Horizons

Our Outlook for the Well-being of People, the Environment and Society

Consolidated Non-Financial Statement 2019
Pursuant to Italian Legislative Decree no. 254/2016

GRUPPO CREDEM

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Choosing

Introduction

Observing the world and listening to its needs, both explicit and especially those which are unexpressed. Having foresight. Having an attentive eye on the present and a long-term vision in order to be able to choose the priorities and path to follow together with our stakeholders towards a common horizon of greater well-being. New roads that allow us to create value over time, step by step.

13
Specialised companies led by the Parent Company

440
Credem Banca branches

79%
Generated value distributed to stakeholders

12
Sustainability Goals for 2022

Letter to Stakeholders

I am pleased to open the Credem Group's Non-Financial Statement, a document that allows me to speak to all our current and prospective stakeholders.

The European Central Bank has recognised us as the least risky commercial bank in Europe. This indicator also refers to corporate sustainability, which is strongly related to value creation. Excellence in the creation of value over time is also our mission, oriented towards the satisfaction of our Shareholders and all stakeholders directly or indirectly influenced by our corporate activity.
Faced with increasingly compromised ecological, economic and social balances, opening ourselves up to dialogue with our partners means adopting a strategic approach based on a relational vision.
In fact, sustainability affects corporate strategies and policies, interacting with all areas of business management and with the value chain, for an investment aimed at producing lasting competitive advantages and minimising risks.
Corporate sustainability therefore depends on the sustainability of corporate relations with the various stakeholders.
Sustainable value for sustainable relationships, therefore, which means:

- adequate remuneration for our shareholders, ensured by careful risk management associated with governance models that skilfully combine efficiency and transparency, plurality and the protection of minorities;
- satisfactory work conditions for our employees, which enhance their knowledge and skills and ensure an organisational environment based on their protection, promotion, recognition and integrity;
- new products and services able to fulfil the explicit or non-explicit needs of our customers;
- knowledge sharing and long-term collaborations with business partners to ensure relationships based on a logic of co-evolution;
- an active role within communities;
- attention to the environment and the rights of future generations through sustainable practices aimed at the complete protection of natural resources and minimising the impacts associated with processing, production and consumption cycles.

The financial statements of the year just ended give me satisfaction and confidence: in the daily work and relations with our employees, I have personally witnessed
will and momentum,
the value of ideas,
the determination to carry them forward and put them into practice,
the prospect of continuous improvement.

With responsibility and awareness, we look to a business model that evolves while maintaining strong links with the best part of our business tradition: **conscious connections with the country and with the needs and opportunities of its communities**, which have had and will continue to have a great role in defining the longevity and value of our Group and the sustainability of our business model.

The Chairman
Lucio Igino
Zanon di Valgiurata

1.1
Methodological Note

The Consolidated Non-Financial Statement (hereafter also "Non-Financial Statement" or "NFS"), prepared pursuant to Italian Legislative Decree no. 254/16, aims to provide a clear understanding of the Group's activities, its performance, its results and the impact of the same by reporting on the relevant topics provided for by Articles 3 and 4 of Italian Legislative Decree no. 254/16 with reference to the 2019 financial year (from 1 January to 31 December).
As provided for by Article 5 of Italian Legislative Decree no. 254/2016, this document constitutes a separate report from the Report on Operations and is indicated with appropriate wording in order to relate it to the NFS required by law.
The content of the report was selected based on the materiality analysis, which identified the sustainability topics deemed most relevant to the Group and its stakeholders. It should be noted that, in consideration of the business sector, the issues relating to the *use of water resources, workplace health and safety and human rights* are not relevant.
For more information on the materiality analysis, refer to the "Materiality Analysis" chapter of this report.

The reporting boundary includes the Parent Company and its subsidiaries consolidated on a line-by-line basis in the Group's Consolidated Financial Statements[1]. Any changes to the scope of consolidation are duly indicated in the document. The exclusion of one or more companies does not in any case affect the understanding of the Group's activities, performance, results and general impact.
This NFS has been prepared in accordance with the *Global Reporting Initiative Sustainability Reporting Standards* defined in 2016 by the Global Reporting Initiative (GRI), according to the "In accordance – Core" option. In addition, the *Financial Services Sector Disclosures*, defined by the GRI in 2013, and the "Guidelines on the Banking Application of the GRI Standards (Global Reporting Initiative) in Environmental Matters" published by ABI Lab in the January 2020 and December 2019 versions were considered.
In order to guarantee the reliability of the report, the content and quality standards provided by the Global Reporting Initiative were considered.
In order to enable the comparison of data over time, data relative to 2018 and 2017 has also been reported. The reclassification of previously published comparative data is clearly indicated as such.
To guarantee the reliability of data the use of estimates has been kept to a minimum and, where applicable, is duly indicated in the document.
This report was originally subject to scrutiny by the Group Risk Committee on 10 March 2020 and approved by the Board of Directors on 12 March 2020 and then supplemented by the two bodies at the meeting of 09 April 2020, following the Recommendation of the European Central Bank of 27 March 2020 concerning the abstention from the payment of dividends and the non-assumption of any irrevocable commitment for the payment of the same for the years 2019 and 2020, arising from the opportunity for Banks to maintain an adequate level of capital to support loans for families and businesses in a context characterised by the serious repercussions provoked by the Covid-19 health emergency.
At the request of the Group Risk Committee, the report was also subject to a compliance check by the Parent Company's Audit Service, which aimed to ascertain the overall adequacy of the process defined by Credito Emiliano S.p.A. for the preparation of the NFS.
The NFS was subject to a *limited assurance engagement* review according to the criteria envisaged by standard ISAE 3000 Revised by the Independent Auditors EY S.p.A. which, at the end of the work carried out, issued a report on the compliance of the information provided in the Consolidated Non-Financial Statement of the Credem Group pursuant to Legislative Decree no. 254/16.

1. For the list of fully consolidated Group companies refer to Section 3 - Scope and methods of consolidation of the Explanatory notes to the Consolidated Financial Statements of the Credem Group.
2. For a complete description of material topics please refer to the section Key Performance Indicators.

Palazzo Spalletti Trivelli, the Group's Head Offices.

The 2019 Non-Financial Statement is the third report of the Credem Group and is published in the *Sustainability* section of the website **www.credem.it**.
Future reports will be issued on an annual basis. The table below illustrates the correlation between the material topics necessary to ensure the full understanding of the Group's business, its performance, its results and the impact of the same and the topics cited in Article 3 of Italian Legislative Decree no. 254/2016[2].

Material topics	Scope of Italian Legislative Decree 254/2016
Environmental impacts	Environmental aspects
Accessibility and Transparency Sustainable Finance Innovation and technology Data security	Social aspects
Well-being Skills and expertise Diversity and Contamination Recognition	Management of Human Resources
Ethical business	Anti-corruption

1.2

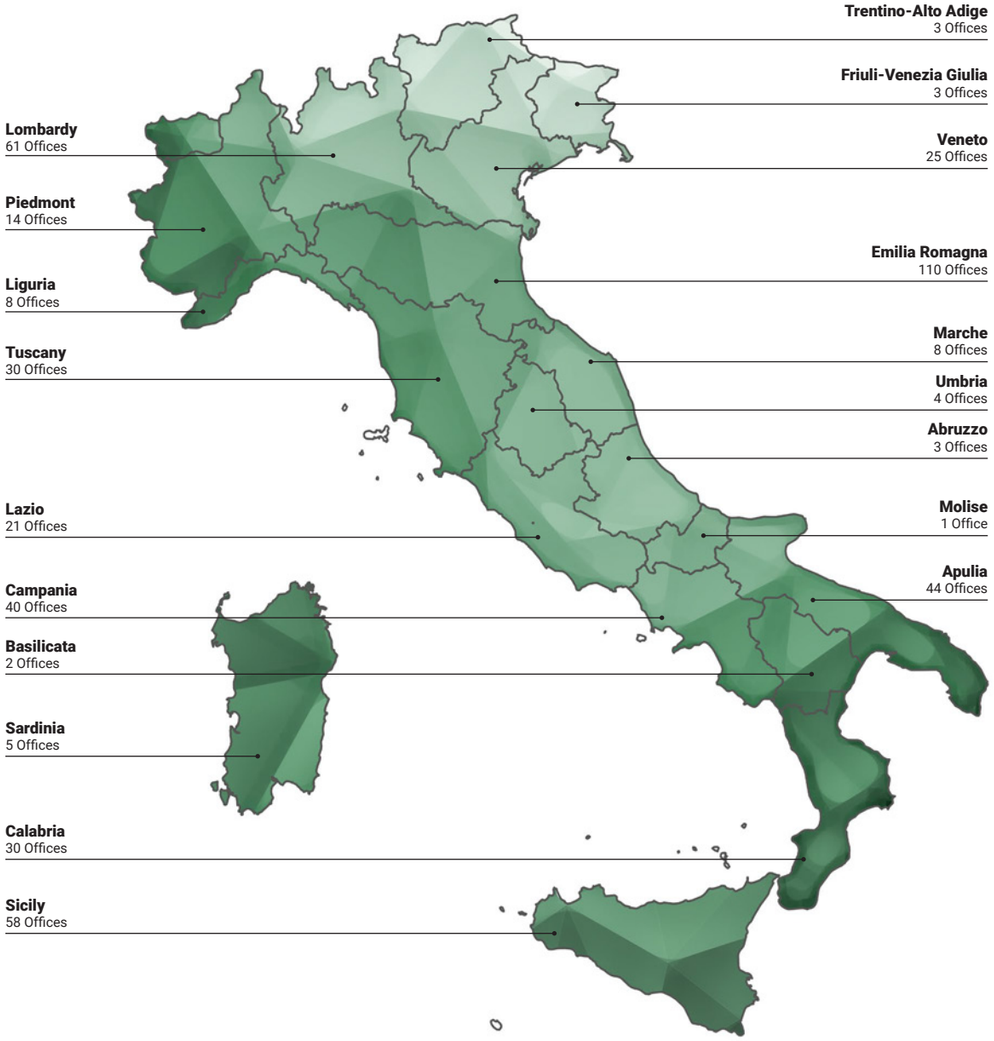
The Business Model

Group Overview

Credem is a modern, private bank of centuries-old tradition: founded in 1910 on the initiative of Reggio Emilia's entrepreneurs under the name Banca Agricola Commerciale di Reggio Emilia (Commercial Agricultural Bank of Reggio Emilia), it assumed its current name in 1983, coinciding with the acquisition of Banca Belinzaghi di Milano, the first opportunity for significant growth outside regional borders.
Today Credem is present throughout Italy in 19 regions: this growth was achieved through the opening of new branches and the acquisition of small and medium-sized banks, to which it turned its interest in the early 90s.
The activity of the Parent Company of the Banking Group is supported and completed by 13 companies specialised in commercial banking, wealth management, bancassurance and consumer finance.

The Banking Group[1] combines a consolidated corporate culture and identity with quality human capital, characterised by a daily commitment to anticipate the needs of stakeholders, creating new services and constantly acquiring new knowledge and skills.

Map of Credem Offices throughout Italy:



1910 Foundation of Banca Agricola Commerciale
The 30 founding members subscribed a share capital of 200,000 L., divided into 40 shares of 5,000 L. each. The exceptionally high distribution of the shares for that era guaranteed the stability of the majority at shareholders' meetings,

1930 Remarkable survival of the Great Recession of 1929
The crisis of 1929 also brought the economy of Reggio Emilia to its knees: Banca Agricola Commerciale weathered the storm well and successfully kept its balance sheet in the black.

1945 Post-war period
On 30 May 1945, in war-torn Reggio Emilia devastated by US and allied air strikes, the first Board of Directors' meeting after liberation was held. The high inflation demanded a significant capital increase, from 6 to 21 million lire. Despite the difficult historical moment, "management still marked a convenient outcome" (quote from the Report of the Board of Shareholders).

1963 Opening of the 35th branch
With 344 employees and excellent economic stability, Banca Agricola Commerciale became the leading credit institution in the province of Reggio Emilia.

1975 Cultural change
Banca Agricola Commerciale initiated a decisive cultural change, focusing on significant business expansion. Innovative policies for its employees and businesses projected the Bank beyond provincial borders.

1979 Growth
A phase of pronounced growth began with the acquisition of 40% of Banca Belinzaghi. Between 1979 and 1982 the number of employees rose by 70%, 12 new branches were opened (+30%) and the number of customers quadrupled. Having become one of the leading companies in Italy, Banca Agricola Commerciale introduced management control and planning techniques.

1983 From Banca Agricola Commerciale to Credem
Following the merger by incorporation of Banca Belinzaghi, Banca Agricola Commerciale took on the name Credito Emiliano SpA.

1. The Banking Group is registered in the Banking Groups Register and is composed of the Parent Company Credito Emiliano and its banking, financial and instrumental subsidiaries: the two insurance companies Credemvita and Credemassicurazioni and the financial holding company Credemholding are not part of the Banking Group.

1984 First skills model
Credem's growth was underscored by a new concept of merit; with the introduction of innovative HR policies, the company began to perform prompt assessments of conduct and professional attitude, which have always been closely linked to the measurement of results.

1991 Development of "external lines"
Credito Emiliano began a development process that involved over 30 acquisitions of small banking institutions, particularly in the South of Italy.
Through subsequent mergers, the new companies were integrated into Credem with a single governance model and under a single brand.

1992 Introduction of customer rating
Well before the introduction of the Basel regulatory system, the first "customer rating" systems were introduced.

1993 The Credem Group was founded
The important acquisitions of the early 90s and the variations of the legislative framework led the Credem Group to completely overhaul its organisational structure.
To respond to the needs of a market about to undergo radical change, the Bank was transformed into a modern Banking Group.
The foundation of Credemholding, the Parent Company holding the majority of the capital of Credito Emiliano and firmly controlled by the reference Shareholders, provided a guarantee of independence. On the date of their establishment on 1 January 1993, the following companies became part of the Credem Group: Credito Emiliano, Magazzini Generali delle Tagliate (founded in 1953), Credemleasing (1980), Credemfactor (1986), Credemtel (1989), Credemvita (1992).
The following year the Group continued its expansion with the acquisition of the Euromobiliare Group, an important business operating in the investment banking and asset management sectors. Subsequently the structure was completed with AbaxBank in 1997 (merged into Credem in 2011), Credem Assicurazioni in 1998, Banca Euromobiliare Suisse in 1999 (sold in 2011), Credem International Lux (merged in 2019), Euromobiliare Alternative in 2002 (merged into Euromobiliare Asset Management SGR in 2009), Credem Private Equity in 2003, Creacasa in 2007 (replaced by Avvera in 2019).

1997 Listing on the stock exchange
The listing on the Italian Stock Exchange took place on 11 October 1997.

1998 Scuola Credem established
The company was determined to invest in the development of professional skills, as well as technical, behavioural and managerial learning.

2000 Divisionalisation
In 1990 Credem had 58 branches, of which 42 in the province of Reggio Emilia, distributed across seven provinces. Ten years later the branches totalled 368, located in 47 provinces in 15 regions. Banca Credem adopted a specialised distribution model, with professional roles focused on the different customer segments. The Corporate Business Unit was established.

2001 Teamwork
The management group featured a strong change in leadership style: it focused on teamwork and the collegiality of decisions.

2004 Mission and Values
The Corporate Identity Project defined the Group's mission - Excellence in the creation of value over time - and the related values: People, Team, Proactivity, Innovation, Communication.

2008 Aim: safeguard customers
The subprime mortgage crisis caused the US bank Lehman Brothers to file for bankruptcy, sparking panic on the financial markets and heralding the start of a long period of economic recession. Credem opted for a strategic and forward-looking choice: to encourage customers to choose safer and more reliable products, forfeiting significant profit margins and continuing growth in external lines.

2009 Loan selection
At the start of the recession, ahead of the crowd Credem implemented a systematic loan selection process and focused on customers with the best ratings.

2010 The new values
Six years after the Corporate Identity Project, the Group's values were remodelled to express the distinctive characteristics of the company's culture, guaranteeing a focus on two highly complementary words: Passion and Responsibility.

2011 The divisionalisation of the Group's distribution was abandoned
To increase internal synergies and to enable customers to access representatives with multiple skills, the Group abandoned the Corporate/Retail model.

2013 Development of the Growth strategy
As the entire national banking system reeled from the effects of the crisis and implemented strategies based on streamlining and controlling costs, the Group launched a commercial growth plan that would lead it to increase its total business (collection + loans) by 20% in just three years, without resorting to acquisitions and/or opening new branches.

2014 The ECB stress test
The European Central Bank conducted a careful analysis of the financial position of several European banks (so-called Asset Quality Review). Credem was recognised as the strongest Italian banking institution in the event of an adverse economic scenario.

2018 Euromobiliare Advisory SIM
This was the year of the first fee only offer: through Euromobiliare Advisory SIM, Credem was the first Italian banking group to launch the independent financial advisory service. The Company provides this service directly and together with portfolio management to institutional customers and to private customers with significant assets.

2019 Avvera was created
The goal was to create a new loan hub for private customers through the sale of salary-backed loans, consumer loans and mortgages using a multi-channel private and multi-product model[1].

1. Creacasa, a financial agent, was transformed into a financial intermediary authorised to carry out the activity of granting loans to the public in 2019, called Avvera S.p.A.

1.3

The Group Structure

at 31 December 2019

Credem Holding

CREDEM BANCA

Parent Company of the Banking Group

Commercial Banking

- **Credemleasing**
- **Credemfactor**
- **Banca Euromobiliare**
- **Avvera**

Wealth Management and Bancassurance

- **Euromobiliare** Asset Management SGR
- **Euromobiliare** Fiduciaria
- **Credem Private Equity**
- **Credemvita**
- **Euromobiliare** Advisory SIM

Other activities

- **Credemtel**
- **Magazzini Generali delle Tagliate**
- **Credem CB**
- **Gestimlux**

Palazzo Spalletti Trivelli, internal courtyard, Credem Head Offices.

The following table provides a brief description of the business activities of Credem Group companies consolidated on a line-by-line basis:

Group Companies	Description
www.credem.it	The Parent Company of the Credem Group specialises in commercial banking through the provision of services aimed at retail, corporate and private customers. Such services are also provided by networks of financial advisors enabled with off-site permissions through agency agreements.
www.avverafinanziamenti.it	Consumer credit company specialising in the brokerage of mortgages, the provision of personal loans and the placement of salary-backed products.
www.credemfactor.it	A company specialising in factoring activities, offering a variety of services ranging from the management of trade receivables to continuous risk monitoring and guaranteeing and advancing credit. The company also specialises in the management of receivables from public bodies and the development of agreements with suppliers.
www.credemleasing.it	A company specialising in the development and commercialisation of leasing packages. The company is active in all financial leasing sectors including vehicle, asset, real estate and shipping leases.
www.credempriveq.it	A company authorised to provide collective investment management services, carrying out investments in venture capital through the establishment and management of closed-end mutual investment funds.
www.credemtel.it	A company specialising in the provision of telematics services to banks, businesses and public authorities.
www.credemvita.it	An insurance company operating in the life insurance and pension sectors which operates exclusively through the distribution networks of the Credem Group.

Group Companies	Description
Credem CB S.r.l.	A special purpose vehicle established pursuant to Law no. 130 of 30 April 1999 to support the structuring of specific issuing programmes of Covered Bonds. Given its characteristics, the company is not included in the content of the NFS.
www.bancaeuro.it	A Private Bank of the Credem Banking Group. The bank operates in the private banking and financial consultancy sectors.
www.easim.it	A company whose corporate purpose envisages, including through the development of innovative and technologically advanced products and services, the professional operation of portfolio management services, order receipt and transmission, investment advice and consultancy services to businesses without holding, even temporarily, the cash or cash equivalents or financial instruments of customers and without the assumption of risks by the Company.
www.eurosgr.it	A company specialising in collective investment management (SICAV funds and segments). It acts as the Management Company of the Luxembourgian SICAV Euromobiliare International Fund Sicav, whose funds are distributed through the branches and financial advisors of Credito Emiliano S.p.A. and Banca Euromobiliare S.p.A.
www.euromobiliarefiduciaria.it	A trust fund pursuant to Law no. 1966 of 23 November 1939 which carries out asset management services for trustors on the basis of a trust mandate.
Gestimlux S.ar.l.	A company that carries out leasing and management services for owned or leased property in Luxembourg.
www.tagliate.it	A company operating in the Parmigiano Reggiano and Grana Padano cheese ageing and storage sector. The company is an integral part of the Group, as the wheels of cheese are used as collateral for loans to producers.

1.4 Governance

Credito Emiliano S.p.A., in its capacity as Parent Company of the Credito Emiliano Banking Group, has adopted a traditional governance and control model characterised by the following corporate bodies:

Shareholders' Meeting

The Shareholders' Meeting is an important opportunity for Shareholders, Directors and management to meet. It expresses the corporate will in a binding manner and deliberates in ordinary and extraordinary sessions on topics reserved to it by law, the articles of association and secondary legislation.
Those entitled to vote in accordance with the law may attend the Shareholders' Meeting; they are entitled to one vote for each share held and can be represented in accordance with the regulations in force by written proxy, which can also be conferred electronically.

The Board of Directors[1]

The Board deliberates on strategic matters and monitors their implementation.
Each member of the collegial body shall remain in office for no more than three years and can be re-elected. The composition ensures the fulfilment of the requirements, gender balance and the presence of independent directors, at least to the minimum extent required by current legislation, including regulations.

Executive Committee

The Committee is appointed by the Board of Directors and has the powers attributed by the Board of Directors.

Board of Statutory Auditors and statutory audit

The Board of Statutory Auditors is the body which supervises compliance with legal, regulatory and statutory provisions, compliance with the principles of correct administration, the suitability of the organisational structure in its various areas of competence, the internal control and administrative accounting system as well as the ability of the latter to accurately represent the management results and the methods of implementation of the Corporate Governance Code for listed companies to which the Bank subscribes. The Board of Statutory Auditors of Credito Emiliano also carries out the role of Supervisory Body pursuant to Italian Legislative Decree no. 231/2001 (so-called SB 231).
The statutory audit is carried out by an Independent Auditor in line with current regulatory provisions.

The Board committees

In line with the regulatory provisions contained in Circular 285 and the Code, in addition to the Executive Committee (EC), the Board of Directors (BoD) has established specialised committees composed exclusively of members of the BoD:

- **Group Appointments Committee and Group Remuneration Committee**, which provide support in the form of proposals and advice to the Board of Directors and the other decision-making bodies of the Parent Company on matters concerning "Appointments" and "Remunerations" in cases with a high risk of conflicts of interest;
- **Group Risk Committee**, which provides a supporting role - entailing consultation, examination and the formulation of proposals and opinions - with a view to assisting the Board of Directors in its assessments and decisions relating to risk management and the internal control system, to guarantee the adequacy of the same in terms of the characteristics of the business and of the Group in relation to the development of the organisation and its operations, as well as of the relevant legislative scenario;
- **Group Committee of Independent Directors**, which expresses a prior opinion regarding the approvals of, and any amendments to, the procedures to identify and manage related party transactions. It examines transactions with related parties and associates before they are approved by the competent decision-making body and provides a prior-reasoned opinion on the Bank's interest in carrying out the transaction as well as on the convenience and substantial correctness of the related conditions.

1. The BoD is composed of 33.3% women and 66.7% men, in full respect of the legislative requirements currently applicable to the Bank with reference to the gender distribution criterion. 16.7% of all members are under 50 years old, 66.7% are between 50 and 65 while 16.7% are over 65.

1.5 Sustainability Governance[2]

Organisational structure

Sustainability Governance within the Credem Group is the responsibility of the Board of Directors of the Parent Company, the management and strategic supervision body entrusted with specific tasks and responsibilities associated with the Non-Financial Statement (NFS). In particular, these include:

- contributing to the definition and certification of the materiality matrix;
- establishing guidelines and objectives to assign to the Group regarding the material topics and indicators reported in the NFS;
- approving the NFS and authorising its publication in compliance with Italian Legislative Decree no. 254/2016;
- assigning the mandate to the Independent Audit Firm appointed to certify the NFS and issue a declaration of limited assurance engagement.

On the proposal of the Board of Directors of Credem, the Group Risk Committee is required to monitor the Non-Financial Disclosure process, by:

- proposing the information and appropriate assessments to enable the Board of Directors to establish guidelines and objectives to assign to the Group regarding the material topics and indicators reported in the NFS;
- providing guidance regarding the relevance of the materiality analysis;
- expressing an opinion regarding the completeness and correctness of the NFS;
- monitoring the risks and associated opportunities, also through regular meetings with the Board of Directors and the Institutional Relations Department regarding the achievement of the targets set and possible areas for improvement.

In order to support the relevant departments of the Parent Company and Group companies during the preparation of the NFS, Group Sustainability Regulations have been prepared, supported by an Operating Manual.

In 2019, the **Institutional Relations Department of the Corporate Governance and External Relations Service**:

- monitored the implementation of the sustainability objectives related to the strategic guidelines approved by the Board of Directors in 2018;
- coordinated transversal Work Groups operating with the Bank and the Group to define the activities to be carried out to reach the defined objectives;
- monitored changes to legislation;
- attended training courses on Sustainability matters, in particular:

2. For more information on the Governance of the Group, refer to the "Report on Corporate Governance and Ownership Structure" available in the "Corporate Governance" section of the Group's website.

- ***Creating value with sustainability***, SDA Bocconi School of Management;
- ***Creation of value and sustainability***, Catholic University of the Sacred Heart;
- ***Sustainability and strategy: creating shared value***, webinar organised by CSR Manager Network;
- ***Community and business value creation strategies***: *what is the role of corporate foundations?* Postgraduate School of Business and Society of the Catholic University of the Sacred Heart;
- ***Presentation of Guidelines for CSR communication to stakeholders***, webinar organised by CSR Manager Network;
- ***Measuring and communicating commitment to the circular economy through circularity indicators***, webinar organised by the CSR Manager Network;
- ***Translating vision into reality: corporate leadership on human rights***, webinar organised by the Institute for Corporate Values;
- ***Sustainability: a tailor-made assessment for SMEs***, Postgraduate School of Business and Society of the Catholic University of the Sacred Heart;
- ***Sustainability in the insurance sector in Europe***, Postgraduate School of Business and Society of the Catholic University of the Sacred Heart;
- participated in the Permanent ABI Working Group on Sustainability;
- drafted the Group NFS and monitored the data quality through the standard business process of Data Governance (Data Quality) to ensure that the information used for reporting corresponds to the requirements of reliability, accuracy, credibility and comparability.

The **Relevant Departments**:
- ensured the qualitative and quantitative update of the relevant sections;
- saw to the first-level controls to verify truthfulness, completeness, comparability, correctness of the reference data, also through specific controls, intermediate control points, final balances within the Services and the Commercial Business Unit;
- monitored the established targets, taking into account changes to legislation, benchmarking and the best practices in the industry;
- reported evolutions and initiatives relevant to their area of responsibility, which were duly integrated in the NFS.

The **Board of Statutory Auditors** supervised compliance with legislation and the adequacy of the organisational, administrative, reporting and control systems.

The contribution of the Relevant Departments to the preparation of the Non-Financial Statement has been associated with the company KPIs through the Internal Customer Satisfaction questionnaire.

Carlo Zauli, *Cubo bianco [White cube]* 1979, Credem art collection.

1.6

Sustainability as a Business Culture

Main affiliations and collaborations:

ASviS - Italian Sustainable Development Alliance
CSR MANAGER NETWORK - Corporate Social Responsibility

The Credem Group has always been characterised by a stable and sustainable business culture expressed through the constant and concrete pursuit of our mission *"Excellence in the creation of value over time"*, which has always contained elements aimed at broadening the concept of "value creation" beyond economic results, emphasising the sustainability of results, also in line with the guidelines of the international standard ISO 26000:2010. Concerned some material topics of the Group and/or envisaged by Italian Legislative Decree no. 254/2016, relevant for the Group and its stakeholders.

Talkingwith

In collaboration with the publishing house *Il Mulino*, Credem has planned the following series of meetings with authoritative speakers to bring issues related to the UN 2030 Agenda to the attention of its stakeholders and the community:
- *The many sustainabilities of post-capitalism* with Luigino Bruni, an academic, economist, journalist and essayist;
- *The climate challenge in a context of the global change of human society* with Riccardo Valentini, member of the Intergovernmental Panel on Climate Change and Nobel Peace Prize winner in 2007;
- *Towards sustainable capitalism?* with Enrico Giovannini, economist and spokesperson for the Italian Sustainable Development Alliance.

Board inductions

Eight board induction sessions have been planned, also open to Group employees, on the following topics:
- *Organisation and management of activities, policies and results achieved* by the following services:
  - Information systems
  - People Management
  - Legal
  - Finance
  - Organisation
- *Presentation 2018 Non-Financial Statement*
- *Recovery plan*, a programme that regulates the measures and processes aimed at restoring the economic, equity and financial situation in the event of a significant deterioration thereof
- *Use of derivative instruments* in the Credem Group

Online courses

In collaboration with the Ministry of Education, University and Research (MIUR), the Italian Sustainable Development Alliance (ASviS) has prepared an online course focusing on the **UN 2030 Agenda.** Credem provided the first two modules of the course related to corporate KPIs to all Group employees in 2019.

Newsletter

The quarterly distribution of the corporate newsletter on Sustainability, distributed to the Board of Directors and Group employees, continued in 2019 and was regularly published in the Sustainability section of the Parent Company's website to enable its access to current and future stakeholders.

1.7

UN 2030 Agenda

The Group's contribution to achieving the 17 Sustainable Development Goals

The agenda defined by the United Nations in 2015 set 17 goals to be implemented by 2030 for the prosperity of people and the planet. The agenda involves people, companies, institutions, universities and research centres, with the aim of setting the planet on a path of sustainable development.
In 2019, in collaboration with the SDA Bocconi School of Management, the Group analysed the actual impact of the Sustainable Development Goals (SDGs) on its business model.
The path brought out areas coinciding with the following SDGs:

Integration of SDGs into Credem Business

Key Partners	• Suppliers • Industry associations • Joint venture • Regulatory Bodies
Key activities	• Provision of services • Disbursement of loans • Consultancy • Savings collection and management • Value added services
Key resources	• Human Capital • Productive capital • Financial capital • Intellectual capital
Value proposition	• Service quality, innovation and customisation • Savings collection and management • Relations • Consultancy • Accessibility to service • Personal protection, support and care services • Brand
Customer relations	• Transparency • Co-creation • Community • Personal assistance • Self-banking • Loyalty • Reciprocity
Channels	• Branches • Financial Advisory • Internet, mobile and phone banking • Group Companies
Customer segments	• Private customers and families • Businesses and professionals • Private banking
Cost structure	• Collection costs • Cost of the credit • Employees and Collaborators • Production costs • Cost of capital • IT costs • Taxation
Revenue flows	• Interests • Fees • Insurance premiums • Contribution Group Companies • Profit/loss from financial assets

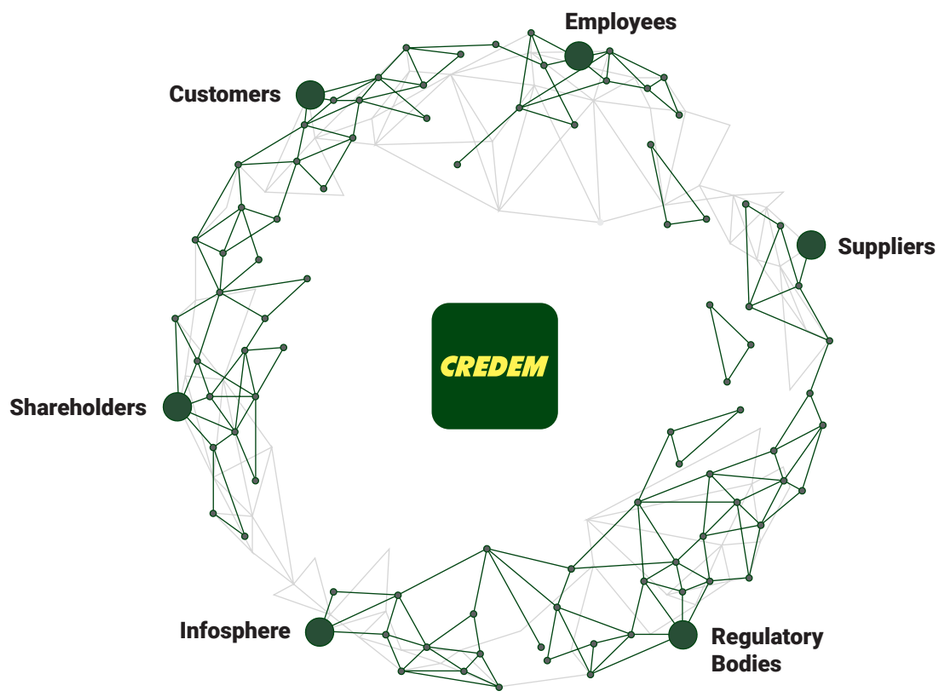
The Group's multi-annual strategic sustainability objectives have also been linked to the UN 2030 Agenda:

Area	Objectives	Target 2022[1]	SDGs
Gender-gap	At least 2/5 of the least-represented gender in the Board of Directors and the Board of Statutory Auditors	**40%**	
Welfare services	Increase in insurance coverage related to the protection, support and care of people	**+15%**	
Flexible work	Smart Working Incentives	**2,000 users**	
Recruitments	Increased recruitment, favouring younger generations	**+800 peole hired in 4 years**	
Overseeing relations with customers	Monitoring satisfaction with the level of service provided	**Satisfaction Index: 82%**	
Finance for SDGs	Increase in the range of ESG products serving thematic SDG investments	**+ 30% products / services ESGs offered**	
Circular economy	Waste disposed by recycling	**98%**	
	Use of recycled paper	**98%**	
	Reuse of hardware	**100%**	
CO_2 Emissions	Reduction of Scope 2 greenhouse gas emissions (Location-based)	**- 5%** (-8% for 2024)	
Energy Saving	Reduction of internal energy consumption for building use	**- 5%** (-8% for 2024)	
The Credem Forest	Increase in tree planting	**+ 10%**	

1. The data and information as of 31.12.2018 is considered as a baseline for the 2022 targets.

1.8

Our Stakeholders



During 2019, the stakeholder engagement process the Group uses to involve stakeholders was regulated; this process has the following purposes:

- understand emerging trends;
- identifying relevant issues and the management of related risks;
- ensuring alignment between promises (value proposition), expectations, perceptions and actions.

The categories of stakeholders involved were selected on the basis of the Stakeholder Engagement Guidelines (AA1000 SES) issued by AccountAbility (2015), which are based on three key principles:

- inclusiveness: to ensure stakeholder involvement in the whole process and define a strategic and shared response to the challenges of sustainable development;
- relevance: ability to determine the relevance and significance of a topic, both for the Group and for stakeholders;
- compliance: in order to ensure an adequate response to topics that have an impact on stakeholders, through decisions, actions, targeted communications.

The engagement activity was carried out through online surveys and addressed to the following internal and external stakeholders:

- Financial analysts and institutional investors
- Shareholders
- Board
- Customers
- Community
- Suppliers
- Group Employees
- Top Management

989 stakeholders responded to the surveys received in 2019.

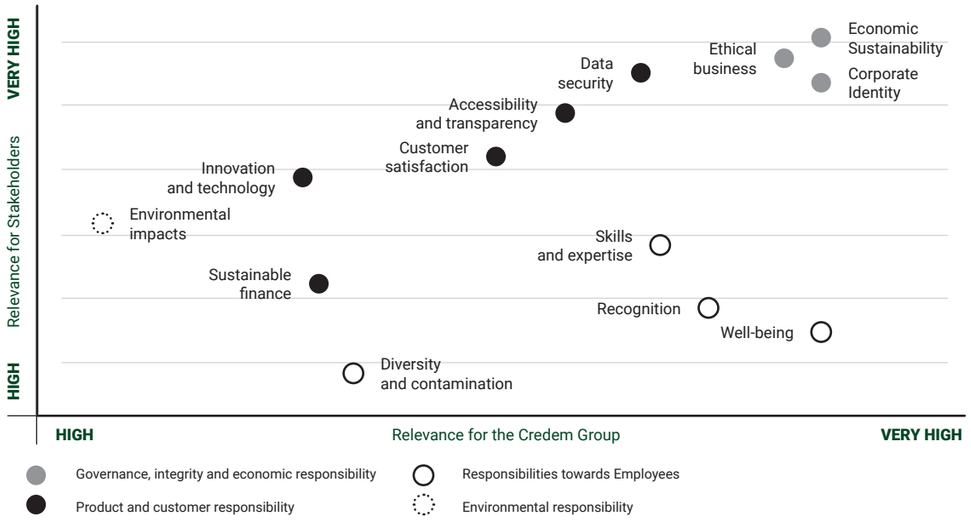
Stakeholders and dialogue tools:

Stakeholders	Topic	Main dialogue techniques
Shareholders	• Transparency • Economic sustainability • Environmental impacts	• Sustainability survey • Shareholders' Meeting • Reports and Financial Statements • Investor Conference • Roadshow • Information on request • Company website
Customers	• Satisfaction • Innovation • Privacy and Security • Accessibility and Transparency • Sustainable Finance • Environmental impacts	• Company website • Sustainability survey • CoDesign Sessions • Customer satisfaction survey • Complaints management • Customer Service • Regional events • Visits to Credem Area [Spazio Credem] • Social media
Regulatory Bodies	• Compliance with laws and regulations • Compliance with industry recommendations and best practices • Environmental impacts	• Company website • Reports and Financial Statements • Regular data streams • Meeting with representatives of regulatory bodies
Infosphere (media, local community, financial community, industry associations)	• Transparency • Group business strategy • Economic sustainability • Institutional themes • Corporate Governance • Environmental impacts	• Company website • Sustainability survey • Information on request • Press conferences and press releases • Meetings with journalists/editors • Analysis of Credem's media presence • Social Network • Reports and Financial Statements • Annual meetings and updates with rating agencies and financial analysts • Investor Conference • Roadshow • Representation on the boards of industry associations • Participations in groups, work groups and technical committees • Regional meetings and events
People	• Recognition • Skills and expertise • Well-being • Diversity and Contamination • Environmental impacts	• Working Environment Survey • Agorà Group Intranet Portal • Communications from Senior Management • Streamed company conferences • Collective and second-level bargaining • Social media
Suppliers	• Continuity of relations • Qualification and assessment • Negotiation of conditions • Development of partnerships • Environmental impacts	• Company website • Meetings and tenders • Sustainability survey • Supplier participation in online invitations to tender

1.9

Materiality Analysis

Materiality Matrix



In 2019, in line with the GRI Sustainability Reporting Standards, the Group updated its **materiality matrix**, aimed at defining the significant aspects that reflect the main economic, environmental and social impacts of the Group which may significantly influence the assessments and decisions of its stakeholders[1]. The internal analysis and the results of the stakeholder engagement highlighted the opportunity to review the materiality assessment of the following topics, which are not explained in the matrix:

- *Operations in the regions and support for the business fabric*: the Group operates using homogeneous and inclusive logic throughout the country, favouring correlated policies and strategies;
- *Health and Safety*: the Group operates exclusively in Italy and in accordance with the laws and regulations in force; there have never been any critical issues related to the health and safety of employees.

Some material topics were renamed to simplify their nomenclature or refine the concepts expressed. Compared to last year's matrix, the topics *Corporate Identity* and *Skills and Knowledge* were added. As for the issue of *Environmental impacts*, which continues to be relevant, policies related to water consumption are not explained in the NFS because although they are quantitatively reported, they are of little relevance for the banking sector and Credem's business model.

The topic of Human Rights is not covered in the materiality matrix: no risks of breaches to human rights by consolidated companies or their direct suppliers have been identified; the Group operates in compliance with current human rights legislation and regulations and has not received any reports concerning breaches or cases of discrimination.

Considering the relevance of the topic to the scopes defined by Article 3 of Italian Legislative Decree no. 254/2016, a report in the Human Rights section has nonetheless been provided.

The materiality matrix was approved by the Board of Directors, is reflected in the multi-year strategic plan and has been shared with the Enterprise Risk Management Service (ERISK) for the corresponding assessment and measurement of the related risks.

1. For the list of stakeholders involved in updating the materiality analysis, refer to the paragraph "Our Stakeholders".

1.10

Ethics and Integrity

Business Management and Organisational Model

The Group recognises the strategic value of performing its business activities **ethically and responsibly**, implementing every necessary measure required to prevent **fraud, conflicts of interest, money-laundering, the financing of terrorism and corruption** through the daily work carried out by the following functions:

- **Compliance**, a second-level control function which collaborates with other company departments to ensure healthy and correct business management, overseeing compliance risk management and promoting a culture of compliance and ethical conduct;
- **Anti-money laundering**, a second-level control function responsible for preventing and combating money laundering or terrorist financing operations and continuously verifying the adequacy of the organisational structure in this regard, as well as its compliance with industry regulations;
- **Internal Audit**, a third-level control function aimed at verifying the correct application of internal regulations, the overall system of Internal Controls and analysing any instances of internal/external fraud to identify the necessary measures to prevent recurrence.
- **Risk Management**, a department responsible for the risks management process and ensuring the separation between the definition of their management strategy, their measurement and control and verifying the adequacy of their measurement and management system.

The Internal Control System is characterised by effective mechanisms of interaction among all company departments (including control departments), in order to create an integrated vision of the risks and to structure a dynamic process of adapting the control methods to the changing internal and external context.

The Board of Directors of the Parent Company assesses the completeness, adequacy, functionality and reliability of the Internal Control System at least once a year, and more generally assesses its compliance with regulatory requirements and internal regulations, periodically monitoring the results of the activities of the Corporate Control Functions.

Policies implemented and results achieved

The Group has defined and formalised specific Policies and Regulations to ensure that its business activities are characterised by the principles of ethics and integrity:

- **Internal Code of Conduct**: this outlines the ethics, company values and rules of conduct with regard to employees and external collaborators, personal operations, internal organisation and customer relations;
- **Code of Ethics and Conduct for off-site financial advisors and agents**: with regard to off-site financial advisors and agents used by certain Group companies (in line with the independence that characterises agency relations), this provides certain general principles aimed at ensuring correctness, morality and honesty in relations with the company and its customers;
- Group Regulation on the **Internal Whistleblowing System**: for all Group companies affected by the above Regulation, this defines the specific procedures for internally reporting events or actions that may constitute breaches to the standards which regulate banking activities and the activities carried out by qualified entities pursuant to the Consolidated Law on Finance [TUF] and the Private Insurance Code, the prevention of money-laundering and the financing of terrorism, corporate liability of companies and institutions or breaches to the Organisational, Management and Control Model pursuant to Italian Legislative Decree no. 231/01.

The Parent Company and other Group Companies, aware of the need to guarantee conditions of correctness and transparency in business dealings and company activities, have adopted the indications of Italian Legislative Decree no. 231/01 concerning the *Guidelines for the administrative liability of legal entities, companies and associations without legal responsibility* through the adoption of an **Organisational, Management and Control Model** aimed at preventing and combating the risk of the crimes provided for in the aforementioned Decree.

The **Board of Statutory Auditors** of each Group company that has adopted an Organisational, Management and Control Model has been allocated the role of **Supervisory Body pursuant to Italian Legislative Decree no. 231/01** and is entrusted, inter alia, with the task of supervising the operation, efficacy and observance of the Model and ensuring its updating, as well as coordinating informative and training activities regarding the Decree and the Model.
In line with the above approach, the Board of Directors has adopted the Operating Manual **Risks and Controls pursuant to Italian Legislative Decree no. 231/2001,** the **Internal Code of Conduct and the Code of Ethics and Conduct for off-site financial advisors and agents** (the latter applies to Group companies which use off-site financial advisors and agents), and the **Disciplinary System** aimed at penalising breaches to the provisions indicated in the Model.

Compliance

In addition to the usual monitoring of regulatory developments, particular efforts were devoted to the following areas in 2019:

- transparency and fairness in the provision of banking, investment and insurance services;
- antitrust legislation, as part of an ad hoc interfunctional project;
- combating usury, with related project initiatives;
- project support for information systems, with a focus on regulatory adaptations regarding cyber risk.

Preliminary analyses and compliance opinions were carried out regarding:

- new products, commercial initiatives and/or organisational changes;
- policies, regulations and operating procedures;
- remuneration policies.

Anti-money laundering

In 2019, the Function ensured the usual monitoring of the matter, with particular reference to:

- new products and areas of operation;
- impacts of changes in the organisational structure of the Bank and Group Companies;
- evolution of sector legislation;
- control system aimed at verifying the operations of customers;
- implementation of measures to adapt to the Fourth Anti-Money Laundering Directive.

The Function also coordinated a specific initiative aimed at strengthening safeguards to protect compliance with the constraints imposed on operations by international economic sanctions.

Internal audit

The focus of activities in 2019 was oriented to the following topics:

- **Emerging risks**, with particular attention to cyber risk, carrying out analyses on the technological obsolescence of systems and an assessment of the software security of critical systems exposed on the internet;
- **Anti-money** laundering: through inspections carried out at individual points of sale, chosen from a risk-based point of view on the basis of money-laundering risk indicators, as well as transversal analyses concerning specific behavioural clusters (for example cash handling, use of digital payment services or cryptocurrencies) and analysis of the quality of the movements in the current account statements of the individual customer.
- Checks were carried out on the organisational structure specifically adopted to monitor the risk of money laundering and terrorism financing in terms of the governance model, organisational model and design of the Internal Control System for the companies Credemleasing, Euromobiliare Asset Management and Avvera.
- **Internal fraud**: governance and risk mitigation actions were implemented, divided into: (1) prevention measures, which are the first and most important line of defence in combating the risk of fraud. They focus on continuously improving the entire internal control system as well as the development of a Risk Culture; (2) detection activities, including all actions carried out to anticipate the detection of fraud, with particular reference to the system of risk indicators (continuous monitoring) and control campaigns on risky behaviour patterns capable of intercepting transactions that may conceal fraudulent behaviour; (3) investigation activities for fraud suffered with the aim of ascertaining the objective responsibilities of the different parties involved and collecting ideas for the further, continuous improvement of the Internal Control System, in particular for the detection and prevention phases.
- **Risk Culture**: attention has been paid to this topic, also through specific advice on anti-money laundering and terrorism financing, on operational risks and credit aimed at branch managers, small business centres and business centre owners.

Disclosure 102-17 Mechanisms for advice and concerns about ethics

In 2019 the Internal Whistleblowing System, which had already been adopted by Credem, Banca Euromobiliare, Euromobiliare Asset Management SGR, Credem Private Equity, Credemvita, Credemleasing, Credemfactor, Creacasa, Euromobiliare Fiduciaria, Credemtel, Magazzini Generali delle Tagliate and Euromobiliaire Advisory SIM, was further developed. In particular, the introduction of the new digital channel for reporting violations through the use of the Credem Group Whistleblowing platform and the extension of its scope to acts or facts that may constitute violations of competition between companies under the ongoing adoption of a specific compliance programme, for the purpose of recognising any mitigating circumstance in the event of antitrust sanctions.
As such, the necessary amendments to the Group regulations were formalised in order to ensure alignment with newly introduced legislation.

The current Internal Whistleblowing System is characterised by the presence of a single manager for all Group companies (Audit Service Manager of Credem) and an assistant manager (Compliance Officer of Credem).
The system, which aims to ensure the maximum protection and confidentiality of the personal data of the whistleblower and the reported party, and the anonymity of the whistleblower only for reports relating to violations of regulations pertaining to the prevention of money laundering and terrorism financing carried out through the digital channel. The system also allows each employee, intern, financial advisor qualified for off-site offers or financial activity agents in force throughout the Credem Group to report any illicit conduct of which they become aware. Reports can be made using the dedicated digital channel (the new Whistleblowing platform recently adopted by the Credem Group), via paper or electronically via e-mail to a dedicated mailbox. The reports are received, examined and evaluated through specific, autonomous and independent channels, which differ from the ordinary reporting lines so as to ensure that the subject in charge of receiving, examining and evaluating the report is not hierarchically or functionally subordinated to the reported subject.
Furthermore, a set of rules has been identified to guarantee the confidentiality of the personal data of the whistleblower, as well as the alleged perpetrator, and to adequately protect the whistleblower from any retaliatory or discriminatory behaviour for reasons directly or indirectly linked to the reporting.
In order to ensure the correct dissemination of the system within the Group and to raise awareness among colleagues on the subject of Whistleblowing, a short video has also been created whose viewing is mandatory for all interested parties.

A reference annual report shall be drawn up for each Company.

Disclosure 206-1
Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and relative outcomes

Legal action was taken against the Parent Company relating to unfair competition in 2019. The judicial authority, both in the first instance and in the complaint phase, rejected the appeal, holding that the conditions for acceptance were not met.

Disclosure 307-1
Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations

The Group was not subject to any penalties regarding non-compliance with environmental laws and regulations in 2019.

Palazzo Spalletti Trivelli, Roman excavations, Credem Head Offices.

1.11
Anti-corruption

Business Management and Organisational Model

The prevention of the risks related to corruption is one of the cornerstones of the Group's business activities.
In this regard, it has adopted an **Organisational, Management and Control Model** pursuant to Italian Legislative Decree no. 231/2001 which defines a structured system of procedures and control activities aimed at preventing crimes of corruption, including:

- Corruption, collusion and wrongful incitement to give or promise benefits (Article 25 of Italian Legislative Decree no. 231/01);
- Trafficking illicit influences (Article 25 of Italian Legislative Decree no. 231/01);
- Corruption between private individuals and incitement to corruption between private individuals (Article 25-ter Italian Legislative Decree no. 231/01).

Policies implemented and results achieved

The Organisational, Management and Control Model identifies areas potentially exposed to the risk of corruption – including the new crime of trafficking illicit influences introduced in the catalogue of predicate offences of administrative liability pursuant to Italian Legislative Decree no. 231/01 by Law no. 3 of 9 January 2019 ("Spazzacorrotti" Law) – and the activities at risk together with the controls (control protocols) designed to prevent the occurrence of significant illicit conduct pursuant to Italian Legislative Decree no. 231/01.
A set of rules and principles contained in the internal code of conduct, to which employees must adhere in the performance of their specific activities, is also intended to ensure the fight against and prevention of corruption-related crimes.

The company workforce can report situations of mismanagement and significant illicit conduct pursuant to Italian Legislative Decree no. 231/01, or violations of the Model through multiple channels, including a dedicated platform to make the communication of any offences more direct and protected. It was implemented in 2019 and guarantees the confidentiality of the identity of the reporter (Whistleblowing) in compliance with the provisions of Article 6 of Italian Legislative Decree no. 231/01 as amended by Law no. 179 of 30 November 2017, *Provisions for the protection of whistleblowers reporting crimes or irregularities of which they have become aware in the context of a public or private employment relationship*.

The particular attention the Group devotes to predicate offences of administrative liability pursuant to Italian Legislative Decree no. 231/01, including corrupt offences, is also expressed through the systematic training of employees through a specific e-learning course and dedicated training sessions.
Also in 2019, a training seminar was held specifically focused on the subject of corruption-related crimes entitled *Corrupt conduct: from criminal cases to the corporate context*, in which directors and statutory auditors participated in the exercise of supervisory functions pursuant to Italian Legislative Decree no. 231/01, as well as Group company employees.
In 2020, specific classroom courses on topics related to Italian Legislative Decree no. 231/01 will be held, also related to corruption, together with the creation of a new e-learning course updated with the new predicate offences of administrative liability of Entities and the current legislation on Whistleblowing.

Disclosure 205-3
Confirmed incidents of corruption and actions taken

No cases of non-compliance with regulations representing a confirmed incident of corruption were reported in 2019.

1.12

Human rights

The guiding principles regarding Businesses and Human Rights of the United Nations set forth the **duty of businesses to respect human rights wherever they may operate**, and the need to consolidate access to appropriate and effective remedial measures for victims of abuse.

The Group recognises the principles established by the basic conventions of the ILO (International Labour Organisation) and in 2020 will sign the Guide produced by the World Business Council for Sustainable Development, a global organisation of companies that share sustainability objectives, including the importance of respect for human rights, in particular the right to freedom of association and collective bargaining, the prohibition of child labour and the principle of collective non-discrimination; it also undertakes to avoid any behaviour that results in discrimination against people that is based on sex, race, language, personal and social conditions, religious and political beliefs, in line with its internal code of conduct.

In particular, the Organisational and Management Model pursuant to Italian Legislative Decree no. 231/01 was recently integrated with the introduction of the crimes of *illicit brokering and exploitation of labour* (so-called "Gangmaster System") which aims to protect human dignity from the deprivation of liberty and objectification of the individual and extends to those who consciously facilitate, even if only financially, such conduct (for example, in the context of grants to institutions or companies operating in sensitive sectors).

Through the aforementioned Internal Whistleblowing System, it is possible to report conduct that may constitute a breach of human rights.

The subject of human rights is relevant to various operational contexts and generates direct or indirect impacts for stakeholders:

Stakeholders and areas of impact

Stakeholders	Areas of impact	Contents
Customers	Policies and solutions to combat theft	**33**
Customers/ People	Personal and sensitive data protection	**48**
Infosphere	Cultural life and human rights-oriented charitable activities	**84-91**
People	Combating staff harassment	**33**
	Freedom of association	**61**
	Non-discrimination, equal opportunities and fair remuneration	**71**
	Family life, through policies to support work-life balance	**68-69**
Suppliers	inclusion of human rights criteria in the supply chain	**92-93**

Performance indicators

Indicators	2019	2018	2017
Accidents at work and in transit	**55**	66	71
Employees registered with the union (% of total)	**64.4**	59.3	59.6
Employees opting for flexible work (part-time and remote working) - (% of total)	**37**	20.7	9.3
Reports received and/or concluded for cases of discrimination	**2**[1]	1	0
Cases of harassment	**0**	0	0
Complaints regarding personal data protection	**18**	13	38
Thefts - number of events per 100 branches	**2.9**	2.6	1.4
Suppliers registered to the Supplier Gate (% of total)	**6.5**	7.9	7.6
Donations to vulnerable and disadvantaged categories out of total donations (%)	**62**	30	43.8

1. The application submitted in 2018, following the analysis by the organisation, ended in 2019 with the removal of one employee from the Group. Another report was submitted during 2019 and, after due diligence, ended in the same way.

1.13

Sustainability Risks

Disclosure 102-15
Key impacts, risks and opportunities

Macro topics	Material topics	Risks	Monitoring methods
Governance, integrity and responsibility	Ethical business Economic sustainability Corporate identity	Reputational risk non-compliance with regulations Reputational risk associated with product performance Reputational risk aimed at providing an estimate of the potential financial impact resulting from reputational damage (Corporate Governance, Bank-Customer Relations, Internal Incidents) Governance Risk Operational risk: Conduct Risk	First-level risk monitoring is carried out by the following departments: • General Secretariat for conflicts of interest, management of insider information; • Compliance for conflicts of interest, MiFID, market abuse detection and personal transactions of significant subjects; • Anti-money laundering for anti-money laundering and anti-terrorism controls; • Internal Audit Department for Whistleblowing; • PEOPLE Service for the internal code of conduct. Direct second-level controls are also carried out on the above topics by the Compliance and Anti-Money Laundering Departments and by the 231 Supervisory Body, particularly on non-compliance risks. Governance risk is supervised by the ORGAN Service and the General Secretariat, which ensure the adequacy and consistency of the organisational model and the operational governance mechanisms. Legislation regarding Corporate Governance also falls under the direct second-level control of the Compliance Department[1]. Conduct Risk is also monitored by the first-level departments of the commercial network: Preventive Controls and Network Monitoring Office (CPM), Operational Risk Control Office (CRO) and Credit Controls Office (CPC).
Social and Customer Responsibility	Accessibility and Transparency Data security Customer satisfaction Innovation and technology Sustainable Finance	Risk of non-compliance with data protection law and transparency in the distribution of banking and financial services; Operational risk: Conduct Risk IT Risk Strategic risk Reputational risk associated with product performance Reputational risk aimed at providing an estimate of the potential financial impact resulting from reputational damage (Corporate Governance, Bank-Customer Relations, Internal Incidents)	Compliance risk with regard to personal data protection is managed through specialist DPO monitoring. Conduct Risk is also monitored by the first-level departments of the commercial network: Preventive Controls and Network Monitoring Office (CPM), Operational Risk Control Office (CRO) and Credit Controls Office (CPC) Compliance risk with regard to the transparency of banking and financial services is managed through the direct second-level control of the Compliance Department. IT Risk is monitored by the Information Security Governance (ISG) department. The *product introduction* process is structured according to deliberative procedures and involves: • the Product Management Departments of the Parent Company and Group Companies, who are responsible for introducing new products (or modifying existing products) and implementing the preliminary procedures aimed at creating the product resolution; the preliminary procedures ensure the involvement and request for opinion of the process owner and the other relevant Departments (e.g. competent legal department, AMMIN service for tax-related matters, budgeting and supervisory reports, Finance BU for the assessment of liquidity and financial risks, programming and control departments, etc.); • the Risk Management, Anti-Money Laundering, Compliance and Data Protection Officer Departments (as level-two monitoring), which express an opinion on the proposed resolution; the adoption of socio-environmental screening practices in asset management activities, which exclude investments in companies and institutions whose values are not compatible with those of the Credem Group; the development of products and services with specific environmental or social purposes.
Responsibility towards Employees	Diversity and Contamination Well-being Skills and expertise Recognition	Reputational risk aimed at providing an estimate of the potential financial impact resulting from reputational damage (Corporate Governance)	The management of human resources is the responsibility of the People Service (also appointed as a Specialised Integrated Control Unit for the second-level controls of compliance risk) which aims to ensure employee welfare and promote personal development. First-level controls regarding compliance with labour regulations, including the corporate welfare measures, are carried out centrally by the HR office (PER) of the Parent Company, which fulfils the role of Specialised Integrated Control Unit for the second-level controls of compliance risk.
Environmental responsibility	Environmental impacts	Risk of non-compliance with environmental laws and/or regulations Reputational risk aimed at providing an estimate of the potential financial impact resulting from reputational damage (Corporate Governance)	The risk is centrally monitored • by the Property Governance and Control Office for the management of real estate and continuous operation in case of emergencies; • by the Logistical Coordination Office for the collection and disposal of waste. The above-mentioned departments constantly monitor the main environmental risks and represent Specialised Integrated Control Units for the second-level controls of compliance risk.

1. The intervention of the Compliance Department in the compliance risk management process occurs, depending on the regulatory area, directly (for the most pertinent standards), indirectly (jointly with Specialist Control units) or in an integrated manner (jointly with Integrated Specialised Control units with additional controls by the department).

1.14

Economic sustainability[1]

Business Management and Organisational Model

The Group's mission, *Excellence in the creation of value over time*, presupposes that all the underlying processes are sustainable, i.e., durable and capable of involving and remunerating our stakeholders, who contribute functional resources to the organisation's lasting success.
Economic sustainability guides and directs the overall strategy, establishing it in terms of capital soundness and economic and financial results.
The Parent Company's largest shareholder is Credemholding SpA with a 77.7% shareholding and the floating shares total 22.3%.
The holding company consists of more than 3,000 shareholders and has as its goal the performance, exclusively and not for the public, of activities of a financial nature, in particular the acquisition of shareholdings in constituted or constituting companies and/or bodies.
76.3% of the shares are bound by a shareholders' block that commits the shareholders to maintain control of the bound shares and to bind those which are newly acquired, guaranteeing the stability of the ownership structures and related policies, objectives and results of medium to long-term orientation.
Governance feeds a strategy aimed at constantly increasing the offer model and quality of investments, diversifying activities and areas of intervention, monitoring the soundness of the service model and risk management methodologies.
Following the assessment process carried out on banks subject to its supervision, the European Central Bank (ECB) recognised the Group's quality: **in 2019 Credem was recognised as the Commercial Bank with the lowest risk profile and lowest demand for additional capital by the ECB**. The total capital requirement indicated by the CET1 Ratio[2] is 8%, compared to the 13.5% already achieved by the Group in 2019. This assessment confirms the balance between the ability to generate profitability, capital endowment and risk management.
This recognition is even more important from the point of view of economic sustainability and continuity in income generation, if interpreted in conjunction with the overall results achieved by the Group in 2019:

- loans to commercial customers (both private and corporate) saw an increase of 4.7% in volume (compared to a system average that remained stable), demonstrating persistent customer support and support for the national economy;
- credit quality remains at the top of the Italian banking system, with an NPL Ratio[3] of 3.8% against a system average of 7.3%;
- similarly, the cost of the credit[4] remains extremely low at 24 basis points, in line with the value of 2018;
- over 201 million net profit (best result in the last 10 years), confirming the ability to generate an economic return despite the context of strong competitive pressure in the banking system and a macroeconomic scenario in which signs of uncertainty and low growth remain.

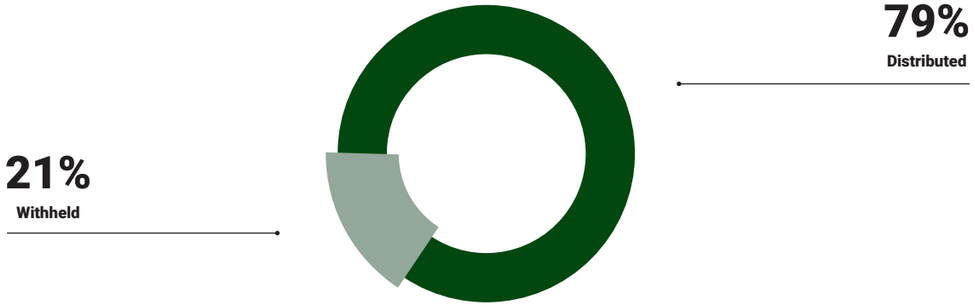
The results achieved testify to Credem's ability to remunerate its stakeholders and generate value for both the organisation and the company.

The Non-Financial Statement highlights the formation of the wealth produced and its distribution to the various stakeholders through the **Value-added determination and distribution prospectus**[5].

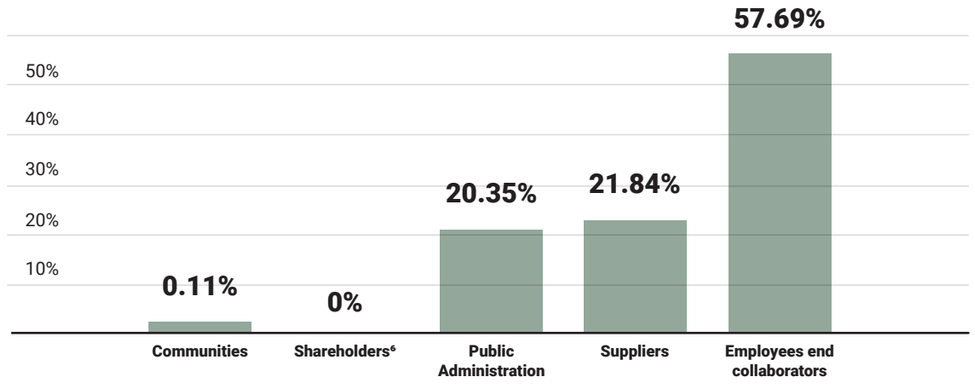
1. % indicator that relates a particular class of capital, defined as Common Equity Tier 1 (CET1) and essentially consisting of ordinary shares, related issue premiums and profit reserves, to total risk-weighted assets.
2. Calculated as the ratio between total non-performing loans and gross loans to customers.

The graph below shows the total Generated Economic Value by ordinary operations broken down in terms of Economic Value distributed and retained.
The portion of **Distributed Economic Value** is divided among the main stakeholders: **Suppliers, Employees and Collaborators, Shareholders, Public Administration and the Community**.
The **Retained Economic Value** relates to value adjustments, prepaid and deferred taxes, allocations to provisions and profit for the period.

Generated Economic Value 2019



Distributed Economic Value 2019



3. Calculated as adjustments to Credits/Loans to customers (without considering the securities component).
4. For a complete description of the Value-added determination and distribution prospectus, please refer to the section Key Performance Indicators.
5. For more information on the economic results of the Group, refer to the Consolidated Financial Statements 2019 available in the "Investor Relations" section of the Group's website.
6. Following the Recommendation of the European Central Bank dated 27 March 2020 concerning the abstention from the payment of dividends and the non-assumption of any irrevocable commitment for the payment of the same for the years 2019 and 2020, arising from the opportunity for Banks to maintain an adequate level of capital to support loans for families and businesses in a context characterised by the serious repercussions provoked by the Covid-19 health emergency, the Board of Directors of 9 April 2020, in compliance with these recommendations, withdrew the proposal for the distribution of a dividend and resolved to propose to the Shareholders' Meeting, to be held on 30 April 2020, to set aside the profit for the year 2019 entirely as an extraordinary reserve.
The Board of Directors will also consider the ECB's next indications regarding the distribution of dividends and trusts, as soon as the uncertainty generated by Covid-19 is overcome, in order to convene a new Shareholders' Meeting to propose the distribution of dividends suspended and prudently set aside for reserves.

Leading

Focus on Customers

Moving forwards on a journey together with our customers, the people who have chosen us and trust us every day. Always watching the changing world in order to offer innovative solutions. Keeping dialogue with customers open, listening to them, advising them. Taking care of their economic and personal well-being, designing services that go beyond the financial sphere. Reciprocating their trust with a transparent model of leadership.

1.2 million
Total Customers[1] (+ 2% on 2018)

68%
Private customers with the company for more than six years

85.6%
Customer satisfaction rate

+30%
ESG products / services offered by 2022

1. Data refer to Credito Emiliano S.p.A. and Banca Euromobiliare S.p.A.

Main affiliations and collaborations:

ABI - Italian Banking Association

ANORC - National Association of Digital Content Preservation Operators and Managers

AODV - Association of Members of Supervisory Bodies pursuant to Italian Legislative Decree no. 231/2001

ASSBB - Association for the Development of Financial and Stock Market Studies

ASSIOM FOREX - Association of Financial Market Operators

ASSOFIN - Italian Association of Consumer Credit and Mortgages

ASSORETI - Association of Investment Consultancy Firms

ASSOSIM - Association of Financial Market Intermediaries

CBF - Conciliatore Bancario Finanziario

CETIF - Centre for Research in Technology, Innovation and Financial Services

CREDIMPEX - Organisation for the regulation of international trade

EIF - European Investment Fund

FIG - Interbank Guarantee Fund

FITD - Interbank Deposit Protection Fund

FNG SIM - National Guarantee Fund

ISDA - International Swaps and Derivatives Association

ISMEA - Institution of Services for the Agrifood Market

MCC - Medio Credito Centrale

PRI.BANKS - Italian Private Banks Association

SGFA Agri-Food Investment Management Company

UPA - Associated Advertising Users

2.1

Creation of Value over Time

Our mission of *Excellence in the creation of value over time* guides the management of relations with our customers, which is based on competence and trust and is in the name of constant attention to their needs and the specificities of each: attention that translates into our daily work to meet the needs of families, companies and communities, offering simple, flexible and effective solutions.
The creation of value over time also applies to our stakeholders, motivating us to look at our history, our present and our future at the same time, through constant investments in:

- **Innovation**, the backbone necessary to ensure the development of solutions aimed at improving the lives of our customers and maintaining competitiveness in an ever-changing scenario;
- **Privacy and security**, to safeguard and guarantee the right to confidentiality of all our stakeholders;
- **Accessibility and transparency**, in compliance with current legislation and corporate principles of ethics;
- **Quality of our service**, through interviews with more than 25,000 customers in 2019 informing us of their experience, their level of satisfaction, involving them in our activities, designing the most effective ways to take care of their financial and living needs together;
- **Sustainable finance**, used to create value for the investor and for the company as a whole, integrating financial analyses with environmental, social and governance analyses;

In addition, with our **Banca Assicurazione** we take care of employees, the world in which we live and possible unforeseen circumstances, guaranteeing concrete help for the health and well-being of our customers and their families.

2.2
Our Customers

Passion and Responsibility distinguish the Group's relations with its customers.
We promote these values through branches, business centres, small business centres, private centres, agents and financial advisors, incentivising a growth model based on our relations with customers.
The service model is based on the specialist expertise of our advisors according to the personal and financial needs of the customer:

- the branches provide services to families and small economic operators;
- the small business centres are aimed at companies with an annual turnover of up to € 5 million;
- the corporate centres are aimed at businesses with a turnover of over € 5 million;
- the private centres are aimed at private customers with extensive assets;
- the physical channels are supported by the following digital channels: Internet and Mobile Banking, Contact Centre and the website.

Policies implemented and results achieved

In line with the commercial growth strategy, in 2019 the number of Customers of the Companies Credito Emiliano S.p.A. and Banca Euromobiliare S.p.A. recorded an **increase** compared to 2018.

Customers (vs 2018)	**+2%**

At 31 December 2019 an analysis of the **customer breakdown** of the two main banks of the Group, Credito Emiliano and Banca Euromobiliare, reveals a pronounced concentration of customers in the **private and family** sector, followed by **companies and professionals** and by the **private banking sector**.

Private customers and families	**83%**
Businesses and professionals	**14%**
Private Baking Sector	**3%**

The composition of private customers reveals a mixture consistent with data from previous years.

Women: 49% **Men: 51%**

< 35 years	**17%**
35 - 65 years	**58%**
> 65 years	**25%**

Our approach, which aims to welcome and care for our customers, has enabled the formation of long-term relations, with the majority of customers, both **private individuals** and **companies**, who **stay with the bank for more than six years**.

Private customers (for more than 6 years)	**68%**
Businesses (for more than 6 years)	**57%**

Promotion of female entrepreneurship: the Parent Company recorded a significant percentage of **client companies led by women** (slightly up compared to 2018).

Female-led businesses	**18%**[1]

1. The data is calculated on the total number of customers of Credito Emiliano S.p.A.

2.3
Innovation

To pursue and oversee the process of innovation, the Group has established an **Innovation Unit** with the mission of creating the conditions for the company to develop and intercept, both internally and externally, ideas, technologies, methodologies, projects, processes and non-traditional skills, translating them into value for the organisation and the community.

Business Management and Organisational Model

The innovation management model is characterised by three categories of activities:

- **Assess:** to **monitor the market**, both internal and external, on technological trends, competition, new methodologies, the start-up world, incubators, accelerators and universities;
- **Change:** to **prepare employees, processes and the organisation for the future** through the growing diffusion of innovative culture, the adoption of new methodologies and the introduction of the culture of Open Innovation;
- **Innovate:** to **implement experimental projects** on the themes of the future, assessing their possible technical feasibility and business effectiveness, planning the tools to implement new products and services.

Policies implemented and results achieved

In 2019 the Innovation Unit focused its energies on defining a repeatable prototyping process that allowed exploring new technologies:

- **Location Intelligence**: thanks to sensors installed at strategic points in branches, it allows intercepting the position of customers in terms of their entrance, exit or stay and interacting through the App to understand their level of satisfaction, offering customised products. This experience will be useful for the design of the new Credem App in 2020;
- **Legal Design**: to make contracts more usable through the use of related practices;
- **Blockchain**: through participation in a project in partnership with other banks aimed at automating the interbank check; prototyping has also been activated in partnership with a start-up to notarise documents, increasing the security of the customer-Group relationship;
- **Creation of two chatbots** (one within the Group, one open to customers) in order to obtain automatic and precise responses seven days a week regarding the most frequent needs; the project was developed in a prototype perspective with a voice interface on Amazon's Alexa and Google Home platforms to experiment with new forms of interaction with the customer.

Open Innovation is such when it involves actors outside the company: for this reason the Group has joined several **start-up acceleration and incubation** projects including Magic Wand (by Digital Magics) and UpIdea by Unindustria Reggio Emilia in collaboration with Luiss EnLabs. Digital Magics and Luiss EnLabs are two of the most well-known and effective Italian start-ups.

The **Start-up Days,** which involved over 400 colleagues, facilitated partnerships with companies operating in the world of **cyber security**, the **financial supply chain** and **artificial intelligence**. The acceleration programmes will continue in 2020 with the further involvement of Group employees to promote cultural change and to access the internal pool of specialists useful for the evaluation of the start-ups themselves.

In 2019 the **Credem Innovation Hub** project took off, a physical place of innovation that provides

the Group with a space of about 800 square metres in Reggio Emilia for the following activities:

- heterogeneous working team workshops during specific project phases (ideation, kick-off, review);
- prototyping activities or other phases of innovation projects;
- unconventional training or awareness events;
- joint work with start-ups or universities;
- start-up acceleration or incubation (call for ideas).

Automation Centre

The **Automation Centre** was created in 2019: a team of seven employees with the goal of automating business processes through the use of robotic solutions and workflows, with the aim of streamlining the operations of central offices and the sales network and, above all, offering our customers better service.
There are many qualitative benefits achievable through process automation:

- the definition of guided processes that replace partially or totally unstructured processes;
- process standardisation regardless of the channel in which it is triggered;
- the elimination of operational errors;
- the reduction of waste (double checks or redundant authorisation flows);
- the dematerialisation of certain parts of the process;
- the ability to track and measure process KPIs.

In addition to the qualitative benefits, the introduction of robotic solutions allows employees to limit repetitive activities, delegating them to chatbots that work seven days a week, 24 hours a day, avoiding the possibility of errors (and with a strong reduction of operational risks).
In its first year of existence, the Automation Centre employed investments of about € 800 thousand and generated quantifiable savings in the employment of about 30 full-time employees, who were instead set to work on activities with greater added value for employees and the company.

Lean Management

Also in 2019, the training programme devoted to lean organisation techniques and the promotion of a culture of efficient processes and waste reduction continued its course through the completion of about 300 activities: 196 regarded Kaizen initiatives, characterised by the gradual but continuous improvement of activities or processes, and 89 were transversal improvement initiatives shared throughout the Group's offices, characterised by a broader scope than the Kaizen initiatives.
Overall, the improvement initiatives have allowed cost savings equalling about € 380 thousand; compared to the previous year, greater attention was paid to time-consuming processing, valued by the significant amount of time freed (calculated in full-time equivalent, i.e., the number of full-time resources required to carry out a given activity) for the benefit of activities with greater added value.
The dematerialisation of internal processes has led to a significant reduction in the amount of paper used to disseminate reports, information and authorisations.

Emilio: Artificial Intelligence Chatbot

The complexity and speed of change of systems and processes requires an increasing ability to accompany and assist all Group employees. Credem has decided to support its internal help desk with innovative technologies to increase the ability to provide information and support to users and improve the quality of service: **Emilio is a virtual assistant able to interact with users via chat and autonomously answer a growing set of questions**. Based on Natural Language Processing technologies for understanding the language provided by Google, the chatbot was initially trained with the information base built over time by the help desk team and is subject to continuous improvements related to questions received and user feedback.
At the end of 2019 all support requests from the branch network were sent to the chatbot, which can respond autonomously or involve help desk operators when it is not able to satisfy the user independently, making it possible to:

- improve the level of service, reducing abandoned support requests;
- promptly manage emergencies by sending push notifications in the case of widespread problems;
- automatically manage the most repetitive requests for intervention;
- focus the experience of back-office operators on urgent and/or complex cases.

API Technology

In 2019 Credem adopted the **Application Programming Interface** (API) technology in the architecture of its information systems, **which allows to enable integrated digital processes with external partners and to participate in digital ecosystems**, pursuing an Open Banking strategy that integrates financial services with digital services on the Internet.
API technology also allows better integration of internal systems and processes: the pilot area of 2019 focused on the automation of processes towards the general customer database system.

Transaction digitalisation

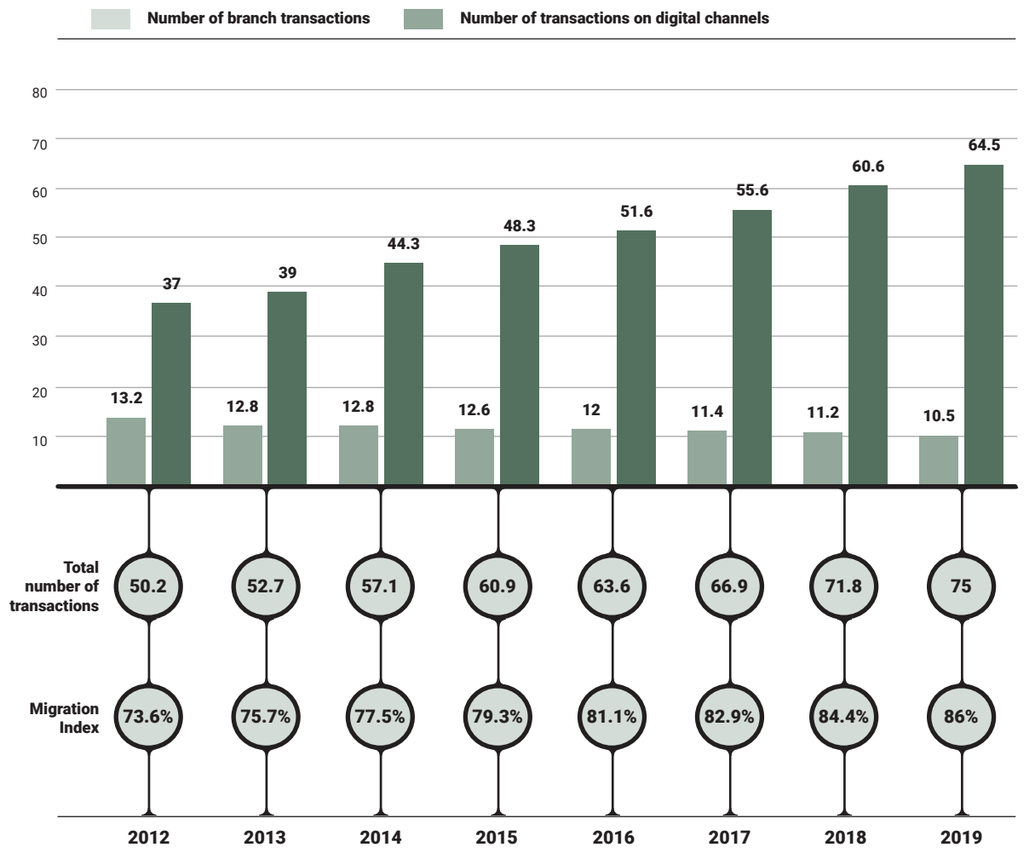
In 2019 the investment into digital technology continued, aimed at enabling all customers to use the digital channels more regularly and completely for all transactional operations, without the need to visit physical channels (branches).
The number of digital transactions increased from 39.9 million in 2013 to 64.5 million in 2019 (compared to 60.6 million in 2018).
At the end of 2019 **the overall migration index**, calculated as the ratio between the number of transactions on virtual channels and the total transactions made in the reference period by all customers (private, retail and corporate), **was 86.0%, an increase compared to the data for 2018 (84.4%).**
The scope of the digital signature technology continued to be expanded, a tool that enables cash movements and certain contracts to be signed digitally (e.g. current accounts, debit and credit cards, funds, SICAVs and portfolio management).

For Internet Banking users, documents are no longer printed but sent digitally via MyBox (a dedicated inbox in the secure Internet Banking portal), consistently saving paper and thus protecting the environment.
In 2019, 70% (+1.5% on 2018) of all documents sent to customers were forwarded via the MyBox system.

The activation of the *Google Hangouts* video conferencing system, a user-friendly tool available on all web and mobile platforms for Credem advisors and customers, also contributed to the digitalisation process. Thanks to this solution it is possible to respond to the growing need for an *everywhere* contact, enabling customers to manage their relations with the Bank without needing to visit a branch, with a consequent positive impact not only on *user experience* but also in terms of the environment, compared to the potential use and consequent pollution of cars or public transport.

Activities on social media intensified through the incremental use of Instagram to support the branding activities related to the sponsorship of the Men's volleyball championships, and the activation of a structured editorial plan on the Linkedin page.

Transactional evolution (Millions of transactions)



2.4
Privacy and Security

Business Management and Organisational Model

The matter of privacy and personal data protection continues to be of fundamental importance to the Group and its stakeholders. Consistent with the innovations introduced by the **General Data Protection Regulation** (GDPR) – EU Regulation no. 679/2016 on the protection of personal data – which led to the reform of the regulatory framework, the Group has strengthened its system for the protection of personal data, adopting internal governance that provides for specific oversight on the matter, guaranteed by the Data Protection Officer (DPO) and its staff and by the adoption of rules and processes aimed at concretely applying the fundamental principles defined by the regulation.

The **Privacy** section of the Group website provides public access to all documentation regarding:

- the website **privacy policy;**
- the General Disclosure on **Personal Data Processing** pursuant to Articles 13 and 14 of EU Regulation no. 679/2016 (GDPR);
- the **Cookies** disclosure;
- the list of third parties to whom data may be disclosed, containing the complete list of companies to which the data may be disclosed and the list of internal and external managers with various levels of responsibility;
- code of ethics and proper conduct for IT systems managed by private subjects regarding consumer credit, reliability and promptness of payments (Credit Information Systems) and technical document on the digital signature service.

The Group adopts an overall **internal cybersecurity management system** that defines the objectives, organisational model and governance, management and reporting processes on cybersecurity; in particular, the roles and responsibilities on cybersecurity are defined both in terms of specific Management Bodies and organisational units responsible for the management of cybersecurity, and by assigning specific security responsibilities to each employee through internal regulations and the corporate code of conduct.

Policies implemented and results achieved

To disseminate the culture of personal data protection, Credem has implemented and is constantly updating a **Privacy Portal** available to all staff that contains operating instructions, regulations, specific training and various in-depth information.
In 2019 a classroom course was provided by an external teacher with primary experience in the field, aimed at the employees who are most called upon to face and implement the requirements necessary to ensure the protection of personal data.
Customers' personal data is processed using manual, computer and telematic tools in order to ensure constant security and confidentiality, including in the case of innovative tools and/or **remote banking** channels.
As regards the IT security management system, a series of technical, organisational and training measures has been defined, aimed at preventing data leaks, the unlawful or incorrect use of data and unauthorised access. In particular, the Group continues to direct investments towards the evolution of cyber security procedures and technological measures, in order to maintain effective defences and responses to any IT security incidents.

2.5
Accessibility and Transparency

Business Management and Organisational Model

The Group is committed to ensuring transparency and accessibility in observance of the laws in force and the Company's ethical standards.

Policies implemented and results achieved

Transparency
In order to ensure maximum transparency and complete and accessible information, the relevant area of the website contains the following information, which is freely available to the public:

- **Information sheets, advertising information and general information about mortgages** for all of the products and services offered to private individuals and businesses;
- **Updated Key Information Documents** (KID) relating to derivatives purchased and sold outside regulated markets (Over the Counter) negotiated by the Bank;
- **Bank of Italy Guides** published to help customers gain a better understanding of banking products and services and make informed decisions;
- Information about the **current account switching service;**
- **Banking and Financial Ombudsman Guide**;
- **Methodology and operational profiles for the calculation of ISC** with regard to customer current accounts;
- **Legality Rating**;
- **Reports from customers.**

The governance structure relating to transparency, described in the Transparency Risk Management Policy and the Regulations and Manuals approved by the individual Group companies, found further expression in 2019 in the drafting of the new **Parent Company Operating Manual on the governance of banking transparency**, containing a description of the tasks performed by the departments overseeing the process. In transposition of the relevant Community guidelines and transparency provisions, the model of governance and control over banking products has been strengthened, including through the introduction of a Group Policy and the revision of the relevant implementing regulations; in order to ensure that the products offered to customers are consistent with their interests, objectives and characteristics – also taking into account the risks of the products and possible conflicts of interest – governance and control measures have been further refined in the preparation, distribution, monitoring and revision phases with reference to the launch of a new product or the substantial variation of an existing product. There are many channels available for receiving reports and complaints aimed at ensuring maximum transparency: reports may be submitted by **phone, email, Facebook** or reported directly to the **branch**; to submit a formal complaint, letters may be sent to the Customer Relations office by email or certified email.

Accessibility
To ensure all customers access to services, the installation plan of new **Automated Teller Machines** (ATM) was launched in 2019 and will continue in 2020: the new hardware is equipped with devices to support the blind and the new software provides specific features for the needs of blind users. In order to break down architectural barriers, specific action was taken at two Group sites and accessibility criteria were taken into account in all the renovation and installation interventions carried out: the interventions mainly concerned ATMs to ensure that all systems were installed at a suitable height and with the elimination of any existing architectural barriers; 36 machines were replaced in 2019.

2.6

Customer satisfaction[1]

Business Management and Organisational Model

The Parent Company has developed a distinctive approach to *banking* based on **customer feedback, structured around defined skills** and aimed at combining innovation with individual requirements.

Policies implemented and results achieved

In a context of general uniformity of financial products and services, Credem has sought to differentiate the quality of services by focusing on consultancy, proximity and proactivity, as well as an increasing development of remote channels. To measure these aspects related to the quality of the relationship, we use the **"Credem Experience"**, a programme aimed at detecting customer satisfaction in all contact channels through the periodic and constant detection system of private customers and small businesses, which takes place by telephone or through online platforms; more than 25,000 customers were interviewed in 2019. Over the years the detection methods, channels examined and the interactions developed have expanded and changed in line with the evolution in the omnichannel sense and increasing attention has been dedicated to remote channels and the analysis of interactions through email, chats, text analysis tools and text mining. This approach allows identifying the areas of greatest interest and relevance to our customers and working on the feedback received to implement models and products that are consistent with the needs expressed. Following the results of the interviews, the following have been launched:

- processes for creating contact management models to make consultants more proactive;
- actions to develop partnership with customers through member get member (MGM) campaigns[2];
- focusing training actions on organisational units with a gap with respect to the average detected;
- processes and actions to support our customers and front-end staff in the top-level management of disruptions through the creation of a dedicated structure within the contact centre.

Several KPIs are used for the overall, integrated interpretation of the data collected through listening to customers, which depend on both the items detected and the pre-established objectives:

- **the Net Promoter Score (NPS)[3]**, a tool employed by the Credem Experience programme, indicates how many customers recommend Credem as a Bank; in 2019 the rating, calculated as the difference between "promoters" (customers who would recommend Credem with a score of 9-10) and "detractors" (score of 1-6) was confirmed at the same excellent levels of previous years with a value of 54%, equal to that in 2018;
- the **Customer Satisfaction** rating, which summarises customer satisfaction of Credem as a whole (including branches and remote services); in 2019 it was confirmed at **85.6 out of 100** thanks to the contribution of all the Bank's channels.

In particular, analysing the data by channel and business chain, some significant indicators emerge:

- Following the constant targeted training activities on specific items and under-performing units, **the branch satisfaction index** for employee services rises to **86.0** for private customers and remains substantially stable for **small business customers (83.1),** in line with the previous year. The differentiating areas of our model, which have the highest ratings from customers, concern **skills** (which rise to a value of **86.1**), the **availability of staff (88.7)** and the **support offered in case of problems (86.5)**, confirming the centrality of consultancy and our employees in the relationship with customers;
- Confirming the acceptance of the omnichannel model under implementation, the customer satisfaction levels of remote channels show significant levels of satisfaction in line with previous years, although 2019 was characterised by a series of changes in the methods of use related to the entry into force of the new **Payment Services Directive 2** (PSD2), which had a substantial impact on the customer experience and authorisation processes of online orders: Internet Banking stands at a satisfaction value of **87.6**, Mobile Banking at **86.4** and Inbound Customer Service at **84.6**. As for the telephone channel, the level of satisfaction of operators (net of issues related to service hours, access issues, IVR) reaches **90.8** points, confirming the professionalism, preparation and availability of our employees.

The path relating to customer centrality will continue in 2020: to support this objective, in addition to the surveys already implemented and by now consolidated, **Credem Lab** will be created, a community of customers with whom co-creation actions related to products, services and processes will be initiated through a continuous discussion on the web. This project will increase the company's proximity to customers, making them participants in our choices and allowing a further approach to satisfying their needs.

Survey methods

The data concerning general and branch satisfaction was obtained by a phone survey conducted on a sample of 18,494 private customers and 5,496 small business customers in 2019. These results were integrated with the results of an online questionnaire provided to 1,199 private customers via the internet banking portal and the mobile app, and a further 700 telephone calls made on annual basis to identify customer satisfaction levels with the telephone banking service.

Credem General Manager Nazzareno Gregori at *Innovation Talks* 2019.

1. The data and information on customer satisfaction refer to Credito Emiliano S.p.A.
2. Initiative aimed at acquiring new customers through a reward in Amazon vouchers to be disbursed to Credem customers who present a friend, acquaintance or family member to the Bank who has never had relations with Credito Emiliano, and this person opens a current account. The award is also paid to the new customer (but is not paid if only a promotional current account is opened).
3. NPS: Methodology developed and registered by Bain & Company and Satmetrix. It is based on the single question "How likely would you be to recommend Credem to a friend, acquaintance or relative?" on a scale of 0 to 10. In line with other customer satisfaction surveys, in Credem the scale extends from one to ten and the responses are classified as: Detractors (customers who give a rating of 1-6), Neutrals (customers who give a rating of 7-8), Promoters (customers who give a rating of 9-10). The Net Promoter Score is derived from the difference between Promoters and Detractors.

2.7
Sustainable Finance

Business Management and Organisational Model

Sustainable finance aims to direct capital towards activities capable of generating added economic value, taking into account traditional parameters such as risk and return, and combining them with environmental, social and governance (ESG) factors.

Policies implemented and results achieved

Euromobiliare Advisory SIM, Euromobiliare SGR and Credemvita, Group companies that deal with wealth management, have developed a project aimed at integrating sustainability criteria into investment processes, product governance activities and company organisation, governance and culture. *Raiffeisen Capital Management* is the selected advisor with proven expertise in sustainable investments, which will support the companies in the transition process.

Euromobiliare Advisory SIM

Euromobiliare Advisory SIM has extended its delegation activity on Group Asset Management to a first line focused on sustainability issues called *Global Equity ESG* that invests in international equity markets through the best investment funds specialised in the selection of companies with high-quality standards on environmental, social and corporate governance issues.
At the end of 2019, the Assets Under Management (AUM) of the **Global Equity ESG** line amounted to € 125 million, equal to 1.94% of the total assets in Group Asset Management.
A further extension of the range from an ESG Bond Line to an ESG Balanced Line (which can invest in both shares and bonds) is foreseen in 2020.

Euromobiliare SGR

Euromobiliare AM SGR has also chosen to move strategically towards sustainable issues and investments. *Mainstreet Capital Partners*, an independent investment company regulated by the Financial Conduct Authority, has been selected as advisor and external provider, providing sustainability assessments of the companies under analysis in terms of environmental policy, social trends and governance policy. Consistent with sustainable investment policies, the range of services consists of:
Consistent with sustainable investment policies, the range of services consists of:

- **Euromobiliare Cities 4 Future**, a fund that adopts a flexible stock strategy and invests in companies involved in urbanisation trends with the aim of responding to the challenges it generates such as pollution, crime and the need for better infrastructure. The different thematic areas concern infrastructure and real estate, connectivity and alternative energy, mobility and lifestyle; The different thematic areas concern infrastructure and real estate, connectivity and alternative energy, mobility and lifestyle;
- **Euromobiliare Science 4 life**, the product focuses on investing in two mega-trends - People and Environment - and eight investment themes that reflect the concept of well-being. The portfolio includes companies and instruments with a high sustainability profile;
- **Eurofundlux Global Enhanced Dividend ESG (GEDI ESG)**, a flexible high-dividend equity strategy: portfolio equity exposure is actively and dynamically managed also through the use of derivative instruments. The securities portfolio consists of approximately 40-50 highly capitalised companies operating mainly in Europe and meeting the ESG criteria;
- **Eurofundlux Euro Sustainable Corporate Bond ESG** is characterised by an active management strategy compared to a benchmark. The fund invests in corporate bonds issued by companies with solid fundamentals and a high sustainability profile, Green Bonds, Social Bonds and Sustainable Bonds;
- **Eurofundlux Azionario Globale ESG** is a global equity subfund characterised by a high degree of diversification by sectors, geographical areas and investment themes. The objective of the management is to ensure greater performance than the global equity representative index (MSCI World) in the long term through the selection of securities from companies with strong financial indicators and high ESG scores.

At the end of 2019, the Assets Under Management (AUM) on products managed with a sustainable approach amounted to € 557 million, equal to 4.51% of the total assets managed by Euromobiliare SGR.
Two other products were finalised in the last quarter of 2019, the placement of which will begin in 2020:

- **Euromobiliare Innovation 4 Future,** aimed at taking advantage of trends related to innovation. The global flexible strategy will invest about 50% of the portfolio in shares of companies focused on issues related to changes that revolutionise lifestyles, consumption habits and the production processes of the current economic system. The main investment themes of Innovation 4 Future are digital transformation, mobility, sustainable infrastructure and innovative lifestyles;
- **Euromobiliare Accumulo Smart Attivo** is the flexible fund with a time horizon that, starting from a 25% share exposure and following an accumulation logic, will gradually increase investment in the stock market by selecting virtuous companies that meet the ESG criteria. In the initial phase, the Accumulo Smart Attivo portfolio consists of 75% mainly investment grade bonds and the remaining 25% of shares.

Credem Vita and Credem Assicurazioni

During 2019 Credemvita and Credemassicurazioni adopted an **Environmental and Social Risks Governance Model,** in accordance with IVASS Regulation no. 38 of 3.07.2018 – Article 4, paragraph 2.

As part of the review of its class III investment insurance product called "CREDEMVITA – Global View" (which since 25.11.2019 has assumed the name of "CREDEMVITA – Simple Life"), **Credemvita** has added to the category of Internal Funds underlying the tariff the **CREDEMVITA - Simple Life Global Equity ESG** Fund, which invests up to 100% in equity financial instruments, respecting the *benchmark* nature of the portfolio, in order to seize the best opportunities in financial markets, including Collective Investment Undertakings (UCIs) of a similar nature.

Welfare for our business customers

Thanks to the experience and positive results achieved by its employee welfare initiatives, Credem has undertaken a project since 2017 to extend the model trialled among its employees to the entire business customer network with the collaboration with the provider Eudaimon. The objective is to offer a complete and customisable platform, even for smaller companies, which provides dedicated support in all plan activation phases, with a tailor-made consulting service and a network of company specialists available.
Eight customer companies activated the corporate welfare offer in 2019 thanks to the agreement between Credem and Eudaimon, involving 446 employees.
Since its first year active in 2017, more than 40 companies have used the service, involving more than 2,500 employees.

Magazzini Generali delle Tagliate, Credem Group company: cheese maturing plants.

Products and services with social goals

To support families and companies in difficult circumstances, the Parent Company is a member of:

- the **Solidarity Fund** promoted by the Ministry of Economy and Finance, which allows certain groups of customers[1] to request the suspension, for a maximum of 18 months, of their mortgage payments without the application of supplementary charges or interest on arrears;
- the **Credit Agreement 2019** between the ABI and the Entrepreneurial Associations, which aims to support businesses' liquidity requirements.

Support continued in 2019 for the following natural disasters:

- **Meteorological event** of 11 and 12 June 2019, which affected the **provinces of Brescia, Lecco, Sondrio,**
- **Meteorological event** from 19 to 22 October 2019, which affected the **province of Alessandria,**
- **Severe bad weather** in November 2019, which affected several **provinces of Piedmont, Liguria and Lombardy,**
- **Flood** of 12 November 2019, which affected the **municipality of Venice**,

which allows suspending repayments on mortgages for properties located in the affected area, and unsecured loans relative to vacant buildings or commercial/economic/agricultural management for all persons or businesses residing or registered in one of the affected municipalities.

As regards **renewable energies**, the **Mutuo Chiro Energia and Mutuo Energia** products are available to private customers and businesses respectively, which permit the request of up to 100% of the value of the purchase and installation of solar panels for the home.
The subsidiary Credemleasing offers **Leasing Energia**, a product designed for businesses and professionals and aimed at the installation of photovoltaic systems and other renewable energy systems.

Support for the business network

The Group maintains a constant focus on innovation in services dedicated to small and medium-sized enterprises, which represent the backbone of the Italian and European economic fabric. The primary objectives are the desire to guarantee quality excellence of the service model, customise the offer according to the segment and channel and develop the ability to support companies in their business.
Over the years, several collaboration agreements have been developed and consolidated with national and European institutions to identify the appropriate tools to accompany companies in the development of their business and to finance growth projects; in particular:

- **there are** three active agreements with the **European Investment Fund (EIF)**:
  - **INNOVFIN** to support investment in innovation and research,
  - **COSME** to facilitate access to credit for small and medium-sized enterprises,
  - **AGRI Italy**, intended to encourage investments by companies in the agricultural and agro-industrial sector operating in the participating regions (Calabria, Campania, Emilia Romagna, Piedmont, Apulia, Tuscany, Umbria and Veneto);
- with **FONDO DI GARANZIA** (Medio Credito Centrale) to facilitate access to credit for companies and professionals who have liquidity needs or who intend to make investments;
- collaboration agreements have been concluded with **Società per Assicurazione Credito Estero** (SACE) to support financing in support of the internationalisation of Italian companies;
- with the **Italian Ministry for Economic Development** (MiSE), to provide access to the grants envisaged by the Sabatini Ter Law for all Italian SMEs that want to acquire, through loans and leases, new plants, equipment and machinery and make investments in digital technology. Further measures will be available in 2020 to strengthen the support of companies operating in the Southern regions and investments aimed at improving the eco-sustainability of products and production processes;
- with Istituto di Servizi per il **Mercato Agricolo Alimentare** (ISMEA), launched in 2014 to support access to credit and investments for companies operating in the agricultural sector.

1. The fund can be used by customers who have suffered the loss of their permanent employment or whose self-employed or subcontracted contract has terminated and who have been out of work for at least three months.

Enhancing

Focus on Our Employees

Believing that work is an important opportunity to enhance one's identity and demonstrate one's skills. Listening to the employees who work with us, because their well-being is ours. Paying attention to their needs, their objectives, rewarding their commitment. Encouraging collaboration and the sharing of skills, knowledge and opinions. Feeling gratitude in seeing our employees grow together with us, and feeling satisfaction in seeing them satisfied in an environment that welcomes and does not discriminate; an environment that values the differences of each person.

7,513 Employees
6,257 Employees and 1,256 external collaborators

35.9% women and **64.1%** men

321 recruitments, of which:
62% under 30, 44% women and 56% men[1]

61.7 hours of training
per employee

1. Percentage calculated on the number of hires in 2019.

3.1
Recognition

Corporate volunteering 2019.

79% of the economic value generated by the Group is distributed, 57.7% is destined for our employees.
Every day more than 6,000 people collaborate in both a professional and human way.
Saying human also means work.
The work tells ourselves and others what we do, it is a form of identity.
By working we learn the trades, we learn skills, we grow together with the work.
It is the most serious way to make our abilities flourish.

We responded to the needs of employees in many ways in 2019:

- identifying appropriate languages and policies to express, recognise and enhance the creativity, passion and care with which we work in order to be able to appreciate the entire human and professional experience;
- bringing more study into work and more work into study through a training plan adapted to the new needs of the market;
- strengthening collaboration and listening at every level and with consistency, because we believe that understanding our employees' needs is the prerequisite to being able to interpret and continuously satisfy them.

3.2
Corporate Identity

The mission and corporate values, also governed by the Group's code of conduct, represent the synthesis of our organisational identity.

Mission

Excellence in the creation of value over time.

We aim for excellence in the creation of value over time.
We are not merely generating immediate value, but are building the conditions for continuing to do so in the future, paying attention to the substance and form of our actions.

We want to offer our customers concrete and easily usable solutions through a caring and welcoming service, to provide our employees with opportunities for professional growth in a context characterised by listening, respect and teamwork and to guarantee our shareholders significant but sustainable profitability, preserving the Group's strength and reputation.

Values

Passion
We experience our trade with enthusiasm, professional pride and personal involvement.

Towards the company:
- we feel satisfaction in achieving objectives;
- we identify with our results;
- we operate energetically and responsively with respect to changes in context;
- we constantly get involved, ready to enhance our skills.

Towards colleagues:
- we have an interest in the work and needs of others;
- we pay attention to employees and are available and collaborative.

Towards customers:
- we take care of customers and strive to provide a quick solution to problems;
- we strive to listen to customers and meet their needs.

Responsibility
We take care of all aspects of our work, actively and competently.

Towards the company:
- we feel we represent the Group in all aspects of our work;
- we are committed to protecting and preserving its solidity and reputation;
- we want to have lean structures and simple processes in order to stay flexible towards the market.

Towards colleagues:
- we are part of a team and are aware that the search for personal results must be consistent with the results of the team and the Group;
- we make our expertise available to others.

Towards customers:
- we work with professionalism and expertise, respecting the commitments made;
- we want to meet the needs of our customers by offering them simple and effective solutions.

3.3

Our Employees

Business Management and Organisational Model

To guarantee the well-being and personal and professional development of our employees, the **Human Resources** department is centrally responsible for our human capital for the entire duration of employment within the company.

Daily needs

The definition of daily human capital needs is a fundamental aspect to support the evolution of the business; this activity is carried out in conjunction with the Group's planning process.

Selection and recruitment

The recruitment process and the level of selectivity adopted are important elements in order to add quality employees to the Group; in particular, it is best to adopt specific methodologies, including the detection of potential and the analysis of skills/knowledge, to be summarised according to the different profiles of interest. Regardless of the level of experience required, during the interview process all candidates are assessed according to the **Group's Skills Model**, which measures the behavioural aptitudes necessary to join the Group's workforce.

Attentive to recruiting new hires (graduates under 30 or new graduates), the selection takes place through:

- the adoption of specific methodologies for detecting potential;
- the analysis of skills and knowledge, whose parameters are defined by the reference policy, with explicit reference to the *Table of parameters - Recruitment of new hires* and making use, where appropriate, of the specialist support of the reference departments.

The *Table of parameters - Recruitment of new hires* does not apply to the recruitment of experienced personnel whose hiring is decided in accordance with the reference departments and through the specific analysis of professional and aptitude skills (e.g. examination of *curricula*, experience and professional history).

Performance evaluation

The measurement of individual and team performance is the tool used to enhance merit and the ability to create value and takes place through a system of Key Performance Indicators (KPI), consistent with employees' area of responsibility and decision-making level and divided into four areas:

- profitability;
- customers;
- risks and processes;
- employees.

Each year, 100% of the Group's employees meet with their Manager to summarise the objectives achieved and share those newly assigned.

At least once every two years, the People Management department meets all Group employees to explore the progress of their professional and personal career path in the company and the emergence of new needs/ opportunities.

People review

The growth and development of people's skills takes place through tools able to reconcile individual characteristics with the opportunities present in the Group. *People review* is a system that provides specific management actions for each employee and associates the development segment. Once a year, all Group Managers meet with the People Manager for an overview of the reference employees.

Job rotation

Consistent with the business needs within the Group, job rotation is regularly planned and implemented to promote professional development and a better knowledge and global vision of the company.
In 2019 job rotation involved 32% of Group employees, 35% women and 30% men[1].

Loyalty Award

Employees who reach 25 years of professional experience are recognised by the company through a symbolic and economic award and a related collective celebration at the Head Offices of Reggio Emilia.
The goal is to strengthen company culture and the sense of belonging.
In 2019 the Loyalty Award was given to 110 employees

Industrial relations

The Group maintains correct industrial relations, as evidenced by the increasing agreements signed which refer predominantly to second-level bargaining. **All employees (100%)** are covered **by specific collective bargaining agreements** according to their relevant company.

Policies implemented and results achieved

The People Management policy aims to share a common logic of people management and development and meets the needs of:

- having a widespread and shared Group identity;
- working towards the development of people's skills and expertise, consistent with current and prospective opportunities and needs;
- attracting and retaining valuable employees;
- enhancing employees with a perspective vision, beyond their momentary placement;
- stimulating motivation to achieve results and consequently reward merit (so-called merit-based method).

Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews

All employees (100%) of the Group - without distinction by gender or professional category - are assessed once a year according to a list of Key Performance Indicators (KPIs), i.e. the KPI scoresheets.
All persons who have served for a sufficient period during the year to allow a correct and complete survey of the activity carried out are subject to evaluation.

1. The percentages of women and men are calculated respectively on the total women and men in the company as of 31.12.2019.

3.4
Skills and expertise

The **Communication, Training and Skills** department designs, implements and delivers internal training solutions and identifies external courses that support employees:

- in the acquisition of skills, knowledge required by the role and growth path;
- in the development and sharing of the behaviours necessary to achieve individual and team objectives.

The **training** provided encompasses numerous themes which include the development of managerial, behavioural, commercial, technical, regulatory, digital and product-related skills. The initiatives are based on a process of defining training requirements through constant dialogue with employees and management personnel and implementing tools to ensure that training has been properly received.
Traditional training sessions are supported by personal and professional training tools: **individual coaching, assessment and development centres.**

The Group's **Leadership Model,** supported and promoted by a multi-year training programme aimed at all employees in managerial positions, was progressively expanded to the entire company workforce in order to define shared leadership goals while maintaining the central role played by the manager, who serves as a coach to stimulate employees' professional growth.
An important role is played by:

- **role pathways**, which include a predefined training set with the aim of creating the knowledge and skills necessary to fill the role;
- the **Maestri di Mestiere,** a selected team of senior managers with proven experience, skills and performance who represent the Group and its values; the team is entrusted with the role of supporting employees assigned to a new role as part of a structured "in the field" tutorship course.

Training initiatives aimed at improving employee well-being have been made available (*stress management, self-empowerment*, physical and psychological well-being) as part of the Group's conviction that employees should be supported and optimised both professionally and socially. During 2019 the mapping and collection began of the so-called *extra-professional* skills employees have and like to make available to other employees with the same interest. Through ad hoc training interventions, the intention is to pursue the sharing and circulation of any skill to make it a shared value.
In 2019 the Group invested more than € 1.8 million to provide **over 51,500 training days** (more than 8 days per capita[1]); 26% of all training activities were held in the classrooms of **Scuola Credem**, the Group school **specifically for training**, or in decentralised locations, while the remaining 64% were delivered online.
60% of all training provided relates to topics required by law, while the remaining 40% focuses on professional development (sales or specialist roles), management skills (leadership) and improving language and digital skills. Ample time was afforded to soft skills, with a programme of classroom-based and ad-hoc courses, and to personal development themes (assessment and development).

Language training is open to all Group employees; participation is optional: between 2018 and 2019 it involved 1,061 employees through an interactive online platform with courses lasting six months: 729 passed the final exam, earning the **Common European Framework of Reference for Languages (CEFR)** qualification according to European standards.

Also in 2019 the comprehensive assessment approach continued through the "**Leadership Explorer"** questionnaire: all managers who coordinate at least four members of staff are subject to an evaluation of their managerial conduct, considering the managers' own point of view and those of their direct superior and colleagues.
The feedback is shared with collaborators in a dedicated meeting, allowing each manager to receive valuable pointers on how to improve their leadership.
In 2019, the initiative involved 789 managers and 5,502 collaborators, representing 88% of the Group's total workforce.

1. Total and per capita training days were calculated considering 7.5 working hours per day.

3.5
Working Environment Survey

Employee engagement and dialogue are strategic aspects in the achievement of our mission *Excellence in the creation of value over time*.
Our employees are a key stakeholder, for whom we want to generate value.
To this end, between 2003 and 2017 the Group has carried out a working environment survey every two years which is aimed at identifying the level of corporate well-being and employee satisfaction.
From 2018 onwards, the survey has been conducted annually in order to stimulate focus and engagement.
The correlated questionnaire considers numerous aspects of company life, in relation to professional role, relations with management and other colleagues, professional growth and the Group's culture and values.
The survey conducted in 2019 involved 81.1% of Group employees.
The most significant results referred to:

- shared company values, with a positivity rating of 79.7%;
- conduct by managerial figures in line with the Group's values (78.4%);
- relations with managers founded on trust (78.1%)
- ability to delegate (74.9%);
- opportunity to perform a passionate and engaging job (73.9%);
- mutual willingness and collaboration (72.2%);
- proud to represent the company to customers, colleagues and suppliers (77.6%).

The survey carried out in 2018 revealed areas for improvement relating to:
- error management;
- speed of decision-making processes;
- perception of merit;
- communication of company strategies;
- workloads;
- technological support.

During 2019, following the survey, the company analysed the results and developed a series of initiatives:
- top management carried out a tour of 27 meetings, one for each region and business department, in order to continue to promote dialogue and to stimulate debate around the topics identified by the working environment survey;
- an articulated three-year training programme was launched that will involve all management (senior and middle management), with particular attention to the issues emerged from the working environment survey;
- experimentation with new "Teal" organisational models has increased in some companies[2];
- some merit criteria have been published on the company intranet, based on which choices related to employees are made (salary increases and task assignments);
- the list of employees who have received favourable measures has been regularly published on the company intranet to increase transparency and sharing;
- a programme for updating company hardware has been implemented, to complement the significant investments in technological infrastructures and IT procedures that have characterised the Group's policies for years;
- corporate welfare initiatives have been confirmed and increased[2];
- Business sustainability has increasingly permeated policies and planning, with consequent benefits on the business climate.

To stimulate engagement on strategic issues:
- the semi-annual meetings on the Group's results, commented on by General Management and top management, were shared with all Group employees;
- a number of Instant Surveys were carried out to make decisions on specific issues of general interest (e.g. the decision to remove the printable version of documents published on the Intranet);
- the possibility of commenting on corporate communications through an internal social network has been introduced.

Each department has developed specific initiatives based on the results of the working environment survey in order to intervene directly on the criticalities and peculiarities of each business area (by way of example: meetings dedicated to the in-depth study of a specific topic, constitution of "fluid" project teams, review of internal processes, implementation of training initiatives dedicated to managers and/or all the employees in an area).

Scuola Credem.

1. See Teal organisational models.
2. See corporate welfare.

3.6
Teal Organisational Models

The Group has adopted organisational models characterised by the *teal organization* approach in the following companies, all of which operate in the wealth management sector:
- Credemassicurazioni SpA;
- Credemvita SpA;
- Euromobiliare Advisory SIM SpA

and is conducting trials in the following services of the Parent Company:
- People Management;
- Compliance;
- Legal.

The operating mechanisms provide for simplified hierarchical levels which allow employees to participate more fully and rapidly in the business and the decision-making process without affecting their clearly defined responsibilities. Many of the activities are carried out and managed by "fluid" teams, where coordination is overseen by the newly established professional figures: competence leaders and team leaders.

The adoption of these organisational measures has allowed employees to best express their individual characteristics, qualities and soft skills (see the specifications mentioned above with reference to the *Skills Model* adopted by the Group and the relevance it covers in the employee selection phase), enhancing entrepreneurial spirit, proactivity, competence and innovation.

3.7
Remuneration Policy

The remuneration policy refers to principles of merit enhancement and motivation for results consistent with the corporate culture and is a fundamental tool to pursue the objectives set in strategic planning, within a logic of prudent risk management and capital soundness.
It aims to:
- stimulate employees to achieve performance objectives aligned with the Group's current and prospective risk management policies, in a context of sustainability and capital and financial adequacy in the short and medium/long term;
- attract and retain employees, key organisational skills and talents;
- support and accompany employees as they take on new responsibilities and confront professional challenges;
- ensure the compliance of remuneration practices with the legal provisions and guidelines of the Supervisory Authorities.

These objectives are achieved through a number of main tools:
- frameworks and retribution;
- incentivising systems;
- benefits

Disclosure 102-36
Process for determining remuneration

The remuneration of employed personnel is composed of a fixed part and a variable part. The consolidated **merit-based** approach of the remuneration policy envisages the evolution of the fixed component according to the levels of responsibilities attained, the ability to maintain performance over time and the development of key skills.
Access to the variable component is based on the end result of individual performance, measured according to a *balanced scorecard* which translates into **KPI scoresheets**, i.e. a series of Key Performance Indicators (KPIs), and considering the complexity of the role, the personal curriculum of the employee and the trend of their performance over time.
The KPI scoresheets of the Group's most relevant personnel[1] are characterised by two indicators:
- **the first**, called *Managerial Behaviours*, expresses assessments of *Sensitivity to business priorities such as Welfare, Lean Management*, etc.;
- **the second** indicator, measured through *the working environment survey*, summarises the satisfaction of the entire corporate workforce.

In accordance with recent regulatory indications (see the Bank of Italy Provisions, 25th Update of Circular 285/2013), the agreements entered into between the company and employees (Non-Competition Agreements, Agreements for the Extension of the Notice Period) are classified as a *variable component* of remuneration, even if not linked to any reward system/form of incentive.
For commercial roles, the bonus granted according to the above mechanism is complemented by an individual Management by Objectives (MBO) incentivisation scheme which concerns the ability to attract new customers, in line with the service model adopted by the various network figures and taking into account the profitability of the outlet.
The bonus is subject to ex ante obligations and ex post corrective measures (malus and clawback) based on the occurrence of certain negative events (including result levels below the thresholds defined by the profitability, equity and liquidity indicators).

Disclosure 102-38
Annual total compensation ratio

The annual total compensation ratio of the employee with the highest compensation to the median of total annual compensation of all employees excluding the highest paid for 2019 is 20.21, while for 2018 it was 20.72 and for 2017 it was 19.92.
To determine the value of *the total annual compensation of the organisation's highest-paid individual*, fixed remuneration, compensation for participation in boards/committees, non-equity variable compensation, non-monetary benefits and the fair value of equity compensation were included.

1. As specified by the Bank of Italy Provisions, 25th Update of Circular no. 285/2013 (10.2018), the most relevant personnel are the categories of subjects whose professional activity has or may have a significant impact on the risk profile of the bank or banking group.

***Innovation Talks* 2019.**

3.8
Well-being

Business Management and Organisational Model

The **Welfare** department ensures the dissemination of related policies, is a privileged observatory on reference best practices and market developments, activates targeted benchmarking actions, and pursues the study and implementation of new initiatives, also through the analysis of surveys and focus groups, to better enhance the relationship between employees and the Group.
The Welfare plan considers the following aspects:

Health and well-being	Activity detail	Part.
Quitting smoking	awareness campaign on the problem of smoking;	n.d.
Dietary well-being	conferences on the subject with industry experts;	471
Psychological well-being	three new initiatives, in collaboration with a team of psychologists and psychotherapists: • Video course "How to remain lucid in delicate moments"; • Monthly psychological well-being newsletter; • Extension of the psychological telephone support service.	 4,996 1,037 62
Prevention in the company	in partnership with the *National Cancer Association (ANC)* and *Italian League for the Fight against Cancers (LILT)*, preventive visits have been planned in various locations throughout Italy;	3,467
Gambling addiction	dedicated specialist support;	n.d.
Physical well-being	in partnership with *Technogym*, the market leader in the wellness sector, physical wellness tools are available;	479
Disaster support	we support people affected by disastrous events through: • Loan concessions for basic needs, pending any legal provisions; • Availability of beds (for employees and households) in Credem-owned properties as occupancy allows or in affiliated hotels; • Paid leave for absence from work due to the event; • Psychological support; • Legal support: colleagues in the Legal Department provide initial support regarding requests for intervention, access to concessions, reconstruction dossiers and any other documentation to submit to them; • Insurance consultancy.	n.d.

Personal support	Activity detail	Part.
Online orders	in 2019, the following initiatives were extended to a greater number of users: • Collaboration with *Mail Boxes Etc* in the cities of Reggio Emilia, Milan, Florence, Naples, Rome and Andria for the collection of correspondence at pre-defined collection points; • Installation of two *Amazon Locker* at two Credem branches in Reggio Emilia; • StirApp: service that allows booking washing and ironing with pick up and home delivery in up to 48h.	3,751
Parenting	support for new parents to have as serene a maternity and paternity experience as possible;	584
Legal Consultancy	consultancy service that allows asking dedicated professionals questions;	130
Tax Consultancy	agreement with the *Italian Tax Assistance Centre (CAF) 2000* to fully support the compilation of tax return forms;	22
Expert asnwers	enhances the skills of the employees present in the company;	n.d.
Home expenditure	activated an experiment with *Easy Coop* and *Cicalia*, two industry leaders;	163
Study and work orientation	service dedicated to those who are supporting or who will support their children (or grandchildren, friends, brothers, etc.);	77
Support for dependent people	initiatives aimed at supporting employees who, within their family unit, take care of elderly or dependent family members: • *AlTuoFianco*: availability of a personalised tutor; • *PrivataAssistenza*: employees can obtain favourable conditions on the cost of services provided by the first National Home Care Network;	45
The pharmacy at home	agreement signed between Credem and *Pharmap* that allows receiving drugs at home.	n.d.

Free time	Activity detail	Part.
Proteo	Credem Group employee association that organises leisure events and offers members numerous discounts and benefits. In 2019 its events held throughout Italy were attended by over 2,000 employees. The financial contribution to be borne by the company is determined annually with a share that must not be less than half of the total shares paid by all shareholders;	5,752
Library	the company library allows consulting and checking out more than 3,200 available texts. There is also an eBook service where books can easily be read via eReader, tablet, PC or smartphone;	127 loans 52 purchases of books
Corporate volunteering	*Un giorno per gli altri [A day for others]* is the project that awards a day of paid leave for those who want to collaborate with voluntary associations. The company involved 44 associations throughout Italy and in 2019 allowed all employees to carry out a day of solidarity and civil commitment.	700

Worklife balance	Activity detail	Part.
Remote Working	possibility to work in a place other than the usual location. To accelerate the development of a digital culture all employees are equipped with a company smartphone;	1,996
Part Time	dedicated in particular to colleagues who find themselves in situations of personal and family difficulty.	334

Purchasing power	Activity detail	Part.
Car pooling	*Jojob* is the platform dedicated to colleagues who want to carpool and share expenses;	282
Long-term rental	advantageous agreements with qualified partners in the sector;	222
Dependent conditions	favourable current account conditions and banking services (mortgages and loans) for employees and their families;	n.d.
Welfare Award	the company's supplementary contract provides, upon reaching certain objectives, for the payment of a premium that allows the use of different types of services with the consequent tax benefits deriving from the legislation;	5,394
Scholarships	for employees with dependent children attending primary and secondary grade school or a degree course.	1,834

Protection	Activity detail	Part.
Pension Fund	allows building a supplementary pension to supplement the basic pension. Employees also receive a company contribution and benefit from the tax breaks offered by the Government for certain types of supplementary pension schemes, as well as the potential returns of the investment;	5,654
Insurance policies	since the two-year period 2013-2014, it has been extended to family members who are not tax-dependent, at no additional cost. Provides for the possibility of contributions and reimbursements for dental expenses, specialist visits, private nursing care and home hospitalisation;	5,371
Safe driving	service provided in collaboration with *Quattroruote*, *leader* in driving safety with the aim of protecting employees' health, educating them to avoid danger.	32

Disclosure 401-2
Benefits provided to full-time employees that are not provided to temporary or part-time employees

Part-time employees receive the same benefits as full-time employees.
Permanent employees are reserved certain forms of subsidised financing.

National Dance Foundation, progetto *Danza e Fragilità*, in *partnership* con CREDEM.

3.9

Diversity and Contamination

Business Management and Organisational Model

Ensuring equal opportunities and enhancing diversity contributes to the creation of value: through the contamination of gender, knowledge, skills, experiences and identity, the Group encourages innovation and creativity, stimulating the combination of new ideas.

Policies implemented and results achieved
The **merit-based** principle is the Group's strategic cornerstone and excludes the adoption of *pink quotas* in the staff management policy, focusing attention and monitoring on the principle of transparency and ensuring equal opportunities for growth throughout the entire life cycle of the company.
Attention to gender balance is summarised by progressive growth: **in 2019, the number of female employees increased by 1 percentage point compared to 2018**, standing at 36% of the Group's total workforce (31.6% in 2014).

The positive trend is also confirmed by the following insights:

- **Selection**: after the significant increase in 2014 following the launch of the *Women in Credem*[1] project, the figure is gradually rebalancing: **at the end of the year, women represented about half of new hires**;
- **Development of potential**: the percentage of female talent increased by 0.9% compared to 2018, a segment to which the company devotes particular attention and investment: high-performing women are earmarked for assessment (women's development) and/or training initiatives/dedicated growth paths;
- **Shifting key expertise**: the number of Women Experts who also act as tutors to new hires is increasing: +1.2% compared to 2018.

The training offer on the value of gender diversity also includes training courses focused on male-female communication and video clips about stereotypes and prejudices.

Several initiatives have been carried out to support women's professionalism:

- interviews at the beginning of the period of maternity leave and before returning to work to meet specific needs;
- meetings dedicated to new mothers with the support of psychologists to share personal experiences and discuss free topics with other mothers.

In 2019 Credem formalised its adherence to the *Women in Banking Document* promoted by the Italian Banking Association (ABI) to enhance gender diversity within banks.

During the year, the reflection on diversity was furthered, going beyond gender balance; initiatives aimed at spreading a corporate culture based on the values of inclusiveness and the enhancement of differences were launched through:

- welfare initiatives to support the need for flexible work hours: the incidence of employees choosing smart working as an alternative to part-time working is increasing;
- extension of parenting support to fathers through the organisation of seminars held by experts throughout the country. Initiatives supporting parenting are collected in a dedicated portal on the company intranet, a reference for cross-cutting ideas and reflections.

Based on these assumptions, two macro-initiatives have been launched in favour of the dissemination of the culture of inclusiveness:

- the opening of an **internal community on the corporate social network**, where employees can exchange ideas and share information on the subject of diversity;
- an **experimental project dedicated to listening and the development of employees** in a specific generational segment.

1. The Women in Credem Project was activated in 2014 to enhance the development opportunities of women in the corporate context. It provided for the establishment of a working group that is transversal to the Parent Company and characterised by the participation of women with different personal and professional experiences.

Respecting

Environmental Impacts

Taking care of the world we live in and the generations to come after us. Working with clear objectives to reduce the impact that our Group has on the environment, from emissions to consumption. Consciously using resources, reducing waste and contributing to their renewal. Promoting a culture of respect and well-being for the environment, present and future.

96.3%
Waste disposed by recycling[1]

100%
Electricity from renewable sources

-7% **Scope 2 GHG emissions**
(Location-based) compared to 2018

73.5% **recycled fibre paper**
(8.1% in 2018)

1. The data refers to waste paper, cardboard, cartridges and toner.

4.1

Measuring, Detecting, Managing Environmental Impact

Main affiliations and collaborations:

ABI Lab Green Banking
AiCARR - Italian Air-Conditioning, Heating and Refrigeration Association
FAI - Italian Environmental Fund
FIRE - Italian Federation for the Rational Use of Energy

Climate change generates a risk for the Credem Group as well, in particular:

- a **physical risk** linked to the occurrence of catastrophic events with increasing intensity that impose a price in terms of both human suffering and the destruction of physical capital, weakening the ability of businesses and households to repay and service their debts and reducing the value of collateral;
- a **transition risk** linked to the transition to a low-carbon and climate-resilient economy (policy, legal, technological, market and reputational risks).

In the first half of 2020, the Group planned to launch a gap analysis on indirect environmental risks in order to identify, within the scope of the loans disbursed and the investment portfolio, the sectors most exposed to the physical and transition risks related to climate change.

Upon completion of the analysis, the Governance structure of indirect environmental risks will be defined and a simultaneous update of the Enterprise Risk Management model and related credit and asset management policies will be evaluated.
Participation in the questionnaire of the **CDP (former Carbon Disclosure Project)**, a non-profit organisation that allows to measure, detect, manage and globally share information about the Group's environmental impact, has also been formalised this year and will allow the functional analysis to be extended to the identification of related mitigation actions.
Several initiatives during the year have contributed to reducing emissions related to the Group's activities, in particular:

- purchasing electricity from renewable sources;
- measures to optimise resources and energy efficiency;
- technological and mobility management initiatives which reduce emissions caused by commuting and travel between the various Group offices.

4.2

Materials used and waste produced[1]

Business Management and Organisational Model

The Group has established a centralised **Logistics Coordination Department** for the procurement and disposal of office supplies, which has launched projects and initiatives aimed at reducing the use of paper, toner and cartridges through:

- the dematerialisation of documents and their use in electronic format, encouraging delivery and archiving through digital channels and eliminating printing and postal delivery;
- the recommendation to restrict printing to essential documents and, where necessary, to opt for double-sided printing to reduce the amount of paper used;
- the adoption of best practices aimed at fulfilling short-term demand, reducing excess materials, avoiding waste and the risks associated with the pulping of waste materials that can no longer be used due to changes to products or legislation.

The positive trend of **increased use of recycled paper** was confirmed in 2019, going from 8.1% in 2018 to **73.54%**, achieved through a change in business strategy.
A further increase in the use of recycled paper is planned for 2020, covering almost all of the company's needs.

Policies implemented and results achieved

The **Logistics Coordination Department** serves as an integrated specialist supervising the management of environmental issues.
As for waste management, it deals with the planning and management of waste collection and implements the controls on waste disposal carried out by specialised companies responsible for the collection and recovery or landfilling.

Special waste (toner and ink cartridges) is recycled. In 2019 the majority of waste generated was **disposed of through recycling** (**96.3%** of total waste), followed by landfill (3.7%).
A recovery process has been activated to regenerate the most commonly used toners, significantly reducing waste production.

A memorandum of understanding was also formalised with an external partner in 2019 to place the **Group's hardware on a path of circular economy**, promoting a reuse campaign through the sale of the material to entities/stakeholders and/or disassembly to recover spare parts and/or raw materials.
3,034 PCs were disposed of:

- 13% sold to employees;
- 4% donated to non-profit entities;
- 83% provided to the company with which the agreement was signed.

1. The company Gestimlux is not included in the reporting boundary.

The partner company:
- sold 61% of the PCs received by Credem to third parties;
- recovered 39% of the disassembled material.

This circular economy transaction prevented the overall emission of **732 tonnes of CO_2.**
Specific projects have also been implemented to reduce plastic consumption:
- a campaign has been launched to replace the use of tokens (Mr. Pin) with the use of a software application, encouraging all our customers to replace the device;
- a progressive **elimination of plastic glasses and bottles** has been carried out, accompanied by a simultaneous **installation of filtered water dispensers** in the company canteens. The company has provided **all Group employees with a water bottle** to stimulate responsible behaviours, and has revised the foods present in vending machines to promote proper nutrition and sustainable lifestyles.

Palazzo Spalletti Trivelli, garden, Credem Head Offices.

4.3
Energy Consumption and Emissions

Business Management and Organisational Model

The **Property Planning, Energy and Security** department is responsible for the management, monitoring and reporting of energy consumption in all the Italian offices, supports the **Energy Manager** - responsible for the identification of actions aimed at promoting the rational use of energy - and ensures the maintenance of an adequate degree of physical building security, as part of the company's assets.

Policies implemented and results achieved

The Group has chosen to **purchase electricity exclusively from renewable sources equipped with a Guarantee of Origin** since 2003.
About 70% of the energy consumption for the operation of buildings is the use of electricity: the purchasing policy adopted is therefore a conscious choice of environmental responsibility and sustainability.

In parallel, policies have been defined to leverage consumption: in addition to the annual **energy efficiency** plan, an **extraordinary multi-annual plan** has also been defined. The extraordinary plan includes an estimated investment of over € 2.4 million, aimed at **reducing CO_2 emissions by 8%** by 2024[1] (compared to the 2018 baseline), through the following activities:
- implementation of the **Building Energy Management System (BEMS)**, which introduces high-level intelligence into buildings, resulting in advanced automation, management and control; the BEMS consists of a hardware part based on **intelligent sensors** that control the correct functioning of systems, and a software part that **monitors energy consumption in real time and optimises it**. The pilot project will initially cover 40 branches at the end of the planning completed in 2019, and will feature a subsequent extension to another 100 branches during the five-year period 2020-2024;
- replacement of existing fluorescent lighting systems with LED ones (about 40 branches per year).

In the last three years, the **ordinary annual efficiency plan** has allowed 125 interventions to be carried out (29 in 2019) concerning:
- general refurbishment of buildings;
- replacement of windows and doors to minimise heat loss;
- improving the effectiveness of buildings' external cladding;
- replacement of heat pumps, boilers and refrigeration units with more energy-efficient appliances;
- restyling signs by replacing traditional light sources with LED sources.

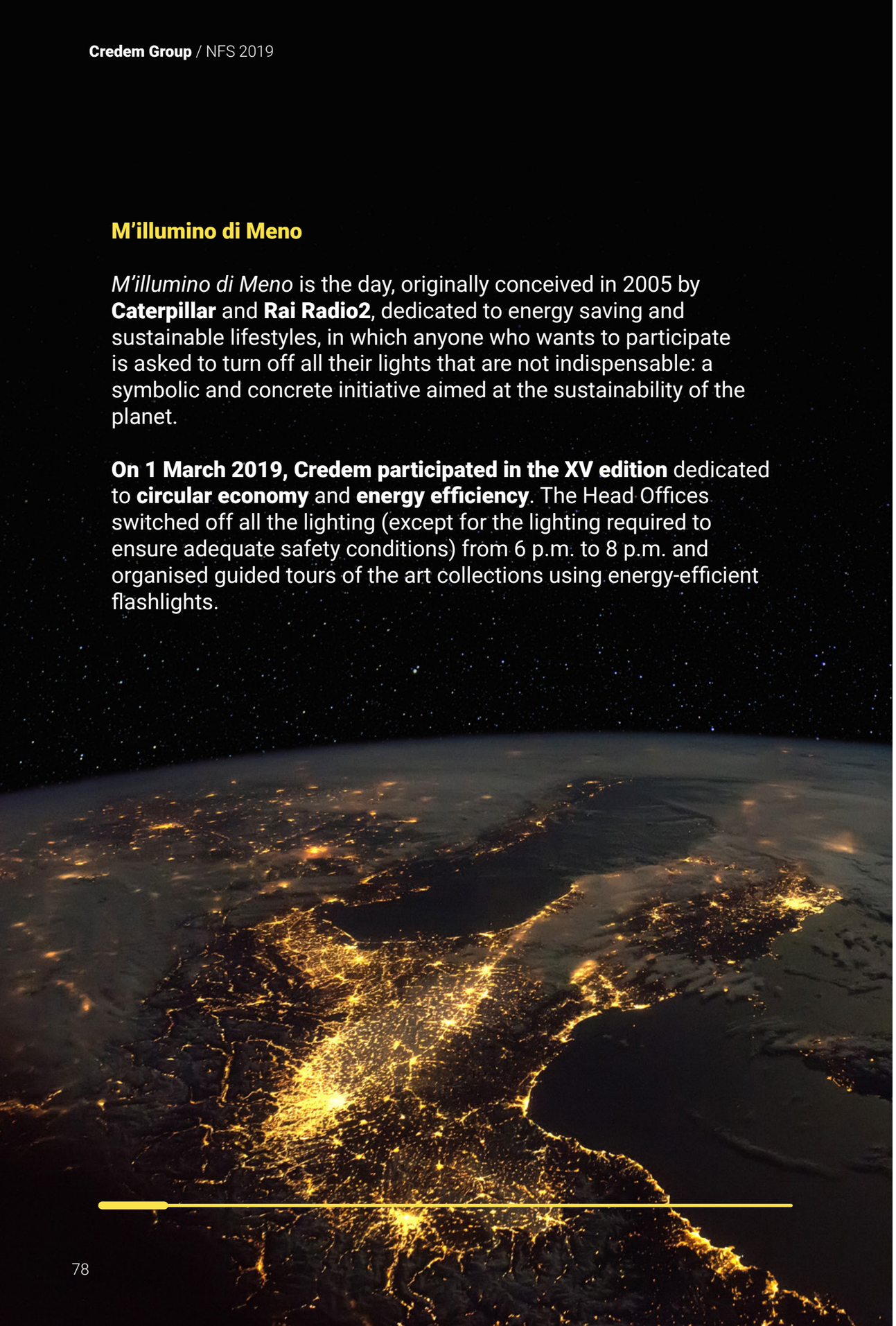
A continuous energy consumption monitoring system was also completed on four of the Group's most energy-consuming properties in 2019, which allowed performing specific energy diagnoses and the consequent identification of energy efficiency proposals that will be subject to in-depth studies during 2020 through feasibility assessments and cost/benefit analyses. The operational manual on environmental protection implemented in 2018 has been integrated with the design processes of real estate interventions in order to oversee regulatory compliance and the adoption of best practices that also involve external professionals.
For the production of electricity, the Group uses a **photovoltaic system located at Magazzini Generali delle Tagliate in Castelfranco Emilia** (MO), which covers a roof area of 4,500 m². The photovoltaic system was designed to provide a nominal peak output of 400 kW. In 2019, the system enabled the self-generation of almost 395,000 MWh of electricity, most of which was used in the same warehouses.

1. The target refers to scope 2 CO_2 emissions calculated according to the *Location-based method*.

M'illumino di Meno

M'illumino di Meno is the day, originally conceived in 2005 by **Caterpillar** and **Rai Radio2**, dedicated to energy saving and sustainable lifestyles, in which anyone who wants to participate is asked to turn off all their lights that are not indispensable: a symbolic and concrete initiative aimed at the sustainability of the planet.

On 1 March 2019, Credem participated in the XV edition dedicated to **circular economy** and **energy efficiency**. The Head Offices switched off all the lighting (except for the lighting required to ensure adequate safety conditions) from 6 p.m. to 8 p.m. and organised guided tours of the art collections using energy-efficient flashlights.



4.4

Management of the Company Fleet and Sustainable Mobility

The company car fleet consists of 361 cars:

- 328 diesel cars for mixed use;
- 24 diesel cars destined for organisational units for specific service use;
- 6 electric cars;
- 1 hybrid car.

The **company's carpooling** platform Jojob has 282 employees registered, who in 2019 made 4,914 trips and travelled 148,945.30 km: the service allowed saving more than 10 tons of CO_2.

During the year, 32 employees took advantage of the **company's online safe driving course** to improve their vehicle control in everyday situations through the simulation of extreme driving conditions (control of the vehicle in an emergency, practising in designated areas on surfaces with poor grip and with an artificial rain system) and developing defensive driving skills (learning how to prevent critical situations on the road, adopting a fluid, correct and safe driving style). An economic driving course was also provided in 2019, in which each student drives a car with MDD/ECO control units, furthering the following techniques:

- acceleration and slowing down;
- maintenance of a safe distance;
- elastic and preventive driving;
- use of vehicle inertia (*cut-off* switch).

Acceleration, slowing down, speed ratio selection and practical indications for optimising fuel consumption are measured and quantified in real time by the instrumentation.

We also proceeded to update the engines of the cars in the *car list* with engine capacity and power limitations and to choose cars with diesel engines and reduced engine capacity (and lower consumption compared to cars powered by petrol). Since 2019, all Group employees have been using **Hangouts**, a Google Plus service accessible from company PCs and smartphones which allows video meetings to be organised even with external stakeholders, reducing physical travel.

The Hangouts platform was accessed **337,714 times** during the year for virtual meetings and **64% of training was provided online,** with consequent benefits on the environmental impacts related to optimised physical travel.

The correspondence exchange service between the Head Offices and decentralised organisational units has also been modified, reducing road transport activities, reducing the frequency from twice daily to once daily and, where possible, even to one or two times a week with a consequent lower environmental impact.

Disclosure 305-6 Emissions of ozone-depleting substances (ODS)

At the end of 2019, only 12 systems containing HCFC and CFC gases (specifically R22) remained. However, no gas leaks or losses were detected. The objective is to replace at least nine systems by 2020 and completely eliminate them by 2021. As regards automatic shut-off devices, none of the systems in place contain Halon, other CFC/HCFC gases or substances included in the Montreal Protocol.

4.5

The Credem Forest

In 2019 Credem increased its very own forest through Treedom, an environmental organisation that enables members to plant trees remotely and to follow them online.

The Group focused its support on Italy, particularly the Alcantara valley and the area around Motta Sant'Anastasia in the fertile valleys of Catania.

The planted trees are part of two agricultural and forestry projects, both with huge environmental and social importance:

- in the Alcantara valley, in collaboration with the Carpe Diem-Insieme per l'autismo Non-Profit Organisation, the project promotes employment and social integration of young people with autism;
- in Motta Sant'Anastasia, in collaboration with the Beppe Montana Cooperative, the first Libera Terra cooperative in Catania, the project promotes the social and economic recovery of assets seized from the Mafia.

The forest reached a total of **657 orange and pomegranate trees** in 2019, which in their first ten years of life will absorb 32,850 kg of CO_2, protecting biodiversity and environmental regeneration.

Cooperating

Social Impacts

Being part of the areas that host us, giving our support to the social fabric, which grows if we grow too. Doing our part to spread well-being and innovation wherever we operate. Supporting art and culture. Promoting the development of community by sharing the knowledge and experiences we have gained internally, through widespread educational paths; because we know that our strength also comes from the ability to connect with the country to establish lasting relationships.

€ 1.6 million in community contributions:
€ 1.2 million - sponsorships and liberal disbursements
€ 400,000 - other cultural, educational and environmental contributions

70.5%
of contributions to the country for social initiatives

72% of events organised
involve community engagement

5.1

In Tune with the Socio-Economic Context

Main affiliations and collaborations:

ABC - Procurement and Cost Management

ADSI - Italian Association of Historical Buildings

FEDUF - Foundation for Financial Education and Savings

Fondazione Giustizia [Justice Foundation]

The regions in which Credem operates are a geographical area made up of all the people who inhabit them, the history that characterises them, the natural environment that creates them, the resources they possess and the cultural wealth and economic activities that support them.

The interaction between the Group and the regions gives rise to a creative challenge that can generate social impact through the generation of well-being and opportunities shared with training bodies, local and national institutions, other companies, associations and civil society.

We manage the present and look at the future in tune with the evolution of the socio-economic context, market trends and the needs of stakeholders, safeguarding the words and values that distinguish our corporate culture and intersect with the community in our daily actions.

Lavinia Fontana, *Sacra Famiglia con i Santi Caterina, Elisabetta e Giovannino [Sacred Family with Saints Catherine, Elizabeth and John]*, 1591, Credem art collection.

5.2

Impact on Local Communities

Business Management and Organisational Model

The relations between Credem, its stakeholders and local communities are governed by specific regulations and duties aimed at defining:

- relationships based on professionalism, competence and transparency;
- reciprocity in the satisfaction of objectives;
- areas of intervention and support consistent with the Group's corporate identity, strategic objectives for sustainable development and the UN 2030 Agenda;
- protection and enhancement of the Bank's artistic heritage, also through an increasing openness to the reference area.

The main initiatives supported in 2019 are described below.

Culture

Since the early 1980s the Group has preserved and developed a rich artistic heritage which represents the history, culture and art of Emilia. The historical **Palazzo Spalletti Trivelli**, home to our Head Offices, also houses:

- a Roman archaeological site, a valuable part of the history of both the palace and city;
- a collection of paintings from the region dating from the 16th to 18th centuries, and various works of art from the 19th and 20th centuries;
- an oriental art collection which is considered by experts to be one of the most important private collections in Italy.

The care and enhancement of this artistic heritage is entrusted to a curator (a Group employee) who, acting in synergy with corporate instructions, promotes any initiative aimed at encouraging the engagement of stakeholders and local schools.

In 2019 the **Credem art collection** was enriched with two new paintings: the *Sacra Famiglia con i Santi Caterina e Paolo by Domenico Pellegrini* (Bologna 1541 - 1583) and the *Sacra Famiglia con i Santi Caterina, Elisabetta e Giovannino by Lavinia Fontana* (Bologna 1552 - Rome 1614), the first work of a female artist to enter the collection of ancient paintings.

The Group is a member of the Italian Banking Association and, in particular, the Cultural Relations Work Group promoted by the ABI, giving rise to the following initiatives:
Support for the **XVIII edition of the Invitation to the Palace** event, opening Palazzo Spalletti-Trivelli to the public and organising guided visits of the art collections and the archaeological site. On the occasion, the *Sacra Famiglia con i Santi Caterina, Elisabetta e Giovannino* was presented to the public;
Festival of Creative Culture, an initiative promoted by the industry association and the banks to increase the cultural awareness of children from 6 and 13 years old through workshops, initiatives and events. In 2019 Credem organised workshops at the headquarters of the *Paolo Magnani* Albinetano Archaeological Group (Albinea, RE); paths linked to human evolution in relation to the environment during prehistory and rock painting were developed.

In 2019, the **Spazio Credem** project continued to be developed, aimed at promoting and protecting the Bank's historic, artistic and architectural assets through personalised and guided visits proposed to the Group's stakeholders.
The offices involved in the project were Palazzo Spalletti Trivelli and Magazzini Generali delle Tagliate, Group companies specialised in the maturing and storage of Parmigiano-Reggiano cheese, an excellence of the Emilian region.
Two temporary exhibitions have been set up as part of the Spazio Credem project at Palazzo Spalletti Trivelli: *Aspettando Fontanesi. L'Ingresso*

di un tempio giapponese e la collezione d'arte orientale di Credem (1 February - 15 March) [Waiting for Fontanesi. The entrance to a Japanese temple and the Oriental art collection of Credem] and *Di mano d'una donna. La Sacra Famiglia con i Santi Caterina, Elisabetta e Giovannino di Lavinia Fontana della collezione Credem* (5 October - 8 November) [By a Woman's Hand. The Holy Family with Saints Catherine, Elizabeth and John by Lavinia Fontana in the Credem art collection].

- **Contribution:** € 235,000 in monetary contribution
- **Results:** 1,560 stakeholders involved, of which 448 students
- **Impact:** To enrich and enhance the Group's artistic heritage and extend its use to young generations and local communities.

Financial Education

The Group continued to pursue social objectives in 2019, promoting financial education as part of the broader concept of education on conscious and active financial citizenship:

Donne al Quadrato: an initiative open to all women engaged in freelance activities, structured in six modules and certified ISO 9001:2015.
The courses were held at the Credem Auditorium and the Town Hall of Reggio Emilia in collaboration with Feduf, the Global Thinking Foundation and Assiom Forex (through the Foundation), sponsored by the Order of Chartered Accountants and Accounting Experts (ODCEC) - Equal Opportunities Committee of Reggio Emilia, the Municipality of Reggio Emilia (Department of Equal Opportunities) and some women's associations: Soroptimist, Zonta, European Women's Management Development (EWMD).
The content focused on professional planning, in particular on:

- introduction to professional activity in the digital age;
- SWOT Analysis: analysis of strengths, weaknesses, opportunities and threats related to business activity;
- business plan and funding sources;
- start-up market analysis and tax breaks;
- elements of communication, digital marketing and CRM;
- market analysis and implementation of a work and business project.

At the end of the last training meeting, as part of **Credem's participation in the Sustainable Development Festival promoted by the Italian Alliance for Sustainable Development** (ASviS), a conference on the 2030 UN Agenda was held at the Auditorium of the Parent Company: *Women's employment as a driver of economic development.*

Occhio alle Truffe: a show organised at the Parent Company Auditorium in October 2019, a month traditionally dedicated to Financial Education and during World Investor Week, in collaboration with Consob, Feduf and the start-up Starting Finance. The event combined training and entertainment with the aim of conveying an educational message and explaining the precautions to be taken to avoid becoming victims of financial fraud.

- **Contribution:** € 25,000 in monetary contribution
- **Results:** 232 participants
- **Impact:** Greater dissemination of financial culture in the community, leading to an increase in the level of financial and social inclusion.

Training

In 2019 Credem and several companies in the Reggio area proposed launching a three-year degree course in Digital Marketing to the University of Modena and Reggio Emilia to create a potential hub dedicated to advanced training on digital issues, capable of enhancing the skills and attractiveness of the Reggio territorial system.
The course aims to train young graduates to be employed in digital marketing roles, able to work for objectives, in inter-functional teams and to contribute to the definition of strategic choices in terms of communication and marketing.

- **Contribution:** € 50,000 monetary contribution (€ 150,000 on a three-year basis)
- **Results:**Specific courses for 80 university students
- **Impact:**Education related to company needs with impacts on local skills and employment growth

Social inclusion

Save the Children
Credem supported Save the Children throughout Italy again in 2019, supporting **25 Punti Luce**: spaces with high educational content created in the most disadvantaged neighbourhoods and suburbs of cities with the aim of offering free training and educational opportunities to children and young people between the age of 6 and 17. Within these spaces, children and families can benefit from various activities: study support, artistic and musical workshops, the promotion of reading, access to new technologies, play and motor activities.
The spaces offer legal, psychological, paediatric and parenting support to parents or adult reference figures of children.
The Punti Luce also offer **educational gifts**: personalised training plans for children and adolescents who live in certified conditions of economic hardship and which include, among other things, a financial contribution for the purchase of books and school kits, enrolment in a sports or music course, participation in a summer camp and other educational activities to which minors are particularly inclined.

- **Contribution:** € 80,000 in monetary contribution
- **Results:** 1,000 beneficiaries reached; 500 regular attendees; 142 educational gifts provided.
- **Impact:** Training and educational opportunities for children in difficult situations; combating poverty and promoting social inclusion.

National Dance Foundation
The National Dance Foundation is the main company in Italy and the first stable company outside the Lyric-Symphonic Foundations.
It collaborates with some of the most important choreographers on the international scene, is a hotbed of shows for large companies, but also a place for design and experimentation that breaks the boundaries between performance and visual art, experimenting a deep relationship with the theatre and bringing live music back to the stage.
The identifying trait of the Foundation is the dance group Aterballetto, which brings together dancers of profound technical and expressive quality.
In 2019 Credem supported a two-year project focusing on fragility, in which the body was the main vehicle for storytelling and reflection; a contextual focus group for discussion was carried out for each show and the result of each meeting determined the structuring of the next. Dance allowed facing the different natures of fragility and enhancing a different expression of ability and talent through the virtuosity of the body.

- **Contribution:** € 20,000 in monetary contribution
- **Results:** 554 participants in planned events
- **Impact:** social inclusion, awareness of diversity.

Partnership with the Company of Blessed Sacrament, Caritas Reggiana - Diocesan Missions
At company meetings and/or other institutional activities, Credem organises convivial events that may include refreshments or in any case provide food for participants.
An experimental project was launched in agreement with Caritas Reggiana in 2019 and will be formalised in 2020, seeking to allocate any remaining refreshments to local reception facilities for people in difficulty, families, mothers with children, or food distribution centres.
The results of the pilot initiative limited to the Head Offices will be reported in 2020.

The Credem Forest[1]
Through its collaboration with Treedom, in 2019 Credem increased its forest consisting of 657 olive and pomegranate trees. The planted trees are part of two agricultural and forestry projects, both with huge environmental and social importance:

- in the Alcantara valley, in collaboration with the Carpe Diem-Insieme per l'autismo Non-Profit Organisation, the project promotes employment and social integration of young people with autism;
- in Motta Sant'Anastasia, in collaboration with the Beppe Montana Cooperative, the first Libera Terra cooperative in Catania, the project will promote the social and economic recovery of assets seized from the Mafia.

Health and well-being

GRADE Onlus Foundation
Support of the GRADE Foundation five-year project for Haploidentical stem cell transplantation continued, which carries out procedures on donors who are only a 50% match at the Haematology department of Arcispedale Santa Maria Nuova Hospital in Reggio Emilia. Credem's support allowed to finance: a) training internships for young professionals at San Raffaele Hospital in Milan; b) two freelance contracts for medical and specialist staff; c) the participation of doctors and nurses in dedicated specialist conferences.

- **Contribution:** € 30,000 monetary contribution (€ 150,000 in the five-year period 2015-2019)
- **Results:** 7 transplants performed in 2019 (20 transplants since 2015)
- **Impact:** improving patients' quality of life and life expectancy; funding for scientific research.

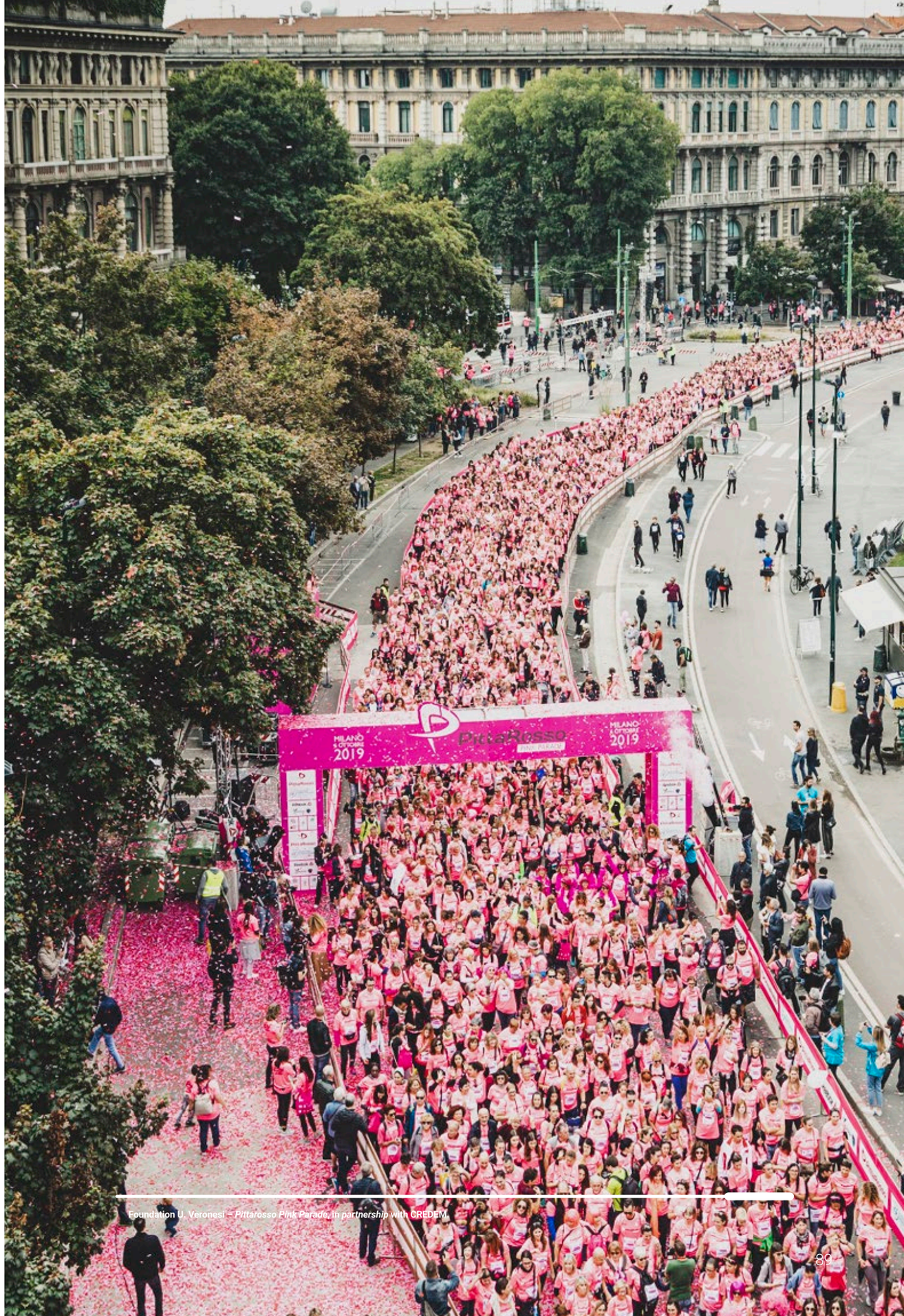
Pittarosso Pink Parade
Pittarosso Pink Parade is a festive event that unites those who want to get physically active while supporting scientific research.
Promoted by the Umberto Veronesi Foundation, the event was held in Milan in October, a month dedicated to the prevention and financing of research against breast cancer worldwide.
In 2019 the initiative was also supported by Credem.

- **Contribution:** € 15,000 in monetary contribution
- **Results:** 16,000 people registered for the walk and 40,000 people visited the Pink Parade village during the weekend dedicated to the event; funds raised during the event: € 1,093,543
- **Impact:** Funding for scientific research; support for the P.I.N.K. Study project (Prevention Imaging Network Knowledge), a national research project for the early diagnosis of breast cancer; funding to the Meteora Study aimed at identifying new combinations of chemotherapies and new methods of administration to treat advanced or metastatic breast cancer.

Casa Madonna dell'Uliveto
The Casa takes care of people in the advanced phases of illness, guaranteeing personalised care and hospitality and also offering family members opportunities for psychological, emotional and relational support with the aim of reducing care *burnout* and recovering a satisfactory level of psychophysical balance.

- **Contribution:** € 10,000 in monetary contribution
- **Results:** care and accompaniment of people at an advanced stage of illness as well as their families; training and awareness-raising projects through the related Training Centre.
- **Impact:** improved physical and psychological well-being of patients; support for the care needs of the community.

1. See the Environmental Impacts chapter, The CREDEM Forest, page 80.



Foundation U. Veronesi – *Pittarosso Pink Parade, in partnership with CREDEM*

Disclosure 413-1
Operations with local community engagement, impact assessments, development programmes

In 2019, Credem and Banca Euromobiliare promoted and organised numerous conferences and training and information sessions on topical and valuable issues in order to disseminate a more aware and responsible financial culture, as well as events related to economic, environmental and social sustainability, open to stakeholders and the community that accounted for 72% of the total events.

Operations with local community engagement, impact assessments and development programmes

Economic intervention area

Event	Description	Partnership	Part.
Workshop	Series of meetings *Donne al Quadrato [Women Squared]*: Introduction to professional planning in the digital age	**Global Thinking Foundation/ Feduf/Assiom Forex**	**41**
Workshop	Series of meetings *Donne al Quadrato [Women Squared]*: SWOT Analysis and activity/sector placement (c/o Palazzo R. Fonte)	**Global Thinking Foundation/ Feduf/Assiom Forex**	**14**
Workshop	Series of meetings *Donne al Quadrato [Women Squared]*: Business Plan and sources of funding, mini-guide to the company budget	**Global Thinking Foundation/ Feduf/Assiom Forex**	**15**
Workshop	Series of meetings *Donne al Quadrato [Women Squared]*: Market analysis of start-ups and tax breaks: tax aspects and company types (c/o Palazzo R. Fonte)	**Global Thinking Foundation/ Feduf/Assiom Forex**	**10**
Workshop	Series of meetings *Donne al Quadrato [Women Squared]*: Elements of communication, digital marketing and CRM;	**Global Thinking Foundation/ Feduf/Assiom Forex**	**14**
Workshop	Series of meetings *Donne al Quadrato [Women Squared]*: Market analysis of start-ups and tax breaks: tax aspects and company types (c/o Palazzo R. Fonte)	**Global Thinking Foundation/ Feduf/Assiom Forex**	**8**
Conference	Sustainable Development Festival: 2030 Agenda: women's employment as a driver of the economic system	**Global Thinking Foundation/ Feduf/Assiom Forex**	**20**
Theatre performance	Watch out for scams! Finance centre stage	**Ministry of Education/Feduf/ Consobo**	**130**
Savings education	Personal Finance: financial education at school	**European Institute of Higher Studies of Reggio Emilia**	**70**
Conference	Enrico Giovannini: Towards sustainable capitalism?	**Ed. Il Mulino**	**59**
Conference	Practical cases in terms of the generational transfer of wealth	**University of Parma/Civil Chamber of Reggio Emilia**	**60**

Environmental intervention area

Event	Description	Partnership	Part.
Conference	Riccardo Valentini: The climate challenge in a context of global change in human society	**Il Mulino Publishing House**	**48**
Savings education	M'illumino di meno: a day of energy saving and sustainable lifestyles	**Rai Radio 2**	**81**

Social intervention area

Event	Description	Partnership	Part.
Conference	Luigino Bruni: Le molte sostenibilità del post capitalismo [The many sustainabilities of post-capitalism]	**Il Mulino Publishing House**	**50**
Conference	The fight against the mafia before and after the maxi-trial: the economic impact on business activity and the importance of environmental, social and governance factors (ESGs) in investment choices		**79**
Conference	Ethical economy legality	**Unindustria Reggio Emilia**	**56**
Conference	Us against the mafias	**Province of Reggio Emilia Region Emilia Romagna**	**140**
Conference	Dance and Fragility	**National Foundation of Dance**	**13**
Concert	Open trials for schools: Encounters with music		**30**
Conference	Business and ethical values in the era of globalisation	**Unindustria Reggio Emilia - Christian Union of Entrepreneurs and Executives**	**109**
Theatre performance	Reggionarra *In capo al mondo: in viaggio con Walter Bonatti [At the top of the world: travelling with Walter Bonatti]*	**Teatro dell 'Orsa/Panizzi Library/Educational Workshop/Reggio Emilia Civic Museums/Barrier-free City/"G. Garibaldi" Regional Institute for the Blind**	**190**
Theatre performance	Enigmatic Variations by Eric-Emmanuel Schmitt	**Proteo**	**150**
Conference	GDPR and Italian Legislative Decree 101/2018: data protection one year later. Interpretative doubts and future developments	**Civil Chamber of Reggio Emilia**	**85**
Book Presentation	Rome in the Apennines. Stories of civilisation along the Parma-Lucca Roman Road	**Fond. Symbola**	**53**
Painting Presentation	The portrait found: Guido Panciroli	**Rotary**	**45**
Conference	Oncology training for journalists and doctors	**Fond. Order Journalists/ Ass. Reggiana Press "Gino Bedeschi"/Order of Journalists E.R.**	**90**
Concert	Centennial of Casina Credem Branch (RE)		**121**
Exhibition	National event Invitation to the Palace	**ABI**	**820**
Conference	Beyond Alzheimer's: screening, diagnosis and prevention	**AIMA**	**150**
Book Presentation	Iva Zanicchi: *Nata di luna buona [Born in a good moon]*	**Rizzoli Publishing House**	**194**
Concert	Music format - Christmas 2019		**217**
Concert	Centennial of Guastalla Branch (RE)		**306**
Guided tours	Palazzo Spalletti-Trivelli and art collection		**1,560**

5.3

The Supply Chain

Business Management and Organisational Model

Relations with suppliers are regulated by specific regulations that define their strategic and operational management, participating in the definition of the Group's cost *strategy* through the following activities:

- research and evaluation of suppliers able to meet the company's needs through constant monitoring of the markets and products/ services provided;
- management of negotiation and purchasing phases to ensure the best value for money, online and offline tenders and related evaluation documents;
- periodic evaluation of suppliers with the assignment of the vendor *rating*;
- annual update of the Supplier Register.

Policies implemented and results achieved

The Group is committed to ensuring the continuous supply of goods and services, managing supplier relations during negotiation, procurement and supply, and continuously monitoring alternative forms of supply to increase the quality of services. The characteristics of the supply chain - strategic importance, complexity, market, intensity of work, financial stability of the supplier, economic value of the supply - vary greatly depending on the type of goods or services acquired.

Suppliers are obliged to acknowledge and respect the Code of Ethics, updated in January 2018 and referred to in a specific clause pursuant to Italian Legislative Decree no. 231/01[1] in all supply contracts: Credem offers opportunities for collaboration based on specific skills, attitudes and abilities, without any discrimination, adopting objective criteria of competence and merit and striving to ensure that the collaboration is free of prejudice and every external collaborator is treated without intimidation and with respect for their opinions, cultural, social, ideological, gender and age diversity, avoiding unlawful conditioning. Under the same conditions, priority shall be given to undertakings located in Italy.
The obligations listed above constitute a steadfast condition for the establishment and/or continuation of contractual relationships.

In 2019 the supply chain of the Parent Company, which remained largely unchanged on previous years, involved over 3,300 suppliers; 97% operate in the same region as the Group, demonstrating the preference for local suppliers, pursuing a development strategy focused on forging stable relationships with the local community. The Authorised Suppliers Register includes:

- suppliers who in the last calendar year have recorded a total turnover greater than € 100,000;
- names of suppliers notified by the expenditure planning team who, in the year of validity of the Register, are expected to achieve an annual turnover of over € 100,000.

In 2019, the register included 219 suppliers.

For supplies

- relating to company departments whose operations are considered to present significant risk profiles and whose outsourcing is subject to greater caution;
- of strategic importance with a total invoiced amount in excess of € 100,000;
- whose invoices exceeded € 500,000,

the *vendor rating* process is activated, which allows to assess the supplier's performance in order to provide an assessment of its suitability to provide the relevant supply. The assessment considers the criteria of professionalism, reliability, financial stability and affordability. If the supplier does not achieve the minimum score required, it is placed "*under observation*"; in this case, the manager of the expenditure item issues a written opinion as to whether the contractual relationship should be continued or terminated. If the relationship is continued, potential risks are nonetheless subject to closer supervision. In 2019, supplier assessment activities aimed at the allocation of the vendor rating were carried out on 109 suppliers for 152 supply contracts; a total of 11 suppliers were placed *under observation*.

Disclosure 204-1 Proportion of spending on local suppliers

For the supply of products and services, the Parent Company gives precedence to companies based in its own market, which includes the communities near the locations where the business activities are performed. In 2019, **97%** of the supply chain can be attributed to **local suppliers**[2], who represent **95% of total expenditure on supplies and provisions.**

The Chairman Lucio Igino Zanon di Valgiurata.
Credem is the Title Sponsor of the Serie A Men's Volleyball Championship.

1. The complete document containing the Code of Ethics is available on the company website: https://www.credem.it/content/dam/credem/documenti/governance/generali/MOG231%20Comunicazione%20Standard%20Etici.pdf

2. The percentage also includes suppliers belonging to multinational companies, but with Italian offices.

Measuring

Appendix

Focusing on an evolving business model. Maintaining strong bonds with our entrepreneurial traditions and at the same time looking ahead towards new needs and new possibilities for safe investment. Sharing results with our stakeholders in a clear and transparent way. Looking at the objectives achieved during the year with confidence and satisfaction and planning new horizons. Considering new outlooks for the well-being of People, the Environment and Society.

6.1

Key Performance Indicators

Determination and distribution of Added Value[1]

Items (€/000)	2019	2018	2017
10. Interest income and similar revenues	586,920	587,106	635,019
20. Interest expense and similar charges	(106,745)	(99,701)	(96,540)
40. Fee and commission income	718,606	629,729	621,786
50. Fee and commission expenses (net of external network charges)	(85,862)	(61,345)	(59,689)
70. Dividends and similar income	258	1,058	9,384
80. Net profit (loss) from trading	20,256	11,122	15,228
90. Net profit (loss) from hedging	(11,519)	1,141	4,176
100. Gains (losses) on disposal or repurchase of:	23,770	36,146	-
a) financial assets measured at amortised cost	*11,633*	*1,881*	-
b) financial assets measured at fair value through other comprehensive income	*12,044*	*33,931*	-
c) financial liabilities	*93*	*334*	-
Gains (losses) on disposal or repurchase of: (former Item 100 IAS 39)	-	-	*61,090*
a) loans	-	-	*(980)*
b) financial assets available for sale	-	-	*61,739*
c) financial assets held to maturity	-	-	*(12)*
d) financial liabilities	-	-	*343*
110. Net result of other financial assets and liabilities designated at fair value through profit or loss	(157)	12	-
a) financial assets and liabilities measured at fair value	-	-	-
b) financial assets and liabilities measured at fair value, as per mandatory requirements	*(157)*	*12*	-
Net result of financial assets and liabilities measured at fair value (former Item 110 IAS 39)	-	-	*52,021*
115. Net result of financial assets and liabilities pertaining to insurance companies pursuant to IAS39	142,726	144,782	-
130. Net value adjustments for credit risk from:	(61,959)	(62,307)	-
a) financial assets measured at amortised cost	*(62,835)*	*(64,169)*	-
b) financial assets measured at fair value through other comprehensive income	*876*	*1,862*	-
Net adjustments to (Recoveries on) impairment of: (former Item 130 IAS 39)	-	-	*(88,406)*
a) loans	-	-	*(80,462)*
b) financial assets available for sale	-	-	*(5,247)*
c) financial assets held to maturity	-	-	-
d) other financial transactions	-	-	*(2,697)*
135. Net adjustments pertaining to insurance companies pursuant to IAS39	(1,203)	(749)	-
140. Profits/losses from contractual changes without derecognitions	(266)	121	-
160. Net premiums earned	392,479	535,533	347,397
170. Net other operating income/charges from insurance activities	(408,857)	(563,318)	(372,559)
230. Other operating income/charges	123,479	121,493	134,626
250. Gains (Losses) on equity investments (relating to "profit/loss from disposals")	-	-	177
280. Gains (Losses) on disposals of investments	1,993	1,724	1,915
320. Profit (loss) after tax from discontinued operations	-	-	-
A. Total generated economic value	**1,333,919**	1,282,547	1,265,625
190.b Other administrative expenses (net of indirect taxes and donations and charges for resolution funds and deposit guarantee) (-)	229,418	251,396	232,410
Economic value distributed to suppliers	**229,418**	251,396	232,410

1. As a result of the entry into force of the update V of Bank of Italy Circular no. 262 of 22 December 2017 (which adjusted the consolidated financial statement schedules and the explanatory notes to the provisions of accounting principle IFRS 9: Financial Instruments), the Statement of Determination and Distribution of Added Value has been updated, also restating the items relating to the year 2018 compared to what was published in the NFS 2018.

Items (€/000)	2019	2018	2017
190.a) Personnel expenses (including external network charges - i.e. agents, financial advisors) (-)	606,116	603,987	600,451
Economic value distributed to employees and collaborators	**606,116**	603,987	600,451
340. Profit (loss) for the year attributable to minority interest	**-**	-	
Economic value distributed	**-**	-	-
Profit allocated to shareholders	**-** [2]	66,319	66,246
Economic value distributed to shareholders	**-**	66,319	66,246
190.b Other administrative expenses: indirect taxes and taxes (-)	107,269	103,352	102,585
190.b Other administrative expenses: charges for resolution funds and deposit guarantee (-)	-	-	-
300. Income tax for the current year from continuing operations (for the portion relating to current taxes, changes in current tax of previous years and decreases in current tax for the year)	106,567	68,421	72,611
Economic value distributed to the central and local Public Authorities	**213,836**	171,773	175,196
190.b Other administrative expenses Donations/perks	1,195	982	548
Profit allocated to the charity fund	-	-	-
Economic value distributed to communities	**1,195**	982	548
B. Total distributed economic value	**1,050,565**	1,094,457	1,074,851
200. Net provisions for risks and charges	15,282	2,587	10,765
a) commitments undertaken and guarantees given	*500*	*(460)*	
b) other net provisions	*14,782*	*3,047*	
210. Net value adjustments to (recoveries on) property, plants and equipment	42,532	18,160	18,381
220. Net value adjustments to (recoveries on) intangible assets	39,409	34,989	31,538
250. Profit (loss) on equity investments (relating to the valuation component "write-downs/ revaluations", "value adjustments on impairment/recoveries", "other charges and income")	(3,689)	(3,315)	(2,933)
260. Net result of fair value measurement of property, plant and equipment and intangible assets	**-**	-	-
270. Net value adjustments/recoveries on goodwill	**-**	-	-
300. Income tax for the current year from continuing operations (for the portion relating to changes in prepaid and deferred taxes)	(11,490)	15,328	12,772
Earnings allocated to reserves	201,310	120,341	120,251
C. Total withheld economic value	**283,354**	188,090	190,774

2. Following the Recommendation of the European Central Bank dated 27 March 2020 concerning the abstention from the payment of dividends and the non-assumption of any irrevocable commitment for the payment of the same for the years 2019 and 2020, arising from the opportunity for Banks to maintain an adequate level of capital to support loans for families and businesses in a context characterised by the serious repercussions provoked by the Covid-19 health emergency, the Board of Directors of 9 April 2020, in compliance with these recommendations, withdrew the proposal for the distribution of a dividend and resolved to propose to the Shareholders' Meeting, to be held on 30 April 2020, to set aside the profit for the year 2019 entirely as an extraordinary reserve.
The Board of Directors will also consider the ECB's next indications regarding the distribution of dividends and trusts, as soon as the uncertainty generated by Covid-19 is overcome, in order to convene a new Shareholders' Meeting to propose the distribution of dividends suspended and prudently set aside for reserves.

Disclosure 103-1
Explanation of the material topic and its Boundary

Macro topics	Material topic	Topic description	Boundaries: Location of impact:	Boundaries: Involvement of the Group
Governance, integrity and economic responsibility	Economic sustainability	Capacity to endure over time, adapting the business model to changing external and internal conditions and creating value for the Group and its stakeholders.	Credem Group	Generated by the Group
Governance, integrity and economic responsibility	Ethical business	Capacity to operate in compliance with laws, regulations and ethical standards. Fight against active and passive corruption.	Credem Group	Generated by the Group
Governance, integrity and economic responsibility	Corporate Identity	Ability to identify and transmit the focus and synthesis of the Group's identity to stakeholders with its work, mission and corporate values.	Credem Group	Generated by the Group
Product and customer responsibility	Data security	Capacity of the Group to protect the privacy of customer data and transactions.	Credem Group	Generated by the Group
Product and customer responsibility	Accessibility and transparency	Capacity to define policies aimed at promoting access to financial products and services and providing maximum transparency in services and activities.	Credem Group	Generated by the Group
Product and customer responsibility	Customer satisfaction	Alignment of the service quality to customer expectations and capacity to improve the customer experience.	Credem Group	Generated by the Group
Product and customer responsibility	Innovation and technology	Ability to develop innovative policies and technologically advanced services, able to bring benefits to stakeholders.	Credem Group	Generated by the Group
Product and customer responsibility	Sustainable finance	Adoption of socio-environmental screening practices in asset management activities, which exclude investments in companies and institutions whose values are not compatible with those of the Group. Development of products and services with specific environmental and/or social aims.	Credem Group	Generated by the Group
Responsibilities towards Employees	Recognition	Ability to enhance employees through constant attention to human and professional performance, training and professional growth pathways, remuneration policies and related incentives.	Credem Group	Generated by the Group
Responsibilities towards Employees	Well-being	Capacity to provide a good working environment and a healthy work-life balance through the provision of financial and social benefits and corporate welfare policies.	Credem Group	Generated by the Group
Responsibilities towards Employees	Skills and expertise	Ability to design and implement training solutions that allow employees to acquire and develop skills and knowledge useful for their growth path and for the success of teamwork.	Credem Group	Generated by the Group
Responsibilities towards Employees	Diversity and contamination	Ability to ensure equal opportunities for growth, remuneration and comparison in relation to gender diversity, disability, age groups, minorities, etc.	Credem Group	Generated by the Group
Environmental responsibility	Environmental impacts	Ability to manage and rationalise the environmental impacts generated by business activities (energy consumption, GHG emissions, paper consumption, waste disposal and employee mobility)	Credem Group: Suppliers of office materials and electricity	Generated by the Group; directly connected through a business

Disclosure 102-6
Markets served [1]

	2019	2018	2017
Customers			
by category [%]			
Private customers and families	82.7	83.1	82.7
Businesses and professionals	14.3	14.0	14.6
Private banking	3.0	2.9	2.7
Total	**100.0**	100.0	100.0
Private customers			
by duration of relationship [%]			
Up to 1 year	6.2	7.1	7.5
From 1 to 5 years	26.0	26.8	26.6
From 6 to 10 years	19.1	17.9	19.6
From 11 to 20 years	28.9	30.4	29.7
Over 20 years	19.8	17.8	16.7
Total	**100.0**	100.0	100.0
by age [%]			
Up to 25 years	4.6	4.9	5.1
From 26 to 30 years	5.6	5.8	6.0
From 31 to 35 years	6.9	6.9	7.1
From 36 to 45 years	17.4	17.9	18.9
From 46 to 55 years	22.0	22.0	22.0
From 56 to 65 years	18.1	17.6	16.9
Over 65 years	25.4	24.9	24.0
Total	**100.0**	100.0	100.0
by gender [%]			
Men	51.4	51.2	51.0
Women	48.6	48.8	49.0
Total	**100.0**	100.0	100.0
Business Customers			
by duration of relationship [%]			
Up to 1 year	10.4	11.0	11.0
From 1 to 5 years	32.7	34.0	35.0
From 6 to 10 years	23.0	22.0	22.0
Over 10 years	33.9	33.0	32.0
Total	**100.0**	**100.0**	**100.0**
female leadership [2]			
Number of female entrepreneurs [no.]	31,379	29,616	28,054
Female-led businesses against total number of businesses [%]	**17.9**	**17.4**	**17.0**
by turnover [2] [%]			
€ 0 - 25 million	98.1	98.2	98.2
€ 25 - 50 million	0.9	0.8	0.8
€ 50 - 100 million	0.5	0.5	0.5
€ 100 - 150 million	0.2	0.2	0.2
Over € 150 million	0.3	0.3	0.3
Total	**100.0**	100.0	100.0

1. Data refer to Credito Emiliano S.p.A. and Banca Euromobiliare S.p.A.
2. The data refer to Credito Emiliano S.p.A.

Transactions

Transactions by type and method	2019 Physical [N./1000]	2019 Digital [N./1000]	2019 Digital %	2018 Physical [N./1000]	2018 Digital [N./1000]	2018 Digital %	2017 Physical [N./1000]	2017 Digital [N./1000]	2017 Digital %
Payment	5,295	74	1.38%	5,644	69	1.21%	5,782	83	1.42%
Unscheduled direct debit payments	197	16	7.51%	213	15	6.58%	233	15	6.05%
Payment by slip (MAV/RAV)	206	345	62.61%	230	327	58.71%	243	306	55.74%
Domiciliation/revocation utilities [1]	5	20	80.00%	30	26	46.43%	73	38	34.23%
Bank transfer set-up	15	24	61.54%	16	21	56.76%	-	-	-
F24 payment	535	2,296	81.10%	561	2,213	79.78%	552	2,057	78.84%
Bank transfer	1,468	10,630	87.87%	1,491	9,492	86.42%	1,473	8,347	85.00%
Withdrawal	1,825	15,502	89.47%	1,918	15,227	88.81%	1,938	14,647	88.31%
Scheduled direct debits	258	2,780	91.51%	294	2,678	90.11%	298	2,448	89.15%
Activation/Reactivation of SDD mandate	45	753	94.36%	45	648	93.51%	55	602	91.63%
CARTAEGO top-ups	46	746	94.19%	44	596	93.13%	40	476	92.25%
MAV presentation	3	85	96.59%	4	89	95.70%	2	66	97.06%
Revocation of SDD mandate	25	573	95.82%	28	539	95.06%	24	437	94.79%
Payment of salaries	133	4,356	97.04%	132	3,904	96.73%	145	3,459	95.98%
Direct debit presentation	136	6,112	97.82%	162	5,642	97.21%	182	5,277	96.67%
Invoice payment	0.4	257	99.84%	1	226	99.56%	-	196	100.00%
Postal order payment	-	440	100.00%	-	433	100.00%	-	414	100.00%
Car tax payment	-	21	100.00%	-	52	100.00%	-	43	100.00%
CBILL payment	-	91	100.00%	-	28	100.00%	-	17	100.00%
Mobile phone top-up	-	792	100.00%	-	938	100.00%	-	1,012	100.00%
RID presentation	-	6,122	100.00%	-	6,123	100.00%	-	5,483	100.00%
SDD transfer	-	12,447	100.00%	-	11,340	100.00%	-	10,124	100.00%
Issue of cheque book	290	-	0.00%	315	-	0.00%	328	-	0.00%
Collection of various bills	8	-	0.00%	128	-	0.00%	136	-	0.00%
Total	**10,485**	**64,462**	**86.01%**	11,226	60.600	84.37%	11,431	55,509	82.92%

1. The data for domiciliation/revocation of utilities transactions are given in units, not thousands.

Disclosure 418-1
Substantiated complaints concerning breaches of customer privacy and losses of customer data

Complaints [1]	2019	2018	2017
concerning privacy breaches [no.]			
Complaints received concerning breaches of customer privacy	18	13	38
of which received from third parties and verified by the organisation	18	13	38
of which received from regulatory bodies	-	-	-
Total number of leaks, thefts or losses of customer data	-	-	-
Total	**18**	13	38

Complaints registered

Complaints [1]	2019		2018		2017	
by service [no.]						
Banking service complaints	2,119 [2]		1,803		1,713	
Investment service complaints	266		314		222	
Insurance service complaints [3]	81		84		80	
PSD2 complaints [4]	215		83		-	
Complaints other services	89		60		67	
Total	**2,770**		2,344		2,082	
of which refer to Credem Banca	*2,572*		*2,175*		*1,908*	
	No.	%	No.	%	No.	%
by reason						
Creditworthiness or similar	274	9.9%	201	8.6%	155	7.4%
Fraud and losses	72	2.6%	70	3.0%	53	2.5%
Performance of transactions	1,382	49.9%	1,219	52.0%	1,017	48.8%
Conditions	69	2.5%	89	3.8%	126	6.1%
Customer communications and information	327	11.8%	217	9.3%	253	12.2%
Application of conditions	178	6.4%	138	5.9%	140	6.7%
Reports on risk management	85	3.1%	70	3.0%	42	2.0%
Compound interest	23	0.8%	28	1.2%	30	1.4%
Organisational aspects	60	2.2%	66	2.8%	55	2.6%
Faulty equipment	37	1.3%	12	0.5%	10	0.5%
Staff	85	3.1%	94	4.0%	74	3.6%
Other	178	6.4%	140	6.0%	127	6.1%
Total	**2,770**	**100%**	2,344	100%	2,082	100.00%

1.The complaints recorded do not include the data of the following companies: Euromobiliare Fiduciaria S.p.A., Credem CB S.r.l. e Gestimlux S.ar.l.. From this year, the data of Credemtel S.p.A., Magazzini Generali delle Tagliate S.p.A. and Credemvita S.p.A. are also included; therefore, the data relating to 2017 and 2018 have been restated with respect to those indicated in the NFS 2018 in order to ensure comparability with 2019, including the integrated companies. For previously published data, reference should be made to the 2018 NFS available in the Sustainability section of the Group's website. The data was extracted using the Bank's internal computer archiving procedure (SPHERA until 2018, SIGRADE from 01/01/2019).
2. The bank complaints also include the 18 privacy complaints referred to in disclosure 418-1.
3. Since 17/01/2017, in accordance with IVASS legislation, insurance complaints are recognised independently. To enable year-on-year comparability, the data for Insurance Complaints received in 2016 is also provided.
4. Since 13/01/2018, in accordance with PSD2 legislation, disputes regarding payment services are recognised independently.

GRI FS7 Products and services with social goals [1]

Loans to families and businesses

	2019				2018				2017			
	Transactions in the year		Stock at year-end		Transactions in the year		Stock at year-end		Transactions in the year		Stock at year-end	
	Number	Granted (€ million)	Number	Residual debt (€ million)	Number	Granted (€ million)	Number	Residual debt (€ million)	Number	Granted (€ million)	Number	Residual debt (€ million)
Emilia Earthquake 2012 Tax Loans [2]	-	-	270	6.2	-	-	302	9.2	-	-	308	11
Emilia Earthquake 2012 Reconstruction	110	16.1	775	150.6	212	32.1	665	137.8	170	34.6	453	109.1
Total	**110**	**16.1**	**1,045**	**156.8**	212	32.1	967	147	170	34.6	761	120.1

Suspension/extension of loans to families

	2019				2018				2017			
	Transactions in the year		Stock at year-end		Transactions in the year		Stock at year-end		Transactions in the year		Stock at year-end	
	Number	Residual debt (€ million)	Number	Outstanding debt (€ million)	Number	Residual debt (€ million)	Number	Residual debt (€ million)	Number	Residual debt (€ million)	Number	Residual debt (€ million)
Weather events October 2018	-	-	-	-	3	0.5	-	-	-	-	-	-
Solidarity Fund (Consa)	5	0.6	-	-	3	0.3	-	-	8	0.9	-	-
ABI moratorium (Stability Law 2015-2017)	-	-	-	-	15	0.4	-	-	16	0.8	-	-
Earthquake Central Italy (legal initiative)	17	0.7	-	-	19	0.7	-	-	4	0.3	-	-
Total	**22**	**1.3**	**-**	**-**	40	1.9	-	-	28	2	-	-

Suspension/extension of loans to SMEs

	2019				2018				2017			
	Transactions in the year		Stock at year-end		Transactions in the year		Stock at year-end		Transactions in the year		Stock at year-end	
	Number	Residual debt (€ million)	Number	Residual debt (€ million)	Number	Residual debt (€ million)	Number	Residual debt (€ million)	Number	Residual debt (€ million)	Number	Residual debt (€ million)
Earthquake Central Italy (legal initiative)	34	6.2	-	-	43	9.7	-	-	68	8.3	-	-
2015 Credit Agreement (ABI Moratorium)	-	-	-	-	14	2.6	-	-	12	2.5	-	-
2019 Credit Agreement (ABI Moratorium)	26	5.2	-	-	-	-	-	-	-	-	-	-
Weather events October 2018	-	-	-	-	8	2.3	-	-	-	-	-	-
Total	**60**	**11.4**	**-**	**-**	65	14.6	-	-	80	10.8	-	-

GRI FS8 Products and services with environmental goals [1]

Loans to families and businesses

	2019				2018				2017			
	Transactions in the year		Stock at year-end		Transactions in the year		Stock at year-end		Transactions in the year		Stock at year-end	
	Number	Granted (€ million)	Number	Residual debt (€ million)	Number	Granted (€ million)	Number	Residual debt (€ million)	Number	Granted (€ million)	Number	Residual debt (€ million)
Mutuo Chiaro Energia	-	-	217	1.3	-	-	242	2	-	-	279	13
Mutuo Energia	-	-	151	7.3	-	-	184	12.9	-	-	212	17.3
Total	**-**	**-**	**368**	**8.6**	-	-	426	14.9	-	-	491	30.3

1. Data refer to Credito Emiliano S.p.A.
2. Data refer to private customers and businesses.

Initiatives to support businesses [1]

	2019	2018	2017	2016
Loans to families and businesses				
Ismea	1.0	2.0	0.5	1.8
Sace	83.1	49.1	37.3	40.6
EIF - InnovFin	38.3	103.4	177.7	111.5
EIF - Cosme	140.5	139.4	155.2	285.5
EIF - Agri	5.4	-	-	-
MCC - SME Guarantee Fund	266.9	220.3	157.2	157.7
MISE - New Sabatini Law	15.4	10.0	16.1	30.5
Total loans granted [€ million]	**550.6**	524.2	543.9	627.6

1. The report on initiatives to support businesses has been prepared with reference to the loans archive; in this regard, only subsidised loans that benefit from a guarantee or a public grant have been considered. The values refer to the amount granted.

Disclosure 102-8
Information on employees and other workers

	at 31 December 2019			*at 31 December* 2018			*at 31 December* 2017		
EMPLOYEES by geographic area and contract									
	Permanent contract	**Fixed term**	**Total**	**Permanent contract**	**Fixed term**	**Total**	**Permanent contract**	**Fixed term**	**Total**
Northern Italy									
Number	3,921	151	4,072	3,816	237	4,053	3,752	212	3,964
Percentage	62.67%	2.41%	65.08%	60.9%	3.8%	64.7%	60.7%	3.4%	64.1%
Central Italy									
Number	653	27	680	648	34	682	648	29	677
Percentage	10.44%	0.43%	10.87%	10.3%	0.5%	10.9%	10.5%	0.5%	11.0%
Southern Italy									
Number	1,447	43	1,490	1,451	63	1,514	1,452	61	1,513
Percentage	23.13%	0.69%	23.81%	23.2%	1.0%	24.2%	23.5%	1.0%	4.5%
Luxembourg									
Number	15	-	15	15	-	15	27	-	27
Percentage	0.24%	0.00%	0.24%	0.2%	0.0%	0.2%	0.4%	0.0%	0.4%
Total									
Number	**6,036**	**221**	**6,257**	5,930	334	6,264	5,879	302	6,181
Percentage	**96.47%**	**3.53%**	**100.00%**	94.7%	5.3%	100%	95.1%	4.9%	100%

EMPLOYEES by contract type and gender									
	Men	**Women**	**Total**	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Permanent									
Number	3,895	2,141	6,036	3,919	2,011	5,930	3,933	1,946	5,879
Percentage	62.25%	34.22%	96.47%	62.6%	32.1%	94.7%	63.6%	31.5%	95.1%
Fixed term									
Number	116	105	221	168	166	334	137	165	302
Percentage	1.85%	1.68%	3.53%	2.7%	2.7%	5.3%	2.2%	2.7%	4.9%
Total									
Number	**4,011**	**2,246**	**6,257**	4,087	2,177	6,264	4,070	2,111	6,181
Percentage	**64.10%**	**35.90%**	**100%**	65.2%	34.8%	100%	65.8%	34.2%	100%

EMPLOYEES by contract type and gender									
	Men	**Women**	**Total**	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Full-time									
Number	3,981	1,942	5,923	4,050	1,862	5,912	4,035	1,797	5,832
Percentage	63.62%	31.04%	94.66%	64.7%	29.7%	94.4%	65.3%	29.1%	94.4%
Part-time									
Number	30	304	334	37	315	352	35	314	349
Percentage	0.48%	4.86%	5.34%	0.6%	5.0%	5.6%	0.6%	5.1%	5.6%
Total									
Number	**4,011**	**2,246**	**6,257**	4,087	2,177	6,264	4,070	2,111	6,181
Percentage	**64.10%**	**35.90%**	**100%**	65.2%	34.8%	100%	65.8%	34.2%	100%

Disclosure 102-8
Information on employees and other workers

External workforce [no.]	at 31 December 2019	at 31 December 2018	at 31 December 2017
Financial advisors and agents	1,217	1,100	1,125
Temporary staff and interns	39	42	42
Total	**1,256**	1,142	1,167

Total workforce [%]			
Employees	83.28	84.58	84.2
Financial advisors and agents	16.20	14.85	15.3
Temporary staff and interns	0.52	0.57	0.6

Disclosure 102-41
Collective bargaining agreements

Employees covered by collective bargaining agreements	at 31 December 2019	at 31 December 2018	at 31 December 2017
Percentage of employees covered by collective bargaining agreements	100.00%	100.00%	100.00%

Disclosure 401-1
New employee hires and employee turnover [1]

Number and rate of new hires and turnovers by geographical area	From 1 January to 31 December 2019				From 1 January to 31 December 2018			
	New hires		Exits		New hires		Exits	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Northern Italy	242	5.94%	209	5.13%	235	5.82%	145	3.59%
Central Italy	33	4.85%	35	5.15%	26	3.81%	20	2.93%
Southern Italy	46	3.09%	84	5.64%	31	2.05%	44	2.91%
Luxembourg	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total	**321**	**5.13%**	**328**	**5.24%**	292	4.66%	209	3.34%

Number and rate of new hires and turnovers by gender	New hires		Exits		New hires		Exits	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Men	181	4.51%	256	6.38%	161	3.94%	144	3.52%
Women	140	6.23%	72	3.21%	131	6.02%	65	2.99%
Total	**321**	**5.13%**	**328**	**5.24%**	292	4.66%	209	3.34%

Number and rate of new hires and turnovers by age	New hires		Exits		New hires		Exits	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Up to 30 years	200	31.70%	45	7.13%	193	31.85%	47	7.76%
31 - 50 years	108	3.11%	43	1.24%	77	2.23%	46	1.33%
Over 50 years	13	0.60%	240	11.16%	22	1.00%	116	5.25%
Total	**321**	**5.13%**	**328**	**5.24%**	292	4.66%	209	3.34%

1. *Outbound turnover* includes employees who left the organisation voluntarily or due to dismissal, retirement or death.

Disclosure 405-1
Diversity of governance bodies [1] and employees

at 31 December **2019** | at 31 December **2018** | at 31 December **2017**

EMPLOYEES by professional category and age [%]

	< 30 years	31-50 years	> 50 years	< 30 years	31-50 years	> 50 years	< 30 years	31-50 years	> 50 years
Executives	0.00%	26.01%	73.99%	0.00%	26.26%	73.74%	0.00%	31.43%	68.57%
Middle managers	0.10%	53.53%	46.37%	0.07%	53.07%	46.86%	0.07%	54.75%	45.19%
Remaining staff	20.49%	59.22%	20.29%	19.76%	58.68%	21.56%	20.46%	58.48%	21.06%
Total	**10.08%**	**55.55%**	**34.36%**	9.67%	55.04%	35.28%	10.05%	55.91%	34.04%

at 31 December **2019** | at 31 December **2018** | at 31 December **2017**

EMPLOYEES by professional category and gender [%]

	Men	Women	Men	Women	Men	Women
Executives	93.64%	6.36%	95.53%	4.47%	96.00%	4.00%
Middle managers	74.59%	25.41%	75.69%	24.31%	75.95%	24.05%
Remaining staff	52.10%	47.90%	53.12%	46.88%	54.15%	45.85%
Total	**64.10%**	**35.90%**	65.25%	34.75%	65.85%	34.15%

EMPLOYEES belonging to protected categories [2], by professional category and gender

	Men	Women	Men	Women	Men	Women
Executives						
Number	2	0	2	0	3	0
Percentage	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%
Middle managers						
Number	87	26	89	29	91	27
Percentage	76.99%	23.01%	75.42%	24.58%	77.12%	22.88%
Remaining staff						
Number	148	99	159	95	156	95
Percentage	59.92%	40.08%	62.60%	37.40%	62.15%	37.85%
Total						
Number	**237**	**125**	250	124	250	122
Percentage	**65.47%**	**34.53%**	66.84%	33.16%	67.20%	32.80%

1. For information on the diversity of the governing bodies, refer to Chapter 1.4 Governance of this NFS.
2. Ref. Law no. 68/1999.

Disclosure 401-3
Parental leave

From 1 January to 31 December **2019** | From 1 January to 31 December **2018** | From 1 January to 31 December **2017**

Parental leave by gender

	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of parental leaves during the year	17	212	229	7	210	217	10	210	220
Return to work at the end of parental leave	16	189	205	6	182	188	10	161	171
Continuation of parental leave as at 31 December	-	22	22	1	27	28	-	49	49
Return-to-work rate [1]	**94.1%**	**99.5%**	**99.0%**	**100.0%**	**99.5%**	**99.5%**	**100.0%**	**100.0%**	**100%**
Continuation of employment after 12 months of the return from parental leave	6	175	181	5	130	135	5	130	135
Employee retention rate after 12 months of the return to work [2]	**100%**	**96%**	**96%**	**50.0%**	**80.7%**	**78.9%**	**100%**	**99.2%**	**99.3%**

Disclosure 404-1
Average hours of training per year per employee [3]

2019 | **2018** | **2017**

Training by professional category and gender

	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives									
Hours of training	9,199	773	9,972	5,886	241	6,127	8,281	419	8.700
Employees as at 31/12	162	11	173	171	8	179	168	7	162
Hours per capita	56.8	70.3	57.6	34.43	30.10	34.23	49.29	59.86	53.7
Middle managers									
Hours of training	137,363	47,658	185,021	104,284	33,228	137,512	115,830	39,641	155,471
Employees as at 31/12	2,252	767	3,019	2,292	736	3,028	2,264	717	3,034
Hours per capita	61.0	62.1	61.3	45.50	45.15	45.41	51.16	55	51.24
Remaining staff									
Hours of training	102,017	89,292	191,308	84,087	76,175	160,262	74,874	66,439	141,314
Employees as at 31/12	1,597	1,468	3,065	1,624	1,433	3,057	1,638	1,387	3,049
Hours per capita	63.9	60.8	62.4	51.78	53.16	52.42	45.71	48	46.35
Total									
Hours of training	**248,578**	**137,723**	**386,301**	194,257	109,644	303,901	198,985	106,499	305,485
Employees as at 31/12	**4,011**	**2,246**	**6,257**	4,087	2,177	6,264	4,070	2,111	6,181
Hours per capita	**62.0**	**61.3**	**61.7**	47.53	50.36	48.52	48.89	50.45	49.42

1. The return to work rate is calculated on the total number of employees who, as at 31 December, had returned to work following the conclusion of parental leave which began during the year / the total number of employees who began parental leave during the year net of those who, as at 31 December, had not yet concluded the parental leave which began during the year.
2. The retention rate is equal to the ratio between the total number of employees staying in the company after 12 months of the return from leave and the total number of employees returned to work at the end of parental leave.
3. The reporting boundary does not include Gestimlux S.ar.l.

Disclosure 301-1
Materials used by weight or volume

	2019	2018	2017
Consumption of office materials			
by type of material			
Paper [t]	**651.53**	637.36	655.05
Toner and ink cartridges [units]	**12,044**	10,598	12,384

Intensity of use of office materials			
by type of material			
Number of employees as at 31/12	**6,257**	6,264	6,181
Paper [kg/employee] [1]	**104.13**	101.75	105.98
Toner and ink cartridges [no. of units/employee]	**1.92**	1.69	2

Calculation method

Paper usage by weight is estimated on the number of sheets used and applying the formula "75 g/m^2 × 2^{-X} m^2/sheet", where X indicates the AX format (e.g. A4, where X=4) and 75 g/m^2 represents the weight of the used paper.

Disclosure 306-2
Waste by type and disposal method [2]

	2019		2018		2017	
Waste generated						
By type and disposal method						
	Tonnes	**Percentage**	**Tonnes**	**Percentage**	**Tonnes**	**Percentage**
Recycling	595.71	96.30%	591.53	96.80%	661.27	98.00%
of which Paper and cardboard	*580.93*	-	*577.89*	-	*644.73*	-
of which Toner and ink cartridges	*14.78*	-	*13.64*	-	*16.54*	-
Incineration for thermal renewal	-	-	11.63	1.90%	10.32	1.50%
Landfill	23.13	3.70%	7.69	1.30%	3.6	0.50%
Total	**618.84**	**100.00%**	610.85	100.00%	675.19	100.00%

1. To calculate the intensity index of the use of materials, only staff employed directly by the Credem Group as at 31 December were considered, excluding Creacasa agents, financial advisors and salary-backed loan agents as these do not use materials purchased by the Group.
2. The waste disposal method is the responsibility of the supplier company and is determined on the basis of the materials supplied.

Disclosure 302-1
Energy consumption within the organisation

	2019	2018	2017
Energy consumption within the organisation [GJ]			
Use of fuel for heating	31,657	34,952	35,141
of which natural gas	*31,657*	*34,842*	*34,915*
of which LPG	*0*	*110*	*226*
District heating [1]	8,173	9,380	9.067
District cooling [1]	270	255	337
Electricity	101,275	107,641	109,337
of which from renewable sources	*101,275*	*107,641*	*109,337*
Total internal consumption of buildings	**141,375**	152,228	153,881
Leased vehicles			
Diesel for service use	*1,186*	*1,675*	*1,697*
Diesel for mixed use	*17,173*	*17,694*	*18,149*
Hybrid petrol for mixed use	*7*	*14*	*12*
Electric for service use	*5*	*10*	*6*
Total internal consumption of company vehicles	**18,371**	19,392	19,864
Total consumption within the organisation	**159,746**	171,620	173,746

Calculation method

- Energy consumption by buildings may also include consumption by third party companies, which is considered insignificant in relation to total consumption.
- The use of natural gas for office heating has been estimated by comparing gas consumption [Smc/m^2], calculated on the basis of the invoiced usage, to the surface area of the buildings with central heating systems. In the calculation of the condominium heating parameter, the contribution of the company Magazzini Generali delle Tagliate is not included within the reporting boundary because the building is typologically unlike the other office units.
- Energy consumption relating to the use of fuel for mixed-use diesel cars has been estimated by correlating the total mileage driven to the "medium" and "large" engine capacity indicated in the 2020 and 2018 ABI Lab Guidelines in proportion to the number of cars in the fleet, assuming an equal intensity of use of the cars falling into the different engine capacity categories.
- The emission factors [kgCO2eq/km] for the two engine capacities have been estimated as the average emission factors of the technologies according to the Euro rating from 1 to 6 for the diesel cars belonging to the two engine capacity groups, as indicated in the ABI Lab Guidelines 2020 and 2018.
- For hybrid cars, reference was made to the average conversion factors indicated in the ABI Lab Guidelines 2020 and 2018 for "medium" engine capacity category.
- Business mileage for mixed-use vehicles has been considered as 70% of the total, as indicated by the ABI Lab Guidelines 2020.
- Energy consumption relating to the use of electric vehicles was calculated by applying the conversion factor for electricity [GJ/kWh] to the combined cycle current consumption [kWh/km] indicated in the technical specifications of the vehicles used.
- The ABI Lab Guidelines were used as the source of conversion factors, respectively in version 2020 for the 2019 reporting year data and in version 2018 for the 2018 and 2017 reporting year data. For the energy consumption deriving from the use of electric cars, the technical specifications of the car were also considered.

1. District heating and cooling refers to the distribution of energy through heat-conveying fluids (steam, warm water or refrigerants) from one or more production sources to several buildings or sites through a collective network for the thermal conditioning of indoor spaces and for the supply of temperature-modulated water. These distribution systems have significant advantages for the environment, promoting the rational use of energy resources thanks to integrated measurement systems, temperature settings and timers, reducing energy use and local pollution.

Disclosure 302-2
Energy consumption outside of the organisation

Energy consumption outside of the organisation [GJ]	2019	2018	2017
Employee cars	29,534	35,040	36,252
Train	3,878	3,770	3,973
Aeroplane	5,007	4,362	4,786
Total	**38,419**	43,172	45,011

Calculation method

- The conversion factor used for the calculation of energy consumption from business trips by air was estimated on the basis of CO_2 eq data made available by the ticketing service provider, calculating the corresponding amount of CO_2 emitted with the conversion factors of the Department for Environment, Food and Rural Affairs (DEFRA), with the application of conversion factors to the energy consumed indicated in the ABI Lab Guidelines 2020 and 2018, respectively for the 2019 and 2018-2017 reporting years.
- The conversion factor used to calculate energy consumption relating to business trips by rail for 2018 and 2019 was estimated as the average of the conversion factors for the most common trips during the two years, processed in turn according to the methodology and conversion factors indicated in the ABI Lab Guidelines 2020 and 2018 using the Ecopassenger application (http://ecopassenger.hafas.de) for the calculation of the mileage coefficients. For 2017, given the absence of sufficient data, the conversion factor associated with the mileage indicated for 2018 (data not reported in the 2017 NFS) has been applied.
- The mileage of non-NTV train trips (Italo) in 2019 were estimated on the basis of the 2018 figure adjusted proportionally to the % change between 2019 and 2018 in the actual mileage of Trenitalia
- To calculate energy consumption arising from the use of private cars used by employees for business trips, the conversion factor for petrol cars has been applied due to the absence of information on the type of fuel used, deemed to be the most likely scenario for cars with medium-sized engines; the conversion factor was estimated as the average of the conversion factors associated with technologies with Euro ratings from 1 to 6 (see the ABI Lab Guidelines 2020 and 2018, respectively for the 2019 and 2018-2017 reporting years).

Disclosure 302-3
Energy intensity

Energy intensity	2019	2018	2017
Internal energy consumption for buildings			
Employees and financial advisors as at 31/12 [no.]	7,513	7,364	7,305
Net surface area [m²]	298,242	301,124	302,325
Energy intensity per person [GJ/person] [1]	**18.82**	20.67	21.07
Energy intensity by net surface area [GJ/m²]	**0.47**	0.51	0.51

Calculation method

In consideration of the significant changes to real estate which took place in 2019, the surface area used in the calculation has been weighted in relation to the actual possession (or use) of the building, considering new acquisitions, new leases, and the handover of buildings at the end of existing lease during the year.

1. For the purposes of the energy intensity calculation, Creacasa agents, financial advisors and salary-backed loan agents have also been considered as, although they operate independently on behalf of the Group, they nonetheless regularly occupy the spaces assigned to them.

Disclosure 302- 4
Reduction of energy consumption

Energy efficiency measures	2019	2018	2017
Number of energy efficiency measures:	**30**	36	60
Restructuring	5	6	6
Windows	1	1	1
Heat pump	5	13	20
Boiler	4	3	5
Refrigeration unit and Air Treatment Unit	4	13	28
Lighting systems and signs	11	-	-
Estimated total energy savings [GJ] [1]	**1,130 [2]**	2,383	2,158

Disclosure 305-1
Direct (Scope 1) GHG emissions

Scope 1 emissions [TCO_2EQ]	2019	2018	2017
Use of fuel for heating	1,430.6	1,624.3	1,658.7
of which natural gas	*1,430.6*	*1,617.0*	*1,643.8*
of which LPG	*-*	*7.3*	*14.9*
Use of fuel for company vehicles	1,382.3	1,454.7	1,483.1
Diesel cars for service use	*89.3*	*126.9*	*130.3*
Diesel cars for mixed use	*1,292.5*	*1,326.8*	*1,351.9*
Hybrid petrol cars for service use	*0.6*	*1*	*0.9*
Total	**2,812.9**	3,079.0	3,141.8

Calculation method

- CO_2 equivalent emissions include CO_2, CH_4 and N_2O and are calculated using the GWP (Global Warming Potential) over 100 years of CO_2, CH_4 and N_2O according to the IPCC (Intergovernmental Panel on Climate Change), defined as 1, 28 and 265 respectively.
- ABI Lab Guidelines were used as the source of emission factors, respectively in version 2020 for the 2019 reporting year data and in version 2018 for the 2018 and 2017 reporting year data.
- Greenhouse gas emissions relating to the use of fuel for diesel cars were estimated by allocating the total mileage driven to the "medium" and "large" engine capacity categories envisaged by the ABI Guidelines 2020 and 2018 in proportion to the number of cars in the fleet relating to the corresponding engine capacity category, assuming an equal intensity of use of the cars falling within the two different engine capacity categories. The emission factors [$kgCO_2eq/km$] for the two engine capacities have been estimated as the average emission factors of the technologies according to the Euro rating from 1 to 6 for the diesel cars belonging to the two engine capacity groups, as indicated in the ABI Lab Guidelines 2020 and 2018, respectively for the 2019 and 2018-2017 reporting years.
- Business mileage for mixed-use vehicles has been considered as 70% of the total, as indicated by the ABI Lab Guidelines 2020.

1. Energy saving is calculated by comparing the annual energy consumption of each site subject to energy efficiency actions before and after their adoption. Based on internally developed algorithms, efforts have been made to "sterilise" the effect of climatic conditions.
2. Of which 339 GJ for electricity, 791 GJ for methane gas.

Disclosure 305-2
Indirect (Scope 2) GHG emissions

Scope 2 emissions are calculated according to the "Location-based" and "Market-based" methods. [1]

Scope 2 emissions [TCO_2EQ] Location-based	2019	2018	2017
Electricity purchased from the national grid	8,866.3	9,537.7	9,672.4
District heating	487.2	571.4	552.3
District cooling	16.1	15.5	20.5
Office heating	404.4	405.1	383.1
Total	**9,774.1**	10,529.7	10,628.3

Scope 2 emissions [TCO_2EQ] Market-based	2019	2018	2017
Electricity purchased from the national grid	-	-	-
District heating	487.2	571.4	552.3
District cooling	16.1	15.5	20.5
Office heating	404.4	405.1	383.1
Total	**907.8**	992	955.9

Calculation method

CO2 equivalent emissions include CO_2, CH_4 and N_2O and are calculated using the GWP (Global Warming Potential) over 100 years of CO2, CH4 and N2O according to the IPCC (Intergovernmental Panel on Climate Change), defined as 1, 28 and 265 respectively.
ABI Lab Guidelines were used as the source of emission factors, respectively in version 2020 for the 2019 reporting year data and in version 2018 for the 2018 and 2017 reporting year data.

1. The GRI Sustainability Reporting Standards envisage two calculation methods for Scope 2 emissions: "Location-based" and "Market-based". The "Location-based" method reflects the average intensity of emissions deriving from the total national production of electricity, while the "Market-based" method reflects emissions deriving from the electricity that companies have chosen to use and therefore is calculated on emission factors including contractual instruments for the sale and purchase of certified electricity.

Disclosure 305-3
Other indirect (Scope 3) GHG emissions

Scope 3 emissions [TCO_2EQ]	2019	2018	2017
Energy consumption from business trips	2,749.3	3,116.5	3,247.8
of which refer to flights	*361.7*	*315.1*	*345.7*
of which refer to train trips	*204.9*	*199.2*	*209.9*
of which refer to employee private vehicles for service use	*2,182.7*	*2,602.1*	*2,692.2*
Paper consumption	565.5	615.1	639.2
Total	**3,314.8**	3,731.6	3,887.1

Calculation method

- To calculate the CO_2 equivalent emissions relative to flights, the data provided in the report of the ticketing service provider has been used.
- To calculate emissions relative to rail transport, reference was made to the Ecopassenger method proposed by the ABI Lab Guidelines for the calculation of t CO_2 and the subsequent application of equivalence factors (t CO_2 eq/t CO_2), calculated according to the conversion factors provided by the Department for Environment, Food and Rural Affairs (DEFRA).
- To calculate greenhouse gas emissions arising from the use of employee cars for business use, CO_2 equivalent emissions were calculated using the GWP (Global Warming Potential) over 100 years of CO_2, CH_4 and N_2O according to the IPCC (Intergovernmental Panel on Climate Change), defined as 1, 28 and 265 respectively. In the absence of information regarding the type of fuel used by said cars, the emission factor for petrol vehicles has been used, therefore applying the worse of the potential factors but which is however deemed most likely for vehicles with medium-capacity engines; the conversion factor was estimated as the average of the conversion factors associated with technologies with Euro ratings from 1 to 6 (ABI Guidelines).
- To calculate paper emissions, reference was made to the conversion factors issued by the Department for Environment, Food and Rural Affairs (DEFRA) for Material use and Waste disposal; in the latter case, emissions were weighted according to the waste disposal system actually used.

Disclosure 305-4
GHG emissions intensity

Intensity of emissions Scope 1 + Scope 2 (Market-based)	2019	2018	2017
Scope 1 + Scope 2 emissions (Market-based) [tCO_2eq]	3,720.6	4,071	4,097.7
Employees and financial advisors as at 31/12 [no.]	7,513	7,364	7,305
Net surface area [m^2]	298.242	301,124	302,325
Emission intensity per person [$kgCO_2eq$/person]	**495.2**	552.8	560.9
Emission intensity by net surface area [$kgCO_2eq/m^2$]	**12.5**	13.5	13.6

Disclosure 305-7
Nitrogen oxides (NOX), sulphur oxides (SO_2) other significant air emissions

	2019	2018	2017
NOx [KG]			
from natural gas for central heating	960.2	1,057.1	1,059.6
from LPG for central heating	0	3.3	6.9
from electricity from non-renewable sources	0	-	-
from company vehicles	7,567.5	12,693.7	13,053.9
Total	**8,527.7**	13,754.1	14,120.33

SO_2 [KG]			
from natural gas for central heating	9.5	10.5	10.5
from LPG for central heating	0	-	-
from electricity from non-renewable sources	0	-	-
from company vehicles (excluding employee vehicles)	13.1	16.2	16.6
Total	**22.6**	26.7	27.2

Calculation method

In reference to the company fleet of vehicles, NOx and SO_2 emissions were calculated according to the values published on the website http://www.sinanet.isprAmbiente.it/it/sia-ispra/fetransp/ with reference to motor vehicles used to transport people in all contexts (urban, suburban and motorway driving).

ABI Lab Guidelines were used as the source of emission factors, respectively in version 2020 for the 2019 reporting year data and in version 2018 for the 2018 and 2017 reporting year data.

Disclosure 303-1
Water withdrawal by source

	2019	2018	2017
Water withdrawal by source [m^3]			
Aqueduct	128,978	130,448	126,065
Well	700	700	760
TOTAL	**129,678**	131,148	126,825

Calculation method

To estimate the volume of water sourced from aqueducts, the methodology described in the ABI Lab Guidelines 2020 was adopted (the values for the fixed and variable tariffs were increased by 10% to reflect the pricing conditions identified in 2019).
The national average weighted tariff was calculated for buildings served by an exclusive supply contract; consequently, water consumption was estimated and a parametric value which represents the average consumption of each building was identified. This value was used to calculate the percentage contribution of water supplies for office units, which was then added to the estimated water supplies provided by exclusive supply contracts.

6.2

GRI Content Index

Correlation of material topics to GRI Standards

Material topics of Credem Group	GRI Standard
Economic sustainability	201 Economic Performance
Corporate Identity	GRI 417 Marketing and Labelling
Ethical business	205 Anti-corruption 206 Anti-competitive behaviour 307 Environmental compliance
Data security	418 Customer privacy
Accessibility and Transparency	417 Labelling of products and services
Customer satisfaction	With regards to the above topic, which is not strictly associated with a specific GRI Standard, the Group's adopted management approach and the relative indicators are reported.
Innovation and technology	With regards to the above topic, which is not strictly associated with a specific GRI Standard, the Group's adopted management approach and the relative indicators are reported.
Sustainable Finance	Product portfolio [1]
Skills and expertise	404 Training and education
Recognition	404 Training and education
Well-being	401 Employment
Diversity and Contamination	405 Diversity and equal opportunities
Environmental impacts	301 Materials 302 Energy 305 Emissions 306 Effluents and waste

1. The information provided refers to the "GRI G4 Financial Services Sector Disclosure" (2013).

General Disclosure

GRI Standard	Disclosure	Notes and pages	Omissions
GRI 101: Reporting principles (2016) **GRI 102: General Disclosure (2016)**			
Organisational profile			
102-1	Name of the organisation	8	-
102-2	Activities, brand, products and services	16-17	-
102-3	Location of headquarters	Reggio Emilia	-
102-4	Location of operations	10	-
102-5	Ownership and legal form	14, 36	-
102-6	Markets served	10-11, 16-17, 42, 99	-
102-7	Scale of the organisation	10-11, 57, 96-97	-
102-8	Information on employees and other workers	105-106	-
102-9	Supply chain	92-93	-
102-10	Significant changes to the organisation and its supply chain	In the course of 2019 no significant changes to the organisation or its supply chain were recorded.	-
102-11	Precautionary Principle	34-35	-
102-12	External initiatives	8.18, 23, 74, 86-88, 90-91	-
102-13	Main partnerships and affiliations	21, 40, 74, 84	-
Strategy			
102-14	Statement from the senior decision-maker	7	-
102-15	Key impacts, risks and opportunities	34-35	-
Ethics and Integrity			
102-16	Values, principles, standards and norms of behaviour	27-29, 39, 57, 59, 73	-
102-17	Mechanisms for advice and concerns about ethics	29-30	-
Governance			
102-18	Governance structure	18-19	-
102-32	Highest governance body's role in sustainability report	8, 19-20	-
102-36	Process for determining remuneration	66-67	-
102-38	Annual total compensation ratio	67	-
Stakeholder engagement			
102-40	List of stakeholders	24	-
102-41	Collective bargaining agreements	106	-
102-42	Identifying and selecting stakeholders	24	-
102-43	Approach to stakeholder engagement	25, 64-65	-
102-44	Key topics and concerns raised	25-26, 64-65	-

GRI Standard	Disclosure	Notes and pages	Omissions
Reporting practices			
102-45	Entities included in the Consolidated Financial Statements	8, 14	-
102-46	Defining report content and topic boundaries	8, 26, 98	-
102-47	List of material topics	26, 98	-
102-48	Restatements of information	101	-
102-49	Changes in reporting	26, 98	-
102-50	Reporting period	8	-
102-51	Date of most recent report	April 2019	-
102-52	Reporting cycle	8	-
102-53	Contact point for questions regarding the report	sostenibilita@credem.it	-
102-54	Claims of reporting in accordance with the GRI Standards	8	-
102-55	GRI Content Index	119-125	-
102-56	External assurance	8, 128-131	-

Specific disclosure

GRI Standard	Disclosure	Notes and pages	Omissions
GRI 200: Economic series			
Economic performance			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	26, 98	-
103-2	The management approach and its components	36-37	-
103-3	Evaluation of the management approach	36-37	-
GRI-201: Economic performance (2016)			
201-1	Direct economic value generated and distributed	37, 96-97	-
Procurement practices			
GRI-103 Management approach (2016)			
103-2	The management approach and its components	92-93	-
GRI-204: Procurement practices (2016)			
204-1	Proportion of spending on local suppliers	93	-
Anti-corruption			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	26, 98	-
103-2	The management approach and its components	31	-
103-3	Evaluation of the management approach	31	-
GRI-205: Anti-corruption (2016)			
205-3	Confirmed incidents of corruption and actions taken	31	-
Anti-competitive behaviour			
GRI-206: Anti-competitive behaviour (2016)			
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and relative outcomes	30	-
GRI 300: Environmental series			
Materials			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	26, 98	-
103-2	The management approach and its components	75-76	-
103-3	Evaluation of the management approach	75-76	-
GRI-301: Materials (2016)			
301-1	Materials used by weight or volume	110	-

GRI Standard	Disclosure	Notes and pages	Omissions
Energy			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	26, 98	-
103-2	The management approach and its components	74, 77-79	-
103-3	Evaluation of the management approach	74, 77-79	-
GRI-302: Energy (2016)			
302-1	Energy consumption within the organisation	111	-
302-2	Energy consumption outside of the organisation	112	-
302-3	Energy intensity	112	-
302-4	Reduction of energy consumption	113	-
Water			
GRI-303: Water (2016)			
303-1	Water withdrawal by source	116	-
Emissions:			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	26, 98	-
103-2	The management approach and its components	74, 77-81	-
103-3	Evaluation of the management approach	74, 77-81	-
GRI-305: Emissions (2016)			
305-1	Direct (Scope 1) GHG emissions	113	-
305-2	Indirect (Scope 2) GHG emissions	114	-
305-3	Other indirect (Scope 3) GHG emissions	115	
305-4	GHG emissions intensity	115	-
305-6	Emissions of ozone-depleting substances (ODS) (ODS, "Ozone-Depleting Substances")	79	-
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	116	-
Effluents and waste			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	26, 98	-
103-2	The management approach and its components	75-76	-
103-3	Evaluation of the management approach	75-76	-
GRI-306: Effluents and waste (2016)			
306-2	Waste by type and disposal method	110	-
Environmental compliance			
GRI-307: Environmental compliace (2016)			
307-1	Non-compliance with environmental laws and regulations	30	-

GRI Standard	Disclosure	Notes and pages	Omissions
GRI 400: Social series			
Employment			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	26, 98	-
103-2	The management approach and its components	60-61, 68-69	-
103-3	Evaluation of the management approach	60-61, 68-69	-
GRI-401: Employment (2016)			
401-1	New employee hires and employee turnover	107	-
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	69	-
401-3	Parental leave	109	-
Industrial relations			
GRI-103: Management approach (2016)			
103-2	The management approach and its components	61	-
Training and education			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	26, 98	-
103-2	The management approach and its components	62-63	-
103-3	Evaluation of the management approach	62-63	-
GRI-404: Training and education (2016)			
404-1	Average hours of training per year per employee	109	-
404-3	Percentage of employees receiving regular performance and career development reviews	61	-
Diversity and equal opportunities			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	26, 98	-
103-2	The management approach and its components	71	-
103-3	Evaluation of the management approach	71	-
GRI-405: Diversity and equal opportunities (2016)			
405-1	Diversity of governance bodies and employees	18, 108	-
Non-discrimination			
GRI-103: Management approach (2016)			
103-2	The management approach and its components	71	-
GRI-406: Non-discrimination (2016)			
406-1	Incidents of discrimination and corrective actions taken	33	-
Freedom of association and collective bargaining			
GRI-103: Management approach (2016)			
103-2	The management approach and its components	32, 61	-
Child labour			
GRI-103: Management approach (2016)			
103-2	The management approach and its components	32	-

GRI Standard	Disclosure	Notes and pages	Omissions
Forced labour			
GRI-103: Management approach (2016)			
103-2	The management approach and its components	32	-
Human rights			
GRI-103: Management approach (2016)			
103-2	The management approach and its components	32	-
Local communities			
GRI-413: Local communities (2016)			
413-1	Operations with local community engagement, impact assessments, development programs	85-88, 90	-
Marketing and Labelling			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	26, 98	-
103-2	The management approach and its components	49	-
103-3	Evaluation of the management approach	49	-
GRI-417: Marketing and Labelling (2016)			
417-1	Requirements for product and service information and labelling	49	-
417-3	Cases of non-compliance concerning marketing communications	During 2019, the Group did not record cases of non-compliance with regulations and/or marketing communication codes	-
Customer privacy			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	26, 98	-
103-2	The management approach and its components	48	-
103-3	Evaluation of the management approach	48	-
GRI-418: Customer privacy (2016)			
418-1	Substantiated complaints concerning breaches of privacy and losses of customer data	101	-
Product portfolio			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	26, 98	-
103-2	The management approach and its components	52-55	-
103-3	Evaluation of the management approach	52-55	-
Product portfolio [1]			
FS7	Products and services with social goals	102-103	-
FS8	Products and services with environmental goals	102-103	-

1. The information provided refers to the "GRI G4 Financial Services Sector Disclosure" (2013).

GRI Standard	Disclosure	Notes and pages	Omissions
Customer satisfaction			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	26, 98	-
103-2	The management approach and its components	50-51	-
103-3	Evaluation of the management approach	50-51	-
-	Net Promoter Score	50	-
Innovation and technology			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	26, 98	-
103-2	The management approach and its components	43-47	-
103-3	Evaluation of the management approach	43-47	-
-	Digital transactions	100	-

6.3

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6.4

Independent Auditor's Report

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Building a better working world

Relazione della società di revisione indipendente sulla dichiarazione consolidata di carattere non finanziario ai sensi dell'art. 3, comma 10, D. Lgs. 254/2016 e dell'art. 5 Regolamento Consob adottato con Delibera n. 20267 del 18 gennaio 2018

Al Consiglio di Amministrazione di
Credito Emiliano S.p.A.

Ai sensi dell'articolo 3, comma 10, del Decreto Legislativo 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 di Credito Emiliano S.p.A. (di seguito la "Banca") e sue controllate (di seguito il "Gruppo" o "Gruppo Credem") relativa all'esercizio chiuso al 31 dicembre 2019 predisposta ai sensi dell'art. 4 del Decreto, e approvata dal Consiglio di Amministrazione in data 9 aprile 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 ai "Global Reporting Initiative Sustainability Reporting Standards" definiti nel 2016 dal GRI - Global Reporting Initiative (di seguito "GRI Standards"), come indicato nel paragrafo "Nota metodologica", 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.

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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 Banca 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 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. comparazione tra i dati e le informazioni di carattere economico-finanziario inclusi nella DNF ed i dati e le informazioni inclusi nel bilancio consolidato del Gruppo Credem al 31 dicembre 2019;
4. comprensione dei seguenti aspetti:
   - modello aziendale di gestione e organizzazione dell'attività del Gruppo, con riferimento alla gestione dei temi indicati nell'art. 3 del Decreto;
   - politiche praticate dall'impresa connesse ai temi indicati nell'art. 3 del Decreto, risultati conseguiti e relativi indicatori fondamentali di prestazione;
   - principali rischi, generati o subiti 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 5, lett. a).
5. 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 Banca e con il personale della stessa e abbiamo 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 predisposizione della DNF.

   Inoltre, per le informazioni significative, tenuto conto delle attività e delle caratteristiche del Gruppo abbiamo:
   - a livello di Gruppo

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a) con riferimento alle informazioni qualitative contenute nella DNF e in particolare a modello aziendale, politiche praticate e principali rischi, effettuato interviste e acquisito documentazione di supporto per verificarne la coerenza con le evidenze disponibili;

b) con riferimento alle informazioni quantitative, svolto sia procedure analitiche che limitate verifiche per accertare su base campionaria la corretta aggregazione dei dati.

- Per le società Credito Emiliano S.p.A., Banca Euromobiliare S.p.A., Euromobiliare Asset Management SGR S.p.A. e Euromobiliare Advisory SIM S.p.A., che abbiamo selezionato sulla base del loro contributo agli indicatori di prestazione a livello consolidato, acquisito riscontri documentali circa la corretta applicazione delle procedure e dei metodi di calcolo utilizzati per gli indicatori.

Conclusioni

Sulla base del lavoro svolto, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che la DNF del Gruppo Credem 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, come indicato nel paragrafo "Nota metodologica" della DNF.

Bologna, 9 aprile 2020

EY S.p.A.

Giuseppe Miele
(Revisore Legale)

3

Storytelling and Graphic Design,
Editing and Graphic Layout

HOLDEN STUDIOS
BY SCUOLA HOLDEN

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Credito Emiliano S.p.A.

Consolidated non-financial statement as at December 31, 2019

Independent auditor's report pursuant to article 3, par. 10, of Legislative Decree n. 254, dated December 30, 2016 and article 5 of Consob Regulation n. 20267 dated January 18, 2018

(Translation from the original Italian text)

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Independent auditors' report on the consolidated non-financial statement pursuant to article 3, par. 10, of Legislative Decree n. 254 dated December 30, 2016 and to article 5 of Consob Regulation adopted with Resolution n. 20267 dated January 18, 2018 (Translation from the original Italian text)

To the Board of Directors of
Credito Emiliano S.p.A.

We have been appointed to perform a limited assurance engagement pursuant to article 3, paragraph 10, of Legislative Decree n. 254 dated December 30, 2016, (hereinafter "Decree") and article 5 of Consob Regulation adopted with Resolution 20267/2018, on the consolidated non-financial statement of Credito Emiliano S.p.A. (hereinafter the "Bank") and its subsidiaries (hereinafter the "Group" or "Credem Group") for the year ended December 31, 2019 in accordance with article 4 of the Decree and approved by the Board of Directors on April 9, 2020 (hereinafter "NFS").

Responsibilities of directors and those charged with governance for the NFS

The directors are responsible for the preparation of the NFS in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" published in 2016 by GRI – Global Reporting Initiative (hereinafter "GRI Standards"), identified by them as a reporting standard, as illustrated in the NFS section "Methodological Note".

The directors are also responsible, within the terms provided by law, for such internal controls as they determine is necessary in order to enable the preparation of the NFS that is free from material misstatements caused by fraud or not intentional behaviors or events.

The directors are also responsible for the identification of the contents of the NFS within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The directors are also responsible for the definition of the Group's management and organization business model, as well as with reference to the matters identified and reported in the NFS, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

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Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the NFS with the requirements of the Decree and of the GRI Standards. Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the NFS is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgment and included inquiries, primarily with Bank's personnel responsible for the preparation of the information included in the NFS, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant topics in relation to the activities and characteristics of the Group reported in the NFS, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;

2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;

3. comparison of the economic and financial data and information included in the NFS with those included in the Credem Group's consolidated financial statements as at December 31, 2019;

4. understanding of the following aspects:
   - Group's management and organization business model, with reference to the management of the topics indicated in article 3 of the Decree;
   - policies adopted by the Group related to the matters indicated in article 3 of the Decree, results achieved and related key performance indicators;
   - main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

   With regard to these aspects, we obtained the documentation supporting the information contained in the NFS and performed the procedures described in item 5. a) below.

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the NFS. In particular, we have conducted interviews and discussions with the Management of the Bank and with its personnel and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the function responsible for the preparation of the NFS.

Furthermore, for significant information, considering the Group activities and characteristics we have:

- at Group level,
  - a) with reference to the qualitative information included in the NFS, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidences;
  - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- for the entities Credito Emiliano S.p.A., Banca Euromobiliare S.p.A. Euromobiliare Asset Management SGR S.p.A. and Euromobiliare Advisory SIM S.p.A., which we have selected based on their relevance to the consolidated performance indicators, we have obtained evidences about the appropriate application of the procedures and the calculation methods used to determine the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that NFS of the Credem Group for the year ended December 31, 2019 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards, as illustrated in the NFS section “Methodological Note”.

Bologna, April 9, 2020

EY S.p.A.
Signed by: Giuseppe Miele, Auditor

This report has been translated into the English language solely for the convenience of international readers.