

UniCredit Statement on Modern Slavery Act and Human Trafficking

2022

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 Group¹ that are required to have a modern slavery statement.

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 2022.

About us

UniCredit is a pan-European Commercial Bank with a unique service offering in Italy, Germany, Central and Eastern Europe. Our Purpose is to empower communities to progress, delivering the best in class for all stakeholders, unlocking the potential of our clients and our people across Europe.

We serve over 15 million customers worldwide. They are at the heart of what we do in all our markets. UniCredit is organized in four core regions and two product factories, Corporate and Individual Solutions. This allows us to be close to our clients and use the scale of the entire Group for developing and offering the best products across all our markets.

UniCredit has a significant, long-established presence in United Kingdom since 1972, where we offer a wide range of Corporate Solutions services.

Our Commitment

We are driven by our Purpose: to unlock the full potential of individuals and businesses across Europe, and to empower communities to progress.

Our ambition guides our daily actions to become the Bank for Europe's future. At UniCredit, we are creating something that is built to last, that is beneficial to all our stakeholders and that is greater than the sum of its parts.

We will put the Values of Integrity, Ownership and Caring at the heart of our decision making and in everything we do. We will do it together, as one team of people acting as true partners to our clients.

In line with this approach, we are committed to combat the risk of modern slavery or human trafficking in our business and 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 requires us 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.

¹ UniCredit SpA, UniCredit Bank AG.

In addition to these public conventions, we have [specific Global Rules](#) in place which contribute to manage human rights topics such as the updated [Code of Conduct](#), [Whistleblowing](#), as well as the [Anti-Bribery and Anti-Corruption](#), the Anti-Money Laundering (AML) and Countering of Terrorist Financing (CFT) ones.

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.

Our sustainability governance has been significantly strengthened in recent years at both steering and execution levels, underpinning the drive to further integrate ESG criteria into the Group's overall business strategy. The ESG Committee (ESGC)² supports the Board of Directors in fulfilling its responsibilities with respect to the ESG components integral to the Group's business strategy and sustainability. It also provides opinions and support to the other Board Committees so as to ensure the alignment of Group policies with UniCredit's ESG principles and objectives. The Group ESG function³, part of Group Strategy & ESG, steers the definition and implementation of the Group's ESG strategy. It ensures the ESG framework is consistent with the Group's principles and Purpose and with relevant international standards and practices. To ensure this full alignment, the Head of Group Strategy & ESG, who is responsible for all ESG topics, is a member of the Group Executive Committee (GEC) which is the the Group's most senior executive committee aimed at guaranteeing the effective steering, coordination and control of the Group's business.

Our Employees

UniCredit 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. For this reason, the Accountability & Speak Up initiative has been launched, allowing colleagues to voice their proposals or share suggestions with the members of the Group Executive Committee (GEC). By feeling free to voice, being accountable and working together, everyone can contribute to achieving our ambitions in a truly inclusive way.

UniCredit expects its employees to contribute to creating and maintaining a work environment that is respectful and non-intimidating, and where differences in gender identity, age, race, ethnicity, sexual orientation, ability, background, religious or ethical values system and political beliefs or any other category protected by law in the local jurisdiction are embraced and promoted.

Our [Diversity, Equity & Inclusion Global Policy](#) defines expected behaviours by everyone in our Group, increasing transparency and providing direction on the ways we are addressing positive change, regardless of any diversity strands.

We also have in place a dedicated [Policy](#) aimed at the prevention, detection, enforcement, and on-going monitoring of harassment, bullying, sexual misconduct and retaliation, including by providing support for individuals who report and by protecting individuals who report applicable misconduct from retaliation.

Under this Policy, in 2022 across the Group, 21 reports on harassment were received and investigated and 7 disciplinary sanctions have been applied.

² 10 meetings held in 2022 and focused on 4 main thematic areas of work (Regulatory and Voluntary ESG Disclosures, Policies on controversial sectors and ESG Commitments, ESG Risk & Compliance, ESG Strategy & Targets).

³ The function's activities are divided into three offices: ESG Strategy and Implementation; ESG Service Excellence; ESG Metrics, Policies and Disclosure.

We provide our people with a company-welfare that focuses on people caring, starting from each person, extending to their families and communities. Our offer reconnects people with their concrete needs, improving their working environment, their personal growth and wellbeing.

UniCredit is committed to ensuring an equal opportunity workplace and several initiatives to meet fundamental health, personal, family and flexibility needs have 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.

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.

The Group fully respects local laws and the terms and conditions of collective agreements supporting employees' rights to exercise freedom of association and/or collective bargaining.

At national level, employees' interests may be represented by trade unions, works councils or other representatives in line with the applicable labour laws and local industrial relations systems.. At international level, employees 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.

Our [Code of Conduct](#) sets out the principles of acceptable and unacceptable behaviour (e.g. economic and financial crime, money laundering and terrorist financing, anti-trust practices,) which all employees and partnering third parties of UniCredit must comply with in order to ensure high standards of professional conduct and integrity related to their activity or on behalf of UniCredit.

In 2022 it has been reviewed and approved by the Board of Directors, basing it on the new corporate Values of Integrity, Ownership and Caring and new mindset - "Win. The right way. Together", and introducing ESG principles as fundamentals to every decision made and every action taken. Finally, a new Antitrust chapter has also been added to further promote and safeguard free and fair competition on the market.

In addition, the Group'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 Group's approach to whistleblowing is set out in our [Whistleblowing Policy](#), updated in 2022, which is intended to grant a corporate environment where employees may feel free to make reports on unacceptable conduct and to define adequate communication channels for the receipt, analysis and use of the reports.

The management of this process is designed to ensure the greatest possible protection and confidentiality of the identity of the whistleblower and of the accused individual and to prevent any possible retaliatory or discriminatory behaviour in response to the report.

With the purpose of assessing any possible offence against regulations, the UniCredit S.p.A Supervisory Body, in accordance with L.D. 231/01, requested a monthly report session to the Compliance structure in charge of receiving whistleblowing reports. The same structure also regularly provides the Board of Statutory Auditors with an update on any whistleblowing cases not considered relevant under L.D. 231/01.

During the year, 167 cases have been reported groupwide. With reference to the closed cases, 116 showed sufficient elements to start an investigation in order to verify real policy or requirements breaches.

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 Policies (e.g. Mining sector/Coal sector/Defence sector policies);

- the Compliance Rules (e.g. Anti Financial Crime/Customer Protection rules).

UniCredit's environmental, social and reputational risk policies define internal processes to consistently identify, assess and mitigate potential environmental, social and reputational risks on an ongoing basis with our clients. The policies are regularly reviewed in order to keep the framework up-to-date: during 2022, the [Mining sector policy](#) and the [Defence sector policy](#) have been updated and the [Free-Tobacco Finance Pledge](#) was signed.

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. From the outset, our Group has actively contributed to the framework's development, and in 2022 UniCredit continued to manage the Equator Principles and to expand its efforts in the field of sustainability to various divisions and workstreams.

The Group Non-Financial Risks and Controls Committee (GNFRC) supports the CEO in the role of steering and monitoring Non-Financial Risks (e.g. it approves governance policies and guidelines for the management of reputational risk regarding sensitive sectors and client relationships). In 2022, 64 meetings took place and 86 transactions were submitted for senior management decisions.

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-financial crime programmes and mechanisms for monitoring the effectiveness of the bank's approach. Such programme is 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 updated our Global Rules on Anti-Money Laundering / Countering of Terrorist Financing and on Financial Sanctions, 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.

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 screening mechanism allows us to engage directly with our potential suppliers on ESG issues.

In 2022, out of 1.219 vendor qualifications, 243 second level assessments were finalized on social, labor-law and environmental issues. Our most recent assessment indicates that, out of all suppliers rejected during the qualification process, about 18% were rejected on the grounds that they did not meet ESG requirements. In the framework of our supplier qualification process, all the applicants must accept the possibility to receive environmental and social audits from UniCredit. Since 2014 we completed 28 audits of external service providers.

In addition, we are working to improve our vendor qualification tool and process. A transformation project is ongoing, with important deliverables expected already by 2023. The main goals of this transformation journey are:

- guarantee full coverage of regulatory requirements as Germany Supply Chain Act (LkSG) and be prepared for the EU Corporate Sustainability Due Diligence Directive (CSDDD);
- enhance process performance and give reliability to the vendor evaluation thanks to usage of external info providers;
- monitor constantly ESG ratings, among others, and the presence of ESG minimum requirements on qualified suppliers.

Training and awareness

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

UniCredit employees received more than 317,000 hours of Compliance training and in particular more than 7,000 hours of Anti-corruption mandatory training for all employees. Furthermore the Group undertakes to provide all employees with mandatory, up-to-date training on whistleblowing, outlining the relevant procedures to follow and potential consequences should misconduct occur.

In addition, over 10,000 people were trained in human rights and multiple Culture Trainings have been launched at global and local level to explore our Values, with c. 700 colleagues involved in dedicated workshops across the Group.

In 2022, more than 47,000 people were involved in training on basic knowledge of ESG topics.

More information can be found on our [2022 Integrated Report](#).

This statement will be reviewed and updated annually.



Andrea Orcel

Chief Executive Officer UniCredit S.p.A.