

Our 2017 Gender Pay Gap Report

One Bank
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UniCredit London

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Corporate & Investment Banking

FOREWORD

“At UniCredit, gender balance is a priority. Our ambition is to build a diverse and inclusive workplace reflecting our culture and society as whole. We are focused on attracting, retaining and developing people with the talents, skills and experiences that help them and us succeed.

We are a people business. And that means encouraging our people to express themselves and to use their different perspectives to add value to the work we do. With respect to closing the gender pay gap, we have made some progress – but there remains a lot more for us to do going forward as part of our strong commitment to gender balance. I confirm that all the data in this report is accurate and in line with government regulations.”



CHRISTIAN STEFFENS
UK Country Head



We support the publication of gender pay gaps

Gender pay gap legislation has the purpose of addressing the imbalance in earnings between men and women in the workplace and has been introduced in Great Britain (England, Wales and Scotland) for employers with more than 250 employees. Transparency is very important to us and we support the publication of gender pay gaps. We believe that it is a key step towards making improvements to close the gender pay gap.

Our headline figures

The gender pay gap measures the difference between average male and average female pay as a proportion of average male pay. In this respect, our headline gender pay gap figures for the three UniCredit UK legal entities are 38.6% on a mean basis and 44.0% on a median basis (a glossary on page 10 helps explain these terms). UniCredit is, however, confident that our gender pay gap is not driven by pay inequality but is a consequence of the structure of our workforce. Like many organisations, our Bank has fewer women in senior leadership roles and a higher proportion of women relative to men in more junior, and therefore lower-paid, positions. UniCredit has compensation and gender equality policies that promote a fair and gender-neutral approach to compensation and benefits.

WE ARE COMMITTED TO MAKING PROGRESS

We are committed to making progress

UniCredit accepts that further progress is needed with respect to the gender pay gap. Like many other companies, improvements are required. However, we have already embarked on the journey towards closing the gender pay gap. We are making improvements through a number of different actions.



In 2017, we launched a Group diversity action plan to support and develop our diverse workforce and colleagues. This includes:

- 1. Recruitment and talent pipeline**
ensuring a fair and inclusive recruitment process that is gender balanced and fully focused on diversity

- 2. Professional development**
ensuring there are the right opportunities to help people grow and evolve within the Group

- 3. Remuneration**
ensuring people are rewarded fairly and based on meritocracy

- 4. Work-life balance**
supporting our colleagues to achieve a healthy work-life balance so they can live rounded and happy lives

- 5. Information and education**
taking very seriously our duty to educate and create awareness of topics that drive our culture, such as inclusion.



“As head of HR and a woman myself, I am passionate about creating the right environment and initiatives to address the gender pay gap, as well as driving overall people engagement and supporting our employees’ growth. UniCredit wants the right talent and believes in work-life balance, so we offer fantastic benefits at all levels, including such things as cancer screening for all staff and we are just launching emergency child and elderly care. We believe in gender balance and have many initiatives in this sense, although we value diversity as a whole. For instance, there are over 50 nationalities working at UniCredit in London. Our aim is that all our staff thrive in an inclusive and meritocratic culture.”

Georgiana Lazar
Head of HR UK & Global Markets

UNICREDIT'S GENDER PAY GAP

The gender pay gap figures below relate to information taken on the snapshot date of 5 April 2017 and cover the three UniCredit UK legal entities.

Our overall gender pay gap: hourly pay gap and bonus pay gap

Table (a) below shows UniCredit's mean and median gender pay gap based on hourly pay rates, and the mean and median difference between bonuses paid to men and women for the 2016/17 performance year. Our overall gender pay gap at UniCredit is 38.6% on a mean basis and 44.0% on a median basis. Our figures reflect the fact that we have fewer women in senior, higher paid roles. This also influences our bonus pay gap, at 43.9%, as higher paid roles carry higher bonus opportunities.

Table (a): Overall pay gap 2017

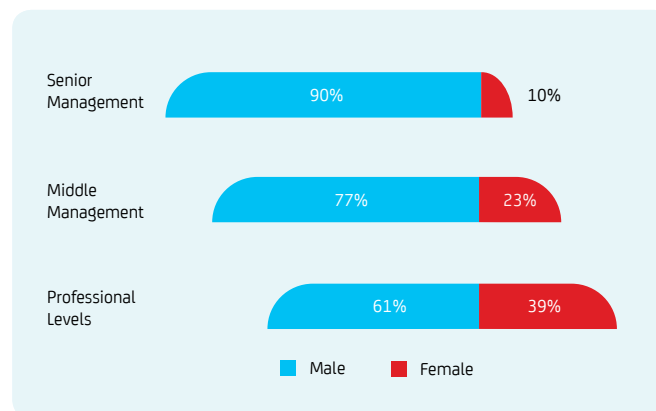
1. HOURLY PAY GAP		2. BONUS PAY GAP	
MEAN	MEDIAN	MEAN	MEDIAN
38.6%	44.0%	43.9%	56.2%

We are confident that UniCredit's gender pay gap is not an issue of equal pay. It is a consequence of our demographic profile (i.e. the structure of our workforce) and is affected by two key factors:

- The higher proportion of men in the most senior roles
- The higher proportion of women with reduced working hours and the pro-rata bonus reflecting the number of hours effectively worked

Below we illustrate the gender ratio grouped by internal seniority band within our businesses in London. It demonstrates that the most senior levels have a male predominance.

UK Gender Balance by Internal Seniority Band



“I joined UniCredit as a graduate in Munich six years ago, but I was keen to move back to London as I previously studied here. I’m Italian but speak fluent English and German so the international work environment in the London branch is ideal for me. I now work on special projects supporting the country head and interacting with functions across the branch and the Group, which is fascinating.”

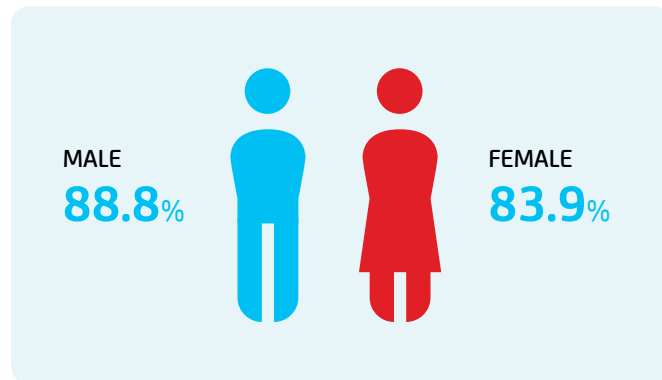
Alice Molino

Vice-President and Project Specialist for CIB

UNICREDIT'S GENDER PAY GAP

Table (b) – Proportion of employees receiving a bonus

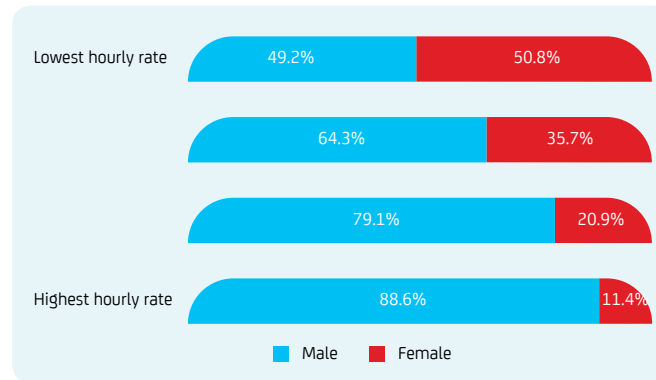
Colleagues at all levels across the Group, irrespective of gender, are eligible to receive an annual bonus based on performance, in line with our Group Compensation Policy. The table below shows the proportion of male and female colleagues that have received a bonus payment.



The allocation above reflects the fact that some employees who fall into the scope of the gender pay gap study did not qualify to receive a bonus as they either left the Bank before the bonus was paid or joined early in 2017, so were not employed during the business year 2016 for which bonuses were awarded.

Table (c) – Gender profile by pay quartiles

Table (c) represents the proportion of male and female employees in each pay quartile. The results demonstrate a similar proportion of women (50.8%) and men (49.2%) in the lower pay quartile, and a higher proportion of men (79.1-88.6%) than women (11.4-20.9%) in the third and top quartile.



“I joined UniCredit in 2013 to build a distribution platform for high-yield bonds, which has given me a great sense of achievement. We are a small team but receive strong support from management, which includes respect for the fact I’m a mother with children that need me both emotionally and physically. This is a very human organisation, where - at an essential level - people want to do the right thing. You are also encouraged to get involved - for instance I am an active part of the Diversity Network, which runs workshops and networking events across the UK branch on topics ranging from Personal Branding to Unconscious Bias, which I find hugely rewarding.”

Rose Kutner

Head of UK Credit Sales and Head of High-Yield Sales team

GENDER PAY GAP FIGURES FOR UNICREDIT BANK AG IN UK

In the UK, we have three legal entities. This report describes the aggregated result for our entire UK presence, as the initiatives we have in place are applicable to all our UK entities. Our legal obligation, however, is only to publish the figures for UniCredit Bank AG London branch (as this is the only entity with more than 250 employees in the UK). The isolated figures for UniCredit Bank AG London branch are presented below.



Table (a) – Our overall gender pay gap: hourly pay gap and bonus pay gap

1. HOURLY PAY GAP		2. BONUS PAY GAP	
MEAN	MEDIAN	MEAN	MEDIAN
41.3%	51.9%	45.8%	65.5%

Table (b) – Proportion of employees receiving a bonus

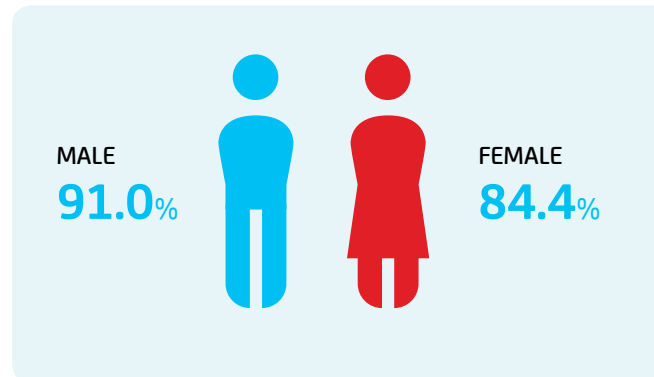
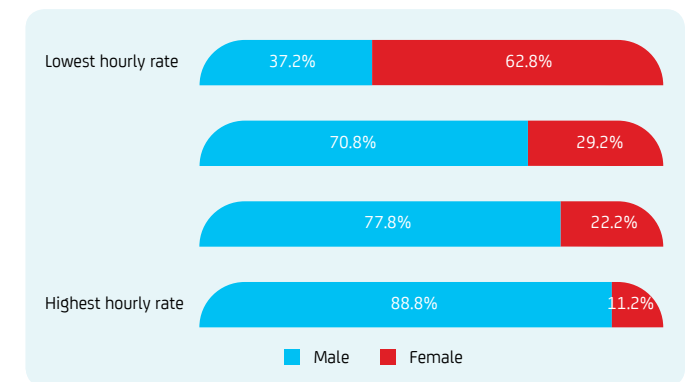


Table (c) – Gender profile by pay quartiles



“I arrived at UniCredit as an intern in Paris in 2013 and then joined the graduate program in 2014. I worked three months in Vienna and three in Milan before coming to London, where I decided to stay. I work on the loans

syndication desk. It has a strong Central and Eastern Europe focus, which - coming from Serbia - is the perfect match for me. The team is very friendly offering me a healthy work-life balance without compromising on my professional development.”

Ivana Kojic
Analyst for Loan Syndications

SOME DIFFERENCES EXPLAINED

Gender pay gap v. equal pay

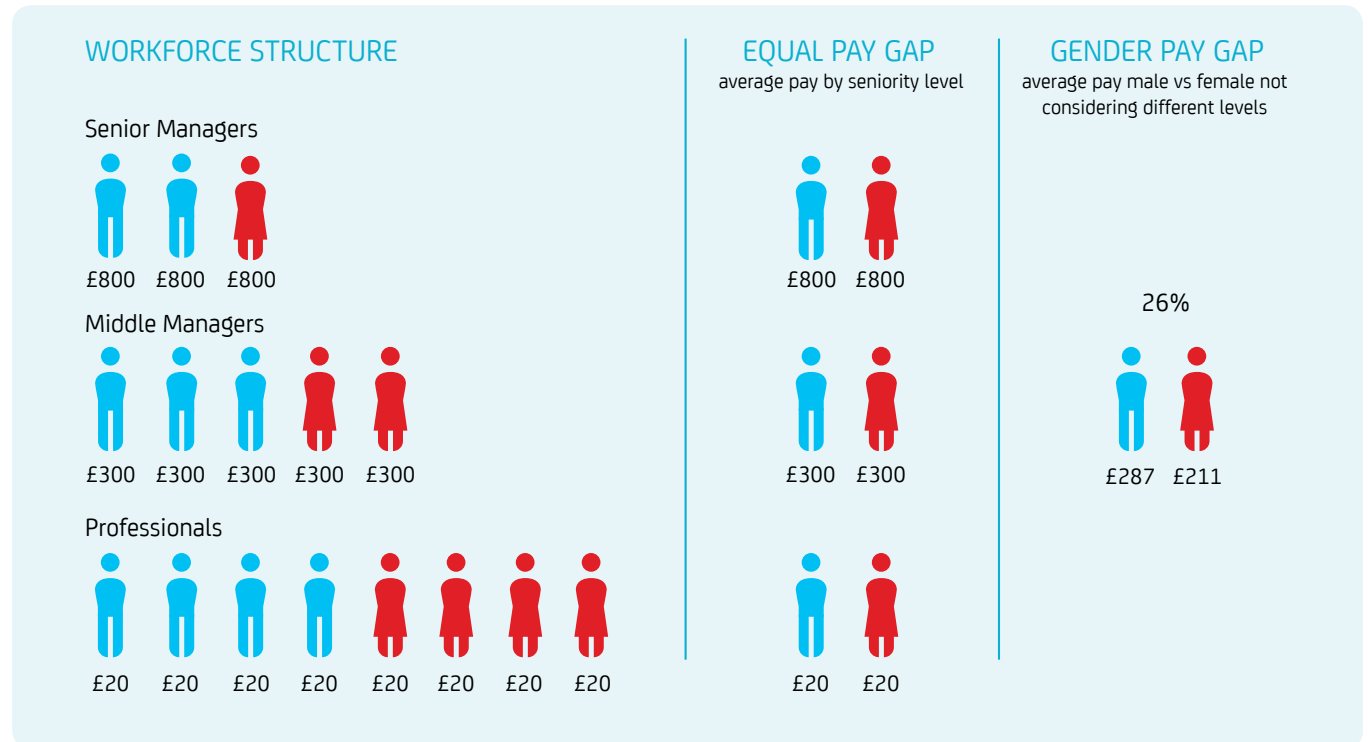
The gender pay gap and equal pay are often confused, but are not the same. The **gender pay gap** is the difference between the average hourly pay of all men and the average hourly pay of all women across an organisation, regardless of role. It is expressed as a percentage of men's earnings.

Equal pay ensures that men and women who perform equal work, at the same level, and with similar performance, receive equal pay. This new government legislation deals with the gender pay gap and not with equal pay.

The graphic (with example numbers for illustration purposes) demonstrates the difference between equal pay and the gender pay gap.

In this example, we can see that even if the average for each gender by seniority level is the same, when we aggregate the average for all men and all women without considering the different levels of seniority, the numbers differ, showing an overall average for men at £287 and women at £211 and resulting in a gender pay gap of 26%.

UniCredit's gender pay gap is caused mainly by the demographic profile of our workforce and is not a consequence of issues with respect to equal pay.



HOW UNICREDIT IS TACKLING THE GENDER PAY GAP

Our gender pay gap is caused mainly by the demographic profile of our workforce and not the consequence of having an equal pay issue. Nevertheless, we have a long road ahead towards closing the gender pay gap and are taking a number of different actions to address this.

We embarked on this journey in **2011** with the initiation of the **Gender Balance Program**, and in **2013** we launched a **Global Equality Policy** and monitoring process (Gender Balance Dashboard).



In **2015**, we adhered to the **30% Club** and we signed the **Women's Empowerment Principles**, which renewed our commitment to reaching a more balanced distribution among genders at all levels, though with a key aim of promoting female talent.

In **2017**, we also launched our **Group-level diversity action plan**, which focuses on developing and supporting our diverse workforce throughout their time at the bank.

Specific initiatives aimed at closing the gender pay gap include:

Recruiting and Talent Pipeline

UniCredit aims to recruit and appoint the best person for each role, while also increasing the number of women in senior managerial positions.

In the UK, we take great pride in our **hugely diverse workforce**, with approximately 50 nationalities represented. We are also targeting an **increased female hiring ratio in our Internship and Graduate Program**.

We have also been using **gender-balanced shortlists** (including external and internal candidates) for both junior and senior appointments.

Professional Development

We have a number of initiatives that address both gender balance and diversity and aim to support the growth of our people and foster an organisational culture of inclusion.

For example, we created the **Women in Banking Program** to boost the skills of women in certain roles or seniority (i.e. colleagues from specific businesses, high-potential talents, directors and managing directors). The program has included formal training, internal and external coaching, mentoring, networking, one-to-one meetings with senior management, career rotations and secondments.

To make inclusion and diversity a daily priority and reality for our entire workforce, we organise regular **Diversity Labs** for senior managers – aimed at encouraging and developing the career progression of female employees.

We are also providing both **Inclusive Leadership and Unconscious Bias** training to equip our mid-level leaders with the skills needed to bring out the best in the people they manage.

Remuneration

Our Group Compensation Policy ensures that we take a gender-neutral approach to both compensation and benefits.

HOW UNICREDIT IS TACKLING THE GENDER PAY GAP

Work-Life Balance

In November 2017, we signed with the UniCredit European Works Council – a new joint declaration in regards to **Work-Life Balance**, iterating the importance of respect for our staff.

In the UK we are currently launching an initiative called **My Family Care**, which supports colleagues who have dependents in their care and who face care-for-the-elderly or childcare emergencies, as well as offering coaching to support new parents.

We offer enhanced terms for **maternity leave** (providing 40 weeks of enhanced pay) and **paternity leave**, and have, for the first time, implemented **shared parental leave** – offering eligible parents increased flexibility to care for their new child, with of up to 40 weeks of enhanced pay. We also offer similar terms for **adoption leave**.



Information and Education

We strongly believe in the value of transparency. Our female representation by seniority is monitored twice a year at Group level through our **Gender Balance Dashboard** and benchmarked with external competitors on a key performance indicator (KPI) basis. We also publish details about the structure of our workforce in our yearly Group Integrated Report.

We regularly organise **events and initiatives**, accessible to both men and women, to broaden horizons and help people connect – encouraging cultural and intellectual discussions on inclusion as well as other topics. For example, in the UK we have hosted numerous monthly breakfasts with senior management and **'Food for Thought'** sessions, which are open to all staff and consist of inspirational speeches from different senior executives on business-related topics.

The **UniCredit London Diversity Committee** independently organises events each year for internal and external networking – holding workshops on inclusion and other topics such as unconscious bias.



Gender balance is a priority for our Bank and we are making progress. But we still have a long way to go. We continue to pursue our ambition of building a diverse and inclusive workplace that reflects both our culture and society as a whole: where all the talents, skills, experiences and different perspectives of our people can be fully expressed and add value.

GENDER PAY – A GLOSSARY

Pay means the gross hourly pay received during the pay period in which 5 April falls.

Bonus pay is the gross bonus received during the 12 months prior to 5 April.

Mean gender pay gap is the difference between the average hourly pay of men and women. This is often expressed as a percentage to give the gender pay gap in hourly pay as a percentage of men's pay.

Median gender pay gap is the difference between the median hourly pay rates of men and women. This is often expressed as a percentage to give the median gender pay gap in hourly pay as a percentage of men's pay.

Mean v. median

The mean and the median are different types of average. The 'mean' or 'average' is calculated by adding up all the hourly earnings or bonuses for the relevant employees and dividing this by the number of relevant employees.

The median is the middle point in the range of hourly earnings or bonuses, in which half the numbers are above the median and half are below. It is found by taking all the hourly earnings or bonus amounts in the sample, lining them up in numerical order from highest to lowest, and then finding the middle number in the list.

Pay quartiles is the proportion of men and women in each pay band category which is split into four equal parts, i.e. 'quartiles'. This calculation looks at the hourly rates for male and female full-pay relevant employees, ranked from the highest to lowest and divided into quartiles to show the respective proportion.

Demographic profile is the representation of males/females within grades across an organisation.

Equal pay is ensuring men and women are paid the same for work of equal value (set out in the Equality Act 2010).

Overall gender pay gap is defined as the difference between the average male salary and the average female salary, expressed as a proportion of the average male salary.



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