

UniCredit Statement on Modern Slavery Act and Human Trafficking

2020

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 2020.

About us

UniCredit is a simple successful pan-European Commercial Bank, with a fully plugged in Corporate & Investment Banking (CIB), delivering a unique Western, Central and Eastern European network to its extensive and growing client franchise. We meet real client needs with real solutions which harness synergies between our business: CIB, Commercial Banking and Wealth Management. The way in which these solutions are developed and provided is as important as the solutions themselves, which is why everything we do is based on our two core values: Ethics and Respect.

By focusing on banking that matters, we offer local and international expertise, providing unparalleled access to market leading products and services in 13 core markets through our European banking network. Leveraging on an international network of representative offices and branches, UniCredit serves clients in another 16 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 also on our commitment to always “Do the right thing!”, the guiding principle for interactions with all our stakeholders.

In line with this, 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

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

conventions, standards, principles, guidelines and recommendations, including The Universal Declaration of Human Rights and the International Labour Organization's Fundamental Human Rights Conventions.

In terms of governance, our Corporate Governance Nomination and Sustainability Committee (CGN&SC)² is assigned with the supervision of sustainability and ethics issues. In this task the CGN&SC is supported by the Chief Ethics Officer, responsible for coordinating all ethics matters, reporting to the Board and the CEO, and acting as an advisor to the Group.

During 2020, the function Group ESG Strategy & Impact Banking was established with the main purpose to strengthen our commitment to ESG topics. In addition we created a new working Group on ESG strategy, formed by a subgroup of Executive Management Committee (EMC)³ members engaging selected members of our senior management to provide oversight and strategic guidance across business units, regions and functions on definition and implementation of ESG Strategy.

At UniCredit, we strongly believe in the importance of raising awareness among employees on ethical conduct and generating sustainable business. In 2020 we further consolidated our efforts in rolling out Ethics & Respect throughout the organisation, cascading down the hierarchy and across the various countries and pervading all the areas of our activity. As results of this commitment, we have promoted Ethics & Respect among colleagues through the publication on the Group Intranet of more than 230 contents. 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.

In line with our values of Ethics and Respect, UniCredit expects its employees to contribute to creating and maintaining a work environment that is respectful and non-intimidating, and where differences in age, race, nationality, religion, gender and sexual orientation are embraced and promoted. Our global policies allow zero tolerance against harassment, sexual misconduct, bullying, and acts of retaliation. Under these policies, in 2020 across the Group, 36 reports on harassment were received and investigated and 9 disciplinary sanctions have been committed.

UniCredit is committed to ensuring an equal opportunity workplace and several initiatives to meet fundamental health, personal, family and work-life balance needs have already been established in all Group countries. We support our people with specific solutions to manage our new ways of working, offering time and location flexibility. Programs supporting health and psycho-physical well-being have been introduced, as well as various services to assist both families with young children managing work and home-schooling, and all colleagues taking care of elderly family members or those with disabilities.

² Info applicable to year 2020. In April 2021 a new ESG Board Committee has been established.

³ Info applicable to year 2020. In May 2021 a new Group Executive Committee has been established.

A consistent, group-wide approach has allowed UniCredit to build a high standard of social dialogue over the years. The Global Framework Agreement (GFA) on Human Rights and Fundamental Labour Rights signed in 2019 with UNI Global Finance has reinforced this approach, in particular on human rights and collective bargaining.

In all the countries in which UniCredit operates, we remain committed to improving social dialogue. At national level, Group workers' interests are represented by trade unions, works councils or other representatives in line with applicable labour laws and local industrial relations systems. At international level, workers are represented by the European Works Council (EWC) which, since its foundation in 2007, ensures the right to information and consultation on transnational Group topics that could significantly affect workers' interests.

Over the past years, UniCredit and the EWC have achieved important results, defining a distinctive global approach to industrial relations. The joint declarations signed over the last decade (on training, learning and professional development; on equal opportunities and non-discrimination; on responsible sales; on work-life balance; on remote work) have established a global strategic overview, demonstrating their success in facilitating social dialogue at local level as well as across Europe.

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.

The Whistleblowing Policy is strictly linked to the 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 Regulations have 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 2020 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. During the year 214 cases have been reported Groupwide out of which 102 resulted in real policy or requirements breaches.

The UniCredit Spa Organizational Model ex Legislative Decree n. 231/2001 is kept 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 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., Coal sector/Defence 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. During the year we updated our coal sector policy, that commits UniCredit to ending all coal financing by 2028. 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 2020, UniCredit externally committed to the adoption of EP4, with the approval of a new set of rules taking effect from 1 July 2020. The development of EP4 was an intensive process which extended over several years and included feedback from a wide variety of stakeholders and experts. As an example, the UniCredit Sustainable Finance Advisory team participated in the Social Impact and Human Rights Working Group which provided essential input for the development of EP4 and associated guidelines. We will actively continue to support this Working Group and others in the future.

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 ESG Impact Banking and evaluates the participation of the CEO and other relevant functions on a case-by-case basis. In 2020 53 GRRC meetings took place.

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, we keep constantly updated our Global Operational Regulation on Anti-Bribery and Corruption, the Global Policy Whistleblowing, our Group Policy on Anti-Money Laundering and Countering of Terrorist Financing, with related standard procedures, to align them to international best practices.

Furthermore, [the Joint Declaration on Responsible Sales \(May 2015\)](#), signed with EWC, 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. In 2020, we applied an improved screening mechanism which allows us to engage directly with our potential suppliers on ESG

issues. Since inception in April 2020, 226 assessments in the Group were finalized on 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, Customer Protection and GDPR. There were also launched different activities on Whistleblowing and on our Code of Conduct, particularly through a video message from our CEO to all employees, in which it was further highlighted the importance of the Code of Conduct as part of our culture and its key role to ensure the sustainability of our business. 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.

With reference to Whistleblowing, at the end of 2020 our Group launched, in the main Legal Entities, the first specific mandatory WB online training with the aim to further promote the knowledge on internal reporting channels and whistleblowers' protection.

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 2020 more than 88,000 colleagues received training on the above mentioned topics. Moreover, over 300 colleagues from 22 legal entities participated in workshops related to UniCredit's environmental, social and reputational risk policies.

More information can be found on our [2020 Integrated Report](#).

This statement will be reviewed and updated annually.

Andrea Orcel
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UniCredit S.p.A.

