

Social and environmental responsibility

By progressively integrating social responsibility objectives, UBI Banca pursues the convergence of corporate strategies, policies and objectives with its values and principles and with the expectations of its stakeholders. The objective is to create sustainable value through the control of reputational risk, to establish a strong and distinctive corporate identity and to develop a climate of trust with its personnel, its shareholder base and markets.

All the organisational units in the Group are involved in defining and achieving social responsibility objectives, with support from the Corporate Social Responsibility Function, which formulates proposals for policies and guidelines, contributes to the management and control system, supports the involvement of stakeholders and manages reporting activities.

A summary of the main traits of social responsibility at UBI Banca is given below, while the Social Report may be consulted for further information and in-depth analysis.

Corporate Governance (Code of Ethics)

On conclusion of joint activity involving management, consisting of a series of interviews and a working group composed of different functions formed by UBI Banca, the network banks and the principal product companies, on 13th and 14th December 2010 the Supervisory Board and the Management Board of UBI Banca approved the Code of Ethics, which is as an integral part of the “Organisational, Management and Control Model pursuant to Legislative Decree 231/01”. All the banks and Group member companies adopted the text approved by UBI Banca – with amendments to it, where necessary, required by the specific regulations governing their business sectors and/or the foreign country in which they are incorporated – through the official approval of it by their respective management bodies.

The document incorporates the Group Charter of Values and makes reference to the universal principles of the Global Compact. It defines the manner in which UBI Banca and the companies in the Group intend to pursue their mission and act in dealings with their various stakeholders, by basing their management and operating activities on observance of moral and legal obligations contained in the code. The document identifies significant stakeholders in the Bank’s activities, defines general ethical principles and standards of conduct in dealings with stakeholders and it gives details for the implementation and monitoring of the Code itself, including the procedures for reporting suspected violations, how to treat them and the imposition of penalties where applicable.

The Code applies to all organisational units and geographical areas in which UBI Banca operates and it is communicated to stakeholders through a variety of channels. It will be the subject of a training and internal communication programme in 2011 designed for all Group personnel and will be updated shortly with the issue of a Code of Conduct for personnel, currently being prepared in accordance with the guidelines contained in the current Art. 8.3 - Attachment C, which will form an integral part of it.

The Market

Business management is oriented towards innovation in products and services, marketing approaches and distribution processes consistent with the ethical, social and environmental expectations of stakeholders and in implementation of the mutual and community vocation of the Group.

Intense activity was performed during the year to plan and develop initiatives for the weaker groups in society and for nonprofit organisations. More specifically, in addition to the action taken to assist families and businesses reported in the section on commercial activity, the most important initiatives were as follows:

- the launch of a project to define a service model for third sector organisations and Church and religious entities with a special range of products and services. Project work included a series of meetings with representatives of both Church and other organisations in order to discover their specific needs;
- the continuation of the partnership with PerMicro (a leading player in the Italian sector) to develop micro-credit for social inclusion and to support employment. PerMicro doubled its volumes of

businesses in 2010 with the grant of 530 micro-loans to families and 105 micro-loans to start micro-businesses, for a total of 2,9 million euro;

- the development of a range of products and services for immigrants, as part of the programme to acquire new customers on the retail market.

Social assistance

Depending on the companies to which they belong, Group employees can benefit from the following: supplementary forms of pension and health care, insurance policies covering death or permanent disablement, gifts on important occasions such as marriages, births and adoptions, high school and university graduation, scholarship grants for children, paid leave to care for disabled family members, the emergency hospitalisation of family members, the birth or adoption of children and when they start nursery schooling. We also make extra payments to single income families or those with disabled members.

Services: in addition to company crèches, these include eight company cultural and recreational clubs, holiday accommodation facilities at tourist locations (available to personnel and their families under special terms) and shuttle bus services provided for travel to and from work. Favourable terms and conditions are granted on charges and commissions for banking services along with loans at special rates for the purchase of homes and automatic credit on easy terms in line with the best market conditions.

Solidarity: the Group has supported the Clematis Onlus since 2002. It is an association formed by employees and former employees of the former Banca Popolare di Bergamo-Credito Varesino. The association was formed to give support to the families of employees, whether in service or retired, who have non self sufficient, disabled children.

Social intervention

The management of social intervention is designed to strengthen and support those large numbers of nonprofit organisations which work in the following fields: social, recreational and sport; welfare and solidarity; education and training; culture: university and research; restoration of artistic heritage and the protection of the environment.

In 2010 the Group, with contributions from the Parent, the network banks, the main product companies and its foundations, disbursed a total of approximately 16,2 million euro (-18,6% compared to 2009) in the form of donations and sponsorships. Each entity in the Group operates independently in response to the demands it encounters and considers consistent with its own values and social responsibility objectives.

Important initiatives include the longstanding partnership with CESVI (one of the main Italian NGOs operating in the field of humanitarian emergencies throughout the world) as part of which UBI Banca supported the initiative “CESVI sUBIto for Pakistan” in 2010 for people in Pakistan hit by severe floods in the summer of 2010. UBI Banca made its 1.900 branches available to receive donations from customers, which amounted to 30 thousand euro. This was then doubled with a contribution of an equal amount made by the Group for a total donation of 60 thousand euro.

Environmental responsibility

In addition to its pursuit of full and substantial compliance with regulations in force, it is Group policy to contribute to sustainable economic development, thereby also concretely implementing the principles of the Global Compact.

The environmental policy approved in December 2008 commits the Group to reducing its environmental impact through the intelligent and responsible management of both direct impacts (i.e. impacts generated by its own operating activities through the consumption of resources, the production of waste and harmful emissions) and also indirect impacts (i.e. impacts generated by the conduct of third parties with whom the Bank does business, such as its customers and suppliers).

With regard to direct impacts the most important objective achieved in 2010 was the exclusive use of electricity certified as from renewable sources (RECS certificates) and this made it possible to reduce total CO₂ emissions by 46,6%, compared to 2009. Energy consumption amounted to 26.129 TOE and waste production remained virtually stable (+2,5% for a total of 2.153 tonnes).

As concerns indirect impacts, the Group has been active for some time in its commercial activities with “green” products, and that is credit lines provided for investments in energy savings and in the diversification of energy sources, with particular attention given to renewable sources or those with a low environmental impact. The New Energy product line is for businesses. It comes in two versions, Renewables and Photovoltaic, with approximately 700 loans granted in 2010 for a total amount of 300 million euro, while the

line Sun Strength is for private individual customers with over 500 loans granted in 2010 for approximately 12 million euro.

Economic report

In 2009 the UBI Banca Group generated economic value of 3.048 billion euro (-0,5% compared to 2008), 6,4% of which is retained by the Group with the remainder distributed to stakeholders as follows: 47,6% to employees, 23,2% to suppliers, 18,8% to public administrations, 3,2% to registered and unregistered shareholders, 0,4% to third parties and 0,4% to the community and the environment (see the 2010 Social Report for further details).

Reporting and control

The Corporate Social Responsibility Report, together with the social responsibility section of the Group corporate website, is the main instrument for integrated reporting on the economic aspects (the economic value generated and distributed), social aspects (commitments, objectives and results achieved in terms of satisfying the legitimate expectations of stakeholders) and environmental aspects (commitments, objectives and results for controlling direct and indirect impacts) of operations. The Group Social Report is prepared annually in compliance with the 2006 Sustainability Reporting Guidelines (G3) and the Financial Services Sector Supplement of the Global Reporting Initiative (the 2010 edition again achieved an intermediate B+ level of application) and it is subjected to an independent audit. It is printed in 3,000 copies, published and distributed to shareholders on the occasion of the Annual General Meeting together with the Annual Report entitled "Reports and Accounts". The 2010 edition has been audited by the independent auditors, KPMG Spa.

As occurred last year, for a greater and broader readership of the report, two summary versions will be produced again in 2010. One version for the public with approximately 100.000 copies printed and distributed as a supplement to the weekly Vita Non Profit magazine and in the branches of the Group and another distributed exclusively in electronic format on the corporate intranet of the Group. Both the full and the summary versions are available to the public (the former also in the English language) in the social responsibility section of the corporate website.

Six meetings were held in the second half of 2010 with representatives of trade associations and nonprofit organisations, conducted by an independent company using the focus group method, in order to verify the level of awareness and agreement with the social responsibility policies of the Group and the quality of the reporting provided in the communities concerned and to survey expectations and acquire recommendations for improvement. The work performed in 2010 concluded a three year cycle of meetings, which involved all the main provinces in which the Group network banks are present.