million euros were paid out to central and southern Italy, while the remaining 91 million euros were paid out to the northern area. Of the investments made, **24 million euros were allocated to the wine sector**, approximately **7.8 million euros to the renewable energy sector**. 20 million euros are the portion allocated to the sector of insurance against risks in agriculture, the remainder was distributed between zootechnical, basic cereal production and horticulture.





With reference to the uses in the renewable energy sector, as anticipated, in 2019 a plant for the production of biomethane fuel for automotive was financed together with the Bank of Alba, Langhe, Roero e del Canavese through the enhancement of zootechnical by-products and agri-food.

The biomethane plant exploits the waste of agricultural processes to generate electricity, heat and fuel for automotive. The features of the initiative are shown below.

-  **Project value 50.20 million euros**
-  **Annual tons of liquefied methane produced 2000 tons**
-  **100% coverage of the fuel needs of the transport fleet for a total of 24 vehicles**
-  **7 million km of travel with the liquefied methane produced**
-  **District heating network connected to the Tumor Center of Candiolo (TO) for the thermal energy produced**
-  **16 members are farms and cooperatives in the area**

In 2019, five "Green Field" projects were funded, of which three in the hydroelectric sector, one in the wind sector and one in the real estate sector, for a total funded of approximately **32.5 million euros**.

The remainder of the funded, amounting to approximately 47 million euros, concerns "Brown Field or revamping" projects, divided as follows:

- About **36.8 million euros** in favor of **14 photovoltaic projects**;
- About **10.2 million euros** in favor of **2 wind-power projects**



Furthermore, in 2019, Iccrea BancaImpresa collaborated with:

- BCC di Milano for the financing of the Project Finance operation of 3 million euros, for a photovoltaic system with a power of 769.44 KW and two tri-generators with a power of 425 KW and 350 KW owned by the company Solar 30 SRL. The photovoltaic system benefits from the incentive tariff provided for under the Fourth Energy Bill for 20 years. The two tri-generators, qualified as high-efficiency cogeneration units, are entitled to the recognition of the White Certificates, linked to the energy savings achieved for a period of 10 years;
- Mediocredito del Friuli Venezia Giulia and Banca di Credito Cooperativo Pordenonese with which IBI has supported the activities of HydroGEA SPA, through a pool loan of 11 million euros - for 2019 - dedicated to the company's investments in the water infrastructure of the Region Friuli Venezia Giulia, in the Area Plan approved by the Control Authority (ARERA). The total amount of the Company's Investment Plan for the four-year period provides for a total of 27.2 million euros (including contributions), broken down as follows: 10.8 million euros will go to the aqueduct (39.6%); to the sewerage system 11.3 million euros (41.5%); purification 3.8 million euros (14.1%) and other investments 1.3 million euros (4.7%). These interventions will allow the company to better manage the water resource, reducing waste in terms of hidden losses and improving the quality of the resource and minimizing the environmental impact in terms of waste;
- BCC di Napoli and four BCCs in Sicily (BCC Pachino, BCC G.Toniolo di San Cataldo, BCC Don Rizzo in Alcamo and BCC in Altofonte and Caccamo) with which IBI provided the **first Italian "green loan"** in the shipping sector. In this operation, the Iccrea Cooperative Banking Group and Cassa Depositi e Prestiti disbursed a loan of 37.5 million euros for the benefit of Grimaldi Euromed SPA, as part of an operation which involved a total commitment of the two Groups of up to 50 million euros. In particular, the Iccrea Group has undertaken to allocate 25 of the 50 million euros destined for Grimaldi. **This loan is the first in Italy in the shipping sector, with the characteristics of a "green loan"**. The objective of the operation is to support the investments dedicated to the expansion of the Cruise Barcelona ship, activities carried out at the Palermo shipyards of Fincantieri. This initiative allows an increase in transport capacity and a reduction in consumption and polluting emissions, together with further "green" investments, foreseen on other Grimaldi Euromed ships.

Good practices towards the environment are now a characteristic not only of Iccrea BancaImpresa, but of all investee companies. As illustrated in the products section, attention to environmental impact is an integral part of our business. In this perspective, the Group Charter of Commitments on the Environment and Climate Change will be the reference for the adoption of increasingly targeted policies, following the future approval of the taxonomy by the European Union.



BCC FACTORING

In relation to products with an environmental impact, BCC Factoring has allocated financing for photovoltaic plants to companies. The initiatives supported have the objective of developing environmental recovery projects, for the redevelopment of houses (for example, an eco-bonus or earthquake bonus), green funds and other types of funding for the realization of projects with environmental impact.

BCC LEASE

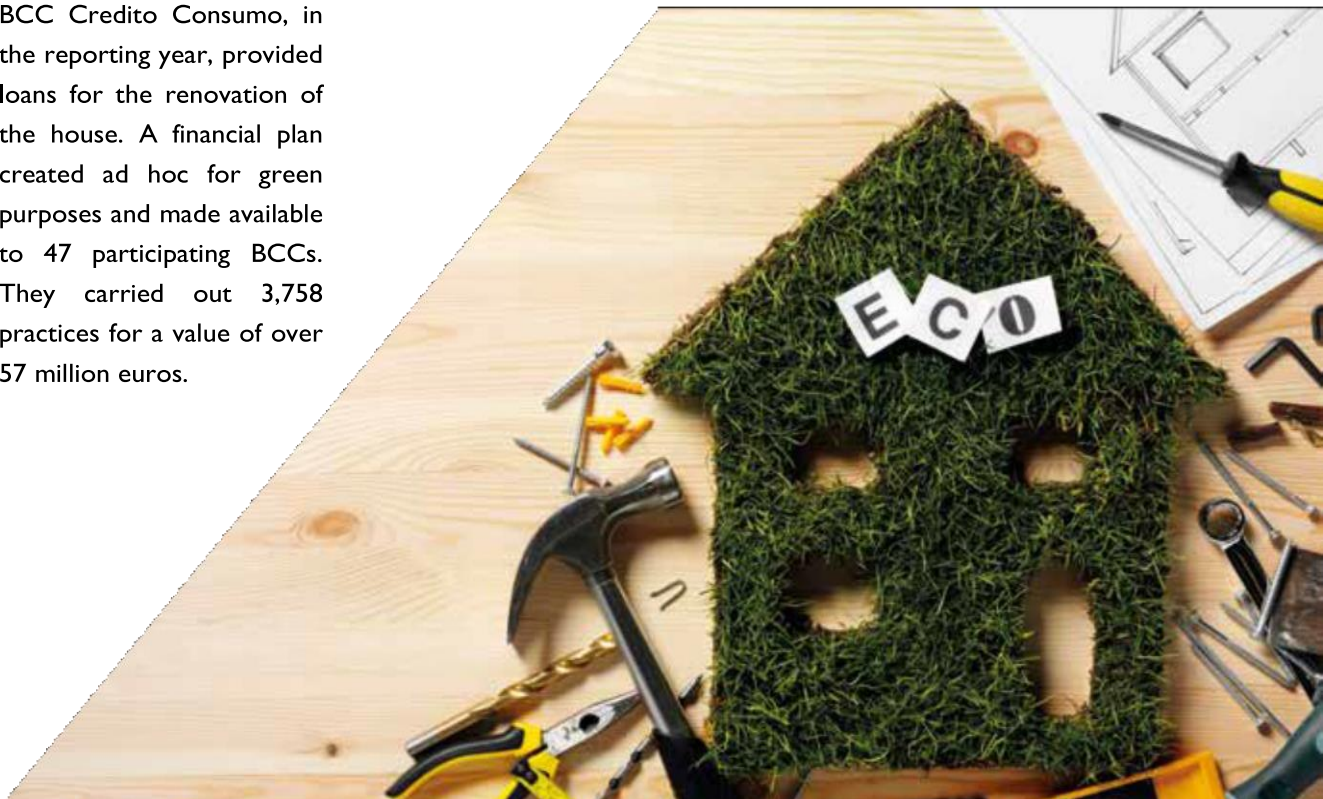
The BCC Lease initiative relating to the leasing of electric cars is also of the same kind. The counter value of the project is 500 thousand euros. The leasing of ambulances is also part of this.

BCC RISPARMIO & PREVIDENZA

BCC Risparmio & Previdenza, an asset management company (SGR in Italian), has made funds available to its sub-distributors to promote the financial investments of families and institutions, towards companies and states that are more attentive to the social consequences and of their actions. The share of the funds placed - which are classified as "Green" within the EMT system layout - amounts to over 19.5 million euros in 2019, counting on 6,872 members.

BCC CREDITO CONSUMO

BCC Credito Consumo, in the reporting year, provided loans for the renovation of the house. A financial plan created ad hoc for green purposes and made available to 47 participating BCCs. They carried out 3,758 practices for a value of over 57 million euros.



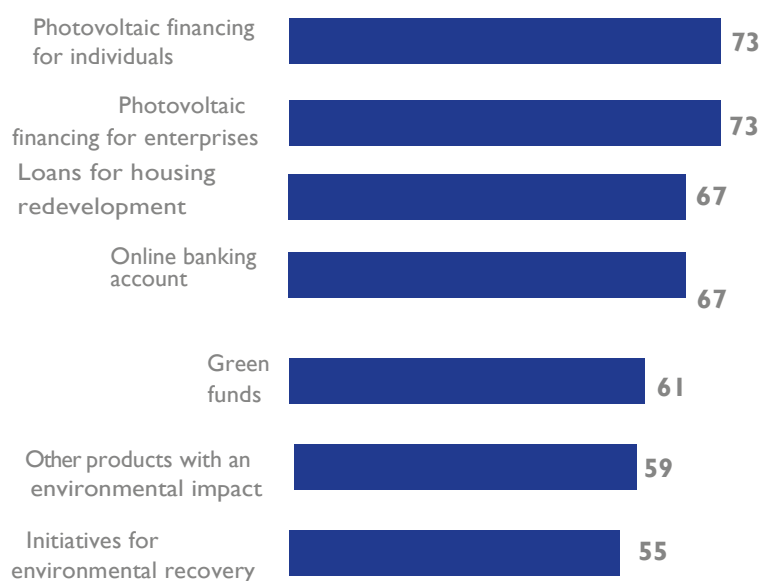


ACTIVITY OF THE AFFILIATED BCCs

In order to complete the report on indirect impacts of the Iccrea Group's activities, the environmental activities of the affiliated BCCs are fundamental.

In this context, there are countless initiatives implemented by the 140 BCCs. Environmental impact projects included those ranging from current accounts, for which the use of paper was eliminated, investments in green funds and loans.

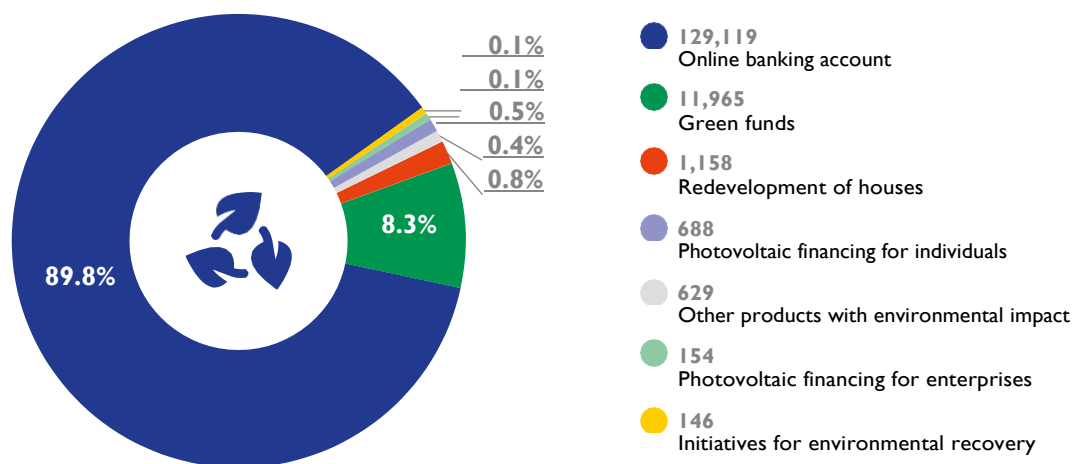
BCCs DISPENSERS OF ENVIRONMENTAL IMPACT PRODUCTS





In summary, the graph represented above shows almost **2,800 financing initiatives with an environmental impact** for a **countervalue of over 71 million euros**, in 2019. This is an estimate of the impact produced by the BCCs on the territories.

BENEFICIARIES OF ENVIRONMENTAL IMPACT PRODUCTS



ENVIRONMENTAL IMPACT INITIATIVES

All strategies, policies and sometimes practices made operational by the Parent Company Iccrea Banca, by the companies and by the affiliated BCCs will find a common orientation starting from the Sustainability Plan (2020-2023).

2019 should be considered a year of reorganization for the entire group, also from the point of view of planning sustainable activities. Nonetheless, the general trend of the Companies, the Parent Company itself and the BCCs is to develop initiatives and projects that make an active contribution to the environment: a group strategy to work on in the coming years.

Appendix



Initiatives for Covid-19 emergency

The Iccrea Cooperative Banking Group immediately took action in relation to government measures to contain the coronavirus pandemic (Covid-19).

At April 30th, 2020 the employees of the Iccrea Group who had activated workplaces in smart working were around 7,400. At the meantime, there were only 64 (out of approximately 2600) branches of the affiliated BCCs closed. One of the alternative ways of using banking services was to resort to operations by appointment, which involved almost 1,800 branches. The usual operations were also maintained, with possible time restrictions, for the remaining 700 branches. No limitations have been placed on the operation of over 3,000 ATMs.

The difficulties caused by the pandemic have not reduced the commitment of the BCCs and the Parent Company to support the territories. The Iccrea Group immediately joined a fundraising campaign in favor of the Covid-19 emergency which involved the entire Italian Cooperative Credit system, the joint solidarity initiative called: "#Intensivetherapiesagainstthevirus. The BCCs and CRs are there. "

In the months of the lockdown, the Iccrea Group multiplied the initiatives in the area, implemented by the affiliated BCCs. As of April 30th, the projects launched to support the area were over 100, both in compliance with legislative provisions and those carried out independently.

The projects carried out by the Cooperative Credit Banks, members of the Iccrea Group, in support of the fight against the spread of the coronavirus, at May 26th, 2020, reached almost 7 million euros donated by 98 BCCs.

The headquarters of the Iccrea Cooperative Banking Group illuminated during the lockdown





The Iccrea Group has also prepared an immediate intervention for the assistance to micro Small and Medium Enterprises (SMEs) of the territories in difficulty, through the public guarantees on the subsidized finance interventions, foreseen by the Decree called "Cura Italia";

The group is collaborating with the government (participation in the task force on sustainable finance prepared by the Minister of the Environment, Sergio Costa) and the regions to better target:

- the resources resulting from the suspension of the Stability Pact and the state aid legislation;
- the resources that can be immediately spent thanks to the European Coronavirus Response Investment Initiative (CRII), which allows not to return the unspent pre-financing for the Structural Funds 2019 (for Italy around 800 million euros and 950 million euros in 2020);

The Cooperative Credit Banks, due to their specific economic and social function, have been called to provide their service to the communities, also in this difficult situation, by adopting, as a priority, suitable measures to protect the health of workers, members/shareholders and customers.

The Iccrea Group has adhered to the "Guidelines of the Cooperative Credit system for contrasting and limiting the spread of Covid-19 in the workplace", defined through a negotiation with the unions. The Lines reaffirm their attention to compliance with hygiene and health standards aimed at maximum employee protection.

HEALTH OF COLLABORATORS

In favour of workers, the Iccrea Group has primarily enhanced information activities, with e-mail communications to all employees and with the creation of a special page within the company intranet (Huba) accessible to all collaborators.

The first intervention was to pay close attention to individual behaviour, introducing the obligation to check the health conditions before joining the company and to keep the employer informed of any relative changes. The Iccrea Group, also to limit any doubts of interpretation by the employees, has clearly defined, on the one hand, the criteria and limits for entry into the company and, on the other, the methods for using the common spaces inside of the offices. By limiting the use of travel and by privileging telematic connections, in any case ensuring the monitoring of work activities, which require the direct presence of staff.

Add to this that the Iccrea Cooperative Banking Group has provided an insurance policy for all employees of the Parent Company and of the companies of the direct perimeter who have to contract the coronavirus.

PROTECTION OF CUSTOMERS

For customers, the provisions issued provide that the Banks have access to the offices and branches by appointment, telephone or e-mail, only in the case of urgent operations for which it is not possible to use remote channels or automatic teller machines, and in each case with contingent access.

Above all, an attempt was made to adopt a "proactive" approach towards the weaker segments of the clientele.

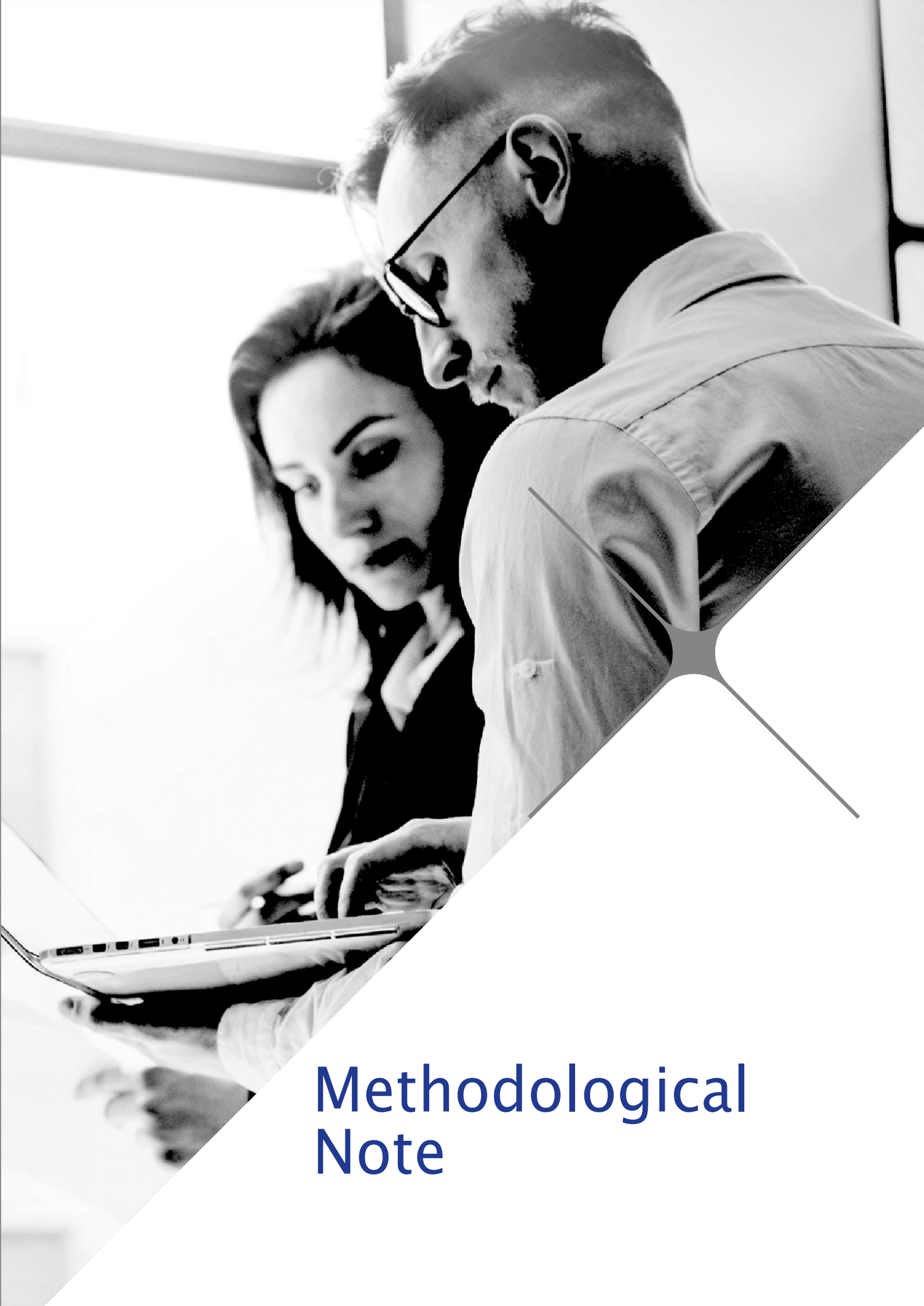


In particular, banks have adopted organizational solutions, such as the flexibility of counter hours when pensions are paid and for customers without electronic withdrawal and payment tools.

Access to the branches of the group is guaranteed in a quota-based manner or in any case suitable for avoiding gatherings, the rooms have been sanitized and devices to maintain social distancing have been inserted.

For all the initiatives implemented in these months, see the link indicated below:
<https://emergenzacovid19.gruppoiccrea.it/page/default.asp>





Methodological Note



Standards applied and mutualistic indicators

The Consolidated Non-Financial Statement/ Declaration of the Iccrea Cooperative Banking Group (Iccrea Group), prepared in accordance with art. 4 of Legislative Decree no. 254/2016 (Decree), contains information relating to environmental, social, personnel-related issues, respect for human rights and the fight against corruption, useful to provide stakeholders with an accurate, comprehensive and transparent vision of strategies, activities undertaken and the results achieved in guaranteeing their economic growth, taking account of the expectations of the stakeholders involved and seeking continuous improvement of the environmental and social impacts generated by its activities.

The qualitative and quantitative data contained in the Declaration refer to the performance of the Iccrea Group for the year ended on December 31st, 2019. This Declaration, the first since the birth of the Iccrea Group (March 4th, 2019) and which therefore does not present comparative data with respect to the previous years, has been drawn up pursuant to Legislative Decree 254/2016 and uses the reporting standard Global Reporting Initiative - GRI (with “Core Option” application level), Standard 2016, the most widespread and recognized international non-financial reporting system. In addition, where deemed appropriate, the indications contained within the GRI-G4 Financial Services Sector Disclosure have been applied. In order to assist the reader in tracing the information, the GRI Content Index is reported on page 186.

The information included in the non-financial reporting reflects the principle of materiality or relevance, envisaged by the reference legislation and characterizing the GRI Standard: the topics covered in the Statement are those which, following an analysis and assessment of materiality (described on page 42 of this document) have been considered relevant, as they are able to reflect the social and environmental impacts of the group's activities or to influence the decisions of its stakeholders.

The 2019 Consolidated Non-Financial Statement of the Iccrea Cooperative Banking Group was subject to a limited examination ("limited assurance engagement" according to the criteria indicated by the ISAE 3000 Revised principle) by the auditing company EY SPA. The report describing the procedures carried out and the relative conclusions is available at the end of the document.



Perimeter of the Statement

The Consolidated Non-Financial Statement (CNFS) is an integral element of the strategic-financial information. For the purposes of the CNFS, the perimeter of the Iccrea Cooperative Banking Group includes, in addition to the Parent Company, all the Group Companies consolidated line by line within the perimeter of accounting consolidation. In particular, the perimeter includes Iccrea Banca SPA, the Cooperative Credit Banks affiliated by virtue of the Guarantee Scheme and the banking, financial and instrumental companies, controlled directly or indirectly by the Parent Company, to which the full consolidation method is applied for the purposes of consolidated financial statements.

The Statement is drawn up on the basis of data, processes and production systems existing in all the Companies that fall within the group's perimeter of consolidation. It is the responsibility of the Parent Company's Board of Directors to ensure compliance with Legislative Decree no. 254/2016 of the qualitative and quantitative data contained in the information and promptly report to the Supervisory Authority all situations of impediment or obstacle to the publication of the information required by the reference legislation.

It should be noted that the energy data and the related climate-changing emissions refer to the Parent Company, the companies of the direct (12) and indirect (3) perimeter - as explained in chapter 2 - to the territorial units (11) and to the affiliated BCCs (140). Each exception in relation to the perimeter is clearly indicated within the document.

It should also be noted that for the 2019 reporting year, the Iccrea Group does not report the relevant information regarding the management of all aspects relating to waste and water discharges. This information is not necessary in order to ensure an understanding of the Iccrea Group's activities and impacts.



Materiality Analysis

A materiality analysis was carried out in accordance with the provisions of the Global Reporting Initiative - GRI, in order to establish the individual topics on which to provide the non-financial information pursuant to Legislative Decree no. 254/2016, according to the main phases described below:

- internal identification of possible non-financial issues relevant to the financial sector, through the analysis of peers, reports published by analysts and ESG (Environmental, Social, Governance) rating agencies, sectoral studies and media, the themes identified already in 2018 by the group in the drafting process of the 2018 Non-Financial Statement;
- assessment of the issues identified during 2019 by the group management and the employees of the functions directly involved in the drafting process of the CNFS;
- involvement of the contacts of the affiliated Banks, who assessed the relevance of the material issues in their dual role as customers and members/shareholders of the Iccrea Cooperative Banking Group, through meetings at the local offices located throughout the Country;
- preparation of the materiality matrix for the year 2019 based on the assessments provided by the group's stakeholders;
- approval of the materiality matrix by the Board of Directors on February 21st, 2020.

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 Index



73079910		
84123900	20.818	41.75
84212900	112.000	21.55
84219900	122.95	13.55
84812010	212.544	13.55
84813091	11.5	13.55
84818084	5	13.55
TOTAL	662.112	570.000



TABLE OF JUNCTION BETWEEN MATERIAL TOPICS AND GRI STANDARDS ASPECTS

MATERIAL TOPICS IDENTIFIED BY THE GROUP	GRI STANDARD OF REFERENCE INTERNAL IMPACT	PERIMETER OF IMPACTS	
		EXTERNAL IMPACT	LIMITATIONS
SUPPORT FOR THE TERRITORIAL DEVELOPMENT	Local communities	•	
CONSTANT ATTENTION TO CUSTOMERS' NEEDS	Products Portfolio*	•	
INNOVATION AND DIGITIZATION OF BANKING SERVICES	**	•	
IMPROVEMENT OF THE MORAL, CULTURAL AND ECONOMIC CONDITIONS OF THE TERRITORY	Financial Education* Access to financial services to disadvantages individuals*	•	
RESPONSIBLE MANAGEMENT OF SAVINGS AND CUSTOMER PROTECTION	Products Portfolio* Evaluation of social and environmental risk in business lines*	•	
TRANSPARENCY OF INFORMATION ON PRODUCTS AND SERVICES	Marketing and labeling	•	
PROTECTION OF HEALTH AND SAFETY OF PEOPLE	Health and safety at work	•	
CYBERSECURITY	**	•	
RESPONSIBLE MANAGEMENT OF RELATIONS WITH MEMBERS/SHAREHOLDERS	**	•	
WELFARE OF EMPLOYEES	Employment Diversity and equal opportunities	•	
INVOLVEMENT AND DEVELOPMENT OF LOCAL COMMUNITIES	Indirect economic impacts Purchasing practices	•	
QUALITY OF PRODUCTS AND SERVICES	**	•	
TRAINING AND DEVELOPMENT OF EMPLOYEES	Training and education	•	
PROTECTION OF WORKERS' RIGHTS	Non-discrimination	•	
PRIVACY AND DATA PROTECTION	Consumers' Privacy	•	
TOPICS-PREREQUISITE	Ethics and integrity Prevention and fight against corruption Human Rights Strategy	•	
TOPICS FURTHER COVERED	Energy Emissions Indirect economic impacts	•	

* GRI Aspects reported refer to the sector supplement "GRI-G4 Financial Services".

** The relative topic is not directly linked to a GRI Standard, the Gruppo reports in the document the management approach adopted and the relative indicators.





GRI Index

GRI indicators guidelines' index is reported on the following pages including the related page references and any further notes or omissions. In addition, the page reference is provided, for material topics not related to a GRI indicator, in which the aforementioned indicators are reported. where the GRI indicator related to in which is provided.

GRI CONTENT INDEX			
GRI INDICATOR	INDICATOR DESCRIPTION	PAGE NUMBER	NOTES AND OMISSIONS
GRI 102: GENERAL DISCLOSURES			
ORGANIZATION'S PROFILE			
GRI 102-1	Name of the organization	13	
GRI 102-2	Activities, brands, products, and services	13-15, 91	
GRI 102-3	Location of headquarters	13-14	
GRI 102-4	Location of operations	13-17	
GRI 102-5	Ownership and legal form	31, 37	
GRI 102-6	Markets served	16-17, 91-96	
GRI 102-7	Scale of the organization	13-17, 132	
GRI 102-8	Information on employees and other workers	132-133	
GRI 102-9	Supply chain	90	
GRI 102-10	Significant changes to the organization and its supply chain	13-17, 90	
GRI 102-11	Precautionary Principle or approach	45-51	
GRI 102-12	External initiatives	24-29, 59	
GRI 102-13	Membership of associations	24-29	
STRATEGY			
GRI 102-14	Statement from senior decision-maker	9-11	
GRI 102-15	Key impacts, risks, and opportunities	48-51	
ETHICS AND INTEGRITY			
GRI 102-16	Values, principles, standards, and norms of behavior	20-21	
GOVERNANCE			
GRI 102-18	Governance structure	31-33, 38-41	
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	40-41	
GRI 102-22	Composition of the highest governance body and its committees	38-39	



GRI CONTENT INDEX			
GRI INDICATOR	INDICATOR DESCRIPTION	PAGE NUMBER	NOTES AND OMISSIONS
GRI 102-24	Nominating and selecting the highest governance body	38-39	Reporting is limited to letter a) of the indicator
GRI 102-25	Conflicts of interest	33	
GRI 102-29	Identifying and managing economic, environmental, and social impacts	48-51	
GRI 102-35	Remuneration policies	137-138	Reporting is limited to letter a) of the indicator
GRI 102-36	Process for determining remuneration	137-138	
STAKEHOLDERS ENGAGEMENT			
GRI 102-40	List of stakeholder groups	58	The 100% of employees is covered by a collective labour agreement
GRI 102-41	Collective bargaining agreements	131	
GRI 102-42	Identifying and selecting stakeholders	42, 58	
GRI 102-43	Approach to stakeholder engagement	42-44	
GRI 102-44	Key topics and concerns raised	42-44	
REPORTING PRACTICE			
GRI 102-45	Entities included in the consolidated financial statements	15	Any changes to information inserted in the precedent paragraphs are properly identified in the text through dedicated explanatory notes
GRI 102-46	Defining report content and topic Boundaries	42-44, 183-184	
GRI 102-47	List of material topics	43-44	
GRI 102-48	Restatements of information	-	
GRI 102-49	Changes in reporting	183	
GRI 102-50	Reporting period	183	
GRI 102-51	Date of most recent report	183	
GRI 102-52	Reporting cycle	183	
GRI 102-53	Contact point for questions regarding the report	185	
GRI 102-54	Claims of reporting in accordance with the GRI Standards	183	
GRI 102-55	GRI content index	188	
GRI 102-56	External assurance	183, 196-198	



TOPIC-SPECIFIC DISCLOSURE			
GRI INDICATOR	INDICATOR DESCRIPTION	PAGE NUMBER	NOTES AND OMISSIONS
GRI 200: ECONOMIC PERFORMANCE			
GRI 203: INDIRECT ECONOMIC IMPACTS			
GRI 103-1, 103-2, 103-3	Management Approach	48	Reporting is limited to letter a) and c) of the indicator
GRI 203-1	Infrastructure investments and services supported	78-82	
GRI 204: PROCUREMENT PRACTICES			
GRI 103-1, 103-2, 103-3	Management Approach	90	
GRI 204-1	Proportion of spending on local supplies	90	
GRI 205: ANTI-CORRUPTION			
GRI 103-1, 103-2, 103-3	Management Approach	51, 61-62	During the year, corruption and laundering cases have not taken place at Holding and direct perimeters entity levels. Regarding BCCs, two cases of corruption have been registered.
GRI 205-1	Operations assessed for risks related to corruption	65-67	
GRI 205-2	Communication and training about anti-corruption policies and procedures	63, 68-69	
GRI 205-3	Confirmed incidents of corruption and action taken	-	
GRI 206: ANTI-COMPETITIVE BEHAVIOR			
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-	In 2019, an appeal against the measure n. 26565 of April 28 th , 2017 taken by the Anti-Trust Authority, adopted following the outcome of the investigate procedure n.1794 and notified to Iccrea Banca (in addition to other Banking Institutions and to ABI) on May 16 th , 2017, is still resulting pending at the Administrative Court of Lazio.
GRI 300: ENVIRONMENTAL PERFORMANCE			
GRI 301: MATERIALS			
GRI 103-1, 103-2, 103-3	Management Approach	159	
GRI 301-1	Materials used by weight or volume	165	



TOPIC-SPECIFIC DISCLOSURE			
GRI INDICATOR	INDICATOR DESCRIPTION	PAGE NUMBER	NOTES AND OMISSIONS
GRI 302: ENERGY			
GRI 103-1, 103-2, 103-3	Management Approach	165	
GRI 302-1	Energy consumption outside of the organization	166	
GRI 305: EMISSIONS			
GRI 103-1, 103-2, 103-3	Management Approach	165	Data refer only to BCCs that have a weight on the reporting perimeter equal to 90%
GRI 305-1	Direct (Scope 1) GHG emissions	167	
GRI 305-2	Energy indirect (Scope 2) GHG emissions	167	
GRI 305-3	Other indirect (Scope 3) GHG emissions	168	
GRI 400: SOCIAL PERFORMANCE			
GRI 401: EMPLOYMENT			
GRI 103-1, 103-2, 103-3	Management Approach	51, 131	Group temporary employees receive the same benefits provided to permanent employees.
GRI 401-1	New employee hires and employee turnover	133-134	
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	145	
GRI 402: LABOR/MANAGEMENT RELATIONS			
GRI 103-1, 103-2, 103-3	Management Approach	51, 155-156	Articles 11 bis and 22 of CCNL Federcasse require a minimum of two weeks of notice.
GRI 402-1	Minimum notice periods regarding operational changes	139	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY			
GRI 103-1, 103-2, 103-3	Management Approach	51	The 100% of employees is represented in formal committees company/employees for health and safety
GRI 403-1	Occupational health and safety management system	152-153	
GRI 403-2	Hazard identification, risk assessment, and incident investigation	152-154	
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	139, 140, 155-156	



TOPIC-SPECIFIC DISCLOSURE

GRI INDICATOR	INDICATOR DESCRIPTION	PAGE NUMBER	NOTES AND OMISSIONS
GRI 404 – TRAINING AND EDUCATION			
GRI 103-1, 103-2, 103-3	Management Approach	51, 141-142	<p>the Group develops and provide to its employees mandatory, specialized and behavioral training in addition to activities aimed to both professional and personal growth. The family and professional profiles mapping is currently in progress and it is aimed to identify the role profiles which will include information such as technical knowledge, skills, related expected levels. Furthermore, this mapping will affect both direct perimeter and business profiles operating at banks in territory. Once the actually available skill evaluation is completed and gaps compared to what expected are individuated, proper retraining, consolidation and/or acquisition of new competences programs will be adopted in order to adapt actual resources to the organizational and business requirements. Moreover, initiatives for the management of the later stage of the career will be adopted aiming to merge support/accompaniment actions and the enhancement of gained expertise.</p>
GRI 404-1	Average hours of training per year per employee	143	
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	141-142	
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	144	

GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES

GRI 103-1, 103-2, 103-3	Management Approach	51, 131-132, 137-138	
GRI 405-1	Diversity of governance bodies And employees	38-39, 134-135	
GRI 405-2	Ratio of basic salary and remuneration of women to men	138-139	



TOPIC-SPECIFIC DISCLOSURE			
GRI INDICATOR	INDICATOR DESCRIPTION	PAGE NUMBER	NOTES AND OMISSIONS
GRI 406: NON-DISCRIMINATION			
GRI 103-1, 103-2, 103-3	Management Approach	51, 157	During the year, no incidents of discrimination are recorded.
GRI 406-1	Incidents of discrimination and corrective actions taken	51, 157	
GRI 412-2	Employee training on human rights policies or procedures	131-132	
GRI 413: LOCAL COMMUNITIES			
GRI 103-1, 103-2, 103-3	Management Approach	48	
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	71-74	
GRI 414: SOCIAL EVALUATION OF SUPPLIERS			
GRI 103-1, 103-2, 103-3	Management Approach	90	
GRI 414-1	New suppliers that were screened using social criteria	90	
GRI 417: MARKETING AND LABELING			
GRI 103-1, 103-2, 103-3	Management Approach	49-50, 126	During the reporting year, we recorded 35 incidents of non-compliance in matter of information and labeling at affiliated BCCs, whose 32 (more than 92%) can be referred to voluntary codes, while three can be referred to current law. Two of these ones caused sanctions and one a reporting.
GRI 417-1	Requirements for product and service information and labeling	126	
GRI 417-2	Incidents of non-compliance concerning products and service information and labeling	-	
GRI 417-3	Incidents of non-compliance concerning marketing communications	-	During the year, just one incident of non-compliance about marketing communication happened, however concerning voluntary codes.



TOPIC-SPECIFIC DISCLOSURE

GRI INDICATOR	INDICATOR DESCRIPTION	PAGE NUMBER	NOTES AND OMISSIONS
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GRI 418: CUSTOMER PRIVACY

GRI 103-1, 103-2, 103-3	Management Approach	49-50, 127-128	During the year, 55 complaints by Third parties because of incidents of privacy violation happened. 3 incidents of losses or theft of susceptible data happened, they were signaled by information systems, in the section "losses and thefts identified" by Banca del Mediocredito del Friuli Venezia Giulia SPA.
GRI 418-1	Substantiated complaints Concerning breaches of Customer privacy and losses Of customer data	-	

GRI 419: SOCIOECONOMIC COMPLIANCE

GRI 419-1	Non-compliance with law and regulations in the social and economic area	-	During the year no incidents of non-compliance happened.
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GRI G4 FINANCIAL SERVICES SECTOR SUPPLEMENT

PRODUCTS PORTFOLIO

Former GRIG4-FS2	Procedures to evaluate and verify social and environmental risks of business lines	129	
GRI G4-FS6	Customers Portfolio by business line, geographic area and sector	91-96	
GRI G4-FS7	Monetary value of products and services with social aims	97-113	
GRI G4-FS8	Monetary value of products and services with environmental aims	169-177	

LOCAL COMMUNITIES

GRIG4-FS14	Initiatives to improve the access to financial services for disadvantage people	84-86	
GRIG4-FS16	Initiatives to promote financial education	76-77	



TOPIC-SPECIFIC DISCLOSURE			
GRI INDICATOR	INDICATOR DESCRIPTION	PAGE NUMBER	NOTES AND OMISSIONS
OTHER MATERIAL TOPICS			
RESPONSIBLE MANAGEMENT OF THE RELATIONS WITH MEMBERS/SHAREHOLDERS			
GRI 103-1, 103-2, 103-3	Management Approach	20-23, 48, 71-74	
CUSTOMER SATISFACTION			
GRI 103-1, 103-2, 103-3	Management Approach	120-125	
INNOVATION AND DIGITIZATION OF BANKING SERVICES			
GRI 103-1, 103-2, 103-3	Management Approach	114-119	
CYBERSECURITY			
GRI 103-1, 103-2, 103-3	Management Approach	50, 127-128	



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

Relazione della società di revisione indipendente sulla dichiarazione consolidata di carattere non finanziario ai sensi dell'art. 3, c. 10, D. Lgs. 254/2016 e dell'art. 5 del regolamento Consob adottato con Delibera n. 20267 del 18 gennaio 2018

Al Consiglio di Amministrazione di
Iccrea Banca S.p.A.

Ai sensi dell'articolo 3, comma 10, del D.lgs. 30 dicembre 2016, n. 254 (di seguito "Decreto") e dell'articolo 5 del Regolamento CONSOB n. 20267/2018, siamo stati incaricati di effettuare l'esame limitato ("limited assurance engagement") della dichiarazione consolidata di carattere non finanziario del Gruppo Bancario Cooperativo Iccrea (il "Gruppo") relativa all'esercizio chiuso al 31 dicembre 2019 predisposta ex art. 4 Decreto e approvata dal Consiglio di Amministrazione in data 12 giugno 2020 (di seguito "DNF").

Responsabilità degli amministratori e del Collegio sindacale per la DNF

Gli amministratori sono responsabili per la redazione della DNF in conformità a quanto richiesto dagli articoli 3 e 4 del Decreto e dai "Global Reporting Initiative Sustainability Reporting Standards" definiti nel 2016 dal GRI - Global Reporting Initiative (di seguito "GRI Standards"), come indicato nel paragrafo "Nota metodologica" della DNF, da essi individuati come standard di rendicontazione.

Gli amministratori sono altresì responsabili, nei termini previsti dalla legge, per quella parte del controllo interno da essi ritenuta necessaria al fine di consentire la redazione di una DNF che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli amministratori sono responsabili inoltre per l'individuazione del contenuto della DNF, nell'ambito dei temi menzionati nell'articolo 3, comma 1, del Decreto, tenuto conto delle attività e delle caratteristiche del Gruppo e nella misura necessaria ad assicurare la comprensione dell'attività del Gruppo, del suo andamento, dei suoi risultati e dell'impatto dallo stesso prodotti.

Gli amministratori sono infine responsabili per la definizione del modello aziendale di gestione e organizzazione dell'attività del Gruppo, nonché, con riferimento ai temi individuati e riportati nella DNF, per le politiche praticate dal Gruppo e per l'individuazione e la gestione dei rischi generati o subiti dallo stesso.

Il Collegio sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sull'osservanza delle disposizioni stabilite nel Decreto.

Indipendenza della società di revisione e controllo della qualità

Siamo indipendenti in conformità ai principi in materia di etica e di indipendenza del Code of Ethics for Professional Accountants emesso dall'International Ethics Standards Board for Accountants, basato su principi fondamentali di integrità, obiettività, competenza e diligenza professionale, riservatezza e comportamento professionale. La nostra società di revisione applica l'International Standard on Quality Control 1 (ISQC Italia 1) e, di conseguenza, mantiene un sistema di controllo qualità che include direttive e procedure documentate sulla conformità ai principi etici, ai principi professionali e alle disposizioni di legge e dei regolamenti applicabili.

Responsabilità della società di revisione

È nostra la responsabilità di esprimere, sulla base delle procedure svolte, una conclusione circa la conformità della DNF rispetto a quanto richiesto dal Decreto e dai GRI Standards. Il nostro lavoro è stato svolto secondo quanto previsto dal principio "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (di seguito "ISAE 3000 Revised"), emanato dall'International Auditing and Assurance Standards Board (IAASB) per gli incarichi limited assurance. Tale principio richiede la pianificazione e lo svolgimento di procedure al fine di acquisire un livello di sicurezza limitato che la DNF non contenga errori significativi. Pertanto, il nostro esame ha comportato un'estensione di lavoro inferiore a quella necessaria per lo svolgimento di un esame completo secondo l'ISAE 3000 Revised ("reasonable assurance engagement") e, conseguentemente, non ci consente di avere la sicurezza di essere venuti a conoscenza di tutti i fatti e le circostanze significativi che potrebbero essere identificati con lo svolgimento di tale esame.

Le procedure svolte sulla DNF si sono basate sul nostro giudizio professionale e hanno compreso colloqui, prevalentemente con il personale della Capogruppo Iccrea Banca S.p.A. (la "Società") responsabile per la predisposizione delle informazioni presentate nella DNF, nonché analisi di documenti, ricalcoli ed altre procedure volte all'acquisizione di evidenze ritenute utili.

In particolare, abbiamo svolto le seguenti procedure:

1. analisi dei temi rilevanti in relazione alle attività ed alle caratteristiche del Gruppo rendicontati nella DNF, al fine di valutare la ragionevolezza del processo di selezione degli stessi seguito alla luce di quanto previsto dall'art. 3 del Decreto e tenendo presente lo standard di rendicontazione utilizzato;
2. analisi e valutazione dei criteri di identificazione del perimetro di consolidamento, al fine di riscontrarne la conformità a quanto previsto dal Decreto;
3. comprensione dei seguenti aspetti:
 - o modello aziendale di gestione e organizzazione dell'attività del Gruppo, con riferimento alla gestione dei temi indicati nell'art. 3 del Decreto;
 - o politiche praticate dalla Società connesse ai temi indicati nell'art. 3 del Decreto, risultati conseguiti e relativi indicatori fondamentali di prestazione;
 - o principali rischi, generati o subito connessi ai temi indicati nell'art. 3 del Decreto.

Relativamente a tali aspetti sono stati effettuati inoltre i riscontri con le informazioni contenute nella DNF e effettuate le verifiche descritte nel successivo punto 4, lett. a).

4. comprensione dei processi che sottendono alla generazione, rilevazione e gestione delle informazioni qualitative e quantitative significative incluse nella DNF. In particolare, abbiamo svolto interviste e discussioni con il personale della Direzione della Società, delle controllate BCC Solutions S.p.A. e Iccrea Bancalmpresa S.p.a., del Consorzio BCC Energia e delle Banche di Credito Cooperativo affiliate BCC di Roma Soc. Coop., BCC Mediocrați Soc. Coop. e BCC di Alba Langhe Roero e del Canavese Soc. Coop.. Abbiamo inoltre svolto limitate verifiche documentali, al fine di raccogliere informazioni circa i processi e le procedure che supportano la raccolta, l'aggregazione, l'elaborazione e la trasmissione dei dati e delle informazioni di carattere non finanziario alla funzione responsabile della Società per la predisposizione della DNF.

Inoltre, per le informazioni significative, tenuto conto delle attività e delle caratteristiche del Gruppo:

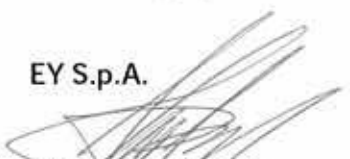
- a livello di Gruppo,
 - a) con riferimento alle informazioni qualitative contenute nella DNF, e in particolare a modello aziendale, politiche praticate e principali rischi, abbiamo effettuato interviste e acquisito documentazione di supporto per verificarne la coerenza con le evidenze disponibili;
 - b) con riferimento alle informazioni quantitative, abbiamo svolto sia procedure analitiche che limitate verifiche per accertare su base campionaria la corretta aggregazione dei dati.
 - per le seguenti Banche di Credito Cooperativo affiliate: BCC di Roma Soc. Coop., BCC Mediocrați Soc. Coop. e BCC di Alba Langhe Roero e del Canavese Soc. Coop., selezionate sulla base delle loro attività, del loro contributo agli indicatori di prestazione a livello consolidato, abbiamo svolto interviste nel corso delle quali ci siamo confrontati con i responsabili per la raccolta e la trasmissione dei dati e delle informazioni di carattere non finanziario delle BCC e abbiamo acquisito riscontri documentali circa la corretta applicazione delle procedure e dei metodi di calcolo utilizzati per gli indicatori.
5. Lettura della DNF, al fine di verificarne la coerenza con le informazioni acquisite e le limitate verifiche svolte.

Conclusioni

Sulla base del lavoro svolto, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che la DNF del Gruppo Bancario Cooperativo Iccrea relativa all'esercizio chiuso al 31 dicembre 2019 non sia stata redatta, in tutti gli aspetti significativi, in conformità a quanto richiesto dagli articoli 3 e 4 del Decreto e dai GRI Standards.

Roma, 12 giugno 2020

EY S.p.A.



Wassim Abou Said
(Revisore Legale)

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