




# One Bank, One UniCredit.

2018

## Integrated Report

Our sustainable value creation

Consolidated Non-Financial Statement pursuant to Legislative Decree 254/2016

Banking that matters. |  UniCredit



# Report structure

UniCredit has prepared this document in compliance with the requirements of Articles 3 and 4 of the Legislative Decree 254/2016, which implements European Directive 2014/95/EU in Italy. In addition, the Integrated Report (the "Report") is part of UniCredit's principled effort to further develop its compliance with the European Commission's Guidelines on non-financial reporting and advance understanding of all aspects of its business.

The Report has been approved by the Board of Directors of UniCredit SpA on March 5th, 2019 and has been produced by the Group Sustainability & Foundation function, in collaboration with the Strategy and M&A function. Since 2017, in line with the requirements of Legislative Decree 254/2016, a specific policy was adopted to define the roles, responsibilities, activities and controls and to coordinate the flow of information between UniCredit's parent company, regions, divisions and legal entities in relation to the process of preparing the Consolidated Non-Financial Statement ("NFS"). As foreseen by Article 5 of the Legislative Decree 254/2016, this document constitutes a separate report marked with a specific heading, to allow its reconciliation with the NFS required by the regulation.

The Report should be considered in its entirety, including its Supplement, which is here enclosed or available in the Sustainability section of our website (www.unicreditgroup.eu) and contains a number of essential indicators and underlying quantitative data.

The guidelines adopted for the preparation of the sustainability information included in the 2018 Integrated Report, including its Supplement, are the "GRI Sustainability Reporting Standards" and the "Financial Services Sector Disclosures," issued, respectively, in 2016 and 2013 by the GRI - Global Reporting Initiative. The performance indicators reported in accordance to the guidelines adopted are included in the "GRI Content Index" section.

The principles contained in the International <IR> Framework, published in December 2013 by the International Integrated Reporting Council (IIRC), were also used as reporting framework.

Figures and information relating to the Scope 1, Scope 2 and Scope 3 classes of greenhouse gas emissions have been prepared in accordance with "The Greenhouse Gas Protocol: A Corporate, Accounting and Reporting Standard (Revised Edition, 2004)" as well as the "GRI Sustainability Reporting Standards."

The information in the Report addresses the issues that were identified as material and their associated indicators, which reflect the main economic, environmental and social impacts of the Group or could have a substantial influence on the views and decisions of its stakeholders. The materiality analysis, updated in 2018, was fundamental to the Report and determined the topics to be reported on, in line with stakeholders' needs. Following the analysis of the relevant topics indicated in Article 3 of the Legislative Decree 254/2016, the use of water was not considered significant for the representation in this NFS.

The content of this Report refers to the year 2018 and, in particular, to the activities of UniCredit during the year, unless otherwise stated. Figures relating to previous years are provided for comparison and refer mainly to the 2017 fiscal year.

To determine the reporting boundaries, in 2017, a risk-based analysis of the legal entities consolidated on a line by line basis by UniCredit SpA was carried out. The purpose was to identify the relevant companies and ensure the Report would provide a proper understanding of the Group's activities, development, performance and relevant impacts. In 2018, 4 additional legal entities were included in the perimeter, for an increase of around 850 FTEs. This new reporting perimeter represents 98 percent of Group's FTEs. For figures related to the exposure at default ("EAD") to the renewable energy sector, Yapi ve Kredi Bankası A.Ş. (valued at equity method in the consolidated financial statements) portfolio has been included pro quota. Community contribution and initiatives in support of Communities included in the "Social and relationship Capital" chapter include data and information related to UniCredit Foundation - Fondazione di studio in onore del Cavaliere del Lavoro Ugo Foscolo (the "UniCredit Foundation"), not included in the perimeter of the consolidated financial statements. The data reported in the paragraph of the Supplement "Compliance - Whistleblowing" refers to the legal entities currently monitored and considered relevant by Group Compliance. For figures related to staffing and calculations of the Value Added, the scope of the Report corresponds to the 2018 consolidated financial statements, unless otherwise indicated. Any conditions that may limit the scope of the data are clearly disclosed throughout the Report.

To ensure reliability, the Report includes directly measurable quantities and limits the use of estimates as much as possible. Potential estimates are based on the best available information or spot checks. Restatements of previously published figures that have been provided for comparison are clearly indicated as such.

This Report has been externally assured by an independent assurance provider. Its conclusions regarding the compliance of the information provided with Article 3, paragraph 10, of the Legislative Decree 254/2016 are set out in a separate external assurance report. The procedures followed for the assurance of the NFS are disclosed in the "Report of the External Auditors", included in this Report.

We are making continuous steps towards the completion of our path of integrating more and more sustainability into our business plans and strategies, under the guidance of the Board of Directors and senior management. For the main targets and commitments, for the description of the strategic approach to relevant non-financial issues as well as for the principal generated or perceived risks in relation to those issues and how they are managed, please refer to the relevant Chapters of this Report.

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In order to guide and support the reading of our Integrated Report, through the icons here below you can find a visual representation of the clusters and the related material topics that are presented in our materiality matrix. The same icons are also reported in the last page of our cover, which can be opened and used as a reference while reading the report. On the right page of every chapter the referenced material topics are visually represented through the same icons.

## Clusters



# Chief Executive Officer's message

“We are focused on sustainable business growth, based on ethics and respect, to ensure UniCredit remains a pan-European winner.”

**Jean Pierre Mustier**  
Chief Executive Officer

Dear Stakeholders,

Thank you for your valuable, ongoing support. We have closed a second, successful year of our *Transform 2019* strategic plan. UniCredit is a solid bank with strong capital ratios and an unstinting focus on value creation for all of its stakeholders through innovative commercial actions, digital transformation, enhanced risk management, transparent corporate governance and key social impact banking initiatives - based on ethics and respect. For us this means doing the right thing.

As the banking industry continues to evolve, UniCredit will stay focused on "what matters" - the changing needs of our customers - to protect the value of our business and ensure sustainability.

Our strategy is One Bank, One UniCredit: we are and will remain a simple, successful, pan European commercial bank, with a fully plugged in CIB, delivering a unique Western, Central and Eastern European network to our extensive and growing client franchise.

The combined energy, commitment and hard work of all UniCredit team members is what allows us to deliver tangible results. We confirm our *Transform 2019* targets: net profit target of 4.7 billion Euro and a RoTE of above 9 per cent, with our Group Core RoTE above 10 per cent.

We will maintain a **strong capital position** by generating solid profits and ensure we have a comfortable MDA buffer. Our CET1 capital ratio is fully loaded and compliant with all regulatory requirements. The UniCredit Group fared well in the EBA stress test results, with one of the highest CET1 ratios compared to Eurozone peers.

In terms of **asset quality**, we have decisively continued to de-risk our balance sheet, completing the final phase of Project FINO. Our disciplined risk management strategy is ensuring improved asset quality as well as high quality origination across the Group. We are fully on track for the accelerated rundown of our Non Core portfolio, brought forward by four years to 2021.

We are leveraging on digitalisation to **transform our operating model**, with an improved cost reduction. We will continue to enhance the customer experience through simpler processes, ensuring greater efficiency and effectiveness.

We continue to **maximise commercial bank value** thanks to a renewed and dynamic focus on our clients, pursuing a multichannel strategy with best-in-class products and services. Our CIB is fully plugged into the Group's strong commercial banking and focused on supporting the real economy.

Finally, I extend a warm welcome to Fabrizio Saccomanni, our new Chairman. Fabrizio's significant experience in international monetary and financial cooperation, particularly in terms of supervisory and regulatory knowhow, brings great value to our Group.

Together we have started to actively prepare for the next strategic cycle. We will focus on the development of our business activities and the continued optimisation of our processes, while providing all colleagues with a best in class work environment and experience, to continue to attract the right people. This begins with an even more energised leadership team, and a changed leadership structure, that will bring this new strategy to fruition.

We will keep working hard to ensure that UniCredit remains a true pan-European winner.

Sincerely,

**Jean Pierre Mustier**  
Chief Executive Officer  
UniCredit S.p.A.



# Ethics and respect: Do the right thing!

UniCredit's Board and Senior Management consider that the way in which results are achieved is as important as the actual results. Therefore, the following Group Principles<sup>1</sup> should guide all employees' decisions and behaviours irrespective of seniority, responsibility and geographical area: **"Ethics and respect: Do the right thing!"**

Group Principles are designed to help all UniCredit employees, to guide their decision-making and their behaviours towards all stakeholders in their day to day activities.

In particular, such Principles require:

- compliance with the highest ethics standards - beyond banking regulation and beyond the law - in relationships with clients, colleagues, environment, shareholders and any other stakeholder;
- fostering a respectful, harmonious and productive workplace;

to best protect the Bank, its reputation and to be an employer and a counterparty of choice.

Group Principles underpin a set of core guidelines that further clarify expectations about the way to work as **One Team, One UniCredit** and support employees in the fulfilment of UniCredit *Five Fundamentals*. The spirit of each of these principles is extremely important and it will be the subject of more detailed policies that will be developed or updated in the coming months.

## Group principles in day to day activities

- **Ethics as a guiding principle of fairness and respect towards all stakeholders in order to achieve sustainable results.**

UniCredit colleagues, irrespective of seniority, responsibility and geographical area, are expected to do the right thing in their daily activities and to be fair towards all stakeholders to gain and retain their trust.

- **"Ethics and respect" is a guiding principle which applies to all Group policies.**

The "Ethics and respect" principle is based on a long term view of the Group business activities and relationships with stakeholders as well as a comprehensive view of the internal and external working environment. Business policies require care to ensure that responsible sales approach work in harmony with balanced, fair and respectful customer interactions, enabling the achievement of sustainable business success and long-term targets. Targets and other business results are not considered achieved if they are not met in compliance with the Group Principles, related policies and the requirements that flow from them.

- **"Ethics and respect" is a guiding principle for interactions amongst all Group employees.**

UniCredit colleagues are expected to contribute in their daily activities toward creating and maintaining a work environment that is as respectful and harmonious as possible, eliminating intimidating, hostile, degrading, humiliating or offensive behaviors and words. UniCredit must contribute to assuring the respect for the rights, value and dignity of people and the environment. All forms of harassment, bullying and sexual misconduct are unacceptable.

- **"Ethics and respect" is a guiding principle for the promotion of diversity and work life balance which are considered valuable assets.**


UniCredit colleagues are expected to assure a workplace where all kinds of diversity (e.g. age, race, nationality, political opinions, religion, gender, sexual orientation) are not only respected, but also proactively promoted as well as to contribute to an environment in which respect for, and attention to, colleagues' needs, health, work-life balance and well being are deemed essential to achieving sustainable results.

- **"Ethics and respect" is a guiding principle underpinning the reinforcement of a "Speak-up culture" and anti-retaliation protection.**

UniCredit is firmly committed to promoting an environment in which colleagues and third parties feel comfortable engaging in open and honest communication. UniCredit encourages colleagues and third parties to speak up and raise promptly good-faith concerns without fear of retaliation relating to any situation that may involve unethical or illegal conduct or inappropriate interactions with others.

1. Which substitute the former Group values.

# Our Purpose and Identity



## Value Creation over time

Main 2018 Results  
Unique culture

## Governance

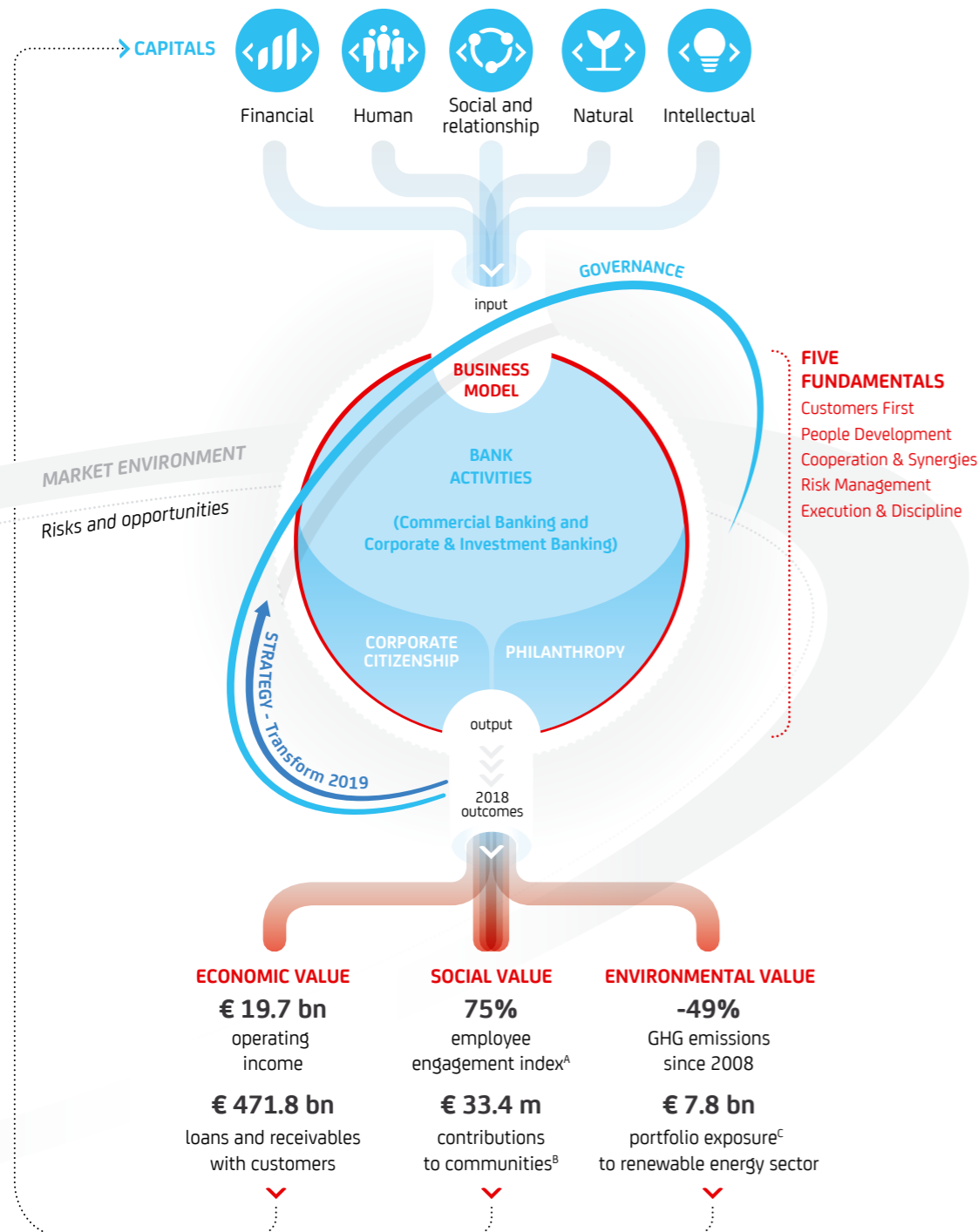
Governance model  
Board Composition

## Risk Management and Compliance

Risk Management  
Compliance culture

# Our Value Creation over time

We need to ensure we continue to create tangible value for our shareholders, clients and colleagues by providing real solutions to real needs. This is what Banking that matters means. We are One Bank, One UniCredit, a simple, winning, pan-European commercial bank with a fully plugged-in Corporate and Investment Bank (CIB), delivering a unique Western, Central and Eastern European network to our extensive client franchise.



A. Data refer to the last *People Survey* edition, carried out in 2017.  
B. Impacts from Business Innovation for Social Impact amounts to additional €5.6 million, related to *Social Impact Banking* project. For more information, please refer to Social and relationship Capital chapter.  
C. EAD, Exposure at Default.

Since the launch of our *Transform 2019* strategy in December 2016, UniCredit has achieved strong business growth and robust financial performance with the confidence and support of stakeholders. Our progress on these fronts proves that our strategy is on the right track. Serving our customers to the best of our abilities is our number one priority. To achieve this, we rely on highly qualified, committed employees and our ability to work together effectively and create synergies as *One Bank, One UniCredit*. In the future, we will continue to ensure we only take appropriate risks and remain committed to executing our strategy.

Our business model allows our Group to interact with the market environment in a sustainable way. This simple business model, which can easily be reproduced in every market where our Group operates, makes it possible to transform our resources and relationships into results which, in turn, help us to achieve our strategic goals and create value over the short, medium and long-term.

Our value creation process also relies on robust business ethics. Our approach to banking must be responsible, starting from fairness and respect towards all stakeholders. UniCredit considers that the way in which results are achieved is as important as the actual results. Value creation for UniCredit does not just mean to generate financial value, but also added value with regards to human capital, society and environment.

In addition to our business ethics culture, we depend on certain resources and relationships to create value. We work to manage our financial, human, social and relationship, natural and intellectual capital in a responsible manner.

Understanding how the company's capitals, strategic pillars and business model are interconnected and interact is the key to our path towards integrated thinking, which is essential to properly develop our

value creation process over time. This means being able to detect changes in the external environment, including evolving concerns from stakeholders and the limitation of natural resources, in order to find internal responses to address expectations and generate value.

In this process, stakeholder listening is of the utmost importance. Intercepting stakeholders' needs and expectations results in decisions such as our offer of responsible lending products, savings, payment and investment products, or the focus on empowering individuals, so they can improve their quality of life and better their financial stability. We also provide funding to small, medium and large businesses and contribute to financing the development of key sectors, thus contributing to economic growth, job creation and innovation in the countries where the Group is present.

By fostering financial literacy, promoting inclusion and gender equality and conserving natural resources, we help improve the well-being of individuals and protect the environment. As a result of our approach and by means of our business model, we also contribute to achieving the United Nations' Sustainable Development Goals (SDGs).<sup>1</sup> We monitor our progress towards SDGs via measurable KPIs resulting from the management of material topics and related risks and opportunities.

The core of our business is therefore to support customers and stakeholders in managing social and environmental challenges and financing their investments for a sustainable future. In this effort we are making continuous steps towards the completion of our path of integrating more and more sustainability into our business strategies, under the guidance of the Board of Directors and senior management. To support this endeavour we also rely on our *Five Fundamentals* which remain and shall remain the behaviours we expect to see from all our employees to reach our targets.

1. Refer to the Stakeholder Engagement chapter for more information.

# Governance

UniCredit's system of corporate governance promotes clarity, accountability and the creation of sustainable long-term value.

## Governance model

UniCredit is an Italian listed company, with a traditional management and control system, which assigns specific responsibilities to the Shareholders' Meeting and allows for a clear exchange of views between shareholders and management on fundamental decisions relating to governance. These include appointing and removing Directors, appointing members to the Board of Statutory Auditors, granting a mandate for external auditing to an audit firm and approving all associated fees. Such decisions also include the approval of financial statements, the allocation of profits, resolutions on remuneration and incentive policies and practices in accordance with current provisions, as well as setting criteria to determine compensation to be granted in the event of early termination of employment or early retirement from office.<sup>1</sup>

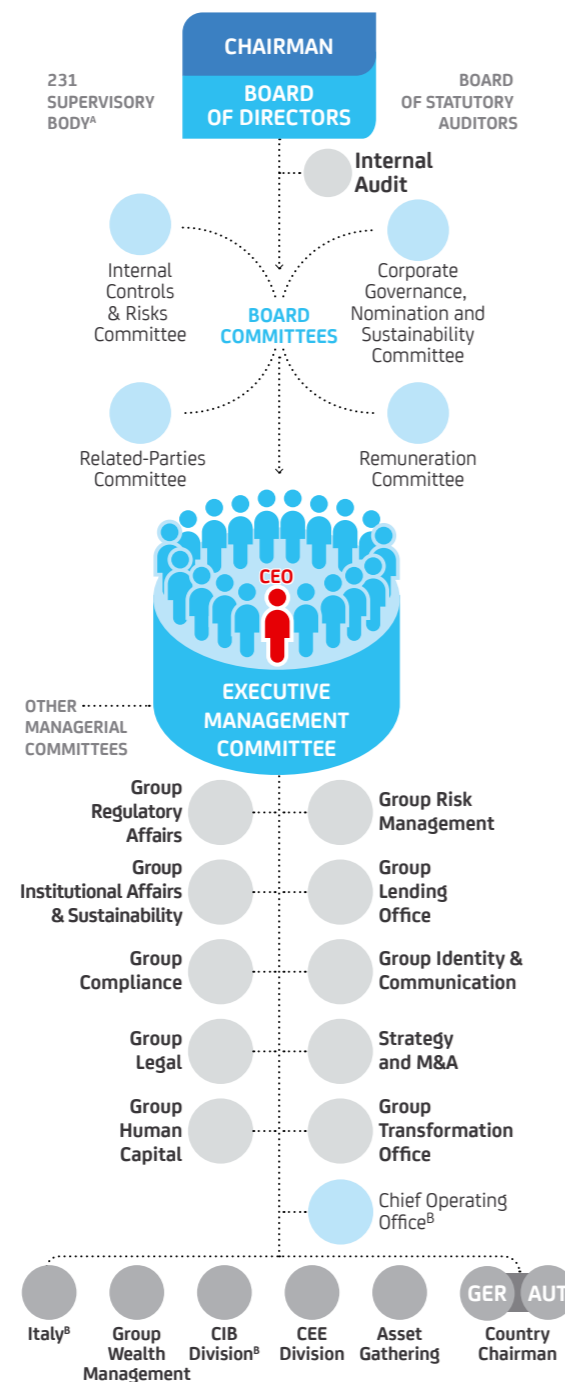
## Internal Control System

An effective and efficient internal controls system is a prerequisite for the creation of value in the medium-long term, for safeguarding the quality of the activities, for a correct risk perception and for an appropriate allocation of capital.

It establishes the rules, procedures and organisational structures, as well as information flows, that ensure effective management of risks and keep UniCredit's activities in line with its corporate strategies and policies, which are founded on sound, prudent management principles.

UniCredit's Internal Control System relies on control bodies and functions, involving, each one within its respective competence, the Board of Directors, the Internal Controls & Risks Committee, the Chief Executive Officer as officer in charge of the internal controls and risks management system, the Board of Statutory Auditors, as well as the corporate control functions, each with specific associated tasks.

## Organisational and governance structures (as of the approval of this Report)



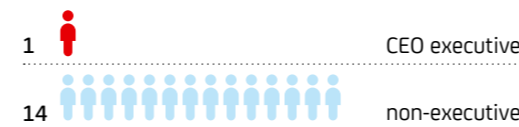
A. Set up according to the Legislative Decree No. 231 dated 8 June 2001. In its 6 February 2019 meeting, the UniCredit Board of Directors resolved on the assignment to the Board of Statutory Auditors of the Supervisory Body functions pursuant to the Legislative Decree no. 231/2001, starting from the renewal of the control body for the 2019-2021 financial years.  
B. Position covered by two Co-Heads.  
C. Refers to Board members in office as at 31 December 2018.

## Board composition

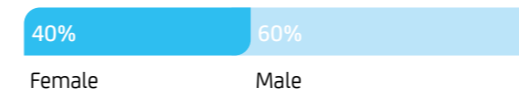
In compliance with the relevant Italian and European provisions, the UniCredit SpA Board of Directors - both at individual and collective level - meets the established requirements as well as qualitatively and quantitatively matches the theoretical profile approved by the Board itself.<sup>2</sup>

### Board in numbers (as of the approval of this Report)

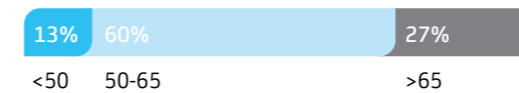
#### Balance of executive and non-executive directors



#### Board gender balance



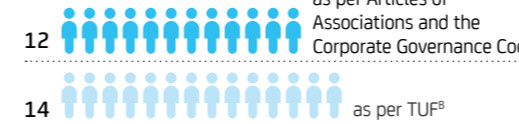
#### Age group



#### Geographical mix



#### Board independence



#### Average tenure length - 2018: 2 years

#### Board attendance rate - 2018<sup>C</sup>



A. Includes Austria, France, Germany, United Arab Emirates.  
B. Legislative Decree No. 58 dated 24 February 1998.  
C. Refers to Board members in office as at 31 December 2018.

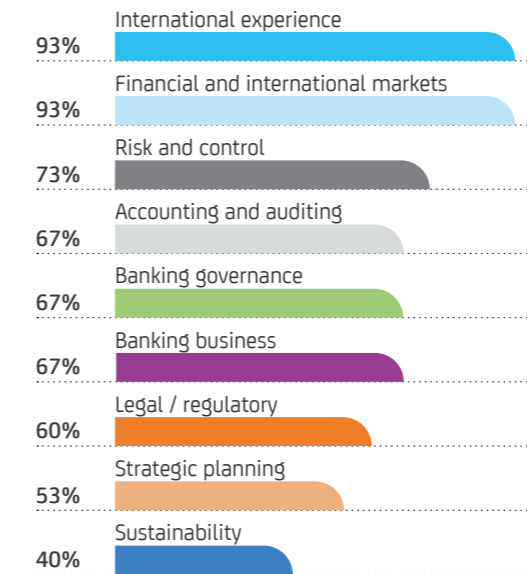
## Our Purpose and Identity

→ Governance

### MATERIAL TOPICS



#### Directors' competencies



In order to foster an efficient information and advisory system to enable the Board of Directors to better assess the issues it is responsible for, the Board has established four committees vested with advisory and proposal-making powers: the Internal Controls & Risks Committee, the Corporate Governance, Nomination and Sustainability Committee, the Remuneration Committee and the Related-Parties Committee.

### FOCUS

#### Sustainability governance and strategy

The Corporate Governance, Nomination and Sustainability Committee (CGN&SC) is assigned, inter alia, with the responsibility of overseeing sustainability issues within our organisation. It makes proposals regarding the Group's environmental and social strategy, annual objectives and targets, monitoring their implementation and examining related reporting. The CGN&SC also supervises the Group's sustainability evolution in light of international guidelines and principles on the subject, and monitors the Group's performance. Furthermore, it keeps abreast of stakeholder concerns. It is supported by the Group Sustainability & Foundation unit in performing its activities.

In 2018, the CGN&SC met various times to focus on sustainability issues, in particular to:

- discuss and evaluate UniCredit's latest materiality matrix, with the objective of increasing the integration of sustainability issues in our business strategy<sup>3</sup>
- examine the developments of the Integrated Report
- review progress in the field of business ethics
- participate in specific training.

## Material topics



**INNOVATION FOR CUSTOMER**  
Digitalisation and innovation  
Value to customer



**LEAN AND SOLID BANK**  
Bank solidity  
Lean and transparent organisation



**PEOPLE DEVELOPMENT**  
Employees' development  
Diversity and inclusion



**ETHICS**  
Fair business behavior  
Business ethics



**EMERGING RISKS**  
Cyber security  
Climate change  
Demographic change



**POSITIVE IMPACT ON SOCIETY**  
Positive impact on society



# Risk Management and Compliance

Risk is at the very heart of what we do and how we do it: managing risk is the core of our business. Risk management and compliance must be foremost in the daily thoughts and actions of every employee, informing our collective and individual efforts of the current and future risks our organisation may face.

## Guarantee strong risk management

Our strategic plan prioritises decisive actions that resolve legacy issues, transform the bank and build on our existing competitive advantages. In doing so, we can seize opportunities and secure sustainable levels of profitability for our enterprise.

Our Chief Executive Officer confirmed that we will take risks, that is the essence of our business, but only the right kinds of risk and we will manage them very carefully.

In this effort, Group Risk Management, which is responsible for controlling Group risks as defined by UniCredit's Board of Directors, is continuing with its prudent approach to risk. An activity plan to further enhance the full effectiveness of risk controls is ongoing, especially with reference to liquidity and credit risk second level controls (SLC).

Following last year's reorganisation within the Risk Management function, clear roles were defined within the risk management and the credit-related operational functions: Group Risk Management (GRM) and Group Lending Office (GLO).

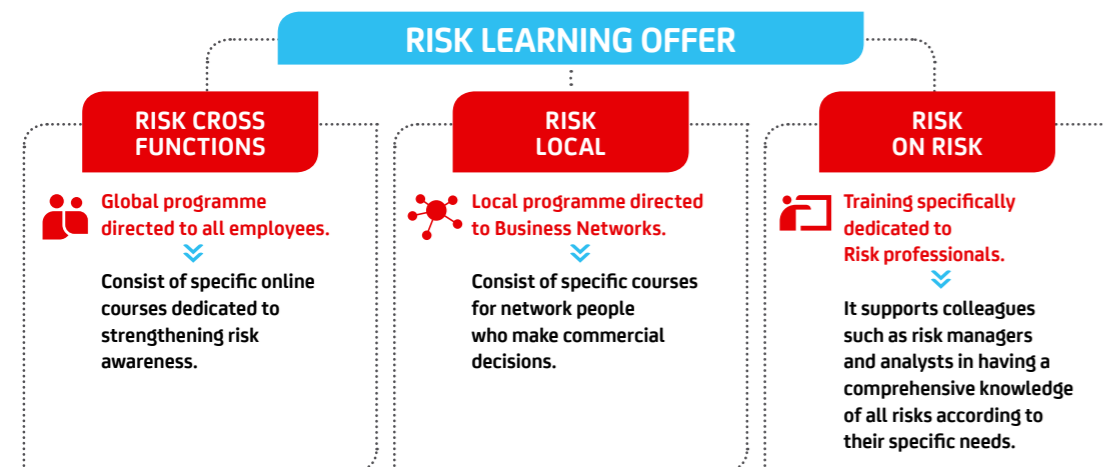
GRM manages risk strategies such as the Risk Appetite Framework (RAF) definition, the Internal

Capital Adequacy Assessment Process (ICAAP) and the Non-Performing Exposures (NPEs). Meanwhile, GLO, in compliance with risk management strategies, oversees credit activities including developing policies and guidelines.

### Reinforcing risk awareness

Our Group has adopted a structured and comprehensive approach to strengthening its risk culture. In 2018, we launched an induction programme for the Board members with the aim of ensuring tailored training, on a continuous basis, which takes into account both individual and collective Board members' needs. In order to establish an awareness of risk management, UniCredit has developed a new *Group Risk Learning Framework*.

This new learning framework is characterised by digital, modular and freestanding solutions and is based on adaptive learning methods. Three main streams ensure that all participants are fully aware of the different risks. These streams are differentiated according to the target population and the required risk knowledge. At the same time, those in specific positions and risk professionals will receive further training specifically tailored to the requirements and challenges of their jobs.



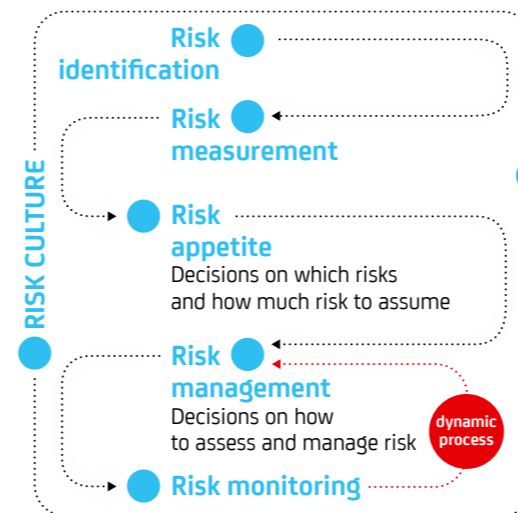
More than 97,700 hours of training within the Risk Learning Offer were provided to more than 17,500 colleagues in 2018.<sup>1</sup>

### Identifying and measuring risks

UniCredit's risk management process begins by identifying the risks the bank is potentially exposed to, before measuring those risks.

With this in mind, our Group decides how much risk it is willing to assume, establishing its RAF.<sup>2</sup> UniCredit's businesses pursue sales targets within these defined risk limits. We identify and measure risk with a set of rules, methods and policies that are also used to support the Group's strategic planning processes.

### Our risk methodology



### Managing and monitoring risks

Risks constantly evolve and must be monitored so they can be properly managed. Whenever our Group updates its RAF, the Risk Management function incorporates it into a set of operational Key Performance Indicators (KPIs) in order to closely monitor UniCredit's activities and the risks it has assumed. These KPIs can then be applied to various management techniques to either tolerate, mitigate, transfer or even eliminate risk.

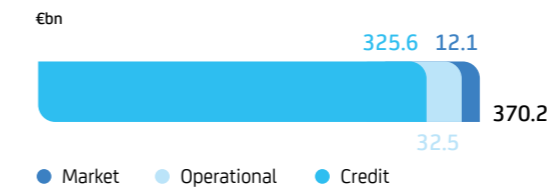
As a pan-European commercial bank, UniCredit's main risk exposure is reflected in its share of Risk Weighted Assets (RWA). Its **credit risk**, at 88 percent, is diversified by geographic areas and asset classes, while its operational risk RWA

1. Training is referred to Italian legal entities.  
2. Refer to the 2017 Integrated Report for more information.  
3. Refer to the Strategic Plan chapter for more information.

### Our Purpose and Identity → Risk Management and Compliance

and its market risk RWA account for €32.5 billion (8.8 percent) and €12.1 billion (3.3 percent), respectively, of its total RWA.

### RWA by type 2018



Over the course of 2018 we continued to pursue the strategy underlying the *Transform 2019* plan in terms of risk deleveraging. This year performance was sustained by a sharp reduction in gross non performing exposure (NPE), down €7.5 billion (-16 percent) during the period, with a gross NPE ratio decreasing 212 bps to 7.7 percent, half of the ratio when we launched *Transform 2019*. Since 2016, the decrease amounts to €18.2 billion (-32 percent) coupled with an NPE coverage increase from 55.6 percent to 61 percent (+534 bps) thus confirming the strong focus on the NPE.

Moreover, the accelerated rundown of the Non Core portfolio announced last year is well on track and has been confirmed thanks to the €5.2 billion reduction already delivered in 2018. The significant improvement of Asset Quality in 2018 is also due to stricter underwriting policies with a good quality of new business Expected Loss (EL) in line with our RAF.<sup>3</sup>

Loan classification <sup>A</sup>	Amount as of Dec 31 <sup>st</sup> , 2018	Y/Y change	Coverage ratio
Bad loans	€21,154 m	-17%	72.6%
Unlikely to pay	€16,196 m	-16%	47.3%
Past Due loans	€840 m	-17%	31.3%
Performing loans	€459,470 m	+9%	0.6%

A. Loan Classification includes:  
Bad Loans: exposures to borrowers in a state of insolvency (even when not recognized in a court of law) or in an essentially similar situation, regardless of any loss forecasts made by the bank; Unlikely to Pay: classification in this category is the result of the judgment of the bank about the unlikelihood, without recourse to actions such as realizing collaterals, that the obligor will pay in full (principal and / or interest) its credit obligations; Past Due Loans: problematic exposures that are more than 90 days past due on any material obligation; Performing loans: exposures which are not past due for more than 90 days or to borrowers in a problematic state.

## Material topics

- INNOVATION FOR CUSTOMER**  
Digitalisation and innovation  
Value to customer
- LEAN AND SOLID BANK**  
Bank solidity  
Lean and transparent organisation
- PEOPLE DEVELOPMENT**  
Employees' development  
Diversity and inclusion
- ETHICS**  
Fair business behavior  
Business ethics
- EMERGING RISKS**  
Cyber security  
Climate change  
Demographic change
- POSITIVE IMPACT ON SOCIETY**  
Positive impact on society

UniCredit also faces risks related to liquidity, interest rates, reputation, compliance, the environment, society and other emerging areas.

It remains a fundamental concern that we ensure a sufficient level of **liquidity** to honour the Group's payment obligations; this must be done not only on an ongoing basis, but also under stressed conditions. The Group is organised into Liquidity Reference Banks (LRB).<sup>4</sup> Each LRB monitors and oversees the liquidity position of the legal entities it relates to and ensures that they all have a sufficient level of liquidity to meet their individual and consolidated obligations, as they arise.

Liquidity risk management is performed in ongoing concern and in contingency situations. Ongoing concern refers to normal day-to-day business including the execution of normal market operations within risk limits in line with the predefined plans (e.g., the Funding Plan) and according to the decisions taken by the competent bodies and relevant operational functions. Liquidity management in a contingent situation refers to managing liquidity in an abnormal environment by activating special mechanisms and activities performed by the different functions involved. The main activities focus on the execution of a particular managerial mode once a crisis begins to unfold. The main aim is to withstand a crisis and continue business during and after the crisis.

**FOCUS**  
**2018 EU-Wide Stress Test**

UniCredit was subject to the 2018 EU-Wide Stress Test conducted by the European Banking Authority (EBA) in cooperation with the Single Supervisory Mechanism (SSM), the European Central Bank (ECB) and the European Systemic Risk Board (ESRB).

**Results:**

- **Baseline scenario:** 2020 CET1 ratio at 13.76 percent, corresponding to 96bps higher than CET1 ratio transitional (IFRS9-restated) as of December 2017.
- **Adverse scenario:** 2020 CET1 ratio at 9.34 percent, corresponding to 346bps lower than CET1 ratio transitional (IFRS9-restated) as of December 2017.

UniCredit Group's capital depletion is basically in line with the 2016 financial year (-334 bps vs -329 bps). The SSM sample shows a worse capital depletion compared to 2016 (-413 bps vs -366 bps).<sup>5</sup>

At the end of 2018, as a result of the internal liquidity adequacy assessment process (ILAAP) and the constant dialogue with the Supervisor, the Group reinforced its three lines of defence through the reallocation of activities between Group Finance, Group Financial Planning and Group Risk Management. Moreover, in 2019 several initiatives will further strengthen the liquidity management framework in the area of risk identification, measurement and monitoring and the combination of a regulatory and economic view in the definition of the liquidity strategy.

As a part of the strategy, all the Group legal entities will increasingly become self-funded, by progressively minimising intra-group exposure.

In order to manage **operational risk**, our Group maintains a series of measurement, control and mitigation policies and procedures. In accordance with the UniCredit operational risk framework, we identify and assess the risks inherent to all our material products, activities, processes and systems. This is a regular process of monitoring risk profiles, material risk exposure and risk mitigation strategies, which are also implemented by the legal entities through permanent workgroups, authorised to identify and prioritise initiatives and mitigation measures.

Over the course of the year, a new dedicated structure has been created in order to further strengthen the **Information and Communication Technology (ICT) and cyber risk** management. Its main responsibilities are assessing all relevant business processes from an IT risk view, defining tailored indicators and setting-up an enhanced ICT risk assessment method to reduce operational risk. This model was established through an exchange of knowledge and cooperation between the Risk Management, IT and Security functions. In Italy, a course was put in place and completed by roughly 35,800 employees. The inclusion of ICT indicators within the 2018 RAF has been further consolidated. Insurance covering cyber events at Group level was purchased.

It remains vital to safeguard against **reputational risks**. Since 2015, we have deployed a monitoring system to strongly reinforce the Group's capacity to identify and analyse the salient reputational risks in the financial sector. This system, which monitors external events that may pose reputational risks, is updated monthly and is

available to several internal functions (e.g., Investor Relations, Compliance, Corporate & Investment Banking). Furthermore, at the end of 2018 we worked to reinforce our reputational risk governance through the implementation of a new Reputational Risk Council. The Council involves the proposing Business function together with GRM, GLO, Group Compliance, Group Sustainability & Foundation and the participation of other relevant functions on a case-by-case basis.

Since 2015, we have started using a governance system to reinforce our management of **environmental and social risks**, which has been supported by the assignment of sustainability issues to the Corporate Governance, HR and Nomination Committee, which was subsequently renamed the Corporate Governance, Nomination and Sustainability Committee.<sup>6</sup>

Two Group statements, our Environmental Commitment and our Human Rights Commitment, describe the approach, roles and responsibilities, principles, rules, procedures and systems adopted by UniCredit to prevent and manage environmental and social impact and risks in our operations and value chain.

In addition, we have adopted detailed guidance policies for sectors relevant to UniCredit that could pose environmental and social risks.<sup>7</sup> These policies are regularly reviewed and reinforced with specific employee training. A revision of some policies, including the policy relating to the coal-fired power generation sector, has already been planned for 2019. With regard to the defence sector, in 2018, we developed an online course with a specific focus on Law 185/1990<sup>8</sup> this year, which is available to all employees of UniCredit SpA. It has been completed by roughly 1,000 colleagues, including relationship managers, risk managers and members of other functions involved in due diligence processes.

Over the years, we have continued to reinforce our approach to human rights and we have evolved to respond to the expectations of our stakeholders. The most updated version of UniCredit Human Rights Commitment is available on the UniCredit website and summarizes the Group's approach to human rights, focusing on stakeholder categories such as employees, customers, suppliers and communities. It is based on international declarations and conventions, standards, principles, guidelines and recommendations, including The Universal Declaration of Human Rights and the International Labour Organization's Fundamental Human Rights Convention. We are committed to fighting modern slavery and human trafficking in our business and supply chains; in this regard, UniCredit is also compliant with section 54 of the United Kingdom's Modern Slavery Act 2015.<sup>9</sup>

• In 2018 more than 69,000 colleagues received human rights training.

**FOCUS**  
**Human rights: specific initiatives for employees/violence against women**

At UniCredit, we want to support all our employees. As a result we have launched several measures, including a system in Italy where women can voice their concerns. As an important feature of this system, we set up a crisis line this year for employees in need of support. Colleagues can call a freephone number that is managed anonymously by an external specialist psychology group. From 2019 onwards, employees in Italy, who are victims of violence, will be granted special leave. Furthermore, to mark the International Day for the elimination of violence against women and to raise awareness of this topic, a specific workshop was organised, attended by roughly 250 employees.

**MATERIAL TOPICS**



**Material topics**

- INNOVATION FOR CUSTOMER**  
Digitalisation and innovation  
Value to customer
- LEAN AND SOLID BANK**  
Bank solidity  
Lean and transparent organisation
- PEOPLE DEVELOPMENT**  
Employees' development  
Diversity and inclusion
- ETHICS**  
Fair business behavior  
Business ethics
- EMERGING RISKS**  
Cyber security  
Climate change  
Demographic change
- POSITIVE IMPACT ON SOCIETY**  
Positive impact on society

4. LRB are legal entities that have a treasury which is empowered to access the wholesale/interbank market even on behalf of the legal entities within their country or reference perimeter.  
5. Refer to <https://eba.europa.eu/-/eba-publishes-2018-eu-wide-stress-test-results> for more information.

6. Refer to the Governance chapter for more information.  
7. Refer to the Supplement - Risk Management and Compliance section and to the Sustainability section on our website ([www.unicredit.eu](http://www.unicredit.eu)) for more information.  
8. Italian Law 185/1990 regulates all import, export and transit activities relating to the defence sector and associated banking activities.  
9. The Modern Slavery Act 2015 is an Act of the Parliament of the United Kingdom, designed to combat modern slavery in the UK.

## Strengthen a culture of compliance as an indispensable feature of the Group

At UniCredit, compliance is an inseparable aspect of the Group's business activities. Our commitment to compliance is founded on our internal approach to proper conduct, is consistent with our Group's core values and fundamentals and meets the expectations of our customers, regulators and society as a whole.

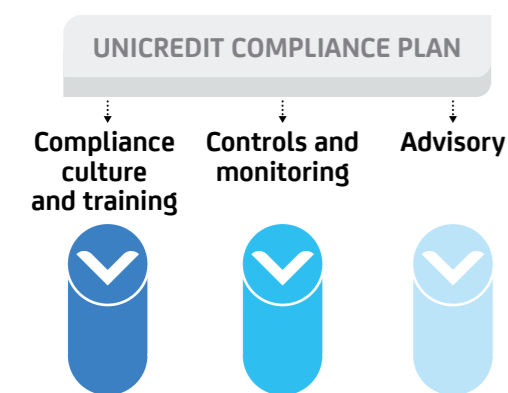
### Reinforcing compliance

Compliance is a prerequisite to the legitimacy of our business and the sustainability of our Group. Adherence to laws and regulations neither prevents nor inhibits growth but is necessary to run a sustainable business.

Regulations are part of our operational environment and we must comply with them while remaining focused on our customers' needs in all our business areas and in all the countries where we are present. By constantly adhering to all applicable laws, rules and regulations, UniCredit helps prevent misconduct and the risk of sanctions, as well as reputational risk.

In accordance with our *Transform 2019* strategic plan, the UniCredit Compliance function focuses on enhancing compliance risk management and the effectiveness of actions to mitigate non-compliance risks. This happens by strengthening and rolling out common compliance standards and addressing regulatory challenges and new emerging risks affecting the Group.

UniCredit's 2018 Compliance Plan, approved by the Board of Directors, is based on three strategic pillars:



The plan lays out the guidelines, strategic priorities, and main initiatives to be implemented in 2018 which aim to strengthen these pillars at Group level.

#### ✓ Compliance culture and training

UniCredit is committed to building and enforcing a common culture of compliance across all levels of our organisation and all geographic areas. To do this, we have reinforced our *Tone from the Top* programme with a strong commitment from all senior managers in spreading the importance of business ethics and risk culture, underlining expectations on the required conduct of employees. In addition, several communication campaigns continued to highlight the importance of our Code of Conduct principles and other topics such as whistleblowing and anti-corruption.

In 2018, we also launched the *Compliance for the Group* programme at Group level, aiming at increasing proximity between compliance and business through the regular discussion of compliance topics<sup>1</sup> at senior management level. This was done through classroom workshops (more than 28,000 attendees in 2018 across the Group), continuous communication, an education campaign for all Group employees and a dedicated compliance culture *Ambassadors Programme*. In this regard, 18 Group senior managers were selected from ten different business divisions to spread compliance principles and desired behaviour by acting as role models in embracing and clarifying adherence to the Code of Conduct values.

Throughout the year, we facilitated a greater understanding of a broad range of compliance topics by introducing ten new mandatory courses including GDPR, PRIIPs (Packaged Retail and Insurance-based Investment Products) and anti-corruption.<sup>2</sup>

In addition, an updated and specific financial sanction classroom training session was provided to colleagues working in Trade Finance, Know Your Customer and Payment Operations consistent with the Group's high focus on this topic. In line with our mission to develop our people, we also offered three different Compliance Academies, available to all employees, in three languages.

1. Personal account dealing and insider information, MiFID II, anti money laundering, conflicts of interest, financial sanctions, anti-bribery and corruption, General Data Protection Regulation (GDPR), financial benchmark, Packaged Retail and Insurance-based Investment Products (PRIIPs), whistleblowing and antitrust.  
2. Refer to the Supplement - Risk Management and Compliance section for more information.

As we are fully committed to foster compliance behaviour in each employee, at UniCredit the mandatory compliance training is a requirement to access variable compensation: employees will be eligible to receive bonuses only if they successfully complete a certain number of mandatory compliance training sessions.

• In 2018, UniCredit employees received roughly 663,000 hours of compliance and risk training.

#### ✓ Controls and monitoring

The Compliance function also aims at ensuring effectiveness of the risk assessment and control processes.

Risk assessment and controls were conducted in consideration of new regulations coming into force (e.g., GDPR, PRIIPs, Financial Benchmark, MiFID II, etc.) and the areas identified as highest-risk (e.g., Anti Money Laundering, Financial Sanctions, Market Abuse). Every year risk assessments are reported on a quarterly basis to the relevant Group bodies such as the Board of Statutory Auditors, the Internal Controls & Risk Committee and the Group Risk & Internal Control Committee. They include key issues, trends, developments and the status of mitigation actions.

Moreover, supervision of top and emerging risks is constantly ensured through a joint analysis conducted by the control functions (Risk, Compliance and Internal Audit) which is performed annually and shared with top management and Committees.

#### ✓ Advisory

Staying abreast of regulatory changes and promptly identifying UniCredit's obligations is essential for the Group, which is why we monitor forthcoming regulations before triggering the necessary implementation at various Group levels. Over the year, we focused on the Revised Payment Service Directive (PSD2), Financial Benchmark and the Insurance Distribution Directive (IDD) in particular through Group projects, by adopting or updating policies and processes, and by executing internal controls.

3. Refer to the Supplement - Risk Management and Compliance section for more information.

With specific reference to the GDPR, a Data Protection Officer was appointed for the Group and for each legal entity in order to ensure compliance with its requirements. A data protection impact assessment method was put in place and a data breach notification process implemented.

In UniCredit we also pay utmost attention to the evolving framework of the financial sanctions and embargo arena. In this regard, the Compliance, Business, Legal and Risk Functions guarantee maximum focus on related corporate transactions, by promptly responding to our customers and preventing penalties.

#### FOCUS Anti-corruption and whistleblowing

UniCredit has zero tolerance towards acts of bribery and corruption and prohibits them in any way, shape or form, whether direct and indirect. UniCredit's approach in this regard is set out in our Group's Policy on Anti-Bribery and Anti-Corruption, which was updated in 2018 and adopted in all legal entities. In 2019 operational rules will be issued on anti-bribery and anti-corruption and a new update of the Group's Policy on Whistleblowing (WB) will also be published. In 2018, we continued to focus on the WB campaign in all legal entities and related training.

• In 2018, UniCredit employees received almost more than 63,000 hours of anti-corruption training.

A Whistleblowing Managerial Forum was also set up in 2018 to further strengthen the whistleblowing process by discussing trend analysis and managerial indicators stemming from WB received in the period by all relevant Group legal entities. Three meetings were held in this regard during the year.<sup>3</sup>

#### Italian Legislative Decree no. 231/2001

UniCredit SpA, aware of the importance of correctly applying the principles established by Italian Legislative Decree no. 231/2001, provides the Italian companies belonging to and directly controlled by the Group with principles, guidelines and the most suitable procedures to be adopted for their established organisational and management model. This model was updated in July 2018 due to new provisions on Whistleblowing introduced by Italian Law no. 179/2017.

#### MATERIAL TOPICS



## Material topics



#### INNOVATION FOR CUSTOMER

Digitalisation and innovation  
Value to customer



#### LEAN AND SOLID BANK

Bank solidity  
Lean and transparent organisation



#### PEOPLE DEVELOPMENT

Employees' development  
Diversity and inclusion



#### ETHICS

Fair business behavior  
Business ethics



#### EMERGING RISKS

Cyber security  
Climate change  
Demographic change



#### POSITIVE IMPACT ON SOCIETY

Positive impact on society

# Our Business Environment

## Business Model in action

Market environment  
Our Distinctive Assets

## Stakeholder Engagement

Relevant topics  
for our stakeholders



# Business Model in action

The banking sector is in flux, with regulations, macroeconomic conditions and customer behaviors changing at a rapid pace. UniCredit's Transform 2019 plan has been developed to specifically address these changes. Our simple commercial banking business model and our distinctive assets will enable us to turn this environment to our advantage, becoming a better bank that reliably delivers sustainable, long-term profitability.

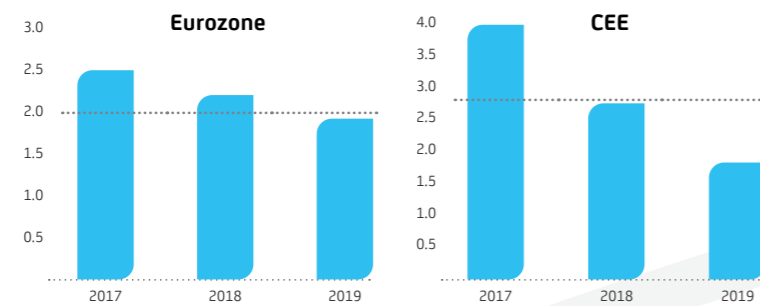
## MARKET ENVIRONMENT

Low growth and low interest rates are affecting every bank in Europe

### Growth in line with consensus

Real GDP growth y/y and average, %

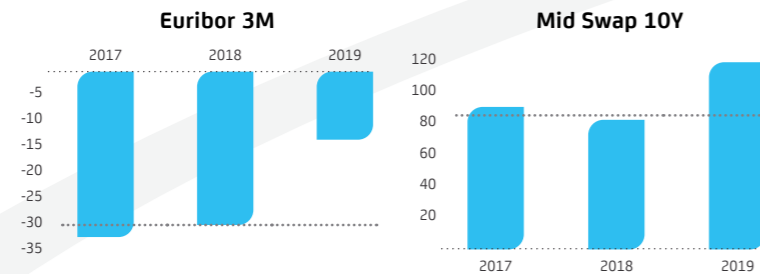
■ UCG estimates<sup>A</sup>  
 ..... Consensus<sup>B</sup> (avg. 2017-2019)



### Lower for longer rates and yield environment

Bps, EoP

■ UCG estimates<sup>A</sup>  
 ..... Consensus<sup>C</sup> (avg. 2017-2019)



The regulatory framework for banking and finance is constantly changing, with many new regulations expected in the years to come, aiming at addressing:

- Banks' loss absorbency capacity to grant an orderly resolution of institutions in case of failure
- Banks' assets and liabilities having a sustainable structure in terms of maturity
- The under-provisioning of Non-performing loans (NPLs)
- The implementation of more stringent criteria for the calculation of Risk-Weighted Assets (RWA), limiting the use of internal models

The growth of our business depends on the competitiveness of companies and the well-being of individuals within each country

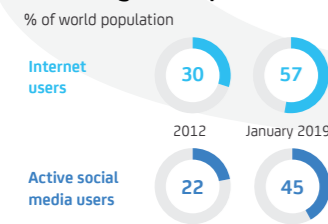
Thanks to our investments in social and economic development we foster initiatives for:

- Financial inclusion
- Social inclusion
- Support to community growth and countries prosperity

Changing customer behaviors must not only be immediately recognized, but also anticipated

The adoption and growth of remote channels continues at a rapid rate.

### Global digital snapshot<sup>D</sup>



A. UniCredit Group (UCG) house view.  
 B. Average 2017-2019 calculated on a quarterly basis. For GDP growth source is Consensus Forecast for Eurozone and Focus Economics for CEE.  
 C. Average 2017-2019 calculated on a quarterly basis. For Euribor 3M source is future from Bloomberg as of 12 February 2019 and for Mid Swap 10Y is forward from Bloomberg as of 17 January 2019.  
 D. Source: Digital around the world in 2019 report, by We Are Social; growth figures may in part be the result of improved reporting.

## OUR DISTINCTIVE ASSETS

**Pan European Commercial Bank**

Strong presence in **14** countries<sup>A</sup>

Top ranked by assets in Europe<sup>B</sup>  
**n.1** in Austria and CEE by assets  
**n.2** in Italy, **n.3** in Germany

**81%** of revenues from Commercial Banking<sup>C</sup>

**Unique Client Franchise**

**26** million clients<sup>D</sup>

Second largest provider of corporate loans in EU<sup>E</sup>

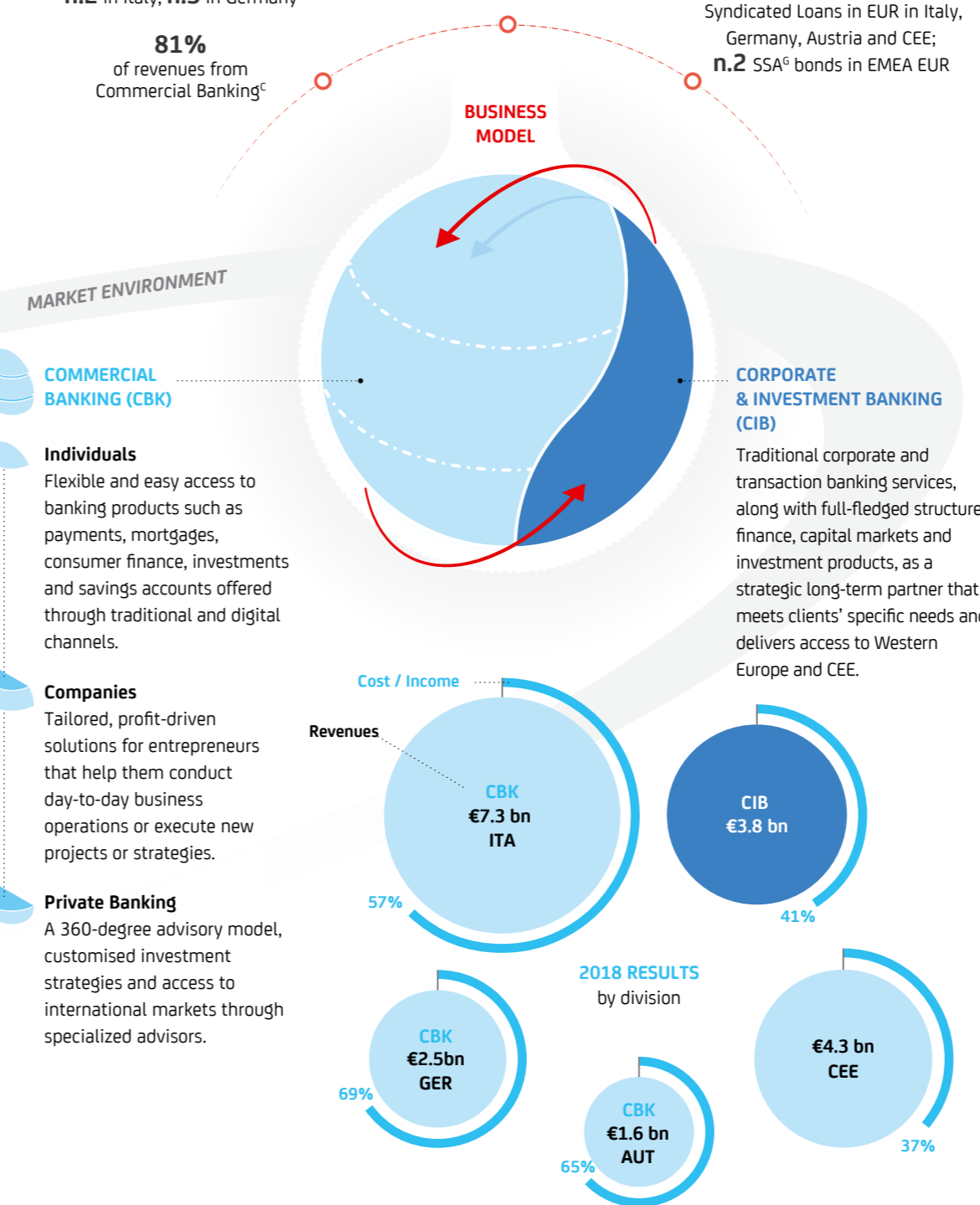
**Distinctive Factories**

CIB platform fully plugged in

Best in class CIB products provider

**n.1** EMEA<sup>F</sup> Covered bonds;  
 Syndicated Loans in EUR in Italy, Germany, Austria and CEE;  
**n.2** SSA<sup>G</sup> bonds in EMEA EUR

## MATERIAL TOPICS



## Material topics

- INNOVATION FOR CUSTOMER**  
Digitalisation and innovation  
Value to customer
- LEAN AND SOLID BANK**  
Bank solidity  
Lean and transparent organisation
- PEOPLE DEVELOPMENT**  
Employees' development  
Diversity and inclusion
- ETHICS**  
Fair business behavior  
Business ethics
- EMERGING RISKS**  
Cyber security  
Climate change  
Demographic change
- POSITIVE IMPACT ON SOCIETY**  
Positive impact on society

A. Italy, Germany, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Serbia, Slovakia, Slovenia, Romania, Russia, Turkey.  
 B. Data as of 3Q18 based on available public data. For Austria ranking on single entities only possible on the basis of annual figures: FY17 latest figures available.  
 C. Data as of 4Q18, CBK Italy, CBK Germany, CBK Austria, CEE and Fineco.  
 D. Data as of 4Q18, includes 100% clients in Turkey.  
 E. Data as of 4Q18 based on available public data; peers include: BNP, Deutsche Bank, Santander, HSBC, ISP, Société Générale. FX exchange rate at 30 September 2018.  
 F. Source: Dealogic; data from league tables as of 2018; all positions by volume.  
 G. Sovereign, Supranational and Agency.

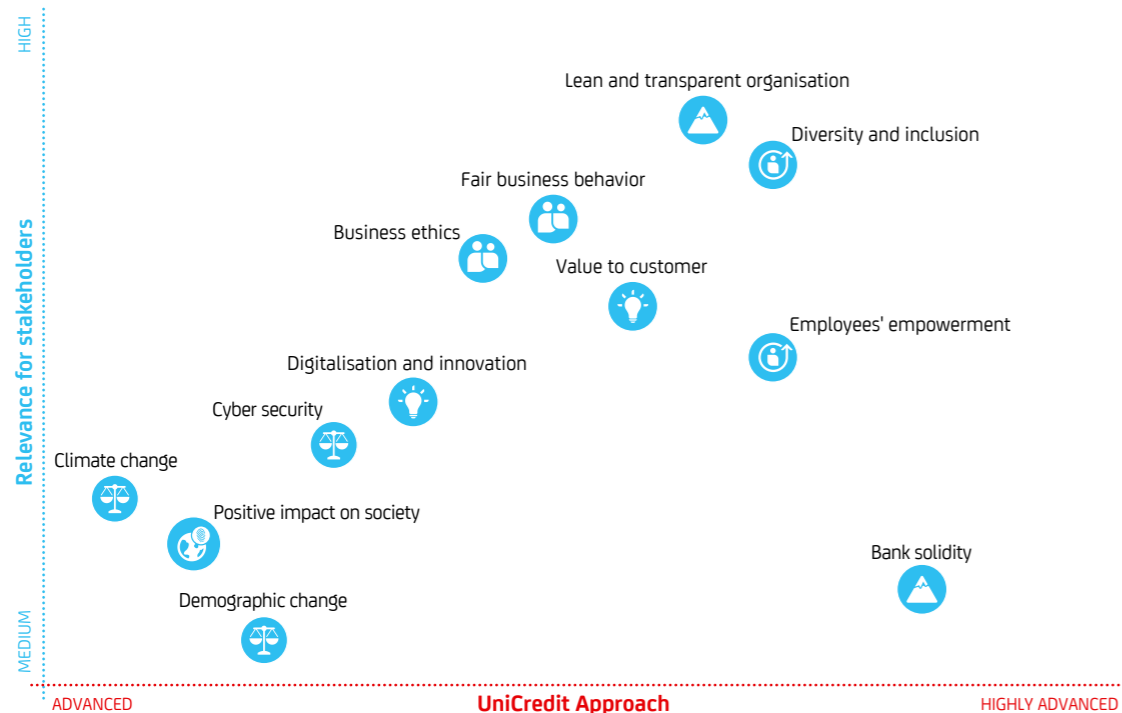
# Stakeholder Engagement

Listening to stakeholders has always been fundamental to UniCredit's business: the Group regularly invests in mutual feedback activities that include all types of stakeholders, systematically collecting and evaluating observations, conducting research activities and responding to stakeholders' opinions and concerns.

We believe that understanding who your business impacts and who impacts your business is the key to long-term value creation. We also believe that knowing which issues are important to our stakeholders is crucial for managing risks and opportunities, and is therefore essential when it comes to making decisions and developing strategies.

## Materiality matrix

UniCredit has periodically carried out materiality analyses since 2010 as result of listening to our stakeholders. This is a thorough approach that identifies critical economic, environmental and social aspects which could have a significant impact on the company's business performance and therefore on long-term value creation. The matrix below represents the upper-right quadrant of the overall matrix, and results from the ranking of a number of topics based on their relevance (medium or high) expressed by our stakeholders during an intense process of dialogue, as well as UniCredit approach to the same topics, measured in terms of managerial focus and investments (advanced or highly advanced)



### Clusters



For specific KPIs and Risks and Opportunities analysis of each material topic, please refer to following pages

UniCredit's materiality analysis made great progress in 2018. The bank's aim is to ensure it is robust and the focus is on the most relevant aspects for both our stakeholders and our business.

Material issues were reviewed and various ones rationalised, reducing them from 28 to 12 and thereby simplifying the matrix. No topics were removed, but instead grouped based on their area of common impact.

This matrix has been constructed using data collected from a variety of sources, providing a vast information base that can be audited and is objective, thus ensuring that the analysis is more consistent than in previous years.

During this process, current and emerging issues were assessed from the perspective of different stakeholders and based on our strategy. We used Datamaran's E-Revalue data analytics platform in addition to other sources we had relied on in previous years (sustainability rating agencies, research on global risks and opportunities, tools to listen to stakeholders and scenario analyses).

The Datamaran sources employed to complete and consolidate the opinion of our stakeholders include:

- Benchmarking analysis on reports published by our peers: sustainability reports, integrated reports and financial reports
- Regulatory analysis to identify the main laws and directives that impact the financial sector in all the regions in which our group operates (both mandatory and voluntary regulations)
- Assessment of the latest news related to topics relevant to the financial sector in the press and social media.

As a result, we were able to rank relevant issues for various stakeholders. This was done according to the level of importance of the items, considering the frequency with which the topic comes up and its percentage of use in the included sources. The next step in this process involved evaluations of investments and managerial attention and focus

(initiatives, programmes in place, investments in the pipeline, etc.) via one-to-one interviews with internal reference functions for each material topic.

The results of these two phases are the elements shown in the matrix presented on page 24 and which were subject to an in-depth examination during several meetings of the Corporate Governance, Nomination and Sustainability Committee.<sup>1</sup>

During these meetings, in addition to explaining the applied method in detail, the material items featured in the matrix were illustrated to the Committee members. Subsequently, we focussed on the risks and opportunities related to material aspects that may impact the Group and the entire financial industry as well as UniCredit's actions when faced with these new challenges.

This allowed us to provide a complete overview of Environmental Social and Governance (ESG) topics and our sustainability strategy to top management in an attempt to increasingly integrate this sustainability strategy into the Group's overall strategy.

This year, much attention was given to two topics in particular: the Business ethics and the Positive impact on society.

The former was also the central topic of a stand-alone project launched at the beginning of 2018 at the request of our Chief Executive Officer (CEO) in order for UniCredit to work on subjects relating to ethics. We started a process in 2018 to systematically review an approach to business ethics by focusing on the overall framework of values, behaviours and policies. This process will continue in the next few years as it is extremely clear to us that the broader picture is changing - and how quickly this happens. As a result, we are committed to keeping both management's and our focus very high in this area.

In 2017, to further our positive effect on society, we launched a project named *Social Impact*

*Banking*, our commitment to building a fairer and more inclusive society. As its name implies, the aim is to identify, finance and promote people and enterprises that have a positive social impact. Helping to develop the communities where we operate is a cornerstone of our mission as a bank.<sup>2</sup>

We believe that an approach where sustainability is increasingly integrated in the group's

strategy lets us rapidly respond to the risks and opportunities arising from material issues.

Moreover, this makes it possible for us to actively contribute to achieving the Sustainable Development Goals (SDGs) thanks to a careful assessment of the bank's initiatives which have a positive impact on these goals, as shown in the following pages.

### Dialogue tools with Stakeholders

	Channels:	Key facts
CUSTOMERS	Customer satisfaction assessment	More than <b>300,000 clients</b> and <b>prospects</b> interviewed for our <b>customer satisfaction surveys</b>
	Brand reputation assessment	
	Mystery shopping	
	Instant feedback	
	Focus group, workshops, seminars	
COLLEAGUES	People Survey of professional engagement	More than <b>80,000 colleagues</b> answered to the <b>People Survey<sup>A</sup></b>
	Internal clients' perceptions of headquarters services	
	Group Intranet Portal	
	Departmental online communities	
INVESTORS/ SHAREHOLDERS	Qtrly webcasts and conference calls to present results	More than <b>500 meetings</b> and <b>27 roadshow days</b> with <b>institutional, retail</b> and <b>socially responsible investors</b>
	One-on-one and group meetings, calls	
	Shareholders' meeting	
REGULATORS	One-on-one and group meetings, calls	<b>Proactive engagement</b> and <b>contribution to the debate</b> on the <b>regulatory framework</b>
COMMUNITIES	Surveys	Around <b>27,000 clients requests</b> managed via <b>social media</b>
	Social Media	

A. *People Survey* is a listening initiative carried out by UniCredit since 2003. Since *People Survey* is not carried out annually, data refers to the edition of 2017. Refer to the 2017 Integrated Report for more information.

2. Refer to the Social and Relationship Capital chapter on page 54 for more information on *Social Impact Banking* project.

1. Refer to the Governance chapter for more information on the Corporate Governance, Nomination and Sustainability Committee.

## Risks and Opportunities arising from material topics analysis and our contribution towards SDGs



### Innovation for customers

Our key objective is to offer the best quality of service to our clients. In particular, we are assessing and participating in the digital revolution that is transforming the banking business. We are equipping our organisation to meet the challenges of the future, with a strong commitment to achieving sustainable results and engaging with our clients.

#### Contribution towards SDGs:



#### Risks

- Loss of market share and business focus if banking is not driven by client's needs
- Loss of market share and revenue due to non-competitive digital offering
- Unclear strategy on long term trends

#### Opportunities

- Starting from clients' needs develop a product offering and commercial strategy
- Responding to the digital challenge in an agile and customer centric manner, improving efficiency by leveraging technology
- Maintaining or increasing competitiveness by correctly responding to digital challenges

#### UniCredit's contribution towards SDGs - KPIs



Renewable energy projects portfolio<sup>A</sup> at **€7.8 billion**

More than **30 new loans** in **Impact Financing** for **€32.6 million approved** in Italy



**Package for Young** to more than **30,000 customers** under 25 in **Croatia** offering basic banking services **free of charge**



**Green and sustainable loans:** leading role in **7 Sustainability-linked Revolving Credit Facilities** and participated in **11 transactions** for **€18.7 billion**



### Lean and solid banking

Thanks to our strategic plan *Transform 2019* we carried out several decisive actions giving the Group a strong capital position enabling us to focus on growing the business and developing additional client activity in the medium long term.

#### Contribution towards SDGs:



#### Risks

- Uncertain and volatile economic scenario affecting our long term planning
- Having strategy and business model not ready to respond to a constantly changing regulatory framework
- Complexity of processes and lack of agility might hinder our capability to react to continuously evolving framework

#### Opportunities

- Strong capital position allows for a more focused approach to deliver on targets
- Leaner processes can increase our flexibility and speed of response to external challenges
- Being a lean and solid bank increases stakeholders' confidence in our capability to deliver on our targets

#### UniCredit's contribution towards SDGs - KPIs



**Application decommissioning** surpassed the 2019 target by approximately **10%**, with over **1,200 applications removed since 2016**



Almost **50 partnerships** within the Group



**FY18 fully loaded CET1 ratio 12.07%**

A. EAD, Exposure at Default.





## People development

We support our colleagues throughout their professional lives by listening to their needs, valuing their skills, implementing training programs and development plans, and promoting diversity, inclusion and work-life balance. Every colleague needs to be motivated by and engaged in the success of the bank.

### Contribution towards SDGs:



### Risks

- ✘ Low attraction and retention for talented individuals would impact succession plans and pioneering in new business areas
- ✘ Risk of obsolescence especially in the new digital areas
- ✘ Decrease in people engagement due to lack of incentives in terms of inclusion and work-life balance

### Opportunities

- ✔ Transform our workforce into innovative and tech-oriented, launch digital products and solutions
- ✔ Be an employer of choice thanks to investments in talented individuals and work-life balance solutions coupled with a widespread inclusion and diversity culture

### UniCredit's contribution towards SDGs - KPIs

More than **33 training hours** per capita

**Leadership programmes** offered to **758 employees** from **16 different countries**

**Women in senior leadership roles** targeted at **20%** by 2022, stands at **10%** in 2018

The **adoption of flexible working solutions** involved in Italy more than **4,100 employees** amounting to more than **61,000 days**



## Ethics

For our Group the integrity and consistency of our values and behavior represents an important milestone along the road to sustainability. Our Code of Conduct outlines our approach to managing compliance risks and underscores the legal and ethical standards necessary to run our business successfully and to create long term value.

### Contribution towards SDGs:



### Risks

- ✘ Reputational risk and loss of market share
- ✘ Compliance and sanctions risk
- ✘ Being directly or indirectly impacted by human rights abuse

### Opportunities

- ✔ Reinforce stakeholders' confidence through strong business ethics
- ✔ Maintain high reputation by avoiding noncompliance sanctions
- ✔ Increase awareness of the importance of human rights within our bank and our customer base

### UniCredit's contribution towards SDGs - KPIs

**18 Group senior managers** from **ten different business divisions** selected for the **Ambassadors programme** on compliance principles and desired behaviour, embracing and clarifying adherence to the **Code of Conduct values**

Around **663,000 training hours** on risks and compliance topics

**Human rights training** for more than **69,000 colleagues**





## Emerging risks

UniCredit analysed the activities which may expose our bank to newly developing or changing risks that are difficult to quantify and with a major impact on society and industry, but we also considered the opportunities resulting from such activities. Among those analysed, we identified Cyber security, Climate change and Demographic change as the main topics to be considered Emerging risks.

### Contribution towards SDGs:



### Risks

- Loss of competitiveness on financial markets if we are not addressing emerging risks
- Not considering shifts on demographics as a driver impacting strategies and business development
- Threat of cyber-attacks to our ICT systems
- Climate change impact managed only in terms of reputational risk and not as a driver for lending strategies

### Opportunities

- Proactively managing emerging risks can be a competitive advantage
- Strong and safe ICT systems are a building block for stakeholders' trust
- We can play an important role in the transition to a low carbon economy, by having a clear and effective strategy

### UniCredit's contribution towards SDGs - KPIs



As of 2018 **energy-efficiency loans** nearly **€2.4 billion** to SMEs and **€1.1 billion** to individuals

**Overall reduction of 49%** compared to our 2008 **Scope 1 and 2 emissions**



In 2018, we delivered over **45,000 hours of ICT security training** in Italy

**Approximately €14 million** dedicated to our **Paperless Branch programme** in Italy in the first two years



## Positive impact on society

As one of Europe's largest banks, we are committed to building a fairer and more inclusive society. Our aim is to identify, finance and promote people and enterprises that have a positive social impact. We want to help people at risk of financial exclusion and organisations dedicated to tackling social problems.

### Contribution towards SDGs:



### Risks

- Risk of not being socially accepted if the positive social effects of our activity are not perceived
- Risk of losing our role of engine of the real economy growth
- Disconnection from stakeholders' needs when necessary
- Lack of investments in technology and mobility innovation to foster inclusion and accessibility may lead to client loss
- Distance from clients in terms of contents and products

### Opportunities

- Being perceived as the bank of choice thanks to our inclusive approach
- Having a positive impact on society represents a boost for our reputation
- Take ownership of the importance of our role for the economic growth and wellbeing in our communities

### UniCredit's contribution towards SDGs - KPIs

**€33.4 million** contributions to communities and **€5.6 million** as **Business Innovation for Social Impact**<sup>3</sup>

More than **1,600 new loans** in **Microcredit**. **€32 million** disbursed in Italy. **62% of clients had never been financed before**

UniCredit Foundation is going to **donate 1 million of meals (€200,000)** to the **World Food Programme**

**25,300 students** participating to **Start Up Your Life initiative** to attend **financial education sessions**

3. Refer to Social and relationship Capital chapter for more information.

# Our strategy

## Strategic Plan

Integration of Strategic Pillars and Capitals

Strategic Pillars

Main 2018 Initiatives and Results

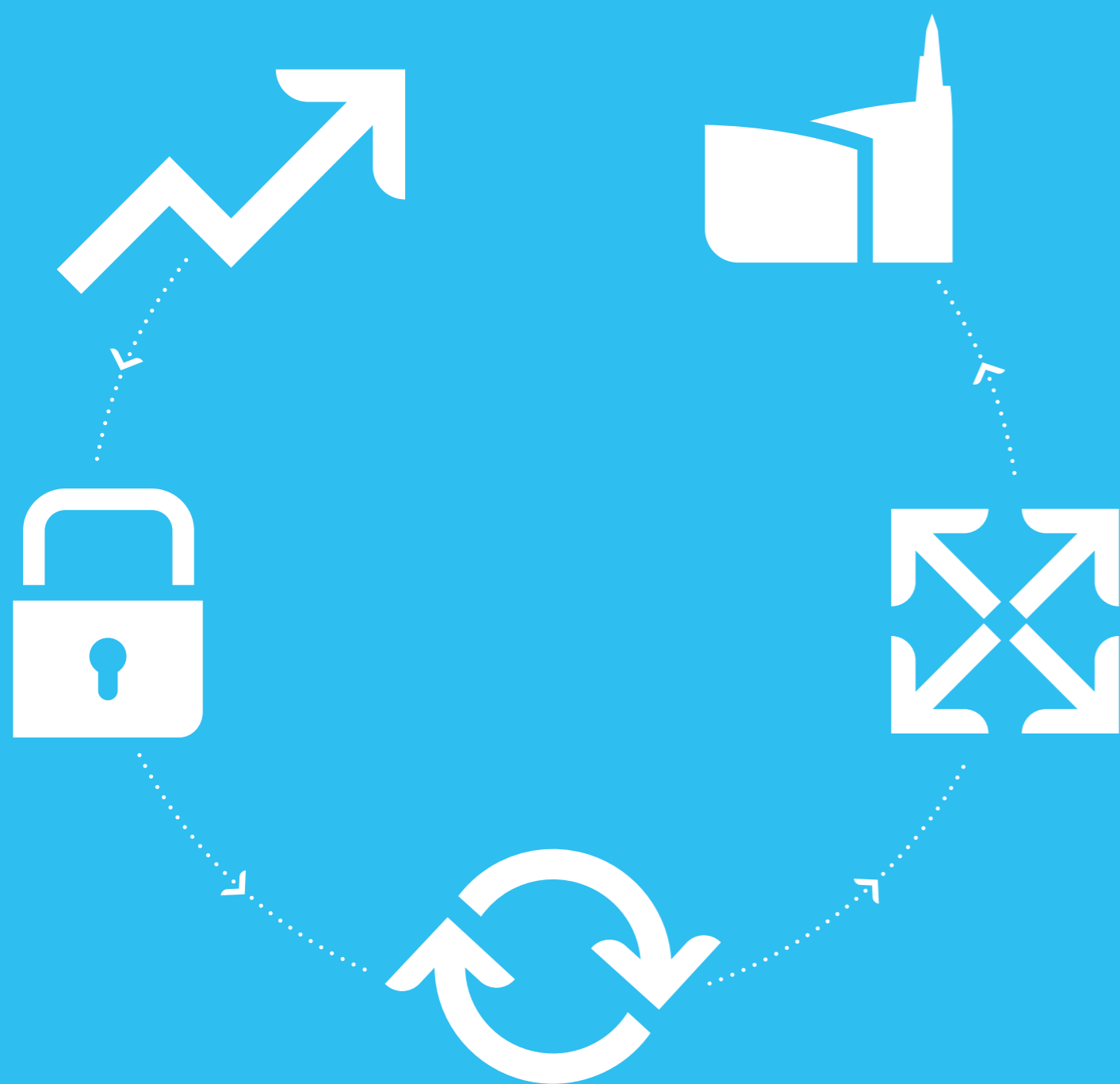
Targets 2019

## Capitals

Stocks of Capitals

Main 2018 Initiatives and Results

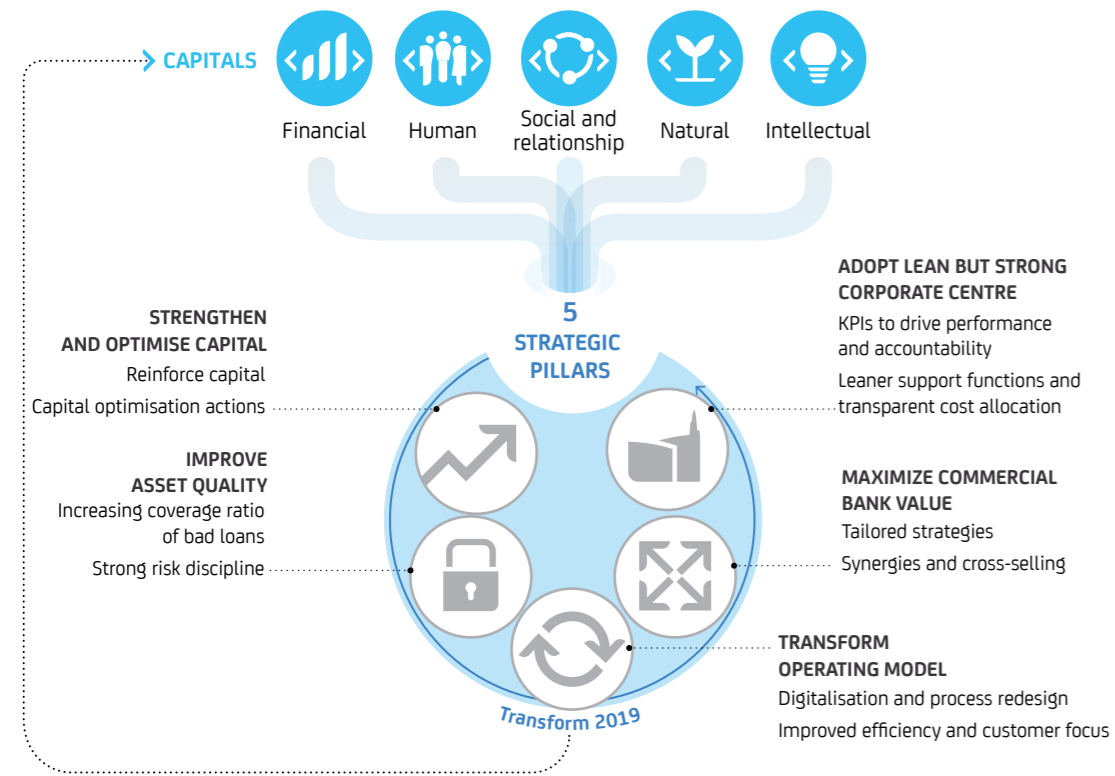
Community Impact



# Strategic Plan



Our vision is to be One Bank, One UniCredit: a simple, winning pan-European Commercial bank with a fully plugged in CIB, delivering a unique Western, Central and Eastern European network to our extensive client franchise. In December 2016 we presented our strategic plan, *Transform 2019*, to ensure the creation of maximum value for all our stakeholders. The plan has been fully on track in 2018 thanks to our commitment to achieve targets, yielding tangible results underpinned by group-wide business momentum.



The banking industry is operating in an era of constant flux, as regulations, macroeconomic conditions and customer behaviours change at a rapid pace. UniCredit aims to anticipate these changes and, whenever possible, turn them into opportunities to enhance our customer focus. This is how we will continue to achieve sustainable, long-term profitability and contribute to the prosperity of the territories where we operate.

conclude in 2019. Our actions today must anticipate the medium-term evolution of our clients, new commercial dynamics will determine how we train and develop our employees and how we steadily optimise our cost base while maintaining a balanced risk profile.

This chapter describes the 5 pillars that are the basis of *Transform 2019* and provides an update of the plan's progress.<sup>3</sup>

Since we released our strategic plan, *Transform 2019*<sup>1</sup>, in December 2016, our transformative actions have been delivering tangible results that allow us to be fully on track with the planned targets. In the light of these achievements, we will continue to reinforce and make careful use of the capitals<sup>2</sup> available to us, with due consideration for the ways in which they are interconnected. *One Bank, One UniCredit* is the long-term vision for our Group. As such, our transformation will not

- 2019 key targets:
- RoTE target >9 percent
- Fully loaded CET1 ratio<sup>4</sup> 12.0-12.5 percent (vs >12.5 percent originally set)
- Full year 2019 dividend payout at 30 percent (vs >20 percent originally set)
- Self-funded full rundown of non-core by 2021 (vs 2025 originally set)

1. Refer to the 2016 Integrated Report for more information.  
2. Capitals are sources of value and relationships that are affected or transformed by the activities and outputs of our organisation.  
3. Refer to the 4Q18 e FY2018 results presentation on our website (www.unicreditgroup.eu) for more information.  
4. CET1 ratio measures a bank's core equity capital in proportion to its total risk-weighted assets and is used to assess its financial strength.

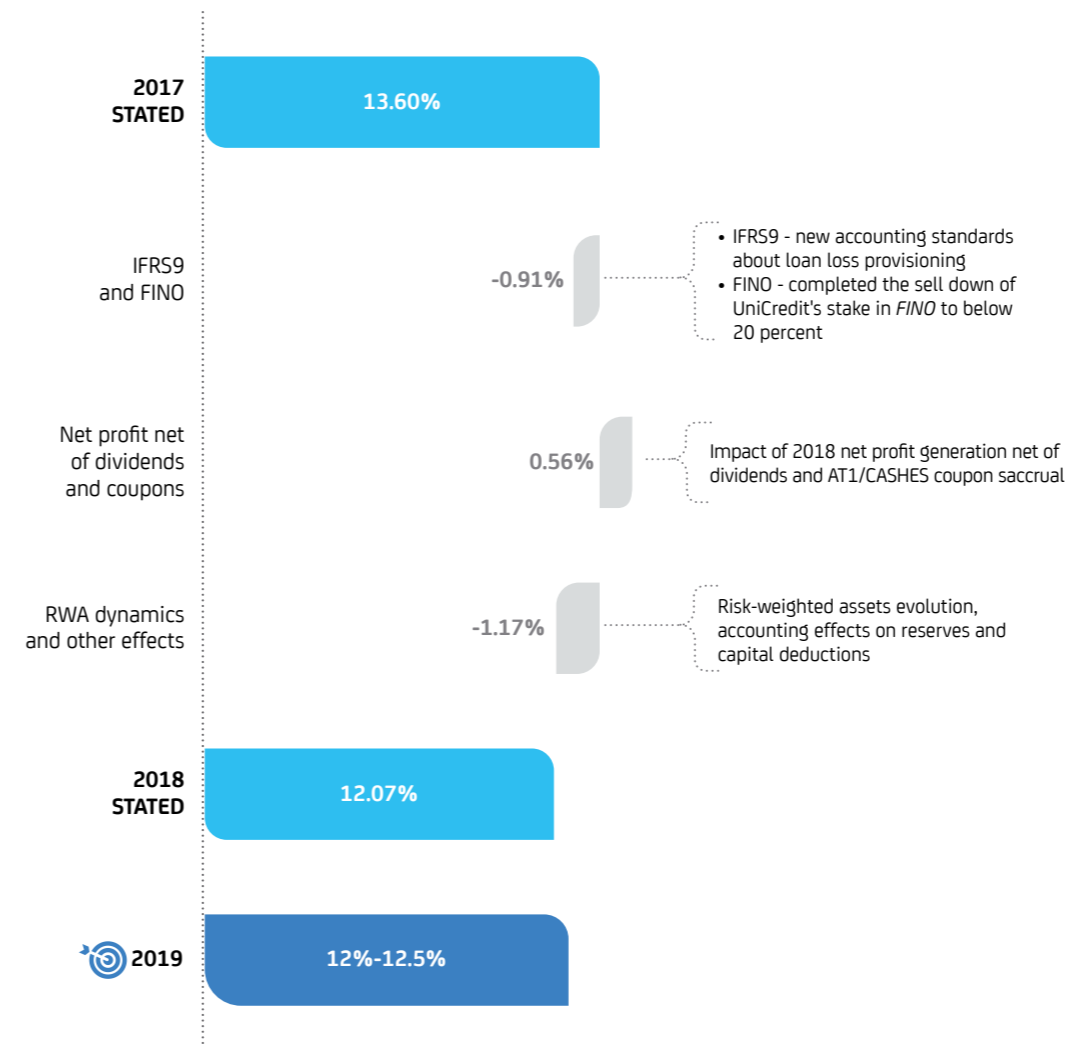


## Strengthen and optimise capital

Leveraging on the decisive actions deployed after the launch of *Transform 2019*, we are delivering a fully-loaded CET1 ratio of 12.07 percent, in line with our targets, allowing us to confirm our expectation of 12.0-12.5 percent in 2019 and the estimated dividend payout ratio for 2019 increased from 20 percent to 30 percent, to be paid in 2020.

Our strong capital position enabled us to anticipate regulatory headwinds in 2018, and we will continue to manage such changes in order to keep focus and resources on growing our business and developing additional client activity in the medium-term.

### Fully loaded CET1 ratio evolution



## Material topics

- INNOVATION FOR CUSTOMER**  
Digitalisation and innovation  
Value to customer
- LEAN AND SOLID BANK**  
Bank solidity  
Lean and transparent organisation
- PEOPLE DEVELOPMENT**  
Employees' development  
Diversity and inclusion
- ETHICS**  
Fair business behavior  
Business ethics
- EMERGING RISKS**  
Cyber security  
Climate change  
Demographic change
- POSITIVE IMPACT ON SOCIETY**  
Positive impact on society



## Improve asset quality

The Group continues to be focused on a strong capital management discipline accompanied by an enhanced risk discipline: we are still deploying actions aimed at addressing legacy issues, mainly related to our non-core portfolio in Italy, and improving the quality of new loans.

As a result of that, all relevant Group asset quality metrics have materially improved during the last 12 months as well, thanks to ongoing disposals, disciplined loan origination and strict risk management.

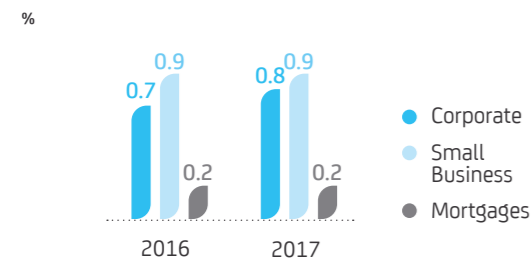
### Enforcing risk discipline

Our continuous commitment to risk discipline is upheld by two critical measures that we have deployed: our strict underwriting policy and the constant monitoring of our portfolio.

We believe strong risk discipline is key to ensuring the quality of our loan portfolio; in this effort, our business and risk management functions are closely cooperating, jointly reviewing the quality of new loans and our existing credit portfolio. This has steered our business development activities toward high-quality exposures and is supporting prompt identification of the areas where risk mitigation actions are needed.

Our origination of new loans is strictly controlled through the increased centralisation and automation of our credit processes. This helped us to improve our default rate by 1.7 percent in 2018. Business functions, which are our first line of defence against poor-quality loans, are equally vital to maintaining the quality of the existing credit portfolio. In addition, automated early warning signals help us to proactively intervene in potentially critical positions and catch severely deteriorating loans earlier.

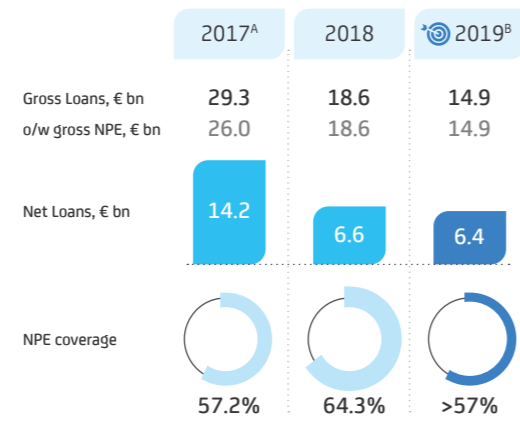
### Commercial Banking Italy: First 12 months default rate on new loans



## Deleveraging our stock of NPEs

In 2013, UniCredit set up a separate segment of Italian loans, the so called non-core portfolio, which has a risk-return profile not compatible with the Group's plan to reduce its exposure and free up capital for business development and value creation initiatives.

### Non core evolution



A. 2017 recasted.  
B. Recast mainly due to IFRS9 adoption and extraordinary write-offs on residential mortgages carried out in 2018.

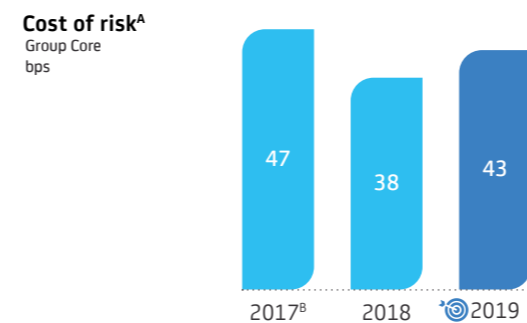
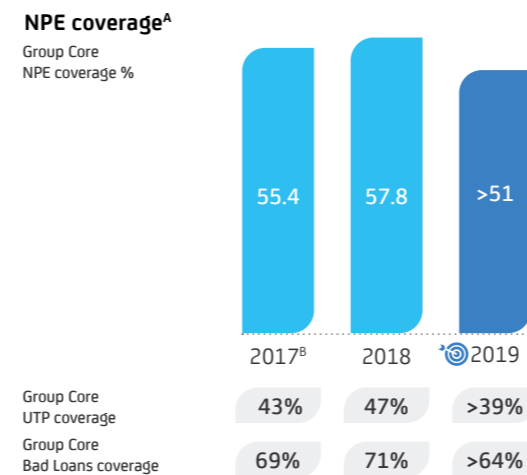
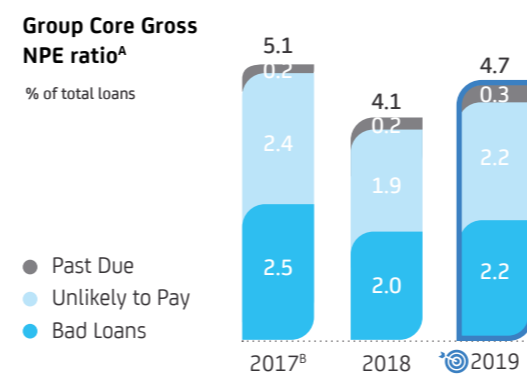
As part of our Non-Performing Exposure (NPE) deleveraging plan, in 2018 we reduced Gross NPEs by 16.5 percent compared to 2017 year-end, down to €38.2 billion. Group gross NPE disposals progressed during the year and reached €4.4 billion in the period, of which €2.1 billion in the non-core. The rundown of the non-core progressed with gross loans down to €18.6 billion (-€5.2 billion in the year not considering the manoeuvre of beginning of year) on track to reach *Transform 2019* target of €14.9 billion. In addition, we target the entirely self-funded run down of our non-core exposure by 2021.

Several relevant deals were made towards the disposal of NPL exposure. Around €3.5 billion have been sold on the Italian market. The most relevant transactions of non-performing loans were the disposal of three portfolios composed by loans to small & medium enterprises with an aggregate value of around €2.3 billion, a consumer unsecured non performing credit portfolio with a gross book value of approximately €124 million and €170 million related to UniCredit Leasing, as well as several single files disposal. Regarding the CEE perimeter, similar portfolios transactions were successfully carried out in Russia, Croatia and Bulgaria; together with the ordinary disposal activities (both portfolios and single files), CEE Region disposals reached an aggregated value of nearly €600 million (excluding Yapi Kredi).

## Achieving NPE targets

Thanks to the above-mentioned bold and continuous actions, we are delivering NPEs targets and improving their management. This allowed us to further enhance our **gross NPEs targets, from €40.3 billion to €37.9 billion at the Group level** by the end of 2019, with the ambition to achieve an even more challenging target.

The planned reduction will be achieved through sound origination, tight monitoring and an active recovery strategy, including disposals.



A. Numbers might not add due to rounding reasons.  
B. 2017 recasted.



## Transform operating model and Maximise value of the commercial bank

We aim to take our operating model to the next level in terms of its technological sophistication, resource efficiency and commercial effectiveness. To nurture this process, a number of programs have already been put in place.

We are continuing to optimise our operating model, from IT simplification to procurement and real estate, to ensure efficiencies over time. As we embark on this transformation journey, necessary IT investments will be complemented by strong attention to cost, project selection, and project execution.

One of our top priorities addressed so far, is the redesigning of our end-to-end processes. This is supporting our customers' growing use of digital channels and further improving their experience when interacting with the bank. At the same time, digitization allowed us to further transform our processes and achieve greater operational efficiency with a lower, sustainable cost base.

This achievement has been possible thanks to a secured execution of the plan through a disciplined demand management and a rigorous implementation, supported by strong monitoring and project management that closely involves senior management.

Overall, implementing a lower, more sustainable cost structure is already generating recurring cost savings that are fully on track with the achievement of €1.7 billion in net annual recurring cost reduction expected by 2019. In 2018 Group costs decreased at €10.7 billion, better than €11.0 billion target. 2019 cost target is confirmed at €10.4 billion. A key part is related to staff expenses (70 percent). We achieved **our Transform 2019 target of 14,000 Full Time Equivalent (FTEs) reduction throughout the strategic plan time framework reaching around 87,000 FTEs at Group level**. At the same time we are making targeted hiring to ensure that the right mix of skills and experience are distributed throughout the Group. Our FTE reduction programme is being responsibly managed with due consideration for all local business requirements and laws.

MATERIAL TOPICS



## Material topics



**INNOVATION FOR CUSTOMER**  
Digitalisation and innovation  
Value to customer



**LEAN AND SOLID BANK**  
Bank solidity  
Lean and transparent organisation



**PEOPLE DEVELOPMENT**  
Employees' development  
Diversity and inclusion



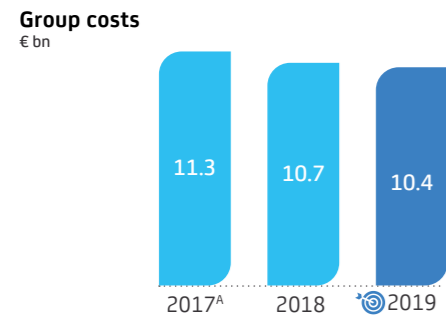
**ETHICS**  
Fair business behavior  
Business ethics



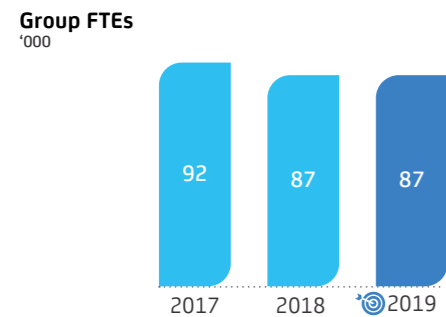
**EMERGING RISKS**  
Cyber security  
Climate change  
Demographic change



**POSITIVE IMPACT ON SOCIETY**  
Positive impact on society



A. 2017 recasted.



We are a pan-European winning commercial bank with a fully plugged in Corporate & Investment Banking (CIB) that delivers a unique Western, Central and Eastern European network to our extensive client franchise of individuals and companies; to further drive the transformation of our operating model and maximise the value of our commercial bank, we are strongly committed to:

- transforming our Western European<sup>5</sup> commercial banking operations to improve focus on customers and create a sustainable, lower-cost structure
- further strengthening our leadership position in CEE
- capturing more cross-selling opportunities through an efficient CIB Division that is fully plugged into commercial banking
- maximising revenue synergies and sharing of best practices across business lines and countries.

### Transforming our Western European commercial banking operations

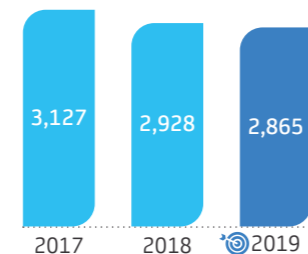
In Italy, Germany and Austria, our core countries in Western Europe, we have worked to further **enhance our customer focus** while deploying a more efficient, innovative and digital service model with a sustainable, lower cost structure.

The increasing use of technology is changing consumer behaviour and expectations. Thanks to digital innovation, the number of interactions

between customers and banks is rapidly increasing. Consequently, we are designing services to provide seamless multichannel experiences; this will meet customers' increasingly sophisticated requirements and enhance our customer focus. These developments are making UniCredit a leaner, more efficient organization. We have deployed our plans to make the distribution model and the sales channels more accessible and efficient. While we are continuing to optimise our footprint, 93 percent of branch reduction targets already achieved, by concentrating our presence wherever our clients are, our network has adopted new formats that make use of a higher degree of automation (e.g., smart/cashless branches in Italy) and are fully integrated with our remote and digital channels.

### Branches in Western Europe<sup>A</sup>

N. of branches



A. Number of branches consistent with Capital Markets Day 2016 perimeter.

In Italy the transformation of our distribution model, supported by the review and strengthening of the End-to-End (E2E) processes, generated positive results and was extended to Germany and Austria.

At present 60 MVPs (Minimum Viable Products<sup>6</sup>) related to 20 key banking products/processes have been identified and almost 40 percent already fully released on the network. Customer and network experience remained the core of our focus and was positively affected by the implemented solutions: for instance, in terms of instant feedback, current accounts opened in branches registered an improvement of the satisfaction index at the end of 2018 (82/100 vs. 81/100 at the end of 2017) while current accounts opened online have become popular since their first launch (79/100 on average). Similarly, on credit cards the introduction of key self-service functionalities on remote channels (credit card opening, card block and automatic renewal) marked a progress in terms of customer satisfaction in the second half of 2018 when clients became familiar with these new opportunities (7 points of improvement in satisfaction index vs. the first half of 2018).

5. Western Europe includes Commercial Banking in Italy, Germany and Austria.

6. In the development of product/process, the Minimum Viable Product (MVP) represents the single self-supporting and functioning development able to satisfy early adopters' needs in accordance with the investments performed.

In 2018 *buddybank* was launched in Italy providing its customers a distinctive iPhone-based offer with a conversational 24x7 service model, for both banking and lifestyle concierge, based on a mobile-only proposition.

The main aim is to create a fully-customised banking experience leveraging on a pure mobile banking product suite and speaking the same language of new generation customers. In detail the service model is based on an in-app chat with a dedicated human operator for both banking and lifestyle needs (e.g., restaurant reservation, travel advice, etc). This concierge service is also fully integrated with the Apple business chat, one of the first to exploit this technology in Europe.

By enhancing our IT architecture, we are becoming leaner and more efficient, while improving the quality of services and experiences delivered to customers. IT and digital technologies are a linchpin of our transformation. We have adopted a pragmatic approach in these areas, opting to focus on initiatives that enhance customer experiences while investing in opportunities with a high potential for success. The IT investments allocated for *Transform 2019* have been set at €1.7 billion (+€100 million vs. original target in CMD 2016).

We see digitisation as a key support for the implementation of *Transform 2019*. In particular, we want to deliver an excellent customer experience for both retail and business clients, across all channels. We are working to improve our digital channels, with a particular focus on mobile that will become a primary channel to engage customers and execute sales. We are introducing within our catalogue innovative payment solutions, such as Apple Pay, Samsung Pay, Google Pay and Alipay. Apple Pay was also launched in Germany, positioning among the first in the country. In addition, we are continuously working to further improve the quality of our advisory services, providing our network with advanced tools to support their interactions with customers.

A couple of examples are proof of the above. In Italy we have further invested in strengthening our multi-channel strategy through the redesign of our branches and the enhancement of digital channels to ensure a seamless multi-channel experience for our customers. In Austria, we released a new service (*skill*) integrated in Alexa, the Amazon voice

7. Digital ready contracts are those that can be signed in digital way.

assistant, allowing our customers to request and receive information on bank products and services and news about financial markets.

Our new simple yet engaging and secure global internet banking platform, as well as the instant mobile payments experience we offer through our wallet solution, are paying off. This work has strongly increased the number of people who use our internet and mobile banking platforms.

We keep our focus on the development of the digital sales and the migration of transactions towards digital channels, in all our geographies.

In Italy, we have strengthened digital processes, such as digital signatures and the SMS/token signature. This has enabled us to digitalise about 12.6 million contracts, amounting to 38 percent of the digital ready contracts<sup>7</sup> signed in 2018.

In 2018, Commercial Banking Italy continued to focus on the client segmentation model, rolled-out on in 2017 to match different corporate clients' needs and maximise cross-selling opportunities. This helps us to serve every form of enterprise (Small businesses, Mid corporates, Large corporates and Top corporates) with a further focus on real estate and public sector.

In addition, we have adopted an Industry approach, to advise our Corporate clients. This approach allows UniCredit to enhance a strategic dialogue with the customers, proactively identifying financial needs linked with specific industries.

Also, several initiatives have been undertaken to support small and medium enterprises (SMEs) besides the dedicated service model.

Thanks to our exclusive partnership with Alibaba, we support the corporates that want to go international with the Easy Export solution. It provides a series of value added services such as logistic and web marketing, leveraging on the Alibaba.com extensive network.

We offer customised insurance products to small firms in joint ventures with our partners. For example, to ensure uninterrupted operations including in the event of natural disasters, we developed *My Business Care* (powered by CreditRas, our joint venture with Allianz) a modular service providing answers to relevant business concerns quickly and efficiently.

### MATERIAL TOPICS



## Material topics



### INNOVATION FOR CUSTOMER

Digitalisation and innovation  
Value to customer



### LEAN AND SOLID BANK

Bank solidity  
Lean and transparent organisation



### PEOPLE DEVELOPMENT

Employees' development  
Diversity and inclusion



### ETHICS

Fair business behavior  
Business ethics



### EMERGING RISKS

Cyber security  
Climate change  
Demographic change



### POSITIVE IMPACT ON SOCIETY

Positive impact on society

To support our people in the commercial network, we continue to improve internal tools like *B.Link*. This is a proprietary CRM tool which leverages on the Group's large trove of data to help relationship managers provide real time answers to client needs.

*B.Link* is a digital workbench with, among other applications, portfolio overviews, risk monitoring tools, action planners and pitch libraries. Its advanced commercial targeting capabilities enable us to effectively deploy our approach to customer segmentation by enhancing our interactions with product factories and facilitating cross-selling. Designed for the digital era, *B.Link* is smartphone-friendly, allowing a relationship manager to use the app to contact product specialists. This increases our overall commercial efficiency. *B.Link* is now available in Italy and Germany for Commercial Banking and Corporate & investment Banking, as well as in CEE countries as shown in the dedicated paragraph below. Next, we have improved the front-end of our online banking services enhancing our customers' digital journey by launching a new Global Corporate Portal that allows access to several services in Single Sign On (SSO) with a synthesis dashboard for corporate and CIB customers, while we are analysing possible evolutions for SMEs, together with a suite of value-added services.

Lastly, we are making progress in our efforts to industrialise mid- and back-office functions through the retraining of staff and further digitisation. This is making us more productive and ultimately improving the customer experience.

We have also taken steps to accelerate growth by introducing products and services with higher levels of risk-adjusted profitability.

In this context, we aim to consolidate our asset gathering position, reaffirm our leadership in banking and capture the full potential of our corporate franchise, while progressively reducing our NPE ratio. As with our Group-wide commercial banking model, the same simple approach has been rolled out to all of our operations in Western Europe.

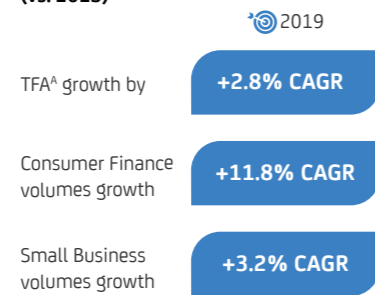
Accordingly, UniCredit is promoting commercial offers related to asset gathering in all geographies, through the launch of special initiatives for all client segments.

In Italy, in this respect, we are continuing to benefit from Amundi's product offer, risk management and investment diversification; we had positive Asset under Management (AuM) net sales in 2018 as well.

Regarding our advisory services, Fineco is our multichannel bank with a cutting edge advisory model. By leveraging its best-in-class internal IT culture, Fineco is able to allocate assets with an algorithmic/quantitative approach. In this way, its network can dedicate more time to managing relationships with clients, and better understand their needs and how they evolve over time, thereby increasing the quality of services and the customer experience.

We have also changed our approach to consumer finance; with progressive use of pre-approved lending plafonds and remote channels, we can be more proactive with our clients, employing an approach supported by quicker response-rates.

**Key 2019 Targets (vs. 2015)**



A. Total Financial Assets, excluding market performance and including Fineco.

**Further strengthening our leadership position in CEE**

UniCredit's Central and Eastern Europe franchise is the largest and most diversified in the region. We provide strong local coverage, with more than 1,600 retail branches<sup>8</sup> across 11 countries, and are one of the region's leading corporate banks.

In line with the *Transform 2019* plan, we continued to invest in organic growth in our CEE operations. We are consolidating our leadership in the region, which enables us to further stimulate its socio-economic development. Our approach consists of enhancing our capacity to innovate and digitally transform our operations. In this way, we can better respond to rapidly changing customer needs while maintaining a sustainable cost structure and strong risk discipline.

CEE is carrying on the focus on organic growth, leveraging client acquisition and value propositions for multi-country corporate customers. The revenues trend in CEE is proceeding in line with targets, and our customer base in the region continues to grow towards our target of 2.6 million new clients in 2019. Moreover, our cost income is at 36.7 percent, a very strong sign of our well-established cost savings culture, and we are further enhancing our risk discipline, reducing our gross NPE ratio from 7.9 percent at the end of 2017 to 6.4 percent at the end of 2018.

**Key targets**



A. vs. 2015; all 2015 figures are restated assuming new Group perimeter.  
B. At current FX rate, constant FX Rate CAGR 3.4%.  
C. In 2019. At current FX, 36.3% at constant FX.

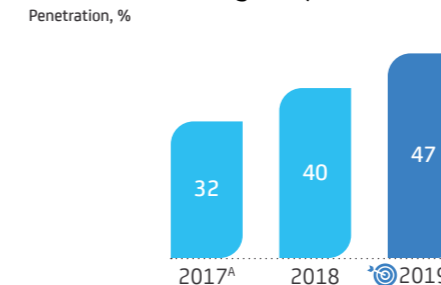
The region's innovation, exemplified by the strong growth of its digital customer base, makes it the perfect testing ground for new digital and IT solutions.

8. Including Yapi Kredi (YKB) in Turkey.

A number of important transformation programmes have been launched in CEE, particularly in areas related to innovation and digitalisation, which have been rolled out across the Group.

Solid growth of mobile users at ~40 percent (yoy growth of ~9 percent), well on track vs. 2019 target of ~47 percent.

**Active mobile banking users, CEE**



A. 2017 recasted.

We remain focused on maximising synergies across the Group. Cross-border activity is growing, thanks to an increasing number of international customers. As of December 2018, CEE customers active in more than one country where our Group is present had grown in all Group CEE Banks, confirming the target of 28,000 in 2019 presented in Capital Markets Day 2016.

In addition, we have further developed our data analytics capabilities and our advisory tools to support relationship managers in their work. For example, the CRM tool *B.Link* is available in all CEE and this tool embeds the *GTB Spider* tool which is able to rapidly process large amounts of data and provide a deeper understanding of corporate customers' behaviour in relation to global transaction products in order to provide our customers with a best in class and tailored service.

In the CEE an important partnership with Vodafone was launched in Romania in 2018, regarding Device Financing, aiming at increasing the customer base and the lending volumes.

**MATERIAL TOPICS**

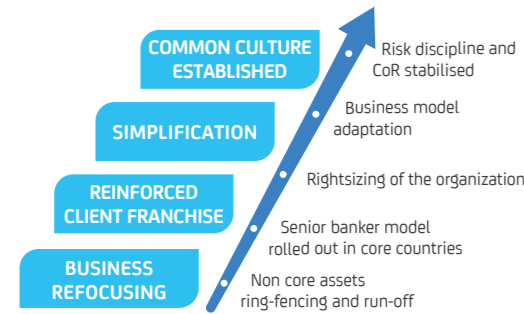


**Material topics**

- INNOVATION FOR CUSTOMER**  
Digitalisation and innovation  
Value to customer
- LEAN AND SOLID BANK**  
Bank solidity  
Lean and transparent organisation
- PEOPLE DEVELOPMENT**  
Employees' development  
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Fair business behavior  
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Cyber security  
Climate change  
Demographic change
- POSITIVE IMPACT ON SOCIETY**  
Positive impact on society

## Capturing more cross-selling opportunities through an efficient CIB Division that is fully plugged into Commercial Banking

Over the past few years, our CIB Division has been significantly reshaped and simplified to establish a common culture and strong risk discipline.



Thanks to this effort, CIB is now fully plugged in our Commercial Banking Division and is an established leader in our core geographies, serving multinational corporates and key financial institutions, delivering services to corporate and public sector clients and offering investment solutions for around 26 million clients across the Group.

We are consolidating and improving CIB's market-leading position. To achieve this, we are leveraging our international network and clients. So far, such actions have already enabled 75 percent of CIB's total revenues to be client-driven, and we aim to further increase that figure as planned in *Transform 2019*.

We remain focused on enhancing Group synergies by strengthening cross-selling. Our joint ventures between CIB Division and both Commercial Banking Italy and Germany, integrate our traditional corporate customers offerings with a wider range of products and services that enable them to take advantage of structural changes in the financial markets. This client-centric approach benefits from direct senior management involvement, fully coordinated commercial activities, and an aligned incentive system. Its customised service model provides our customers access to high-value-added products and services, enabling them to access capital markets and advisory for financial risk and liquidity management.

The third and final step of the strategy, which is in line with both our efforts over the past few years and our *Transform 2019* plan, is to deploy strong cost and risk discipline to enable CIB to grow.

There is a considerable foundation to build on, as CIB leading position among European financial institutions is recognized in multiple league tables.

- n.1 by number of transactions in EMEA Bonds in EUR
- n.2 in Combined EMEA Bonds and Loans in EUR
- n.1 in Syndicated Loans in EUR in Italy, Germany, Austria and CEE<sup>9</sup>
- n.1 Covered Bonds in EMEA.

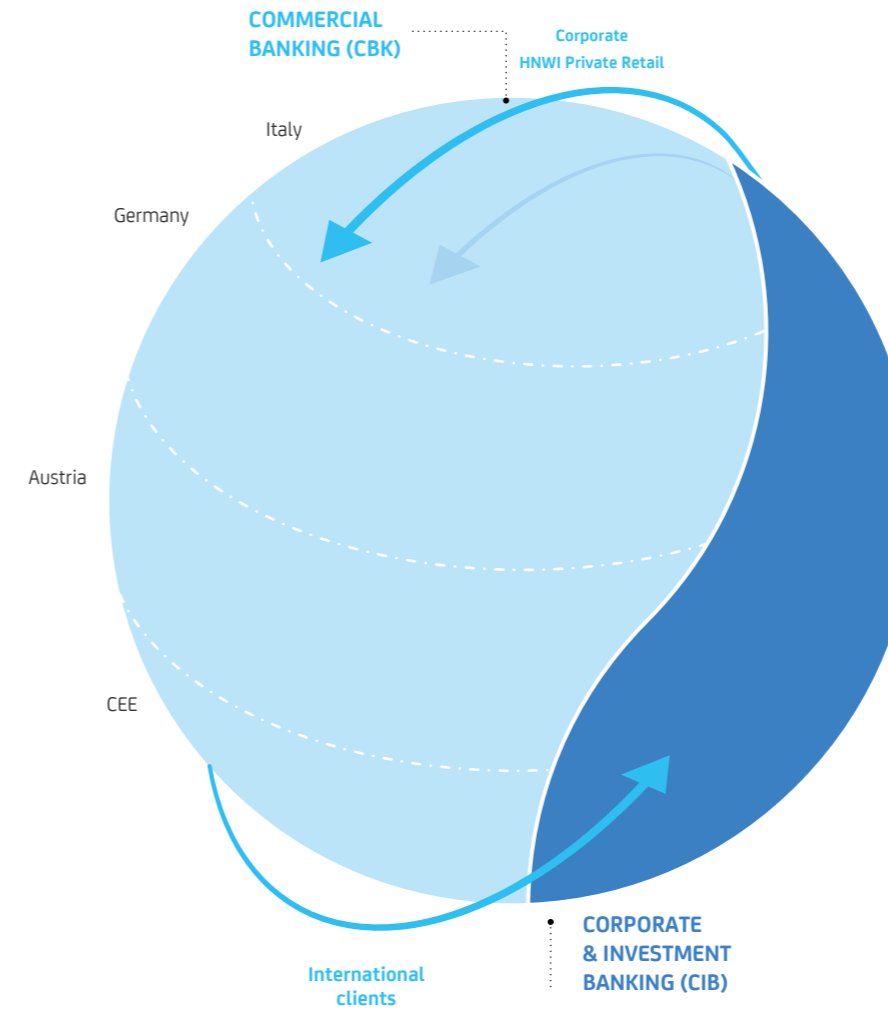
Moreover, it is recognized as a leading player in Europe, as confirmed by several awards it received in 2018, such as Global Best Service Provider for All Services, Advisory, Financing / payments, Overall Execution and Products (Euromoney Trade Finance Survey 2019).

### Maximising synergies across the Group

UniCredit is exploiting the significant potential to promote synergies across business lines and countries. With our *One Bank, One UniCredit* approach, we are strongly working to take full advantage of every opportunity by leveraging Group-wide best practice sharing platforms to better serve our customers, with the scope to provide them *Banking that Matters*. With the objective of maximising synergies across the Group, we have deployed several different business initiatives.

As previously discussed, we have greatly increased cooperation between CIB and Commercial Banking to capture more cross-selling opportunities. In this approach, we introduced dedicated cross-selling committees in all Group geographies. These committees involve key representatives from both the Commercial Banking and CIB activities. To further boost this effort, we have introduced cross-selling targets within the key performance indicators (KPIs) of our managers.

### Maximize synergies and best practice sharing



Another opportunity for greater synergies is available in the service we offer to international customers, in the form of cross-border support. We are working to increase the cross-border business generated by CIB and international corporate banking clients across our 14 European core markets and across our international network.

We have identified a third opportunity for synergies between our corporate and high net worth individual and private and retail services, moreover we have implemented initiatives in every country to maximise cooperation and share best practices in this area.

Group-wide, we continue to work on the

optimisation of our product and investment platform, which will enable us to generate more synergies among business segments. All of these opportunities for greater cooperation across the Group are fostered through our *Best Practice Sharing*<sup>10</sup> Programme, both between divisions and countries.

10. Refer to the 2017 Integrated Report for more information.

9. Source: Dealogic, as of 11 Jan 2019. Period 1 Jan – 31 Dec 2018; rankings by volume unless otherwise stated.

### MATERIAL TOPICS



## Material topics

- INNOVATION FOR CUSTOMER**  
Digitalisation and innovation  
Value to customer
- LEAN AND SOLID BANK**  
Bank solidity  
Lean and transparent organisation
- PEOPLE DEVELOPMENT**  
Employees' development  
Diversity and inclusion
- ETHICS**  
Fair business behavior  
Business ethics
- EMERGING RISKS**  
Cyber security  
Climate change  
Demographic change
- POSITIVE IMPACT ON SOCIETY**  
Positive impact on society



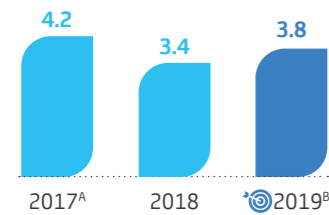


## Adopt lean but strong corporate centre

We have taken several important steps to create a strong steering centre that can firmly guide our various divisions and business lines. At the same time, we have implemented measures to reduce the impact of our corporate centre in terms of costs.

### Reduction of weight of Group Corporate Center on total costs

Weight of Group Corporate Center on total costs, %



A. 2017 recasted.  
B. Recast mainly due to IFRS9 adoption and extraordinary write-offs on residential mortgages carried out in 2018.

With a simplified organisation and a strong management team, we are reaping the benefits from the goals achieved so far and are fully committed to complete the implementation of *Transform 2019*, supported by a well-established strong governance and monitoring framework, overseeing 18 Group-wide projects based on three core platforms.

These platforms<sup>11</sup> are:

- the IT demand platform
- the finance platform
- the human resources platform.

Regular monitoring of the implementation of our transformation programmes is carried out at weekly or monthly Steering Committee meetings focused on the status of specific work streams with pillar sponsors, programme owners and, when required, the CEO.

There are also regular monthly Transformation Jour Fixe involving the CEO and the sponsors of the 5 pillars and programme owners to update on the plan developments.

11. Refer to the 2017 Integrated Report for more information.

### Effective execution and governance of the transformation program

KPIs	Rationale
<b>Value Creation</b>	
ROAC	Business profitability including all P&L items
<b>Risk &amp; capital governance</b>	
CET1 ratio fully loaded	Focus on capital strength
New business EL <sup>A</sup>	Quality of new business
Performing stock EL <sup>A</sup>	Risk dynamics of performing credit portfolio
Gross NPE	Development of non-performing credit portfolio
Loan and deposit volumes	Liquidity position
<b>Industrial drivers and clients</b>	
Opex	Cost-efficiency developments vs. targets
Cross-selling	Cross-selling effectiveness across business lines and countries
Net new clients	New client origination

A. EL stands for Expected Loss.

These measures promote accountability and help drive the Group's transformation forward.

- - 11 Transformation Jour Fixe in 2018
- - roughly 130 Steering Committees, covering all pillars.

Managerial KPIs, which are uniformly applied across the Group, are fully aligned with our overall Group Risk Appetite Framework and tightly linked to our incentive scheme. These KPIs have been disseminated to every division and business line.

### Divisional KPIs

	Revenues € bn	Cost / income %	Cost of risk bps	RWA <sup>A</sup> € bn	Branches <sup>B</sup> n.
<b>CBK ITA</b>					
2017	7.4	59.6	72	86	2,663
2018	7.3	56.9	74	95	2,466
2019	7.5	52.6	58	105	2,400
<b>CBK GER</b>					
2017	2.7	67.2	15	34	341
2018	2.5	69.0	17	36	339
2019	2.5	67.0	15	36	341
<b>CBK AUT</b>					
2017	1.6	68.5	-4	21	123
2018	1.6	65.3	-5	23	123
2019	1.6	63.3	16	23	124
<b>CEE</b>					
2017	4.2	36.9	97	86	1,690 <sup>C</sup>
2018	4.3	36.7	73	86	1,663 <sup>C</sup>
2019	4.4	36.9	102	99	1,693 <sup>C</sup>
<b>CIB</b>					
2017	4.1	39.5	27	76	-
2018	3.8	41.0	7	81	-
2019	3.9	40.2	21	87	-

A. Excluding intercompany and repos.  
B. Retail only - excluded minor premises, corporate and private banking.  
C. Including Turkey at 100 percent.

### MATERIAL TOPICS



### Material topics

- INNOVATION FOR CUSTOMER**  
Digitalisation and innovation  
Value to customer
- LEAN AND SOLID BANK**  
Bank solidity  
Lean and transparent organisation
- PEOPLE DEVELOPMENT**  
Employees' development  
Diversity and inclusion
- ETHICS**  
Fair business behavior  
Business ethics
- EMERGING RISKS**  
Cyber security  
Climate change  
Demographic change
- POSITIVE IMPACT ON SOCIETY**  
Positive impact on society

# Financial Capital

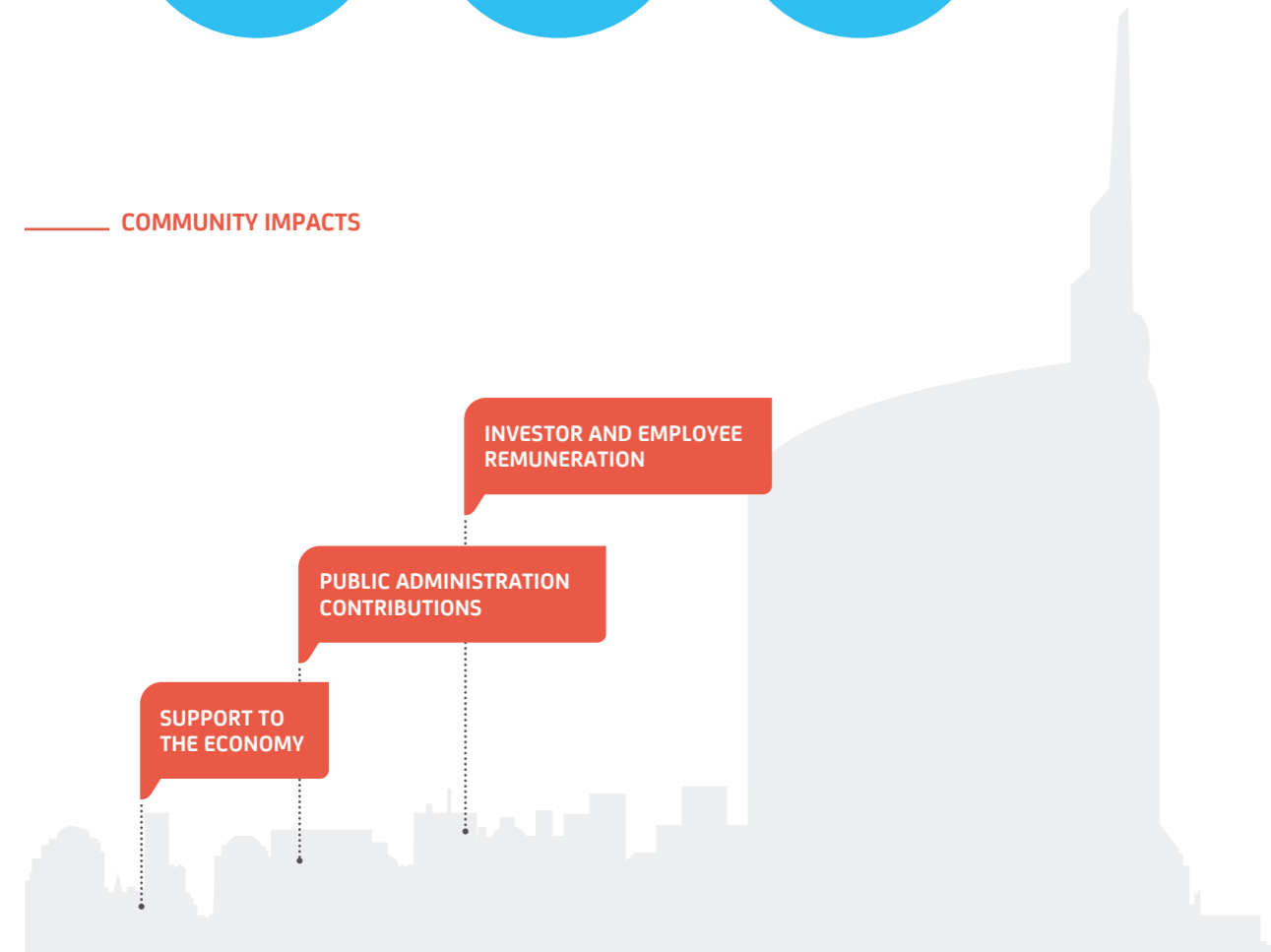
Our Strategy  
→ Financial Capital

Financial resources obtained from external providers and generated by our bank's activity, that are used to support clients' business and bank operations for the medium-long term.<sup>1</sup>

## OUR STOCKS OF CAPITAL



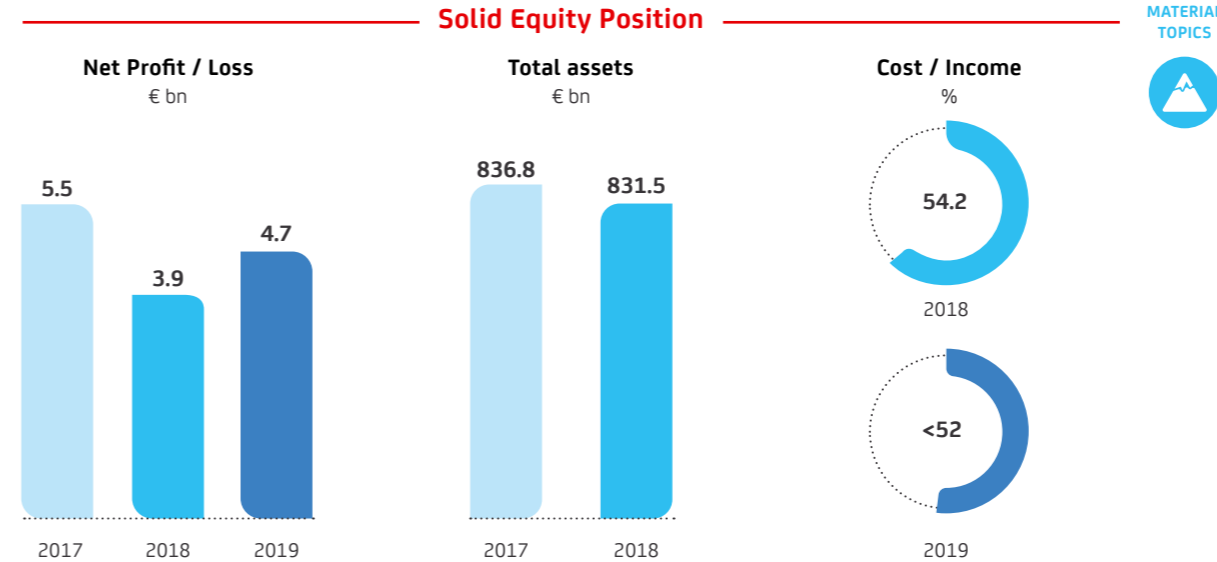
## COMMUNITY IMPACTS



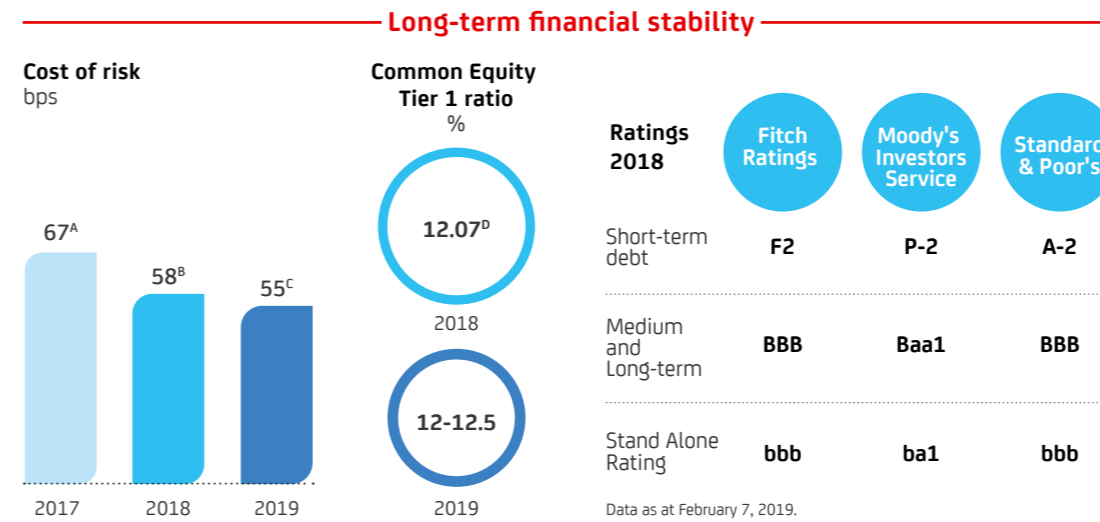
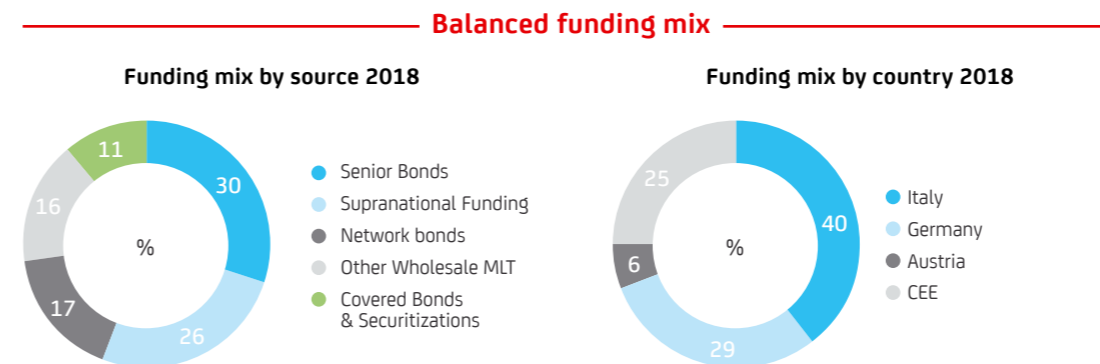
## 2019 PRIORITIES

- Continue to improve asset quality
- Cost discipline and efficiency measures to reduce cost income ratio and transform business processes

<sup>1</sup> Financial data corresponds to information in our 2018 Annual Reports and Accounts. When not applicable, management data is used. For additional information on Group results, refer to the 2018 Annual Reports and Accounts and to the Presentation on 2018 preliminary results available on the investors section of the Group website. Refer to the Strategic Plan section for more information.



MATERIAL TOPICS



A. From 58 bps in 2017 due to the reclassification of debt securities, the exclusion of the Time value advantage from LLP and the adjustment of the interest calculation on NPEs.  
B. Including negative impacts of models (5 bps) and the IFRS9 macro scenario (3 bps).  
C. Refer to 2017 Integrated Report for more information on original target for 2019.  
D. With an MDA buffer (vs. fully loaded requirement as at January 1, 2019) of 201 bps.

## Material topics

- INNOVATION FOR CUSTOMER**  
Digitalisation and innovation  
Value to customer
- LEAN AND SOLID BANK**  
Bank solidity  
Lean and transparent organisation
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Climate change  
Demographic change
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Positive impact on society

# Human Capital

We support our colleagues throughout their professional lives by listening to their needs, valuing their skills, implementing training programmes and development plans and promoting diversity, inclusion and work-life balance.

## OUR STOCKS OF CAPITAL



## RESULTS

- 75% engagement index
- More than 33 training hours per capita
- Increased female presence in our management

## COMMUNITY IMPACTS



## 2019 PRIORITIES

- Continuing - consistent with our approach to ethics and respect - to promote a positive and respectful working environment, by fostering a work-life balance
- Continuing to promote diversity and inclusion, also leveraging on our international footprint and our capacity to develop our talents

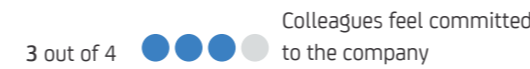
## Foster engagement

Our employees are our Group's strongest asset and their engagement is essential to our viability.

### Listening and involving

We regularly measure UniCredit's overall engagement index, which currently stands at 75 percent.<sup>1</sup> This result is a testament to the pride our people take in belonging to the Group and supporting its values. Our next Group employee survey is scheduled for 2019.

### Engagement index



To ensure their involvement, we updated our employees on the progress of our strategy and performance throughout the year. Our Group intranet hosted extensive information which was further bolstered with local newsletters in all our main geographic areas. Senior management actively participated in the effort to communicate our key achievements and results across the Group.

Furthermore, our CEO and other senior managers informed employee representatives of the status of the strategic plan during the 2018 meeting with the UniCredit European Works Council (EWC).

### Building a positive environment

In order to achieve an engaging and positive work environment and be recognised as the best place to work by our employees, UniCredit remains committed to promoting a corporate culture based on work-life balance.

At the end of 2017, our Group signed a Joint Declaration on Work-Life Balance with the EWC in order to provide global guidelines and principles to promote work-life balance initiatives across the Group.<sup>2</sup> Following this, in 2018 a global action plan and a tailored communication campaign were launched. Under this approach, specific initiatives are developed locally, with regular alignments across different countries to ensure consistency

1. *People Survey* is a listening initiative carried out by UniCredit since 2003. Since *People Survey* is not carried out annually, data refers to the edition of 2017. Refer to the 2017 Integrated Report for more information.  
2. Refer to the 2017 Integrated Report for more information.  
3. Refer to the Supplement – Human Capital section for more information.

in the Group with the principles defined at central level. It additionally ensures a monitoring process by Group management and the EWC which assesses the implementation of the Joint Declaration.<sup>3</sup>

We also launched *UniCredit Connect*, our first transnational welfare initiative whereby employees can leverage a network of Group colleagues to benefit from programmes such as au-pairs, language exchanges, home exchanges and global mobility. The pilot phase involved six different countries in 2018.

## Enhance skills

We strive to be an employer of choice and invest in attracting, managing and developing talent. We want to be a company where people can fully demonstrate their skills, abilities and qualities.

### Recruiting talent

In order to guarantee sustainable support to transform the Group, we continue to invest in the best available talent.

- A new communication campaign expressing the way we work and the promise UniCredit makes to current and future employees was developed through an extensive engagement process that involved over a year:
- 5,300 talented employees through an internal survey
- 40 executives through dedicated one-on-one interviews
- 50,000 outside talented people through an external survey.

In 2018, 116 promising recent graduates were hired through our *Impact International Graduate Programme*.

During the 2013-2018 period, through this programme UniCredit hired young high potential colleagues coming from 24 different countries with an average age of 25. They are offered an 18-month customised programme that includes dedicated learning initiatives and job rotations in different UniCredit countries and areas.

## MATERIAL TOPICS



## Material topics

- INNOVATION FOR CUSTOMER**  
Digitalisation and innovation  
Value to customer
- LEAN AND SOLID BANK**  
Bank solidity  
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Demographic change
- POSITIVE IMPACT ON SOCIETY**  
Positive impact on society

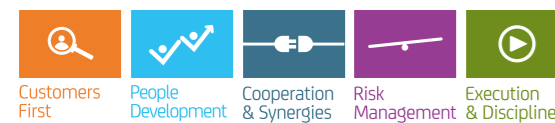
## Managing performance

At UniCredit we have implemented processes to set goals, assess performance and define career development based on the following key principles: empowering managers to make decisions about their employees, rewarding merit and performance, encouraging individual development and learning, increasing transparency and fostering a culture of constructive feedback.

UniCredit Performance Management is the Group-wide appraisal and development process which is applicable to all employees. The behaviours expected of employees are based on our *Five Fundamentals*.<sup>4</sup> All employees receive a performance review from their manager. This process ensures a common approach to performance management and decision-making with regard to reward, career development and learning opportunities.

In addition, our annual review of UniCredit executives and employees on the executive track enables our Group to define career and succession plans that ensure a sustainable leadership pipeline.

### Our Five Fundamentals



## Developing skills

We invest in initiatives to foster the professional development of colleagues and to ensure they can support UniCredit's objectives.

In 2018, our senior managers shared their career progression through personal, short storytelling videos in the *My Professional Journey* initiative. They explained the importance of continuous learning, hard work and the right attitude in order to grow and achieve success at UniCredit. They received more than 145,000 page views, confirming that readers find this topic extremely interesting.

For current and future Group leaders, the *Leadership Curriculum* provides a global dedicated learning environment to advance their leadership skills and their ability to play key roles in a challenging business environment.

In partnership with top-tier business schools, we offered these leadership programmes to 758 employees from 16 different countries over the course of the year.

In 2018, specific learning solutions were designed to support first-time managers in shaping their leadership approach. A digital toolkit was also developed to help managers perform their daily activities.

Professional growth in specific competence and business lines was offered over the course of 2018 using the modular and flexible format of our functional academies in fields such as Risk, Compliance, HR and Audit. In particular, a new risk learning programme was developed for all Group employees.<sup>5</sup>

In addition, training opportunities specific to local business needs in each country and division were provided across our Group countries in order to enhance professional skills and empower employees in their roles.

We completed a total of more than 33 training hours per capita in 2018 thanks to our investments in professional skills development.

## Value diversity and inclusion

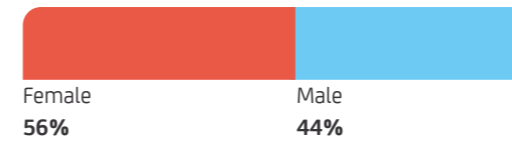
We have a richly diversified workforce and are committed to an inclusive working environment where all our employees can fully demonstrate their talent and skills, use their experiences and express their different perspectives. Our approach aims to enhance quality of life at work, thereby fostering an environment of respect, equal opportunities and non-discrimination, as outlined in our Joint Declaration on Equal Opportunities and Non-Discrimination.<sup>6</sup>

To reinforce our commitment, a new position of Group Diversity and Inclusion Manager was created in 2018 alongside a Diversity and Inclusion Committee (comprised of our CEO and other senior managers) to monitor initiatives and the progression of the diversity targets set by UniCredit.

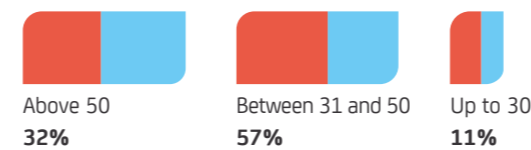
4. Refer to Integrated Report 2016 for more information.  
5. Refer to the Risk Management and Compliance chapter for more information.  
6. Refer to the Supplement – Human Capital section for more information.

## Our workforce

### By gender



### By age



## Promoting gender balance

UniCredit's workforce is 56 percent female and our Group remains committed to achieving more gender balance in our leadership.

As part of this commitment, as in previous years we have been consistently investing in activities designed to support the growth and development of female colleagues at all levels of the organisation. In 2018, a dedicated Group leadership development programme was launched for 29 of our female executives.

Since 2013, we have maintained a Global Policy on Gender Equality. The policy sets out principles and guidelines to ensure a level playing field where all employees, regardless of gender, can realise their full potential. Our gender equality guidelines apply to company processes and practices in the areas of recruitment and internal appointments, professional development, remuneration, work-life balance, information and education. This policy also outlines roles and responsibilities for its application and a monitoring process through a gender balance dashboard of KPIs.

In 2018, UniCredit joined the HM Treasury Women in Finance Charter in the UK to give its full support to helping improve gender diversity in the financial services sector in the UK and worldwide.<sup>7</sup> Joining this initiative is part of UniCredit's Group-wide diversity action plan that follows a number of decisive actions already taken to reach a more balanced gender distribution at all levels.

By signing the UK Women in Finance Charter, the Group committed to reaching 20 percent (+/-1 percent) of women in senior leadership roles by 2022.

At the end of 2018, this percentage stood at 10 percent, an increase of 1 percentage point from the previous year.

7. Refer to UniCredit press release from July 11, 2018 for more information.

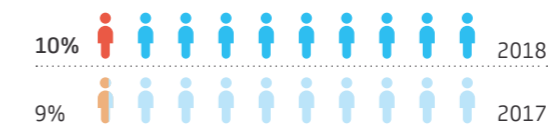
The Group is committed to gender pay equality. UniCredit has put in place a range of initiatives: a principle of equal pay embedded in the Group Compensation Policy, annual monitoring based on internal methodology carried out before and after the annual compensation review cycle and ongoing creation of awareness at all levels of management.

### MATERIAL TOPICS

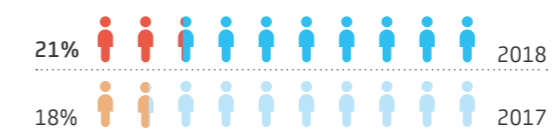


## Female presence in management

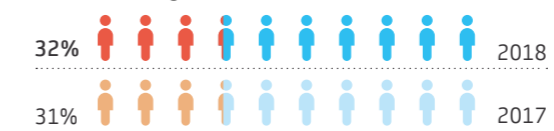
### Senior Leadership



### Executive



### Middle Management



## Supporting colleagues with disabilities

In our continued commitment to supporting people with disabilities, in 2018 for the first time in the Italian banking sector we appointed a Disability Manager. This role has been established to listen to the needs of colleagues who live with disabilities and improve their quality of life and family life. The Disability Manager performs a guiding role and acts as a link between various company functions to promote inclusion at all levels.

Inclusion activities carried out during the year include workshops involving also managers of colleagues with disabilities, learning and awareness building initiatives, and dedicated roundtables open to all employees.

In Austria, we won the Disability Matters Award 2018 for being a model workplace for employees with disabilities.

## Material topics



**INNOVATION FOR CUSTOMER**  
Digitalisation and innovation  
Value to customer



**LEAN AND SOLID BANK**  
Bank solidity  
Lean and transparent organisation



**PEOPLE DEVELOPMENT**  
Employees' development  
Diversity and inclusion



**ETHICS**  
Fair business behavior  
Business ethics



**EMERGING RISKS**  
Cyber security  
Climate change  
Demographic change

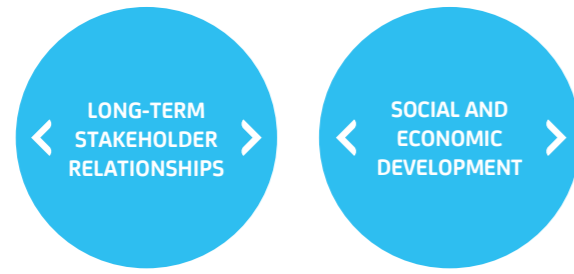


**POSITIVE IMPACT ON SOCIETY**  
Positive impact on society

# Social and relationship Capital

Close relations with our main stakeholders create long-term value and support individual and collective growth.

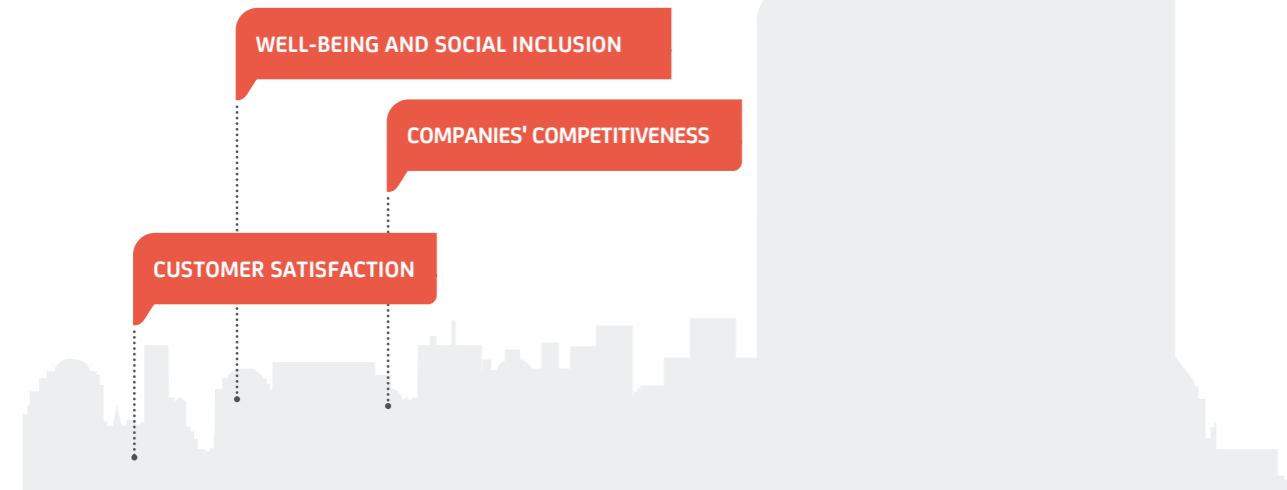
## OUR STOCKS OF CAPITAL



## RESULTS

- More than 800,000 feedbacks provided by stakeholders
- €33.4 million contributions to communities

## COMMUNITY IMPACTS



## 2019 PRIORITIES

- Further exploiting the potential of *Social Impact Banking* in Italy and extending the scope of activities at international level

## Our approach to social and relationship capital

The viability of our business depends on our ability to sustain strong relationships with customers and the wider community. In our approach, we aim to improve how people live and how businesses operate, supporting the well-being and competitiveness of the countries where we work.

We are a main actor in the banking sector in many countries. As such, we are an engine of their economy, playing a central role in stimulating socially-inclusive growth. As part of our strategy, the Group has invested in forming a better understanding of the sustainability of its business and its effects on communities.

UniCredit strongly supports the United Nations' 2030 Agenda for Sustainable Development<sup>1</sup> which promotes sustainable practices in all sectors. Increasing well-being and fostering prosperity in our communities also happen to be good for business: communities that develop positively offer the necessary conditions for everyone to thrive.

Our Strategy  
→ Social and relationship Capital

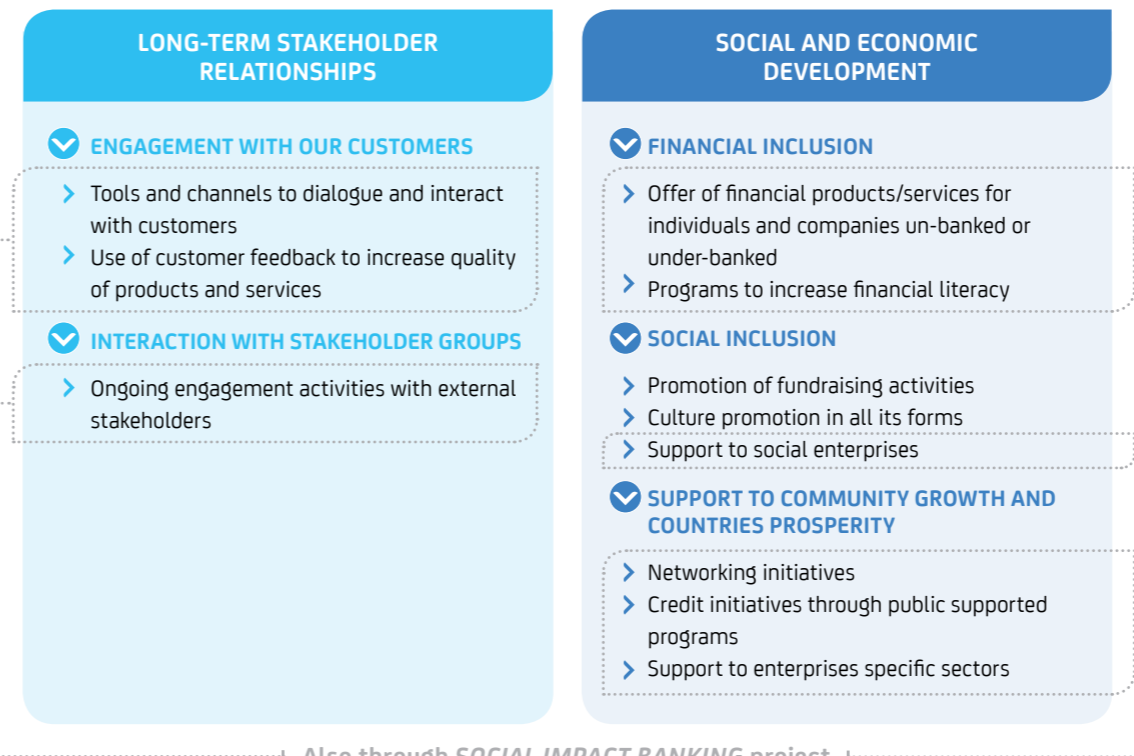
## Contribution to SDGs<sup>1</sup> with our investments in Social and relationship Capital



Last year, in order to reinforce our approach, we launched the *Social Impact Banking* project,<sup>2</sup> with the aim of helping people at risk of financial exclusion and organisations dedicated to tackling social problems.

Helping to develop the communities where we operate is a cornerstone of our mission as a bank.

## Our investments to develop our Social and relationship Capital



1. Refer to Stakeholder Engagement chapter for more information.  
2. Refer to the Focus at the end of this chapter for more information on the *Social Impact Banking* project.

## MATERIAL TOPICS



## Material topics

- INNOVATION FOR CUSTOMER**

Digitalisation and innovation  
Value to customer
- LEAN AND SOLID BANK**

Bank solidity  
Lean and transparent organisation
- PEOPLE DEVELOPMENT**

Employees' development  
Diversity and inclusion
- ETHICS**

Fair business behavior  
Business ethics
- EMERGING RISKS**

Cyber security  
Climate change  
Demographic change
- POSITIVE IMPACT ON SOCIETY**

Positive impact on society

## Invest in long-term stakeholder relationships

Engaging with stakeholders is essential to building trust. We are investing in a series of initiatives that enhance collaboration and ongoing dialogue with our key stakeholder groups.

### Engaging with our customers

UniCredit aims to provide its clients with a unique customer experience based on a high-quality service approach - starting with listening to its customers.

After years of experience, acquiring knowledge and gathering insights from customers and prospective customers, UniCredit implemented the *Benchmarking Study* in 2017, which provides a more objective view of our clients' and prospects' perception of UniCredit's local banks and their relationship with these banks.

In this context, the *Benchmarking Study* supports the first of UniCredit's *Five Fundamentals* which addresses the ability to make the customer's real problems and opportunities central to any activity.

The *Benchmarking Study* provides the following benefits:

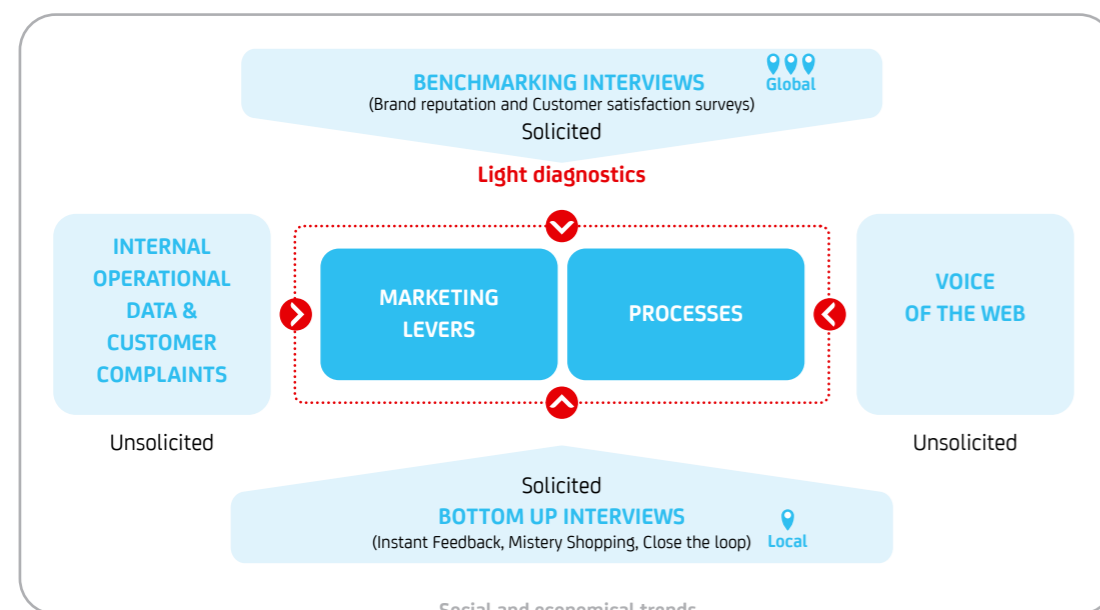
- a unique and comparable view of bank perception regarding customer and brand experience across countries and segments
- a fair comparison between UniCredit and its competition based on a random selection of UniCredit customers and those of competitors by a research provider in line with the practices of fast moving consumer goods companies
- reduced complexity, allowing for a quicker definition of action plans after delivery of results.

The main KPI measuring improved customer proximity is the *Customer First Index*<sup>3</sup> which considers two aspects: overall satisfaction and preference.

To complement UniCredit's listening activity framework, we use big data and artificial intelligence, collect requested feedback and analyse unsolicited evidence through:

- instant feedback - each local UniCredit entity has developed a specific procedure to gather feedback from customers after interacting with the bank. Alerting systems and dashboards are implemented to identify potential claims. In particular, specific processes were developed this year to collect feedback regarding the bank's digital channels
- web listening - UniCredit is implementing a specific procedure which monitors not only social media channels but also the open web. Screening discussions related to UniCredit helps to identify and anticipate the real needs of customers and sentiment towards the bank.

### Group stakeholder integrated listening



3. Refer to the Supplement - Social and relationship Capital section for more information.

### Interacting with stakeholder groups

Open interaction with key stakeholders helps us build a sound banking environment based on transparency and mutual understanding. Our broad base of stakeholders include regulators, investors, rating agencies and consumer associations with whom we work constructively via a variety of channels. We communicate through our corporate websites, annual reports and social media platforms, participate in meetings, forums and other events and conduct numerous consultations and surveys.

UniCredit is a Global Systemically Important Bank (G-SIB) and, as a pan-European bank, is subject to various regulations and supervisory authorities. For this reason, we engage with **regulators** at national, European and international level.

For example, in Italy our banks were the first admitted on a voluntary basis to the tax cooperative compliance regime, starting from 2016, which allowed us to engage in constructive dialogue with the national tax authority including during 2018. UniCredit Services SCpA was also admitted to the same regime in 2018 (effective from 2017). This enhanced cooperation offered the opportunity to better clarify tax matters and agree on solutions in advance based on transparency and collaboration. It follows in the footsteps of other similar positive experiences of tax cooperative compliance already adopted in some of the countries where we operate.<sup>4</sup>

At European level, the key regulatory debates in which UniCredit has been involved in 2018 include:

- the European risk reduction package reforms which aim to reduce risks in the EU banking sector. This comprehensive package of reforms includes, inter alia, measures to increase the resilience of EU banks and improve their lending capacity in order to support the economy; an agreement on the final reform text is expected in early 2019
- discussions with the European Central Bank and other European institutions concerning the proposals to introduce additional provisions for new Non Performing Loans (NPLs). In these discussions, we aim to mitigate the impact of the proposed measures and their consequences for our customers.

Group-wide, our complaint management systems allow us to identify sources of customer concern and promptly resolve them to their satisfaction.

The Customer Experience Committee in Romania is a monthly committee. Its mission is to analyse all issues arising from customer complaints that might have an impact on customer experience and satisfaction, and to propose, monitor and implement improvement actions for processes and products.

In Russia, e-learning courses for bank retail employees have been launched: we have frequently seen that appropriate training reduces the number of operational mistakes by employees which, in turn, led to a decrease in reimbursement costs by 10 percent in 2018 compared to 2017.

Some internet banking updates were implemented: for instance, a predefined set of topics was created for free format requests in internet and mobile banking in order to shorten response time and move support questions to online chat functions where the response time is 20 seconds (compared to 33 hours for free format requests).

Our social media presence offers greater opportunities for interaction: our customers can engage with us directly over social networks. In order to understand and anticipate customers' needs and provide tailor-made solutions, we offer social media customer care in the majority of the countries where we are present.

Customers can post comments or send private messages to request information or assistance, and, by directly forwarding their messages to our customer care offices, we can ensure a rapid response time. This also helps us by providing a prompt evaluation of how customers perceive our services and what we offer, and allows us to track evolving behaviour.

- 2018 highlights in Italy:
  - around 27,000 requests managed on social networks
  - 100 percent of questions answered
  - average resolution time: less than 2 hours during service time (Monday to Friday, from 9am to 7pm).

4. Ireland and United Kingdom.

#### MATERIAL TOPICS



## Material topics



### INNOVATION FOR CUSTOMER

Digitalisation and innovation  
Value to customer



### LEAN AND SOLID BANK

Bank solidity  
Lean and transparent organisation



### PEOPLE DEVELOPMENT

Employees' development  
Diversity and inclusion



### ETHICS

Fair business behavior  
Business ethics



### EMERGING RISKS

Cyber security  
Climate change  
Demographic change



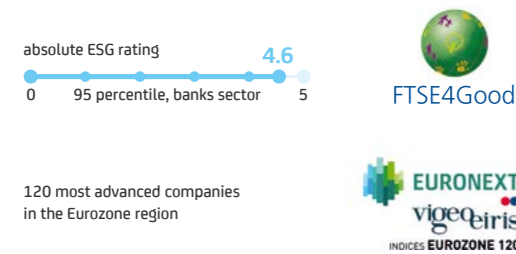
### POSITIVE IMPACT ON SOCIETY

Positive impact on society

In 2018, our **investor** engagement included 507 meetings and 27 roadshow days with institutional, retail and socially responsible investors.

In addition, we maintained an ongoing interaction with sustainability **rating agencies** in response to increasing requests by investors for greater transparency, more stakeholder engagement and stronger sustainability management. Our sustainable performance is reflected in the key external ratings we received in 2018.

**UniCredit sustainability ratings 2018**



**Management B (Climate Change)**



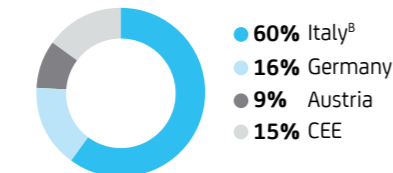
Our Group remains committed to strengthening consumer protection and improving their awareness. In Italy, *Noi&UniCredit*, our longstanding partnership with national **consumer associations** which has been in place since 2005, was expanded in 2018 to include 13 different associations. During the year, the focus of our collaboration was on savings and investments. Among other initiatives, a Guide to Responsible Investing was created for distribution to all UniCredit retail and private banking branches. It was also published on UniCredit's website and the websites of partner consumer associations and was the subject of a campaign on our social media channels. We also developed a savings and financial planning communication campaign in cooperation with Unione Nazionale Consumatori, to raise awareness for 25-35 year-olds of the need to be financially responsible. Finally, in cooperation with Adiconsum we created the *EducAzioni* project in order to strengthen consumer awareness on key financial issues. Six videos were produced and an online educational path created which we showcased through an online and social media campaign.

## Invest in social and economic development

We strive to support the growth of our communities and in addition to our traditional banking activities, we implement corporate citizenship and philanthropic initiatives that support financial and social inclusion. In 2018, we contributed approximately €33.4 million<sup>5</sup> to communities, as measured by the London Benchmarking Group model (LBG). We also highlight our investments in the *Social Impact Banking* project as measured by the new LBG Business Innovation for Social Impact reporting framework.

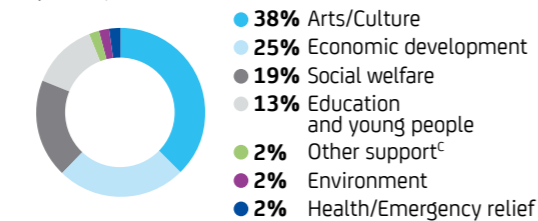
**Community contributions**

By geography, 2018<sup>A</sup> 100% = €26.5 million



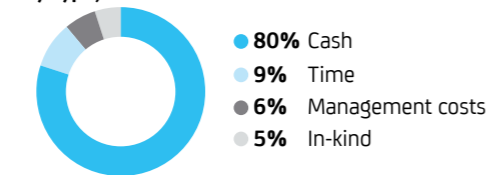
A. Data refer to cash contributions only.  
B. Includes also UniCredit Foundation.

By focus, 2018<sup>A</sup> 100%<sup>B</sup> = €33.4 million



A. Includes Group cash contributions and - for Italy, Germany and Austria only - time, in-kind resources and management costs. Management costs are attributed proportionally based on contributions by focus.  
B. Numbers might not add due to rounding reasons.  
C. Other support refers to activities that cannot be classified.

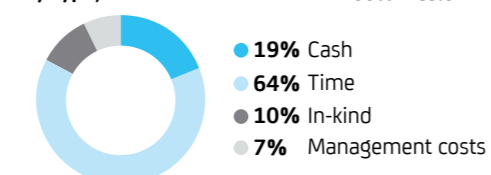
By type, 2018<sup>A</sup> 100% = €33.4 million



A. Includes Group cash contributions and - for Italy, Germany and Austria only - time, in-kind resources and management costs. Management costs are attributed proportionally based on contributions by focus

**Business Innovation for Social Impact (related to Social Impact Banking project)**

By type, 2018<sup>A</sup> 100% = €5.6 million



A. Data includes cash contributions, time, in-kind resources and management costs. Resources invested during 2017 to set up the initiative (€1.4 million) are included.

5. 2018 data are based on internal cost management data sources. €31.9 million, measured by the LBG model, include Groupwide cash contributions and, for Italy, Germany and Austria only, the value of employees' time, in-kind resources and management costs. Aside from contributions tracked using the LBG model, total contributions to communities include an additional roughly €1.5 million for business initiatives focusing on the economic development in our territories. Additionally, we engaged colleagues in these community initiatives and attracted contribution from third parties for approximately €1.9 million.

## Fostering financial inclusion

UniCredit works to promote stronger economic participation. We believe that by making it easier for people to access financing, we can help reduce poverty and stimulate community progress.

We offer a broad range of customised solutions to allow individuals and businesses to gain ready access to financial products and services, whether for personal projects or important business activities. Moreover we are strongly committed to helping people and entrepreneurs improve their personal financial skills to enable them to make responsible financial choices. A few examples of the solutions we offer in our countries are provided below.

**YOUNG PEOPLE**

**Italy:** more than 36,000 *Carta Flexia* credit cards with a 40 percent discount on the annual fee were offered to customers aged 18 to 30, as of 2018  
**Germany:** more than 16,500 customers under 26 took advantage of the free-of-charge *StartKonto*  
**Croatia:** more than 30,000 customers benefitted from *Package for Young*, offering basic banking services free of charge to under 25.

**ELDERLY**

**Bosnia and Herzegovina:** more than 2,500 customers over 65 benefitted from the *Modula* package, tailored to their needs and preferences  
**Romania:** in the second half of 2018, more than 3,900 retired customers took advantage of the *Genius Pensionar* current account with pricing benefits.

**LOW-INCOME INDIVIDUALS AND FAMILIES**

UniCredit's offer includes accounts free of charge or at a reasonable fee which provide advantageous conditions for vulnerable customers.

**DISABLED**

**Austria:** all branches are barrier-free  
**Bosnia and Herzegovina:** priority service and a designated space for easiness of access are provided for customers with disabilities.

6. Young people, elderly, families, immigrants, opinion makers, non-profits, small and medium enterprises (SME).

In 2018, we continued to engage in a range of financial education programmes, targeting several demographics.<sup>6</sup> Our training programmes include face-to-face and digital sessions.

In Italy, our *In-Formati* programme included approximately 15,000 participants in 388 training sessions on banking and finance, while our *Save4You* lessons on savings and investments involved roughly 10,000 participants in 100 towns. Our *Digital and Export Business School* for entrepreneurs gave over 330 companies from several sectors the opportunity to focus on strategic topics, such as export management and digitisation.

Our *UniCreditTalk* promoted three online discussions and networking events for experts, banks and entrepreneurs. These broadcasts connected approximately 3,900 entrepreneurs in live streaming sessions and were designed to strengthen their understanding of key issues in their sectors.

In Germany, 153 participants attended 10 workshops to gain basic financial knowledge and help them search for their first jobs. We continued to support German start-ups and young entrepreneurs through the *BayStartUp* programme, which offered training to more than 5,000 participants in 72 workshops in the 2018 edition. Our educational web portal registered more than 19,000 visitors interested in essential financial knowledge.

In Austria, we focused on social entrepreneurship with initiatives such as the *Business Plan Contest* for high-school students and the new *NEXT-Award and Programme on Social Entrepreneurship* in cooperation with Vienna University of Economics and Business in 2018.

In Bulgaria, our *Finance for Non-Financials* programme aims to improve the financial culture of the country population, offering expert knowledge via the bank's corporate blog and digital channels. In 2018, this educational programme received roughly 49,400 page views.

**MATERIAL TOPICS**



## Material topics

- INNOVATION FOR CUSTOMER**  
Digitalisation and innovation  
Value to customer
- LEAN AND SOLID BANK**  
Bank solidity  
Lean and transparent organisation
- PEOPLE DEVELOPMENT**  
Employees' development  
Diversity and inclusion
- ETHICS**  
Fair business behavior  
Business ethics
- EMERGING RISKS**  
Cyber security  
Climate change  
Demographic change
- POSITIVE IMPACT ON SOCIETY**  
Positive impact on society

## Encouraging social inclusion

In 2018, we continued to work on improving the social welfare and the well-being of our communities by promoting fundraising activities, supporting social enterprises and promoting culture in all its forms.

### FUNDRAISING ACTIVITIES

**Gift Matching Programme<sup>7</sup>:** established in 2003, this UniCredit Foundation initiative matches donations made by Group colleagues to non-profit organisations every year. The 16<sup>th</sup> edition was redesigned in 2018 to enhance the effectiveness of the supported projects. A total of 67 beneficiary organisations were selected through a voting process to receive donations for their charity projects in three specific categories: aid to children, aid to people with disabilities and environmental and animal protection. The programme collected more than 1,700 donations for an amount of approximately €260,000

**Non-Profit:** thanks to our *Canto Donazioni* accounts, more than €4.4 million were collected for non-profit organisations; €1.55,000 were raised for roughly 500 organisations through our *ilMioDono.it* platform

**UniCredit Card E:** the use of these cards enables cardholders to support social projects through a special fund, without paying any fees. UniCredit extended this fundraiser in 2018 at no cost to all its employees' credit cards in Italy. Over €2.4 million were collected. For example, in 2018 thanks to these funds collected over the years, 23 social enterprise projects were supported through UniCredit Foundation for an amount of over €338,000

**UniCredit and MasterCard for the World Food Programme:** in 2018 UniCredit through UniCredit Foundation and MasterCard agreed to support the School Meals Programme of the United Nations World Food Programme. An initial donation of 500,000 meals was made to the pupils of Uganda's schools to improve their health and education and sustain their development. The objective of this collaboration is to donate 1 million meals. Our client and employee cardholders can participate in the initiative with their own donations.

7. Refer to the 2018 UniCredit Foundation Report for more information.

### CULTURAL SUPPORT

#### Supporting talent

Every year UniCredit Foundation offers scholarships, fellowships and grants to talented students and researchers. UniCredit has contributed over €14 million since 2009 to the foundation's programmes in this field, supporting about 700 beneficiaries. Since 2013, the *UniCredit International Internship Programme* has also offered more than 230 undergraduates a three-month internship at UniCredit offices outside of their home countries. In addition, 28 prizes have been awarded in the past five years to UniCredit employees to attend a summer school course in economics and finance at three of the top-ranking schools of economics in Europe (London School of Economics, University College of London and Barcelona Graduate School of Economics)

#### Promoting cultural initiatives

UniCredit's most important cultural and social partnership with Filarmonica della Scala has been ongoing since 2000. In 2017-2018, it involved approximately 92,000 people during the concert season at La Scala Theatre, Italian and international tours in Europe, Open Filarmonica's special projects dedicated to musical education for children, open rehearsals for charity and the famous free concert in Piazza Duomo in Milan (30,000 people). The long-lasting partnership between UniCredit and Arena di Verona Foundation began in 1994 and aims to promote music culture in Italy and abroad to a wide audience, strengthening UniCredit's cultural commitment to bring classical music to a new public. The 96<sup>th</sup> edition of Arena Opera Festival in 2018 involved almost 393,000 people in 47 performances.

## Supporting competitiveness and contributing to community growth

Ongoing interaction with the operating environment and community as a whole offers clear benefits to a company and its stakeholders. It allows us to understand the urgent needs of communities and meet them through appropriate initiatives. For UniCredit, this kind of interaction allows us to develop products and services that serve stakeholders and encourage a balanced, collaborative approach to well-being, prosperity and growth. Our Group remains focused on understanding the day-to-day needs of stakeholders and meeting them effectively, while also helping face urgent national challenges.

In Italy, as partners in the Italian Alliance for Sustainable Development (Alleanza Italiana per lo Sviluppo Sostenibile, or AsviS), we contributed to organising their 2018 Sustainable Development Festival to draw attention to the SDGs and help raise awareness on the United Nations' 2030 agenda. In particular, we hosted in Milan the European conference on SDGs, Climate and the Future of Europe, which saw the participation of European institutions, businesses, civil society representatives and various experts in panels, workshops and discussions.

Our **networking initiative Territorial Advisory Boards** provides advice for UniCredit's seven regions in Italy. Appointed by UniCredit's Board of Directors, the *Territorial Advisory Boards* provide input and feedback to the CEO and regional managers, helping them define their business strategies and development plans in their respective regions and strengthen UniCredit's local reputation. Furthermore, these Boards select and design priorities and projects to be discussed at the *Forum dei Territori*, meetings between our senior managers and main local stakeholders. More than 1,000 participants attended seven events held in 2018.

Another initiative, *Forum delle Economie*, hosts workshops that focus on a specific economic sector of interest to UniCredit's managers and main stakeholders so they can discuss trends and potential opportunities to cooperate within that area. In 2018, these meetings focused on export sectors such as food, wine, ceramics, furniture and design.

At UniCredit's *Italian Investment Conference*, we provided listed Italian companies with the opportunity to meet the international financial community. More than 160 international institutional investors take part in the conference each year. Chief investment officers and senior portfolio managers have the opportunity to better evaluate their positions vis-a-vis listed Italian companies. Over the years, the event has become one of the main cross-sector conference in Italy in the equity capital market. The entire conference and all supplementary events, such as key note speeches, round tables and workshops, are organised at UniCredit's headquarters in Milan. Furthermore, several private events are created during the two-day conference to foster client relations with senior bankers, global account managers and the managers of various business areas.

**This year 1,153 one-on-one and Group meetings held in two days with 52 listed companies attending the conference with 139 delegates. 86.5 percent of the companies attended with at least one "C-level" delegate.**

8. Bonds issued by listed or unlisted companies. Issues are distinct from an ISIN code and allow companies to raise funds from investors in exchange for credit ratings.

We organised the second edition of *UniCredit CEE Forum* in the Central and Eastern Europe (CEE) division. This is a flagship event for corporate and investment banking and private banking clients, representing an international platform where different companies can participate in discussions regarding important business topics and market trends, exchange ideas and network with each other. More than 70 representatives of our most important corporate clients from 20 countries attended the event in 2018.

Through the dedicated *UniCredit CEE Lounge*, UniCredit, as an exclusive partner of the London Stock Exchange Group's ELITE initiative, continued, in 2018, to provide support to fast growing SME customers to develop their companies, but also to better understand different funding options and prepare them to communicate with investors. This support included different activities during the whole year ranging from one-on-one client presentations, client events, and even participation in targeted conferences, allowing UniCredit to present all the benefits that ELITE is offering. This resulted in 15 new companies from six countries (Bulgaria, Croatia, Czech Republic, Hungary, Russia and Slovakia) joining ELITE in 2018, while six companies successfully completed the programme and received their certificates.

In Italy, the *Welfare Business Programme* for small business and corporate clients was launched in 2017. Companies interested in setting up a welfare business programme can take advantage of UniCredit's selected partner specialist consultancy service that supports entrepreneurs in setting up and managing the entire programme, applying special rates established for UniCredit customers. The company's employees can benefit from tax savings, economic advantages and greater purchasing power on services and products included in the welfare business programme.

**In 2018, 221 companies were interested in this initiative, 28 welfare programmes were sold and 4,180 company employees benefitted from a new welfare programme.**

In Italy, we wanted to support SME growth with a Minibond<sup>8</sup> initiative (issue size focus €2-25 million), thereby helping them to access the debt capital market and diversify sources of financing. Minibonds can be listed on regulated markets and 15 were underwritten as of 2018 totalling almost €100 million. The subscribed Minibonds, six of which total €10 million or more, are homogeneously spread across Italy. With its Minibond product, the Group was awarded the special prize of business financing services at the 2018 Milano Finanza Global Awards.

### MATERIAL TOPICS



## Material topics



### INNOVATION FOR CUSTOMER

Digitalisation and innovation  
Value to customer



### LEAN AND SOLID BANK

Bank solidity  
Lean and transparent organisation



### PEOPLE DEVELOPMENT

Employees' development  
Diversity and inclusion



### ETHICS

Fair business behavior  
Business ethics



### EMERGING RISKS

Cyber security  
Climate change  
Demographic change



### POSITIVE IMPACT ON SOCIETY

Positive impact on society



When we identify business opportunities, we directly support their financial viability and actively cooperate with national, international and European institutions to make sure SMEs receive the available **public funds** earmarked for them. Our Group's long-established expertise in managing state and EU-supported programmes benefits customers in a number of areas.

**ITALY**

UniCredit provides its customers with various credit lines using funds from the agreements with the European Investment Bank (EIB). Medium and long-term loans, whether unsecured loans or mortgages, aim to support material or immaterial investment projects and finance the working capital of SMEs and mid-cap companies. In 2018, we have disbursed roughly €850 million in EIB funds to 567 European companies.

In 2018, UniCredit made significant use of the Fondo di Garanzia per le PMI (SME Guarantee Fund), which facilitates low-risk, state-guaranteed loans with transactions for approximately €3 billion; around €1.4 billion of these funds were made available to the corporate segment. Funds were granted to SMEs, independent professionals and new entrepreneurs who offer new ideas, skills and talents.

Beni Strumentali Nuova Sabatini measure allows UniCredit to support new investments in Italian companies by helping them obtain subsidies through the Ministry of Economic Development (MISE) for the purchase of company assets. This subsidy process has been extended until the funds are depleted. Over the years, we have granted loans to 2,258 companies; in 2018, UniCredit had disbursed approximately €183 million to around 880 companies.

**GERMANY**

We provide advisory services and grants of relevant promotional lending programmes (approx. 1,000 programmes), from start-ups and growth to digitalisation, innovation and the environmental (renewable energy, energy efficiency), construction and infrastructure sector. In 2018 we provided around €2 billion new credit lines.

**AUSTRIA**

Cooperation with the federal Austrian Promotion Agency has continued. This cooperation enables us to provide grants from the European Regional Development Fund (ERDF) for sustainable investments to innovative SMEs. The maximum amount of grants available for the 2014-2020 period is approximately €165 million. 2018 witnessed the simplification of financing investments, promoting the bank's image as subsidy specialist.

**CEE**

We remain particularly committed to providing advice on EU funds opportunities, and implementing existing ones as well. The most important of these, making UniCredit the biggest supporter of clients interested in innovation in the region, is InnovFin SME Guarantee Facility. In 2018 the limit was increased from €160 million with an additional €340 million, reaching €500 million available funds with European Investment Fund (EIF).

This umbrella guarantee allows UniCredit to provide financing to innovative companies in Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Serbia and Slovakia, both via its banks and leasing entities. Utilisation of the InnovFin guarantee limit by UniCredit banks in the CEE perimeter has been constantly increasing since the agreement was signed.

The funds allocated to the Group banks represent €375 million and those allocated to the Group leasing companies amount to €125 million. The introduction of financial instruments into the leasing company portfolio in 2018 is a new experience and we forecast a similar level of utilisation by the banks to date.

Many new partnerships were signed at country level in 2018. These were both with local authorities (e.g., EIB PF4EE - €40 million in Croatia and FLPG - €172 million in Czech Republic) or with European ones (e.g., COSME in Romania - €150 million and Women in Business in Serbia - €2 million) to support the local business environment.

We believe that participants in the real economy need assistance in comprehending the composition and structure of their sectors, in gaining experience abroad and in expanding their ability to innovate. These abilities are vital to competing in increasingly competitive markets.

UniCredit has a long tradition of helping people find solutions in the sectors that serve as the backbone of the countries in which we operate. We are increasing the competitiveness of these sectors by providing concrete advice and products that improve productivity, efficiency and growth prospects.

**A 2018 snapshot of sector-specific support provided by our Group**

Sector (COUNTRY)	Tailored solutions
<b>Start-ups</b> IT, DE, AT, BG, BS, HR, HU, RU	<p><b>&gt; Italy</b></p> <ul style="list-style-type: none"> <li>acceleration programme running since 2009 to promote and support Italy's most innovative start-ups and SMEs</li> <li>selected 44 companies from a pool of 632 applicants to receive support in four sectors: clean tech, digital, 'Innovative Made in Italy' and life science</li> <li>more than €7 million (€27 million since 2015) contributed to promising companies by stakeholders (venture capital funds, institutional investors, angel investors and European Commission).</li> </ul> <p><b>&gt; Austria</b></p> <ul style="list-style-type: none"> <li>initiative called <i>Starter Center</i> where we exploit our know-how for start-ups and young professionals</li> <li>start-ups can obtain a wide range of information on products and the launch of their project, tools such as business plan simulations, special offers from our partners and specific events organised for new entrepreneurs</li> <li>as of 2018, more than 1,500 start-up customers for around €84 million loans disbursed.</li> </ul>
<b>Travel and tourism</b> IT, HR	<p><b>&gt; Italy</b></p> <ul style="list-style-type: none"> <li>supporting the economic development of Italian SMEs in the tourism sector, with dedicated services and products</li> <li>more than €686 million in credit has been extended to clients operating in this sector for a total amount of over €2.4 billion since the start of the initiative in 2015</li> <li>achievements: top quality network building for targeted entrepreneurs; increase in competitiveness for SMEs; business education for enterprises; reinforcement of communication/information sharing among economic stakeholders.</li> </ul>
<b>Real estate</b> DE, AT	<p><b>&gt; Austria</b></p> <ul style="list-style-type: none"> <li>provide financing for subsidised housing with public value joint building organisations</li> <li>this initiative, an important part of UniCredit's business, requires highly specialised knowledge to accelerate the development of social housing, the main reason why housing costs in Austria are still relatively low</li> <li>new loans for social housing amounted to €295 million.</li> </ul>
<b>Agriculture</b> IT, DE, BG, BS, HR, RO, RU	<p><b>&gt; Romania</b></p> <ul style="list-style-type: none"> <li>financing provided via bridge loans to businesses acting in various agricultural segments: crops and animal husbandry</li> <li>credit lines are intended to introduce funds to the company's cash flow ahead of the subsidy payments schedule (EU funds), thus providing significant support in business development</li> <li>issued approximately €15.6 million in loans to 60 borrowers.</li> </ul>
<b>Infrastructure</b> IT, AT, HR	<p><b>&gt; Italy</b></p> <ul style="list-style-type: none"> <li>structured financing of a specific investment, where sponsors participate with an equity contribution and lenders link their credit facilities to the capacity of the investment initiative to generate cash flow and service debt</li> <li>transactions generally cover large, complex and expensive installations in areas such as oil and gas, transportation and environmental infrastructure</li> <li>deals usually take the form of financing the construction of a new capital installation or the refinancing of an existing installation</li> <li>financed 10 projects for total credit lines of €885 million.</li> </ul>
<b>Non-profit</b> IT	<p><b>&gt; Italy</b></p> <ul style="list-style-type: none"> <li>dedicated service model offers specialised financial products and services to non-profit organisations - including a special credit rating process - benefitting approximately 36,300 clients (including over 3,200 new clients)</li> <li>new loans of more than €109 million were made.</li> </ul>

**MATERIAL TOPICS**



**Material topics**

- INNOVATION FOR CUSTOMER**  
Digitalisation and innovation  
Value to customer
- LEAN AND SOLID BANK**  
Bank solidity  
Lean and transparent organisation
- PEOPLE DEVELOPMENT**  
Employees' development  
Diversity and inclusion
- ETHICS**  
Fair business behavior  
Business ethics
- EMERGING RISKS**  
Cyber security  
Climate change  
Demographic change
- POSITIVE IMPACT ON SOCIETY**  
Positive impact on society

## SOCIAL IMPACT BANKING

UniCredit has been investing in a variety of social initiatives for many years and the launch of the *Social Impact Banking* project in 2017 marked a significant step-up in this commitment

It aims to identify, finance and support people and enterprises that make a positive social impact in our communities

With this initiative we further contribute to the UN Sustainable Development Goals, in particular to:



### APPROACH

- Providing Financing** for projects and organisations that are excluded from traditional banking products and social enterprises which have a positive impact on society
- Sharing our Financial Expertise** with educational initiatives for micro-entrepreneurs, social enterprises and vulnerable or disadvantaged groups
- Building Networks** across different community stakeholders, sharing positive experiences and raising awareness of the most deserving initiatives
- Measuring the Social Impact** of our initiative, starting from outcomes in the following two areas:
  - **Generating direct and indirect social and economic well-being** in the communities, also through the socio-economic inclusion of vulnerable groups and individuals, together with our local stakeholders
  - **Strengthening our employee engagement** through volunteer skill-based work

### ENGAGEMENT

In our approach we work with partner organisations (such as social and trade associations, NGOs, public institutions) that share our vision, so that we can build ecosystems where small and social businesses are able to thrive

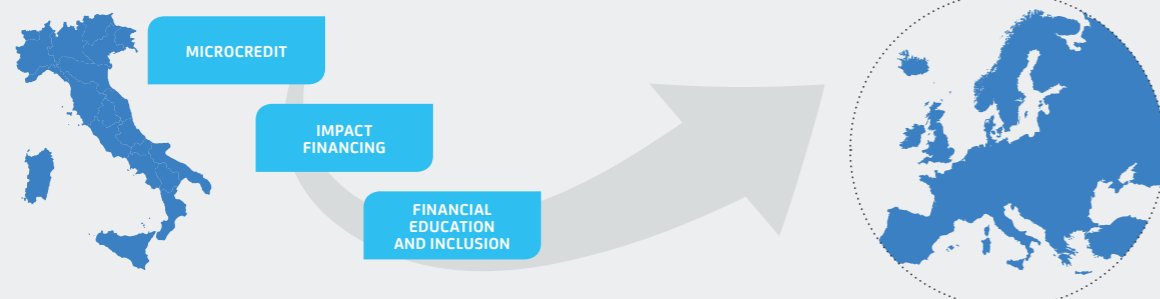
Our employees are the driving force behind training and support activities, making their professional and personal knowledge available to a wider audience. Given the importance of their contribution, we supported the creation of a volunteer association called *UniGens*. Its members are current and former staff members who wish to offer their time and professional expertise to help people working for social development in the community

**548<sup>1</sup>**  
**UniGens**  
**volunteers**

### SCOPE

**2018** In its first year, *Social Impact Banking* carried out its initiatives in Italy in three action areas

**2019** Our Group plans to extend these activities to an international level during 2019



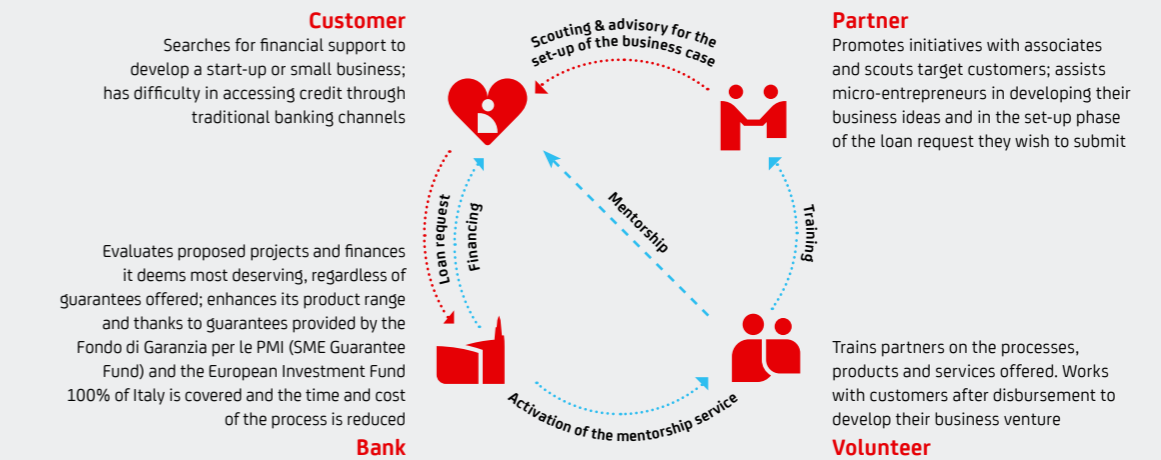
1. Includes 17 volunteers whose membership was ratified in January 2019.

## MICROCREDIT

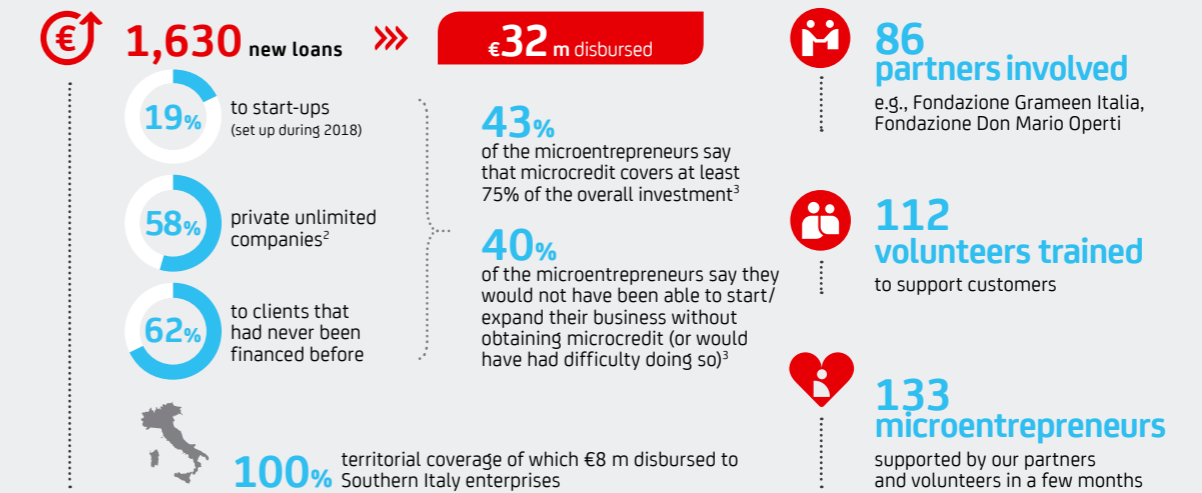
### OBJECTIVES

- Providing financial support for the creation and development of businesses at risk of exclusion from banking services
- Supporting customers' needs through a nationwide ecosystem of specialists (banks, partners and volunteers) providing skills, a solid relationship and dedicated support, all of which is fundamental to their development

### APPROACH



### 2018 ACHIEVEMENTS



### STORIES THAT MATTER

**L. De Fazio - La Volpe Scalza**  
"When I decided to open the Volpe Scalza I first went to an organisation for aspiring entrepreneurs. There, I found out I was not eligible, as I had no liquidity and guarantees. They talked about microcredit. I googled it and I found Fondazione Don Mario Operti (UniCredit partner), that supported me in the process of structuring the business case and presenting the loan application to start my new business."

**S. Piccioni - Fondazione Don Mario Operti**  
"Our foundation works with those people with entrepreneurial projects: we understood the feasibility and sustainability of the project along with the business plan and we prepared all the paperwork, which then was submitted to the bank."

2. This category refers to entities labelled as 'società in accomandita semplice' and 'ditta individuale'.  
3. Carried out on a representative sample of 81% of entities financed in 2018.

**SOCIAL IMPACT BANKING**

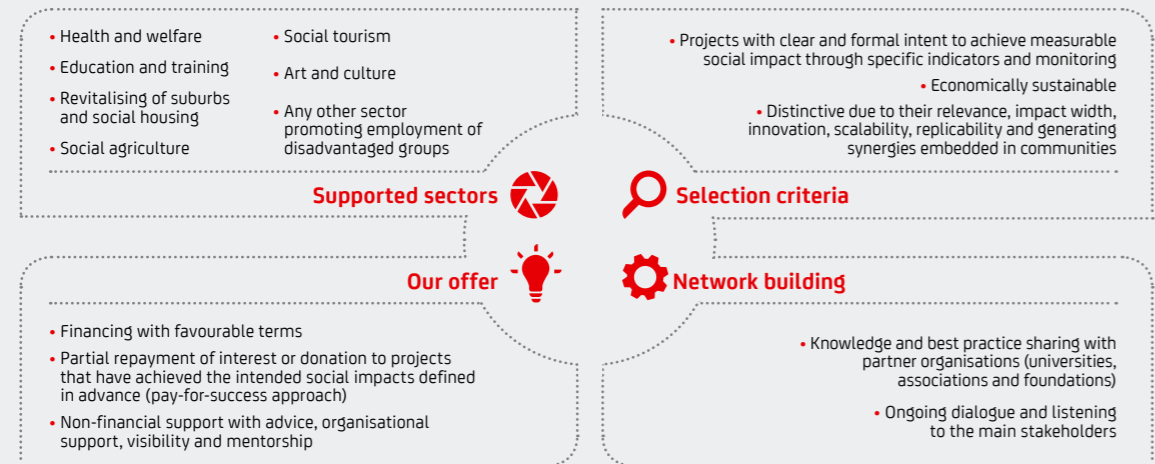
**IMPACT FINANCING**

**FINANCIAL EDUCATION AND INCLUSION**

**OBJECTIVES**

- Favouring social innovation as a driver of positive change by supporting projects that generate clear and measurable social outcomes for the community
- Pioneering this new market and contributing to ecosystem development through collaborations with other players with the same approach and objectives
- Spreading internal awareness and advocacy activities with the help of our colleagues

**APPROACH**



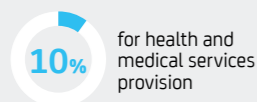
**2018 ACHIEVEMENTS**

€ **31** new loans >>> € **32.6 m** approved<sup>4</sup>



45% is granted to new customers

**Over 2,600 employees** participated in training and engagement activities



71% loans matched using the pay-for-success mechanism

**Around 190** contacts met among best practices, customers and non-customers

**STORIES THAT MATTER**

**Albergo Etico**

This is an innovative, economic sustainable model based on the hospitality business managed in the Rome tourism market, employing professionals and young people with Down's, x-fragile and post-comatose syndrome. They are supported in entering the job market through the initiatives also creating a training-on-the-job support model available to other disadvantaged age-mates. As pay-for-success, we will return part of the loan interests paid, subject to achieving predefined social impact objectives (KPIs) of job placement and vocational training opportunities offered to the beneficiaries.

**Il Tortellante**

This new project features a therapeutic workshop producing and selling fresh pasta with a social aim of involving young people diagnosed with autism and encouraging them to live independently. The beneficiaries are trained in food preparation and also participate in recreational and assistance activities thanks to psychologists, psychotherapists and doctors. As pay-for-success, in collaboration with Cassa di Risparmio Modena Foundation, UniCredit will provide donations following the achievement of pre-agreed objectives such as the amount of people involved and improvement of autonomy and life quality for the beneficiaries.

4. As of 31.12.2018, out of 31 approved loans, 20 were signed for a total amount of €24.1 million (€15.8 million were disbursed). Out of the 31 approved deals, 11 are still to be signed (amounting to €8.5 million).

**OBJECTIVES**

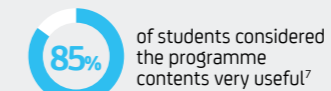
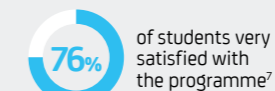
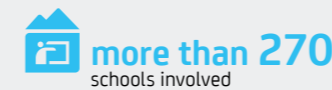
- Promoting financial awareness to support early-stage micro-businesses and social enterprises, as well as some vulnerable segments of the population, especially young people and people at risk of social exclusion

**APPROACH**

- Offer class and online training to share financial knowledge and expertise leveraging on our network of volunteer employees

**2018 ACHIEVEMENTS**

- Partnership with the Italian Ministry of Education, Universities and Research's Alternanza Scuola Lavoro initiative to offer financial education and entrepreneurial training to secondary school pupils under the *Start Up Your Life* programme



**STORIES THAT MATTER**

**Pupils from I.P.S.S.C.T.S. G. Pessina - Como**

"We found the lessons very useful to better understand new digital payment methods. We based our project work on contactless payments to develop an app for people with disabilities, so that they can deal with cash more independently."

**Pupils from I.S.I.S.S. Magarotto - Rome**

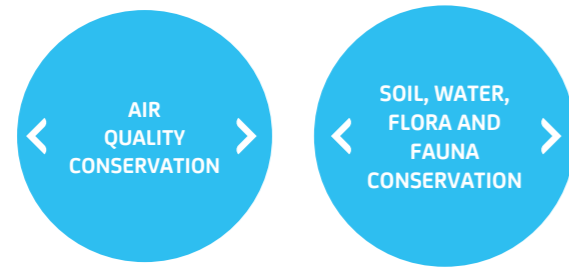
"Deaf people can do everything, myself as well. Thanks to the programme I had the chance to learn how to start up and manage a business and I will use this knowledge to make my dream of creating my own enterprise come true."

5. 15,800 students attended the 2017-2018 scholastic year, while 9,500 new students are participating in the 2018-2019 edition.  
6. Total hours certified in scholastic year 2017-2018, out of which 840,000 hours of project-based learning activities.  
7. Carried out on a sample of 3,434 students attending the 2017 - 2018 edition.

# Natural Capital

Earth's natural resources and the countless services they provide make human life possible. The bank's activities have an impact on natural capital and must therefore be monitored and limited.

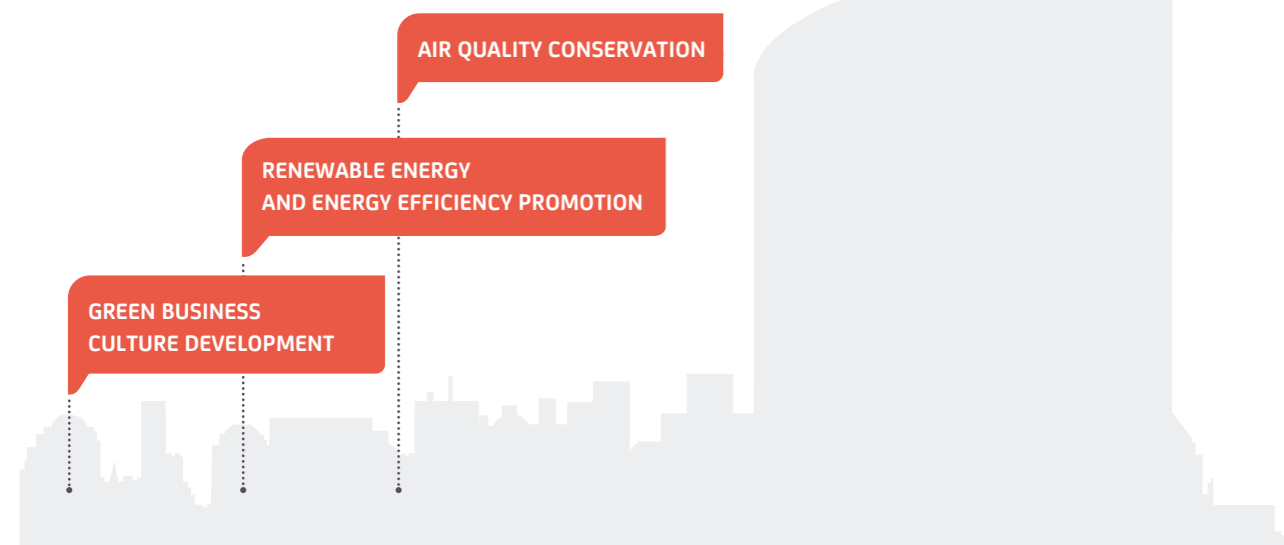
## OUR STOCKS OF CAPITAL



## RESULTS

- **€7.8 billion** exposure to the renewable energy sector
- **-49%** in Scope 1 and 2 emissions since the base year
- **>€1.1 billion** energy efficiency outstanding loans to individuals

## COMMUNITY IMPACTS



## 2019 PRIORITIES

- Continued reduction of GHG emissions
- Promotion of green sensitive practices in the workplace

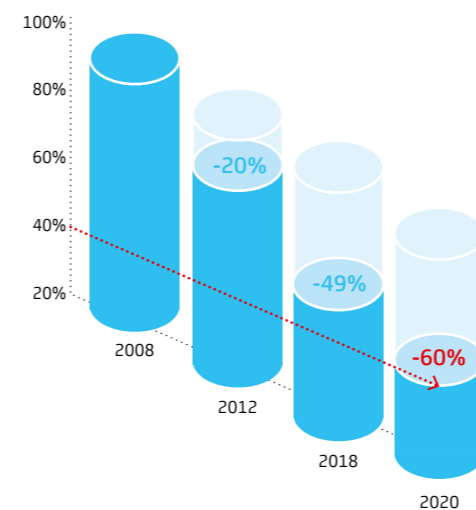
## Execute an effective environmental strategy

UniCredit's solid governance system guides its behaviour in favour of conserving natural capital, which is consistent with its commitment to prevent and mitigate any environmental impact of our operations and lending<sup>1</sup> activities as set out in our Environmental Policy.<sup>2</sup> As we implement this environmental strategy, our Group holds ISO 14001 certification through UniCredit Bank Austria AG, and UniCredit Bank Czech Republic and Slovakia, as. Furthermore, UniCredit SpA is registered under the EMAS Regulation.

## Reduce our environmental impact

The UniCredit climate strategy calls for a major reduction in our operational emissions of greenhouse gases. Our target is to reduce our carbon emissions by 60 percent by 2020, while a longer term target is a reduction of 80 percent by 2030.<sup>3</sup> In 2018, we achieved an overall reduction of 49 percent compared to our 2008 Scope 1 and 2 emissions.

### GHG emissions trend



### Increasing energy efficiency

One of our main initiatives to reduce energy consumption is making UniCredit's premises more

energy-efficient. Among the various methods used to monitor and manage UniCredit energy consumption in Italy, we have installed centralised, remote-controlled Heating, Ventilation, and Air Conditioning (HVAC) systems in about 1,000 branches and energy monitoring devices in 800 branches. In particular, the former systems are used to remotely control and optimise HVAC operation and thermal comfort. Both systems detect energy consumption anomalies, which are transmitted to system providers to be resolved.

We continue to use new technologies to reduce the environmental footprint, costs and emissions of our operations. In 2018, we closed 199 retail branches and we further reduced our office space by 172,000 square meters in Western Europe. This effort to reduce our footprint, part of the UniCredit Transform 2019 plan, will result in a total reduction of 332,000 square meters of office space, including the closing of 944 retail branches, by the end of 2019.

### FOCUS Campus Vienna

As the headquarters of UniCredit Bank Austria AG, the Austria Campus brings UniCredit Bank Austria, the UniCredit CEE units established in Vienna and all UniCredit group companies in Vienna together in one location. This is one of the largest relocation projects in Central Europe.

- 5,300 employees together with the related IT infrastructure were relocated to our new company headquarters without any interruptions to our business.
- 60,000 square meters of office space have been acquired. This equates to the surface area of almost nine football pitches.

We continue to invest in making our data centres more energy-efficient. Although they are subject to annual increases in use for IT-related activities, their cooling systems, new uninterruptible power supplies (UPSs) and overall engineering are designed to limit any increase in energy consumption even as they meet heavier demand. In 2018, the recorded power consumption at our two data centres in Verona was 23.7 million kWh and 15.4 million kWh, respectively, which puts the performance of our new UPSs at the top of the efficiency curve, resulting in a slightly lower consumption than the previous year. Based solely on

Our Strategy  
→ Natural Capital

MATERIAL TOPICS

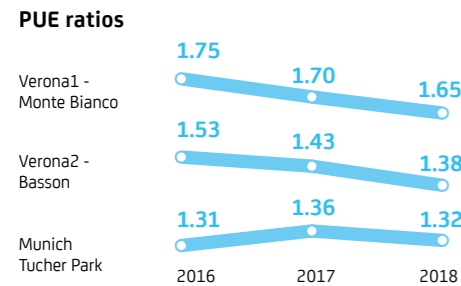


## Material topics

- INNOVATION FOR CUSTOMER**  
Digitalisation and innovation  
Value to customer
- LEAN AND SOLID BANK**  
Bank solidity  
Lean and transparent organisation
- PEOPLE DEVELOPMENT**  
Employees' development  
Diversity and inclusion
- ETHICS**  
Fair business behavior  
Business ethics
- EMERGING RISKS**  
Cyber security  
Climate change  
Demographic change
- POSITIVE IMPACT ON SOCIETY**  
Positive impact on society

1. Refer to the 2016 Integrated Report and to Risk Management and Compliance Chapter for more information.  
2. Refer to [https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/sustainability/environment-suppliers/environmental-management-system/UniCredit-Environmental-Policy\\_last.pdf](https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/sustainability/environment-suppliers/environmental-management-system/UniCredit-Environmental-Policy_last.pdf) for further information.  
3. The Scope 2 component of Group GHG emission reduction targets refers to emissions calculated in accordance with the location-based method.

the higher IT load the overall consumption would have been over 40 million kWh. The savings were due to our energy-efficiency measures as the new UPSs reduce energy leakage. This is reflected in the data centres' Power Usage Effectiveness (PUE) ratios,<sup>4</sup> which were reduced further in 2018, as shown below.



UniCredit believes the use of **renewable energy** is vital for tackling climate change. We do our part by procuring the vast majority of our electricity from renewable sources for our networks in Italy, Germany and Austria. In 2018, nearly all of the electricity that we used in Italy, Germany and Austria came from renewable energy sources: 97 percent in Italy, 100 percent in Germany and 86 percent in Austria. At Group level this accounts for 78 percent of total electricity consumption.

**FOCUS**  
Mobility management

Groupwide, we continue to promote smart solutions that enable remote meetings. Desktop video communication tools are available for all branch managers and, in some countries, such as Austria and Russia, for all staff. All employees at UniCredit headquarters have access to video conference facilities, and state-of-the-art video technology has been widely adopted for online meetings. Our Group travel policy encourages the use of public transport and, since 2016, the Group has prohibited non-customer-related travel for one week each month. Employees in Austria cycle to and from work, amounting to over 120,000 km in 2018, as part of a bank initiative which promotes commuting by bicycle or public transport rather than by car or motorcycle. As of September 2018, Italian car policy has been reviewed enhancing the rules for assignment; moreover Company cars can be hybrid, electric or, in any case, in line with the European emission standards protocol in force.

According to our data, the widespread adoption of flexible working solutions in Italy has saved over 1,500,000 km in employee commuter travel over the three years since their inception.<sup>5</sup>

4. The ratio of total power used by the data centre to the power used for IT processing.  
5. Refer to chapter to Human Capital chapter of the 2016 Integrated Report for more information on flexible working.  
6. Refer to the 2015 Integrated Report for more information.

**Cutting consumption**

By reducing our consumption of materials, we can increase our Group's sustainability. A prime area for reduction is the use of paper, which we can limit by making greater use of technology.

Our Centralised Document Dematerialisation (CDD) project in Italy aims to make handling branch documents more efficient and secure by developing a management process based on a new IT platform. The project is based on scanning and digitally storing contract documents and transaction confirmations in order to create a highly automated data system.

This process began with a pilot phase in January 2017 which digitised selected contracts. It is now in place for all branch finance documents (e.g., deposit forms and government bonds purchases). In 2018, the CDD securely stored nearly nine million documents. The CDD is further supported by *FirmaMia*,<sup>6</sup> which our customers can now use to digitally sign their routine in-branch transactions and contracts.

**FirmaMia 2018**

- 12.6 million contracts digitally signed
- 573 tons of paper saved
- 8.7 million in-branch digital transactions

**Sourcing responsibly**

UniCredit's suppliers must meet certain minimum sustainability requirements and are selected according to the standards of the International Labour Organization relating to fundamental human rights, child labour, freedom of association, working conditions, equal pay, health and safety and business ethics. Suppliers must also comply with the standards set out in our Environmental Policy. An example of our commitment can be seen in Italy, where we have completed audits of 21 external service providers since 2014.

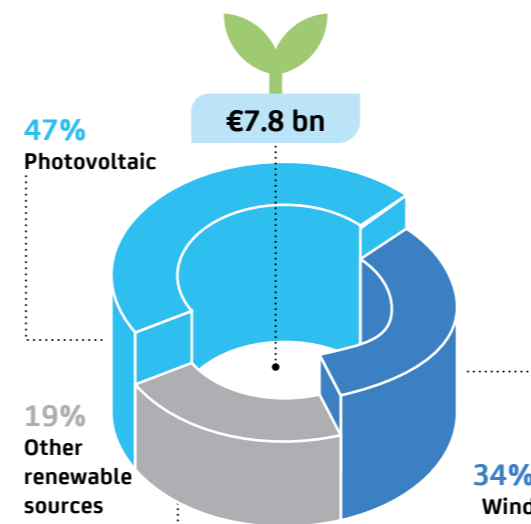
**Promote business that supports natural capital**

At UniCredit, we are always open to business opportunities that arise from the need to address environmental challenges.

**Supporting renewable energy sources**

We continue to invest in renewable energy sources. As of December 2018, our portfolio of renewable energy projects was valued at almost €7.8 billion.<sup>7</sup> Overall, the largest portion of our financing for renewable projects goes to photovoltaic plants, with a share of 47 percent. Wind energy comprises 34 percent of the portfolio, with other renewable energy sources making up the remaining 19 percent.

**Renewable energy portfolio, 2018**



**Promoting green bonds**

UniCredit, the first ever lead manager of green bond issuance, continues to invest in these instruments. In 2018, we acted as the joint bookrunner or joint arranger of 16 green and sustainable bond issues for a total placement of nearly €13 billion. Over the year, we also saw growing demand for green and sustainability loans. UniCredit had a leading role in 7 Sustainability-linked Revolving Credit Facilities in 2018 and participated in a total of 11 transactions for an issued amount of €18.7 billion. Furthermore UniCredit supported the European Investment Bank (EIB) with its inaugural Sustainability Awareness Bond (SAB) in September 2018.

7. Expressed in terms of Exposure at Default (EAD); the perimeter includes roughly €1 billion attributable to Yapı ve Kredi Bankası AŞ.  
8. Refer to the 2017 Integrated Report for more information.

**MATERIAL TOPICS**



**Financing energy efficiency**

By the end of 2018, our energy efficiency loans to SMEs through subsidized programmes amounted to nearly €2.4 billion and to €1.1 billion to individuals.<sup>8</sup>

UniCredit's commitment to EU energy-efficiency targets is also demonstrated by its engagement with industry initiatives. One such initiative is the Energy Efficient Mortgages Initiative (EEMI), a market-led initiative funded via the European Commission's Horizon 2020 Programme which aims to deliver a standardised European framework and data collection architecture for energy efficient mortgages, with favourable financing conditions for energy efficient buildings, energy saving renovations and anti-seismic measures. UniCredit hosted the Italian section of the Energy Efficient Mortgage Action Plan (EeMAP) Initiative, one of the two pieces of the EEMI, and is one of the 40 lending institutions participating in the pilot phase launched in June 2018 which are going to provide dedicated mortgages for refurbishments implying at least a 30 percent energy efficiency improvement.

In 2018, UniCredit traded over 400 tons of CO<sub>2</sub>e valued at almost €5 billion in the EU Emission Trading System (ETS) market.

**Advancing environmental risk management**

UniCredit has been a member of the Natural Capital Finance Alliance (NCFA) since the launch of the Natural Capital Declaration. The NCFA recently launched its ENCORE tool as a result of its Advancing Environmental Risk Management programme. ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) is the world's first comprehensive tool connecting environmental change with its consequences for the economy. The web-based tool will help global banks, investors and insurance firms assess the risks that environmental degradation, such as the pollution of oceans or destruction of forests, causes for financial institutions.

**Material topics**

- INNOVATION FOR CUSTOMER**  
Digitalisation and innovation  
Value to customer
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Bank solidity  
Lean and transparent organisation
- PEOPLE DEVELOPMENT**  
Employees' development  
Diversity and inclusion
- ETHICS**  
Fair business behavior  
Business ethics
- EMERGING RISKS**  
Cyber security  
Climate change  
Demographic change
- POSITIVE IMPACT ON SOCIETY**  
Positive impact on society

# Intellectual Capital

We are investing in our information and communications technology (ICT) systems, our internal processes and our ability to innovate in order to transform UniCredit's operating model and provide a better customer experience.

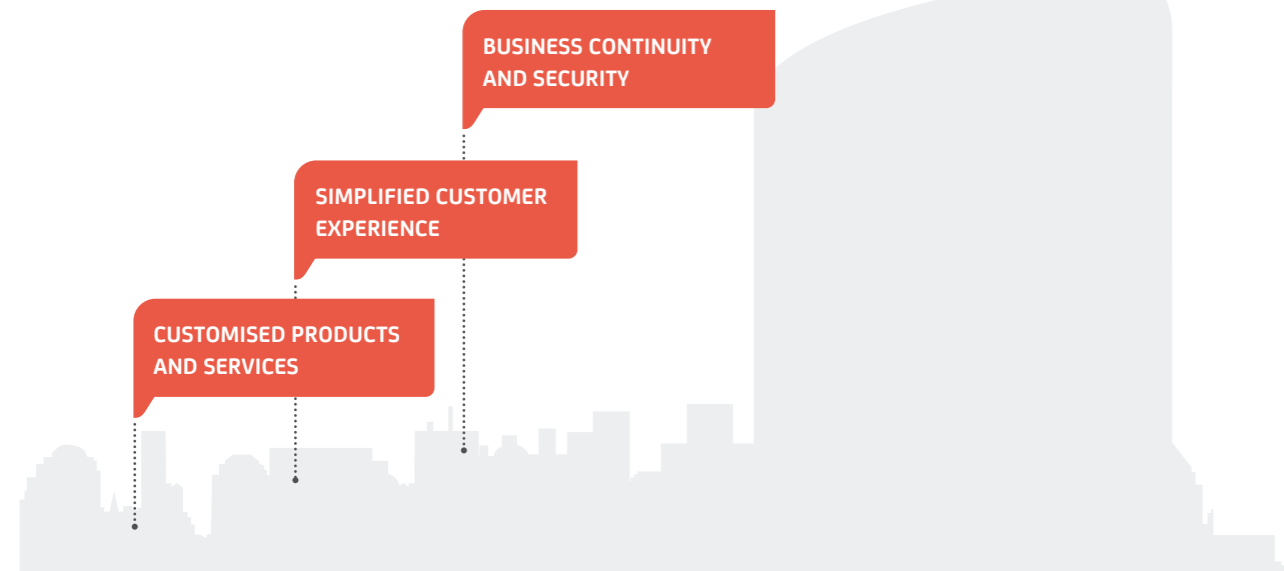
## OUR STOCKS OF CAPITAL



## RESULTS

- 10% outperformance of 2019 application decommissioning target
- Transformation & Innovation Advisory Board established

## COMMUNITY IMPACTS



## 2019 PRIORITIES

- Further ICT optimisation to support our transformation
- Increased process automation and digitalisation for the benefit of our customers
- Continued investment in cyber security and innovative data analytics technologies

## Ensure effective and secure ICT systems

Streamlining and fortifying our ICT framework is key to improving the efficacy of our operations and ensuring a superior service for our clients.

### Reshaping our ICT

As our multichannel digital business advances, we continue to invest in the modernisation of our systems. In 2018, we made headway with the general reshaping of our ICT infrastructure so as to make it leaner, better-performing and more cost-efficient.

We made good progress with our decommissioning effort which ensures a technological refresh by cleaning up the application landscape and the underlying infrastructure.

**We surpassed the 2019 target for applications by approximately 10 percent, with over 1,200 removed since 2016, while our mainframe and open systems technologies have marked a reduction of roughly 20 percent and 9 percent respectively since 2017.**

We also worked to update the technological framework supporting our core banking applications, making it better equipped to deal with the exponential growth in digital flows and more cost-effective. This included reengineering the programming language of our core system, which resulted in a 36 percent increase in efficiency by the end of 2018.

### Enhancing our ICT security

The progressive digitalisation of our services calls for a comprehensive cyber security management strategy. We also work to respond effectively to the regulatory environment which is evolving to address confidence in financial systems as well as consumer rights. For instance, the entry into force of the European General Data Protection Regulation (GDPR) sharpened focus on data protection topics, making an improvement of our security and data breach management opportune.

UniCredit's ongoing multi-year ICT security plan is grounded in a continuous improvement model and dedicated process and policy framework.<sup>1</sup> In 2018, we carried out a wide set of activities, including:

- working on the fortification of our perimeter defences

1. Includes the international standards NIST Cyber Security Framework and COBIT5 Framework.  
2. Refer to the UniCredit press release from 22 October 2018 for more information.

- implementing solutions aimed at discovering vulnerabilities and incrementing controls to improve the security levels of our applications. These measures aim at reducing the likelihood and impacts arising from cyber attacks. For example, despite the cyber security attack at UniCredit Italy on 21 October 2018, by responding rapidly we ensured that no banking data was compromised<sup>2</sup>
- launching a specific programme to make our access rights management more robust
- defining and implementing a dedicated compliance cyber security framework in line with the application of the Payment Services Directive 2 (PSD2) and GDPR regulations regarding payment services and data protection respectively.

As part of our ongoing investment in strengthening cyber security awareness in our employee population, we run online ICT security training courses. In 2018, we provided over 45,000 hours of dedicated training in Italy alone.

We also performed two phishing simulation campaigns involving more than 20,000 employees and published monthly informative videos on our Group intranet portal.

## Optimise processes and services

Our continued investments in process improvements enable us to be more effective, to the benefit of our clients.

Our digital drive is synonymous with our efforts to dematerialise processes and services as we work towards becoming a paperless bank. We kicked off our *Paperless Branch* programme in Italy in June 2018, dedicating approximately €14 million in the first two years. The programme's objective is to achieve the full digitalisation of all document flows by leveraging existing digital solutions and introducing new processes and services such as the digitalisation of teller transactions. These changes are expected to result in a significant saving in resources (e.g., the dematerialisation of teller slips is alone expected to bring a saving of over 100 million sheets of paper per annum) and a simpler, more satisfying customer experience. Moreover, we also anticipate leaner administrative and archiving processes, cost efficiency and reduced operational risks.

### MATERIAL TOPICS



## Material topics



**INNOVATION FOR CUSTOMER**  
Digitalisation and innovation  
Value to customer



**LEAN AND SOLID BANK**  
Bank solidity  
Lean and transparent organisation



**PEOPLE DEVELOPMENT**  
Employees' development  
Diversity and inclusion



**ETHICS**  
Fair business behavior  
Business ethics



**EMERGING RISKS**  
Cyber security  
Climate change  
Demographic change



**POSITIVE IMPACT ON SOCIETY**  
Positive impact on society

## Our Strategy

→ Intellectual Capital

Following a successful pilot phase, in 2017-2018 our robotic process automation projects were brought into production, with a total of 19 robots working on 11 processes. By automating highly repetitive rule-based processes, their application is set to contribute to the improvement of our operations and commercial activities, freeing up resources for more value-added activities, improving processing time and data quality, and reducing operational risk.

We have also combined machine learning with other technologies to develop an automated classification solution for document management, thereby enabling more efficient turnaround. The solution piloted in 2018 when it was applied to the management of inbound flows of legal documentation within our garnishment process. During the trial, over 68,000 documents were automatically categorised with roughly a 92 percent accuracy rate. We are finalising this solution with the objective of extending its application in the future.

## Leverage innovation

We continue to scout and develop innovative solutions which facilitate our responsiveness to clients' needs and further optimise our operations.

We use big data and analytics technologies so as to advance our value proposition, increase customer satisfaction and improve internal processes. A number of pilot activities and initiatives have been launched this year in our Italian banking activities. These include using analytics as a tool to discern clients' expectations in order to provide them with a better service and better meet their needs, and as a means of optimising our processes such as that for credit pre-approval for our consumer finance clients. Initial results in these areas have been positive, while numerous other fields of our operations, such as Audit and Compliance, stand to benefit from this approach and are currently being assessed for use case development.

In 2017, UniCredit joined a consortium of 13 European banks with the purpose of working together to build a trade platform based on blockchain technology, thereby offering clients an innovative service digitalising, standardising and simplifying open account transactions and enabling access to financial instruments. The we.trade platform pilot was launched in 2018 following the establishment of the we.trade Innovation DAC JV, of

which UniCredit is a shareholder. The platform provides users with an accessible and secure environment where they can find business counterparts, make and negotiate trade proposals, request financial services from their banks and automatically set payment trigger conditions. Initially serving small and medium enterprises (SME) clients, the service is to be extended to large and multinational corporation (MNC) corporate clients.

In 2018, *UniCredit EVO*<sup>3</sup> established a strategic partnership with Meniga, an Icelandic best-in-class fintech in the field of digital banking, investing €3.1 million. Implementation of Meniga's software across our Group's commercial activities starting in Italy and Serbia is set to strengthen our digital proposition for our retail and SME customers, making the banking experience even more personalised. In fact, we are now able to offer our customers a consolidated view of all their card and account transactions, including search functions, budgeting and financial planning tools.

A further investment of €800,000 was made in 2018 in the Italian start-up Axyon AI. The resulting partnership is due to strengthen our advisory activities through the application of Axyon's artificial intelligence-based technology and know-how. This includes a web-based application delivering liquidity analysis and market insights to our financial professionals so they can better advise their clients.

### FOCUS Transformation & Innovation Advisory Board

In line with our endeavour to explore innovative ideas and solutions to the benefit of our customers, we announced the creation of a Transformation & Innovation Advisory Board in January 2019.<sup>4</sup>

The Advisory Board will meet quarterly to review critical topics for the banking industry such as technology and data, consumer trends, fintech ecosystems and security and risk mitigation, with the objective of proposing tangible development opportunities to our CEO, as well as regularly updating the Board of Directors.

The Advisory Board will include four external technology and innovation thought leaders bringing expertise in big data and artificial intelligence, customer-centric data products, cyber security and fintechs. They will be joined by the CEO and other senior managers as permanent members.

3. Refer to the 2016 Integrated Report for more information.

4. Refer to the UniCredit press release from 16 January 2019 for more information.



# GRI Content Index and UN Global Compact

## GRI Content Index

The following table presents the GRI Content Index, as foreseen by the GRI Sustainability Reporting Standards.

GRI Standard	Disclosure	References	Notes and pages	Omissions
<b>GRI 101: FOUNDATION (2016)</b>				
<b>GRI 102: GENERAL DISCLOSURES (2016)</b>				
<b>Organisational profile</b>				
102-1	Name of the Organisation		UniCredit SpA	
102-2	Activities, brands, products, and services	2018 Integrated Report 2018 Annual Reports and Accounts	22-23	
102-3	Location of headquarters		Piazza Gae Aulenti 3 - Tower A - 20154 Milano	
102-4	Location of operations	2018 Integrated Report	22-23	
102-5	Ownership and legal form	2018 Integrated Report 2018 Annual Reports and Accounts	12	
102-6	Markets served	2018 Integrated Report	22-23	
102-7	Scale of the Organisation	2018 Integrated Report	22-23; S.32	
102-8	Information on employees and other workers	2018 Integrated Report	S.32-S.33, S.36	
102-9	Supply chain	2018 Integrated Report	22-23, 70	
102-10	Significant changes to the Organisation and its supply chain	2018 Integrated Report 2018 Annual Reports and Accounts	2, 39-45	
102-11	Precautionary Principle or approach	2018 Integrated Report	14-16, 32; S.14-S.16	
102-12	External initiatives	2018 Integrated Report	2, 11, 17, 53, 58, 61, 69-71, 73; S.8, S.14, S.25, S.50	
102-13	Membership of associations	2018 Integrated Report	S.4, S.5	
<b>Strategy</b>				
102-14	Statement from senior decision-maker	2018 Integrated Report	4-5	
102-15	Key impacts, risks, and opportunities	2018 Integrated Report	4-5, 11, 14-17, 22, 24-25, 28-33, 55, 64, 71; S.14-S.16, S.24	
<b>Ethics and integrity</b>				
102-16	Values, principles, standards, and norms of behavior	2018 Integrated Report	6-7, 10-11, 18-19; S.8-S.9	
102-17	Mechanisms for advice and concerns about ethics	2018 Integrated Report	S.23, S.28-S.29	
<b>Governance</b>				
102-18	Governance structure	2018 Integrated Report 2018 Report on Corporate Governance and Ownership Structure	12-13; S.8-S.10	
102-19	Delegating Authority	2018 Integrated Report 2018 Report on Corporate Governance and Ownership Structure	12-13, 17; S.10	
102-20	Executive-level responsibility for economic, environmental and social topics	2018 Integrated Report	12-13, 17; S.10	
102-21	Consulting stakeholders on economic, environmental and social topics	2018 Integrated Report	13, 24, 26-27, 56-58	

GRI Standard	Disclosure	References	Notes and pages	Omissions
102-22	Composition of the highest governance bodies and its committees	2018 Integrated Report 2018 Report on Corporate Governance and Ownership Structure	13	
102-23	Chair of the highest governance body	2018 Integrated Report 2018 Report on Corporate Governance and Ownership Structure	13	
102-24	Nominating and selecting the highest governance body	2018 Integrated Report 2018 Report on Corporate Governance and Ownership Structure	13; S.9-S.10	
102-25	Conflicts of interest	2018 Integrated Report 2018 Report on Corporate Governance and Ownership Structure	S.26-S.27	
102-26	Role of the highest governance body in setting purpose, values and strategy	2018 Integrated Report	6-7, 12, 26	
102-27	Collective knowledge of highest governance body	2018 Integrated Report	12, 26; S.11	
102-28	Evaluating the highest governance body's performance	2018 Integrated Report 2018 Report on Corporate Governance and Ownership Structure	S.11	
102-29	Identifying and managing economic, environmental and social impacts	2018 Integrated Report 2018 Report on Corporate Governance and Ownership Structure	12, 17; S.14-S.18	
102-30	Effectiveness of risk management	2018 Integrated Report 2018 Report on Corporate Governance and Ownership Structure	12, 14, 17; S.14-S.18	
102-31	Review of economic, environmental, and social topics	2018 Integrated Report 2018 Report on Corporate Governance and Ownership Structure	24, 26; S.10	
102-32	Highest governance body's role in sustainability reporting	2018 Integrated Report 2018 Report on Corporate Governance and Ownership Structure	2	
102-33	Communicating critical concerns	2018 Integrated Report 2018 Report on Corporate Governance and Ownership Structure	12, 19, 51; S.23, S.28-S.29, S.37	
102-35	Remuneration policies	2018 Integrated Report 2018 Report on Corporate Governance and Ownership Structure	S.13; Group Compensation Policy	
102-36	Process for determining remuneration	2018 Integrated Report 2018 Report on Corporate Governance and Ownership Structure	S.13; Group Compensation Policy	
102-37	Stakeholders' involvement in remuneration	2018 Integrated Report 2018 Report on Corporate Governance and Ownership Structure	S.13; Group Compensation Policy	
<b>Stakeholder engagement</b>				
102-40	List of stakeholder groups	2018 Integrated Report	24-27; S.30-S.31	
102-41	Collective bargaining agreements	2018 Integrated Report	S.38	
102-42	Identifying and selecting stakeholders	2018 Integrated Report	24-27	
102-43	Approach to stakeholder engagement	2018 Integrated Report	24-27, 56-58; S.47-S.49	
102-44	Key topics and concerns raised	2018 Integrated Report	24-27, 56-58; S.47-S.49	



GRI Standard	Disclosure	References	Notes and pages	Omissions
<b>Reporting Practice</b>				
102-45	Entities included in the consolidated financial statements	2018 Integrated Report 2018 Annual Reports and Accounts	2 <sup>A</sup>  Notes to the consolidated accounts - Part A - Accounting Policies; A.1 - General, Section 3 - Consolidation scope and methods	
102-46	Defining report content and topic Boundaries	2018 Integrated Report	2, 24-33; S.30-S.31	
102-47	List of material topics	2018 Integrated Report	24-25, 28-33; S.30-S.31	
102-48	Restatements of information	2018 Integrated Report	2	
102-49	Changes in reporting	2018 Integrated Report	24-27; S.30-S.31	
102-50	Reporting period	2018 Integrated Report	2	
102-51	Date of most recent report	2018 Integrated Report	March 2018	
102-52	Reporting cycle		The frequency of this publication is set as annual, in accordance with the provisions of Legislative Decree 254/2016.	
102-53	Contact point for questions regarding the report		For any information related to this Report you can write to groupsustainability@unicredit.eu. This document is also available on the Sustainability section of UniCredit Group website (www.unicreditgroup.eu).	
102-54	Claims of reporting in accordance with the GRI Standards	2018 Integrated Report	This report has been prepared in accordance with the GRI Standards: Core option	
102-55	GRI content index	2018 Integrated Report	76-85	
102-56	External assurance	2018 Integrated Report	2, 87-89	

**TOPIC-SPECIFIC STANDARDS**

GRI Standard	Disclosure	References	Notes and pages	Omissions
<b>GRI 200: ECONOMIC SERIES</b>				
<b>Topic: Economic Performance</b>				
<b>GRI-103: Management Approach (2016)</b>				
103-1	Explanation of the material topic and its Boundary	2018 Integrated Report	24-33; S.30-S.31	
103-2	The management approach and its components	2018 Integrated Report	10-11, 23, 39-45, 71; S.14-S.16	
103-3	Evaluation of the management approach	2018 Integrated Report	10, 23, 47, 71; S.14-S.16	
<b>GRI-201: Economic Performance (2016)</b>				
201-1	Direct economic value generated and distributed	2018 Integrated Report	S.2-S.3	
201-2	Financial implications and other risks and opportunities due to climate change	2018 Integrated Report	17, 32, 71	
201-3	Defined benefit plan obligations and other retirement plans	2018 Integrated Report 2018 Annual Reports and Accounts	S.40	
<b>Topic: Indirect Economic Impacts</b>				
<b>GRI-103: Management Approach (2016)</b>				
103-1	Explanation of the material topic and its Boundary	2018 Integrated Report	24-33; S.30-S.31	
103-2	The management approach and its components	2018 Integrated Report	55, 58-67	
103-3	Evaluation of the management approach	2018 Integrated Report	58-63, 65-67	

A. The following legal entities have been included in the reporting perimeter: UniCredit SpA, FinecoBank SpA, Cordusio SIM SpA (since 2018), UniCredit Factoring SpA (since 2018), UniCredit Leasing SpA, UniCredit Services SCpA (with its activities in Italy, Germany, Czech Republic, Hungary, Poland, Romania and Slovakia), UniCredit Bank AG, Food & More GmbH, Ocean Breeze Energy GmbH & Co. KG (since 2018), UniCredit Direct Services GmbH, UniCredit Leasing GmbH, Wealthcap Kapitalverwaltungsgesellschaft mbH (since 2018), UniCredit Bank Austria AG, Card Complete Service Bank AG, Schoellerbank Aktiengesellschaft, UniCredit Leasing (Austria) GmbH, UniCredit Services GmbH (with its activities in Austria, Poland and Romania), UniCredit Bank DD, UniCredit Bank ad Banja Luka, UniCredit Bulbank AD, UniCredit Consumer Financing EAD, UniCredit Leasing EAD, Zagrebačka Banka DD, UniCredit Leasing Croatia doo za Leasing, UniCredit Bank Czech Republic and Slovakia as, UniCredit Leasing CZ as, UniCredit Bank Hungary Zrt, UniCredit Leasing Hungary Zrt, UniCredit Bank SA, UniCredit Consumer Financing IFN SA, UniCredit Leasing Corporation IFN SA, UniCredit Leasing Fleet Management Srl, AO UniCredit Bank, Ooo UniCredit Leasing, UniCredit Bank Serbia Jsc, UniCredit Leasing Slovakia as, UniCredit Banka Slovenija DD, UniCredit Leasing, leasing, doo.

GRI Standard	Disclosure	References	Notes and pages	Omissions
<b>GRI-203: Indirect Economic Impacts (2016)</b>				
203-1	Infrastructure investments and services supported	2018 Integrated Report	58-67	
203-2	Significant indirect economic impacts	2018 Integrated Report	58-67	
<b>Topic: Anti-Corruption</b>				
<b>GRI-103: Management Approach (2016)</b>				
103-1	Explanation of the material topic and its Boundary	2018 Integrated Report	24-33; S.30-S.31	
103-2	The management approach and its components	2018 Integrated Report	18-19; S.23-S.25	
103-3	Evaluation of the management approach	2018 Integrated Report	18-19; S.23-S.25, S.29	
<b>GRI-205: Anti-Corruption (2016)</b>				
205-1	Operations assessed for risks related to corruption	2018 Integrated Report	S.24	
205-2	Communication and training about anti-corruption policies and procedures	2018 Integrated Report	18-19; S.24	
<b>Topic: Anti-Competitive Practices</b>				
<b>GRI-103: Management Approach (2016)</b>				
103-1	Explanation of the material topic and its Boundary	2018 Integrated Report	24-33; S.30-S.31	
103-2	The management approach and its components	2018 Integrated Report	18-19; S.20-S.21, S.25	
103-3	Evaluation of the management approach	2018 Integrated Report	18-19; S.20-S.21, S.25	
<b>GRI-206: Anti-Competitive Practices (2016)</b>				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2018 Integrated Report 2018 Annual Reports and Accounts	S.26	
<b>GRI 300: ENVIRONMENTAL SERIES</b>				
<b>Topic: Materials</b>				
<b>GRI-103: Management Approach (2016)</b>				
103-1	Explanation of the material topic and its Boundary	2018 Integrated Report	24-33; S.30-S.31	
103-2	The management approach and its components	2018 Integrated Report	70, 73	
103-3	Evaluation of the management approach	2018 Integrated Report	70, 73	
<b>GRI-301: Materials (2016)</b>				
301-1	Materials used by weight or volume	2018 Integrated Report	S.53; In 2018, the total copy paper consumption amounted to roughly 4,219,000 kg.	
<b>Topic: Energy</b>				
<b>GRI-103: Management Approach (2016)</b>				
103-1	Explanation of the material topic and its Boundary	2018 Integrated Report	24-33; S.30-S.31	
103-2	The management approach and its components	2018 Integrated Report	69-70	
103-3	Evaluation of the management approach	2018 Integrated Report	69-70	
<b>GRI-302: Energy (2016)</b>				
302-1	Energy consumption within the Organisation	2018 Integrated Report	S.53; In 2018, direct energy consumption amounted to roughly 486,000 GJ. The main fuels used were natural gas (96 percent), followed by crude oil and petroleum products (about 4 percent). Indirect energy consumption amounted to roughly 2,251,000 GJ of which district heating accounted for about 18 percent and electricity for about 82 percent. Electricity consumption included self-produced energy from photovoltaic plants in Italy and Austria, whereas in Germany approximately 22,900 GJ of self-produced energy from renewable sources was sold.	
302-3	Energy intensity	2018 Integrated Report	S.53; Pro-capita data is calculated using the energy consumption reported in the Disclosure GRI 302-1.	

GRI Standard	Disclosure	References	Notes and pages	Omissions
302-4	Reduction of energy consumption	2018 Integrated Report	69-70; S.53	
302-5	Reductions in energy requirements of products and services	2018 Integrated Report	69-70	
<b>Topic: Water</b>				
<b>GRI-303: Water (2016)</b>				
303-1	Water withdrawal by source	2018 Integrated Report	S.53; In 2018, the total water withdrawal from public water mains or other water services providers amounted to roughly 1,977,000 m <sup>3</sup> .	
<b>Topic: Emissions</b>				
<b>GRI-103: Management Approach (2016)</b>				
103-1	Explanation of the material topic and its Boundary	2018 Integrated Report	24-33; S.30-S.31	
103-2	The management approach and its components	2018 Integrated Report	69-70	
103-3	Evaluation of the management approach	2018 Integrated Report	69-70	
<b>GRI-305: Emissions (2016)</b>				
305-1	Direct (Scope 1) GHG emissions	2018 Integrated Report	S.52; Gases included in the calculation: CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs; Sources for emission factors: - DEFRA, UK Government GHG Conversion Factors for Company Reporting (2018) <sup>B</sup> , for direct energy consumption, business travel and refrigerant gas leakages.	
305-2	Energy indirect (Scope 2) GHG emissions	2018 Integrated Report	S.52; Gases included in the calculation: CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O; Sources for emission factors: - DEFRA, UK Government GHG Conversion Factors for Company Reporting (2018) <sup>B</sup> , for district heating; - IEA, Emissions Factors (2018 edition) <sup>C</sup> , for electricity consumption - Location Based method; - Association of Issuing Bodies (AIB), 2017 European Residual Mixes, V.1.13 (2018), for electricity consumption - Market Based method.	
305-3	Other indirect (Scope 3) GHG emissions	2018 Integrated Report	S.52; Gases included in the calculation: CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O; Sources for emission factors: - DEFRA, UK Government GHG Conversion Factors for Company Reporting (2018) <sup>B</sup> , for business travel and waste disposal; - CEPI, CEPI statistics (2017), for copy paper use.	
305-5	Reduction of GHG emissions	2018 Integrated Report	68-69; S.52	

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C. This work is partially based on Emissions Factors (2018 edition) developed by the International Energy Agency, © OECD/IEA 2018, but the resulting work has been prepared by UniCredit SpA and does not necessarily reflect the views of the International Energy Agency.

GRI Standard	Disclosure	References	Notes and pages	Omissions
305-6	Emissions of ozone-depleting substances (ODS)		In line with applicable regulations, where necessary UniCredit continues to replace refrigeration and cooling systems that contain ozone depleting substances. In recent years some episodes of refrigerant gas leakages have occurred in Germany and in Bulgaria and the relevant GHG emissions have been calculated and included in Scope 1 figures. In 2018, in Germany, 95.90 kg of refrigerant gas leakages were recorded (407F, R134a, R404A, R407C, R410A, R422D), amounting to 0 tons of CFC-11 equivalent; in Bulgaria 80.10 kg of refrigerant gas leakages were recorded (R407C, R410A), amounting to 0 tons of CFC-11 equivalent. Sources for emission factors: - Ozone Secretariat UNEP, Handbook for the Montreal Protocol on Substances that Deplete the Ozone Layer (12 <sup>th</sup> edition, 2018), for refrigerant gas leakages [CFC-11e].	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		No other significant air emissions have been identified.	
<b>Topic: Effluents and Waste</b>				
<b>GRI-306: Effluents and Waste (2016)</b>				
306-2	Waste by type and disposal method	2018 Integrated Report	S.53	
<b>Topic: Environmental Compliance</b>				
<b>GRI-103: Management Approach (2016)</b>				
103-1	Explanation of the material topic and its Boundary	2018 Integrated Report	24-33; S.30-S.31	
103-2	The management approach and its components	2018 Integrated Report	69-71; S.24-S.25	
103-3	Evaluation of the management approach	2018 Integrated Report	69-71; S.24-S.25	
<b>GRI-307: Environmental Compliance (2016)</b>				
307-1	Non-compliance with environmental laws and regulations		No relevant fines were imposed in 2018 for non-compliance with environmental laws or regulations.	
<b>Topic: Supplier Environmental Assessment</b>				
<b>GRI-103: Management Approach (2016)</b>				
103-1	Explanation of the material topic and its Boundary	2018 Integrated Report	24-33; S.30-S.31	
103-2	The management approach and its components	2018 Integrated Report	70	
103-3	Evaluation of the management approach	2018 Integrated Report	70	

GRI Standard	Disclosure	References	Notes and pages	Omissions
<b>GRI-308: Supplier Environmental Assessment (2016)</b>				
308-1	New suppliers that were screened using environmental criteria	2018 Integrated Report	70. In UniCredit 100 percent of new suppliers are screened using socio-environmental criteria.	
<b>GRI 400: SOCIAL SERIES</b>				
<b>Topic: Employment</b>				
<b>GRI-103: Management Approach (2016)</b>				
103-1	Explanation of the material topic and its Boundary	2018 Integrated Report	24-33; S.30-S.31	
103-2	The management approach and its components	2018 Integrated Report	39, 51-52	
103-3	Evaluation of the management approach	2018 Integrated Report	39, 51-52	
<b>GRI-401: Employment (2016)</b>				
401-1	New employee hires and employee turnover	2018 Integrated Report	S.34-S.35	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	2018 Integrated Report	S.39, S.41; In nearly all countries, part-time and fixed-term employees are offered the same benefits that are offered to full-time and permanent employees.	
<b>Topic: Labor/Management Relations</b>				
<b>GRI-103: Management Approach (2016)</b>				
103-1	Explanation of the material topic and its Boundary	2018 Integrated Report	24-33; S.30-S.31	
103-2	The management approach and its components	2018 Integrated Report	39; S.37	
103-3	Evaluation of the management approach	2018 Integrated Report	S.37	
<b>GRI-402: Labor/Management Relations</b>				
402-1	Minimum notice periods regarding operational changes	2018 Integrated Report	S.38	
<b>Topic: Occupational Health and Safety</b>				
<b>GRI-103: Management Approach (2016)</b>				
103-1	Explanation of the material topic and its Boundary	2018 Integrated Report	24-33; S.30-S.31	
103-2	The management approach and its components	2018 Integrated Report	S.42	
103-3	Evaluation of the management approach	2018 Integrated Report	S.42	
<b>GRI-403: Occupational Health and Safety (2016)</b>				
403-1	Workers representation in formal joint management-worker health and safety committees	2018 Integrated Report	S.42	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	2018 Integrated Report	S.43-S.44; In 2018, no fatal injuries have been reported.	Data referring to external workers and occupational diseases are currently unavailable.
403-4	Health and safety topics covered in formal agreements with trade unions	2018 Integrated Report	S.43	
<b>Topic: Training and Education</b>				
<b>GRI-103: Management Approach (2016)</b>				
103-1	Explanation of the material topic and its Boundary	2018 Integrated Report	24-33; S.30-S.31	
103-2	The management approach and its components	2018 Integrated Report	16-19, 52	
103-3	Evaluation of the management approach	2018 Integrated Report	16-19, 52	
<b>GRI-404: Training and Education (2016)</b>				
404-1	Average hours of training per year per employee	2018 Integrated Report	S.36	
404-2	Programs for upgrading employee skills and transition assistance programs	2018 Integrated Report	S.41	

GRI Standard	Disclosure	References	Notes and pages	Omissions
404-3	Percentage of employees receiving regular performance and career development reviews	2018 Integrated Report	52	
<b>Topic: Diversity and Equal Opportunity</b>				
<b>GRI-103: Management Approach (2016)</b>				
103-1	Explanation of the material topic and its Boundary	2018 Integrated Report	24-33; S.30-S.31	
103-2	The management approach and its components	2018 Integrated Report	6-7, 52-53; S.10	
103-3	Evaluation of the management approach	2018 Integrated Report	52-53; S.10	
<b>GRI-405: Diversity and Equal Opportunity (2016)</b>				
405-1	Diversity of governance bodies and employees	2018 Integrated Report 2018 Report on Corporate Governance and Ownership Structure	13, 53; S.32-S.33, S.36	
405-2	Ratio of basic salary and remuneration of women to men	2018 Integrated Report	S.35	
<b>Topic: Non-Discrimination</b>				
<b>GRI-103: Management Approach (2016)</b>				
103-1	Explanation of the material topic and its Boundary	2018 Integrated Report	24-33; S.30-S.31	
103-2	The management approach and its components	2018 Integrated Report	6-7, 52-53; S.37; Human Rights Commitment	
103-3	Evaluation of the management approach	2018 Integrated Report	52-53; S.37	
<b>GRI-406: Non Discrimination (2016)</b>				
406-1	Incidents of discrimination and corrective actions taken	2018 Integrated Report	S.45	
<b>Topic: Human Rights Assessment</b>				
<b>GRI-103: Management Approach (2016)</b>				
103-1	Explanation of the material topic and its Boundary	2018 Integrated Report	24-33; S.30-S.31	
103-2	The management approach and its components	2018 Integrated Report	6-7, 17, 70; S.14-S.16	
103-3	Evaluation of the management approach	2018 Integrated Report	17, 70; S.14-S.16	
<b>GRI-412: Human Rights Assessment (2016)</b>				
412-2	Employee training on human rights policies or procedures	2018 Integrated Report	17; S.14	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	2018 Integrated Report	17, 70; S.14; In UniCredit 100 percent of the new suppliers are screened using socio-environmental criteria, including compliance with International Labor Organization (ILO) conventions.	
<b>Topic: Local Communities</b>				
<b>GRI-103: Management Approach (2016)</b>				
103-1	Explanation of the material topic and its Boundary	2018 Integrated Report	24-33; S.30-S.31	
103-2	The management approach and its components	2018 Integrated Report	55, 64-67; S.15-S.16	
103-3	Evaluation of the management approach	2018 Integrated Report	65-67; S.15-S.16	
<b>GRI-413: Local Communities (2016)</b>				
413-1	Operations with local community engagement, impact assessments, and development programs	2018 Integrated Report	64-67	
<b>GRI-G4 Financial Services Sector Disclosures: Local communities</b>				
FS13	Access points in low-populated or economically disadvantaged areas by type	2018 Integrated Report	S.49	
FS14	Initiatives to improve access to financial services for disadvantaged people	2018 Integrated Report	55, 59, 64-67	
<b>Topic: Supplier Social Assessment</b>				
<b>GRI-103: Management Approach (2016)</b>				
103-1	Explanation of the material topic and its Boundary	2018 Integrated Report	24-33; S.30-S.31	
103-2	The management approach and its components	2018 Integrated Report	70	
103-3	Evaluation of the management approach	2018 Integrated Report	70	

GRI Standard	Disclosure	References	Notes and pages	Omissions
<b>GRI-414: Supplier Social Assessment (2016)</b>				
414-1	New suppliers that were screened using social criteria	2018 Integrated Report	70. In UniCredit 100 percent of the new suppliers are screened using socio-environmental criteria, including compliance with International Labor Organization (ILO) conventions.	
<b>Topic: Customer Privacy</b>				
<b>GRI-103: Management Approach (2016)</b>				
103-1	Explanation of the material topic and its Boundary	2018 Integrated Report	24-33; S.30-S.31	
103-2	The management approach and its components	2018 Integrated Report	18-19, 73; S.27	
103-3	Evaluation of the management approach	2018 Integrated Report	18-19, 73; S.27	
<b>GRI-418: Customer Privacy (2016)</b>				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2018 Integrated Report	73; In 2018, UniCredit has identified 5 additional cases of potential leaks or thefts of customer data.	
<b>Topic: Socioeconomic Compliance</b>				
<b>GRI-103: Management Approach (2016)</b>				
103-1	Explanation of the material topic and its Boundary	2018 Integrated Report	24-33; S.30-S.31	
103-2	The management approach and its components	2018 Integrated Report	18-19; S.20-S.21, S.28	
103-3	Evaluation of the management approach	2018 Integrated Report	18-19; S.20-S.21, S.29	
<b>GRI-419: Socioeconomic Compliance (2016)</b>				
419-1	Non-compliance with laws and regulations in the social and economic area	2018 Integrated Report 2018 Annual Reports and Accounts	S.26	
<b>Topic: Product portfolio</b>				
<b>GRI-103: Management Approach (2016)</b>				
103-1	Explanation of the material topic and its Boundary	2018 Integrated Report	24-33; S.30-S.31	
103-2	The management approach and its components	2018 Integrated Report	22-23, 41, 44-45, 55, 59-67	
103-3	Evaluation of the management approach	2018 Integrated Report	22-23, 44, 59-63, 65-67	
<b>GRI-G4 Financial Services Sector Disclosures: Product portfolio</b>				
FS6	Portfolio for business lines	2018 Integrated Report 2018 Annual Reports and Accounts	S.46	
FS7	Monetary value of products and/or services designed to deliver a specific social benefit	2018 Integrated Report	60, 63, 65-66; S.50-S.51	
FS8	Monetary value of products and/or services designed to deliver a specific environmental benefit	2018 Integrated Report	71; S.50-S.51	
<b>Topic: Demographic change</b>				
<b>GRI-103: Management Approach (2016)</b>				
103-1	Explanation of the material topic and its Boundary	2018 Integrated Report	24-33; S.30-S.31	
103-2	The management approach and its components	2018 Integrated Report	55, 59, 64-67	
103-3	Evaluation of the management approach	2018 Integrated Report	59, 63-67	
<b>Topic: Digitalisation and innovation</b>				
<b>GRI-103: Management Approach (2016)</b>				
103-1	Explanation of the material topic and its Boundary	2018 Integrated Report	24-33; S.30-S.31	
103-2	The management approach and its components	2018 Integrated Report	39, 41-43, 73-74	
103-3	Evaluation of the management approach	2018 Integrated Report	39, 41-43, 73-74	

GRI Standard	Disclosure	References	Notes and pages	Omissions
<b>Topic: Lean and transparent organisation</b>				
<b>GRI-103: Management Approach (2016)</b>				
103-1	Explanation of the material topic and its Boundary	2018 Integrated Report	24-33; S.30-S.31	
103-2	The management approach and its components	2018 Integrated Report	36, 46, 57-58, 73-74; S.50	
103-3	Evaluation of the management approach	2018 Integrated Report	46, 57-58, 73-74; S.50	
<b>Topic: Value to customer</b>				
<b>GRI-103: Management Approach (2016)</b>				
103-1	Explanation of the material topic and its Boundary	2018 Integrated Report	24-33; S.30-S.31	
103-2	The management approach and its components	2018 Integrated Report	58-67	
103-3	Evaluation of the management approach	2018 Integrated Report	57, 59-63, 65-67	

## Making the connection by UN Global Compact Principles and GRI Standards Disclosures

UniCredit submits the Integrated Report as its annual Communication on Progress (COP), publicly disclosing to stakeholders also on progress made in implementing the Ten Principles promoted by the UN Global Compact and in supporting broader UN development goals, in its core business. The table included in this Report provides connections among UN Global Compact Principles and GRI Standards Disclosures.

Categories	Principles	GRI Standards Disclosures
Human Rights	Principle 1 - Businesses should support and respect the protection of internationally proclaimed human rights	412-2; 410-1; 411-1; 412-1; 103-2; 413-1; 413-2
	Principle 2 - Business should make sure they are not complicit in human rights abuses	412-3; 414-1; 414-2
Labour	Principle 3 - Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	102-41; 407-1; 402-1
	Principle 4 - Businesses should uphold the elimination of all forms of forced and compulsory labour	409-1
	Principle 5 - Businesses should uphold the effective abolition of child labour	408-1
	Principle 6 - Businesses should uphold the elimination of discrimination in respect of employment and occupation	102-8; 202-1; 202-2; 401-1; 401-3; 404-1; 404-3; 405-1; 405-2; 406-1
Environment	Principle 7 - Businesses should support a precautionary approach to environmental challenges	201-2; 301-1; 302-1; 303-1; 305-1; 305-2; 305-3; 305-6; 305-7
	Principle 8 - Businesses should undertake initiatives to promote greater environmental responsibility	301-1; 301-2; 302-1; 302-2; 302-3; 302-4; 302-5; 303-1; 303-2; 303-3; 304-1; 304-2; 304-3; 304-4; 305-1; 305-2; 305-3; 305-4; 305-5; 305-6; 305-7; 306-1; 306-2; 306-3; 306-4; 306-5; 301-3; 307-1; 308-1; 308-2; 103-2
	Principle 9 - Businesses should encourage the development and diffusion of environmentally friendly technologies	302-4; 302-5; 305-5
Anti-corruption	Principle 10 - Businesses should work against corruption in all its forms, including extortion and bribery	102-16; 102-17; 102-17; 205-1; 205-2; 205-3; 415-1

### INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3, PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND ART. 5 OF CONSOB REGULATION N. 20267/2018

#### To the Board of Directors of UniCredit S.p.A.

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of UniCredit S.p.A. (the "Bank") and its subsidiaries (hereinafter "UniCredit Group" or "Group") as of December 31, 2018 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on March 5, 2019 (hereinafter "NFS").

#### Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" established in 2016 by GRI – Global Reporting Initiative (hereinafter "GRI Standards"), which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

#### Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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### Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the *GRI Standards*. We conducted our work in accordance with the criteria established in the "International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with the Bank's personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

1. analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art. 3 of the Decree and taking into account the adopted reporting standard;
2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;
3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the UniCredit Group;
4. understanding of the following matters:
  - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
  - policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
  - main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a) of this report;

5. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of UniCredit S.p.A. and with the employees of the main legal entities of the Group and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company's and subsidiaries' level:
  - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
  - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- for the following subsidiaries, UniCredit S.p.A., UniCredit Services S.C.p.A., UniCredit Bank AG, Food & More GmbH, Ocean Breeze Energy GmbH & Co. KG, UniCredit Direct Services GmbH, UniCredit Leasing GmbH, Wealthcap Kapitalverwaltungsgesellschaft mbH, UniCredit Bank Austria AG, Card Complete Service Bank AG, Schoellerbank Aktiengesellschaft, UniCredit Leasing (Austria) GmbH, UniCredit Services GmbH, UniCredit Bulbank AD, UniCredit Consumer Financing EAD, UniCredit Leasing EAD, Zagrebačka Banka DD, UniCredit Leasing Croatia doo za Leasing, which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

### Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the UniCredit Group as of December 31, 2018 is not prepared, in all material aspects, in accordance with article 3 and 4 of the Decree and the *GRI Standards*.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Franco Amelio**  
 Partner

Milan, Italy  
 March 8, 2019

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

# Supplement

Determination and  
distribution of Value Added

Main partnerships  
and affiliations

Selection of 2018 awards

Governance

Risk Management  
and Compliance

Stakeholder Engagement

Human Capital

Social and relationship  
Capital

Natural Capital

# Determination and distribution of Value Added

(€/000)

Items	2018	2017
10 Interest income and similar revenues	15,219,793	14,759,711
20 Interest expenses and similar charges	-4,366,666	-4,461,650
40 Fees and commissions income	8,165,441	7,663,454
50 Fees and commissions expenses (excluded external networks' expense)	-1,028,295	-999,959
70 Dividend income and similar revenues	412,939	314,807
80 Net gains (losses) on trading	416,633	
<i>Gains (Losses) on financial assets and liabilities held for trading (ex IAS39 Item 80)</i>		1,075,435
90 Net gains (losses) on hedge accounting	17,163	57,344
100 Gains (Losses) on disposal and repurchase of:	308,048	
a) financial assets at amortised cost	128,650	
b) financial assets at fair value through other comprehensive income	176,005	
c) financial liabilities	3,393	
<i>Gains (Losses) on disposal and repurchase of: (ex IAS39 Item 100)</i>		98,963
a) loans		-433,732
b) available-for-sale financial assets		533,353
c) held-to-maturity investments		10
d) financial liabilities		-668
110 Net gains (losses) on other financial assets/liabilities at fair value through profit or loss:	289,014	
a) financial assets/liabilities designated at fair value	411,248	
b) other financial assets mandatorily at fair value	-122,234	
<i>Gains (Losses) on financial assets/liabilities at fair value through profit or loss (ex IAS39 Item 110)</i>		-91,007
130 Net losses/recoveries on credit impairment relating to:	-2,680,959	
a) financial assets at amortised cost	-2,661,563	
b) financial assets at fair value through other comprehensive income	-19,396	
<i>Net losses/recoveries on impairment: (ex IAS39 Item 130)</i>		-2,412,669
a) loans		-2,090,607
b) available-for-sale financial assets		-334,642
c) held-to-maturity investments		6,387
d) other financial assets		6,193
140 Gains/Losses from contractual changes with no cancellations	-3,002	
160 Net premiums	0	0
170 Other net insurance income/expenses	0	0
230 Other operating expenses/income	1,018,489	1,035,651
250 Gains (Losses) of equity investments (gains or losses on disposal)	127,869	-7,485
280 Gains (Losses) on disposals on investments	231,421	99,835
320 Profit (Loss) after tax from discontinued operations	13,515	2,681,598
<b>A. TOTAL ECONOMIC VALUE GENERATED</b>	<b>18,141,403</b>	<b>19,814,028</b>

Items	2018	2017
190 b) other administrative expense (excluded indirect taxes and duties and donations)	-4,185,411	-4,394,287
<b>ECONOMIC VALUE DISTRIBUTED TO SUPPLIERS</b>	<b>-4,185,411</b>	<b>-4,394,287</b>
190 a) staff expense (included external networks' expense)	-6,703,987	-7,201,202
<b>ECONOMIC VALUE DISTRIBUTED TO EMPLOYEES AND SUPERVISED WORKERS<sup>A</sup></b>	<b>-6,703,987</b>	<b>-7,201,202</b>
340 Minority Interests	-216,143	-312,501
Net profit attributable to shareholders <sup>B</sup>	-	-
<b>ECONOMIC VALUE DISTRIBUTED TO SHAREHOLDERS</b>	<b>0</b>	<b>0</b>
190 b) other administrative expense: indirect taxes and duties	-861,726	-736,032
300 Tax expense (income) related to profit or loss from continuing operations: current tax, adjustment to current tax of prior years, reduction of current tax for the year	-515,761	-595,982
<b>ECONOMIC VALUE DISTRIBUTED TO PUBLIC BODIES &amp; INSTITUTIONS</b>	<b>-1,377,487</b>	<b>-1,332,014</b>
190 b) other administrative expense: donations	-4,732	-8,828
Net profit allocated to the charitable funds	0	0
<b>ECONOMIC VALUE DISTRIBUTED TO COMMUNITY</b>	<b>-4,732</b>	<b>-8,828</b>
<b>B. TOTAL ECONOMIC VALUE DISTRIBUTED</b>	<b>-12,487,760</b>	<b>-13,248,832</b>
<b>C. TOTAL ECONOMIC VALUE RETAINED</b>	<b>-5,653,643</b>	<b>-6,565,196</b>

A. The economic value distributed to employees and supervised workers excluded expenses for financial advisors.

B. For the proposals to the Shareholders' Meeting on the distribution to shareholders please refer to the specific Board of Directors' reports in relation.

Banca d'Italia issued on 22 December 2017 the 5th update of its Circular 262 adjusting the formats for the financial statements and explanatory notes to the requirements of IFRS 9 Financial Instruments.

Note that as a result of the first time adoption of the new accounting standard IFRS9 and the choice not to restate the previous period, the template of income statement prescribed by the mentioned circular have been integrated with additional items in order to allow comparisons with the previous period that has been presented according to IAS39 standard and to Circular 262 (4th update of 15 December 2015).



# Main partnerships and affiliations<sup>1</sup>

Legal entities	Organisation	Description
UniCredit SpA	Assonime	Assonime is an association of companies that studies issues related to Italy's economy and works to improve its industrial, commercial, administrative, tax and currency legislation.
	CDP (formerly Carbon Disclosure Project)	The CDP promotes understanding of the potential impacts of climate change on shareholder value.
	CERT Finanziario Italiano (CERTFin)	CERTFin is a public-private cooperative initiative to increase the capacity of cyber-risk management in banking and financial services and the resilience of the Italian financial system against cyber-attacks and security incidents.
	CSR Manager Network Italia	CSR Manager Network is the Italian national association for corporate social responsibility professionals.
	European Financial Marketing Association (EFMA)	EFMA is a not-for-profit association formed in 1971 by bankers and insurers, specialised in retail financial marketing and distribution.
	European Financial Services Round Table (EFR)	EFR is an organisation of chairmen and chief executive officers from Europe's leading banks and insurance companies that contributes to European public policy debates concerning financial services and financial stability.
	European Microfinance Network (EMN)	The European Microfinance Network (EMN) is a member-based not-for-profit organisation based in Brussels which promotes microfinance as a tool to fight social and financial exclusion in Europe through self-employment and the creation of microenterprises.
	European Venture Philanthropy Association (EVPA)	EVPA is a lively network of organisations sharing the same vision and a common goal: creating positive societal impact through venture philanthropy. Its mission is to enable venture philanthropists and social investors to maximise societal impact through increased resources, collaboration and expertise.
	Executive Corporate Learning Forum (ECLF)	The ECLF is a community of senior executives from major global corporations. The community has the strategic responsibility to foster large-scale learning and transformation processes.
	FinTech Innovation - ABILab	This observatory is dedicated to all main Italian and international fintech innovations.
	Global Credit Data (GCD)	GCD is a not-for-profit initiative owned by more than 50 member banks worldwide and helps banks measure their credit risk.
	Human Foundation	Human Foundation is a foundation that promotes innovative solutions in response to emerging social needs.
	International Integrated Reporting Council (IIRC) – Business Network	The IIRC is a global coalition of regulators, investors, companies, standard setters, non-governmental organisations and accounting professionals that works to establish integrated reporting and thinking in mainstream business practices.
	Italian Association of Investor Relations (AIR)	AIR is a professional association of investor relations executives in Italy that promotes the professional stature of its members while spreading awareness of their role within a variety of financial institutions.
	London Benchmarking Group (LBG)	LBG is the internationally recognised standard for measuring corporate community investment.
	Organisation for Economic Co-operation and Development (OECD)	OECD promotes policies that will improve the economic and social well-being of people around the world.
	Society of Corporate Compliance and Ethics (SCCE)	SCCE is a member-based association for regulatory compliance professionals that provides training, certification, networking and other resources to more than 7,000 members.
	UN Global Compact - Global Compact Network Italy Foundation	The Global Compact is a strategic policy initiative, promoted by the United Nations at national level via local networks, for businesses committed to aligning their operations and strategies with 10 universally accepted principles related to human rights, labor, anticorruption practices and the environment.
	United Nations Environment Programme Finance Initiative	UNEP FI is an initiative promoted by the United Nations that addresses pressing, current issues in sustainable finance.
	Utenti Pubblicità Associati (UPA)	UPA is owned and operated by companies with a common interest in resolving concerns related to advertising. UPA is aligned with the Istituto dell'Autodisciplina Pubblicitaria (IAP) in its efforts to defend and promote responsible advertising as a vehicle for consumer information, market competition and social welfare.
Valore D	Valore D is an Italian association of more than 150 national and multinational companies. Its mission is to increase and support female representation in top positions at major Italian companies.	

Legal entities	Organisation	Description
UniCredit Bank AG	Klimapakt Münchner Wirtschaft	The Klimapakt Münchner Wirtschaft is part of the Integrated Climate Protection Action Programme in Munich, in which large companies pledge to voluntarily reduce their CO <sub>2</sub> emissions.
	Effective climate protection needs pioneers	
UniCredit Bank Austria AG	Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V. (VfU)	VfU is an industry-specific body for environmental management at financial institutions.
	Austrian Society for Environment and Technology (ÖGUT)	ÖGUT is a not-for-profit organisation that works to stimulate discussion and innovation on environmental issues through the involvement of NGOs, businesses and the government.
	klimaaktiv	klimaaktiv develops and provides quality standards, education and training for professionals in addition to advice, information and a large partner network; it also offers advice and cooperates with a large network of partners.
	Atanas Burov Foundation	The mission of Atanas Burov Foundation is to identify and promote talent in banking and industry management among professionals and students educated at the country's economic universities.
UniCredit Bulbank AD	Bulgarian Association for People Management (BAPM)	The BAPM is a non-governmental organisation established to develop best professional practices in the field of human capital management and development; in doing so, it aims to increase added value for organisations and contribute to the enrichment of people's potential and professional performance.
	Bulgarian Business Leaders Forum	The leaders' forum unites organisations with shared values that build their businesses in a responsible, transparent and ethical way. We are a platform for exchanging good practices and ideas for Bulgaria's business and the social environment. We engage and work with key figures in politics, business, diplomacy, NGOs and the media to drive social change together.
	Bulgarian Donation Forum	The main purpose of the Forum is to support and serve large contributors in Bulgaria.
	Council for Women in Business in Bulgaria	The Council of Women in Business aims to spread good management practices and foster the professional development of women in small and medium-sized businesses and their growth in managerial positions.
Zagrebačka Banka DD	Croatian Business Council for Sustainable Development (HR BCSD)	HR BCSD was founded in 1997 by leading Croatian businesses to promote sustainable development in the private sector and represent business on the issue of sustainable development.
UniCredit Bank Hungary Zrt	Green Building Council of Croatia (GBC)	The GBC is a not-for-profit organisation and countrywide platform for the promotion of sustainable construction practices.
	Joint Venture Association (JVSZ)	This association assimilates the views of its members and supports them in facing challenges related to business conduct and organisational decision-making.
UniCredit Bank SA	Romanian Banking Institute (RBI)	RBI's primary objective is to improve the professional training and specialisation of staff from the financial/banking sector in line with the strategy determined by the National Bank of Romania and in cooperation with the Romanian Banking Association and with the programmes approved by the Board of Directors.
UniCredit Bank Serbia Jsc	Responsible Business Forum (RBF)	RBF Serbia is Serbia's first network of socially responsible companies. It inspires, supports and encourages companies to continually improve their impact on society, carrying out a series of activities which aim to promote the concept of CSR in the business sector and the wider general public.
UniCredit Banka Slovenija dd	Network for social responsibility of Slovenia (Network for SR)	Network for SR was established in May 2010 as a platform for companies and other organisations to promote social responsibility, both within themselves and in society as a whole.
AO UniCredit Bank	Russian Union of Industrialists and Entrepreneurs (RSPP)	RSPP is an independent non-governmental organisation that maintains regular contact with government authorities to keep them informed about the effectiveness of current laws and to protect the interests of industry and entrepreneurship.

1. Each UniCredit subsidiary with a banking licence is generally a member of any existing local economic chamber and banking association.

# Selection of 2018 awards

Company	Award
UniCredit SpA	Bank of the year by The Banker "Financial Innovation - Italian Award" in the category New Services to Enterprises by AIFIn In-House Team of the Year by Inhouse community #1 in Cash Management according to Euromoney Cash Management Survey 2018 Best Service Management Award at global level in CEE; in North America for Financial Institutions. #1 Best Service Management in the category Business Functions, Financial Facilities, Personnel and e-Tech Provisions at CEE Best in Class in West Europe Best digital experience awarded to buddybank by Milano Marketing Festival Top Employer 2018 by the Top Employers Institute Equity Capital Markets Deal of the Year for 2017; Equity Capital Markets Deal of the Year; Equity Capital Markets Deal of the Year in Italy by Global Capital Awards IT innovation award: disruptive technology for the project named UC Balance of ABI Lab
Fineco Bank SpA	Digital Focus award by Forbes Italia Best Forex Provider of the Year 2018; Best Forex New Entrant 2018; Best Forex Trading Platform; Best Forex Trading Tools by London Forex Show Awards 2018 #1 in Italy in the category Innovative Technology - Client Experience, 2018 edition by Euromoney: Private Banking and Wealth Management Survey 2018
UniCredit Factoring	Best Export & Import Factor of the year at the Annual Awards for Excellence
UniCredit Bank AG	Top Employer Germany by Top Employers Institute
UniCredit Bank Austria AG	Disability Matters Award 2018 by Springboard Consulting Zero Project Award 2018 by the Zero Project Most Innovative Financial Service of the Year by Alpbach Financial Symposium Market Leader Cash Management Non-Fi according to Euromoney Cash Management Survey 2018 Best Service Management Non-Fi according to Euromoney Cash Management Survey 2018 Best Foreign Exchange Provider Award 2019 by Global Finance Best distributor of structured products in Austria at the European Structured Products & Derivatives Conference by Structured Retail Products Limited Best Trade Finance Provider by Global Finance Best Sub-Custodian Bank by Global Finance

Company	Award
UniCredit Bank dd	Market Leader Cash Management Non-Fi according to Euromoney Cash Management Survey 2018 Best Service Management Non-fi according to Euromoney Cash Management Survey 2018
UniCredit Bulbank AD	Best bank in Bulgaria according to Euromoney Best Sub-Custodian Bank according to Global Finance Most Innovative Company in Bulgaria according to b2b Media Largest market share by Association Bank of the year Internal Communications by Bulgarian Public Relations Association Best PR team in Bulgaria by Bulgarian Public Relations Association Best Bank in Bulgaria by Global Finance Top Employer in Bulgaria by Top Employers Institute Best Trade Finance Provider in Bulgaria by Global Finance Best Services in Bulgaria for Trade Finance by Euromoney Market Leader for Trade Finance in Bulgaria by Euromoney
UniCredit Bank Czech Republic and Slovakia, as	Best Sub-Custodian Bank by Global Finance
Zagrebačka Banka DD	Top Employer Croatia by Top Employers Institute Market Leader Cash Management Non-Fi according to Euromoney Cash Management Survey 2018 Best Private Bank in Croatia by The Banker Best Private Bank in Croatia by Global Finance
UniCredit Bank Hungary Zrt	Hungarian Trade Finance Services leader according to Euromoney Trade Finance Survey 2018 #1 in Best Services category of Euromoney Trade Finance Survey 2018 #1 in the campaign Korszakalkotók (Leave Your Mark) at The Digital Communication Awards 2018
UniCredit Bank SA AO UniCredit Bank	Best Service Management Non-Fi according to Euromoney Cash Management Survey 2018 Top Employer Russia by Top Employers Institute Best Private Banking Customer Service in Russia by Frank Research Group
UniCredit Bank Serbia Jsc	Best Sub-Custodian Bank by Global Finance
UniCredit Banka Slovenija DD	Best Sub-Custodian Bank by Global Finance

## Governance

UniCredit SpA is an Italian company with shares listed on the Milan, Frankfurt and Warsaw regulated markets adopting the traditional management and control system and, as a bank, parent company of the UniCredit banking Group, it carries out, pursuant to the provisions of Section 61 of the Consolidated Banking Act, in addition to banking activities, governance and coordination ones, as well as control functions vis-à-vis the subsidiary banking, financial and instrumental companies within the banking Group.

The overall corporate governance framework of UniCredit<sup>1</sup> has been defined according to current Italian and European provisions, as well as the recommendations of the Italian Corporate Governance Code for listed companies.<sup>2</sup>

UniCredit is also subject to the provisions contained in the Supervisory Regulations issued by the Bank of Italy and, in detail, with regards to the corporate governance issues, to relevant current Supervisory Regulations on banks corporate governance.

UniCredit, as issuer of shares also listed on the Frankfurt and Warsaw regulated markets, also fulfils the legal and regulatory obligations related to listings on said markets as well as the provisions on corporate governance contained in the Polish Corporate Governance Code issued by the Warsaw Stock Exchange.

## Governance framework

UniCredit encourages all its staff, external collaborators and commercial partners to be inspired by the principles of transparency and sound management. This approach complies with current legislation and is in line with the fundamental principles governing the pursuit of the set objectives.

UniCredit's corporate governance adheres to current rules and regulations as well as to the recommendations laid out in the Italian Corporate Governance Code for listed companies. UniCredit has developed a governance system that is regularly verified and updated to ensure that UniCredit complies with the evolving regulatory environment, operating and markets practices, which is continuously monitored in order to verify its implementation level.

Components of UniCredit's governance include:

- the Articles of Association, which set forth corporate governance provisions aimed at ensuring the proper operation of corporate management
- the Regulations for the Shareholders Meeting, governing the conduct of ordinary and extraordinary meetings
- the Corporate Bodies and Committees Regulation, governing the function and competencies of the Corporate Bodies and the Board Committees, in compliance with relevant legal and regulatory provisions, and the UniCredit Articles of Association, also incorporating the principles and criteria set out in the Italian Corporate Governance Code for listed companies
- the Group Compensation Policy, establishing an approach consistent with sustainable remuneration and its standardised implementation across UniCredit, with specific reference to senior management
- the Group Managerial Golden Rules (GMGR), which are guidelines for principles of governance within UniCredit, outlining its organisational model and establishing managerial and functional responsibilities for all key processes that ensure also the implementation of its strategic plan.

1. Refer to the annual Report on Corporate Governance and Ownership Structure and the Group Compensation Policy, available on the Governance section of our website ([www.unicreditgroup.eu](http://www.unicreditgroup.eu)), for more information.

2. Since 2001, UniCredit has adopted the Italian Corporate Governance Code for listed companies, which based on the experience of major international markets, inter alia, identifies the corporate governance standards and best practices for Italian listed companies recommended by the Italian Corporate Governance Committee- which is inspired by transparency, accountability and a long-term perspective - to be applied according to the comply or explain principle that requires the explanation in the Report on Corporate Governance and Ownership Structure of the reasons of failure to comply with one or more recommendations contained in its principles or criteria.

UniCredit's culture permeates both its operations and the way it conducts business, ensuring the proper addressing, coordination and control of Group activities and the management of related risks. This culture is grounded in a consistent system of rules, represented by:

- the Integrity Charter, which states the deontological ethics that the Group recognises as its own and expects to be observed by all those who work to achieve the objectives of UniCredit and of the Group
- the Code of Conduct, which defines general principles of conduct to help promote the Group's culture of compliance by providing an outline of the compliance rules and the ethical professional standards and commitment to sustainability
- the Codes of Ethics, adopted pursuant to Italian Legislative Decree 231/01 for the Holding Company and its Italian subsidiaries, which contain the rules with which all employees must comply in order to ensure that their conduct is always guided by criteria of fairness, collaboration, loyalty, transparency and mutual respect, as well as to avoid conduct that could constitute offences and crimes as defined in Italian Legislative Decree 231/01
- the Global Rules, which are Group rules issued by UniCredit – consistent with the GMGR principles – in exercising its guidance, coordination and control functions to discipline activities deemed as significant in terms of compliance with the legal and regulatory provisions in force and/or in terms of risk management
- the Global Rules are classified into three different document types:
  - Global Policies (GP), which contain behavioural and methodological principles, guidelines and rules issued by the Holding Company when exercising its guidance, coordination and control functions, as well as the general framework of responsibilities between the Holding Company and the recipient Legal Entities
  - Global Process Regulation (GPR), which describe the key elements for the discipline of processes classified by the parent company as Global due to relations among activities, responsibilities and supporting tools
  - Global Operational Regulation (GOR), which provide detailed technical, operational or methodological instructions issued by the parent company
- service contracts between UniCredit and its related subsidiaries, which formally regulate the provision of intercompany services and ensure transparency regarding the services provided and the related compensation.

## Governance structures

UniCredit has adopted the so-called traditional management and control system based on the existence of two corporate bodies whose members are appointed by the Shareholders' Meeting: the Board of Directors, in charge of the strategic supervision and the management of the company, and the Board of Statutory Auditors, responsible for supervising management. Legal accounting supervision is entrusted by the Shareholders' Meeting to an external audit firm, on proposal by the Board of Statutory Auditors, in compliance with relevant current laws.

This traditional management system, envisaging specific obligations for the Shareholders' Meeting, allows for the clear exchange of views between management and shareholders on fundamental elements of governance. These elements include appointing and removing directors, appointing members to the Board of Statutory Auditors, granting a mandate for the external auditing to an audit firm, approving all connected fees. They also encompass the approval of financial statements, the allocation of profit, the resolutions on the remuneration and incentive policies and practices provided for by the current provisions as well as the criteria to determine the compensation to be granted in the event of early termination of employment or early retirement from office.

The Board of Directors and Board of Statutory Auditors members are appointed by the Shareholders' Meeting on the basis of a proportional representation mechanism (voto di lista). This voting system features lists of the candidates who are competing against one another to ensure the election of minority shareholders representatives. The structure of the above-mentioned corporate bodies ensures they are gender-balanced in compliance with current regulations and provisions.

The UniCredit Board of Directors is composed of 15 members, including the Chairman and the Chief Executive Officer, and their term of office will expire on the date of the Shareholders' Meeting called upon to approve the 2020 financial statements.<sup>3</sup>

3. Refer to the procedures specified in Clause 20 of the Articles of Association, available on the Governance section of our website ([www.unicreditgroup.eu](http://www.unicreditgroup.eu)), for more information.

In compliance with the current Italian and European provisions applicable on such topics, also concerning the time commitment and the limits upon the maximum number of offices that Directors may hold, the Board of Directors establishes its qualitative-quantitative composition deemed to be optimal for the effective completion of the duties and responsibilities entrusted to the body with strategic supervisory function by law, by the Supervisory Provisions and by the UniCredit Articles of Association. The Board also establishes the requirements that the UniCredit Directors shall meet, in addition to possessing those envisaged by current provisions.

The Board, before the appointment of the body with strategic supervisory function, informs the shareholders about the composition deemed to be optimal in order for the choice of the candidates to take into consideration the expertise required. It goes without saying that shareholders may carry out their own assessment on the best composition of the supervisory body and file candidacies consistent with the same, giving the reasons for any difference vis-à-vis the analyses carried out by the Board.

As regards the qualitative-quantitative composition of the Board of Directors and the profile for candidates to the position of Director, the time commitment recommended for an effective attendance at the Board and Committees meetings and the limits upon the maximum number of offices established by the provisions of the Capital Requirements Directive IV (Directive 2013/36/EU dated June 26, 2013, CRD IV), as well as the gender composition criteria for the body with strategic supervisory function, reference is made to the document Qualitative and Quantitative Composition of the Board of Directors of UniCredit SpA, published on the Company's website, Governance section.

The composition of the Board qualitatively and quantitatively corresponds to the theoretical profile. In detail, also in light of the information given by the persons concerned, the requirements concerning, inter alia, experience, integrity and independence,<sup>4</sup> as well as the time commitment recommended for an effective attendance at the Board and Committees meetings and the limits upon the maximum number of offices that Directors may hold established by the provisions of the CRD IV Directive, were accounted for. The Director's personal qualities, as well as age and gender diversity (the female component is above the requirements of current provisions, equal to one third of the total) fully comply with the indications in the theoretical profile. Furthermore, with reference to professional expertise gained in the areas of competence envisaged by the profile, all of the areas of competence were represented in the Board and the experience possessed by all the Directors is in line with the requirements provided for by the profile, considering that they have a good understanding and experience in more than two of the required areas of competence.

The positions held by the Board Members in other companies listed on regulated markets (both in Italy and abroad), as well as in financial services companies, banks, insurance companies or other large companies, is reported in the Report on Corporate Governance and Ownership Structure.

In order to support the Board of Directors, also pursuant to the provisions of the Italian Corporate Governance Code for listed companies, four committees<sup>5</sup> are established, vested with research, advisory and proposal-making powers diversified by sector of competence:

- the Internal Controls & Risks Committee
- the Corporate Governance, Nomination and Sustainability Committee
- the Remuneration Committee
- the Related-Parties Committee.

In detail, the Internal Controls & Risks Committee, the Corporate Governance, Nomination and Sustainability Committee and the Remuneration Committee have been set up in compliance with the provisions of the Bank of Italy Supervisory Regulations on banks' corporate governance envisaging three specialist Committees - one on appointments, one on risks and one on remuneration. The Related-Parties Committee is established for overseeing issues concerning transactions with related and associated parties, in compliance with the relevant Italian Companies and Exchange Commission (CONSOB) regulatory provisions and the Bank of Italy Supervisory Regulations, carrying out the specific role attributed to independent Directors by the aforementioned provisions. The Committees' duties are undertaken based on terms of reference and procedures set forth by the Board.

4. The number of independent directors in office is above the minimum required by current regulatory and statutory provisions (12 out of 15 under UniCredit's Articles of Association and the Italian Corporate Governance Code, 14 out of 15 under Legislative Decree No. 58/1998, 14 of whom are non-executives).

5. Refer to the annual Report on Corporate Governance and Ownership Structure and the Group Compensation Policy, available on the Governance section of our website ([www.unicreditgroup.eu](http://www.unicreditgroup.eu)), for more information.

## Board self-evaluation

In compliance with the provisions of the Bank of Italy Supervisory Regulations on banks' corporate governance, and also pursuant to the provisions of the Italian Corporate Governance Code for listed companies, the Board of Directors undertakes a regular self-evaluation process on an at-least annual basis. It is focused on the adequacy of the Board itself and Board Committees in terms of composition and functioning, tangibly measured in specific theme-based areas, with special reference to those relevant to sound and prudent management.

In particular, it is focused on:

- qualitative and quantitative composition, size, degree of diversity, educational background, experience (including managerial), seniority in the present post, a guaranteed balance of non-executive and independent members, adequacy of the appointment processes and selection criteria, and ongoing professional development
- meetings, frequency, duration, attendance levels and form of participation, sufficient time available to dedicate to the assignment, degree of trust, collaboration and interaction among members, awareness of the role of Board member, and the quality of debate at Board meetings.

The self-assessment process is undertaken with the assistance of an external consultant chosen taking into account skills, expertise in the field of corporate governance, and the need for neutral, objective and independent judgment, which are the hallmarks of the self-assessment process.

## Induction initiatives and recurring training

In UniCredit a permanent induction program is active for the Board members, also for the benefit of the Board of Statutory Auditors members, based on three year cycles connected to the Board mandate, with the aim of ensuring ad hoc training on a continuous basis that takes in account both their individual and collective needs.

The induction program, which is put in place with the support of an external consultant, includes both sessions aimed at fostering the integration of new Directors and recurring trainings to preserve overtime the expertise needed for the proper fulfilment of their duties.

In addition, individual training plans will be activated in the event it is deemed necessary to strengthen his/her specific technical knowledge and expertise, also to increase the level of diversity and the collective experience of the Board of Directors.

Training sessions and in-depth study initiatives in 2018 focused on topics of strategic relevance, including those linked to digital competencies and cyber security, business and relevant organisational structures, knowledge of macroeconomic scenarios, development of markets as well as legal and regulatory topics, with the aim of assuring awareness and knowledge of the risk profile adopted by the Group.

More specifically, the Chairman of the Board of Directors supervised that inclusion programmes and training schemes were prepared and implemented for the newly appointed Directors (open also to the members of the Board of Statutory Auditors) focused, inter alia, on speeches by Group Top Executives. Specific initiatives for in-depth examination of topics falling within the competencies of the Board Committees have been devoted to members of each Committee.

Furthermore, specific meetings with the Directors, open also to the members of the Board of Statutory Auditors, were arranged, focused on the perspectives and key elements for Group strategy and of the entire European banking sector.

## Organisational and governance structures (as of the approval of this Report)

UniCredit Group's organisational and business model maintains a divisional structure for the governance of Corporate Investment Banking business/products and business in the CEE Countries, as well as overall control over Chief Operating Office (COO) functions, thereby ensuring the autonomy of the Countries/Banks for specific activities in order to guarantee increased proximity to the client and faster decision-making processes.

During its 6 February 2019 meeting, the UniCredit Board of Directors passed a resolution to eliminate the position of General Manager effective immediately.

The organisational model for UniCredit SpA, approved by the Board of Directors, delegates the following responsibilities:

- the Chief Executive Officer (CEO) maintains a direct supervision of the definition of Group Strategy, Risks, Compliance, Lending, Human Capital, the optimisation of structure costs, and the main operating activities
- the COO (Chief Operating Officers), overseen by two co-Heads (co-Chief Operating Officers), leads the oversight of operations with a specific focus on Costs and on IT & Operations; in particular, the two co-Heads are respectively responsible for Finance & Cost Management and IT & Operations, Security and Internal Controls
- the CIB Division, overseen by two co-Heads, focuses on multinational customers, selected large corporate clients with a strong potential demand for investment banking products and customers that are Financial and Institutional Groups (FIG) and the global product lines Global Transaction Banking (GTB), Financing & Advisory (F&A), Markets, Corporate Investment Banking-Corporate Commercial Banking (CIB-CCB) Italy Joint Venture and the international network
- in the Italian perimeter, the Italy co-Heads are responsible for the definition of the commercial banking business strategies and the assignment of such strategies to the territories and client segments (Family, First, Business First, Corporate and Private Banking)
- the CEE Division coordinates the Group activities in the countries of Central and Eastern Europe, aligning them to a single comprehensive business vision in the region
- the Group Chief Transformation Officer manages the transformation of the Group and ensures meaningful change to achieve improved and measurable customer satisfaction and service quality, while improving cost efficiency
- Group Institutional Affairs and Sustainability is responsible for developing relations with institutional counterparts of interest for Group activities
- Group Regulatory Affairs is in charge of managing the relationship with European Banking Supervisory Authorities (e.g., EBA and ECB) and the Bank of Italy
- the functions referred to as Competence Lines (Planning, Finance & Administration, Risk Management, Lending, Legal, Compliance, Internal Audit, Human Capital, and Identity & Communication) oversee the guidance, coordination and control of UniCredit's activities and manage the related risks.
- the CEO is also supported by a senior management body, named the Executive Management Committee (EMC); the EMC is set up, with consultative functions, to ensure an effective steering, coordination and control of Group business as well as an effective alignment of the Holding Company with the different businesses and geographies.

In particular, the EMC discusses topics of a strategic nature relating to:

- Group Performance Management at consolidated (Group) level (e.g., budget and quarterly results)
- aligning the Group on key issues related to capital, risks and liquidity
- commercial and business strategies related to areas with a strong international and cross content (e.g., payments, multichannel, Customer Relationship Management (CRM))
- external customer satisfaction
- regulatory developments and Internal Control System matters with strong international and cross content
- Human Resources (HR) and COO issues as well as Group strategic projects with strong international and cross content.

The EMC can discuss both Group/cross-country issues and specific matters of regional nature.

### Board and senior management compensation

The CEO is the only executive director who sits on the Board of Directors, and part of his remuneration is linked to the sustainability of UniCredit financial results. All other board members are non-executive directors, and are not beneficiaries of incentive plans utilising stock options or, more generally, of any plan that makes use of financial instruments. Remuneration for members of the administrative and auditing bodies of UniCredit is represented only by a fixed component, determined on the basis of the importance of the position and the time required for the performance of assigned tasks. This policy applies to non-executive directors as well as statutory auditors.

The approach to compensation for UniCredit's top managers, as detailed in the Group Compensation Policy, is performance-based, market-aware and aligned with our business strategy and stakeholder interests. As announced at the UniCredit Capital Markets Day, held in London on 13 December 2016 to present the *Transform 2019* strategic plan to analysts and investors, the variable remuneration for the CEO and former General Manager is entirely based on the 2017-2019 Long Term Incentive Plan, tied to the strategic plan's targets. Due to the departure of the former General Manager scheduled for 31 May 2019, his rights related to the Long Term Incentive (LTI) Plan will become proportionate to the months he was with the Group.

More details on the compensation for management leaders and for the members of the administrative and auditing bodies of the Group are reported in the Group Compensation Policy.<sup>6</sup> To ensure competitiveness and effectiveness of remuneration, as well as transparency and internal equity, the principles of sustainable conduct and performance define the key pillars of the Group Compensation Policy. The Compensation Policy framework is designed to assure the consistency of the remuneration elements and systems, while also conforming to our Group's long-term strategies and principles of sound risk management. The Group Compensation Policy, as proposed by the Remuneration Committee, is submitted for approval to the Board of Directors and, subsequently, to shareholders at the Annual General Meeting.

6. Refer to the Group Compensation Policy on our website ([www.unicreditgroup.eu](http://www.unicreditgroup.eu)) for more information.

## Managing environmental and social risks

Sound risk management requires a deep understanding of many types of risk, including environmental and social risks and their impacts on financial results and the balance sheet.

Through its Global Policy, Group Credit Operations (chapters on Project Finance and Structured Trade and Export Finance) and other special policies and practices, UniCredit assesses and manages not only traditional economic and financial impacts, but also non-financial impacts. These include environmental, social and other reputational risk impacts associated with the environmental and social performance of its customers.

With this in mind, UniCredit implements and integrates the Equator Principles (EP), whenever applicable, into its project financing transactions and has adopted detailed special policies regarding sectors that present significant environmental and social risks. Our Group monitors portfolio exposures and other environmental, social and related reputational risk issues within certain industries. In keeping with our commitments, we work to disseminate across our Group a strong culture of risk management that prioritises environmental and social issues.

### How we mitigate environmental, social and reputational risks



## Implementation of our environmental, social and reputational risk sector policies

Certain sectors and activities require a specialised approach to ensure that transactional and related risks are properly addressed. We have developed detailed guidance policies for sectors relevant to UniCredit that are susceptible to special environmental and social risks.

These policies take into account generally accepted international agreements, guidelines and standards (including the International Finance Corporation Performance Standards, the World Bank Group Environmental, Health and Safety Guidelines and the principles of the UN Global Compact), as well as other practices widely employed by specific industries and affected stakeholders. Our Group considers these international agreements, guidelines and standards as representative of best practices for assessing and avoiding potential environmental and social impacts. Through the implementation of appropriate management and mitigation measures on behalf of our clients and counterparts, UniCredit aims to avoid or limit the risks associated with transactions and projects in these sectors.

UniCredit's current environmental, social and reputational risk policies apply to a number of sectors, including water infrastructure (dams, in particular), nuclear energy and coal-fired power generation. The criteria for these policies are regularly reviewed so that all emerging environmental and social standards and any additional relevant impacts are taken into account in financial decision processes. When necessary, external experts are involved in these processes.

### Environmental, social and reputational risk policies

Policy	Latest version	Objective
Defense/Armaments	Dec. 2011	To regulate financial involvement with companies from the defense/armaments industry in order to minimise social, reputational and credit risk
Nuclear Energy	June 2013	To regulate financial involvement with and address the challenges posed by the nuclear energy sector in order to minimise environmental, social, reputational and credit risk
Mining	July 2014	To establish standards and guidelines that address the risks associated with financing mining operations
Water Infrastructure	Feb. 2012	To establish standards and guidelines that address the risks associated with financing large water infrastructure projects such as dams
Coal-fired Power Generation	Nov. 2014 <sup>A</sup>	To establish standards and guidelines that address the risks associated with financing coal-fired power production

A. A revision of the Coal-fired Power Generation policy is already planned for 2019.

These policies apply directly to UniCredit SpA and are addressed to all Group legal entities that engage - whether through lending or other forms of financial assistance - with the above-listed sectors. Their adoption is subject to monitoring by the parent company's risk management function.

UniCredit's policies define specific internal processes to consistently identify, assess and monitor potential environmental and social risks. Screening records and tools are implemented in our standard risk and compliance check to support the performance of comprehensive due diligence. These utilise information derived from business intelligence providers on environmental, social and governance risks inherent to the most sensitive sectors, including those regulated by special policies, and other relevant sectors.

Transactions are generally screened by the legal entity responsible at both the transactional and the client level. A record of the screening process is integral to the compliance assessment and must be completed before approval is granted. In 2018, more than 1,000 transactions were assessed for potential environmental, social, human rights and other reputational issues. More than 700 of these transactions were related to our sector policies. The increase recorded in 2018 (+65 percent) is mainly due to specific awareness raising activities conducted among Group legal entities during the last quarter of the year.

Decisions regarding transactions that have been assessed as high risk, as defined by applicable policies and the competent committees of the local legal entities, are submitted to the parent company for approval. Assessments must be updated regularly as part of the annual credit lines renewal process.

Transactions that carry intrinsically higher risks require an independent expert or third-party review (e.g., Environmental Social Impact Assessment or equivalent) in order to ensure a rigorous approach to identifying, quantifying and, where appropriate, mitigating and monitoring environmental and social risks.

Internal reporting on exposure and risk indicators is managed by risk functions at both the local legal entities and the parent company. On a quarterly basis, the Group Operational and Reputational Risk function submits to the Group Operational and Reputational Risk Committee a report on the non-binding opinions that have been issued over the period. This report provides an overview of the number of transactions declined, approved and approved with conditions during the risk assessment process.

Furthermore, at the end of 2018 we reinforced our reputational risk governance through the implementation of a new Reputational Risk Council. The Council involves the business function together with Group Risk Management, Group Lending Office, Group Compliance, Group Sustainability & Foundation and the participation of other relevant functions on a case-by-case basis.

## Implementation of the Equator Principles

UniCredit has adopted the Equator Principles (EP) as a financial industry benchmark for determining, assessing and managing environmental and social risk in projects. The EP are primarily intended to provide a minimum standard for due diligence to support responsible risk-related decisions.

In 2003, UniCredit was among the world's first adopters of the ten principles that constitute the EP. Since then, our Group has actively contributed to the framework's development. These activities have provided UniCredit with valuable experience, facilitating the implementation of the framework Group-wide and contributing to our further engagement with stakeholders.

The EP<sup>1</sup> apply globally to Project Finance Advisory Services, Project Finance, Project-Related Corporate Loans and Bridge Loans across all industry sectors. We work in partnership with our clients to identify, assess and manage environmental and social risks and impacts in a structured way on an ongoing basis. The EP are based on the International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability and the World Bank Group Environmental, Health and Safety (EHS) Guidelines.

An EP Advisory team oversees and supports the implementation of the EP across the Group. The framework of the EP is embedded in our various internal policies, providing a minimum standard for due diligence and impact mitigation and supporting sustainable decision-making Group-wide. These policies include our Global Policy - Group Credit Operations chapters on Project Finance and Structured Trade and Export Finance. Aside from roles, responsibilities and principles, these policies define the EP process for evaluations of specific projects. Furthermore, an EP-based Non-Binding Opinion (NBO) is incorporated into our approvals process, as is an internal *Equator Principles Screening Tool* that focuses on category A and B projects.<sup>2</sup>

Independent environmental and social experts are consulted to assist our transaction team, where applicable, in accordance with the EP. Loan covenants are reviewed by the specialised transaction team, internal legal department and, where appropriate, technical, environmental and social specialists.

The EP Advisory team, together with Group Sustainability & Foundation, represents UniCredit in the EP Association. Also in 2018, we continue to be engaged in the work of the association and to participate in specific Working Group initiatives that align with our strategy, geographical scope and business footprint.

1. Refer to the EP framework at <http://www.equator-principles.com> for more information.

2. Projects with potential significant (Category A) or limited (Category B) adverse social or environmental risks and/or impacts. Refer to the EP framework for more information.

### Equator Principles - Projects evaluated, financed and advised, 2018

Projects evaluated	Projects financed <sup>A</sup>	Projects advised
95	23	2

A. Includes 19 Project Finance transactions and 4 Project-Related Corporate Loan.

### Equator Principles - Number of projects financed by risk category

Risk category <sup>A</sup>	2018 <sup>B</sup>	2017 <sup>B</sup>	2016 <sup>B</sup>
Category A	7	4	7
Category B	11	13	10
Category C	5	3	13
<b>Total</b>	<b>23</b>	<b>20</b>	<b>30</b>

A. Category A: projects with potential significant adverse social or environmental risks and/or impacts that are diverse, irreversible or unprecedented.

Category B: projects with potential limited adverse social or environmental risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.

Category C: projects with minimal or no social or environmental risks and/or impacts.

B. Projects financed by UniCredit Bank AG, UniCredit SpA and UniCredit Bank Austria AG.

### Equator Principles - Number of projects financed by risk category and sector, 2018

Sector	Category A	Category B	Category C
Resources <sup>A</sup>	3	0	0
Energy	2	8	5
Infrastructure	0	1	0
Others	2 <sup>B</sup>	2 <sup>C</sup>	0
<b>Total</b>	<b>7</b>	<b>11</b>	<b>5</b>

A. Including oil & gas, mining and metals.

B. Including Tourism and Ethylene cracker.

C. Including Telecom and Particle board.

### Equator Principles - Number of projects financed by risk category and region, 2018

Region	Category A	Category B	Category C
Europe: EU	0	10	5
Extra EU	5	0	0
Americas	1	1	0
Africa	0	0	0
Asia and Australia	1	0	0
<b>Total</b>	<b>7</b>	<b>11</b>	<b>5</b>

### Equator Principles - Number of projects financed in Designated Countries<sup>A</sup> and projects subjected to Independent Reviews<sup>B</sup>, 2018

	Category A	Category B	Category C
Designated Countries	0	10	5
Independent Review	7	10	5

A. Designated Countries are those countries deemed to have robust environmental and social governance, legislation systems and institutional capacity designed to protect their people and the natural environment. The list of Designated Countries may be found on the EP Association website.

B. An Independent Review is a review of the Assessment Documentation, including the ESMPs, ESMS and Stakeholder Engagement process documentation carried out by an Independent Environmental and Social Consultant.

In 2018 UniCredit financed, together with two Austrian and a Serbian bank, the equipment, construction and commissioning of the 69 MW **Košava Wind Park** project located in the Serbian autonomous province of Vojvodina, 10km south-west of the city of Vrsac and 12 km west of the border to Romania. The Project has been supported by two experienced sponsors from Italy and Serbia and will expand the production of renewable energy in Serbia by roughly 183 million kWh p.a. This will provide a considerable contribution to the country's strategy to produce 27 percent of electricity from renewable resources by 2020. Operation of the Košava Wind Park is expected to start by the end of September 2019.

The Project is not located in a protected environmental area, but it is in close proximity to a Special Nature Reserve, which is the largest sandy terrain in Europe and one of the most important bird areas in Serbia. Thus special attention has been given to the environmental and social due diligence process which started in 2012 with a comprehensive Impact Assessment Study conducted by a Serbian consultancy.

Further due diligence followed, undertaken by a reputable independent international consultancy on behalf of the lenders in the course of the financial structuring process in 2017 and 2018. This second due diligence step included an assessment of compliance with the EP, the World Bank Group Standards, together representing strict internationally accepted environmental and social standards. Based on the results of the evaluation process several sensitive areas of potential adverse environmental and social impacts were identified. Specific mitigation measures have been agreed upon between the client, the independent consultancy and the lenders and summarised in an Environmental and Social Action Plan. Potentially the most significant procedure relates to birds and bats and specifically to the protection of the Saker Falcon. In addition to that, intensive stakeholder engagement was conducted and resulted amongst others in measures to mitigate noise pollution and shadow flickering caused by rotating wind turbine blades. All precautionary activities will be implemented by the Project within an agreed timeframe, monitored by the independent consultancy and their status regularly reported to the lenders during the lifetime of the Project.

During the year the Group and an additional international bank, together with the Export Credit Agencies (ECAs), SACE SpA (CDP Group) and Bpi France Assurance Export provided financial support to the borrower MSC Cruises S.A., the fourth largest cruise line in the world, for the development of the **Ocean Cay MSC Marine Reserve project**.

Ocean Cay island, part of the Great Bahama Bank in the northern Bahamas, is located 20 miles south of Bimini and 65 miles east of Miami, Florida. Ocean Cay was developed from the late 1960s through the early 1970s on top of emergent rocks existing along the eastern edge of the actual island shape. Historically, Ocean Cay has been used as a storage, processing and shipping center for sand mining. The nearby sea bottom has been extensively dredged for over 40 years for the extraction of white aragonite sand, which was stocked on the island itself and then loaded and transported via barges to other locations.

MSC Cruises is transforming this former industrial sand extraction site into a marine reserve and private island destination. With the landscaping work currently underway, over 75,000 native shrubs and plants will be planted with more than 60 types of indigenous Caribbean trees, grasses, flowers and shrubs to create a lush, tropical environment. Work will commence soon on over 100 environmentally friendly structures, which will include bars, restaurants and housing for employees and staff as well as a lighthouse. The project includes also the construction of a pier suitable to receive large MSC Cruises vessels; this work required the widening of the existing turning basin and the further dredging of the existing access channel. About 400 corals which were expected to be directly or indirectly impacted by the dredging activities were relocated before the works started. The coral relocation is subject to continuous monitoring activities, and by mid-November 2018 four monitoring visits had taken place.

The Ocean Cay project has been developed to create a positive long-term impact both on the environment and on the communities of the Bahamas. MSC Cruises has been sourcing materials locally wherever possible, and by project-end, around 800 Bahamians will have been directly and indirectly involved in the construction of the island. Up to 140 Bahamians will be recruited for permanent operational jobs on the island.

The Project was subject to a formal Environmental and Social Impact Assessment (ESIA) process, which included an Environmental and Social Management Plan and Monitoring Plans performed by a local Bahamian consultancy firm. Based on the ESIA and further information, the Independent Environmental and Social Consultant (IESC) appointed by the banks and the ECAs reviewed the potential environmental and social risks and impacts of the project, assigned an A category to the project and developed an Environmental and Social Due Diligence Report (ESDD). An Environmental and Social Action Plan (ESAP) defines measures to mitigate the identified environmental and social risks and impacts. The ESAP's implementation and the environmental and social status of the project are to be monitored during the life of the financing by the environmental team of the borrower as well as by the banks and ECAs, with the support of the project's IESC.

UniCredit arranged financing for the development and construction of the **Öksüt gold mine** in Turkey related infrastructure (Project) which is 100%-owned by Centerra Gold Inc., Canada. EBRD acceded to the financing at a later stage. The Project, which according to the feasibility study will produce roughly 860,000 ounces of gold over an 8-year mine life, is located at an elevation of 1,800 masl in the Develi Mountains in south-central rural Turkey, about 300km southeast of Ankara. Conventional truck and shovel open pit mining is planned to be used with gold being extracted through heap leaching. Gold will be processed using cyanide, and all transport, storage and handling will be executed in accordance with the International Cyanide Management Code, to which Centerra is a signatory. The first gold production is expected to occur in 2020.

Environmental and Social Due Diligence (ESDD) for the Project was conducted by an external consultancy on behalf of the lenders. The ESDD was based on an Environmental Impact Assessment in accordance with local Turkish requirements, an Environmental and Social Impact Assessment (ESIA) in compliance with international standards and relevant supporting documentation prepared by an independent consultancy on behalf of the borrower as well as the borrower's environmental and social/relevant corporate policies and management plans. In consultation with the lenders' advisor, UniCredit assigned an EP category A to the Project, essentially due to potentially significant adverse environmental risks and/or impacts in terms of, inter alia, unavoidable disruption to the physical environment, although these potential impacts are ameliorated through mitigation measures during operation and through closure plans at mine life end. Amongst others a Stakeholder Engagement Plan has been developed and the Project has been involved in stakeholder engagement since 2009. With regards to local biodiversity, ecological communities have a distinct flora with many regionally endemic and rare species. The Project employs an environmental coordinator who oversees the implementation of biodiversity mitigation measures, outlined in various management and action plans. In addition, external consultants have been engaged, and all parties aim at achieving a net gain for critical habitats and no net loss for priority biodiversity features.

By benchmarking against applicable international standards, including the EP, a gap analysis was performed and an Environmental and Social Action Plan (ESAP) developed on this basis. The ESAP has become an integral part of the loan documentation with implementation of ESAP items covenanted. The loan documentation also provides for the borrower undertaking to construct and operate the Project in compliance with applicable environmental and social laws and regulations and for regular monitoring and reporting by an independent consultant on behalf of the lenders.



# Compliance

## How compliance is managed at UniCredit

The constant evolution of the international scenario and an ever more demanding regulatory framework makes the Compliance function increasingly crucial and central for our Group. Its mission, under the responsibility of the Chief Compliance Officer, is to monitor the management of compliance risk - in terms of ensuring the correct application of/and compliance with the regulatory framework, its consistent interpretation at group level, as well as the identification, assessment, prevention and monitoring of the overall compliance risks - as well as to assist the Group, its Management, the Corporate Bodies and employees in carrying out their activities in compliance with mandatory rules, internal procedures and best practices.

In order to accomplish such goals, Compliance defines, develops and monitors both implementation and adherence with Compliance rules, procedures, methodologies, trainings and in particular, minimum compliance standards to be followed and implemented within the Group. Moreover, within its mission, Compliance pursues the goal of being a valuable partner to the Business in terms of ensuring prompt advisory to timely tackle new regulations as well as new emerging risks impacting on the Bank's strategic interests and to enhance awareness on conducting business in a sustainable/ethical way compliant to rules.

The Compliance function is embedded in the second-level internal control system, pursuing the objective of preventing and managing the risk of regulatory non-compliance and conflict of interest, aimed at preserving the Bank's reputation, its customers' confidence and contributing to Group Sustainability (corporate value creation/consolidation), through: strategic guidance (policies and opinions) and support and monitoring (compliance risk mapping and preventive evaluation) on all Compliance activities. In addition, by regularly interacting with the other control functions, especially in the prompt detection of future emerging risks, it ensures consistency in the functioning of the second level internal defence line.

Finally, in terms of complying with *Transform 2019*, Compliance is focusing on: promptly dealing with regulatory challenges, further improving risk discipline and streamlining processes, enhancing cross-country projects and participating in core Group Projects with a focus on boosting steering and efficiencies including by using digitalisation.

### Key policies on the main Compliance topics

Topic	Policy	Definition
<b>Governance</b>	Group Compliance Framework	This Rule defines the mission of the Compliance function within the Group, its organisational and operational requirements as well as its scope and main related tasks to be performed accordingly.
	Compliance Culture	This Rule defines the principles and guidelines to establish, promote and sustain a culture of Compliance. The document integrates UniCredit's Compliance culture framework, its components, and defines the stakeholders involved.
	Code of Conduct	This Rule lists the principles which all employees and partnering third parties of UniCredit must comply with in order to ensure high standards of professional conduct related to their activity in or on behalf of UniCredit.
	Compliance Risk Assessment Methodology	This Rule states the Group principles and standards for the identification and assessment of main compliance risks to which the Group is exposed, and for planning respective mitigation actions including the adoption of an adequate system of Second Level Controls.

Topic	Policy	Definition
<b>Client Interest Protection</b>	Provision of investment services and activities under MiFID II	This Rule provides UniCredit SpA and Group Companies with common standards and minimum requirements when providing investment services and activities falling within the scope of MiFID II, with the exclusion of ancillary services.
	Conflicts of Interest	This Policy sets out rules and standards to be implemented by the UniCredit Group for properly detecting, managing and recording conflicts of interest, with particular regard to: <ul style="list-style-type: none"> <li>Conflicts in the provision of investment services and activities</li> <li>Conflicts in the provision of insurance products distribution services</li> <li>Conflicts related to the issuance of financial instruments</li> <li>Conflicts arising from the administration and/or contribution to financial benchmarks</li> <li>Conflicts arising from the provision of investment recommendations</li> <li>Conflicts in the provision of banking services and activities</li> <li>Conflicts arising from employee's personal interests</li> <li>Organisational conflicts</li> <li>Conflicts arising from assignment of services and/or activities to external providers.</li> </ul>
<b>Anti-bribery &amp; Anti-corruption</b>	GP - Anti-Bribery and Anti-Corruption	This Policy aims to: <ul style="list-style-type: none"> <li>clearly articulate UniCredit's commitment to prohibiting bribery and corruption</li> <li>define principles for identifying and preventing potential bribery and corruption</li> <li>clearly communicate anti-bribery and anti-corruption principles both to internal and external stakeholders</li> <li>provide a framework for a Group-wide Anti-Corruption Programme.</li> </ul>
	Whistleblowing	This Rule defines: <ul style="list-style-type: none"> <li>Unacceptable conducts subject to reports from employees</li> <li>The process for the management of reports, by identifying the persons in charge of the relevant receipt and analysis</li> <li>The measures provided by the Group for the protection of whistleblowers and their identity as well as activities for filing of documentation connected to reports.</li> </ul>
<b>Data Protection</b>	Privacy	This Policy implements the provisions introduced by the EU General Data Protection Regulation n. 2016/679 (the GDPR), in order to define minimum requirements on data protection-related topics. This Rule is aimed at uniform enforcement of the GDPR requirements and principles at Group Level.
<b>AML, Counter-Terrorist Financing and Financial Sanctions</b>	Anti-Money Laundering and Countering of Terrorist Financing	This Rule provides a high level framework for Employees to identify potential money laundering and terrorist financing risks and to assist them in determining how to manage such risks. It also provides general information on the measures taken by Group Companies to identify, mitigate and manage money laundering and terrorist financing risks.
	Financial Sanctions	This Rule defines principles and rules for restricting dealings with countries, entities and individuals that are subject to Financial Sanctions by, amongst others, the European Union (EU), United States Office of Foreign Assets Control (OFAC), United Nations (UN) sanctions and any national provisions where UniCredit is located.
<b>Market Transparency</b>	Personal Account Dealing	This Rule aims at implementing principles on employee personal trading, as well as the MiFID requirements on personal transactions of relevant persons.
	Market Abuse	This Rule states the principles, rules and Group standards to ensure that the Group complies with the provisions set forth by the Market Abuse Regulation.
	Single Antitrust Rulebook Antitrust and Unfair Commercial Practices	This Rule consisting of a Single Antitrust Rulebook defines all the Group principles, rules and standards concerning Antitrust and Unfair Commercial Practices.
	Financial Benchmarks	This Rule sets forth group internal principles and rules to regulate the contribution to, the provision of and the use of financial benchmarks according to Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.
	Leakage Management	This Rule aims at governing the phenomenon of so-called Information Leverages, due to the damage these may cause to the legitimate interests of the Group and its clients, and to market integrity.

## Policies

### Anti-money laundering

Regulators are very focused on the satisfaction of Anti-Money Laundering requirements by banks. The Global Policy on Anti-Money Laundering and Countering of Terrorist Financing (hereinafter the AML Policy), builds on the Group Compliance Framework Global Policy and sets out more detailed policy statements on the key pillars of the Group's AML Programmes, such as risk assessment, customer due diligence, transaction monitoring, record keeping and training, while also taking into consideration the EU Anti-Money Laundering Directives. The AML Policy defines the framework the Group uses to manage its money laundering and terrorist financing risk and establishes minimum standards for Anti-Money Laundering (AML) programmes applicable to the legal entities.

Topic	Key achievements 2018	Priorities 2019
<b>Anti-money laundering</b>	<ol style="list-style-type: none"> <li>1. Extension of correspondent banking transaction monitoring solution to Central and Eastern Europe CEE Countries</li> <li>2. Performance of annual Group AML Risk Assessment</li> <li>3. Specialised AML Certification for staff members of various AML functions within the Group (ACAMS)</li> <li>4. Implementation of new Global Operational Regulation - AML/CTF Transaction Monitoring</li> </ol>	<ol style="list-style-type: none"> <li>1. Revision and implementation of new AML and FS Controls Catalogues</li> <li>2. Implementation of Gianos 4D according to Proof of Concept results and customization</li> <li>3. Assessment of the AML transactions monitoring model and analytic testing of alerts generation process</li> <li>4. Implementation of the new transaction monitoring template across CEE countries and Bank Austria</li> <li>5. Implementation of Bank of Italy regulation on Objective Communications; A.U.I.; Customer Due Diligence and Organization and Control</li> <li>6. Performance of annual AML Risk Assessment including ongoing monitoring of findings and corrective measures</li> </ol>

### Financial sanctions

The Global Policy on Financial Sanctions, initially issued in August 2012, and updated since then regularly bi-annually defines the principles and rules for setting out the framework by which the Group manages its risks in respect of Financial Sanctions. The aim of the policy is to support compliance with relevant regulatory and legal requirements international and local, avoid any appearance of impropriety, protect the Group's reputation, and define principles and rules for restricting dealings with countries, entities, sectors and individuals that are subject to Financial Sanctions by, amongst others, the European Union (EU), United States (US) Office of Foreign Assets Control (OFAC), United Nations (UN) sanctions and any national provisions in countries in which Group Legal Entities are located.

Official documents related to the Group Policy - Financial Sanctions that further build on the framework for Financial Sanctions and provide more details include:

1. Global Operational Regulation - Financial Sanctions
2. Global Operational Regulation - Payment and Customer Screening
3. Global Operational Regulation - Trade Finance Sanctions Screening.

Topic	Key achievements 2018	Priorities 2019
<b>Financial sanctions</b>	<ol style="list-style-type: none"> <li>1. Performing the Risk Assessment for Financial Sanctions covering inherent to residual risks which will be conducted on an annual basis</li> <li>2. Continuation of the enhancement of existing Sanctions Frameworks</li> <li>3. Update of existing policies and regulations: Global Operational Regulation - Trade Finance Transaction Screening in Q3 2018, Global Policy and Global Operational Regulation - Financial Sanctions in Q4 2018</li> <li>4. Testing of the Payment and Customer Screening Filters covering 44 tests (19 payment and 25 customer screening) in 31 legal entities (including branches)</li> <li>5. Enhancement to the Financial Sanctions Russia Framework for the Group and operation of the Sanction Business Forum</li> <li>6. Revision of financial sanctions training modules, creation of new "Markets" module and delivery of Face to Face trainings for target groups</li> </ol>	<ol style="list-style-type: none"> <li>1. Finalize the Group Anti-Financial Crime (GAFC) IT STRATEGY assessment</li> <li>2. Execute regular payment and customer screening tools configuration tests as per annual plan</li> <li>3. Review of the financial sanctions policies and regulations as per regulatory changes may so dictate</li> <li>4. Complete annual Group Financial Sanctions Risk Assessment</li> <li>5. Roll out of new online Financial sanctions training modules</li> </ol>

### Anti-corruption

The Group has zero tolerance towards acts of corruption, prohibits facilitation payments and does not permit any transfers of value to public officials without approval.

The Group's approach to anti-corruption and anti-bribery is set out in the Global Compliance Policy on Anti-Corruption and associated Group Operational Instructions.

The Global Policy sets minimum standards of anti-corruption compliance throughout UniCredit Group and is published on the UniCredit Group website. Whenever local rules in a country of operation are stricter than Global Policy - stricter local rules apply. Each local entity is responsible for the development and implementation of an effective local Anti-Corruption programme. Global Policy and Operational Instructions are reviewed periodically. Italian Group Legal Entities have also implemented the Organizational and Management Model pursuant to Italian Legislative Decree 231/01 (Administrative liability of Legal entities, companies and associations). This Model foresees among others specific Protocols for handling bribery and corruption issues.

For the purposes of the Policy, an act of corruption is defined as the giving, offering, promising, receiving, accepting, demanding or soliciting directly or indirectly of monetary or non-monetary, tangible or intangible benefits in order to obtain or retain an undue advantage in the course of business activities, irrespective of:

- whether the recipient of the act of corruption is a domestic or a foreign individual, a public official or a private individual
- where the act is committed
- whether the result of such act entails an actual undue advantage or the improper performance of a function or activity.

All employees are responsible for complying with the Global Policy, any corresponding local internal rules and procedures and all applicable anti-corruption laws in the performance of their duties.

All employees shall report to the Local Anti-Corruption Officer or the Local Head of Compliance any instances of actual or attempted acts of bribery and corruption they become aware of, whether the act of bribery and corruption is offered, given or received.

Any report must be made according to the established internal process but in any case in the first instance to the Local Anti-Corruption Officer and, where actual or suspected money laundering is involved, also to the local AML Officer. Failure to make such a report may give rise to individual criminal liability on the part of the relevant employee in certain jurisdictions, as well as exposing the Group to potential legal or regulatory action. Potential acts of bribery and corruption may be reported also under the Global Policy on Whistleblowing.

The following mechanisms have been put in place to monitor the effectiveness of the Group's approach to preventing corruption and bribery: escalation procedures employed for significant and strategic issues; quarterly management of information requested from each of the Group Legal Entities; analysis and testing of the results of activities related to the management of second level controls; compliance risk assessments performed for each regulatory area in all legal entities within the Compliance function's jurisdiction; and internal audit reviews. The last two mechanisms result in risk mitigation actions that must be completed on time to ensure the management of identified risks.

The major anti-bribery and anti-corruption challenges the Group faces are:

- proper identification of bribery and corruption risks
- monitoring of the risk of bribery and corruption and control failures due to a lack of awareness and understanding of policies and procedures
- proper keeping of books, records and accounts to determine potentially corrupt payments, if any
- monitoring the risk of failing to report actual or suspected incidents of bribery, both internally and to the external authorities
- monitoring the risk that an intermediary engages in bribery on behalf of the Group
- monitoring the risk that a Third party pays bribes on behalf of the Group or kickbacks to Group employees
- ensuring that due diligence has been carried out before a proprietary investment to avoid the Group becoming liable for corruption
- appropriate and proportionate gifts and business hospitality expenditures to avoid improper influence or the impression of intent to solicit improper influence
- appropriate management of charity, sponsorship and donations to avoid the impression that they were made to ingenerate the expectation of obtaining/retaining a business advantage (political donations in any tangible or intangible form are forbidden)
- appropriate management of employment offers.

Risks of noncompliance are managed through a dedicated risk assessment process and second level controls. In the event of noncompliance, corrective actions to mitigate actual significant risks are undertaken.

With reference to communications and training, the Global Policy on Anti-Corruption is addressed to all relevant Group companies and applies to all members of strategic, control and executive bodies, employees, tied agents (e.g., financial advisors) and temporary employees of the Group. UniCredit SpA's strategic and executive bodies are made aware of the existence of and updates to the Global Policy and are responsible for complying with it. These bodies also participate in our dedicated training programs and are subject to mandatory anti-corruption training.

Topic	Key achievements 2018	Priorities 2019
<b>Anti-corruption</b>	<ol style="list-style-type: none"> <li>1. Increase employee awareness with new waves of Anti-Bribery and Corruption and of Whistleblowing trainings and communication campaigns</li> <li>2. Publication of the updated Global Policy on Anti-Bribery and Corruption and review of the related standard procedures in order to update them with the international best practices</li> <li>3. Review of the Anti-Bribery and Corruption risk assessment performed in all main Legal Entities and improvement of compliance second level controls on Intermediaries</li> </ol>	<ol style="list-style-type: none"> <li>1. Implementation of the reviewed Whistleblowing Global Policy and of the Anti Corruption Group Operational Rule</li> <li>2. Rollout and execution the updated Group Control Catalogue for Anti Corruption and Whistleblowing</li> <li>3. Classroom workshops and communication campaigns on whistleblowing</li> </ol>

### Organisational and management model pursuant to Italian Legislative Decree 231/2001

UniCredit SpA has adopted an organisational and management model pursuant to Italian Legislative Decree 231/01 (administrative liability of legal entities, companies and associations). The organisational and management model (hereinafter the Model) is integrated within the rules, procedures and control systems already in place and applied in UniCredit SpA. The bank's organisational framework consists of the set of rules, structures and procedures

that ensure the proper functioning of the Model; it is a structured, comprehensive system that is in itself a tool to oversee the prevention of unlawful conduct, including those envisaged by the specific legislation on the administrative liability of entities. In particular, the bank has identified the following tools to plan the formulation and implementation of business decisions and carry out relevant checks: the rules of Corporate Governance; the Internal Controls System; the system of authorities and delegation; the Integrity Charter; and the Code of Conduct.

In addition, with specific reference to the risks deriving from L.D. 231/2001, the bank has formalised the specific decision protocols that describe the principles of conduct and control rules aimed at preventing the offences and established additional rules of conduct in the Code of Ethics pursuant to Italian Legislative Decree 231/2001.

In drawing up the Model, the bank took explicit account of the Italian Banking Association (ABI) guidelines. The Model was updated in July 2018 due to new provisions on whistleblowing introduced by the Italian Law n. 179, published in December 2017. All the relevant Italian legal entities have also implemented their own organisational and management model based on UniCredit SpA's recommendations.

### Antitrust

UniCredit has always been highly committed to compliance with antitrust rules.

Following the antitrust policies pursued and enacted in the past, in 2016 UniCredit deployed the Compliance-Antitrust Program at Group level (hereinafter CAP), aimed at:

- increasing the governance of antitrust matters at both company and Group level
- strengthening compliance culture and enhancing Group's reputation on the markets
- more effectively managing the risk of both antitrust breaches and penalties.

In 2016 the CAP was deployed in UniCredit SpA and the main banks of the Group operating in the European Union and has been shaped and calibrated on the basis of each bank's specific features, business type and size as well as target markets, and is subject to monitoring and periodic review to ensure its continued effectiveness. Following the success of this initiative, in 2017 the Compliance Antitrust Program was extended to the main Group Companies (not limited to Group banks), as well as to the foreign branches of UniCredit SpA and UniCredit Bank AG, also beyond the European Union.

During 2018 CAP was further extended to some indirectly controlled companies in Romania, as well as the Abu Dhabi branch of UniCredit SpA and additional classroom "tailor-made" training on Antitrust matters was delivered to the Milan branch of UniCredit Bank AG.

For the purposes of the refresh of Compliance Antitrust Program starting from 2019, the following were performed in 2018:

- a dedicated process for CAP performance, including new methodology for antitrust risk assessment and new standards for CAP reporting, was adopted and distributed to the Group Companies involved in the refresh of CAP in 2019
- the training modules for CAP "tailor made training" were updated and standardized to be delivered online; and a "final test" for each module was introduced; two dedicated sessions on Antitrust were held at the EMC
- Classroom and on-line Workshops on antitrust matters were delivered to different panels of colleagues.

As part of the CAP, in December 2016 UniCredit adopted the new Group Policy Single Antitrust Rulebook- Antitrust and Unfair Commercial Practices (hereinafter SAR), applicable to all Group companies and employees. The SAR provides practical rules of conduct and advice to correctly manage meetings with competitors and unannounced inspections carried out by antitrust authorities.

Topic	Key achievements 2018	Priorities 2019
<b>Antitrust</b>	1. Roll out of the activities related to the 2019 CAP refresh such as the review of CAP methodology and preparation of the on line training modules for 2019 CAP tailor made training	1. Refreshing Compliance Antitrust Program in 2019 in the 16 selected Group companies

## Main legal actions regarding anti-competitive behaviour, antitrust and monopoly practices

Country	Update on legal actions listed as ongoing in the 2017 Integrated Report
Italy	In April 2016, the AGCM notified the extension to UniCredit (and to 10 more Banks) of the proceedings I/794 ABI/SEDA opened in January vis-à-vis the Italian Banking Association (ABI). The proceedings are aimed at ascertaining the existence of alleged concerted practices with reference to the Sepa Compliant Electronic Database Alignment system (SEDA). On 28 April 2017, the AGCM issued a final notice whereby it confirmed that the practices carried out by the ABI, UniCredit and the other banks in connection with the adoption of the SEDA service model of compensation constituted an anti-competitive practice and therefore a violation of European competition regulations. With such notice, the AGCM ordered the parties to cease the infringement, submit a report evidencing the relevant measures adopted by 1 January 2018 to the AGCM, and refrain from enacting similar practices in the future. Given the fact that the infringements were minor in light of the legislative framework, the AGCM did not impose any monetary or administrative sanctions against UniCredit (or the other 10 banks) also in consideration of the fact that, in the course of the proceeding, the ABI and the banks proposed a redefined SEDA service remuneration model which, if correctly implemented by the banks, is expected to decrease the current SEDA costs by half, which benefits the enterprises utilising the service and, ultimately, the end-users of the utilities. In light of the AGCM final notice, UniCredit decided to appeal the AGCM decision at the TAR (the Italian Regional Court). The appeal filed vis à vis the Italian Regional Court is still pending.
Hungary	The Hungarian Competition Authority (GVH) began a cartel investigation of 7 Hungarian banks, including UniCredit Bank Hungary Zrt, in connection with foreign currency mortgage loan repayments (early repayments). In 2013, the GVH fined UniCredit Bank Hungary Zrt. HUF 306,300,000 (roughly €1 million). The Bank appealed against such decision and the appeal was rejected at first and second instance. In December 2016 in the framework of judicial review the Supreme Court (Curia) instructed the Competition Authority to conduct a new procedure over fines it had levied on Banks. The Competition Authority reimbursed the fine paid by the Bank in 2013. The Competition Authority conducted a new procedure over fines it had levied on banks (including UniCredit). The amount of the new fine is roughly 60 percent of the original fine. The Bank appealed against the decision to achieve further reduction of the fine. The procedure is still ongoing. In 2012, the GVH began a cartel investigation on the Hungarian Banking Association, the International Training Centre for Bankers and 38 Hungarian Banks (including UniCredit Bank Hungary Zrt), all of which participating in the BankAdat system, the interbank database for Hungarian credit institutions. At the end of the investigation, UniCredit Bank Hungary Zrt was not fined but the Hungarian Banking Association was fined HUF 4 billion (roughly €13 million) and the International Training Centre for Bankers was fined HUF 15 million (roughly €48,000). In the event they cannot fulfil their payment obligations, participating Banks that were the objects of the investigation (including UniCredit Bank Hungary Zrt) will be responsible for the payment jointly and severally. HBA and most of the affected Banks appealed against the decision. On 10.09.2018 the court decided to repeal the decision and close the proceedings, without any fines. GVH did appeal to the Supreme Court against the decision and the action is ongoing.
Romania	On 27 November, 2017, the Competition Council dawn-raided the headquarters of several banks (including UniCredit Bank S.A.), financial non-banking institutions, leasing companies (including UniCredit Leasing Corporation IFN S.A. and UniCredit Fleet Management), professional associations and employer association working in the financial services market, this being one of the authority's most complex actions. The dawn-raids were conducted within the framework of two investigations opened by the Competition Authority on the operating lease service market and, respectively, on the financial services and consumer credit market. The investigations are currently on-going.

## Conflicts of interest

UniCredit Group is committed to identifying and properly managing all potential conflicts of interests (COI), with particular regard to:

- Conflicts in the provision of investment services and activities
- Conflicts in the provision of insurance product distribution services
- Conflicts related to the issuance of financial instruments
- Conflicts arising from the administration and/or contribution to financial benchmarks
- Conflicts arising from the provision of investment recommendations
- Conflicts in the provision of banking services and activities
- Conflicts arising from employee's personal interests
- Organisational conflicts
- Conflicts arising from assignment of services and/or activities to external providers.

UniCredit has implemented a Global Policy on Conflicts of Interest, which sets forth principles and rules to assist employees in the identification and management of conflicts of interest. Under the policy, UniCredit provides general information on the measures the Group has taken to detect, manage and record such conflicts of interest.

UniCredit has adopted a distinctive model to identify and manage various forms of conflicts of interest. The model employs the following steps:

1. identification of events referable to the company that could generate conflicts of interest to the company, its employees, customers, and of the structures to which the events relate
2. identification of the applicable conflicts of interest to the company itself
3. identification of the organisational measures suitable to mitigate/neutralise the various applicable conflicts of interest and the additional processes requested (e.g., escalation and disclosure)
4. recording of conflicts of interest
5. controls for the effectiveness and completeness of these COI-related processes.

Topic	Key achievements 2018	Priorities 2019
<b>Conflicts of Interest</b>	1. Group-wide focus on the implementation of the new Group rules, which introduce more detailed processes for the identification and management of the conflicts of interests. 2. Simplification of the control catalogue related to conflicts of interests 3. Further analysis and links for conflicts of interest-related regulations focused on products, such as Prospectus Directive and Insurance Distribution Directive	1. Perform Risk assessment with the new methodology across all legal entities included in the perimeter 2. Harmonisation of the applicability of the Group COI Control Catalogue 3. Provide Group rules for the formalisation of the yearly report on COI

## Privacy management

UniCredit ensures its compliance with data protection rules by adopting the principles set forth in the Italian legislation implementing the Directive 95/46/EC as well as in the new General Data Protection Regulation GDPR (EU Regulation 2016/679) entered into force on 25 May 2018.

The Group's internal data rules, particularly the Global Policy on Privacy (which replaced the previous version of the Global Compliance Guidelines on Privacy) issued in March 2015, was updated in March 2018 to comply with the GDPR.

Within the scope of data protection activities, the Compliance Risk Assessment and the second level controls performed by UniCredit are aimed to identify, monitor and manage compliance risks in this regulatory area. Furthermore, for specific data security issues, Compliance works with the Security Governance function to incorporate certain flows of controls performed by them on compliance risks related to data processing issues.

At Group Level UniCredit will develop a Data Protection Officer (DPO) Community and a Data Processing Agreement (DPA) at Group level. The DPO Community will be a community developed in order to ensure the DPO from the various Legal Entities of UniCredit SpA may share their opinion on different issues. The Group DPA will be a Data Processing Agreement agreed at Group Level that will ensure that when there is a Controller and a Processor within UniCredit Group this DPA will be used.

Topic	Key achievements 2018	Priorities 2019
<b>Privacy management</b>	1. Appointment of a Data Protection Officer (DPO) and the Guidelines containing the job/duties of the DPO defined and published 2. Completion of Data Protection Risk Assessment 3. Set up of Record of processing activities and related certification campaign carried out by Q4 2018 4. Definition of a methodology for Privacy Impact Assessment (PIA) and the Guidelines 1313 5. Implementation of new data subject rights through the Local Policy 4001 6. Update of the information notices and the acquisition form for the consent 7. Definition of the standard template of Data Processing Agreement (including Security Measures) 8. Definition of the process for Data Breach Management	1. Data Protection Risk Assessment 2. Issue of Data Breach Notification Policy 3. Issue of Policy of Data Processor Management 4. Fine Tuning of Privacy Impact Assessment Method 5. Update of privacy documentation to be included in contracts (during 2019) 6. Implementation of Right to be forgotten: the IT deletion to be applied to former clients was fully implemented in May 2018, while massive deletion of data of former clients and IT deletion procedures to be applied to single product/service (target solution) is to be progressively by December 2019 as per GDPR project plan 7. Development of the DPO Community and the Group DPA

## Whistleblowing

In 2011, we adopted a system, implemented at Group level, that provides employees with a way to report Unacceptable Conduct meaning “Any action and/or omission performed during the working activity or that could affect it, which could be a violation of the bank activity rules or that bring or could bring any damage or any bias to UniCredit and/or the employees” (i.e. Whistleblowing). Any employee can make use of this mechanism to report a reasonable suspicion of unlawful conduct or that potentially harmful or detrimental behaviour has occurred or may occur.

The Group’s approach to whistleblowing is set out in a specific Global Policy. In order to promote a corporate culture based on ethical behaviour and good corporate governance, the Policy governs reports of unacceptable conduct by employees within the Group.

The Policy is intended to:

- grant a corporate environment where employees may feel free to make reports on unacceptable conduct
- define adequate communication channels for the receipt, analysis and use of the reports.

The management of this process is designed to ensure the greatest possible protection and confidentiality of the identity of the whistleblower and of the accused individual and to prevent any possible retaliatory or discriminatory behaviour in response to the report.

At local level, for example in Italy, UniCredit SpA has identified the Head of Anti Financial Crime as the person responsible for internal whistleblowing systems, who ensures that procedure is correctly followed. If the persons referred to above are hierarchically and functionally subordinate to the person to whom the whistleblowing report relates or they themselves are alleged to be responsible for the violation or have a potential interest in the report that would compromise their impartiality and independence of judgment, then the employee may contact Internal Audit directly as the reserve function.

The channels (some of which available 24 hours a day) provided by UniCredit SpA for employees to provide whistleblowing reports, including anonymously, are as follows:

- by phone, the UniCredit SpeakUp line allows the employee to leave a voice message report, with the option to report anonymously
- on the website, where the UniCredit SpeakUp web service allows the employee to submit a written report, with the option to report anonymously
- by email, to the UniCredit Italy Whistleblowing email address
- by letter, to the dedicated UniCredit Italy Whistleblowing postal address.

In 2018 in UniCredit Spa the whistleblowing process has been strengthened setting up the Whistleblowing Managerial Forum with the aim to monitor trend analysis and indicators stemming from whistleblowing reports managed by Group Legal Entities. It is composed by the Group Heads of: Compliance, Human Capital, Internal Audit and Risk Management. The Forum is held quarterly and meetings are also focused to increase the awareness of the Whistleblowing process and culture at Group Level.

According to this a new wave of dedicated communication campaign has been launched with interviews to Top Managers posted on the Group Intranet in order to continue to support the importance of whistleblowing and the protection assured by the Group process. Moreover all the Group Legal Entities intranet web pages have been refreshed with specific focus on this topic.

In 2018 following the issue of the Italian Law 179/2017 which contains provisions for the protection of whistleblowers, the UniCredit Spa Organizational Model ex Legislative Decree n. 231/2001 has been updated.

In 2019 it is planned the update of the Global Policy with the improvements of compliance second level controls and the review of IT tool used to manage whistleblowing reports.

### Number of cases by category, 2018<sup>A</sup>

Total cases <sup>B</sup>	Closed Cases at 31/12/2018		Pending cases at 31/12/2018	Categories of closed cases <sup>C</sup>											
	Total closed cases	Out of which real policy or requirement breaches		Anti-Bribery and Corruption	Financial Sanctions	Anti-Money Laundering	Fraud	MIFID	Conflict of Interest	Banking Transparency & Consumer Protection	Privacy & Banking Secrecy	Anti-Trust	Failure to comply with HR regulations	Failure to comply with internal regulations (and other inappropriate behaviour)	Reputational
267	210	49	57	6	1	3	3	5	4	6	7	0	22	62	5

A. This data is drawn from the following subset of Group legal entities: UniCredit SpA (included branches in Abu Dhabi, London, Madrid, Munich, New York, Paris, Shanghai); AO UniCredit Bank; Bank Austria Finanzservice GmbH; Bank Austria Real Invest Immobilien-Management GmbH; Card Complete Service Bank AG; Cordusio SIM SpA; Cordusio Società Fiduciaria per Azioni; DC Bank AG; FactorBank Aktiengesellschaft; FinecoBank SpA; Food & More GmbH; Kapitalverwaltungsgesellschaft mbH; Ooo UniCredit Leasing; Schoellerbank Aktiengesellschaft; SIA UniCredit Leasing; UniCredit (UK) Trust Services Ltd; UniCredit Bank ad Banja Luka; UniCredit Bank AG (included branches in Athens, Hong Kong, London, Milan, New York, Paris, Singapore, Tokyo, Wien, Zurich); UniCredit Bank Austria AG; UniCredit Bank Czech Republic and Slovakia, as; UniCredit Bank DD; UniCredit Bank Hungary Zrt; UniCredit Bank Ireland Plc; UniCredit Bank SA; UniCredit Bank Serbia Jsc; UniCredit Banka Slovenija DD; UniCredit Biztosításközvetítő Kft; UniCredit Bulbank AD; UniCredit Consumer Financing EAD; UniCredit Factoring Czech Republic and Slovakia, AS; UniCredit Factoring EAD; UniCredit Factoring SpA; UniCredit International Bank (Luxembourg) SA; UniCredit Leasing (Austria) GmbH; UniCredit Leasing Corporation IFN SA; UniCredit Leasing Corporation IFN SA; UniCredit Leasing Croatia doo za Leasing; UniCredit Leasing CZ as; UniCredit Leasing EAD; UniCredit Leasing Hungary Zrt; UniCredit Leasing Slovakia as; UniCredit Leasing SpA; UniCredit Leasing Srbija doo; UniCredit Leasing, leasing, doo; UniCredit Operatív Lizing Kft; UniCredit Services GmbH; UniCredit Services SCpA (included branches in Germany, Poland, Romania, Hungary, Czech Republic, Slovakia, London, New York, Singapore); UniCredit Subito Casa SpA; Yapı ve Kredi Bankası A.Ş.; Zagrebačka Banka DD; Zagrebačka Banka DD; AO Locat Leasing Russia.

B. Of which 30 pending cases at the end of 2017.

C. Please note that categories of closed cases are referred to whistleblowing cases with sufficient elements to perform investigation. In 2018 n. 86 reports received did not have sufficient elements.

## Material topics

Clusters	Main stakeholder involved <sup>1</sup>	Material topic	Definition	Boundaries for material topics <sup>2</sup>	Type of involvement	Main reference chapter of the Integrated Report
Innovation for customer	Customers Communities Colleagues	Digitalisation and innovation	Being proactive, acting promptly and promoting innovation: contributing to social and economic progress and innovation as well as the wellbeing of countries, developing products and services to support research and innovation intensive industries, by leveraging analytics, as they increasingly becoming significant, with positive and negative implications	Group Customers Regulators Communities	Contributed	<ul style="list-style-type: none"> <li>Integration of Strategic Pillars and Capitals</li> <li>Intellectual Capital</li> <li>Social and relationship Capital</li> </ul>
Innovation for customer	Customers	Value to customer	Being close to customers, understanding their needs and promptly developing products and services for families and companies that support their prosperity and growth (e.g., innovation, internationalization, research and development) and are good value for money	Group Customers	Caused	<ul style="list-style-type: none"> <li>Integration of Strategic Pillars and Capitals</li> <li>Social and relationship Capital</li> </ul>
Lean and solid bank	All <sup>3</sup>	Bank solidity	Being a stable and solid reference point for all stakeholders: building a long-term foundation for financial stability while supporting all stakeholders (customers, employees, etc.) in an uncertain environment; providing tangible support for regulatory discussions to create a stronger financial system bearing in mind different interconnections	Group Customers Investors Regulators Communities	Caused	<ul style="list-style-type: none"> <li>Governance</li> <li>Integration of Strategic Pillars and Capitals</li> <li>Financial Capital</li> <li>Risk Management and Compliance</li> <li>Social and relationship Capital</li> </ul>
Lean and solid bank	Customers Investors	Lean and transparent organisation	Being a simple and lean organisation and base all our interactions with stakeholders on transparency; guaranteeing lean and efficient bank procedures and processes, proposing and offering simple and easy to understand products/services, using effective and clear communications also with financial markets by disclosing relevant information to investors to understand our competitive positioning and business trends	Group Customers Investors	Caused	<ul style="list-style-type: none"> <li>Integration of Strategic Pillars and Capitals</li> <li>Social and relationship Capital</li> </ul>
People development	Colleagues	Employees' empowerment	A commitment to enhancing colleagues' professional skills and accelerating their professional development through transparent and fair mechanisms to ensure all employees are capable of performing to the best of their abilities; valuing employees' wellbeing and the balance between their professional and personal lives; creating a work environment where everyone feels at ease and is motivated to build positive relationships with employees' representatives and all the stakeholders	Group	Caused	<ul style="list-style-type: none"> <li>Human Capital</li> </ul>

1. Main stakeholder group that raised and/or is affected by the material topic.  
 2. Reporting of data and information for topics that are material outside the organisation is limited to the Group activities. The geographical location where the topic is material refers mainly to the 14 Countries where the Group has significant operations (refer to the Report Structure of the Integrated Report for more information). Boundaries for material topic refer to where the impact occurs for a material topic.  
 3. Includes Colleagues, Customers, Communities, Investors, Regulators and Suppliers.

Clusters	Main stakeholder involved <sup>1</sup>	Material topic	Definition	Boundaries for material topics <sup>2</sup>	Type of involvement	Main reference chapter of the Integrated Report
People development	Colleagues	Diversity and inclusion	Fostering and improving a culture of inclusion, fairness and respect by promoting equal opportunities in the workplace so all colleagues can maximise their potential	Group Regulators	Caused	<ul style="list-style-type: none"> <li>Human Capital</li> </ul>
Ethics	All	Fair business behaviour	Recognising the importance of environmental, social and governance issues and embedding them into specific business strategies, maintaining high standards for fair business practices and expecting senior management and employees to treat all stakeholders with fairness and respect	Group Customers Investors	Caused	<ul style="list-style-type: none"> <li>Risk Management and Compliance</li> <li>Natural Capital</li> <li>Social and relationship Capital</li> </ul>
Ethics	All	Business ethics	Basing our business practices on strong ethics fundamentals: respecting and supporting human rights within our sphere of influence; reinforcing a culture of compliance and attention to colleagues' health and safety at all levels of our organisation	Group Customers Investors Regulators	Caused by the Group and directly linked to its business relationship	<ul style="list-style-type: none"> <li>Risk Management and Compliance</li> </ul>
Emerging risks	All	Cyber security	Building and maintaining an environment in which all data and information confidentiality, integrity and availability are protected from relevant cyber threats	Group Customers Regulators	Contributed	<ul style="list-style-type: none"> <li>Intellectual Capital</li> <li>Risk management and Compliance</li> </ul>
Emerging risks	All	Climate change	Develop a climate change strategy to manage transition risks and physical risks arising from a changing climate and seizing related opportunities in order to mitigate the impacts on global temperature and to enhance climate resilience	Group Customers Regulators Investors	Caused by the Group and directly linked to its business relationship	<ul style="list-style-type: none"> <li>Natural Capital</li> <li>Risk Management and Compliance</li> </ul>
Emerging risks	Customers Colleagues	Demographic change	Bearing in mind the impacts of demographic changes on all our banking business activities both in terms of demand and supply of products and services and wellbeing for customers and colleagues	Group Customers Communities	Contributed	<ul style="list-style-type: none"> <li>Social and relationship Capital</li> </ul>
Positive impact on society	Communities	Positive impact on society	Understanding the priorities of communities, supporting sectors and enterprises which can create social and economic positive impacts (infrastructure, employment, social wellbeing and financial education)	Group Customers Communities	Caused	<ul style="list-style-type: none"> <li>Social and relationship Capital</li> </ul>

## Portrait in numbers<sup>1</sup>

The data in this part of Supplement applies to UniCredit's employees (in Head Count) as of December 31, 2018-2017. Our employee data does not include external staff (e.g., interns or consultants). The number reflects all employees of fully consolidated entities. The data represents 100 percent of the population unless otherwise noticed.

In 2018, we reallocated our senior management population between the Senior Leadership and Executive employment tiers. For this reason, several figures may be different from those presented in 2017 Integrated Report.

2018 data shows a general decrease of the company's overall population, mainly due to the reorganization of the Group through our strategic plan.

### Percentage and number of employees by country and gender, 2017-2018

Country	Female 2018	Male 2018	Head Count 2018	Head Count 2017
Italy	46.07%	53.93%	41,007	44,957
Germany	53.96%	46.04%	16,068	17,472
Austria	54.76%	45.24%	8,798	9,363
Bosnia and Herzegovina	72.48%	27.52%	1,686	1,694
Bulgaria	77.36%	22.64%	4,589	4,566
Croatia	74.21%	25.79%	4,076	4,165
Czech Republic	65.46%	34.54%	4,033	4,063
Hungary	68.33%	31.67%	2,207	2,257
Romania	71.15%	28.85%	5,851	5,698
Russia	67.27%	32.73%	4,721	4,722
Serbia	63.32%	36.68%	1,303	1,281
Slovenia	65.16%	34.84%	577	570
Other <sup>A</sup>	60.41%	39.59%	1,432	1,507
<b>Total</b>	<b>55.77%</b>	<b>44.23%</b>	<b>96,348</b>	<b>102,315</b>

A. Other includes: Brazil, Ireland, Latvia, Luxembourg, Poland, Singapore, Slovakia, United Kingdom and United States of America.

### Percentage of employees by employment tier, 2017-2018

Employment tier	2018	2017
Senior Leadership	0.11%	0.11%
Executive	0.39%	0.39%
Middle Management	9.68%	9.39%
Staff	89.81%	90.11%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

1. Numbers might not add up due to rounding reasons.

### Percentage of employees by employment tier and gender, 2017-2018

Employment tier and gender	2018	2017
<b>Senior Leadership</b>		
Female	10.00%	9.17%
Male	90.00%	90.83%
<b>Executive</b>		
Female	21.37%	18.02%
Male	78.63%	81.98%
<b>Middle Management</b>		
Female	31.52%	30.75%
Male	68.48%	69.25%
<b>Staff</b>		
Female	58.59%	57.67%
Male	41.41%	42.33%

### Percentage of employees by gender and contract type, 2017-2018

Gender	2018		2017	
	Fixed-term	Permanent	Fixed-term	Permanent
Female	3.68%	52.08%	3.64%	51.29%
Male	2.38%	41.85%	2.20%	42.86%
<b>Total</b>	<b>6.07%</b>	<b>93.93%</b>	<b>5.84%</b>	<b>94.16%</b>

### Percentage of employees by contract type and country, 2017-2018

Country	2018		2017	
	Fixed-term	Permanent	Fixed-term	Permanent
Italy	2.44%	97.56%	1.79%	98.21%
Germany	6.77%	93.23%	6.93%	93.07%
Austria	16.27%	83.73%	15.13%	84.87%
Bosnia and Herzegovina	5.34%	94.66%	6.32%	93.68%
Bulgaria	8.28%	91.72%	8.41%	91.59%
Croatia	2.40%	97.60%	2.67%	97.33%
Czech Republic	9.57%	90.43%	11.79%	88.21%
Hungary	0.05%	99.95%	0.13%	99.87%
Romania	8.14%	91.86%	10.53%	89.47%
Russia	8.41%	91.59%	8.28%	91.72%
Serbia	7.60%	92.40%	8.51%	91.49%
Slovenia	14.38%	85.62%	11.40%	88.60%
Other <sup>A</sup>	22.00%	78.00%	19.71%	80.29%
<b>Total</b>	<b>6.07%</b>	<b>93.93%</b>	<b>5.84%</b>	<b>94.16%</b>

A. Other includes: Brazil, Ireland, Latvia, Luxembourg, Poland, Singapore, Slovakia, United Kingdom and United States of America.

### Percentage of employees by employment tier and age, 2017-2018

Employment tier	2018			2017		
	Up to 30 years	31-50 years	Above 50 years	Up to 30 years	31-50 years	Above 50 years
Senior Leadership	0.00%	0.09%	0.20%	0.00%	0.08%	0.19%
Executive	0.00%	0.41%	0.51%	0.00%	0.41%	0.48%
Middle Management	0.89%	10.62%	11.17%	0.79%	10.38%	10.56%
Staff	99.11%	88.89%	88.11%	99.21%	89.13%	88.77%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

### Turnover for incoming employees by country, 2017-2018<sup>A</sup>

Country	2018		2017	
	Number	Percentage	Number	Percentage
Italy	1,251	3.05%	496	1.10%
Germany	533	3.32%	352	2.01%
Austria	590	6.71%	1,214	12.97%
Bosnia and Herzegovina	116	6.88%	109	6.43%
Bulgaria	552	12.03%	556	12.18%
Croatia	359	8.81%	237	5.69%
Czech Republic	618	15.32%	629	15.49%
Hungary	307	13.91%	327	14.49%
Romania	1,423	24.32%	1,269	22.27%
Russia	876	18.56%	863	18.28%
Serbia	127	9.75%	125	9.76%
Slovenia	80	13.86%	71	12.46%
Other <sup>B</sup>	333	23.25%	252	16.72%
<b>Total</b>	<b>7,165</b>	<b>7.44%</b>	<b>6,500</b>	<b>6.35%</b>

A. Turnover rates are calculated as follows: (Employees hired in 2018)/(Employees at the end of 2018)\*100.  
B. Other includes: Brazil, Ireland, Latvia, Luxembourg, Poland, Singapore, Slovakia, United Kingdom and United States of America.

### Turnover for outgoing employees by country, 2017-2018<sup>A</sup>

Country	2018		2017	
	Number	Percentage	Number	Percentage
Italy	5,100	12.44%	4,493	9.90%
Germany	2,022	12.58%	1,412	8.08%
Austria	1,153	13.11%	1,681	17.95%
Bosnia and Herzegovina	120	7.12%	91	5.37%
Bulgaria	523	11.40%	521	11.41%
Croatia	444	10.89%	331	7.95%
Czech Republic	703	17.43%	785	19.32%
Hungary	358	16.22%	334	14.80%
Romania	1,307	22.34%	1,160	20.36%
Russia	878	18.60%	930	19.70%
Serbia	105	8.06%	78	6.09%
Slovenia	72	12.48%	63	11.05%
Other <sup>B</sup>	249	17.39%	210	13.93%
<b>Total</b>	<b>13,034</b>	<b>13.53%</b>	<b>12,089</b>	<b>11.82%</b>

A. Turnover rates are calculated as follows: (Employees who left the Group in 2018)/(Employees at the end of 2018)\*100.  
B. Other includes: Brazil, Ireland, Latvia, Luxembourg, Poland, Singapore, Slovakia, United Kingdom and United States of America.

### Turnover for incoming employees by gender<sup>A</sup> and age<sup>B</sup>, 2017-2018

Gender	2018		2017	
	Number	Percentage	Number	Percentage
Female	4,219	7.85%	4,021	7.15%
Male	2,946	6.91%	2,479	5.38%

Age	2018		2017	
	Number	Percentage	Number	Percentage
Up to 30 years	4,366	39.75%	3,672	32.91%
31 - 50 years	2,361	4.29%	2,029	7.39%
Above 50 years	438	1.44%	799	2.43%

A. Turnover rates are calculated as follows: (Employees hired in 2018 by gender)/(Employees by gender at the end of 2018)\*100.  
B. Turnover rates are calculated as follows: (Employees hired in 2018 by age)/(Employees by age at the end of 2018)\*100.

### Turnover for outgoing employees by gender<sup>A</sup> and age<sup>B</sup>, 2017-2018

Gender	2018		2017	
	Number	Percentage	Number	Percentage
Female	6,692	12.46%	6,185	11.00%
Male	6,342	14.88%	5,904	12.80%

Age	2018		2017	
	Number	Percentage	Number	Percentage
Up to 30 years	2,789	25.39%	2,718	24.36%
31 - 50 years	3,786	6.88%	3,488	5.99%
Above 50 years	6,459	21.28%	5,883	17.89%

A. Turnover rates are calculated as follows: (Employees who left the Group in 2018 by gender)/(Employees by gender at the end of 2018)\*100.  
B. Turnover rates are calculated as follows: (Employees who left the Group in 2018 by age)/(Employees by age at the end of 2018)\*100.

### Differential<sup>A</sup> between female and male employee gross salaries<sup>B</sup> by country and employment tier, 2017-2018<sup>C</sup>

The percentage represents the weighted averages of women's average gross salary compared to men's.

Country	2018			2017		
	Executive	Middle Management	Staff	Executive	Middle Management	Staff
Italy	90.49%	86.48%	88.63%	86.95%	85.94%	88.51%
Germany	77.65%	83.46%	87.63%	76.27%	84.59%	86.49%
Austria	105.76%	90.65%	80.17%	96.35%	90.14%	79.81%
Bosnia and Herzegovina	Not applicable	80.29%	89.67%	93.85%	94.69%	89.84%
Bulgaria	Not applicable	91.73%	74.88%	40.07%	92.29%	73.89%
Croatia	89.10%	90.48%	93.55%	75.23%	90.10%	94.91%
Czech Republic	Not applicable	68.67%	71.02%	Not applicable	75.02%	76.04%
Hungary	Not applicable	97.58%	81.12%	Not applicable	95.49%	81.83%
Romania	102.26%	100.76%	82.41%	57.32%	96.58%	83.40%
Russia	120.60%	89.57%	73.59%	60.12%	89.83%	73.80%
Serbia	Not applicable	88.83%	78.75%	Not applicable	83.32%	82.46%
Slovenia	Not applicable	76.47%	94.73%	73.26%	101.88%	98.52%

A. The ratios were calculated as follows: (Total gross salary of female employees/Total female FTE)/(Total gross salary of male employees/Total male FTE).  
B. Gross salary: the full year fixed amount paid to an employee for performing his/her duties. It includes allowances provided related to specific positions.  
C. Data represents 91.32 percent of the population. Due to the reallocation of the senior management population between the Senior Leadership and Executive employment tiers, the figures relative to the Executive tier are not comparable to those presented in 2017 Integrated Report.

### Differential<sup>A</sup> between female and male employee total remuneration<sup>B</sup> by country and employment tier, 2017-2018<sup>C</sup>

The percentage represents the weighted averages of women's average remuneration compared to men's.

Country	2018			2017		
	Executive	Middle Management	Staff	Executive	Middle Management	Staff
Italy	86.31%	84.86%	88.74%	79.19%	85.11%	88.48%
Germany	64.39%	76.58%	84.12%	67.38%	78.72%	83.94%
Austria	121.43%	88.21%	78.95%	88.91%	88.79%	78.68%
Bosnia and Herzegovina	Not applicable	79.62%	88.69%	95.16%	94.46%	89.41%
Bulgaria	Not applicable	91.73%	74.93%	39.57%	92.62%	73.84%
Croatia	92.07%	85.17%	93.59%	76.92%	87.38%	94.79%
Czech Republic	Not applicable	64.89%	68.19%	Not applicable	71.58%	74.97%
Hungary	Not applicable	98.57%	80.40%	Not applicable	95.89%	81.36%
Romania	98.33%	99.21%	81.87%	47.33%	94.59%	85.35%
Russia	115.66%	88.13%	74.31%	59.18%	88.16%	73.86%
Serbia	Not applicable	83.81%	78.05%	Not applicable	81.93%	81.67%
Slovenia	Not applicable	72.13%	94.76%	74.03%	100.70%	99.16%

A. The ratios were calculated as follows: (Total gross salary of female employees/Total female FTE)/(Total gross salary of male employees/Total male FTE).  
B. Total remuneration: gross salary plus additional amounts such as bonuses including cash and/or available equity shares to reward individual performance and Company's results and any other no one-off payments.  
C. Data represents 91.32 percent of the population. Due to the reallocation of the senior management population between the Senior Leadership and Executive employment tiers, the figures relative to the Executive tier are not comparable to those presented in 2017 Integrated Report.



## Diversity management

### Percentage of employees by gender and employment status, 2017-2018

Gender	2018		2017	
	Part-time	Full-time	Part-time	Full-time
Female	13.65%	42.12%	13.61%	41.33%
Male	2.23%	42.01%	2.17%	42.89%
<b>Total</b>	<b>15.88%</b>	<b>84.12%</b>	<b>15.78%</b>	<b>84.22%</b>

### Number of employees in protected categories<sup>A</sup> by country, 2017-2018<sup>B</sup>

Country	2018	2017
Italy	2,356	2,796
Germany	736	655
Austria	242	358
Bosnia and Herzegovina	9	10
Bulgaria	123	127
Croatia	31	36
Czech Republic	53	55
Hungary	0	0
Romania	16	12
Russia	110	123
Serbia	0	0
Slovenia	0	4
Other <sup>C</sup>	7	4

A. Employees in protected categories are reported according to the requirements of applicable local laws. If accepted by local laws alternative solutions are implemented. Due to privacy reasons the employment tier breakdown is not reported.  
B. Data represents 90.7 percent of the population for 2018 and 92.7 percent for 2017.  
C. Other includes: Brazil, Ireland, Latvia, Luxembourg, Poland, Singapore, Slovakia, United Kingdom and United States of America.

## Training

In 2018 we enhanced our data gathering, which resulted in a wider and more accurate reporting of training hours per capita.

### Training hours per capita by employment tier and gender, 2017-2018

	2018			2017		
	Female	Male	Total	Female	Male	Total
Senior Leadership and Executive	39.83	22.46	25.73	25.12	22.55	22.95
Middle Management	24.07	23.61	23.75	19.39	19.08	19.17
Staff	33.60	35.50	34.38	23.11	25.23	24.01
<b>Total</b>	<b>33.08</b>	<b>33.58</b>	<b>33.30</b>	<b>22.91</b>	<b>24.32</b>	<b>23.54</b>

This data was drawn from a population that represented 98.8 percent of the population for 2018 and 95.9 percent for 2017. Training hours include e-learning, classroom instruction and on-the-job training.

## Industrial Relations<sup>2</sup>

At UniCredit, we strongly believe in the importance of social dialogue, in particular with regard to the Group's labour practices. Social dialogue enhances our ability to cooperate, improves our listening skills and expands our understanding of domestic and global labour needs. A consistent, Group-wide approach has maintained our high standard of social dialogue in recent years, helping us to manage the challenging goals of our business strategies. In every country where we operate, we remain committed to improving UniCredit's social dialogue, focusing on building on our strong European identity. At national level, workers' interests may be represented in our Group by trade unions, works councils or other representatives in line with applicable labour laws and local industrial relations systems. At international level, workers are represented by the European Works Council (EWC), which, since its foundation in 2007, has worked to ensure the right to information and consultation on transnational Group topics that could significantly affect workers' interests. It currently has 35 members representing 17 countries (Austria, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Germany, Hungary, Ireland, Italy, Luxembourg, Poland, Romania, Russia, Serbia, Slovakia, Slovenia and the United Kingdom).

Over the past ten years, UniCredit and the EWC have achieved important results, defining a distinctive global approach to industrial relations. The four joint declarations signed over the last decade demonstrate their success in improving social dialogue across Europe by establishing a global strategic overview that facilitates social dialogue at local level.

The Joint Declaration on Training, Learning and Professional Development (December 2008) is based on the principle that learning is a lifelong, continuous and effective experience. It defines guidelines and principles that, respecting the different cultural, social and historical backgrounds of each country where UniCredit is present, should support all actors involved and serve as a point of reference for all strategies, activities and initiatives in the fields of training, learning and professional development.

The Joint Declaration on Equal Opportunities and Non-Discrimination (May 2009) is intended to be a point of reference for all employees to define the guidelines on sensitive issues such as diversity, equal opportunities and non-discrimination, with the purpose of creating a diverse corporate culture, strengthening a sense of belonging and enhancing quality of life at work.

The Joint Declaration on Responsible Sales (May 2015) promotes joint principles and guidelines regarding UniCredit's commercial approach, defining the pillars based on which they can be shared and respected: product quality, customer focus, employees' professional development and organisational governance.

The Joint Declaration on Work-Life Balance (November 2017) aims to promote a set of specific, concrete actions to support work-life balance across the Group. The document calls for a general approach to setting target standards in all of UniCredit's legal entities and all of the countries where the Group is present, with five areas of focus: digitisation, space and time flexibility, time management, well-being and cultural change.

The implementation of every Joint Declaration is subject to periodical monitoring, both by UniCredit and the EWC's employee representatives.

The parties commit to ensuring the broader dissemination and implementation of the content of these documents throughout all Group countries, with the common purpose of using social dialogue to reinforce Group culture, taking into account special requirements and current local best practices in addition to standards that have already been met.

2. 2018 data is drawn from the following subset of Group entities (which represents 98.19 percent of the reporting boundaries) unless stated otherwise:

- Italy: UniCredit SpA, FincoBank SpA, Cordusio SIM SpA, UniCredit Factoring SpA, UniCredit Leasing SpA, UniCredit Services SCpA
- Germany: UniCredit Bank AG, Food & More GmbH, Ocean Breeze Energy GmbH & Co KG, UniCredit Direct Services GmbH, UniCredit Leasing GmbH, Wealthcap Kapitalverwaltungsgesellschaft mbH, UniCredit Services SCpA
- Austria: UniCredit Bank Austria AG, UniCredit Services GmbH
- Bosnia and Herzegovina: UniCredit Bank DD, UniCredit Bank ad Banja Luka
- Bulgaria: UniCredit Bulbank AD
- Croatia: Zagrebačka Banka DD, UniCredit Leasing Croatia doo za Leasing
- Czech Republic: UniCredit Bank Czech Republic and Slovakia as, UniCredit Leasing CZ as, UniCredit Services SCpA
- Hungary: UniCredit Bank Hungary Zrt, UniCredit Services SCpA
- Romania: UniCredit Bank SA, UniCredit Consumer Financing IFN SA, UniCredit Leasing Corporation IFN SA, UniCredit Leasing Fleet Management Srl, UniCredit Services SCpA, UniCredit Services GmbH
- Russia: AO UniCredit Bank, Ooo UniCredit Leasing
- Serbia: UniCredit Bank Serbia Jsc
- Slovenia: UniCredit Banka Slovenija DD, UniCredit Leasing, leasing, doo.

### Percentage of employees covered by collective bargaining agreements, 2017-2018<sup>A</sup>

Country	2018	2017
Italy	100%	100%
Germany <sup>B</sup>		
UniCredit Bank AG	41.80%	40.95%
Food & More GmbH	35%	Not applicable
UniCredit Services SCpA	47.42%	49.56%
Austria	100%	100%
Bosnia and Herzegovina	100%	100%
Bulgaria	60.35%	59.74%
Croatia <sup>B</sup>		
Zagrebacka Banka DD	100%	100%
Czech Republic <sup>B</sup>		
UniCredit Bank Czech Republic and Slovakia, as	92%	100%
UniCredit Services SCpA	100%	100%
Hungary <sup>C</sup>	Not applicable	Not applicable
Romania <sup>B</sup>		
UniCredit Bank SA		
UniCredit Consumer Financing IFN SA	100%	93%
UniCredit Leasing Corporation IFN SA		
UniCredit Services SCpA	100%	100%
UniCredit Services GmbH	100%	100%
Russia	100%	100%
Serbia <sup>C</sup>	Not applicable	Not applicable
Slovenia	100%	100%

A. The collective bargaining agreement refers to national, sector and company level.  
B. For the legal entities not displayed no collective bargaining agreement is in place.  
C. There is no collective bargaining agreement at the branch and country level as of yet.

### Notice period typically provided to employees and their elected representatives prior to implementing significant operational changes that could affect them substantially, 2018

Country	Notice period	Legal number of days	Notice period specified notice in collective bargaining agreements
Italy	Yes	25	Yes
Germany	No	Not applicable	Not applicable
Austria			
UniCredit Bank Austria AG	Yes	42	No
UniCredit Services GmbH	No	Not applicable	Not applicable
Bosnia and Herzegovina			
UniCredit Bank DD	Yes	15	No
UniCredit Bank ad Banja Luka	Yes	30	No
Bulgaria	Yes	45	Yes
Croatia			
Zagrebacka Banka DD	Yes	14	Yes
UniCredit Leasing Croatia doo za Leasing	Yes	30	Not applicable
Czech Republic			
UniCredit Bank Czech Republic and Slovakia, as	Yes	60	No
UniCredit Leasing CZ as			
UniCredit Services SCpA	Yes	60	Yes
Hungary	Yes	30	No
Romania			
UniCredit Bank SA			
UniCredit Consumer Financing IFN SA	Yes	20	No
UniCredit Leasing Corporation IFN SA			
UniCredit Leasing Fleet Management Srl			
UniCredit Services SCpA	Yes	30 <sup>A</sup>	No
UniCredit Services GmbH			
Russia	Yes	60	No
Serbia	No	Not applicable	Not applicable
Slovenia	Yes	8	Yes

A. Notice period might change according to the situation.

## Welfare and work-life balance<sup>3</sup>

In 2018, UniCredit created a global welfare strategy framework based on its Human Capital mission with one objective – to create the best place to work. The aim is to attract, retain and engage employees, offering adequate welfare standards in all geographies.

Welfare initiatives are developed locally in order to create the right social solution to a country's needs and special requirements, with central coordination that guarantees the observance of the main principles and guidelines of UniCredit's welfare strategy.

Thanks to social dialogue, the collaboration with employee representatives creates a balance between workers' needs and business needs by continuously verifying the consistency of initiatives and progress of projects over time.

UniCredit intends to continuously enhance its current practices while fully respecting the specific requirements of individual countries. The innovative approach defined by the Joint Declaration on Work-Life Balance in 2017 aims to inspire and promote local initiatives by identifying specific macro-areas of focus and promoting a set of concrete actions and clear drivers.

### A snapshot of the Joint Declaration on Work-Life Balance initiatives by macro-area, 2018

Macro areas	Digitisation	Space and time flexibility	Time management	Well-being	Cultural change
<b>Geographic areas</b>	Italy, Germany, Austria, CEE	Italy, Germany, Austria, CEE	Italy, CEE	Italy, Germany, Austria, CEE	Italy, Germany, Austria, CEE
<b>Examples</b>	<ul style="list-style-type: none"> <li>Proper use of corporate devices</li> </ul>	<ul style="list-style-type: none"> <li>Remote work initiatives</li> <li>Mobility initiatives</li> <li>Flexible working hours</li> <li>Sabbatical leaves</li> <li>Specific leaves for key life events</li> <li>Leaves for volunteering and social activities</li> </ul>	<ul style="list-style-type: none"> <li>Respect of working hours</li> <li>Email management</li> <li>"Day without meetings"</li> </ul>	<ul style="list-style-type: none"> <li>Welfare plans</li> <li>Health prevention programs</li> <li>Canteens and healthy food initiatives</li> <li>Sport initiatives</li> <li>Kindergartens</li> <li>Psychological support</li> </ul>	<ul style="list-style-type: none"> <li>Training to managers to foster a culture of inclusion</li> <li>Communication campaign on work-life balance</li> <li>Training to managers managing teams working remotely</li> <li>Encourage recruiting and return to work of mothers after a long leave</li> </ul>

3. 2018 data is drawn from the following subset of Group entities (which represents 98.06 percent of the reporting boundaries) unless stated otherwise:  
 • Italy: UniCredit SpA, FincoBank SpA, Cordusio SIM SpA, UniCredit Factoring SpA, UniCredit Leasing SpA, UniCredit Services SCpA  
 • Germany: UniCredit Bank AG, Food & More GmbH, Ocean Breeze Energy GmbH & Co KG, UniCredit Direct Services GmbH, UniCredit Leasing GmbH, Wealthcap Kapitalverwaltungsgesellschaft mbH, UniCredit Services SCpA  
 • Austria: UniCredit Bank Austria AG, Schoellerbank Aktiengesellschaft, UniCredit Leasing (Austria) GmbH, UniCredit Services GmbH  
 • Bosnia and Herzegovina: UniCredit Bank DD, UniCredit Bank ad Banja Luka  
 • Bulgaria: UniCredit Bulbank AD, UniCredit Consumer Financing EAD, UniCredit Leasing EAD  
 • Croatia: Zagrebačka Banka DD  
 • Czech Republic: UniCredit Bank Czech Republic and Slovakia as, UniCredit Leasing CZ as, UniCredit Services SCpA  
 • Hungary: UniCredit Bank Hungary Zrt, UniCredit Services SCpA  
 • Romania: UniCredit Bank SA, UniCredit Consumer Financing IFN SA, UniCredit Leasing Corporation IFN SA, UniCredit Services SCpA, UniCredit Services GmbH  
 • Russia: AO UniCredit Bank, OOO UniCredit Leasing  
 • Serbia: UniCredit Bank Serbia Jsc  
 • Slovenia: UniCredit Banka Slovenija DD, UniCredit Leasing, leasing, doo.

### Retirement plans offered to employees, 2018

Country	Principal retirement plans	Contribution from employer	Contribution from employees
Italy <sup>A</sup>	Defined contribution plan	2% or 3% <sup>B</sup>	Minimum 0.5%
Germany <sup>C</sup>			
UniCredit Bank AG Wealthcap Kapitalverwaltungsgesellschaft mbH UniCredit Services SCpA	Defined contribution plan	2.5% of gross income up to gross yearly income of €61,548	2.5% of gross income up to a gross yearly income of €61,548
UniCredit Leasing GmbH	Defined contribution plan	4.36% of the agreed annual income	2.14% of the agreed annual income as salary conversion
Austria			
UniCredit Bank Austria AG Schoellerbank Aktiengesellschaft UniCredit Leasing (Austria) GmbH	Defined contribution plan	2.9% or more	Arrangements between the pension fund and employee are made on an individual basis
UniCredit Services GmbH	Defined contribution plan	2.5% of the yearly gross salary	Arrangements between contribution plan the pension fund and employee are made on an individual basis
Bosnia and Herzegovina	No plans	Not applicable	Not applicable
Bulgaria	No plans	Not applicable	Not applicable
Croatia	No plans	Not applicable	Not applicable
Czech Republic			
UniCredit Bank Czech Republic and Slovakia, as	Defined contribution plan	19,500 CZK (approximately €780), not applicable for all	Arrangements between the pension fund and employee are made on an individual basis
UniCredit Leasing CZ as	Defined contribution plan	15,000 CZK (approximately €600)	Arrangements between the pension fund and employee are made on an individual basis
UniCredit Services SCpA	No plans	Not applicable	Not applicable
Hungary	No plans	Not applicable	Not applicable
Romania	Defined contribution plan	Approximately 100 RON (approximately €21) of the monthly salary	Arrangements between the pension fund and employee are made on an individual basis
Russia	Defined contribution plan	7% of the monthly base salary	7% of the monthly base salary
Serbia	No plans	Not applicable	Not applicable
Slovenia	No plans	Not applicable	Not applicable

A. The reported contribution percentages refer to the second section of the Fondo Pensione per il Personale delle Aziende del Gruppo UniCredit, the pension fund currently open to new participants.

B. A further contribution of 2 percent for newly recruited staff (art. 46, paragraph 3 - National Collective Bargaining Agreement of ABI, March 3, 2015) is added to this assumption for 4 consecutive years; consequently, the contribution from the employer amounts to 4 percent for this category.

C. For the legal entities not displayed no retirement plan is offered to employees.

### Welfare system, 2018

Country	National mandatory welfare system	Voluntary company welfare system
Italy	Yes	Yes
Germany	Yes	Yes
Austria	Yes	Yes
Bosnia and Herzegovina	Yes	No
Bulgaria	Yes	Yes
Croatia	Yes	No
Czech Republic		
UniCredit Bank Czech Republic and Slovakia, as	Yes	Yes
UniCredit Leasing CZ as	Yes	No
UniCredit Services SCpA	Yes	Yes
Hungary	Yes	Yes
Romania		
UniCredit Bank SA	Yes	No
UniCredit Consumer Financing IFN SA		
UniCredit Leasing Corporation IFN SA		
UniCredit Leasing Fleet Management Srl		
UniCredit Services SCpA	Yes	Yes
UniCredit Services GmbH	Yes	Yes
Russia	Yes	Yes
Serbia	Yes	Yes
Slovenia	Yes	No

### Transition assistance programs to support employees,<sup>A</sup> 2018<sup>B</sup>

Country	The program includes:				
	Preretirement planning for intended retirees	Retraining for those intending to continue working	Severance pay	Job placement services	Assistance transitioning to non-working life (training, counseling)
Italy	Yes	Yes	Yes	Yes	No
Germany <sup>C</sup>	Yes	Yes	Yes	Yes	No
UniCredit Services SCpA	Yes	No	Yes	Yes	No
Austria	Yes	Yes	Yes	Yes	No
Bosnia and Herzegovina	No	No	Yes	No	No
Bulgaria	No	No	Yes	No	No
Croatia	No	Yes	Yes	No	No
Czech Republic <sup>D</sup>	Yes	Yes	Yes	Yes	No
UniCredit Services SCpA	No	Yes	Yes	Yes	No
Hungary <sup>E</sup>	No	No	Yes	Yes	Yes
UniCredit Services SCpA	No	No	Yes	No	No
Romania <sup>F</sup>	No	No	Yes	No	No
UniCredit Services SCpA	Yes	No	Yes	No	No
Russia	No	No	Yes	No	No
Serbia	No	No	Yes	No	No
Slovenia	Yes	No	Yes	No	No

A. In some cases, the programs are provided only in case of company restructuring/reorganization.

B. The tables under this paragraph refer to the perimeter defined at page 5.37 - Industrial Relations.

C. Refers to UniCredit Bank AG, Food & More GmbH, Ocean Breeze Energy GmbH & Co KG, UniCredit Direct Services GmbH, UniCredit Leasing GmbH, Wealthcap Kapitalverwaltungsgesellschaft mbH.

D. Refers to UniCredit Bank Czech Republic and Slovakia as, UniCredit Leasing CZ as.

E. Refers to UniCredit Bank Hungary Zrt.

F. Refers to UniCredit Bank SA, UniCredit Consumer Financing IFN SA, UniCredit Leasing Corporation IFN SA.

## Health and safety management<sup>4</sup>

Health and safety at work is a key topic. It has been fully integrated into the work-life balance strategy and we far exceed our legal obligations. It must be seen as a core value whose ultimate goal is to guarantee well-being at work through a combination of actions and systems.

With this in mind, UniCredit signed a specific Joint Declaration on Work-Life Balance in 2017 with the aim of sharing a defined set of Group target standards according to a socially responsible corporate approach with employee representatives, taking into account the special requirements and current local best practices in addition to the standards of individually geographies that we have already met.

In compliance with EU directives, local laws, regulations and signed agreements in all the legal entities that make up UniCredit Group, the Occupational Health and Safety Management System aims to monitor and carry out activities to identify and mitigate the effects of the dangers that can lead to accidents and occupational illnesses. To further minimise residual risks, continuous improvement actions are carried out.

UniCredit has adopted and successfully implemented an Occupational Health and Safety Management System identifying, within its organisational structure, responsibilities, procedures, processes and resources for implementing the company policy on the protection of employees. The risks to the health and safety of employees are evaluated according to a multidisciplinary approach, considering the combined effect of the working environment, processes and equipment as well as the subjective conditions of workers.

The health and safety risk management process comprises the following phases:

- identification of dangers and their classification;
- risk assessment;
- identification and preparation of prevention and protection measures and procedures;
- definition of an action plan as part of a programme to guarantee the improvement of safety levels over time, with the identification of the competent company structures;
- execution of the planned measures as part of the programme;
- definition of worker information and training programmes;
- monitoring the implementation of the programmes and checks on the application and effectiveness of the measures adopted;
- management of residual risks.

### Formal joint management-worker health and safety committees, 2018

Country	Formal joint management-worker health and safety committee	Level at which the committee operates	Percentage of employees represented
Italy	No	Not applicable	Not applicable
Germany	Yes	Legal Entity	100%
Austria	Yes	Legal Entity	100%
Bosnia and Herzegovina	No	Not applicable	Not applicable
Bulgaria	Yes	Legal Entity	100%
Croatia	Yes	Legal Entity	100%
Czech Republic			
UniCredit Bank Czech Republic and Slovakia, as UniCredit Leasing CZ as UniCredit Services SCpA	Yes	Legal Entity	100%
Hungary	No	Not applicable	Not applicable
Romania	Yes	Legal Entity	100%
Russia	No	Not applicable	Not applicable
Serbia	No	Not applicable	Not applicable
Slovenia	No	Not applicable	Not applicable

4. 2018 data is drawn from the following subset of Group entities (which represents 98.80 percent of the reporting boundaries) unless stated otherwise:

- Italy: UniCredit SpA, FincoBank SpA, Cordusio SIM SpA, UniCredit Factoring SpA, UniCredit Leasing SpA, UniCredit Services SCpA
- Germany: UniCredit Bank AG, Food & More GmbH, Ocean Breeze Energy GmbH & Co KG, UniCredit Direct Services GmbH, UniCredit Leasing GmbH, Wealthcap Kapitalverwaltungsgesellschaft mbH, UniCredit Services SCpA
- Austria: UniCredit Bank Austria AG, Schoellerbank Aktiengesellschaft, UniCredit Services GmbH
- Bosnia and Herzegovina: UniCredit Bank DD, UniCredit Bank ad Banja Luka
- Bulgaria: UniCredit Bulbank AD, UniCredit Consumer Financing AD, UniCredit Leasing AD
- Croatia: Zagrebačka Banka DD
- Czech Republic: UniCredit Bank Czech Republic and Slovakia as, UniCredit Leasing CZ as, UniCredit Services SCpA
- Hungary: UniCredit Bank Hungary Zrt, UniCredit Services SCpA
- Romania: UniCredit Bank SA, UniCredit Services SCpA, UniCredit Services GmbH
- Russia: AO UniCredit Bank, Ooo UniCredit Leasing
- Serbia: UniCredit Bank Serbia Jsc
- Slovenia: UniCredit Banka Slovenija DD, UniCredit Leasing, leasing, doo.

### Formal agreements with employees' representatives on health and safety issues, 2018

Country	Existence of formal agreements with employees' representatives
Italy	No Agreements
Germany	
UniCredit Bank AG	
Ocean Breeze Energy GmbH & Co KG	
UniCredit Direct Services GmbH	No Agreements
UniCredit Leasing GmbH	
Wealthcap Kapitalverwaltungsgesellschaft mbH	
Food & More GmbH	
UniCredit Services SCpA	Agreements at local level
Austria	No Agreements
Bosnia and Herzegovina	No Agreements
Bulgaria	Agreements at local level
Croatia	Agreements at local level
Czech Republic	Agreements at local level
Hungary	No Agreements
Romania	Agreements at local level
Russia	Agreements at local level
Serbia	No Agreements
Slovenia	No Agreements

### Rates of injury, 2017-2018<sup>A</sup>

Country	2018		2017	
	Female	Male	Female	Male
Italy	2.38	2.38	2.04	1.18
Germany	3.37	1.51	3.72	1.64
Austria	0.80	0.98	0.61	0.30
Bosnia and Herzegovina	1.45	0.00	0.00	0.00
Bulgaria	0.39	0.00	0.56	0.00
Croatia	0.87	0.00	1.00	0.52
Czech Republic	1.20	0.00	0.87	0.00
Hungary	0.00	0.00	0.99	0.72
Romania	0.13	0.00	0.13	0.00
Russia	0.00	0.00	0.19	0.00
Serbia	0.62	0.00	0.00	0.00
Slovenia	0.00	0.00	2.74	2.50

A. This data was drawn from a population that represented 98.8 percent of the reporting boundaries for 2018 and 95.3 percent for 2017. Injuries are recorded as per applicable local law. Country to country comparison can be misleading due to different tracking systems and differences in local laws. This was calculated as follows: (total no. of workplace injuries/total working hours)\*1,000,000.

### Rates of lost days, 2017-2018<sup>A</sup>

Country	2018		2017	
	Female	Male	Female	Male
Italy	1.17	0.93	1.13	0.95
Germany	0.04	0.01	0.02	0.00
Austria	0.02	0.00	0.01	0.03
Bosnia and Herzegovina	0.09	0.00	0.18	0.00
Bulgaria	0.01	0.00	0.03	0.00
Croatia	0.15	0.05	0.20	0.00
Czech Republic	0.01	0.00	0.01	0.00
Hungary	0.02	0.00	0.02	0.06
Romania	0.00	0.02	0.00	0.00
Russia	0.00	0.00	0.00	0.00
Serbia	0.00	0.00	0.00	0.00
Slovenia	0.00	0.00	0.43	0.33

A. Data represents 95.6 percent of the population for 2018 and 96.8 percent for 2017. Injuries are recorded as per applicable local law. Country to country comparison can be misleading due to different tracking systems and differences in local laws. This was calculated as follows: (total no. of days of absence due to injuries/total working hours)\*1,000.

### Rates of absenteeism, 2017-2018<sup>A</sup>

Country	2018		2017	
	Female	Male	Female	Male
Italy	6.75	5.54	8.62	7.67
Germany	7.94	5.43	8.19	5.31
Austria	6.97	5.87	10.16	8.68
Bosnia and Herzegovina	1.33	1.99	3.15	2.31
Bulgaria	4.05	1.87	4.67	1.95
Croatia	5.70	3.09	5.95	3.71
Czech Republic	1.62	0.96	5.90	2.99
Hungary	2.66	1.79	5.88	2.02
Romania	2.70	1.37	3.52	3.79
Russia	4.11	3.11	3.35	2.80
Serbia	4.94	1.35	17.04	0.91
Slovenia	7.75	3.93	9.05	4.94

A. Data represents 95.6 percent of the population for 2018 and 96.8 percent for 2017. Injuries are recorded as per applicable local law. Country to country comparison can be misleading due to different tracking systems and differences in local laws. This was calculated as follows: (total no. of days of absence/total working hours)\*1,000. Days of absence refers to: injuries, illness and strikes.

## Disputes concerning labor, welfare issues, administrative bodies and discrimination<sup>5</sup>

### Number of disputes concerning labor issues, 2018

Country	Opened prior to 2018	Opened in 2018	Closed in 2018	Open as Dec. 31, 2018
Italy	632	157	248	541
Germany				
UniCredit Bank AG	18	22	17	23
UniCredit Services SCpA	1	2	1	2
Austria				
UniCredit Bank Austria AG	6	8	5	9
UniCredit Services GmbH	3	0	2	1
Bosnia and Herzegovina	39	0	7	32
Bulgaria	5	5	4	6
Croatia	28	6	10	24
Czech Republic	0	2	0	2
Romania	3	1	2	2
Russia	1	0	1	0
Serbia	7	5	0	12
Slovenia	0	2	0	2

### Number of disputes concerning welfare issues, 2018

Country	Opened prior to 2018	Opened in 2018	Closed in 2018	Open as Dec. 31, 2018
Italy	60	7	13	54
Germany	9	2	2	9
Croatia	1	0	0	1
Czech Republic	0	1	1	0

### Number of disputes concerning administrative bodies, 2018

Country	Opened prior to 2018	Opened in 2018	Closed in 2018	Open as Dec. 31, 2018
Italy	2	0	1	1
Germany	0	1	0	1
Czech Republic	0	1	1	0

### Number of disputes concerning discrimination, 2018

Country	Opened prior to 2018	Opened in 2018	Closed in 2018	Open as Dec. 31, 2018
Italy	1	0	1	0
Germany	1	0	1	0
Romania	0	1	0	1

5. This data is drawn from the following subset of Group entities (which represents 98.19 percent of the reporting boundaries) unless stated otherwise:

- Italy: UniCredit SpA, FincoBank SpA, Cordusio SIM SpA, UniCredit Factoring SpA, UniCredit Leasing SpA, UniCredit Services SCpA
- Germany: UniCredit Bank AG, Food & More GmbH, Ocean Breeze Energy GmbH & Co KG, UniCredit Direct Services GmbH, UniCredit Leasing GmbH, Wealthcap Kapitalverwaltungsgesellschaft mbH, UniCredit Services SCpA
- Austria: UniCredit Bank Austria AG, UniCredit Services GmbH
- Bosnia and Herzegovina: UniCredit Bank DD, UniCredit Bank ad Banja Luka
- Bulgaria: UniCredit Bulbank AD
- Croatia: Zagrebačka Banka DD
- Czech Republic: UniCredit Bank Czech Republic and Slovakia as, UniCredit Leasing CZ as, UniCredit Services SCpA
- Hungary: UniCredit Bank Hungary Zrt, UniCredit Services SCpA
- Romania: UniCredit Bank SA, UniCredit Consumer Financing IFN SA, UniCredit Leasing Corporation IFN SA, UniCredit Leasing Fleet Management Srl, UniCredit Services SCpA, UniCredit Services GmbH
- Russia: AO UniCredit Bank, Ooo UniCredit Leasing
- Serbia: UniCredit Bank Serbia Jsc
- Slovenia: UniCredit Banka Slovenija DD, UniCredit Leasing, leasing, doo.

Due to improved data collection process, some figures may differ from data presented in the 2017 Integrated Report.

## Customer distribution

Number of customers by division and country as of December 31, 2018<sup>A</sup>

Commercial Banking Division	Number
<b>Italy</b>	
Retail	7,403,655
Corporate	55,205
Private Banking	149,016
<b>Germany</b>	
Retail	1,228,737
Corporate	289,270
Private Banking	38,354
<b>Austria</b>	
Retail	1,586,679
Corporate	20,324
Private Banking	28,036
<b>Non-Core</b>	<b>63,105</b>
<b>Asset Gathering Division</b>	<b>1,218,027</b>
<b>CEE Retail Division</b>	
Bosnia and Herzegovina	680,690
Bulgaria	1,034,741
Croatia	996,003
Czech Republic (incl. Slovakia)	561,723
Hungary	316,167
Romania	797,937
Russia	613,919
Serbia	293,168
Slovenia	67,878
<b>CEE Corporate Division</b>	
Bosnia and Herzegovina	3,845
Bulgaria	12,512
Croatia	6,155
Czech Republic (incl. Slovakia)	26,118
Hungary	9,190
Romania	8,020
Russia	5,740
Serbia	4,473
Slovenia	2,687
<b>CEE Private Banking Division</b>	
Bulgaria	1,891
Croatia	2,535
Czech Republic (incl. Slovakia)	12,359
Hungary	1,401
Romania	1,191
Russia	1,787
Slovenia	354

A. Data exclude Cordusio SIM SpA.

## Customer satisfaction

After years of experience and knowledge acquired in gathering insights from customers and prospects, in 2017 UniCredit implemented a *Benchmarking Study*, aimed at providing a more objective view on the perception our clients and prospects have of local UniCredit's local banks as well as of our clients' relationship with these banks. We are monitoring the current competitive positioning as well as trends over the years through benchmarking.

The main KPI underlying this improved customer proximity approach is the *Customer First Index*. It is based on 2 questions: overall satisfaction and preference. Reputation, recommendation, acquisition potential and attrition risk are monitored at the same time.

The *Customer First Index* is measured generally two times per year across all Group countries, while additional surveys are carried out in line with local needs.

In the Individual segment UniCredit is ahead of competition on *Customer First Index* in 6 out of 12 markets. UniCredit holds a Best-in-Class positioning in Slovenia, Czech Republic and Slovakia, and Romania. Austria is recovering, narrowing the gap to competitors.

In the Corporate segment UniCredit is ahead of competition in 7 out of 12 markets, being Best-in-Class in Russia, Bosnia and Herzegovina<sup>1</sup> and Hungary. Overall UniCredit is performing particularly well on Corporate segment.

### Customer First Index results - Individual, 2017-2018<sup>A</sup>

Country	2018	2017	2018 competitors' results
Italy	63	62	65
Germany	62	58	65
Austria	51	50	61
Bosnia and Herzegovina			
UniCredit Bank ad Banja Luka	72	71	68
UniCredit Bank dd	70	72	68
Bulgaria	65	64	61
Croatia	66	68	66
Czech Republic and Slovakia	74	74	66
Hungary	67	62	61
Romania	70	70	63
Russia	69	73	71
Serbia	62	64	60
Slovenia	72	72	61

A. In 2017, the data referred to the whole Retail segment (Individuals and Small Business), while in 2018 only to the Individuals. Therefore, some figures may differ from data presented in the 2017 Integrated Report.

1. Data refer to UniCredit Bank dd.

### Customer First Index results - Corporate, 2017-2018

Country	2018	2017	2018 competitors' results
Italy	59	57	62
Germany	53	51	55
Austria	51	55	57
Bosnia and Herzegovina			
UniCredit Bank ad Banja Luka	75	67	72
UniCredit Bank dd	76	71	66
Bulgaria	62	62	57
Croatia	66	69	65
Czech Republic and Slovakia	59	Not available	59
Hungary	71	60	67
Romania	65	60	58
Russia	85	83	73
Serbia	57	54	64
Slovenia	58	63	54

## Handling complaints

UniCredit's approach to complaint management is driven by the belief that continuous dialogue and rapid responses are fundamental to addressing and improving the quality of our service and customer satisfaction. Customers can submit their complaints through a number of channels, including email, written letter or in person at one of our branches. Complaints are then managed locally or centrally, depending on the subject and nature of the complaint.

As far as verbal complaints are concerned, we aim to improve the efficiency of our responses to various events (errors, delays, malfunctions and churn rate); rapid resolutions increase customer satisfaction and strengthen its confidence in the bank.

The adequate management of complaints is fundamental to achieving operational excellence and reducing risks. Complaints may highlight areas where service quality can be improved - with positive effects on risk mitigation. In addition, effectively and efficiently managing complaints is an opportunity to re-establish a satisfactory relationship with customers.

As per our Global Compliance Guidelines - Complaint Management, a complaint is any form of dissatisfaction expressed by a current, potential or former customer which can be clearly identified regarding the manner in which the Group has managed a banking, finance or insurance transaction or service. Each UniCredit legal entity develops and regulates its own complaint management processes and defines the methods and timing applied to settling complaints in accordance with the type of complaint and the means of communication chosen by the customer.

### Retail division: number of recorded complaints<sup>A</sup>

Country	2018		2017	
	Recorded (written and verbal)	Written	Recorded (written and verbal)	Written
Italy <sup>a</sup>	330,446	40,168	298,160	38,029
Germany	23,068	4,036	27,078	5,245
Austria	39,791	2,226	42,906	2,601
Bosnia and Herzegovina	2,915	1,177	5,892	684
Bulgaria	2,789	2,715	2,399	2,332
Croatia	31,199	7,151	30,376	6,218
Czech Republic and Slovakia	18,558	14,786	17,533	12,582
Hungary	8,602	5,081	7,318	4,226
Romania	4,773	3,660	4,112	2,864
Russia	26,003	19,061	27,657	19,249
Serbia <sup>c</sup>	1,062	1,062	925	925
Slovenia	1,638	989	1,430	846

A. In Italy and Austria the complaints refer to Individuals and Small Business, while in Germany only to Individuals. In our CEE Countries the complaints refer to Retail division. Totals are not provided because definitions and recording methods have not been completely aligned across all countries.  
B. Besides UniCredit SpA, 2018 data include also 27 written complaints from Cordusio SIM SpA and 3,308 written complaints from FinecoBank SpA. UniCredit SpA data do not include the complaints related to the Intermarket Diamond Business SpA case, for which a dedicated customer care campaign was established. Refer to <https://www.unicredit.it/it/chi-siamo.html> for more information.  
C. According to local law all the complaints are considered as written since 2016.

## Financial inclusion

### Percentage of total branches in sparsely settled or economically disadvantaged areas as of December 31, 2018<sup>A</sup>

Country <sup>a</sup>	Percentage
Italy	23.1%
Bosnia and Herzegovina	100.0%
Bulgaria	100.0%
Croatia	100.0%
Czech Republic	38.0%
Hungary	100.0%
Romania	100.0%
Russia	100.0%
Serbia	100.0%
Slovakia	83.9%
Slovenia	41.7%

A. Relating to EU Countries, in order to identify disadvantaged areas, we used the NUTS classification (Nomenclature of Territorial Units for Statistics: a hierarchical system for dividing up the economic territory of the EU). In particular, we considered those regions at level 2 of the NUTS classification whose GDP (Gross Domestic Product) per inhabitant is less than 75 percent of the Community average ([http://ec.europa.eu/eurostat/statistics-explained/index.php/GDP\\_at\\_regional\\_level#Regional\\_GDP\\_per\\_capita](http://ec.europa.eu/eurostat/statistics-explained/index.php/GDP_at_regional_level#Regional_GDP_per_capita)). Based on this classification, there are no sparsely settled or economically disadvantaged areas in Austria and Germany.  
B. In Bosnia and Herzegovina, Bulgaria, Croatia, Hungary, Romania, Russia and Serbia, we considered as disadvantaged areas the whole territory, since for a study of the IMF published in October 2018 these countries are considered emerging markets and developing economies (<https://www.imf.org/en/Publications/WEO/Issues/2018/09/24/world-economic-outlook-october-2018>).

## Adherence to legal standards and voluntary codes relating to marketing and communications

UniCredit follows the Code of Marketing Communication Self-Regulation ([www.iap.it](http://www.iap.it)) disseminated by the Istituto dell'Autodisciplina Pubblicitaria (IAP), which commits its subscribers to transparent and honest advertising practices.

UniCredit is also a member of the Utenti Pubblicità Associati (UPA) which supports the IAP. All UniCredit entities follow the regulations disseminated by these bodies, particularly when local codes do not provide guidance on topics covered by the UPA.

All advertising and communication activities at UniCredit are managed by our Group Identity & Communications department, which is responsible for assuring the effective application of the IAP's code, as well as the oversight of the UniCredit's Supervisory Body.

In advertising related to investment products, all texts are submitted to the Commissione Nazionale per le Società e la Borsa (CONSOB) in Italy so they can be evaluated for regulatory compliance and consistency with the principles of truth and transparency.

### Main legal standards and voluntary codes relating to marketing and communications adopted by the Group Legal entities

Country	Description
Austria	Advertising Industry Ethics Code of the Austrian Society for Self - Regulation in Advertising (Werberat)
Bulgaria	Code of Ethics of the Association of Banks in Bulgaria
Croatia	Code of Advertising issued by the Croatian Association of Advertising Agencies
Hungary	Banking Association's Code of Conduct

## Sustainable and Responsible Investments (SRI)

### Sustainable investing at Cordusio SIM

Responsible investing and Environmental, Social and Governance (ESG) topics are a major part of Cordusio SIM's investment strategy. Cordusio is a wealth management company of the UniCredit Group, one of the first banks in Italy to prepare sustainability reports. It has a long track record with responsible investment and ESG topics. For Cordusio, sustainable and responsible investment means creating value for financial investors through a strategy with a long-term horizon and, which, in assessing enterprises, institutions and countries integrates financial variables with environmental, social and governance variables. The target of these types of securities is to reach certain goals without compromising the ability of future generations to meet their own needs.

The fund selection process that has been structured is rigorous and in recent years has also included ESG investments. The aim of the process is to cover all classes of funds and take into account also the internal market view and asset allocation decisions.

Five different categories of ESG investments have been identified at Cordusio, based on customer needs. If the aim of clients is to exclude some business sectors, certain funds will be presented to them, while for clients interested in engagement others will be selected. This approach reflects our service model: listening to customers and proposing them the best investment strategies that reflect their objectives including sustainable funds.

The funds selected by Cordusio are constantly monitored in relation to risk and performance, and if an ESG fund is involved, it needs to be continuously checked to make sure it is consistent with the approach indicated by the manager during the due diligence phase. If the characteristics for which the funds were selected cease to exist, then they are immediately excluded from our buy list.

ESGs are investments which also represent a diversification opportunity for all customers: the identified funds tend to be constructed differently compared to funds with a traditional approach and can improve in some aspects portfolio risk-return profile.

### SRI funds by category<sup>A</sup>

Exclusion\Norm based	ESG integration/Best in class	Impact investing	Thematic	Engagement
94	152	47	69	187

A. Funds offered to clients of Cordusio SIM as at December 31<sup>st</sup> 2018. Classification by Cordusio SIM based on the categories identified by the Forum per la Finanza Sostenibile (<http://investiresponsabilmente.it/cose/>). A fund can be classified in one or more categories.



## Environmental performance indicators<sup>1</sup>

### Scope 1: direct GHG emissions<sup>A</sup> (tons CO<sub>2</sub> e), 2017-2018<sup>B</sup>

Country	2018	2017
Italy	22,051	25,657
Germany	18,786	19,115
Austria	1,787	2,573
CEE	11,734	11,361
<b>Total</b>	<b>54,358</b>	<b>58,706</b>

A. 2017 figures are recasted from the ones published in the previous Integrated Report due to the periodical updates of GHG emission factors aimed at improving comparability and not as a consequence of restatement. For historical data published in the past, please refer to the 2017 Integrated Report.

B. GHG emissions from sources owned or controlled by our Group, which includes direct energy consumption, road business travel and refrigerant gas leakages. 2018 direct energy consumption data covers 99.96 percent of the reporting perimeter.

### Scope 2: indirect GHG emissions<sup>A</sup>, location-based and market-based (tons CO<sub>2</sub> e), 2017-2018<sup>B</sup>

Country	Location-based		Market-based	
	2018	2017	2018	2017
Italy	82,132	90,846	4,602	5,739
Germany	59,231	58,112	10,529	10,712
Austria	13,016	15,688	8,022	7,891
CEE	42,909	46,741	50,480	55,537
<b>Total</b>	<b>197,288</b>	<b>211,386</b>	<b>73,633</b>	<b>79,879</b>

A. 2017 figures are recasted from the ones published in the previous Integrated Report due to the periodical updates of GHG emission factors aimed at improving comparability and not as a consequence of restatement. For historical data published in the past, please refer to the 2017 Integrated Report.

B. GHG emissions from purchased electricity, steam and heating/cooling consumed by equipment or systems owned or controlled by our Group. 2018 data covers 99.96 percent of the reporting perimeter.

### Scope 3: other indirect GHG emissions<sup>A</sup> (tons CO<sub>2</sub> e), 2017-2018<sup>B</sup>

Country	2018	2017
Italy	5,163	4,016
Germany	2,504	2,108
Austria	681	619
CEE	2,407	2,128
<b>Total</b>	<b>10,755</b>	<b>8,871</b>

A. 2017 figures are recasted from the ones published in the previous Integrated Report due to the periodical updates of GHG emission factors aimed at improving comparability and not as a consequence of restatement. For historical data published in the past, please refer to the 2017 Integrated Report.

B. GHG emissions from air and rail business travel, from copy paper consumption, and from glass, paper and plastic disposal. 2018 rail business travel data covers 99.49 percent of the reporting perimeter, while 2018 glass, paper and plastic disposal data cover 99.96 percent of the reporting perimeter. 2017 rail business travel data covers 96.62 percent of the reporting perimeter. 2018 air business travel distance categories differ from 2017. Comparison with 2017 may therefore be misleading.

1. Data includes the full set of legal entities considered in the respective 2018 Integrated Report perimeter (corresponding to a full-time equivalent of more than 85,000) and 2017 Integrated Report perimeter (corresponding to a full-time equivalent of more than 89,000), unless otherwise stated. Country-to-country comparisons may be misleading as different tracking systems should be taken into account.

### Energy consumption per employee (GJ/capita), 2017-2018<sup>A</sup>

Country	2018	2017
Italy	30	32
Germany	50	47
Austria	54	60
CEE	21	23

A. 2018 data covers 99.96 percent of the reporting perimeter.

### Copy paper consumption per employee (kg/capita), 2017-2018

Country	2018	2017
Italy	60	57
Germany	28	30
Austria	30	36
CEE	49	50

Approximately 60 percent of copy paper used Groupwide holds an environmental label. In particular, 47 percent of copy paper used Groupwide is Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) certified.

### Water usage per employee (m<sup>3</sup>/capita), 2017-2018<sup>A</sup>

Country	2018	2017
Italy	32	36
Germany	18	17
Austria	32	39
CEE	11	11

A. 2018 data covers 99.96 percent of the reporting perimeter.

### Waste production per employee (kg/capita), 2017-2018<sup>A</sup>

Country	2018	2017
Italy	115	88
Germany	389	387
Austria <sup>B</sup>	740	288
CEE	153	154
Total <sup>B</sup>	212	170
of which hazardous <sup>C</sup>	1	Not available

A. 2018 data covers 99.96 percent of the reporting perimeter. Due to improved processes in data collection and calculation, 2017 figures differ from the ones published in 2017 Integrated Report.

B. 2018 data is significantly influenced by the relocation of the offices of all UniCredit legal entities present in Vienna to the new Austria Campus in 2018. Comparison with 2017 may therefore be misleading.

C. Data on hazardous waste has been collected starting from 2018.

### Waste by disposal method (%), 2017-2018<sup>A</sup>

Country	Separation and recycling of valuable materials		Incineration		Disposal in landfill		Other treatment	
	2018	2017	2018	2017	2018	2017	2018	2017
Italy	97.93	97.14	1.08	1.42	0.97	0.00	0.01	1.44
Germany	78.33	67.88	21.62	32.08	0.00	0.00	0.04	0.04
Austria	96.23	86.49	3.77	13.51	0.00	0.00	0.00	0.00
CEE	20.91	25.81	4.16	3.99	71.94	66.27	3.00	3.93
Total	74.45	65.84	8.50	14.92	16.37	17.82	0.69	1.42
of which hazardous <sup>B</sup>	86.22	Not available	5.13	Not available	0.20	Not available	8.44	Not available

A. 2018 data covers 99.96 percent of the reporting perimeter. Due to improved processes in data collection and calculation, 2017 figures differ from the ones published in 2017 Integrated Report.

B. Data on hazardous waste has been collected starting from 2018.

The emissions related to the printing and distribution of the 2018 Integrated Report have been compensated with the support of OV Group, which uses Gold Standard credits gained through the development of a landfill gas capture project in China. The Gold Standard is supported by WWF as it is the most rigorous global certification standard for carbon offset projects.



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The Integrated Report and Supplement have been made available at [www.unicreditgroup.eu](http://www.unicreditgroup.eu) and also available for download by activating the QR code below.



You may also request a copy from: UniCredit - Group Sustainability Piazza Gae Aulenti, 20154 Milan, Italy  
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**UniCredit S.p.A.**  
 A joint stock company  
**Registered Office and Head Office in Milan:** Piazza Gae Aulenti 3 - Tower A - 20154 Milano  
 Share capital €20,940,398,466.81 fully paid in, Fiscal Code, VAT number and Registration number with the Company Register of Milan-Monza-Brianza-Lodi:00348170101  
 Registered in the Register of Banking Groups and Parent Company of the UniCredit Banking Group, with cod. 02008.1; Cod. ABI 02008.1  
 Member of the National Interbank Deposit Guarantee Fund and of the National Compensation Fund  
 Stamp duty paid virtually, if due - Auth. Agenzia delle Entrate, Ufficio di Roma 1, no. 143106/07 of 21.12.2007

**ENVIRONMENTAL IMPACT CALCULATOR**

By choosing to print 2017 Integrated Report on 100% recycled and Ecolable certified (no. FR/011/003) paper, UniCredit has avoided:

<b>5,194</b> litres of water	<b>154 kg</b> of landfill	<b>26 kg CO<sub>2</sub>e</b> greenhouse gases
<b>382 KWh</b> of energy	<b>251 kg</b> of wood	

Sources : Carbon footprint data evaluated by Labelia Conseil in accordance with the Bilan Carbone® methodology.  
 Calculations are based on a comparison between the recycled paper used versus a virgin fibre paper according to the latest European BREF data (virgin fibre paper) available.  
 Results are obtained according to technical information and subject to modification.

## Material topics

- INNOVATION FOR CUSTOMER**  
 Digitalisation and innovation  
 Value to customer
- LEAN AND SOLID BANK**  
 Bank solidity  
 Lean and transparent organisation
- PEOPLE DEVELOPMENT**  
 Employees' development  
 Diversity and inclusion
- ETHICS**  
 Fair business behavior  
 Business ethics
- EMERGING RISKS**  
 Cyber security  
 Climate change  
 Demographic change
- POSITIVE IMPACT ON SOCIETY**  
 Positive impact on society

