

Engaging stakeholders to set our course.



To deepen our relationships with UniCredit's stakeholders, we conducted more than one million interviews that focused on their expectations. Based on their responses, we developed a materiality matrix, which prioritizes their needs and helps identify how best to address them. This engagement is one of the keys to sustainability.

"Destinazione Cina 2011" project - October 26, 2011, Magnani Palace, Bologna

Our Approach

PRIORITIES 2012

Continue our investment in a culture of sustainability by:

- cultivating a culture of stakeholder service among our employees and providing broader support to the planning of activities leveraging our listening programs
- implementing our Global Compliance Framework, which will ensure that all relevant Group entities adopt compliance measures similar to those of our Italian entities, even in countries where regulations do not require us to meet the same standards

Strengthen UniCredit's inclusive approach to risk management through risk training and communications

Priorities 2011

Build a culture of sustainability

Strengthen our compliance with the mission statement using robust policies and regulations, and develop a corporate culture that is respectful of new compliance measures enhancing our second-level control system

Complete the implementation of the UniCredit Code of Conduct through our relevant training program

Activate our Sustainability Performance Measurement (SPM) system – i.e., list our sustainability KPIs aligned with our Sustainability Framework – which was described in 2010 as our Sustainability Performance Management system, and produce our first report

Engage our stakeholders

Strengthen dialogue with our stakeholders through specific initiatives such as forums and focus groups in select countries in order to increase our proximity to our territories

Key achievements 2011

Achieved: UniCredit's Global Compliance Framework went into effect in June 2011. In addition, the Compliance department issued or reviewed 19 global compliance rules that addressed a broad range of compliance topics. The department oversaw four global compliance training sessions, in addition to local compliance courses. We also made progress in our initiative to refine and enhance our approach to a second-level compliance control system

Achieved: the Code of Conduct, which includes anti-corruption measures, was approved by nearly all of our main legal entities and became effective in January 2011. To date, over 70,000 employees have confirmed their understanding and acceptance of the policy


Partially achieved: we defined our sustainability KPIs and conducted internal testing to prepare for the launch of our monitoring system

Achieved: a dedicated unit was created in 2011 to engage in stakeholder listening, improve the quality of information collected and develop meaningful analyses. Based on feedback gathered from all of our listening programs, we constructed a materiality matrix that prioritized our stakeholders, identified their major issues and assessed how to address their requests

Our Approach

The current financial crisis has radically changed the global economic environment.

At UniCredit, we regard this crisis as an opportunity to build a stronger bank that will support a stronger Europe and a stronger euro.

More than ever, sustainable practices are fundamental to our success. We have reevaluated our strategy in light of the new economic reality, which is why, in 2011, we refocused on the following areas previously identified in our sustainability framework (more information is available  on our web site):

- setting a clear direction for sustainability to ensure our standing as a rock-solid European commercial bank as described in our strategic plan
- leveraging our people, our most important asset, by enhancing their awareness of sustainability as a tool for building a strong corporate culture
- enhancing our inclusive approach to risk management by investing groupwide in a deeper understanding of risk and in governance solutions that

better manage reputational risk-generating activities

- deepening our relationships with our stakeholders and identifying the topics most important to them and how to serve them better

Approach sustainability strategically

The UniCredit Strategic Plan, which was introduced in November 2011, builds on what we have already accomplished in terms of sustainability while linking our long-term business objectives to our responsibilities to our stakeholders.

Our plan defines a clear approach that is fully aligned with the sustainability concept embedded in our mission: building long-lasting relationships to create sustainable value for our stakeholders.

The pillars of our strategic plan underpin our actions as we work to meet our objectives by 2015.

Exercising capital discipline

Rigorous capital discipline ensures our strong capital position.



Maintaining an appropriate level of capitalization is a fundamental prerequisite to carrying out our business operations, as defined by our sustainability framework.

Our identification as a Global Systemically Important Financial Institution (G-SIFI) means that we rank among the world's 29 most important banks, which are subject to additional layers of prudential regulation because of their role in the global economy.¹ We believe that the higher level of regulation that comes with being a designated G-SIFI will assure our customers and stakeholders that we are a safer and more transparent bank with which to do business.

¹ G-SIFIs are financial institutions deemed systemically important to the economy. Their relative importance has been assessed by regulators according to five criteria:

- complexity
- cross-jurisdictional activity
- size
- interconnectedness
- substitutability

UniCredit sustainability framework

Prerequisites

- compliance
- profitability and capital adequacy
- values in action
- mission
- brand
- reputation

Pillars

- customer excellence
- investing in people
- sound governance
- pervasive risk culture
- value-added processes and operations
- community development

Stakeholder engagement

- listening activities
- materiality analysis
- engagement initiatives

Our recent capital increase was fundamental to our capital discipline. Successfully completed in early 2012, it enabled us to reach a Core Tier 1 ratio of 9.97 percent, under criteria currently in place. Once Basel III is fully implemented, our Common Equity Tier 1 ratio will be higher than 10 percent in 2015. Our capital increase ensured that we will continue to operate in line with our strategic plan and with a sharp focus on our core business: serving as a rock-solid European commercial bank, focused on deposits and lending that supports the real economy.

Managing and simplifying costs

Speaking with certainty about revenues is challenging given the current economic environment. As a result, we are focused on measures within our control: the cost management and simplification of



our value-added processes and operations to support our business activities. Ensuring sustainable returns is fundamental to maintaining a strong market presence, while being easy to deal with is vital to generating value for our customers.

Our strategic plan specifies that our costs must remain flat. As a result, we have thoroughly reviewed groupwide spending and taken decisive measures to realize savings and leverage our economies of scale. Our workforce and support functions will be streamlined, and we will optimize office space requirements at our headquarters, saving on time and travel costs.

These cost-cutting measures do not mean that we will stop investing in our operations. On the contrary, we

expect to invest approximately €1.2 billion in improved banking technology to provide better services to UniCredit customers.

Refocusing our business

Being a sustainable bank means putting



customer excellence and community development at the heart of what we do.

Our strategic plan therefore focuses on our core business: providing financial services to private banking and retail customers, small and medium-sized enterprises (SMEs), and large corporations. This is our strength and we are committed to fostering it.

By refocusing our business, we will reduce our exposure to non-strategic assets, limit our investment banking services to our corporate clients and free up capital that better positions us to support customers. Over the next four years, we expect to provide new medium and long-term loans totaling €40 billion to SMEs in Italy, Germany, Austria and Poland.

Moreover, to spur sustainable business growth, we make sure to think of lending not as a goal but as a tool to support our corporate clients. We will thus leverage our position in Central and Eastern Europe (CEE), where strong GDP growth is anticipated, particularly in the Czech Republic, Poland, Russia and Turkey.

Increasing our business sustainability in Italy is critically important. By adjusting our lending portfolio and reducing the cost of risk, we can improve our capacity to support our customers. More than €39 billion in

new loans will be extended to families, while new medium to long-term credit lines totaling €33 billion, including leasing, will be extended to SMEs by 2015. More information on the UniCredit Strategic Plan is available on our web site.



Build a culture of sustainability

Our strategic plan translates our business objectives into action, while our sustainability framework helps to define who we are as a bank and to cultivate the corporate culture necessary for generating long-term value for our stakeholders.

Today, we are creating a strong corporate culture based on shared values that underpin our internal and external relationships. Our Group raises awareness of sustainability issues by engaging all of our stakeholders, particularly our employees. Sustainable practices are an



investment in our enterprise, where our employees are our most important asset.

Instilling a culture of compliance



Compliance is integral to our business activities, and top management and the governing bodies within each of UniCredit's legal entities are responsible for overseeing compliance risk. It is a management imperative that we adhere to applicable laws, ethics, compliance standards and global compliance rules. Our employees bear the responsibility for carrying out and ensuring compliance.

Our Approach

Our commitment to instilling a culture of compliance, as reported in our 2010 Sustainability Report, translated into the issuing or renewal of 19 global compliance rules, on topics ranging from privacy to anti-money laundering, conflicts of interest, antitrust, management of inside information, provision of investment services, the UniCredit Code of Conduct and whistleblowing. More information is available in the Supplement to this report.

In addition, the Compliance department conducted a number of global courses on anti-money laundering, market abuse (for CIB² staff), the Code of Conduct and CIB supervisory duties. These global courses supplement local-level compliance courses required by local laws. Finally, our commitment translated into the approval of our Global Compliance Framework in 2011, which replaced the 2007 version. This new framework harmonizes the compliance function's role and responsibilities across our Group, and defines:

- our compliance mission – i.e., to help advance our business interests in compliance with applicable laws, regulations, internal policies and best practices; to safeguard UniCredit's franchise and reputation; and to uphold our values
- key activities carried out by compliance – i.e., to provide guidance and assessments; to monitor compliance risk; and to liaise with regulators
- the prerequisites to managing risk compliance effectively – i.e., independence of the compliance function; adequate technical and human resources; communication

² Corporate and Investment Banking

³ The implementation of our framework ensures that our legal entities adopt compliance measures similar to those of our Italian entities, even in countries where regulations do not require us to meet the same standards.

with governing bodies; access to corporate information; and governance and coordination mechanisms

This new framework will gradually be implemented groupwide³.

We also made progress on an initiative launched in 2010, to refine and enhance a consistent approach to a compliance second-level control system. In 2011, we developed and shared our approach with main legal entities, which began a phased, risk-based rollout focused on priority countries and regulations. Our compliance function identifies the second-level controls under its remit and advises our management and other teams on how to identify and address the first-level controls that fall within their responsibility. By monitoring our compliance procedures, we are able to assess and regulate their adequacy, effectiveness and impact on our products and services.

The UniCredit Code of Conduct is a key component of instilling a compliance culture. As a new internal tool that supplements our Integrity Charter, the UniCredit Code of Conduct outlines

the principles our employees must adhere to in order to maintain a responsible professional culture that properly manages reputational risk.

Our Code of Conduct became effective at the beginning of 2011 and was then approved by nearly all of our main legal entities, while it has been published on the UniCredit intranet and emailed to our employees. To date, over 70,000 employees have confirmed that they read and understood our new policy.

70,000 employees have read and understood our Code of Conduct

As of March 2012, more than 1,200 employees in select countries have received training on the Code of Conduct.

In Germany, nearly 14,000 employees have received anti-corruption training. Our Code of Conduct will be reviewed at least every two years, and our employees will be alerted to any material changes.

FOCUS

Main issues addressed by the UniCredit Code of Conduct

Our Code of Conduct, which includes measures to combat corruption, defines our core principles as a bank and outlines our commitment to:

- obey laws and regulations
- reject the giving or receiving of bribes
- restrict the giving or receiving of gifts and facilitation payments
- address conflicts of interest
- adhere to competition and corruption laws
- prevent money laundering
- counter market abuses
- ensure banking secrecy
- ensure data protection
- treat others with dignity and respect
- value health and safety

In Germany nearly 14,000 employees have received anti-corruption training

Our employees will be required to enroll in our multilingual Code of Conduct e-learning course beginning in January 2012, and additional courses will be offered on related topics, including conflicts of interest and market abuse.

To further uphold our culture of sustainability, we approved our Whistleblowing Policy in July 2011, with an eye to fostering an environment in which our employees feel safe to report improper conduct that may be harmful to our mission, our reputation or our employees. Such conduct may be:

- illegal, unfair or unethical
- in breach of applicable legal or regulatory obligations that apply to our employees in their work
- non-compliant with our Group's rules and regulations

Our policy ensures that the anonymity of whistleblowing employees will be protected unless they consent to disclosure, local laws require disclosure or disclosure is needed to prevent or mitigate serious threats to a person's health or safety.

Aligning behavior, values and business objectives

In order to build and sustain a strong corporate culture, we must align our behavior with our Group's core values,



i.e., put our **values in action**.

To this end, we moved first to invest

Whistleblowing procedures

If there is reasonable suspicion that improper conduct has occurred or is likely to occur, our employees are urged to speak with the head of Legal and Compliance or the head of Internal Audit of their respective legal entity. If an employee's suspicion is related to either of these individuals, top management of that legal entity or our Group's General Counsel and Chief Compliance Officer should be contacted instead.

If there is any doubt about improper conduct, our employees are encouraged to speak informally with their managers or the head of Legal and Compliance.

If there is sufficient evidence of improper conduct, that will compile a basis for an investigation, the head of Human Resources and the head of Internal Audit have been informed – unless already involved – in order to start the relevant investigation, by appointing a person in charge of such investigation. If it is determined that there is insufficient evidence of improper conduct, the employee will be informed of the decision.

in tools and strategies to help our colleagues build lasting relationships with our customers. This included developing the UniCredit Competency Model in 2011. As a driver of our strategic plan, the model demands that we develop and deliver concrete solutions with real benefits to our customers, and that we manage our customer relations to ensure that UniCredit is easy to deal with even in challenging scenarios. More information is available in Our People chapter.

To align our values with our business objectives, an incentive system that measures and rewards sustainable results is fundamental. UniCredit's Compensation Policy is aligned with business needs and fosters sustainable growth, putting the Remuneration Committee and the Board at the center of the decision-making process, while assuring compliance with emerging regulatory requirements. Our Group Incentive Systems outline the framework for variable compensation

for UniCredit's Chief Executive Officer, key management personnel, Group executives and other select personnel. They foster sound compensation practices that go beyond mere compliance with regulatory requirements.

We adhere to three key principles in designing executive compensation plans that promote sustainable performance:

- executive compensation is linked to the underlying drivers of positive business performance, not just the outcomes themselves. In other words, it is based on a multi-dimensional performance evaluation. This evaluation makes systematic use of indicators selected with the aim of strengthening the sustainability of our business (e.g., the satisfaction of internal and external customers, risk and financial sustainability indicators, and profitability measures benchmarked against our peers)

Our Approach

- pay plans encourage a balanced approach to risk by incorporating threshold conditions linked to measures of risk mitigation and risk-taking. Taking a medium-to long-term perspective, we use metrics that have been defined ex ante, reflecting different categories of risk, to align remuneration with sustainable performance and with value creation for shareholders
- our total variable compensation scheme includes short-and long-term compensation that incorporates deferrals and legally enforceable malus and clawback conditions in a way that requires executives to adopt a long-term perspective. Deferred incentives account for a significant part of this scheme, with payout conditional on the achievement of further performance thresholds in subsequent years

Non-executive members of the Board of Directors do not receive variable compensation, in line with regulator recommendations. Their compensation is fixed and is determined on the basis of the importance of their position and the time their work requires. More information on the Group Compensation Policy is available on our web site.



To uphold our values, we have continued to invest in our Restorative Justice System (RJS), which promotes individual responsibility and voluntary resolution as a means of repairing relationships among our employees. In the course of 2011, the RJS continued to contribute to our Group's culture of accountability. We have enhanced training programs for and communications with our employees to help them better understand the RJS and its objectives, areas of application and importance.

We also decided to simplify the organization and functions of the RJS. Related measures will be undertaken in 2012.

The RJS processed numerous cases. As of December 2011, 1,007 of 1,034 cases were closed and 27 remained pending, with the majority being related to our core values of transparency, fairness and respect. More information is available in the Supplement to this report.

In order to strengthen our corporate culture, we must also expand our capacity to monitor our performance management. The object of doing so is to help us understand and report on our long-term sustainability and business performance.

To build this capacity, we designed our Sustainability Performance Measurement (SPM) system, which was reported in 2010 as the Sustainability Performance Management system. Its aims are to promote our sustainability framework, to develop a shared understanding of the sustainability concept and to track our progress on achieving a key mission: to build lasting relationships with our stakeholders. In 2011, we defined a list of our sustainability key performance indicators and conducted internal testing to prepare for the launch of the SPM.

Spreading a culture of sustainability

Being a sustainable bank means promoting a culture that actively contributes to a strong social and economic environment, as well as a stable financial system.

In line with our sustainability framework, we engaged in a series of activities in 2011 to advocate the development of a new regulatory framework that

balances the need for financial stability with the need for sustainable, long-term economic growth.


As part of our contribution to defining the Basel III framework, we proposed a more appropriate approach to SMEs, which are the mainstay of economic growth in Europe. We also suggested specific changes to the proposed liquidity requirements, which would facilitate the flow of liquidity within a cross-border group – a crucial issue for the CEE region due to its dependence on foreign banks for financing.

In addition, UniCredit took a leadership role in the Prime Collateralised Securities (PCS) initiative to revitalize the securitization market and promote lower finance costs for the real economy. Standards were defined to support transparency, standardization, simplicity and quality in the securitization market for products that rely on loans to households and SMEs as their underlying assets. It was determined that those transactions that respect these market standards will be PCS-compliant and recognized by market participants. This program is expected to be launched in September 2012 and we believe that, over time, it will positively impact bank funding and, ultimately, the financing of the real economy.

Develop an inclusive approach to risk management

The modern global financial system is characterized by greater interconnectedness and varied regulatory regimes, paired with swift dissemination of time-sensitive financial information and exceedingly mobile pools of cross-border capital.

Membership

Pursuing sustainability also means sharing and learning about best practices through our relationships with relevant organizations  (more information is available on our web site). These relationships help UniCredit engage with and meet the needs of stakeholders.

We maintain particularly close contact with the organizations listed here:



UniCredit joined the United Nations Global Compact in 2004 and we reaffirm our support of its principles



UNEP Finance Initiative
Innovative financing for sustainability

UniCredit became a UNEP FI member in 1998. The initiative provides us with opportunities to address the most important current issues in sustainable finance



Pioneer Investments, our Group's asset manager, signed on to the UNPRI principles in 2009 to strengthen our commitment to sustainable investment



UniCredit has long been a signatory of the CDP, which promotes understanding of the potential impacts of climate change on shareholder value



UniCredit joined the London Benchmarking Group in 2010 to assess the real value and impact of its community investments



UniCredit is a shareholder of the Desertec Industrial Initiative, which aims to create a framework for generating sustainable, climate-friendly power from the sun and wind in the deserts of the Middle East and North Africa

When combined, these create attractive business opportunities. They also create significant risk. In fact, risks related to sudden financial dislocations, high volatility, widespread financial contagion, large defaults and significant losses seem to be more prevalent today than ever before.

Enhancing our culture of risk management

In our evolving economic environment, the success of risk-taking institutions like ours often hinges on our ability to manage risk intelligently and proactively.

Successful risk management demands a deep understanding of risk and its

effects on profits, losses and the balance sheet. It also requires building a base level of technical risk knowledge, reinforcing communications at all levels and creating a mindset that anticipates changes in the macro environment. A strong risk management culture helps meet these demands.

Our UniCredit Risk Academy was launched in 2010 to train our employees on all risk-related topics and to help




build a strong culture of risk management throughout our Group.

In 2011, 5,452 of our employees received a total of 96,525 hours of training in areas related to credit, market, liquidity and operational risk, capital allocation and our risk management culture. More information is available in Our People chapter.

5,452 of our employees received 96,525 hours of training on risk management

Our Approach

Managing reputational risk

We also continued to build an inclusive risk management culture by improving our governance framework. More information is available  on our web site.

Our Group Operational and Reputational Risk Committee's (GORRIC) function is to ensure that reputational risk policies and practices are consistent Groupwide, as well as to




control and monitor our Group's reputational risk portfolio. GORRIC convened 10 times in 2011, during which it approved 18 measures on rules, policies and guidelines that determined reputational and operational risk methods and established limits. Some of the resulting policies cover economic sectors and activities deemed critical from a reputational risk standpoint.

GORRIC convened 10 times in 2011

A dedicated department in reputational risk methodologies performed a top management survey in order to generate an annual report on our Group's reputational risk exposures and to highlight areas where it would be advisable to take action. This activity helps us to anticipate and understand reputational risk exposure trends and any changes in our main stakeholders' perceptions of reputational risk. The survey highlighted a series of triggers that could lead to severe reputational risks for our Group. We will integrate this list into our ledger of primary reputational risks and will aggressively monitor our exposure to them.

Upholding the UniCredit Human Rights Commitment

At UniCredit, we are conscious of the potential direct and indirect impacts of our operations on matters relating to human rights – rights which we firmly support.

In December 2011, our Group approved our Human Rights Commitment  (more information is available on our web site), which applies to our employees, customers and suppliers and defines a multi-stakeholder

approach to uphold human rights that is integral to our corporate responsibility.

This commitment represents an important step for UniCredit. Its content reflects the Universal Declaration on Human Rights and the International Labour Organization's Fundamental Human Rights Conventions. It builds on relevant legislation from the sovereign states in which we operate, as well as on the existing principles, policies and processes related to human rights that are already in place groupwide.

We are also working to raise awareness of human rights issues both internally and externally. Our Human Rights Commitment is available on the UniCredit intranet in English, German and Italian, and it will be translated into the languages of the countries in which we operate. Moreover, a training program will be implemented to educate our employees on human rights issues and on our commitment.

As part of our regular efforts to strengthen our approach to human rights, in 2011 we consulted with multiple local and international stakeholders in the field.

Monitoring the Holding Company reputational risk NBOs

Our reporting system for our Reputational Risk Policies is based on the monitoring of the Holding Company Reputational Risk Non-Binding Opinions (NBOs).

The NBOs are released by our Group Transactional Credit Committee and the Italian Transactional Credit Committee – each according to their competence – upon request by relevant functions and bodies. Upon release, the NBOs are transmitted to our Reputational Risk Methodologies & Control function. On a quarterly basis, Reputational Risk Methodologies & Control presents our Group Operational & Reputational Risks Committee with the Holding Company Reputational Risk Non-Binding Opinions report, which includes an overview of all opinions issued.

The reporting system for our Group Mining Reputational Risk Special Policy and Water Infrastructure Policy will be activated in 2012. This reporting system will follow the same approach used for our Nuclear and Defense/ Weapons Industry Policies.

These included the International Finance Corporation, the Business and Human Rights Resource Centre, several non-governmental organizations (NGOs) and others.

An important public event, the 8th Annual Forum on Business Ethics and Corporate Social Responsibility, was held in Milan in December 2011 on the topic “Business and Human Rights: in Search of Accountability.” UniCredit participated in the panel discussion. The event was attended by executives from domestic and international companies, representatives from NGOs, and experts in business ethics and corporate social responsibility from prominent research centers.

UniCredit is a member of the Thun Group of banks, a working group that develops practical ways for banks to apply the “Guiding Principles on Business and Human Rights,” which were developed by Professor John Ruggie in collaboration with the United Nations.

Engage our stakeholders



Stakeholder engagement is a key element of our sustainability framework and of our effort to build long-lasting relationships. Well-designed listening activities enable us to understand our stakeholders better. This understanding allows us to manage our commitments and initiatives more effectively, respond to stakeholders’ concerns and meet their expectations.

⁴ Our internal customers are employees who benefit from services performed by other colleagues.

⁵ Italy, Germany, Austria, Poland, Bulgaria, Croatia, Czech Republic, Hungary, Romania and Russia.

Safeguarding stakeholder listening

UniCredit places the utmost importance on



listening to its stakeholders.

Thus, a unit was created in 2011 to listen to our stakeholders and improve the quality of information collected, thereby enabling meaningful analysis. The key results of our listening activities are shared with different competence lines in an effort to further improve our products and services.

This unit, which reports directly to the General Manager, is dedicated to listening to customers, communities, employees and internal customers,⁴ as well as to analyzing the macro environment and developing comprehensive assessments of stakeholder perceptions of our activities. By collecting and prioritizing this information, it supports the development of country-specific action plans and supports our robust stakeholder engagement activities. These activities are designed to help us improve the management of our commitments and initiatives.

The unit manages different listening programs in all of our Group’s countries, which collect and analyze an extensive amount of stakeholder feedback, including more than 1.1 million interviews in 2011. This substantial investment in listening demonstrates UniCredit’s commitment to understanding and meeting the expectations of our stakeholders.

We conducted more than 1.1 million interviews through our listening programs

Among our different listening programs, the Reputation Assessment Program is a unique cross-stakeholder survey that helps us better understand how all of our stakeholders feel about our Group. In 2011, we strengthened the Reputation Assessment Program by extending it from seven to ten countries.⁵ We conducted more than 30,000 interviews to assess the drivers that impact our reputation, with a focus on how a strong reputation can support growth.



Number of interviews

Our stakeholders	Interviews
Clients/Prospects	917,053
Employees	249,897
Opinion leaders	1,930
Total	1,168,880

Our Approach

The results from this assessment demonstrated that our reputation is solid among our customers, who are highly likely to continue to do business with and recommend our banks to their friends and families. In nearly all of our CEE countries, UniCredit's reputation ranks significantly above those of its peers.

Moreover, the assessment program highlighted the key dimensions of UniCredit's reputation: solidity; high-quality products and service; outstanding competence; good organization; and an international presence.

Additionally, we conducted a *Brand Equity research* in 2011 to track the positioning and perception of our brand. Through nearly 13,000 interviews in 16 countries, we measured the value of the UniCredit brand, not just in terms of visibility but also in terms of its meaning and overall appeal to clients and prospects. Such surveys help us to better understand the priorities and expectations of these stakeholders with respect to our Group.

The results of our *Brand Equity research* showed that UniCredit's brands remain resilient, even in the current complex environment, which has posed a significant challenge for banking brands, particularly in Western Europe.

These results also suggested the need to step up our efforts with regard to prospective clients. We must work to avoid the steadily growing perception that banks today are "all the same" and "do not care about customers' interests." We strive to communicate UniCredit's commitment to putting customers first.



Developing multi-stakeholder materiality matrix

Strong relationships with stakeholders are fundamental to the execution of our strategy and to the long-term viability of our business.

To help us build these positive relationships, we have developed a multi-stakeholder materiality matrix.



A **materiality analysis** helps us to determine the aspects of sustainability that our stakeholders deem significant. It also helps to identify issues that require strategic and operational attention, as they may entail opportunities and risks related to sustainability.

To compile the materiality matrix, we adopted a four-step approach:

- map and prioritize our stakeholders
- identify material issues by leveraging different sources, including the results of our sustainability reporting process, stakeholder listening programs, sector benchmarking and dialogues with the sustainability raters
- prioritize issues according to stakeholder feedback, collected through relevant listening programs (see the previous section, Safeguarding stakeholder listening)

- define our Group's position on relevant issues in line with our strategic planning and business priorities

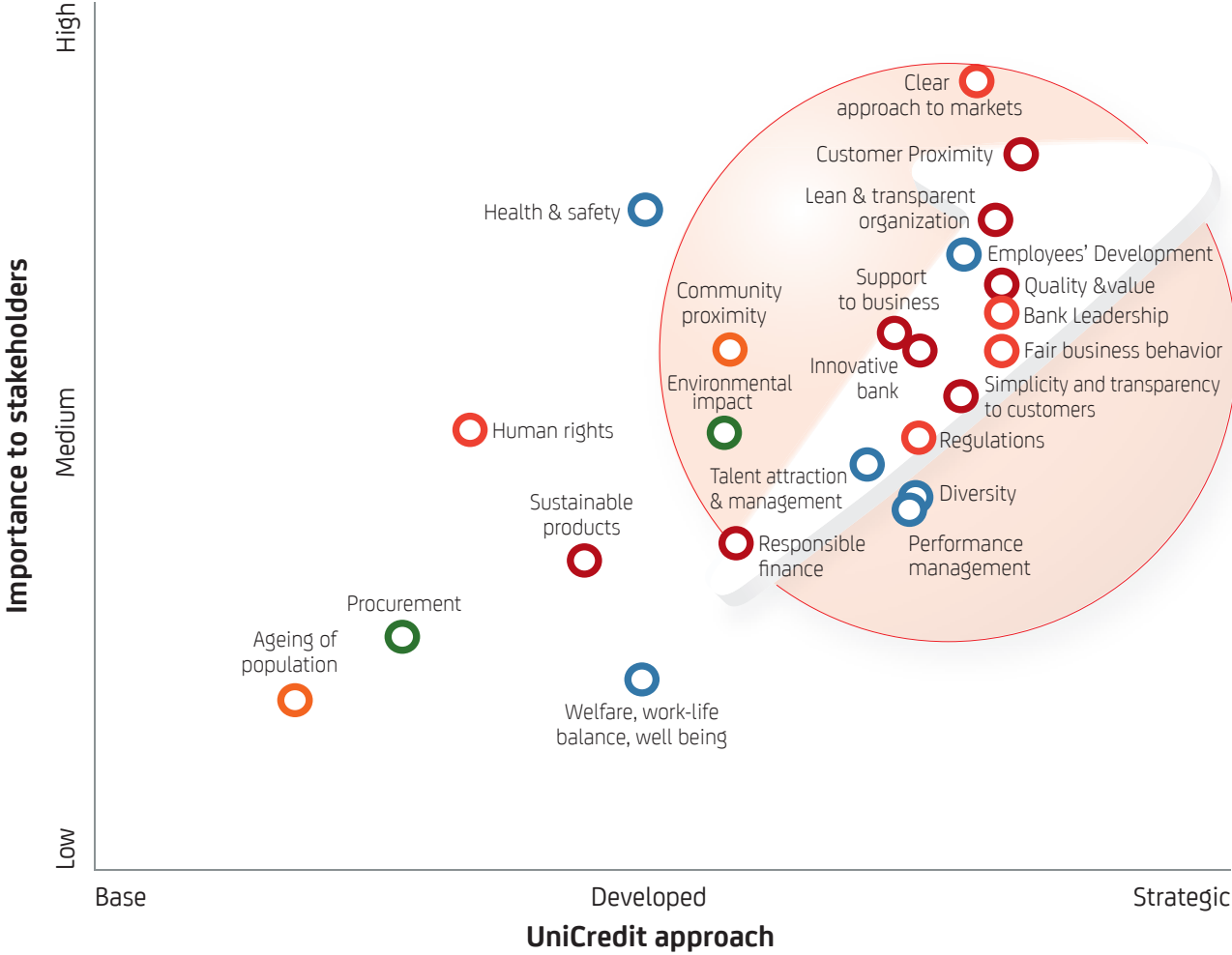
The results of these evaluations may be seen in the materiality matrix itself. More information on material issues definition is available in the Supplement to this report.

This materiality assessment clearly indicates that our customers are our top priority. We aim to promptly respond to the needs of our customers, starting with the attention we pay to the quality of our products and services, and supported by efficient procedures, transparent decision-making processes and a focus on the professional development of our people.

Maintaining a transparent relationship with investors and financial markets, while understanding the needs of the territories in which we operate are also strategic imperatives for our business.

In this chapter and those that follow, we have reported on the issues included in the Multi-stakeholder materiality matrix by describing the activities in which we have engaged and the priorities that we have identified to better meet our stakeholders' expectations.

Multi-stakeholder materiality matrix



2011 Sustainability Report chapters

- Our Approach
- Our People
- Our Customers
- Communities
- Environment & Suppliers