

UniCredit Statement on Modern Slavery Act and Human Trafficking

2019

This statement is published in accordance with section 54 of the United Kingdom's Modern Slavery Act 2015, which addresses the issues of modern slavery and human trafficking. It was approved by UniCredit Board of Directors and applies to all companies within the Group that are required to have a modern slavery statement.¹

The statement describes the measures taken by UniCredit to mitigate the risk of slavery and human trafficking, within our businesses or our supply chain for the financial year ended 31 December 2019.

About us

UniCredit is a simple pan-European Commercial Bank with a fully plugged in Corporate & Investment Banking, delivering a unique Western, Central and Eastern European network to its extensive client franchise. UniCredit offers both local and international expertise providing its clients with unparalleled access to leading banks in its 13 core markets as well as in other 18 countries worldwide.

UniCredit has a significant, long-established presence in United Kingdom since 1972, where we offer a wide range of Corporate and Investment Banking services focusing on the unique strengths of UniCredit across Western, Central and Eastern Europe.

Our Commitment

UniCredit corporate culture is based on two core values: Ethics and Respect, and our commitment to always “Do the right thing!” is the guiding principle for interactions with all our stakeholders.

In line with these values, we are committed to contrast the risk of modern slavery or human trafficking in our business or in our supply chains. We operate in accordance with the Universal Declaration of Human Rights and we are signatory to the UN Global Compact, which encourages to conduct business in a responsible manner by following common principles in the field of human rights, labour, the environment and anti-corruption.

We adopted international declarations, conventions and initiatives, including but not limited to:

- the International Labour Organization's (ILO) Fundamental Human Rights Conventions;
- the International Covenant on Economic, Social and Cultural Rights
- the Guiding Principles on Business and Human Rights
- the United Nations Environment Programme Finance Initiative (UNEP FI) Statement of Commitment by Financial Institutions on Sustainable Development
- the Principles for Responsible Banking
- the OECD Business for Inclusive Growth Coalition.

In addition to these public conventions, we have specific policies in place which contribute to manage human rights topics such as the [Code of Conduct](#), the [Anti-Bribery and Anti-Corruption Global Policy](#), the Anti-Bribery and Anti-Corruption Global Operational Regulation, the [Whistleblowing Policy](#) and the Anti-Money Laundering (AML) and Countering of Terrorist Financing (CTF) Policy, guided by our Ethics Manifesto.

Our [Human Rights Commitment](#) summarises the Group's approach to human rights, focusing on some stakeholder categories such as employees, customers, suppliers and communities. It is based on international declarations and conventions, standards, principles, guidelines and recommendations, including The Universal Declaration of Human Rights and the International Labour Organization's Fundamental Human Rights Conventions.

In 2019 our Ethics and Respect manifesto was approved and published both in the Integrated Report and the Annual Report, reinforcing our commitment towards doing the right thing in relation to all our stakeholders. The manifesto was presented within the Group with an extensive internal communications campaign accompanied by short videos and interviews of the Chairman of the Board and the CEO. Every first-line manager was engaged in spreading the values of Ethics and Respect in their perimeter and meetings were organised in the various business and

¹ UniCredit SpA, UniCredit Bank AG, UniCredit Services ScpA.

competence lines. Our Corporate Governance Nomination and Sustainability Committee (CGN&SC)² was assigned with the supervision of ethics issues. In this new task the CGN&SC is supported by the Chief Ethics Officer, a new senior position created in 2019, responsible for coordinating all ethics matters, reporting to the Board and the CEO, and acting as an advisor to the Group.

The Chief Ethics Officer periodically updates the CGN&SC on:

- training regarding ethics and conduct topics
- whistleblowing, including bullying, sexual misconduct and harassment and retaliation
- updates on the internal regulations (e.g. Code of Conduct).

At UniCredit, we strongly believe in the importance of raising awareness among employees on ethical conduct and generating sustainable business. At this extent, we promote a culture where correct principles and behaviours are endorsed and cascaded Group-wide and we perform detailed training programs and initiatives to accomplish educational mandatory as well as additional needs.

Our employees

UniCredit does not use child labour or forced labour in its own business practices, and is in full compliance with the International Labour Organization's (ILO) Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy or, when more rigorous, with current labour laws in each country where UniCredit operates.

UniCredit is committed to select, hire and manage employees while respecting their dignity and rights as individuals. The principles of civil freedom (e.g., religious, political and cultural freedom, freedom of union and freedom of sexual orientation) must always be respected.

UniCredit aims at providing a culture where individuals are free to voice dissent and not to be wary to reconsider their views, overcoming hierarchical and bureaucratic conditioning.

UniCredit is committed to respecting and enforcing sovereign state legislation on collective agreements, bargaining and freedom of association. The UniCredit European Works Council (UEWC)³, an enabler of social dialogue, is a tangible example of our attitude of moving beyond local requirements towards guaranteeing that employees' right to information and consultation is uniform throughout the Group. Over the past years, UniCredit and the UEWC have achieved important results, defining a distinctive global approach to industrial relations. Joint Declarations have been signed in strategic fields such as: Training, Learning and Professional Development, Equal Opportunities and Non-Discrimination, Responsible Sales, Work-Life Balance.

Building on this approach, in 2019 we signed the Global Framework Agreement (GFA) on Human Rights and Fundamental Labour Rights with UNI Global Finance, the global trade union for the banking and insurance sectors. The GFA is aimed at strengthening dialogue with trade unions regarding human rights and fundamental labour rights, in particular the freedom of association and the right to collective bargaining, confirming the Group's commitment to the highest international standards in this area. We specifically engaged on:

- protecting human rights
- combatting sexual misconduct, harassment and bullying, including the ongoing commitment to adopt the necessary measures to combat the risk of sexual harassment and acts of retaliation in the workplace
- combatting discrimination and promoting diversity and inclusion irrespective of sex, age, ethnic origin, ability or sexual orientation
- promoting positive working conditions and work-life balance.

² CGN&SC supervises the Group's sustainability evolution in light of international guidelines and principles. More info can be found at <https://www.unicreditgroup.eu/en/governance/board-of-directors/board-committees.html>

³ UniCredit EWC Founded in 2007, (UEWC) is an international body composed by the Employees' Representatives of all the European Countries where the Group is present.

In line with such commitments, in 2019 we issued two new global policies: one against harassment, sexual misconduct and bullying, the other against acts of retaliation. These new policies lead to a greater awareness on unacceptable behaviours and promote a 'speak up' culture where all employees feel listened to and protected when reporting misconducts.

Our Code of Conduct is strongly endorsed among all employees Group-wide to ensure we all behave appropriately with respect to colleagues, clients and other third parties in our daily activities. The principles of the Code underscore the legal and ethical standards to which we must adhere in order to run our business successfully while at the same time protecting our clients' interests, mitigating risk, complying with financial regulations, assuring market transparency and safeguarding confidential data.

In addition, the bank's whistleblowing process provides employees and Third Parties with a way to report conduct that violates the law or the bank's internal rules. The bank's approach to whistleblowing is set out in our [Whistleblowing Policy](#) which is intended to grant a corporate environment where employees may feel free to make reports on unacceptable conduct. The management of this process is designed to ensure the greatest possible confidentiality of the identity of the whistleblower and of the accused individual and to prevent any possible retaliatory or discriminatory behavior in response to the report.

In 2019 the whistleblowing process has been strengthened with the update of the Whistleblowing Policy. In particular, it has opened the channels to Third Parties, with a close link to the new Global Policies Anti-Retaliation and Policy against Harassment, Sexual misconduct and Bullying, above mentioned, which make specific processes for reporting retaliatory acts, harassment, sexual misconduct and bullying throughout specific and dedicated channels.

All these initiatives have made a significant contribution to spreading the Group's attention to employees in promoting correct behavior ("do the right thing"), the Speak Up culture and the whistleblowers' protection.

Moreover, the Whistleblowing Policy has established the need of setting up the "Whistleblowing Managerial Forum" in all Group legal Entities, with the aim to monitor trend analysis and indicators stemming from whistleblowing reports managed by Group Legal Entities. In Uc SpA it is composed by the Group Heads of: Compliance, Human Capital, Internal Audit and Risk Management. The Forum is held quarterly and meetings are also focused to increase the awareness of the Whistleblowing process and culture at Group Level.

In 2019 we reinforced our focus on Whistleblowing through several communication activities dedicated to promote its importance, to reassure on the protection guaranteed by the Group process and to encourage a "Speak up culture" among all group employees.

The UniCredit Spa Organizational Model ex Legislative Decree n. 231/2001 is properly updated, containing the provision for the protection of whistleblowers.

The relevant offences set forth within the Legislative Decree include also the offenses concerning the smuggling of migrants. According to the risk assessment performed by U UniCredit SpA such offences are not applicable to the bank activities.

Our customers

UniCredit is aware that every economic and business activity can generate potential impacts, both positive and negative, on human rights. UniCredit is committed to promoting sustainable solutions in its financing and investment decisions and has adopted an integrated, multifaceted approach to managing the social and environmental risks, including human rights, associated with its financial products and services.

Human rights aspects are managed through several policies and practices such as:

- the Reputational Risk Special Policies (e.g., Defence/Armaments Industry Policy);
- the Compliance Policies (e.g. Anti Financial Crime/Customer Protection policies).

UniCredit's environmental, social and reputational risk policies define internal processes to consistently identify, assess and monitor potential environmental and social risks. UniCredit implements and integrates the Equator Principles (EP), where applicable, into the financing of projects. The EP are an internationally recognized framework for determining, assessing and managing environmental and social risks in projects. They are built upon the

International Finance Corporation's (IFC) Performance Standards which amongst others cover issues related to child and forced labour practices, general social sustainability and make reference to the World Bank Group Environmental, Health and Safety Guidelines. In 2019 UniCredit approved the adoption of the EP4 for effective date of 01 July 2020. The development of the EP4 was an intensive process which included also feedback obtained from a wide variety of stakeholders and experts. The UniCredit EP Advisory Team participated in the Social Impact and Human Rights working group (which contributed as part of the EP Association to the development of the EP4). We will actively continue to support this working group in the future.

At a transaction level, bearer of single approval competence and members of credit committees have to bear in mind and evaluate, among others, potential risks and violations of human rights (e.g., corruption, forced labor, ethnic and religious conflicts, human development, etc.) based on available information and taking into consideration the country risks analysis.

In 2018 we implemented a new Reputational Risk Council also with the aim to better evaluate the risks related to human rights. This Council became a Committee in its own right in 2019. The Group Reputational Risk Committee (GRRC) is responsible for the assessment of the reputational risks of initiatives, bank transactions, projects, customers and other business activities. The GRRC supports the Group Chief Risk Officer on governance guidelines for the management of reputational risk on sensitive sectors and customer relationships, of related mitigation actions and of all other relevant topics submitted by the operational and reputational risk function. The GRRC involves the proposing Business function together with Group Risk Management, Group Lending Office, Group Compliance, Group Legal, Group Sustainability & Foundation and evaluates the participation of the CEO and other relevant functions on a case-by-case basis.

In this context, the Defence Policy was updated to enhance the related reputational risk assessment and we strengthened our commitment to not supporting companies involved in the deforestation of rainforests.

UniCredit is committed to the fight against money laundering, including terrorist financing and active management of legal, regulatory and reputational risks across the bank through the implementation of risk-based Anti-Bribery and Corruption (ABC) and Anti-Money Laundering (AML) programmes and mechanisms for monitoring the effectiveness of the bank's approach. Such programmes are particularly relevant due to the fact that modern slavery offences are often linked to money laundering and other financial crimes.

In this respect, in 2019 we have updated our Global Operational Regulation on Anti-Bribery and Corruption and the Global Policy Whistleblowing and related standard procedures, to align them to international best practices. We also keep constantly updated our Group Policy on Anti-Money Laundering and Countering of Terrorist Financing.

Furthermore, another important declaration with the UEWC, [the Joint Declaration on Responsible Sales \(May 2015\)](#), promotes joint principles and guidelines in UniCredit commercial approach based on four pillars (Quality of products, Customer centricity, Employees professional development, Organizational Governance). This approach helps employees in having a responsible approach to sales, ensuring a medium – long term horizons for customers.

Our suppliers

In UniCredit suppliers and contractors must meet certain minimum requirements and are subject to appropriate review and assessment, before being engaged and on an ongoing basis. This is done in order to mitigate corruption risk and comply with our Group Policy applicable to the supply, which expresses - among others - our commitment to properly managing, and preventing the worst environmental impacts associated with our activities such as consumption of natural resources and production of waste.

Moreover, we examine whether suppliers, service providers and supplied products comply with our compulsory minimum requirements. These requirements represent the basis of our cooperation. Such requirements request our suppliers to provide information regarding environmental and social/labor law issues, by filling in questionnaires related to the respect of fundamental human rights, prevention of child labor, freedom of association, working conditions, equal pay, health, safety and business ethics and, if necessary, by submitting relevant documents.

Our aim is to increase awareness of suppliers / service providers for social, labor-law and environmental issues.

Training and awareness

During the year, we launched many initiatives such as internal communication campaigns on Anti Financial Crime and Customer Protection, different initiatives on Whistleblowing, a continuous focus on our Code of Conduct to keep attention high on the subject. Group channels such as Intranet, workshops, training sessions (including the Business Ethics Lab) and the Ambassador Program have been used to raise awareness among employees.

Specific training on human rights has been provided as well as learning modules addressed to all Group employees on subjects such as Code of Conduct, Anti-Corruption with a specific focus on Whistleblowing, Anti Money Laundering, Financial Sanctions and Customer Protection.

In 2019 more than 27,200 colleagues received training in human rights and more than 86,000 in the other mentioned topics.

More information can be found on our [2019 Integrated Report](#).
This statement will be reviewed and updated annually.

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

