



Internal Audit Group Charter

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Dear colleagues,
In a rapidly changing environment, effective and timely risk management remains as important as ever. UniCredit is moving towards a **sustainable and digital transition**, acting in full compliance with external regulations and internal rules.

The **mission** of Internal Audit, which is an independent function, **is to enhance and protect the Company's value by providing risk-based view** and acts a strong role in detecting risks increasingly interdependent. The Internal Audit function performs **third level controls** is constantly **developing tools and methodologies** to ensure the **effectiveness of the Bank's governance, risk management and control processes** in a rapidly changing environment.

Our Audit Charter allows the scope of internal audit activity to be defined specifically to unique needs of the organization and to develop Internal Auditors' knowledge, skills and abilities to perform their responsibilities successfully **to achieve the goal to be the Bank for Europe's future.**


Pietro Carlo Padoan
Chairman UniCredit S.p.A.

This Policy was prepared in compliance with the applicable European and domestic laws, and regulations, as well as in accordance with International Professional Practices Framework.

The aim of the Internal Audit Group Charter is to develop principles and rules that define Internal Audit's purpose, mission, authority, independence, objectivity, responsibility and scope within the Group.

According to EBA Guidelines on Internal Governance and without referring to any specific governance structure, the Management Body should be understood as having supervisory (non-executive) and management (executive) functions and should be interpreted as applying to the correspondent Legal Entities' Management Bodies, in accordance with each Company's corporate governance structure as well as the applicable laws and regulations.





The purpose of Internal Audit is to provide independent, objective assurance and consultancy activities aimed at adding value and improving the Company's operations.

The mission of the function is to enhance and protect the Company's value by providing risk-based, objective, and insightful assurance and consulting services to the Management Body.

Internal Audit **constantly strives to develop its tools and techniques and adopt a dynamic approach** to ensure the Company achieves its objectives **in a quickly evolving environment**. This allows it to support and enhance the effectiveness of the Company's governance, risk management and control processes.

In addressing these challenges, Internal Audit also focuses on increasing its **strategic collaboration** and synergies **with**

the other Lines of Defence, while maintaining its independence and objectivity.

Internal Audit adheres to the International Professional Practices Framework. When non-conformance with elements of International Professional Practices Framework impacts the overall scope or operation of Internal Audit activities, the Head of Internal Audit must disclose the non-conformance and the impact to the Management Body, IC&RC¹ and Board of Statutory Auditors, where present.

In addition, for companies with a traditional governance system, the **Head of the Internal Audit function is one of the Board of Statutory Auditors' primary interlocutors**; this partnership is based on activities such as controlling and monitoring the internal control system and risk management.

¹ In the Legal Entities where the IC&RC is not present, the reference is to the Audit Committee.

Internal Audit is an independent function. **It performs third level controls** and is an integral part of the Internal Control System established by the Management Body.

Internal Audit is authorised to:

- Have **unrestricted access to all Company functions, records, minutes** of all consultative and decision-making bodies, and to all Company property and personnel. Internal Audit must also be allowed access to any activities outsourced to third parties.
- Have **direct and unrestricted access to the Management Body in its supervisory function and Board of Statutory Auditors**, where present, to raise concerns and warn when specific developments affect or may affect the Company.
- Allocate resources, select subjects, set timing frequencies, determine scope of work and apply the necessary techniques to accomplish audit objectives.
- Disclose engagement records and communicate audit results to the appropriate parties while avoiding

disclosure of information to other parties in the absence of necessary authorisation, unless made necessary by a legal or professional obligation.

- Obtain any necessary assistance from the personnel of the Company where they perform audits as well as other specialised services within or outside the Company.

To perform its activities, Internal Audit leverages on **adequate technological tools** and an **appropriate number of resources** with **different skills** acquired and maintained through **dedicated training**. Internal Audit must be informed of all management directives and resolutions that could be relevant to its activities. It must also be informed of any material changes to the risk management, controls and governance processes in a timely manner. Furthermore, Internal Audit must be informed if, from a risk point of view, serious deficiencies have been identified by the departments, noteworthy losses have occurred or there is any indication of preliminary concern.



The Head of Internal Audit must report to an adequate level within the Company that allows the Internal Audit function to fulfil its responsibilities independently.

To establish, maintain, and assure that the Internal Audit function has sufficient authority to fulfil its duties, **in UniCredit SpA the Head of Internal Audit hierarchically reports to the Management Body in its supervisory functions.** This set-up adopted in the Holding Company should also be mirrored in all the Group's Legal Entities, unless otherwise stated by local law requirements.

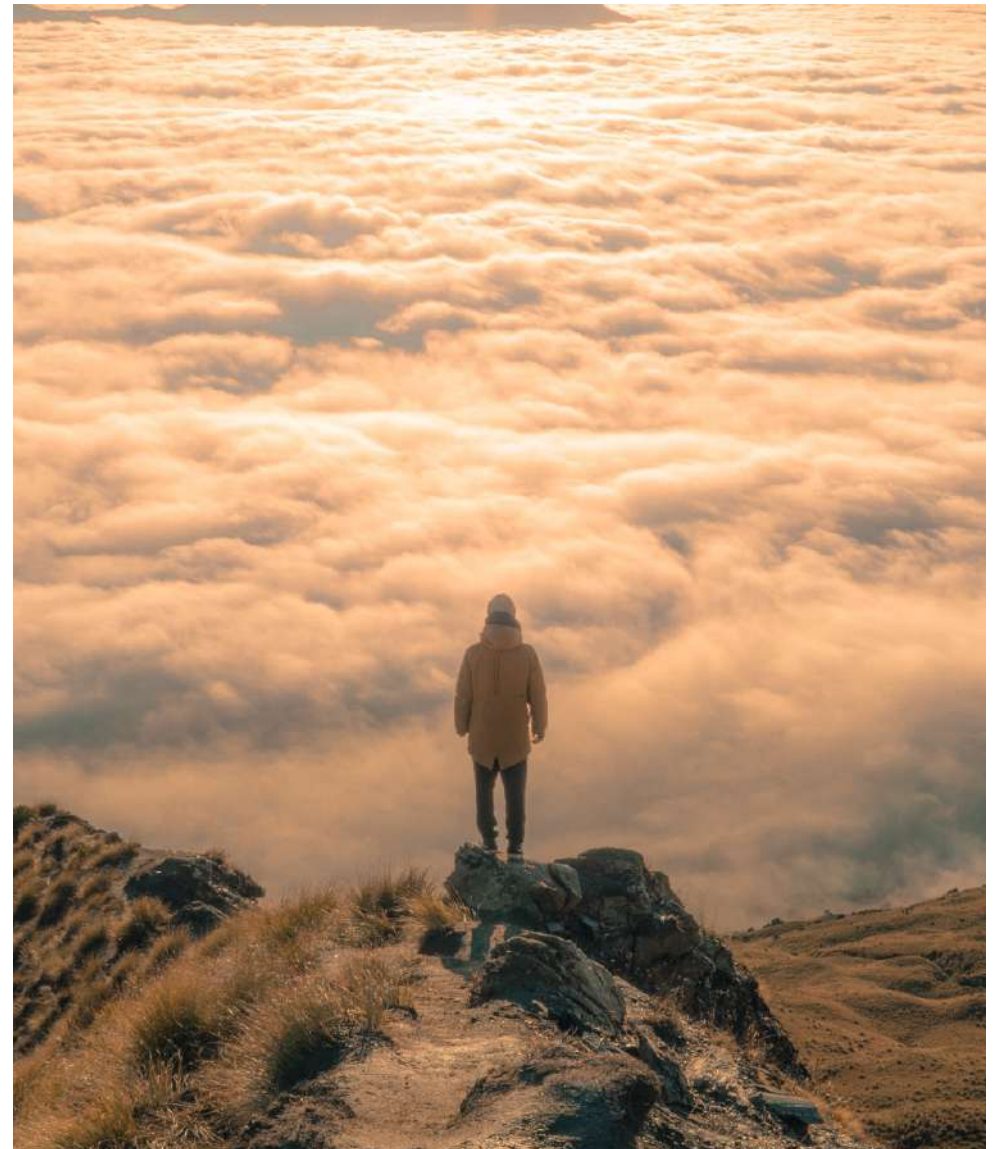
Consequently, the Management Body in its supervisory functions is involved in:

- Approving the Audit Charter.
- Appointing and removing the Head of Internal Audit.
- Approving the risk based Internal Audit plan.
- Approving the Internal Audit budget² and resource plan.

- Receiving communications from the Company's Head of Internal Audit on the performance of the Internal Audit activities related to its plan and other matters.
- Ensuring the Internal Audit function has sufficient and adequate resources to fulfil its remit.
- Approving the remuneration, goal setting and performance appraisal of the Head of Internal Audit.

Additionally, to foster the independence of Internal Audit, the structure of its compensation policy must not expose Internal Audit to any conflict of interest and must be in line with the recommendations of the related Supervisory Authorities.

In the processes of the above-mentioned activities, as well as of the other duties included in this document, the IC&RC and the Board of Statutory Auditors (where present), should be properly involved, as per the local governance framework.



² The economic resources of the Internal Audit function, activated independently, allow the function, whenever necessary, to engage external specialised support or activate training activities for Internal Audit resources.

The Company's Head of Internal Audit must confirm the organisational independence of Internal Audit activities to the Management Body at least annually.

Internal Audit activities are **independent** and must be **free from any conditions** that might threaten internal auditors' ability to carry out their responsibilities in an unbiased manner. Independence is ensured by a functional segregation of Internal Audit resources from any other function of the Company.

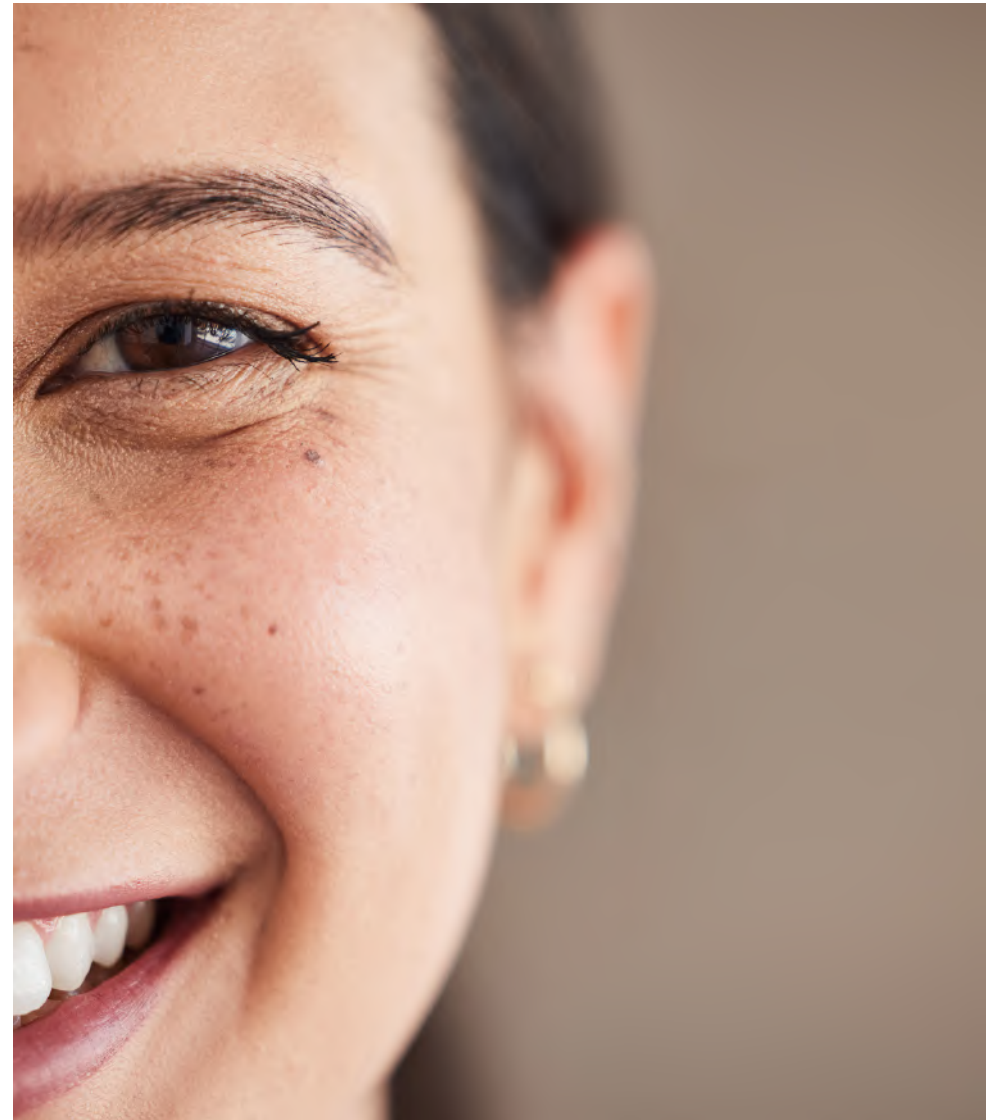
Internal Auditors must be objective and adopt an impartial, unbiased attitude that allows them to issue opinions based on an objective analysis of the facts, **unaffected by any undue influences, pressure or conflicts of interest of any kind**.

If independence or objectivity is impaired, in fact or appearance, the Head of Internal Audit must report details of the impairment to the appropriate parties³.

Internal Audit is not allowed to:

- Perform operational duties for any Company of the Group.
- Direct the activities of any Company staff not employed in Internal Audit, except to the extent such employees have either been assigned to auditing teams or assist the Internal Auditors.
- Hold operational responsibility or authority over the areas audited.
- Initiate or authorise transactions not relating to the activities of Internal Audit.

According to the external regulations in force in each Country and in view of the proportionality criteria, the operational tasks of the Internal Audit function may be outsourced to the controlling entity or another entity, inside or outside the Group, with the consent of the Management Body responsible. Even if the service has been outsourced, maintaining an effective internal audit activity remains under the Legal Entity's responsibility.



³ The nature of the disclosure will depend upon the impairment.

Internal Audit is responsible for:

- **The development and execution of a flexible annual audit plan** using an appropriate forward-looking **risk-based methodology**. In doing so, the following must be taken into consideration: trends and emerging risks, mandatory audits required by external provisions, any significant organisational changes and significant services, processes, operations and any risks or control concerns, special tasks or projects identified by senior Management, IC&RC, Board of Statutory Auditors, where present, and by the Management Body.
- **The issuance of periodic audit reports to the Management Body, IC&RC, Board of Statutory Auditors, where present, and to the relevant Management.** A summary of the results of audit activities and the status of the implementation of management action plans should also be issued at least annually and in alignment with any external requirements.

- **The performance of special investigations**, also on its own initiative, on potential and actual fraud incidents and on other risk events within the Company, reporting any relevant results to the Management Body, IC&RC, Board of Statutory Auditors, where present, and to the relevant Management.
- **Maintenance of a professional audit staff with adequate knowledge, skills, experience and professional certifications** to meet the requirements of this Charter.
- Reporting elements to the Management Body aimed at evaluating the Internal Audit performance including emerging trends and successful practices in internal auditing.
- Adequate Audit coverage at a reasonable overall cost, taking into consideration the scope of work of the External Auditors, Regulators, and other Lines of Defence.
- Fair and transparent communication with Regulators



with reference to audit activities.

- **The establishment of a quality assurance and improvement program** by which the Internal Audit assesses operations of internal audit activities and promotes professional development.

Internal Audit shall also commit, in coordination with other control functions, to ensure an adequate approach to risk and control management at Group level and a systematic evaluation process of the Internal Control System; nevertheless, such commitment and coordination must not jeopardise the resources function's independence.

The Internal Audit function provides a variety of assurance and consulting services which are performed in an independent and objective way, without assuming managerial responsibility.

Assurance

The Assurance activity is an objective examination of evidence for the purpose of providing an independent assessment on the Company's governance, risk management and control processes, with the aim to determine whether they are adequately designed and properly functioning. Assurance activities aim to assess the adequacy of the Company's Internal Control System, also through the evaluation of the completeness and correctness of the design and the functioning of key controls. The scope of Assurance services is unrestricted, and it is determined by Internal Audit's plan.



Consulting Services

Consulting Services add value to the Company by providing advice to the Company's stakeholders on strategic topics impacting the Company's design, functioning, effectiveness and improvement of the Internal Control System. Consulting may range from formal engagements, defined by written agreements (e.g. participation in project workshops), to informal activities (e.g. being as a permanent guest in standing or temporary management committees). When defining a formal Consulting engagement, Internal Audit and the counterpart should share objectives, scope and respective responsibilities. Such agreements should be included in the audit plan.



To promote the quality assurance of Internal Audit activities and support professional development, **the Group develops and maintains an Audit Quality and Improvement Program** which addresses all aspects of the audit activity including, among others, Assurance and Consulting Services.

The model is articulated in different elements⁴ and is aimed at evaluating the adherence to the Group Audit regulations, in compliance with International Professional Practices Framework.

The Head of Internal Audit will report periodically⁵ to senior Management and the Management Body regarding the Internal Audit function's conformance to the Code of Ethics and the International Professional Practices Framework.

⁴ Elements of UniCredit QAIP model: Ongoing Assessment (Engagement Quality Assurance), Quality Self-Assessment, External QAR, Internal QAR & Massive Controls, Regulatory & External Assessor Findings; Customer Satisfaction Survey.

⁵ The results of external or internal Quality Assurance Review (QAR) and periodic internal assessments are communicated upon completion of such assessments, and the results of ongoing monitoring are communicated at least annually.



To ensure the Audit function meets its objectives, the Head of Internal Audit shall annually assess whether the Internal Audit Group Charter needs to be updated, also supported by discussions with the Management Body.

The Head of Internal Audit shall present, within the annual Integrated Audit Report, the results of the annual assessment⁶ to the Management Body, Audit Committee and Board of Statutory Auditors, where present.

In case of material amendments, the updated Internal Audit Charter shall be submitted to Management Body in its supervisory functions for approval.

⁶ It is recommended to include in the meeting minutes of the presentation the results of such assessment.

UniCredit:

UniCredit S.p.A., with its registered office in Piazza Gae Aulenti, 3 – Milan, Italy.

Group Legal Entity:

Legal Entity directly or indirectly controlled by UniCredit (also “Legal Entity”, “Entity” or “Company”).

Group:

UniCredit Group, composed of UniCredit and of the Group Legal Entities.

Management Body:

According to EBA (European Banking Authority) Guidelines on Internal Governance, the Management Body is any corporate body or bodies, appointed in accordance with local law, empowered to set the company’s strategy, objectives and overall direction, and which oversee and monitor management decision-making, and includes the persons who effectively direct the business of the company. Without referring to any specific governance structure,

the Management Body should be understood as having supervisory (non-executive) and management (executive) functions.

Should the Management Body delegate, partially or fully, the executive functions to a person (e.g. CEO) or an internal executive body, the persons who perform those executive functions on the basis of that delegation should be understood as constituting the management function of the management body.

Internal Controls and Risk Committee (IC&RC):

The Committee supports the Board of Directors on risk management and internal control system-related issues and, in particular, in verifying that risk strategies, management policies and the Risk Appetite Framework have been correctly implemented and in defining policies and processes for evaluating corporate activities. The Committee reports to the Board of Directors on the status of the Group’s internal controls system.

International Professional Practices Framework:

The International Professional Practices Framework (IPPF) is the conceptual framework that organises authoritative guidance issued by the Institute of Internal Auditors - Revised Standards, effective January 1, 2017.

The IPPF includes:

- The definition of Internal Audit.
- Core Principles for the Professional Practice of Internal Auditing.
- Code of Ethics.
- International Standards.

Supervisory Authorities:

The relevant national Supervisory Authority and the ECB.

