

Market sector : Banks
 Companies in panel sector : 56

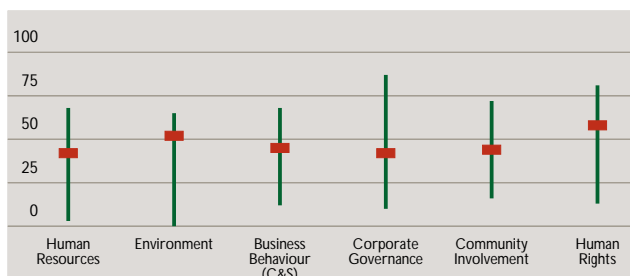


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UniCredit

ISIN code : IT0000064854 Rating : October 2009

Domains	Scores	Ratings
min - / max ++	10/2009	10/2009
Human Resources	42	=
Environment	52	+
Business Behaviour (C&S)	45	=
Corporate Governance	42	=
Community Involvement	44	=
Human Rights	58	+



Profile

	Revenues	Employees
2008	EUR 65,574m	174.519
2007	EUR 57,384 m	169.816
2006	EUR 23,464 m	142,406
Shareholding 2008		
(% of share capital)		
Mediobanca S.p.A.		5.77
Fondazione Cassa di Risparmio Verona, Vicenza, Belluno e Ancona		5.72
Central Bank of Libya		4.34
Fondazione Cassa di Risparmio di Torino		3.67
Carimonte Holding S.p.A.		3.15
Nature of business activity 2008		
(% of Revenues)		
Retail Division		41
Corporate Division		24
Central Eastern Division		18
Poland's Markets division		8
Private Division		5
Asset Management Division		4
Location of business activity 2008		
(% of Revenues)		
Italy		33
Others		26
Germany		13
Poland		12
Turkey		10
Austria		6

General Information

UniCredit is an Italy-based, pan-European banking organization with more than 168,000 employees and operations in 22 European countries. The bank provides a range of banking and financial services, through its divisional model recently changed (5 divisions): Retail Strategic Business Area; Corporate and Investment Banking & Private Banking (CIB & PB) Strategic Business Area; Global Banking Services (GBS) Strategic Business Area; CEE Divisionalization Program. In 2007, through the acquisition of the Capitalia Group, the third-largest Italian banking group, UniCredit Group consolidated and strengthened its position in the domestic market. Until May 2008 it was officially called UniCredito Italiano SpA. The company provides service to around 40 million customers with the help of 10,000 branches. In 2008 the bank realised profit before tax of 5,458 M€, compared to 10,510 M€ realised in 2007 (- 48.1%).

CSR Profile

UniCredit's CSR performance has slightly improved since Vigeo's 2007 review. The bank now rates above the sector average in 2 of the 6 Vigeo's domains, Human Rights and Environment, and in the remaining four domains achieves ratings that are in line with the sector average. UniCredit's major strengths lie in the company's comprehensive management of the environmental impacts linked to its financing activities and in the positive dialogue set up with trade unions in order to deal with non-discrimination related issues. The company performs well on Business Behaviour issues, especially concerning measures to ensure that customers are properly informed about product risks. Regarding Human Resources, the performance is mixed: health & safety issues are only generally addressed, while, significant resources have been allocated by the company to career management and training. As for Community Involvement, Unicredit describes few initiatives to promote the social and economic development, while the issue of access to basic financial services is adequately addressed. Finally, in the Corporate Governance domain, rooms of improvement have been detected in terms of shareholders' rights and in terms of transparency on executives' remuneration. Of note, however, the bank is still involved in a number of

allegations, mainly in terms of Business Behaviour.

Executive Summary

Human Resources (score: 42, rating =)

Unicredit rates in line with the sector average in the Human Resources domain. In spite of a lack of formal commitment toward the promotion of labour relations, local employee representative bodies are in place in the majority of company sites and collective bargaining deals with subjects related to the employment conditions. Convincing is the company's performance in terms of responsible management of restructurings. Indeed, to limit the impact of the announced lay-offs, Unicredit worked together with employees' representatives to offer to those employees affected by redundancies new professional opportunities within the Group. A clear career management framework is in place and training programmes are provided to employees to enhance their competencies. As for health and safety, rooms of improvement have been detected mainly in terms of performance indicators reporting.

Environment (score: 52, rating +)

Compared to the last assessment, Unicredit has improved its performances in the Environmental domain, rating now above the sector average. Concerning indirect impacts, environmental standards are integrated in the company's credit and investment policies and adequate means have been adopted to guarantee the analysis of climate change risks in the banking lending and credit decision. As for direct impacts, positive efforts are made in terms of management of environmental impacts from transportation, while the percentage of the total workforce covered by certified environmental management systems is still rather low. Of note, due to the recent mergers carried out by group, performance indicators result still incomplete, thus, weakening the overall company performance in this domain.

Business Behaviour (C&S) (score: 45, rating =)

In line with the previous evaluation, Unicredit gains an average rating in the Business Behaviour domain. The bank shows a clear commitment to deal fairly and responsibly with customers and several initiatives have been launched with the aim to achieve a simpler and more transparent approach with customers. A formalised and accessible system to handle complaints is in place and positive efforts are made to further improve the response time. Prevention of corruption and money laundering is well addressed and awareness-raising and training programmes have been instituted for relevant employees on both these issues. Of note, however, recurrent allegations have been brought against the company during the period under review.

Corporate Governance (score: 42, rating =)

In the Corporate Governance domain, Unicredit rates in line with the sector average and with the previous review. Although the chairman is not considered independent, the company's board of directors is composed of a majority of independent members in accordance with Vigeo standards. The company has good internal control systems that cover also reputational risks. The main concern is raised by the existence of shareholders' major rights restrictions: voting ceiling for shareholders exceeding 5% of share capital. Furthermore, it is unclear whether performance conditions linked to the executive remuneration are demanding.

Community Involvement (score: 44, rating =)

Similarly to the last evaluation, Unicredit rates in line with its sector peers in the Community Involvement domain. The bank addresses both the issue at a stake for the sector: promotion of the social and economic development and access to basic financial services. In addition to several initiatives launched to promote SME and to support start-ups, Unicredit developed a substantial cooperation with local public agencies and worked also to promote access for economically weaker customers, such as, low-income earners, families in difficulty. However, performance indicators are still incomplete and a minor allegation is faced by the bank.

Human Rights (score: 58, rating +)

Unicredit has improved its performance in the Human Rights domain since the last review, rating now above the sector average. The bank shows a clear commitment toward equal opportunities which is supported also by effective implementation tools, such as some affirmative action programmes. The respect of freedom of association and the right to collective bargaining is only generally addressed and it remains unclear which measures have been adopted to ensure that workers' rights are respected mainly in sensitive countries. Finally, although Unicredit is committed to respect and promote human rights in its financing policy, this approach did not prevent the company from facing minor allegations regarding the financing of controversial projects.

HRS1.1 Promotion Of Labour Relations (score: 71, weight: 2)

Unicredit has made references to labour relations in its Sustainability Report. The company commits to consulting employee representatives. Through the Unicredit European Works Council (UEWC), the bank aims at improving the right to information and consultation for employees related to the company's undertakings at group level. The commitment applies throughout the company, supported by senior management. In addition, other employees are directly involved. The Group Industrial Relations Unit is responsible for the oversight of this issue.

Local employee representative bodies have been set up in the majority of company sites. Moreover there is a company-wide representative body with which the company negotiates. Indeed, in January 2007 the bank established the UniCredit European Works Council (UEWC), a governance body responsible for strengthening the social dialogue and the cooperation between employee representatives and management. It includes 44 members from 27 countries. Two general meetings were held in 2008, with the aim to discuss and to share the company's strategies, scenarios and results.

Collective bargaining between the company and employee representatives deals with subjects related to the employment conditions, including: training, career development, work time flexibility, equal opportunities.

In terms of results:

- The company has not faced conflicts/controversies in recent times.
- Collective agreements on working conditions cover between 51 and 75% of its employees. In the majority of the countries where the bank operates (Italy, Austria, Bulgaria, Croatia, Czech Rep, Romania and Russia), collective agreements on working conditions cover more than 75% of the company's employees. As for Germany, the company reports that the percentage of employees covered by collective bargaining agreements is equal to 58.3%.

HRS2.3 Responsible Management Of Restructurings (score: 39, weight: 3)

Following Unicredit's Strategic Plan 2008-2010, around 9000 lay-offs have been announced. Moreover, according to Unicredit's reporting, in 2008 5.92% of the company's employees left their employment because of restructurings.

Unicredit has signed an agreement with employee representatives on restructurings. Indeed, in december 2008 the bank signed an agreement on redundancies in specific hot areas. this agreement, together with the banks agreement dated October 28 (Agreement on the reorganization project of the Commercial Banks of the New UniCredit Group), has realized a smooth management of the reorganization process. commits to minimising the number of lay-offs and to informing and consulting employee representatives on restructurings.

Unicredit has allocated basic means to limit the impacts of restructuring: significant financial compensation, early retirement and work redistribution. In december 2008, the bank has signed an agreement on redundancies in specific hot areas that, together with the banks agreement dated October 28 ("Agreement on the reorganization project of the Commercial Banks of the New UniCredit Group"), constitutes the framework for the management of the reorganization process. Indeed, beside basic solutions such as the leaving incentive programme (solidarity fund and individuals entitled to pensions), the agreement has introduced the concept of the so-called "multipolarità", an organizational solution based on the transfer of activities where redundancies are present, thereby minimizing the social implications that could have resulted from the merger.

The company has managed restructurings in line with basic requirements.

HRS2.4 Career Management And Promotion Of Employability (score: 51, weight: 2)

Unicredit has issued a largely publicised, formal commitment to promote career management and training which is publicly available in its Integrity Chart. Moreover, in 2008 the UEWC Members and the HR Group Representatives established the Joint Commission for "Training, Learning and Professional Development", in order to draw up a formal declaration intended to define common Group guidelines on Training, Learning and Professional Development and aimed at orienting the whole Group's initiatives and activities. The company's commitment to promoting career management and training addresses its main responsibilities: anticipate short and long-term employment needs and skill requirements, adapt employees' skill sets to their career paths and enable the progressive improvement in employees' qualification levels. The Head of Human Resources is part of the company's management committee and line managers are evaluated on their performance in terms of human resources management. Indeed, on a yearly basis managers are

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assessed against those competencies, and namely: commitment to people, team culture, energizing skills, diversity embracement.

CAREER MANAGEMENT

Unicredit has set up an internal job opportunity marketplace and has formalised the skill requirements for the various job positions. Indeed, since 2008, an online tool named "Job Posting" has been launched by the bank with the aim to promote internal mobility and help employees to meet their personal and professional goals. Following the experience of Job Posting, Unicredit is currently launching "E-Recruiting", a new internal job market developed to further improving the retention of key employees and enhancing job rotation. Finally, regular performance assessment interviews are in place, but appraisals seem to be targeted to executives and talents only.

TRAINING

Programmes are mostly aimed at enhancing employees' skills to the requirements of their position. During 2008, the Lifelong Learning Center (LLC) was launched by Unicredit in order to develop the technical and linguistic competences of all Group employees. Except for this programme, all the other investments in learning and development reported by the bank appear to be designed for the group top and middle management. Training hours per employee have increased, but not continuously, by 3% over the past three years, from 35.5 in 2006 to 36.6 in 2008.

In terms of results:

- Employee turnover rate was 11.8% in 2008. Of note data cover 98.4% of Unicredit's employee head count. However, the turnover rate has not been investigated for 2007, so that it is not possible to determine a clear trend.
- The company does not report on the total percentage of employees having received training over the course of the year under review.

HRS3.2 Improvement Of Health And Safety Conditions (score: 20, weight: 3)

Unicredit has made general references to health and safety issues in its 2008 Sustainability Report. The company merely states that a safe and healthy working environment is an essential element to guarantee quality of work and well-being to all employees. The Head of Labour Policies & Industrial Relations, delegated by the CEO together with the Head of Health and Safety Department's support, is responsible for the oversight of this issue.

MEANS ALLOCATED TO HEALTH AND SAFETY:

the bank has allocated means to address health and safety issues, including: training/awareness raising programmes, internal monitoring. For instance, the company reports that in Italy, in strict cooperation with HR functions and employee representatives, a consistent process of making information available, monitoring and the selection of prevention and protection measures have been implemented. In Germany, seminars and informational meetings are designed to improve health awareness and to teach personal responsibility, so as in Croatia the bank monitors the implementation of occupational safety measures, inspects all job-related equipment and the work environment and works to improve the safety of employees in accordance with new technological development.

STRESS PREVENTION AND MANAGEMENT:

to improve the mental well-being, UniCredit Bank Austria promoted courses in physical and mental fitness and ergonomics. The percentage of the company's employees who benefit from occupational health and safety measures remains unclear.

In terms of results:

- Information disclosed on accident frequency rate is insufficient.
- Information disclosed on absenteeism and/or the rate of occupational disease is insufficient. Unicredit reports only that in 2008 the number of absentee days was equal to 1,202,584.

ENVI.1 Environmental Strategy (score: 78, weight: 3)

Unicredit is a signatory of the Global Compact and communicates on this principle. Through its Environmental Policy, the company has issued a formalised commitment to environmental protection and specific targets have been set in this regard (-30% in terms of CO2 reduction by 2020 and -15% by 2015). The bank commits to the majority of its responsibilities: management of indirect CO2 emission stemming from financing activities, development of green products, environmental risk assessment for corporate financing, development of SRI products and minimising environmental impacts from energy use. The overall responsibility for environmental issues is managed by the Environmental Sustainability Steering Committee (which comprises the Chief Executive Office, the Head of Group Identity and Communication and WWF). This Committee is supported by the Environmental Sustainability Program Office (including people from Corporate Sustainability and experts on Climate related issues) and the Environmental Council (the above mentioned members plus the affected divisions, such as business, real estate, procurement etc).

Unicredit has allocated resources to environmental management, including training, communication and monitoring. Indeed, the bank has launched two intranet projects to expand knowledge and awareness. In the last quarter of 2008, at the Group level, Unicredit designed the "Green Box" intranet platform, to be regularly updated with contents provided by environmental experts and editors in cooperation with WWF Italy. The platform is also intended to be a tool to regularly address the Group's environmental performance, including a set of interactive learning tools for employees, as well as various videos and tips. In Germany, environmental communication efforts have also utilized the intranet. This includes online sections offering detailed information on environmental performance, initiatives, projects and responsibilities. Up-to-date environmental information appears on the intranet's main homepage and employees have access to information through leaflets, intranet pop-ups and tips and working groups. Concerning the EMS, UniCredit Spa, HVB and UniCredit Business Partner (former UPA) have a ISO 14001 and EMAS certified environmental management system. Thus, according to the company, as of June 2009, 15,9% of the total workforce is covered by these certified environmental management systems.

ENVI.3 Development Of Green Products And Services (score: 34, weight: 2)

Unicredit's credit policies are comprehensive and commit to integrate environmental standards. In the case of corporate loans in particular, the bank recognizes that environmental risks can have a substantial impact on a client's credit rating or on the value of bank collateral. Moreover Unicredit is a signatory of the United Nations Environment Programme Finance Initiative (UNEP FI). As for Unicredit's investment policies, the company commits to provide its customers with the option of implementing socially responsible and sustainable investment strategies.

GREEN PRODUCTS

Unicredit has developed a comprehensive methodology and dedicates sufficient means to guarantee the analysis of environmental risks in its lending and credit decisions. UniCredit Group states that it has stipulated in its General Group Credit Policy that every loan must be examined for its ecological and social impacts. The minimum standards to be applied are the national and international laws and the environmental and social standards established by the World Bank Group. Before loans are granted to corporate customers (in the large- and mid-cap segments), the environmental risk is assessed as part of the credit rating process by the credit specialist in charge. In this analysis, the bank credit specialists make use of several tools, such as sector information and analyses, sector checklists and environmental contamination questionnaires. The result of the analysis becomes part of the bank credit rating for the company and thus influences the terms of financing. High risks may mean that the credit application is rejected.

SRI PRODUCTS

Pioneer Investments (the asset management company of the Group) manages SRI funds applying negative and positive screening. Pioneer Investments' voting policies mostly cover governance issues. As the company states, great attention is paid to corporate governance practices and in particular to the level of independence of Directors appointed in the Boards of Pioneer funds target companies.

In terms of results:

- Unicredit does not disclose quantitative data relating to the development of "green lending products".
- UCG manages according to SRI criteria around 0.70% of the total AUM (€160.269bn). Of note, in 2007 in Germany the bank Private Banking Division, through HVB's division of wealth management (WEM), moved to make sustainable investment part of its core business. In order to integrate sustainability into the WEM business model, the bank set a long-term goal of having 10% of its Private Banking customers' assets in sustainable investments.

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ENV2.2 Minimising Indirect Environmental Impacts From Energy Use (score: 41, weight: 3)

With regard to its impact on climate change, although Unicredit has not issued yet a formalised policy on this theme, the bank has recently signed a strategic international partnership agreement with WWF, which address the bank's climate change strategy. The overall responsibility for climate change at the highest level is managed by the Environmental Sustainability Steering Committee which comprises the Chief Executive Office (CEO and Deputy CEOs), the Head of Group Identity and Communication and WWF. This Committee is supported by the Environmental Sustainability Program Office and the Environmental Council.

Unicredit dedicates sufficient means to guarantee the analysis of climate change risks in its lending and credit decisions, including: training of employees on climate issues, awareness raising and training for customers and advice to and cooperation with clients. In addition, the company states that within the framework of the Environmental Sustainability Program launched in cooperation with WWF Italy training and raising awareness activities will be gradually extended at the Group level. Moreover, Unicredit offers climate-related investment and retail products to clients. For instance, the bank offers families financing for renewable energy solutions and the Retail Division promotes personal renewable energy solutions by offering financing for consumer solar panels.

In terms of results:

- Information obtained from company and public sources regarding indirect CO2 emissions linked to financing activities is insufficient.
- Unicredit's loans in renewable energy have increased but not continuously over the past three years, standing at € 3.75 billion in 2008 loans for renewable energy projects that primarily involve photovoltaic plants, wind parks, biomass and building renovations.

ENV2.7 Management Of Environmental Impacts From Transportation (score: 46, weight: 2)

Unicredit clearly commits to reduce the environmental impacts related to the transport. However, quantitative targets in terms of reducing environmental impacts related to travel are embedded into CO2 overall reduction targets for the Group, which are: -30% CO2 by 2020 (baseline 2009) and -15% CO2 by 2012 (baseline 2009).

At implementation level, Unicredit has set up most of the relevant measures to reduce the environmental impacts related to the transport of its personnel: measures to reduce pollution, rationalisation of transport flows and improvement of personnel transport mix/commuting. Indeed, to decrease the number of business trips, in 2008 the group completed the installation of the first 3,000 powerful, real-time office communication tools, designed to promote a high level of "e-collaboration" between colleagues based in different locations. In addition, a major replacement campaign was carried out, involving 263 gasoline-powered vehicles, vehicles more than ten years old and vehicles with more than 150,000 kilometers. The bank replaced these vehicles with "Euro 4"-compliant, methane-powered cars and "Euro 4"-compliant motorcycles. Emissions in the HVB pool are now limited to a maximum of 120g CO2/km. Finally UniCredit encourages employees to switch from air travel to highspeed rail transportation for business trips of up to four hours' duration. For normal, in-town business travel, employees must use public transportation. Such measures have been adopted in the majority of the company's sites.

In terms of results:

- Unicredit reports data on its CO2 emissions from transportation, but these have increased over the past three years. As the company reports, CO2 emissions from business travel per employee (tons CO2 /capita) have increased by 24.8% from 2006 to 2008, standing at 2.06 in 2008. It should be noted, however, that, concerning Italy, figures for 2007 include the former Capitalia Group.
- As for the company's transport mix: on the total amount of business travel kilometers, the share of Km covered by car and train has increased respectively by 8.82% and 24.76% from 2006 to 2008, while the percentage of km covered by plain has decreased by 17% from 2006 to 2008. Of note, in terms of data coverage, data do not include figures related to Bulgaria and Croatia. In addition, indicators cover 91% of the company's total workforce.

C&S1.2 Information To Customers (score: 38, weight: 3)

Unicredit has issued a formalised commitment to adequately inform customers about its products and services in its Integrity Chart. Unicredit commits to be fair and transparent with its customers, assuring that customers, when purchasing a product or service, are aware of the risk involved and understand the value of the product or service delivered to them. The Legal and Compliance departments are responsible for the oversight of this issue. Moreover, the bank states that a specific internal policy is about to be developed.

Unicredit has set up some measures to ensure customers are informed properly: internal audit of processes; systematic procedures to approve marketing and contracts material internally; monitoring systems for the correct implementation of clients' risk profile procedures and detailed information for customers on products/services (through websites, brochures, etc.) and systems to overcome information asymmetry. Unicredit communicates with its customers using multiple channels and it makes an effort to periodically review all the documentation sent to customers (e.g., account statements and communications related to changes in pricing) to ensure that a clear and simple language is used. In 2008, the bank launched a number of initiatives with the aim to achieve a simpler and more transparent approach with its customers, such as the revision of the bank pricing structure, the creation of "Your Bank is Answering", a dedicated email inbox, intended to responding to customers' questions. In addition, the company continues to participate in "PattiChiari", a broad consortium of Italian banks working to provide their retail customers with greater transparency and ease of comparison among banking products. Finally, Unicredit states that procedures to approve and monitor marketing and contracts material by third parties are in place, but no further details are disclosed. Responsible marketing awareness programmes do not appear to be offered to the company's staff.

The bank faces minor allegations, namely:

- On 12 th January 2009, Repex Ventures SA, a British Virgin Islands firm, filed a lawsuit seeking class action after investing USD 700,000 in Herald (LUX) U.S. Absolute Return Fund (whose custodian was HSBC). The fund was controlled by the Bank Medici, 25 percent owned by UniCredit SpA through its 100% subsidiary Bank Austria, "control person" of Medici. Repex alleged Medici misled investors by not disclosing that it was feeding money into Madoff's funds. Also named in the lawsuit are Bank Austria and its parent, UniCredit of Italy, as well as HSBC Holdings, the fund's custodian; Ernst & Young, its auditor; and Bank Medici's former chief executive, Peter Scheithauer. The lawsuit, which for the time being has not been regularly served to any company belonging to our Group, is still in a very preliminary phase. The bank states that it does not have any information in this very preliminary phase which would allow it to quantify a potential loss in a reliable manner given in particular the lack of jurisdiction relating to the entities being part to the UniCredit group.
- Of note, on 1 August 2008 the UniCredit Group reached settlement agreements with Parmalat S.p.A. These settlement agreements cover all reciprocal relations and claims arising from Parmalat's financial difficulties related in any way to the UniCredit Group including the former Capital group, during the period before the Parmalat group's declaration of insolvency. The bank states that the decision to reach a settlement arrangement was motivated solely by cost considerations and the uncertainties of a long, complex dispute, and it did not, and does not, involve any acknowledgement, implied or otherwise, of any liability. The agreement called for waiving all post-insolvency clawback petitions and claims for compensation that may be initiated by the aforementioned entities in exchange for a payment of €271.7 million by the UniCredit Group.

C&S1.3 Responsible Customer Relations (score: 34, weight: 2)

Unicredit has issued a formalised but general commitment on responsible customer relations in its Integrity Chart. The commitment applies throughout the company and is supported by senior management.

At implementation level, Unicredit has set up some measures to ensure that customers are treated appropriately. Indeed, specific training courses are provided to sales staff, such as "I'm a customer", a training programme intended to develop skills for customer relationship management. Moreover, sales evaluation is based also on client satisfaction indicators. Indeed, as the company reports, the TRI*M index (used by the company to measure customer satisfaction) is included within the bank

"management-by-objectives" (MBO) system of performance measures. Furthermore, information sheets are provided to all investors before the first operation is made. They collect information on bank operations and how the customer can interact and be always informed. Finally, Unicredit cooperates with Cittadinanza Attiva, an Italian consumer organization, to define contracts and statement accounts. As for complaints management, there is a formalised and accessible system in place. Of note, to improve its response time, the bank developed 'Q48', a complaint solution

process for its retail branch network in Italy. Q48 is aimed at handling complaints within 48 hours of their being lodged.

In terms of results:

- In 2007, Unicredit began measuring Customer Satisfaction according to the indicator generated by the TNS TRI*M index. However, no average indicator is used, but performance indicators are provided for Italy, Germany, Austria and the CEE. Moreover, it should be noted that, due to the recent mergers that affected the Group (i.e the merger with former Capitalia Group in 2007), these data are not homogeneous.
- The bank faces recurrent allegations, namely:
 - The Italian Antitrust Authority, on July 2008, initiated proceedings against one of the banks controlled by UniCredit Group; it seemed that there was improper commercial practices in the application of Maximum Overdraft Commission. This Bank offered commitments, pursuant to Article 27 of Legislative Decree No. 206/2005, towards the Authority that decided to accept them and render binding, so on December 2008 the procedure has been closed and no sanctions were applied.
 - The Italian Antitrust Authority, in August 2008, applied sanctions to some of the banks of UniCredit Group for alleged unfair commercial practices with reference to loan portability related to consumers qualified as mortgage loan holders. Those banks of the Group have appealed the decision, and the competent Authority communicated at the beginning of 2009 the appeal's acceptance.
 - The Italian Competition Authority, at its meeting on 15 July 2009, decided to open an investigation to determine whether Mastercard and the banks Unicredit, Monte dei Paschi di Siena, Banca Nazionale del Lavoro, Banca Sella Holding, Barclays Bank, Deutsche Bank, Intesa Sanpaolo, ICBPI (Istituto Centrale delle Banche Popolari Italiane) set up a series of anti-competitive arrangements in the credit card sector. The investigation must determine whether the setting of the interchange fee by Mastercard and its application by the acquirer banks represent anti-competitive behaviour in the following two ways: a horizontal arrangement for the definition of the Italian fees by the Mastercard consortium – being the result of a decision by an association of enterprises ; and/or a set of vertical arrangements based on licensing contracts between Mastercard and the individual acquirer banks that lead to the uniform coordinated application of identical fees, thus limiting competition.

C&S3.1 Prevention Of Corruption And Money Laundering (score: 58, weight: 3)

Unicredit has issued a formalised commitment to preventing money laundering in its Anti-Money Laundering Policy. However, this document is not publicly available. As for corruption, the company is a signatory of the Global Compact and communicates on this principle, but, a part from that, no formal policy is disclosed on this issue. The Compliance Department at UniCredit Group is responsible for the oversight of these issues. In addition, each country has got a specific department responsible for Anti Money Laundering law and regulations.

CORRUPTION

Unicredit has instituted formal training programmes for relevant employees on corruption prevention. Indeed, in 2008, 5.094 employees were trained on Anti Corruption (D.Lgs 231/01). Moreover, corruption is monitored as part of the Organisational, management and control model adopted by Unicredit Group pursuant to Legislative Decree 231/01. Indeed, internal audit periodically visits UniCredit Group Legal Entities in order to monitor the correct application of the Organisational management and control Model. The Internal Audit is also responsible for reporting continuously to the Head of Competence and business Lines on the status of the main corrective measures taken by management following an audit. Finally, a dedicated confidential hotline or email address is said to be in place, but no further details are provided by the company.

MONEY LAUNDERING

Unicredit has instituted formal training programmes for relevant employees on money laundering prevention. In 2008, 16.319 employees were trained on this issue. Money laundering is monitored as part of the Organisational, management and control model of Unicredit Group pursuant to Legislative Decree 231/01. The Head of relevant functions must report periodically (every 6 months) on prevention and control activities performed as ruled by protocols connected to 231 itself and each legal entity is obliged to cooperate actively with the competent authorities in order to identify any so-called "suspicious transactions". Moreover, as the company states, customers database is regularly updated and procedures are in place in order to identify any unusual or suspicious activities. Finally, due diligence procedures have been set up for countries at risk and, in line with the Group Internal Regulations, a dedicated email address has been created to guarantee confidentiality of communication, when it is necessary. Such measures cover all significant parts of the company.

In terms of results:

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- The bank does not disclose any quantitative data on the number or nature of corruption and/or money laundering incidents reported internally.
- Nevertheless, a review of stakeholder sources did not reveal any corruption and/or money laundering allegations against the company.

Corporate Governance

Current Rating : =

Score : 42

CGVI.I Board Of Directors (score: 51, weight: 3)

Existence and independence of Nomination Committee	A specific committee is in place, but at least one executive is part of it, which might raise concerns.
Independence of board Chairman	The roles of Chairman and CEO are separated, but the Chairman is not considered independent.
Total % of independent shareholder-elected board members	In accordance with standards advocated by Vigeo, the board is more than 50% independent. <i>14 members of the 23-member Board are considered independent</i>
Skills and backgrounds of non-executive board members	Non-executive board members have complementary and relevant skills and backgrounds.
Training and expertise provided to board members	Training is provided upon joining the board.
Regularity of and attendance at board meetings	Regular meetings are held, and attendance rates are disclosed, but these are below 90%. <i>14 Board meetings were held during the last fiscal year with an attendance rate of 85.09%</i>
Regular election of board members	Board members are elected at least every 3 years. <i>Board members are eligible for re-election following 3-year terms</i>
Evaluation of board functioning and performance	Performance is evaluated regularly, but with no disclosure on the results.

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Review of CSR issues at board meetings

CSR issues were formally reviewed at the board level during the last fiscal year; however there is no non-executive board member explicitly responsible for CSR issues.
The UniCredit Group Sustainability Report has been approved by the company's Board of Directors.

Non-independent board members (excl. employee representatives)	Role	Current or Former Executive	More than 9 years on board	Stock options or warrants	Paid >1/2 executive salary	Owms or represents >3% company's shares	Other
Dieter Rampl	Chairman, Remuneration Committee, Audit Committee, Nomination Committee					X	Mediobanca (5.7%)
Farhat Omar BENGDARA	Deputy Chairman					X	Central Bank of Libya (4.3%)
Fabrizio PALENZONA	Deputy Chairman					X	Mediobanca (5.7%)
Alessandro PROFUMO	CEO, Nomination Committee	X					
Enrico Tommaso CUCCHIANI	Remuneration Committee,						As stated by the company
Luigi CASTELLETTI	Remuneration Committee, Audit Committee, Nomination Committee	X					Executive Committee of UniCredit Corporate Banking S.p.A.
Vincenzo Calandra Buonauro	Nomination Committee,					X	Carimonte Holding S.p.A. (3,1%)
Carlo Pesenti						X	Mediobanca (5.7%)
Piero GNUDI	Remuneration Committee	X				X	Carimonte Holding S.p.A. (3,1%)
						X	Carimonte Holding

CGV2.1 Audit & Internal Controls (score: 46, weight: 2)

Existence and independence of Audit Committee	All members are non-executive directors, and the majority are independent. <i>5 members of the 7-member Audit Committee are considered independent</i>
Skills and backgrounds of Audit Committee members	Members appear to have financial and/or audit experience, but lack relevant operational experience in the sector. <i>Not all members seem to have operational experience in the sector.</i>
Operational and CSR risks covered by the company's internal controls system	The system covers the standard issues related to financial, operational, and legal risks.
Role of the Audit Committee in overseeing internal and external controls	The Audit Committee has a limited role that includes: <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Oversee internal audit and internal controls <input checked="" type="checkbox"/> Review accounting policies and be responsible for updates <input checked="" type="checkbox"/> Nominate the statutory auditor <input checked="" type="checkbox"/> Oversee the work of the external auditor <input type="checkbox"/> <i>Approve the type of audit and non-audit services provided and fees paid to the external auditor</i>

Independence of the firm's external auditors	The audit firm receives non-audit fees, but these represent only 25% or less of total fees. <i>Non-audit fees represented 9% of total fees paid to KPMG in 2008</i>
Reliability of the company's internal controls system	<p>Minor or isolated internal control failures have been identified during the period under review.</p> <ul style="list-style-type: none"> - <i>A small number of the CDOs held in the Group's portfolio are CDOs of ABS, some with US sub-prime exposure. At December 31, 2008 the exposure to CDOs of ABS was €70,180 thousand, of which €20,679 thousand with US subprime mortgages as underlyings.</i> - <i>The impact on the 2008 Income Statement of write-downs and write-backs of derivatives to take account of counterparty risk totaled a negative contribution of €52 million related to write-downs of the net exposure towards Lehman Brothers (coverage ratio 90%).</i> - <i>Net write-downs of loans: 2008: -1300,402 (mln Euro) 2009 (Q1 and Q2): -4,081 (mln Euro)</i> - <i>Madoff, amount of exposure:\$92,390,000. The company's total exposure is about 75 million euros. Dublin-based Pioneer Alternative Investments is indirectly exposed to Madoff via feeders.</i>
Inclusion of CSR issues in company reporting	The company publishes significant social and environmental reporting, with quantitative indicators, that is audited/reviewed by a 3rd party.

CGV3.I Shareholders (score: 28, weight: 2)

Voting rights restrictions	Major voting rights restrictions have been identified. <i>According to the Article 5, para.14, of the Articles of Association, no holders of voting rights may exercise said rights under any title for a number of the company's shares in excess of five percent of the share capital with voting rights.</i>
Existence of anti-takeover devices	Anti-takeover devices have been identified. <i>Major voting rights restrictions have been identified</i>
Ability to add items to the agenda of the AGM and to convene an EGM.	No major restrictions have been identified. <i>Of note, the right to amend the agenda may be exercised, in the situations by shareholders who individually or collectively represent at least 0.50% of share capital.</i>
Access to voting at General Meetings	There are no major restrictions on shareholders' ability to vote, however there is no possibility of voting through online services.
Governance and CSR items put to a vote at General Meetings	All major items are voted upon in separate resolutions, in accordance with standards advocated by Vigeo.

<p>Feedback from shareholders and other stakeholders on the company's corporate governance performance</p>	<p>A review of stakeholder sources did not reveal any allegations regarding the company's corporate governance performance during the period under review.</p> <p><i>In July 2007 eight hedge funds, being minority shareholders of HypoVereinsbank (HVB) submitted a writ of summons to the Munich Court for damages allegedly suffered by HVB as a consequence of certain transactions regarding the transfer of equity investments or business lines from HVB, after its entry into the UniCredit Group, to UniCredit or other UniCredit Group companies (or vice versa). In addition, they argue that the cost of the reorganisation of HVB should be borne by UniCredit. The defendants in the lawsuit are UniCredit, its CEO (Mr. Alessandro Profumo) and the CEO of HVB (Mr. Wolfgang Sprissler). The plaintiffs are seeking: (i) damages in the amount of €17.35 billion payable to HVB; (ii) that the Munich Court order UniCredit to pay HVB's minority shareholders appropriate compensation in the form of a guaranteed regular dividend from November 19, 2005 onwards. The defendants, while aware of the risk that any such suit inevitably entails, are of the opinion that the claims are groundless, bearing in mind that all the transactions referred to by the plaintiffs were effected on payment of consideration which was held to be fair inter alia on the basis of external independent opinions and valuations. For these reasons no provision has been made. The defendants lodged their defence pleas with the Munich Court on February 25, 2008; However, it should be noted that, so far, the date of the first hearing has not yet been set by the Court.</i></p>
<p>Voting results of the latest AGM</p>	<p>At least one resolution was approved by less than 70% of shareholder votes.</p> <p><i>At the last AGM- in extraordinary session - the resolution on the Free capital increase was only approved by 46% of shareholder votes</i></p>

CGV4.1 Executive Remuneration (score: 37, weight: 2)

<p>Existence and independence of Remuneration Committee</p>	<p>No executive is a member of the committee, but half or fewer are independent, contrary to standards advocated by Vigéo.</p> <p><i>2 members of the 7-member Remuneration Committee are considered independent</i></p>
<p>Disclosure of senior executives' individual remuneration</p>	<p>All elements of executive remuneration are disclosed on an individual basis. However, the fair value estimate of individual grants under the long term incentive plans is not disclosed.</p>
<p>Link between Short Term Incentive Plans and the economic and CSR performance of the company</p>	<p>Bonuses are linked to predetermined and disclosed economic and/or operational performance indicators. However the actual quantified targets are not disclosed.</p> <p><i>The annual incentive program provides for the payment of a cash bonus at the end of the performance year according to the assessment of the results achieved with regards to a set of financial [a mix of performance indicators at Group, Divisional, Regional and Team level with particular focus on Earning per Share (EPS), Economic Value Added (EVA)] and qualitative goals defined at the beginning of the year in the planning process (specific targets linked to the successful implementation of Group key initiatives).</i></p>
<p>Link between the main Long Term Incentive Plan and the economic performance of the company</p>	<p>Long-term incentives are linked to performance condition(s), but it is unclear whether these are demanding.</p> <p><i>The Group Long Term Incentive Plan ("Value2you") provides for a combined allocation of stock options & performance shares to a selected group of critical resource.</i></p> <ul style="list-style-type: none"> - <i>Stock options: rights to buy UniCredit ordinary shares at a pre-set exercise price. Stock options are exercisable 4 years after the grant date (vesting period), over a period of 6 years (exercise period) at the exercise price set by the Board as the arithmetic mean of the official market price of UniCredit shares during the month preceding the grant date;</i> - <i>Performance Shares: free UniCredit ordinary shares conditionally granted upon the achievement of specific performance targets set over a 3-year performance period by the Board in the Group Strategic Plan, with particular focus on UniCredit Total Shareholders Return (TSR) positioning versus a set of peer companies, Group EPS and Group EVA.</i>
<p>Severance pay for senior executives</p>	<p>Severance pay may exceed 2 years' base salary, contrary to standards advocated by Vigéo.</p> <p><i>The Chief Executive Officer is entitled to receive an indemnity equal to 36 months of global annual compensation.</i></p>

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Voting results on executive remuneration at the AGM

Resolution(s) on executive remuneration were approved by more than 90% of shareholder votes.

Community Involvement

Current Rating : =

Score : 44

CINI.1 Promotion Of The Social And Economic Development (score: 27, weight: 3)

Unicredit's commitment to promote local social and economic development addresses only part of its responsibilities: promote the creation and development of local businesses through SME financing. Indeed, the company generally engage to foster economic development and particularly to promote the creation and development of local businesses through SME financing and start-ups supporting. The commitment applies throughout the company, supported by senior management.

In addition to several initiatives launched to promote SME and to support start-ups, Unicredit developed a substantial cooperation with local public agencies. Indeed, the bank recently signed the agreement protocol "RETI AMICHE" together with Ministry for Public Administration and Innovation. UniCredit will be involved in a working group together with experts in safety and crisis management. The project is conceived as the starting point of a fruitful cooperation between Public and Private aiming a improving services provided to citizens in terms of transparency of communication and overall quality offered through branches. "Reti Amiche" is aimed at helping citizens to access Public Administration's services in a easier way. UniCredit will contribute with its expertise and capillary network of 7 banks, 5.000 branches, more than 3.000 kiosks, 8.000 ATMs.

In terms of results:

- Information obtained from company and public sources regarding the quantitative outcomes of local social and economic development projects is insufficient to determine a trend. However, the company states that, taking into account the turnover range from 0 to 15 mln, as at end of June 2009 SME loans totalized ~75 bln (-4% over end of period 2008), which represents the 19% of the total loans. Of note, data cover Corporate and Retail Divisions (Italy, Germany, Austria, CEE Division is excluded). 2007 and 2006 data are not available.
- According to transnationale.com, Unicredit operates in several offshore financial centers (Hong-Kong, Ireland, Cayman Islands, Singapore).
- On August 2009, Italy opened an inquiry into an alleged four-billion-euro (5.8-billion-dollar) tax fraud committed by Unicredit bank through British lender Barclays, Italian newspapers reported on Wednesday. Unicredit said that the allegations of tax fraud were "without any foundation" and that it was "surprised and disconcerted". The Il Sole 24 Ore business daily said that prosecutors in Milan opened the inquiry several months ago and that tax police had already raided the headquarters of Unicredit as well as Barclays' Italian premises. The charge is that Unicredit used the Italian subsidiary of Barclays in a complex financial mechanism that reduced its taxable revenues in Italy. The mechanism was called Brontos, Italian newspapers reported.

CIN2.1 Promotion Of Access To Basic Financial Services (score: 60, weight: 3)

Unicredit's commitment only addresses some of the relevant issues in promoting access to basic financial services: promote access for economically weaker customers. The bank states to foster financial inclusiveness and, in particular, to be committed to support immigrants, low-income earners, families in difficulty and university students. The Head of Retail Division together with the Chair of Unidea (UniCredit Foundation) are responsible for the oversight of this issue.

ACCESS TO BASIC FINANCIAL SERVICES:

Unicredit has allocated some means to promote access to basic financial services, including programmes to involve employees and development of specific products. Indeed, through "Agenzia Tu", Unicredit is working to respond to the needs of a customer segment made up mainly of workers who are foreign nationals. Agenzia Tu has a network of

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12 branches and a staff comprised of 39 multilingual employees. The agency offers to immigrants several products tailored to suit various needs. In addition, in 2008, the Retail Division invested in building stronger relationships with young people, mainly offering a full range of free products for those under the age of 18 and more advanced ones for those over 18, on favorable terms. These means seem to be referred to Italy only.

PREVENTION OF OVERINDEBTEDNESS:

The company has allocated some means to avoid overindebtedness: monitoring of weaker customers. To support families suffering from certain difficulties or customers with temporary economic problems, the bank has designed different solutions of modifying mortgage contracts conditions, such as the "NO MORE" initiative and the "INSIEME 2009". These projects have been created to help low-income families or families which experienced financial difficulties owing to unforeseen events. Families which cannot meet their signed commitments to the bank, may request the payment of mortgage instalments to be suspended, free of charge, for a maximum period of 12 months.

In terms of results:

- The company only publishes indicators over the past two years, but indicators on promotion of access to basic financial services have shown improvement over that time. Indeed, both the number of loans and the volume of loans granted by Agenzia Tu have significantly increased (more than 50%) between 2007 (number: 1.4; volume: 13.0) and 2008 (number: 3.0; volume: 24.6).

Human Rights

Current Rating : +

Score : 58

HRT1.1 Respect For Human Rights Standards And Prevention Of Violations (score: 51, weight: 3)

Unicredit has made general references to respect and promote human rights in its financing policy in its Sustainability Report. The bank also states that, within its General Group Credit Policy, UniCredit Group has stipulated that every loan must be examined for its ecological and social impacts and that the minimum standards to be applied are the national and international laws effective locally and the environmental and social standards established by the World Bank Group. However, this policy is not publicly available. Finally, the company is a communicating signatory of the Global Compact and of the Equator Principles. The commitment applies throughout the company, supported by senior management. In addition, other stakeholders are involved. In 2008 UniCredit Markets & Investment Banking (MIB) created an Extra-Financial Risk Advisory Desk, which is responsible for advising on the mitigation of extra-financial risk in project finance transactions and serves as a competency center. Moreover, the bank conducted an intense dialogue with ECAs on cooperation regarding the categorization of projects in terms of their different levels of environmental and social impact.

At implementation level, Unicredit carries out impact assessments for each project A or B. As the company reports, before loans are granted to corporate customers (in the large- and mid-cap segments), the environmental risk is assessed as part of the credit rating process by the credit specialist in charge. In this analysis, the bank's credit specialists make use of several tools, such as sector information and analyses, sector checklists and environmental contamination questionnaires. If risks are detected, the company's sector specialists and environmental experts or even external assessors can be called in to assist. High risks may mean that the credit application is rejected.

In terms of results:

- Unicredit faces minor allegations of human rights abuses and has taken corrective measures to address human rights problems. According to Banktrack, Unicredit group participates in the financing of controversial projects. For instance, in 2008 all over Europe a number of protests rallied against 'Turkish dam', a project extremely controversial because of its massive negative environmental, social and cultural impacts, for which, however, Unicredit /bank of Austria (together with other European banks, such as Société Générale and DekaBank) made the export credit granted available. Of note, in July 2009, UniCredit/Bank Austria decided to make the export credit granted no longer available by applying the mechanism foreseen in case the contractually agreed measures ensuring the World Bank guidelines on

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environment, resettlement and cultural heritage are not fully implemented.
 - Reporting covers the classification of projects and by sector and countries.

HRT2.1 Respect For Freedom Of Association And The Right To Collective Bargaining (score: 55, weight: 2)

Unicredit has made general references to freedom of association and the right to collective bargaining in its Sustainability Report. The bank states to be engaged in respecting the principles drawn from the "ILO Tripartite Declaration concerning Multinational Enterprises and Social Policy", the ILO's eight core conventions and the OECD's "Guidelines for Multinational Enterprises". Moreover the company is a signatory of the Global Compact and communicates on this principle. The commitment applies throughout the company, supported by senior management. In addition, other employees are directly involved. Indeed, the bank has an Industrial Relations referent for each country in which it operates. For the smaller countries, relationships with Employees' Representatives as well as all Industrial Relations issues are managed directly by the local HR function.

At implementation level, it is not clear what steps the company takes to ensure that freedom of association is respected mainly in countries listed as sensitive. However, the bank has provided resources to ensure that employees receive information on trade union rights and are able to exercise these. Indeed, at international level, the Employee Representatives of the UEWC have at their disposal a dedicated intranet area - the 'e-room' - which they can use (for example to share agenda and documents) in the occasion of the two ordinary meetings with the Central Management. Moreover, a location equipped with PCs, fax, phones and copier, has been made available in Milan to serve as UEWC headquarters. Furthermore, UniCredit bears the costs directly related to the fulfilment of the UEWC's activities (organization, interpreting services, travel and accommodation for the UEWC Members).

A review of stakeholder sources did not reveal any labour rights allegations against the company.

HRT2.4 Non-discrimination (score: 70, weight: 2)

Unicredit has issued a formalised commitment to non-discrimination in its Integrity Chart. Moreover a Joint Declaration on Equal Opportunities and Non-discrimination was signed on April 8th 2008 by the UEWC Members and the HR Group Representatives. The company's commitment to non-discrimination explicitly defines most of the categories covered: gender, nationality, religion, sexual orientation, disabilities, age, employment contract, professional role and level within the organization. In 2008, Unicredit assigned joint responsibility for managing Group diversity initiatives to the Corporate Culture Department and the Corporate Sustainability Unit. In addition, Diversity Managers have also been appointed in countries where the issue has been a priority for many years, such as Austria and Germany.

Unicredit has set up four measures to prevent discrimination: awareness raising, training, monitoring and affirmative action programmes. "Women and Leadership", is a Group program focused on increasing the number of women in leadership positions. Key initiatives launched in 2008 included the establishment of a UniCredit International Women's Network (UWIN) and the implementation of a study of success factors and barriers for women's careers in the Group, which includes an assessment of differences in leadership style between men and women. "Together in Diversity" is the Global

Business Services (GBS) diversity management project launched in 2008. Its goal is to assess the range of diversity at GBS and to promote equal opportunity for all. The project was also designed to increase the value of gender, age, cultural backgrounds and physical disabilities through focused initiatives in each of the involved GBS legal entities. Finally, childcare services are offered in many countries in which UniCredit Group operates.

In terms of results:

- The share of women in management positions has increased by 13% from 2006 (7.88%) to 2008 (8.87%).
- The share of disabled employees in the total workforce has declined by more than 50% over the past three years, standing at 2.74% in 2008. However it should be noted that data on protected categories provided for 2006 is available only for Italy.
- A review of stakeholder sources did not reveal any discrimination allegations against the company.

Miscellaneous

For what % of Vigeo's questions were responses obtained (from public documentation or company responses) :	86 %
Did the company participate with Vigeo in the ratings process (questions and/or draft) :	Yes

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