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Determination and distribution of Value Added

(€/000)

Item	2017	2016
10 Interest income and similar revenues	14,759,711	15,964,800
20 Interest expense and similar charges	-4,461,650	-5,657,789
40 Fee and commission income	7,663,454	6,778,422
50 Fee and commission expense (excluded external networks' expense)	-999,959	-943,706
70 Dividend income and similar revenue	314,807	405,223
80 Gains and losses on financial assets and liabilities held for trading	1,075,435	1,205,730
90 Fair value adjustments in hedge accounting	57,344	-7,786
100 Gains and losses on disposal of:	98,963	641,573
<i>a) loans</i>	-433,732	-60,244
<i>b) available-for-sale financial assets</i>	533,353	699,106
<i>c) held-to-maturity investments</i>	10	0
<i>d) financial liabilities</i>	-668	2,711
110 Gains and losses on financial assets/liabilities at fair value through profit or loss	-91,007	-80,187
130 Impairment losses on:	-2,412,669	-12,790,521
<i>a) loans</i>	-2,090,607	-11,929,784
<i>b) available-for-sale financial assets</i>	-334,642	-707,377
<i>c) held-to-maturity investments</i>	6,387	204
<i>d) other financial assets</i>	6,193	-153,564
150 Premiums earned (net)	0	0
160 Other income (net) from insurance activities	0	0
220 Other net operating income	1,035,651	1,094,975
240 Profit (loss) of associates: gains or losses on disposal	-7,485	-14,342
270 Gains and losses on disposal of investments	99,835	495,837
310 Total profit or loss after tax from discontinued operations	2,681,598	630,111
A. TOTAL ECONOMIC VALUE GENERATED	19,814,028	7,722,340

Item	2017	2016
180 b) other administrative expense (excluded indirect taxes and duties and donations)	-4,394,287	-4,985,238
ECONOMIC VALUE DISTRIBUTED TO SUPPLIERS	-4,394,287	-4,985,238
180 a) staff expense (included external networks' expense)	-7,201,202	-9,564,942
ECONOMIC VALUE DISTRIBUTED TO EMPLOYEES AND SUPERVISED WORKERS^A	-7,201,202	-9,564,942
330 Minority Interests	-312,501	-463,781
Net profit attributable to shareholders ^B	-	-
ECONOMIC VALUE DISTRIBUTED TO SHAREHOLDERS	-	-
180 b) other administrative expense: indirect taxes and duties	-736,032	-1,125,980
290 Tax expense (income) related to profit or loss from continuing operations: current tax, adjustment to current tax of prior years, reduction of current tax for the year	-595,982	-448,152
ECONOMIC VALUE DISTRIBUTED TO PUBLIC BODIES & INSTITUTIONS	-1,332,014	-1,574,132
180 b) other administrative expense: donations	-8,828	-5,564
Net profit allocated to the charitable funds	0	0
ECONOMIC VALUE DISTRIBUTED TO COMMUNITY	-8,828	-5,564
B. TOTAL ECONOMIC VALUE DISTRIBUTED	-13,248,832	-16,593,657
C. TOTAL ECONOMIC VALUE RETAINED	-6,565,196	8,871,317

A. The economic value distributed to employees and supervised workers excluded expenses for financial advisors.

B. For the proposals to the Shareholders' Meeting on the distribution to shareholders please refer to the specific Board of Directors' reports in relation.

Main partnerships and affiliations¹

Legal Entity	Organization	Description
UniCredit SpA	Utenti Pubblicità Associati (UPA)	UPA is owned and operated by companies with a common interest in resolving concerns related to advertising. UPA is aligned with the Istituto dell'Autodisciplina Pubblicitaria (IAP) in its efforts to defend and promote responsible advertising as a vehicle for consumer information, market competition and social welfare
	Assonime	Assonime is an association of companies that studies issues related to Italy's economy and works to improve its industrial, commercial, administrative, tax and currency legislation
	Valore D	Valore D is an Italian association of more than 150 national and multinational companies. Its mission is to increase and support female representation in top positions at major Italian companies
	Executive Corporate Learning Forum (ECLF)	The ECLF is a community of senior executives from major global corporations. The community has the strategic responsibility to foster large-scale learning and transformation processes
	Italian Association of Investor Relations (AIR)	AIR is a professional association of investor relations executives in Italy that promotes the professional stature of its members while spreading awareness of their role within a variety of financial institutions
	UN Global Compact Global Compact Network Italy Foundation	The Global Compact is a strategic policy initiative, promoted by the United Nations at national level via local networks, for businesses committed to aligning their operations and strategies with 10 universally accepted principles related to human rights, labor, anticorruption practices and the environment
	London Benchmarking Group (LBG)	LBG is the internationally recognized standard for measuring corporate community investment
	The United Nations Environment Programme Finance Initiative (UNEP FI)	UNEP FI is an initiative promoted by the United Nations that addresses pressing, current issues in sustainable finance
	CDP (former Carbon Disclosure Project)	The CDP promotes understanding of the potential impacts of climate change on shareholder value
International Integrated Reporting Council (IIRC) – Business Network	The IIRC is a global coalition of regulators, investors, companies, standard setters, non-governmental organizations, and accounting professionals that works to establish integrated reporting and thinking into mainstream business practices	

1. Each UniCredit subsidiary with a banking license is generally a member, where they exist, of the local economic chamber and the local banking association.

Legal Entity	Organization	Description
UniCredit SpA	CSR Manager Network Italia	CSR Manager Network is the Italian national association for corporate social responsibility professionals
	European Financial Services Round Table (EFR)	EFR is an organization of chairmen and chief executive officers from Europe's leading banks and insurance companies that contributes to European public policy debates about financial services and financial stability
	Ministero dell'Interno - Of2cen, Polizia Postale e delle Comunicazioni	Of2cen is a European project against advanced cyber-crime
	CERT Finanziario Italiano (CERTFin)	CERTFin is a public-private cooperative initiative to increase the capacity of cyber-risk management in banking and financial services and the resilience of the Italian financial system to cyber-attacks and security incidents
	Financial Services Information Sharing and Analysis Center (FS-ISAC)	FS-ISAC, the global financial industry's main resource for cyber and physical threat intelligence analysis and sharing, is unique in that it was created by and for members and operates as a member-owned nonprofit entity
	Global Credit Data (GCD)	GCD is a nonprofit initiative, owned by more than 50 member banks worldwide, to help banks measure their credit risk
	Italian Banking Association (ABI) Health & Safety working group	ABI's temporary working groups assist the association's activities by performing technical analysis of specific issues; these working groups disband when their respective objectives are reached
UniCredit Bank AG	Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V. (VfU)	VfU is an industry-specific body for environmental management at financial institutions
	Joblinge	Joblinge is an initiative to support young people with difficult backgrounds (e.g., crime, drug addiction, lack of education) by giving them access to qualification programs
	Klimapakt Münchner Wirtschaft Effective climate protection needs pioneers	The Klimapakt Münchner Wirtschaft is part of the Integrated Climate Protection Action Program in Munich, in which large companies pledge to voluntarily reduce their CO ₂ emissions by at least 40,000 tons by the end of 2017; as a signatory to this climate pact, UniCredit Bank AG participates in the "Energy Efficiency Networks" initiative to achieve the climate and energy policy objectives of the Federal Republic of Germany

Supplement

→ Main partnerships and affiliations

Legal Entity	Organization	Description
UniCredit Bank Austria AG	Klimaaktiv	klimaaktiv develops and provides quality standards, education and training for professionals, in addition to advice information and a large partner network; it also gives advice and cooperates with a large network of partners
	The European Money and Finance Forum (SUERF)	SUERF is a member-based association aimed at bringing together financial practitioners, central bankers and academics to analyze, discuss and understand financial markets and institutions, the monetary economy, the conduct of regulation and monetary policy
	Museum for Social and Economic Affairs (Gesellschafts- und Wirtschaftsmuseum)	The Museum for Social and Economic Affairs aims to educate the public in social and economic history and facts, featuring meaningful graphical representations of statistics and illuminating talks by staff that present information clearly and simply
	Austrian Society for Environment and Technology (ÖGUT)	ÖGUT is a nonprofit organization that works to stimulate discussion and innovation on environmental issues through the involvement of NGOs, businesses and government
	The Financial Markets Association (ACI)	ACI is a leading nonprofit, non-political association of wholesale financial market professionals
	Austrian Business Council for Sustainable Development (respACT)	respACT is Austria's leading platform for corporate social responsibility (CSR) and sustainable development; it focuses on thought leadership, exchange of best practices, training and the establishment of a national CSR network
UniCredit Bulbank AD	The Council of Women in Business	The Council of Women in Business is aimed at disseminating good management practices and fostering the professional development of women in small and medium-sized businesses and their growth in managerial positions
	Bulgarian Association for People Management (BAPM)	The BAPM is a non-governmental organization established to develop the best professional practices in the field of human capital management and development; in so doing, it aims to increase added value for organizations and to contribute to the enrichment of people's potential and professional performance
Zagrebačka Banka DD	Green Building Council of Croatia (GBC)	The GBC is a nonprofit organization and countrywide platform for the promotion of sustainable construction practices
	Croatian Business Council for Sustainable Development (HR BCSD)	HR BCSD was founded in 1997 by leading Croatian businesses to promote sustainable development in the private sector and represent business on the issue of sustainable development
UniCredit Bank Hungary Zrt	Joint Venture Association (JVSZ)	This association assimilates the views of its members and supports them in meeting challenges related to business conduct and organizational decision-making

Legal Entity	Organization	Description
UniCredit Bank SA	Professional Women's Network Romania (PWN Romania)	PWN Romania is part of PWN Global, a worldwide nonprofit association that supports women in reaching their professional objectives through online and face-to-face programs (e.g., mentoring), events and professional and business enhancement tools
	National Association for Information Systems Security (ANSSI)	ANSSI aligns efforts and builds on the experiences of information security professionals for the promotion of standards and best practices in their field
	Romanian Banking Institute (RBI)	RBI's primary objective is to improve the professional training and specialization of staff from the financial/banking sector, in line with the strategy determined by the National Bank of Romania, and in cooperation with the Romanian Banking Association and with the programs approved by the Board of Directors
UniCredit Bank Serbia Jsc	Foreign Investors Council (FIC)	The FIC is a business association that assists Serbia in embracing and developing a modern market economy
	Responsible Business Forum (RBF)	RBF Serbia is Serbia's first network of socially responsible companies. It inspires, supports and encourages companies to continually improve their impact on society, carrying out a series of activities aimed at promoting the concept of CSR in the business sector and the wider general public
	National Alliance for Local Economic Development (NALED)	NALED is an association of businesses, local governments and civil society organizations working together to create better living and working conditions in Serbia
	Foundation Ana and Vlade Divac	Collaboration on the Idea for Better Tomorrow project to support the development of social entrepreneurship
UniCredit Banka Slovenija dd	Network for social responsibility of Slovenia (Network for SR)	Network for SR was established in May 2010 as a platform for companies and other organizations is to promote social responsibility, both within themselves and in the wider social sphere
AO UniCredit Bank	Russian Union of Industrialists and Entrepreneurs (RSPP)	RSPP is an independent non-governmental organization that maintains regular contact with government authorities to keep them informed about the effectiveness of current laws and to protect the interests of industry and entrepreneurship

Selection of 2017 awards

Legal Entity	Award
UniCredit SpA	<p>#1 Trade Finance Provider in Central & Eastern Europe and #1 Trade Finance Provider in Western Europe by the Euromoney Trade Finance Survey 2017</p> <p>#1 Bank for Liquidity Management in CEE for 2017 by Global Finance</p> <p>#1 Bank for Cash & Liquidity Management in Central & Eastern Europe for 2017 by Treasury Management International (TMI)</p> <p>5-Star-Manager for Cash Management in Western Europe and in Central & Eastern Europe by Euromoney 5-Star-Manager for Cash Management</p> <p>#1 in Cash Management by Euromoney Cash Management Survey 2017</p> <p>One of eight winners of The Innovators in Trade Finance 2017 for the category Process innovation by Global Finance</p> <p>#2 Best Corporate Bond Bank for Willingness to Extend Balance Sheet by GlobalCapital Bond Awards 2017</p> <p>#2 Best Contributor of Secondary Liquidity in Corporate Bonds by GlobalCapital Bond Awards 2017</p> <p>#3 Most Impressive Corporate Bond Research by GlobalCapital Bond Awards 2017</p> <p>Best Sub-custodian and Best Securities Lender in CEE by Global Finance</p> <p>Top Employers Italia and Top Employers Europe certification by Top Employers Institute</p>
FinecoBank SpA	<p>#1 in Private Banking Awards for the category Digital Focus by Bluerating</p> <p>Best team Private Banking 2017 by Le Fonti Awards</p> <p>Best Financial Brand, Italy; Most Innovative Financial Advisory Brand, Italy; Best Custom Financial Advisory Brand, Italy; Most Trusted Financial Advisory Brand, Italy by Global Brands Magazine</p>
UniCredit Bank AG	Bank of the Year by The Banker
UniCredit Bank Austria AG	<p>#1 in Cash Management by Euromoney Cash Management Survey 2017</p> <p>The World's Best Securities Services Providers 2017 - Best Subcustodians – Country awards by Global Finance</p> <p>Best Trade Finance Provider in Austria by Global Finance</p>
UniCredit Bank dd	<p>#1 Trade Finance Provider in Bosnia & Herzegovina by the Euromoney Trade Finance Survey 2017</p> <p>#1 in Cash Management by Euromoney Cash Management Survey 2017</p> <p>Bank of the Year by The Banker</p>

Legal Entity	Award
UniCredit Bulbank AD	#1 Trade Finance Provider in Bulgaria by the Euromoney Trade Finance Survey 2017 #1 in Cash Management by Euromoney Cash Management Survey 2017 Best Bank in Bulgaria and Best Investment Bank in Bulgaria by EMEA Finance magazine The World's Best Securities Services Providers 2017 - Best Subcustodians - Country awards by Global Finance Best Private Bank in Bulgaria by The Banker Best Trade Finance Provider in Bulgaria by Global Finance Top Employers Bulgaria certification by Top Employers Institute
Zagrebačka Banka DD	#1 Trade Finance Provider in Croatia by the Euromoney Trade Finance Survey 2017 #1 in Cash Management by Euromoney Cash Management Survey 2017 Best Trade Finance Provider in Croatia by Global Finance
UniCredit Bank Czech Republic and Slovakia, as	#1 in Cash Management by Euromoney Cash Management Survey 2017 The World's Best Securities Services Providers 2017 - Best Subcustodians - Country awards by Global Finance Best Private Bank in Slovakia by The Banker
UniCredit Bank Hungary Zrt	#1 Trade Finance Provider in Hungary by the Euromoney Trade Finance Survey 2017 #1 in Cash Management by Euromoney Cash Management Survey 2017
UniCredit Bank SA	#1 Trade Finance Provider in Romania by the Euromoney Trade Finance Survey 2017 #1 in Cash Management by Euromoney Cash Management Survey 2017 Bank of the Year by The Banker SEE Real Estate Award Winners for the category Bank by EuropaProperty
UniCredit Bank Serbia Jsc	#1 Trade Finance Provider in Serbia by the Euromoney Trade Finance Survey 2017 #1 in Cash Management by Euromoney Cash Management Survey 2017 The World's Best Securities Services Providers 2017 - Best Subcustodians - Country awards by Global Finance
UniCredit Banka Slovenija DD	The World's Best Securities Services Providers 2017 - Best Subcustodians - Country awards by Global Finance
AO Unicredit Bank	Top Employers Russia and Top Employers Europe certification by Top Employers Institute

Governance

Governance

UniCredit SpA is an Italian company with shares listed on the Milan, Frankfurt and Warsaw regulated markets adopting the traditional management and control system and, as a bank, parent company of the UniCredit banking Group, it carries out, pursuant to the provisions of Section 61 of the Consolidated Banking Act, in addition to banking activities, governance and coordination ones, as well as control functions vis-à-vis the subsidiary banking, financial and instrumental companies within the banking Group.

The overall corporate governance framework of UniCredit¹ has been defined according to current provisions, also of a regulatory nature, and the recommendations of the Italian Corporate Governance Code for listed companies.²

UniCredit is also subject to the provisions contained in the Supervisory Regulations issued by Bank of Italy and, in detail, with regards to the corporate governance issues, to the relevant Supervisory Regulations on banks corporate governance in being.

UniCredit, as issuer of shares also listed on the Frankfurt and Warsaw regulated markets, also fulfils the legal and regulatory obligations related to listings on said markets as well as the provisions on corporate governance contained in the Polish Corporate Governance Code issued by the Warsaw Stock Exchange. Notwithstanding that, the UniCredit corporate governance structure is not influenced by non-Italian legal provisions.

Governance framework

UniCredit encourages all its staff, external collaborators and commercial partners to be inspired by the principles of transparency and sound management. This approach complies with current legislation and is in line with the fundamental principles governing the pursuit of the set objectives.

UniCredit's corporate governance adheres to current rules and regulations as well as to the recommendations laid out in the Italian Corporate Governance Code for listed companies. UniCredit has developed a governance system that is regularly verified and updated to ensure that UniCredit complies with the evolving regulatory environment, operating and markets practices, which is continuously monitored in order to verify its implementation level.

Components of UniCredit's governance include:

- the Articles of Association, which set forth corporate governance provisions aimed at ensuring the proper operation of corporate management
- the Regulations for the Shareholders Meeting, governing the conduct of ordinary and extraordinary meetings and, mutatis mutandis, meetings of special categories of shareholders
- the Corporate Bodies Regulations, governing the function and competencies of the Board of Directors and of the Board of Statutory Auditors, in compliance with relevant legal and regulatory provisions, and the UniCredit Articles of Association, also incorporating the principles and criteria set out in the Italian Corporate Governance Code for listed companies
- the Group Compensation Policy, establishing an approach consistent with sustainable remuneration and its standardized implementation across UniCredit, with specific reference to senior management
- the Group Managerial Golden Rules (GMGR), which are guidelines for principles of governance within UniCredit, outlining its organizational model and establishing managerial and functional responsibilities for all key processes that ensure also the implementation of its strategic plan.

1. Refer to the Report on Corporate Governance and Ownership Structure, available to the public on the Company website's governance section, for more information on the UniCredit corporate governance system.

2. Since 2001, UniCredit has adopted the Italian Corporate Governance Code for listed companies, that according, inter alia, to the major international markets' experience, identifies the corporate governance standards and best practices for listed companies recommended by the Italian Corporate Governance Committee - based on transparency, accountability and a long-term perspective - to be applied according to the comply or explain principle that requires the explanation in the Report on Corporate Governance and Ownership Structure of the reasons of failure to comply with one or more recommendations contained in its principles or criteria.

UniCredit's culture permeates both its operations and the way it conducts business, ensuring the proper addressing, coordination and control of Group activities and the management of related risks. This culture is grounded in a consistent system of rules, represented by:

- the Integrity Charter, which states the deontological ethics that the Group recognizes as its own and expects to be observed by all those who work to achieve the objectives of UniCredit and of the Group
- the Code of Conduct, which defines general principles of conduct to help promote the Group's culture of compliance by providing an outline of the compliance rules and the ethical professional standards and commitment to sustainability
- the Codes of Ethics, adopted pursuant to Italian Legislative Decree 231/01 for the Holding Company and its Italian subsidiaries, which contain the rules with which all employees must comply in order to ensure that their conduct is always guided by criteria of fairness, collaboration, loyalty, transparency and mutual respect, as well as to avoid conduct that could constitute offences and crimes as defined in Italian Legislative Decree 231/01
- the Global Rules, which are Group rules issued by UniCredit – coherently with the GMGR principles – in exercising its guidance, coordination and control functions to discipline activities deemed as significant in terms of compliance with the legal and regulatory provisions in force and/or in terms of risk management
- the Global Rules are classified into three different document types:
 - Global Policies (GP), which contain behavioral and methodological principles, guidelines and rules issued by the Holding Company when exercising its guidance, coordination and control functions, as well as the general framework of responsibilities between the Holding Company and the recipient Legal Entities
 - Global Process Regulation (GPR), which describe the key elements for the discipline of processes classified by the parent company as Global due to relations among activities, responsibilities and supporting tools
 - Global Operational Regulation (GOR), which provide detailed technical, operational or methodological instructions issued by the parent company
- service contracts between UniCredit and its related subsidiaries, which formally regulate the provision of intercompany services and ensure transparency regarding the services provided and the related compensation.

Governance structures

UniCredit has adopted the so-called traditional management and control system based on the existence of two corporate bodies whose members are appointed by the Shareholders' Meeting: the Board of Directors, in charge of the strategic supervision and the management of the company, and the Board of Statutory Auditors, responsible for supervising management. Legal accounting supervision is entrusted by the Shareholders' Meeting to an external audit firm, on proposal by the Board of Statutory Auditors, in compliance with relevant current laws.

This traditional management system, envisaging specific obligations for the Shareholders' Meeting, allows for the clear exchange of views between management and shareholders on fundamental elements of governance. These elements include appointing and removing directors, appointing members to the Board of Statutory Auditors, granting a mandate for the external auditing to an audit firm, approving all connected fees. They also encompass the approval of financial statements, the allocation of profit, the resolutions on the remuneration and incentive policies and practices provided for by the current provisions as well as the criteria to determine the compensation to be granted in the event of early termination of employment or early retirement from office.

The Board of Directors and Board of Statutory Auditors members are appointed by the Shareholders' Meeting on the basis of a proportional representation mechanism (*voto di lista*). This voting system features lists of the candidates who are competing against one another to ensure the election of minority shareholders representatives. The structure of the above-mentioned corporate bodies ensures they are gender-balanced in compliance with current regulations and provisions.

The UniCredit Board of Directors is composed of 17 members, including the Chairman and the Chief Executive Officer, and their term of office will expire on the date of the Shareholders' Meeting called upon to approve the 2017 financial statements.³

³ Refer to the procedures specified in Clause 20 of the Articles of Association, available to the public on the Company website's Governance section, for more information on the appointment process.

Supplement

→ Governance

In compliance with the current provisions of both law and regulations, also concerning the maximum number of directorships that directors may hold, the Board of Directors establishes its qualitative and quantitative composition deemed optimal for the effective completion of the duties and responsibilities entrusted to the supervisory body by law, by the Supervisory Provisions and by the UniCredit Articles of Association. The Board also establishes the requirements that the UniCredit directors shall meet, in addition to possessing those envisaged by current laws and regulatory provisions.

The Board, before the appointment of the supervisory body, informs the shareholders about the composition deemed to be optimal in order for the choice of the candidates to take into consideration the expertise required. It goes without saying that shareholders may carry out their own assessment on the best composition of the supervisory body and file candidacies consistent with the same, giving the reasons for any difference vis-à-vis the analyses carried out by the Board.

As regards the qualitative and quantitative composition of the Board of Directors and the profile for candidates to the position of Director, the maximum number of directorships as well as the gender composition criteria for the supervisory body, reference is made to the document Qualitative and Quantitative Composition of the UniCredit SpA Board of Directors, which is published on the Company website's Governance section.

The composition of the Board in office quantitatively and qualitatively corresponds to the theoretical profile. Also in light of the information given by the persons concerned, the requirements concerning professional experience, integrity and independence,⁴ gender balance, and the maximum number of directorships that Directors may hold as per the desired levels indicated by the Board in its profile approved in March 2015 recalling the provisions of the CRD IV Directive (Directive 2013/36/EU dated June 26, 2013), were accounted for. More specifically, all of the areas of competence were represented in the Board; all of the Directors had at least two of the required areas of competence and, on average, the Directors had six areas of competence.

The positions held by the Board Members in other companies listed on regulated markets (both in Italy and abroad), as well as in financial services companies, banks, insurance companies or other large companies, is reported in the Report on Corporate Governance and Ownership Structure.

In order to support the Board of Directors, also pursuant to the provisions of the Italian Corporate Governance Code for listed companies, four committees⁵ are established, vested with research, advisory and proposal-making powers diversified by sector of competence:

- the Internal Controls & Risks Committee
- the Corporate Governance, Nomination and Sustainability Committee
- the Remuneration Committee
- the Related-Parties and Equity Investments Committee.

The Internal Controls & Risks Committee, the Corporate Governance, Nomination and Sustainability Committee and the Remuneration Committee have been set up in compliance with the provisions contained in the Bank of Italy Supervisory Regulations on banks' corporate governance envisaging three specialist committees – one on appointments, one on risks and one on remuneration – while the Related-Parties and Equity Investments Committee, established for overseeing issues concerning transactions with related-parties and with associated parties, as well as issues concerning investments in non-financial equities, has been set up in compliance with the relevant CONSOB regulatory provisions and the Bank of Italy Supervisory Regulations.

The above mentioned committees may operate according to the procedures considered appropriate and may, inter alia, divide into sub-committees.

4. The number of independent directors in office is above the minimum required by current regulatory and statutory provisions (12 out of 17 under UniCredit's Articles of Association and the Italian Corporate Governance Code, 16 out of 17 under Legislative Decree No. 58/1998, 16 of whom are non-executives).

5. Refer to the relevant area of the corporate website and to the Report on Corporate Governance and ownership structure available to the public on the Company website's Governance section for more information on the functions performed by the UniCredit Board Committees.

Board self-evaluation

In compliance with the provisions contained in the Bank of Italy Supervisory Regulations on banks' corporate governance, and also pursuant to the provisions of the Italian Corporate Governance Code for listed companies, the Board of Directors undertakes on an at-least annual basis a regular self-evaluation process focused on the adequacy of the Board itself and Board Committees in terms of composition and functioning, tangibly measured in specific theme-based areas, with special reference to those relevant to healthy and prudent management.

In particular, it is focused on:

- qualitative and quantitative composition, size, degree of diversity, professional training, experience (including managerial), seniority in the present post, a guaranteed balance of non-executive and independent members, adequacy of the appointment processes and selection criteria, and ongoing professional development
- meeting sessions, frequency, duration, the degree and form of attendance, sufficient time available to dedicate to the assignment, the relationship of trust, cooperation and interaction among members, awareness of the role covered, and the quality of debate on the Board.

The self-assessment process is undertaken with the assistance of an external consultant chosen taking into account his/her/their skills, the professional experience acquired by him/her/them in corporate governance, and the need to be neutral, objective and independent in judgment; these are the hallmarks of the self-assessment process.

Up to now, the Board's activities concerning environmental and social issues have not been the object of any evaluation.

Induction initiatives and recurring training

In UniCredit a permanent induction program is active for the Board members, also for the benefit of the Board of Statutory Auditors members, based on three year cycles connected to the Board mandate, with the aim of ensuring an ad hoc training on a continuous basis that takes in account both their individual and collective needs.

The induction program, which is put in place with the support of an external consultant, includes both sessions aimed to facilitate the introduction of new Directors and trainings on a continuous basis aimed to preserve in time the background of technical skills necessary to perform their role with awareness.

Furthermore, the activation of individual training plans is expected in case it should be deemed necessary to strengthen the knowledge of specific techniques and experiences, also with the aim to integrate the diversity level and the whole level of experience of the Board of Directors.

During the 2017 topics of strategic importance, also linked to the digital competencies, as well as of business and innovation, knowledge of macroeconomic scenarios, development of markets as well as legal and regulatory ones have been the object of training sessions and were examined in detail, with the aim to assure awareness and knowledge of the risk profile adopted by the Group.

Furthermore 4 off-site meetings have been organized with the Directors and the Top Management, open also to the Statutory Auditors, dedicated to the Group strategy and to the check of its planning, as well as areas concerning the drafting of the strategic plan. Sustainability issues were also included in a specific training session, with particular focus on non-financial information reporting and environmental, social and governance trends.

Sustainability Governance

The Corporate Governance, Nomination and Sustainability Committee supervises sustainability issues linked to UniCredit's activities, including its interactions with all of its stakeholders. The Group Environmental and Social Council (GESC) proposes the Group Environmental and Social Strategy, its annual objectives and related activities to the Executive Management Committee (EMC) and the CEO for approval. Furthermore, the GESC oversees the implementation of UniCredit's environmental and social initiatives and commitments.⁶ In 2017, the GESC met twice to discuss the Group Environmental and Social Strategy.

Organizational and governance structures (as of 31.12.2017)

UniCredit Group's organizational and business model maintains a divisional structure for the governance of Corporate Investment Banking business/products and business in the CEE Countries, as well as overall control over COO/Global Banking Services functions, thereby ensuring the autonomy of the Countries/Banks for specific activities in order to guarantee increased proximity to the client and faster decision-making processes.

The organizational model for UniCredit SpA, approved by the Board of Directors, delegates the following responsibilities:

- the Chief Executive Officer (CEO) maintains direct supervision of the definition of Group Strategy, Risks, Compliance, Lending, Human Capital, the optimization of structure costs, and the main operating activities
- the General Manager is responsible for all business activities (Retail, Corporate, Global CIB, Asset Gathering and relevant Countries), focusing on the ongoing development of client services, maximizing cross-selling, leading the Group's digital strategies, and defining the new service model of the Bank
- the Chief Operating Office, overseen by two co-Heads (co-Chief Operating Officers), leads the oversight of operations, with specific focus on Costs and IT & Operations; in particular, the two co-Heads are respectively responsible for Finance & Cost Management and for IT & Operations, Security and Internal Controls
- the CIB Division, overseen by two co-Heads directly reporting to the General Manager, focuses on multinational customers, selected large corporate clients with strong potential demand for investment banking products, and customers that are Financial and Institutional Groups (FIG), attending to the following Global Lines: Global Transaction Banking (GTB), Global Financing & Advisory (F&A), Markets, and internationalization activities
- in the Italian perimeter, the Italy co-Heads directly report to the General Manager, and are responsible for the definition of commercial banking business strategies and the assignment of such strategies to the territories and client segments (Family, First, Business First, Corporate and Private Banking)
- the CEE Division, directly reporting to the General Manager, coordinates the Group's activities in the countries of Central and Eastern Europe, aligning them to a single comprehensive business vision in the region
- Group Institutional & Regulatory Affairs, directly reporting to Chief Executive Officer, as well as the functions referred to as Competence Lines (Planning, Finance & Administration, Risk Management, Lending, Legal, Compliance, Internal Audit, Human Capital and Identity & Communication) oversees the guidance, coordination and control of UniCredit's activities and manages the related risks
- the CEO is also supported by a senior management body, named the Executive Management Committee (EMC); the EMC is set up, with consultative functions, to ensure an effective steering, coordination and control of Group business as well as an effective alignment of the Holding Company with the different businesses and geographies.

6. Refer to the 2016 Integrated Report for more information.

In particular, the EMC discusses topics of a strategic nature relating to:

- Group Performance Management at consolidated (Group) level (e.g., budget, quarterly results)
- aligning the Group on key issues related to capital, risks and liquidity
- commercial and business strategies related to areas with a strong international and cross content (e.g., payments, multichannel, CRM)
- external customer satisfaction
- regulatory developments and Internal Control System matters with strong international and cross content
- HR and COO issues as well as Group strategic projects with strong international and cross content.

The EMC can discuss both Group/cross-Country issues and specific matters of regional character.

Board and senior management compensation

The CEO is the only executive director who sits on the Board of Directors, and part of his remuneration is linked to the sustainability of UniCredit financial results. All other board members are non-executive directors, and are not beneficiaries of incentive plans utilizing stock options or, more generally, of any plan that makes use of financial instruments. Remuneration for members of the administrative and auditing bodies of UniCredit is represented only by a fixed component, determined on the basis of the importance of the position and the time required for the performance of assigned tasks. This policy applies to non-executive directors as well as statutory auditors.

The approach to compensation for UniCredit's top managers, as detailed in the Group Compensation Policy, is performance-based, market-aware and aligned with our business strategy and stakeholder interests. As announced at the UniCredit Capital Markets Day, held in London on December 13, 2016 to present the *Transform 2019* strategic plan to analysts and investors, the variable remuneration for the CEO and General Manager is entirely based on the 2017-2019 Long Term Incentive Plan, tied to the strategic plan's targets.

More details on the compensation for management leaders and for the members of the administrative and auditing bodies of the Group are reported in the Group Compensation Policy.⁷ To ensure competitiveness and effectiveness of remuneration, as well as transparency and internal equity, the principles of sustainable conduct and performance define the key pillars of the Group Compensation Policy. The Compensation Policy framework is designed to assure the consistency of the remuneration elements and systems, while also conforming to our Group's long-term strategies and principles of sound risk management. The Group Compensation Policy, as proposed by the Remuneration Committee, is submitted for approval to the Board of Directors and, subsequently, to shareholders at the Annual General Meeting.

7. Refer to the Group Compensation Policy on our website (www.unicreditgroup.eu) for more information.

Risk Management and Compliance

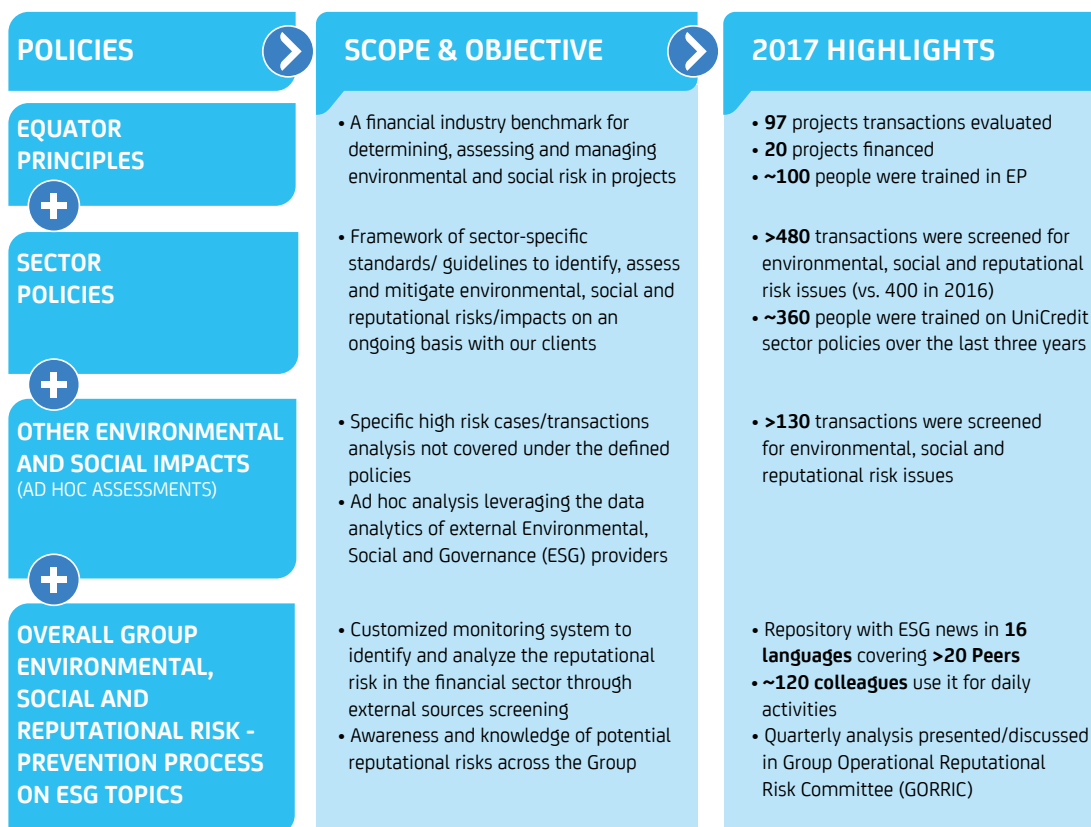
Managing environmental and social risks

Sound risk management requires a deep understanding of many types of risk, including environmental and social risks and their impacts on financial results and the balance sheet.

Through its Global Policy - Group Credit Operations (chapters on Project Finance and Structured Trade and Export Finance) and other special policies and practices, UniCredit assesses and manages not only traditional economic and financial impacts, but also non-financial impacts. These include environmental, social and other reputational risk impacts associated with the environmental and social performance of its customers.

With this in mind, UniCredit implements and integrates the Equator Principles (EP), whenever applicable, into its project financing transactions and has adopted detailed special policies regarding sectors that present significant environmental and social risks. Our Group monitors portfolio exposures and other environmental, social and related reputational risk issues within certain industries. In keeping with our commitments, we work to disseminate across our Group a strong culture of risk management that prioritizes environmental and social issues.

How we mitigate environmental, social and reputational risks



Implementation of our environmental, social and reputational risk sector policies

Certain sectors and activities require a specialized approach to ensure that transactional and related risks are properly addressed. We have developed detailed guidance policies for sectors relevant to UniCredit that are susceptible to environmental and social risks.

These policies take into account generally accepted international agreements, guidelines and standards (including the International Finance Corporation Performance Standards, the World Bank Group Environmental, Health and Safety Guidelines and the principles of the UN Global Compact), as well as other practices widely employed by specific industries and affected stakeholders. Our Group considers these international agreements, guidelines and standards as representative of best practices for assessing and avoiding potential environmental and social impacts. Through the implementation of appropriate management and mitigation measures on the part of our clients and counterparts, UniCredit aims to avoid or limit the risks associated with transactions and projects in these sectors.

UniCredit's current environmental, social and reputational risk policies apply to a number of sectors, including water infrastructure (dams, in particular), nuclear energy and coal-fired power generation. The criteria for these policies are regularly reviewed so that all emerging environmental and social standards and any additional relevant impacts are taken into account in financial decision processes. When necessary, external experts are involved in these processes.

Environmental, social and reputational risk policies

Policy	Latest version	Objective
Defense/Armaments	Dec. 2011	To regulate financial involvement with companies from the defense/armaments industry in order to minimize social, reputational and credit risk
Nuclear Energy	June 2013	To regulate financial involvement with and address the challenges posed by the nuclear energy sector in order to minimize environmental, social, reputational and credit risk
Mining	July 2014	To establish standards and guidelines that address the risks associated with financing mining operations
Water Infrastructure	Feb. 2012	To establish standards and guidelines that address the risks associated with financing large water infrastructure projects such as dams
Coal-fired Power	Nov. 2014	To establish standards and guidelines that address the risks associated with financing coal-fired power production

These policies apply directly to UniCredit SpA and are addressed to all Group legal entities that engage – whether through lending or other forms of financial assistance – with the above-listed sectors. Their adoption is subject to monitoring by the parent company's CRO functions.

UniCredit's policies define specific internal processes to consistently identify, assess and monitor potential environmental and social risks. Screening records and tools are implemented in our standard risk and compliance check to support the performance of comprehensive due diligence. These analysis utilize information derived from business intelligence providers on environmental, social and governance risks inherent to the most sensitive sectors, including those regulated by special policies, and other relevant sectors.

Transactions are generally screened by the legal entity responsible at both the transactional and the client level. A record of the screening process is integral to the compliance assessment and must be completed before approval is granted. In 2017, roughly 615 transactions were assessed for potential environmental, social and other reputational issues. More than 480 of these transactions were related to our sector policies.

Decisions regarding transactions that have been assessed as high risk, as defined by applicable policies and the competent committees of the local legal entities, are submitted to the parent company for approval. Assessments must be updated regularly as part of the annual credit lines renewal process.

Transactions that carry intrinsically higher risks require an independent expert or third-party review (e.g., Environmental and Social Impact Assessment - ESIA or equivalent) in order to ensure a rigorous approach to identifying, quantifying and, where appropriate, mitigating and monitoring environmental and social risks.

Supplement

→ Risk Management and Compliance

Internal reporting on exposure and risk indicators is managed by risk functions at both the local legal entities and the parent company. On a quarterly basis, the Group Operational and Reputational Risk function submits to the Group Operational and Reputational Risk Committee a report on the non-binding opinions that have been issued over the period. This report provides an overview of the number of transactions declined, approved and approved with conditions during the risk assessment process.

Implementation of the Equator Principles

UniCredit has adopted the Equator Principles (EP) as a financial industry benchmark for determining, assessing and managing environmental and social risk in projects. The EP are primarily intended to provide a minimum standard for due diligence to support responsible risk-related decisions.

In 2003, UniCredit was among the world's first adopters of the ten principles that constitute the EP. Since then, our Group has actively contributed to the framework's development. These activities have provided UniCredit with valuable experience, facilitating the implementation of the framework Groupwide and contributing to our further engagement with stakeholders.

The EP¹ apply globally to Project Finance Advisory Services, Project Finance, Project-Related Corporate Loans and Bridge Loans across all industry sectors. We work in partnership with our clients to identify, assess and manage environmental and social risks and impacts in a structured way on an ongoing basis. The EP are based on the International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability and the World Bank Group Environmental, Health and Safety (EHS) Guidelines.

An EP Advisory team oversees and supports the implementation of the EP across the Group. The framework of the EP is embedded in our various internal policies, providing a minimum standard for due diligence and impact mitigation and supporting sustainable decision-making Groupwide. These policies include our Global Policy - Group Credit Operations chapters on Project Finance and Structured Trade and Export Finance. Aside from roles, responsibilities and principles, these policies define the EP process for evaluations of specific projects. Furthermore, an EP-based Non-Binding Opinion (NBO) is incorporated into our approvals process, as is an internal *Equator Principles Screening Tool* that focuses on category A and B projects.²

Independent environmental and social experts are consulted to assist our transaction team, where applicable, in accordance with the EP. Loan document covenants are reviewed by the specialized transaction team, internal legal department and, where appropriate, technical, environmental and social specialists. We regularly conduct special workshops and training sessions to enhance our capacity to implement the EP within our organization. In 2017, roughly 100 employees from the risk competence line and business divisions, including Corporate and Investment Banking, attended four interactive EP workshops and training sessions tailored to the needs of different audiences. Participants received comprehensive instructions that introduced them to the EP framework and the underlying World Bank Standards, leveraged peer-to-peer knowledge-sharing, and provided practical examples for evaluating financial, environmental and social risks, among other topics.

The EP Advisory team, together with Group Sustainability & Foundations, represents UniCredit in the EP Association. Also in 2017, we continued to be engaged in the work of the association and to participate in specific Working Group initiatives that align with our strategy, geographical scope and business footprint.

Equator Principles – Projects evaluated, financed and advised, 2017

Projects evaluated	Projects financed ^A	Projects advised
97	20	2

A. Includes 18 Project Finance transactions and 2 Project-Related Corporate Loan.

1. Refer to the EP framework at <http://www.equator-principles.com> for more information.

2. Projects with potential significant (Category A) or limited (Category B) adverse social or environmental risks and/or impacts. Refer to the EP framework for more information.

Equator Principles - Number of projects financed by risk category

Risk category ^A	2017 ^B	2016 ^B	2015 ^B
Category A	4	7	7
Category B	13	10	10
Category C	3	13	10
Total	20	30	27

- A. Category A: projects with potential significant adverse social or environmental risks and/or impacts that are diverse, irreversible or unprecedented.
 Category B: projects with potential limited adverse social or environmental risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.
 Category C: projects with minimal or no social or environmental risks and/or impacts.
- B. Projects financed by UniCredit Bank AG, UniCredit SpA and UniCredit Bank Austria AG.

Equator Principles – Number of projects financed by risk category and sector, 2017

Sector	Category A	Category B	Category C
Resources ^A	2	0	0
Energy	2	9	3
Infrastructure	0	4	0
Total	4	13	3

- A. Including oil & gas, mining and metals.

Equator Principles – Number of projects financed by risk category and region, 2017

Region	Category A	Category B	Category C
Europe: EU	0	11	3
Extra EU	1	2	0
Americas	0	0	0
Africa	3	0	0
Asia and Australia	0	0	0
Total	4	13	3

Equator Principles – Number of projects financed in Designated Countries^A and projects subjected to Independent Reviews^B, 2017

	Category A	Category B	Category C
Designated Country	3	13	3
Independent Review	4	12	3

- A. Designated Countries are those countries deemed to have robust environmental and social governance, legislation systems and institutional capacity designed to protect their people and the natural environment. The list of Designated Countries may be found on the EP Association website.
- B. An Independent Review is a review of the Assessment Documentation, including the ESMPs, ESMS and Stakeholder Engagement process documentation carried out by an Independent Environmental and Social Consultant.

In 2017, UniCredit, along with two other commercial banks, arranged the financing for the construction of the **Arror Multipurpose Dam** (the “Project”) in Kenya. The Project is supervised by the Kerio Valley Development Authority, using funds borrowed by the Government of Kenya through the National Treasury of the Republic of Kenya. A joint venture between two Italian companies, Cooperativa Muratori & Cementisti - C.M.C. di Ravenna and Itinera SpA, has the contract to develop the Project.

The Arror Multipurpose Dam will consist of a plant with a hydropower capacity of 60MW and a reservoir catchment area of 185km², providing water for domestic and irrigation purposes and covering an area of 6,000 hectares. It is located in Kenya Elgeyo-Marakwet County, in the Kerio River watershed, one of the longest rivers in Kenya, originating near the equator. Flowing north through the East African Rift area, the river discharges into Turkana Lake. The Project is part of the Government of Kenya’s National Water Master Plan 2030, which aims to: (i) create a large-scale resource for irrigation and drinking water, (ii) increase sustainable energy production and efficiency for local use, and (iii) foster improvement of agricultural activities, fisheries and ecotourism. The Project is expected to become operational in 2023.

Supplement

→ Risk Management and Compliance

The Project has been subject to a formal Environmental and Social Impact Assessment (ESIA) process, which included Environmental and Social Management Plans and Monitoring Plans and was performed by a local Kenyan consultancy. Based on the ESIA and further information, Golder Associates, an international consulting group reviewed the potential environmental and social risks and impacts of the Project, proposed to assign it a Project Category A and developed with the borrower, the banks and the Italian export credit agency SACE SpA (SACE) an Environmental and Social Action Plan (ESAP), which defines measures to mitigate the identified environmental and social risks and impacts. The ESAP's implementation and the environmental and social status of the Project are to be monitored during the life of the financing by the environmental team of the Project company as well as by the banks and SACE, with the support of the Project's monitoring consultant.

Our Group participated in the financing of the construction of the **Kocaeli Integrated Health Campus PPP**, a public-private project in a strategic program to bring Turkey's existing hospital infrastructure up to international standards. UniCredit and its local affiliate, Yapı Kredi, served as the sole Financial Advisor and Mandated Lead Arranger to the company with the concession from the Turkish Ministry of Health, which specifies a 36-month construction period and a 25-year operating period. The majority of payments for the term of the 18-year loan are expected to commence in 2020, after construction of the 1,180 bed campus in the Izmit district of Kocaeli Province is completed. The Environmental and Social Impact Assessment (ESIA) for the project, which was conducted by an external consultant working on behalf of the lenders, includes an Environmental and Social Action Plan (ESAP) that defines actions to mitigate environmental and social risks caused by, among other things, the campus' sensitive location next to a village. Other exemplary mitigating measures are a stringent stakeholder engagement, implementation of workers' and community grievance mechanisms, and implementation of strong security standards that meet the needs of the forensic rehabilitation hospital on the campus. The Environmental and Social Due Diligence (ESDD) Report prepared for the benefit of the Mandated Lead Arrangers, using ESIA results, provided a gap analysis to assess the project's compliance with international environmental and social standards. Based on the ESDD, UniCredit assigned an Equator Principles category B to the project. By means of the loan documentation, implementation of the ESAP action items and regular independent monitoring and reporting are provisioned over the lifetime of the project.

Compliance

How compliance is managed at UniCredit

The evolving international scenario and an ever more demanding regulatory framework make the Compliance function increasingly crucial and central for UniCredit.

Under the responsibility of the Group Compliance Officer, the Compliance function's mission is to monitor the management of compliance risk. This entails ensuring the correct application of/and compliance with the regulatory framework, its consistent interpretation at Group level, as well as the identification, evaluation, prevention and monitoring of the overall compliance risks of the Group or respective Legal Entities – as well as to assist the Group, its management, the Corporate Bodies and employees in carrying out their activities in compliance with mandatory rules, internal procedures and best practices.

In order to accomplish such goals, Group Compliance defines methodologies, rules, procedures, trainings and monitors their implementation and adherence across the Group.

Moreover, within its mission Compliance proactively supports the business ensuring prompt advisory to timely tackle and address new regulations, by detecting and mitigating emerging risks impacting the Group, and continuously enhancing awareness on conducting business in a sustainable/ethical way over time.

The Compliance function is embedded in the Group internal control system framework, aiming at detecting, preventing and mitigating the non-compliance risk, and at preserving Group's reputation, its customers' confidence and its business sustainability (corporate value creation/consolidation), through:

- strategic guidance (policies and advisory)
- control and monitoring (compliance risk assessment, second level controls and monitoring activities on Compliance areas of responsibility).

Moreover, by regularly interacting with the other control functions, especially in the prompt detection of emerging risks, it ensures harmonization and alignment among control functions.

Finally, in terms of supporting Group *Transform 2019*, Compliance is focusing on:

- timely addressing regulatory challenges
- further improving risk discipline
- streamlining its internal processes and overall governance mechanisms.

2017 updates to key compliance policies

Regarding client-centric conduct:

- Global Policy (GP) - Provision of investment services and activities under Markets in Financial Instruments Directive (MIFID II): this rule provides UniCredit SpA and Group Companies with common standards and minimum requirements when providing investment services and activities falling within the scope of MIFID II, with the exclusion of ancillary services
- Global Operational Regulation (GOR) - Outside Business Interests: this document is intended to outline the operational procedures to be followed by employees, with contracts under Italian law, pursuing in their free time, outside business work activities and/or outside business interests which are known to be forbidden unless explicitly authorised by the employer.

Regarding anti-money laundering, financial crimes and sanctions:

- GP - Anti-Money Laundering (AML) and Countering of Terrorist Financing (CTF): this rule is intended to provide a high-level framework for employees to identify potential money laundering and terrorist financing risks and to assist them in determining how to manage those risks. It also provides general information on the measures taken by Group companies to identify, mitigate and manage money laundering and terrorist financing risk
- GOR - AML Standards for Correspondent Banking: these standards define principles and rules for the sound management of UniCredit's correspondent banking network, aiming to ensure compliance with relevant regulatory and legal requirements and protect the Group's reputation by avoiding any appearance of impropriety
- GOR - AML Due Diligence Requirements for Customers: this rule provides the customer risk assessment and classification standards, as well as the Know Your Customer requirements that legal entities must apply to their customers
- GOR - AML/CTF Transaction Monitoring: this rule provides requirements and procedures to all Group entities and to all members of strategic, control and executive bodies, employees, tied agents and temporary employees of the Group involved in the execution, support and monitoring of customer transactions, with the purpose to identify suspicion of money laundering and terrorism financing
- GOR - Payment & Customer Screening: this rule sets out the minimum requirements for payment and customer screening across the Group. As set out in the Global Sanctions Policy, the Group is firmly committed to complying with all applicable sanctions regulations in every jurisdiction in which it operates
- GOR - Financial Sanctions: this global rule defines the principles and policies for setting out the framework by which the Group manages its risks in respect of financial sanctions and establishes minimum standards for the controls which should be implemented throughout the Group
- GP – Anti-Corruption (update): this rule aims to clearly articulate UniCredit's commitment to prohibiting bribery and corruption, to define principles for identifying and preventing potential bribery and corruption, to clearly communicate anti-bribery and anti-corruption principles both to internal and external stakeholders and to provide a framework for a Group-wide Anti-Corruption Programme. The Policy has been published at the beginning of 2018.

Regarding market transparency:

- GP - Dodd-Frank Act Compliance Group Governance: this rule defines principles and policies in order to ensure that the Group complies with the provisions set forth by the Dodd-Frank Act that affect the Group
- GOR - Market Abuse: Trade Surveillance & Case Management: this rule sets out the requirements for trade surveillance and case management for an entity to be able to effectively monitor its trading activities to identify potential market abuse
- GOR - Preparation and Distribution of Investment Research: this rule establishes the principles for producing, reviewing and distributing investment research (hereafter Research); rules governing content, valuations, recommendations, presentation, plagiarism, disclosures, disclaimers, conflicts of interest management, Research independence, complaints and record keeping; rules governing specific situations such as contact with the media, capital markets Research, distribution of third party Research and interaction with other business areas, issuers under coverage and other clients
- GOR - Investment Recommendations: this internal regulation defines the principles and rules for the framework by which the Group manages its risks in respect of the production and dissemination of investment recommendations as defined in market abuse regulations and establishes minimum standards to meet necessary disclosure obligations
- GP - Financial Benchmarks: this rule defines Group internal principles and policies to regulate the contribution to, the provision of, and the use of financial benchmarks according to Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.

Regarding governance:

- GP - Code of Conduct: this code of conduct has been written in line with UniCredit's 5 Fundamentals, and is therefore aligned with our Group values, and lists the principles that 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 in or on behalf of UniCredit.

Policies

Anti-money laundering

Regulators today are very focused on the satisfaction of Anti-Money Laundering requirements by banks. The Global Policy on Anti-Money Laundering and Countering of Terrorist Financing (hereinafter the AML Policy), builds on the Group Compliance Framework Global Policy and sets out more detailed policy statements on the key pillars of the Group's AML Programs, such as risk assessment, customer due diligence, transaction monitoring, record keeping and training, while also taking into consideration the EU Fourth Anti-Money Laundering Directive. The AML Policy sets out the framework by which the Group manages its money laundering and terrorist financing risk and establishes minimum standards for the legal entities' Anti-Money Laundering (AML) programs.

Topic	Key Achievements 2017	Priorities 2018
Anti-money laundering	<ol style="list-style-type: none"> 1. Roll out of Pilot Group AML Risk Assessment Methodology 2. Implementation of a transaction monitoring tool for correspondent banking in UniCredit SpA, UniCredit Bank AG and UniCredit Bank Austria AG 3. Implementation of the new requirements under the EU Fourth AML Anti-Money Laundering Directive to all relevant Group legal entities 4. New Group Second Level Controls Catalogue issued and rolled out to Group legal entities 5. New and updated AML policies and regulations: Global AML/CTF Policy (update); Global Operational Regulation - AML Standards for Correspondent Banking (update); Global Operational Regulation AML Due Diligence Requirements for Customers (new); Global Operational Regulation - AML/CTF Transaction Monitoring (new) 	<ol style="list-style-type: none"> 1. Extension of correspondent banking transaction monitoring solution to CEE Countries 2. Performance of annual Group AML Risk Assessment 3. Centralization of the KYC activities for Correspondent Banking and Corporate Banking customers 4. Specialized AML certification for staff members of various AML functions within the Group 5. Implementation of new Global Operational Regulation - AML/CTF Transaction Monitoring

Financial sanctions

The Global Policy on Financial Sanctions, initially issued in August 2012, and more recently updated in February 2016, defines the principles and rules for setting out the framework by which the Group manages its risks in respect of financial sanctions. The aim of the policy is to support compliance with relevant regulatory and legal requirements, international and local, avoid any appearance of impropriety, protect the Group's reputation, and define principles and rules for restricting dealings with countries, entities and individuals that are subject to financial sanctions by, among others, the European Union (EU), United States (US) Office of Foreign Assets Control (OFAC), United Nations (UN), and any national provisions in countries in which Group legal entities are located.

Topic	Key Achievements 2017	Priorities 2018
Financial sanctions	<ol style="list-style-type: none"> 1. Roll out and implementation of the Risk Assessment for Financial Sanctions, covering inherent to residual risks, which will be conducted on an annual basis 2. Continued enhancement of existing sanctions frameworks 3. Update of existing policies and regulations: Global Operational Regulation - Financial Sanctions in July 2017, and Global Operational Regulation - Payment and Customer Screening in November 2017 4. Testing of the payment and customer screening filters, covering 38 tests in 27 entities (including branches) 5. Enhancement of the framework of financial sanctions on Russia and Iran for the Group and dissemination of the process throughout UniCredit 6. Update of the online financial sanctions training program 	<ol style="list-style-type: none"> 1. Finalize the ongoing assessment of existing payment and customer screening filters in Italy, Germany and Austria 2. Execute regular payment and customer screening tools configuration tests as per annual compliance plan^A 3. Review of financial sanctions policies and regulations as per annual compliance plan^A 4. Performance of annual Group Financial Sanctions Risk Assessment 5. Roll out of new online financial sanctions training

A. Refer to the Risk Management and Compliance chapter for more information.

Anti-corruption

UniCredit has zero tolerance towards acts of bribery and corruption and prohibits them in any form, both direct and indirect. UniCredit will not tolerate its employees or third parties in any kind of relationship with UniCredit being involved in acts of bribery and corruption.

By committing to zero tolerance to bribery and corruption UniCredit commits that every behaviour in breach of this principles and every concern raised as for possible act of bribery and corruption will be assessed and where appropriate investigated and disciplinary action will be taken in addition to the sanctions contained in the applicable regulations. No employee will suffer demotion, penalty, or other adverse consequences for refusing to pay acts of corruption or reporting actual or attempted acts of corruption even if such refusal may result in the Group losing business.

The above principle is enforced by an adequate risk management processes and implementation of a Group-wide Anti-Bribery and Anti-Corruption Programme.

The Group's approach to preventing corruption and bribery is set out in the Global Compliance Policy on Anti-Corruption and its associated Global Operational Instructions. The global policy sets minimum standards of anti-corruption compliance throughout the Group.³ Whenever local rules in a country of operation are stricter than global policy, those stricter local rules apply. Each local entity must appoint a person responsible for its Anti-Bribery and Anti-Corruption Programme - the Local Anti-Corruption Officer; Group Legal Entities which do not have a Compliance function - due to their size - may appoint a joint Anti-Corruption Officer shared among all such entities or the role may be performed by the parent entity's Anti-Corruption Officer. Moreover each local entity is responsible for the development and implementation of an effective local anti-corruption program. The global policy and its operational instructions are periodically reviewed.

3. Refer to the Anti-Corruption Policy on our website (www.unicreditgroup.eu) for more information.

For the purposes of the global policy, an act of corruption is defined as the giving, offering, promising, receiving, accepting, demanding or soliciting of money, gifts or other benefits in order to obtain or retain an undue advantage in the course of business activities, irrespective of:

- whether the recipient of the act of corruption is a domestic or a foreign individual, a public official or a private individual
- where the act is committed
- whether the result of such act entails an actual undue advantage or the improper performance of a function or activity.

All employees are responsible for complying with the Global Policy, any corresponding local internal rules and procedures and all applicable anti-corruption laws in the performance of their duties.

All employees shall report to the Local Anti-Corruption Officer or the Local Head of Compliance any instances of actual or attempted acts of Bribery and Corruption they become aware of, whether the act of Bribery and Corruption is offered, given or received.

Any report must be made according to the established internal process but in any case in the first instance to the Local Anti-Corruption Officer and, where actual or suspected money laundering is involved, also to the local AML Officer. Failure to make such a report may give rise to individual criminal liability on the part of the relevant employee in certain jurisdictions, as well as exposing the Group to potential legal or regulatory action. Potential acts of bribery and corruptions may be reported also under the Global Compliance Policy – Whistleblowing, if locally implemented.⁴

The following mechanisms have been put in place to monitor the effectiveness of the Group's approach to preventing corruption and bribery: escalation procedures employed for significant and strategic issues; quarterly management of information requested from each Group Legal Entities; analysis and testing of the results of activities related to the management of second level controls; compliance risk assessments performed for each regulatory area in all legal entities within the Compliance function's jurisdiction; and internal audit reviews. The last two mechanisms (compliance risk assessments and internal audit reviews) result in risk mitigation actions that must be completed on time to ensure the management of identified risks.

The major anti-bribery and anti-corruption challenges the Group faces are:

- proper identification and prioritization of bribery risks
- monitoring of the risk of bribery and control failures due to a lack of awareness and understanding of policies and procedures
- proper keeping of books, records and accounts to determine potentially corrupt payments, if any
- monitoring the risk of failing to report actual or suspected incidents of bribery, both internally and to the external authorities
- monitoring the risk that an intermediary engages in bribery on behalf of the Group
- monitoring the risk that a Third party pays bribes on behalf of the Group
- monitoring the risk that a Third party pays kickbacks to Group employees
- ensuring that due diligence has been carried out before a proprietary investment to avoid the Group becoming liable for corruption
- appropriate and proportionate gifts and business hospitality expenditures to avoid improper influence or the impression of intent to solicit improper influence
- appropriate management of charity, sponsorship and donations to avoid the impression that they were made to ingenerate the expectation of obtaining/retaining a business advantage (political donations in any tangible or intangible form are forbidden)
- appropriate management of employment offers to avoid the impression that they were made to ingenerate the expectation of obtaining a business advantage.

⁴. Refer to the Whistleblowing part of this section for more information.

Supplement

→ Risk Management and Compliance

Risks of noncompliance are managed through a dedicated risk assessment process and quarterly second level controls. In the event of noncompliance, corrective actions to mitigate actual significant risks are undertaken. Our Group's Policy on Anti-corruption is addressed to entities operating in UniCredit core markets.⁵

UniCredit may be held liable for acts of corruption committed by Third parties acting on behalf of our Group, whether or not it had knowledge of the acts in question. Therefore Third parties are subject to an anti-corruption due diligence and assessment, both before being engaged and on an ongoing basis, in order to mitigate this risk.

With reference to communications and training, the Global Compliance Policy on Anti-Corruption is addressed to all relevant Group companies and applies to all members of strategic, control and executive bodies, employees, tied agents (e.g., financial advisors) and temporary employees of the Group. UniCredit SpA's strategic and executive bodies are made aware of the existence of and updates to the Global Policy and are responsible for complying with it. These bodies also participate in our dedicated training programs and are subject to mandatory anti-corruption training.

Topic	Key Achievements 2017	Priorities 2018
Anti-corruption	<ol style="list-style-type: none">1. A new whistleblowing campaign and a communication campaign about the new Code of Conduct were launched for UniCredit employees2. The Group policy on anti-bribery and corruption and related standard procedures were reviewed in order to update them to international best practices3. Compliance second level controls on intermediaries were enhanced with specific periodical overview of the main intermediaries at Group level	<ol style="list-style-type: none">1. Implementation of the reviewed Group policy and Group Operational Rule2. Rollout and execution the updated Group Control Catalogue3. Perform updated risk assessment of training courses4. Rollout specific communication campaign on anti-bribery and corruption5. Deploy additional initiatives according to the Tone from the Top's 2018 plan regarding anti-bribery, anti-corruption and whistleblowing

Organizational and management model pursuant to Italian Legislative Decree 231/2001

UniCredit SpA has adopted an organizational and management model pursuant to Italian Legislative Decree 231/01 (administrative liability of legal entities, companies and associations). The organizational and management model (hereinafter the Model) is integrated within the rules, procedures and control systems already in place and applied in UniCredit SpA. The bank's organizational framework consists of the set of rules, structures and procedures that ensure the proper functioning of the Model; it is a structured, comprehensive system that is in itself a tool to oversee the prevention of unlawful conduct, including those envisaged by the specific legislation on the administrative liability of entities. In particular, the bank has identified the following tools to plan the formulation and implementation of business decisions and carry out relevant checks: the rules of Corporate Governance; the Internal Controls System; the system of authorities and delegation; the Integrity Charter; and the Code of Conduct. In addition, with specific reference to the risks deriving from L.D. 231/2001, the bank has formalized the specific decision protocols that describe the principles of conduct and control rules aimed at preventing the offences and established additional rules of conduct in the Code of Ethics pursuant to Italian Legislative Decree 231/01.

In drawing up the Model, the bank took explicit account of the Italian Banking Association - ABI guidelines. The Model was updated in December 2017, due to slight changes in bank's organization and changes in external regulation (i.e., a new definition of corruption between individuals).

All relevant Italian legal entities have also implemented their own organizational and management model based on UniCredit SpA's recommendations.

5. Recipient Legal Entities (further to the listed Entities, each Entity can distribute the Global Policy to additional own subsidiaries): Anthemis EVO LLP; AO UniCredit Bank; Bavaria Servicos de Representacao Comercial Ltda; Cordusio SIM SpA; Cordusio Società Fiduciaria per Azioni; Crivelli Srl; FinecoBank SpA; I-Faber SpA; Nuova Compagnia di Partecipazioni SpA; SIA Unicredit Leasing; Trieste Adriatic Maritime Initiatives Srl; UniCredit (UK) Trust Services Ltd; UniCredit Bank ad Banja Luka; UniCredit Bank AG; UniCredit Bank Austria AG; UniCredit Bank Czech Republic and Slovakia, as; UniCredit Bank Hungary Zrt; UniCredit Bank Ireland Plc; UniCredit Bank SA; UniCredit Bank Serbia Jsc; UniCredit Banka Slovenija dd; UniCredit Bpc Mortgage Srl; UniCredit Bulbank AD; UniCredit Business Integrated Solutions SCpA; UniCredit Factoring SpA; Unicredit Global Leasing Export GmbH; UniCredit International Bank (Luxembourg) SA; UniCredit Leasing SpA; UniCredit DBG Srl; UniCredit Subito Casa SpA; UniCredit Turn-Around Management GmbH; Yapi ve Kredi Bankasi AS; Zagrebačka Banka DD.

Antitrust

UniCredit has always been highly committed to compliance with antitrust rules.

Following the antitrust policies pursued and enacted in the past, in 2016 UniCredit deployed the Compliance Antitrust Program at Group level (hereinafter Program or CAP), aimed at:

- increasing the governance of antitrust matters at both company and Group level
- strengthening compliance culture and enhancing Group's reputation on the markets
- more effectively managing the risk of both antitrust breaches and penalties.

The CAP has been deployed in UniCredit SpA and the main banks of the Group operating in the European Union and has been shaped and calibrated on the basis of each bank's specific features, as business type and size as well as target markets, and is subject to monitoring and periodic review to ensure its continued effectiveness.

As part of the Program, in December 2016 UniCredit adopted the new Group Policy Single Antitrust Rulebook - Antitrust and Unfair Commercial Practices (hereinafter SAR), applicable to all Group companies and employees. The SAR provides practical rules of conduct and advice to correctly manage meetings with competitors and unannounced inspections carried out by antitrust authorities.

Topic	Key Achievements 2017	Priorities 2018
Antitrust	<ol style="list-style-type: none"> 1. Following the success of the Program, in 2017 UniCredit extended the CAP to further Group companies, including non-EU banks of the Group and foreign branches of UniCredit SpA and UniCredit Bank AG 2. SAR approved in almost every Group company directly and indirectly controlled by UniCredit SpA for which SAR is relevant 	<ol style="list-style-type: none"> 1. Refreshing Compliance Antitrust Program in UniCredit and the main banks of the Group in 2019

Main legal actions regarding anti-competitive behavior, antitrust and monopoly practices^A

Country	Description of main legal actions, 2017
Romania	On November 27 th , 2017, the Competition Council has dawn-raided the headquarters of several banks (including UniCredit Bank S.A.), financial non-banking institutions, leasing companies (including UniCredit Leasing Corporation IFN S.A. and UniCredit Fleet Management), professional associations and employers association activating in the financial services market, this being one of the authority's most complex actions. The dawn-raids were conducted within the framework of two investigations opened the Competition Authority on operational leasing services market and, respectively, on the financial services and consumer credit market. The investigations are currently on-going.

Country	Update on legal actions listed as ongoing in the 2016 Integrated Report
Italy	<p>In April 2016, the AGCM notified the extension to UniCredit (and to 10 more Banks) of the proceedings I/794 ABI/SEDA opened in January vis-à-vis the Italian Banking Association (ABI). The proceedings are aimed at ascertaining the existence of alleged concerted practices with reference to the Sepa Compliant Electronic Database Alignment system (SEDA).</p> <p>On April 28, 2017, the AGCM issued a final notice whereby it confirmed that the practices carried out by the ABI, UniCredit and the other banks in connection with the adoption of the SEDA service model of compensation constituted an anti-competitive practice and therefore a violation of European competition regulations. With such notice, the AGCM ordered the parties to cease the infringement, submit a report evidencing the relevant measures adopted by January 1, 2018 to the AGCM, and refrain from enacting similar practices in the future. Given the fact that the infringements were minor in light of the legislative framework, the AGCM did not impose any monetary or administrative sanctions against UniCredit (or the other 10 banks) also in consideration of the fact that, in the course of the proceeding, the ABI and the banks proposed a redefined SEDA service remuneration model which, if correctly implemented by the banks, is expected to decrease the current SEDA costs by half, which benefits the enterprises utilizing the service and, ultimately, the end-users of the utilities. In light of the AGCM final notice, UniCredit decided to appeal the AGCM decision at the TAR (the Italian Regional Court). The appeal filed vis à vis the Italian Regional Court is still pending.</p>
Hungary	<p>The Hungarian Competition Authority (GVH) began a cartel investigation of 7 Hungarian banks, including UniCredit Bank Hungary Zrt, in connection with foreign currency mortgage loan repayments (early repayments). In 2013, the GVH fined UniCredit Bank Hungary Zrt. HUF 306,300,000 (roughly €1 million). The Bank appealed against such decision and the appeal was rejected at first and second instance.</p> <p>In December 2016 in the frame of judicial review the Supreme Court (Curia) instructed the Competition Authority to conduct a new procedure over fines it had levied on Banks. The Competition Authority reimbursed the fine paid by the Bank in 2013. New procedure is ongoing.</p> <p>In 2012, the GVH began a cartel investigation on the Hungarian Banking Association, the International Training Centre for Bankers and 38 Hungarian Banks (including UniCredit Bank Hungary Zrt), all of which participating in the BankAdat system, the interbank database for Hungarian credit institutions. At the end of the investigation, UniCredit Bank Hungary Zrt was not fined but the Hungarian Banking Association was fined HUF 4 billion (roughly €13 million) and the International Training Centre for Bankers was fined HUF 15 million (roughly €48,000). In the event they cannot fulfill their payment obligations, participating Banks that were the objects of the investigation (including UniCredit Bank Hungary Zrt) will be responsible for the payment jointly and severally. HBA and most of the affected Banks appealed against the decision, the court action is still ongoing.</p>

A. Starting from this Integrated Report, the table refers only to anti-competitive behavior, antitrust and monopoly practices.

Conflicts of interest

UniCredit Group is committed to identifying and properly managing all potential conflicts of interests (COI), with particular regard to:

1. conflicts in provision of investment services and activities
2. conflicts linked to banking services and activities
3. organizational conflicts
4. conflicts arising from employees' personal interests.

UniCredit has implemented a Global Policy on Conflicts of Interest, which sets forth principles and rules to assist employees in the identification and management of conflicts of interest. Under the policy, UniCredit provides general information on the measures the Group has taken to detect, manage and record such conflicts of interest.

UniCredit has adopted a distinctive model to identify and manage various forms of conflicts of interest. The model employs the following steps:

1. identification of events referable to the company that could generate conflicts of interest to the company, its employees, customers, and of the structures to which the events relate
2. identification of the applicable conflicts of interest to the company itself
3. identification of the organizational measures suitable to mitigate/neutralize the various applicable conflicts of interest and the additional processes requested (e.g., escalation and disclosure)
4. recording of conflicts of interest
5. controls for the effectiveness and completeness of these COI-related processes.

Topic	Key Achievements 2017	Priorities 2018
Conflicts of Interest	Groupwide focus on the implementation of the MiFID 2 rules, which introduce more detailed processes for the identification and management of the conflicts of interests, entering them into force by January 1, 2018	<ol style="list-style-type: none"> 1. Greater focus on conflicts of interest generated by outsourcing 2. Simplification of the control catalogue related to conflicts of interests 3. Further analysis and links for conflicts of interest-related regulations focused on products, such as Prospectus Directive and Insurance Distribution Directive

Privacy management

UniCredit ensures its compliance with data protection rules by adopting the principles set forth in the Italian legislation implementing the Directive 95/46/EC as well as in the upcoming new General Data Protection Regulation "GDPR" (EU Regulation 2016/679) entering into force on May, 25th 2018. The Group's internal data rules, particularly the Global Policy on Privacy (which replaced the previous version of the Global Compliance Guidelines on Privacy) issued in March 2015, will be updated in 2018 to comply with the GDPR.

Within the scope of data protection activities, the Compliance Risk Assessment and the second level controls performed by UniCredit are aimed to identify, monitor and manage compliance risks in this regulatory area. Furthermore, for specific data security issues, Compliance works with the Security Governance function to incorporate certain flows of controls performed by them on compliance risks related to data processing issues.

Topic	Key Achievements 2017	Priorities 2018
Privacy management	Launched project to address new GDPR provisions, with Group Compliance, HR, ICT Security and UBIS ^A leveraging local structures to analyze the Regulation and define which requirements must be implemented for the Group to comply with incoming provisions	<p>Homogeneously implementing the new Regulation within the Group by completing the following actions by May 2018:</p> <ul style="list-style-type: none"> - appointment a Data Protection Officer (if needed) - fully record processing activities - privacy impact assessment (PIA) - implementation of new data subject rights (such as data portability) - updating of privacy documentation (such as information notice and consent form)

A. UniCredit Business Integrated Solutions (UBIS) is the Group's global services company, which carries out activities related to Information and Communication Technology (ICT), Operations, Real Estate, Security and Procurement.

Whistleblowing

In 2011, we adopted a system, implemented at Group level, that provides employees with a way to report conduct that violates the law or the bank's internal rules (i.e., whistleblowing). Any employee can make use of this mechanism to report a reasonable suspicion of unlawful conduct or that potentially harmful or detrimental behavior has occurred or may occur.

The Group's approach to whistleblowing is set out in a specific global compliance policy. In order to promote a corporate culture based on ethical behavior and good corporate governance, the Global Policy governs reports of unacceptable conduct by employees within the Group.

The policy is intended to:

- grant a corporate environment where employees may feel free to make reports on unacceptable conduct
- 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 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.

For example, in Italy, UniCredit SpA has identified the Head of Compliance Italy as the person responsible for internal whistleblowing systems, who ensures that procedure is correctly followed. If the persons referred to above are hierarchically and functionally subordinate to the person to whom the whistleblowing report relates or they themselves are alleged to be responsible for the violation or have a potential interest in the report that would compromise their impartiality and independence of judgment, then the employee may contact Internal Audit directly as the reserve function by sending the report to the Head of the Group Audit Department and the Country Italy Audit Department.

The channels (some of which are available 24 hours a day) provided by UniCredit SpA for employees to provide whistleblowing reports, including anonymously, are as follows:

- by phone, the UniCredit SpeakUp line allows the employee to leave a voice message report, with the option to report anonymously
- on the website, where the UniCredit SpeakUp web service allows the employee to submit a written report, with the option to report anonymously
- by email, to the UniCredit Italy Whistleblowing email address
- by letter, to the dedicated UniCredit Italy Whistleblowing postal address.

On November 15, 2017, Italy's draft law for whistleblowing, which contains provisions for the protection of perpetrators of reports of crimes or irregularities that have come to light in the context of a public or private employment relationship, was definitively approved. This bill, Law n. 179/2017 was published in Gazzetta Ufficiale on December 14, 2017.

The law concerns the protection of workers, public or private, who report or denounce crimes or other illegal conduct which they have come to know about in the context of their employment relationship. The law contains an article dedicated to the public administration and another to the private sector.

For the private sector, which includes UniCredit SpA, the law lays out the organizational and management requirements of entities (Legislative Decree n. 231/01), saying that:

- organizational models must provide one or more channels (of which at least one is suitable to guarantee online confidentiality) suitable for the transmission of whistleblowing reports
- whistleblowing reports should be based on precise and concordant matters
- organizational models must provide disciplinary sanctions against those who violate reporting measures and against those who carry out, with fraud or guilt, reports that prove to be unfounded.

The law also establishes the nullity of the retaliation or discriminatory dismissal of the reporting person (whose identity cannot be disclosed) as well as the change of duties or other retaliation or discriminatory measure taken against the reporting party.

Concerning to the whistleblowing process of UniCredit SpA, analysis confirmed the substantial compliance of the bank's internal practices with the requirements of the new law.

Employees are further informed about UniCredit's whistleblowing policy by a specific section on the corporate intranet and by a brochure on the importance of the issue. Both detail how and when to make a whistleblowing report.

Number of cases by category, 2017^A

Total cases ^B	Closed cases at 31/12/2017			Categories ^C										
	Total closed cases	Out of which real policy or requirement breaches	Pending cases at 31/12/2017	Anti-Bribery and Corruption	Financial Sanctions	Anti-Money Laundering	MIFID	Conflict of Interest	Market Abuse	Banking Transparency & Protection	Privacy & Banking Secrecy	Anti-Trust	Failure to comply with HR regulations	Failure to comply with internal regulations (and other inappropriate behavior)
232	202	53	30	45	0	6	1	15	2	7	10	14	49	79

A. This data is drawn from the following subset of Group legal entities:

UniCredit SpA (included branches in Milan, London, New York, Shanghai, Guangzhou, Madrid, Paris); AO UniCredit Bank; Ba Ca Leasing (Deutschland) GmbH; Cordusio SIM SpA; Cordusio Società Fiduciaria per Azioni; FactorBank Aktiengesellschaft; FinecoBank SpA; Mobility Concept GmbH; Ooo Unicredit Leasing; Schoellerbank Aktiengesellschaft; SIA UniCredit Leasing; UniCredit (UK) Trust Services Ltd; UniCredit Bank ad Banja Luka; UniCredit Bank AG (included branches in Munich, London, New York, Hong Kong, Singapore, Tokyo, Paris, Athens, Milan, Zurich, Vienna); UniCredit Bank Austria AG; UniCredit Bank Czech Republic and Slovakia, as; UniCredit Bank dd; UniCredit Bank Hungary Zrt; UniCredit Bank Ireland Plc; UniCredit Bank SA; UniCredit Bank Serbia Jsc; UniCredit Banka Slovenija dd; UniCredit Biztosításközvetítő Kft; UniCredit Bulbank AD; UniCredit Business Integrated Solutions SCpA; UniCredit Consumer Financing EAD; UniCredit Consumer Financing IFN SA; UniCredit Factoring EAD; UniCredit Factoring SpA; UniCredit International Bank (Luxembourg) SA; UniCredit Leasing (Austria) GmbH; UniCredit Leasing Corporation IFN SA; UniCredit Leasing Croatia doo za Leasing; UniCredit Leasing CZ as; UniCredit Leasing Hungary Zrt; UniCredit Leasing Kft; UniCredit Leasing Slovakia as; UniCredit Leasing SpA; UniCredit Leasing Srbija doo Beograd; UniCredit Leasing, leasing, doo; UniCredit Operativ Lizing Kft; UniCredit Subito Casa SpA; Yapi ve Kredi Bankasi AS; Zagrebačka Banka DD; ZAO Locat Leasing Russia; ZB Invest doo.

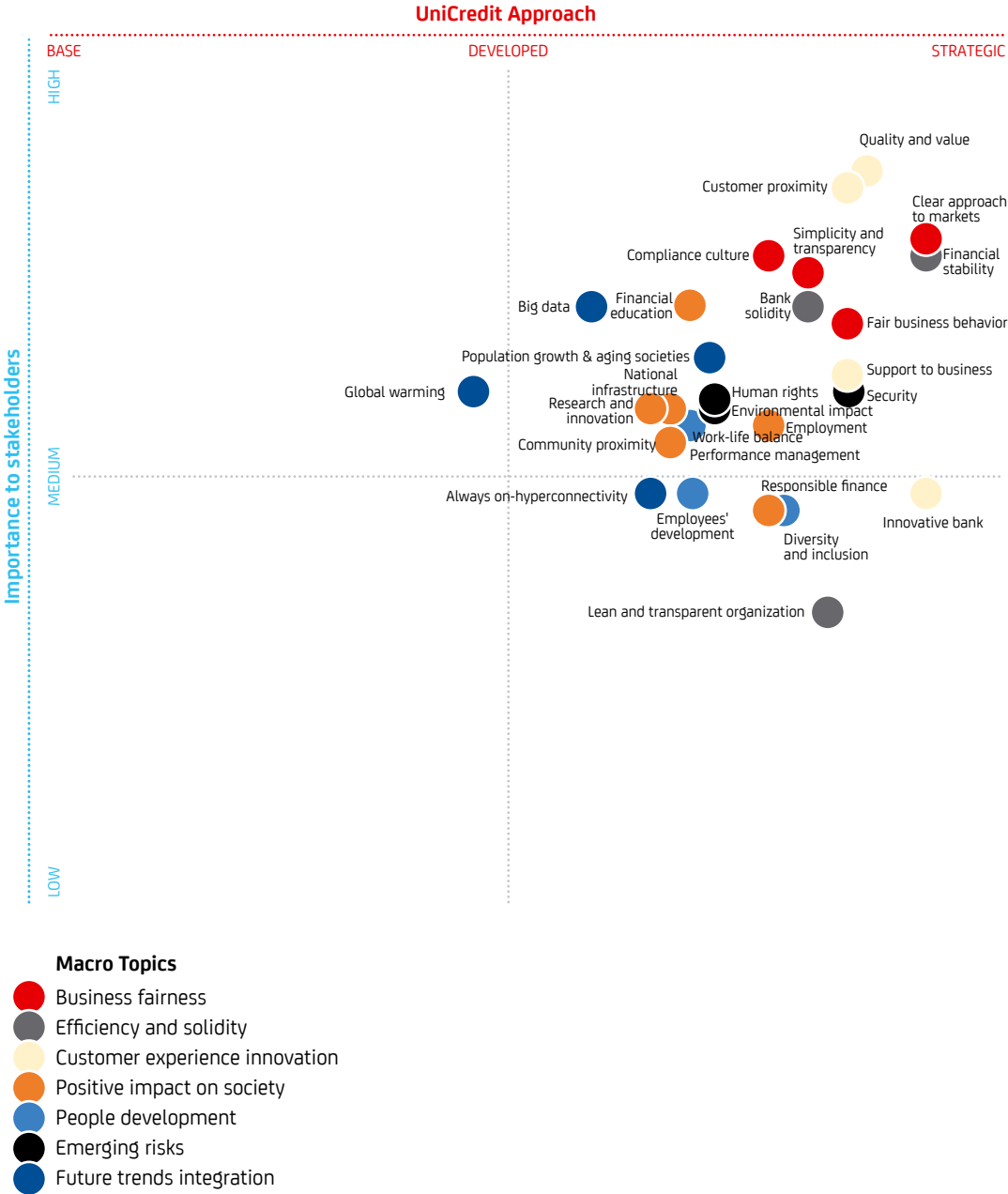
B. Of which 18 pending cases at the end of 2016.

C. Not inclusive of pending cases at the end of 2016.

Categories refer to the classification that was made when the case was opened. A case could be classified in one or more category.

Stakeholder Engagement

Materiality matrix



Macro Topic	Main stakeholder involved ^A	Material topic	Definition	Boundaries for material topics ^B		Main reference chapter of the Integrated Report
				Internal	External	
Business Fairness	All ^C	Compliance Culture	Installing a culture of compliance	Group	Customers Regulators	Risk Management and Compliance
Business Fairness	All	Fair Business Behavior	Maintaining high standards for fair business practices and expecting senior management and employees to treat all stakeholders with fairness, respect and reciprocity, according to the Integrity Charter	Group	Customers Investors	Risk Management and Compliance
Business Fairness	Customers	Simplicity and transparency	Enhancing our trust and credibility by proposing simple and easy to understand products/ services, as well as proactive, effective and clear communications and transparent decision-making processes	Group	Customers	Integration of Strategic Pillars and Capitals Social & Relationship Capital
Business Fairness	Investors	Clear Approach to Markets	Maintaining transparent relationships with financial markets by disclosing information that is useful for investors to understand our competitive positioning and bank business trends	Group	Investors	Integration of Strategic Pillars and Capitals Financial Capital Social & Relationship Capital
Efficiency and Solidity	All	Bank Solidity	Ensuring financial solidity and resilience in the uncertain economic scenario	Group	Customers Investors	Governance Integration of Strategic Pillars and Capitals Financial Capital
Efficiency and Solidity	Customers	Lean and Transparent Organization	Guaranteeing lean and efficient bank procedures and transparent decision making processes	Group	Customers	Integration of Strategic Pillars and Capitals Social & Relationship Capital
Efficiency and Solidity	Regulators	Financial Stability	Building a long-term foundation for financial stability while supporting customers in an uncertain environment; providing tangible support for regulatory discussions to create a better financial system	Group	Regulators	Integration of Strategic Pillars and Capitals Risk Management & Compliance Social & Relationship Capital
Customer Experience Innovation	Customers	Innovative Bank	Being proactive, acting promptly and promoting innovation	Group	Customers	Integration of Strategic Pillars and Capitals Intellectual Capital
Customer Experience Innovation	Customers	Quality and value	Offering high quality products and services that are good value for money	Group	Customers	Integration of Strategic Pillars and Capitals Social & Relationship Capital
Customer Experience Innovation	Customers	Customer Proximity	Being close to customers, understanding their needs and promptly providing local families and companies with a wide range of specialized products/services on request	Group	Customers Communities	Integration of Strategic Pillars and Capitals Social & Relationship Capital

A. Main stakeholder group that raised and/or is impacted by the material topic.

B. Reporting of data and information for topics that are material outside the organization is limited to the Group activities. The Geographical location where the topic is material refers mainly to the 14 Countries where the Group has significant operations (refer to the Report Structure of the Integrated Report for more information). Internal and External refers to the main subjects that impact the topic.

C. Includes Colleagues, Customers, Communities, Investors, Regulators, Suppliers.

Supplement

→ Stakeholder Engagement

Macro Topic	Main stakeholder involved ^a	Material topic	Definition	Boundaries for material topics ^b		Main reference chapter of the Integrated Report
				Internal	External	
Customer Experience Innovation	Customers	Support to Business	Being close to companies by developing products and services that support their economic growth (e.g. innovation, internationalization, research and development)	Group	Customers	Integration of Strategic Pillars and Capitals Social & Relationship Capital
Positive Impact on Society	Customers	Responsible Finance	Committing to environmental, social and governance issues through dedicated products in portfolio	Group	Customers Investors	Natural Capital Social & Relationship Capital
Positive Impact on Society	Communities	Financial education	Helping citizens – customers and non-customers alike – to improve their financial knowledge and make more informed financial decisions	Group	Communities Customers	Social & Relationship Capital
Positive Impact on Society	Communities	Employment	Contributing indirectly to raising employment levels by developing products and services that both support ongoing business activities and help identify new business opportunities	Group		Social & Relationship Capital
Positive Impact on Society	Communities	Research and Innovation	Developing products and services to support research and innovation intensive industries and to contribute to social and economic progress as well as the well-being of countries	Group	Customers	Intellectual Capital Social & Relationship Capital
Positive Impact on Society	Communities	Community Proximity	Understanding territorial issues and responding to local needs to better support social development and positively impact communities	Group	Communities	Social & Relationship Capital
Positive Impact on Society	Communities	National infrastructure	Support development of national infrastructures including roads, motorways, railroads, public offices etc.	Group	Customers Communities	Social & Relationship Capital
People development	Colleagues	Diversity and Inclusion	Fostering and improving a culture of inclusion, fairness and respect by promoting equal opportunities in the workplace so all colleagues can maximize their potential	Group		Human Capital
People development	Colleagues	Work-life Balance	Demonstrating concern for employees' well-being and the balance between their professional and personal lives; creating a work environment in which everyone feels at ease and is motivated to build positive relationships with customers	Group		Human Capital
People development	Colleagues	Performance Management	Developing systems based on transparent and fair mechanisms to ensure all employees are capable of performing to the best of their abilities	Group		Human Capital
People development	Colleagues	Employees' Development	A commitment to enhancing colleagues' professional skills and accelerating their professional development	Group		Human Capital

Macro Topic	Main stakeholder involved ^a	Material topic	Definition	Boundaries for material topics ^b		Main reference chapter of the Integrated Report
				Internal	External	
Emerging Risks	All	Security	Investing in a comprehensive, prompt and effective ICT security	Group	Customers Regulators	Intellectual Capital Risk management & Compliance
Emerging Risks	All	Human Rights	Respecting and supporting human rights within our sphere of influence, while ensuring our Group is not indirectly complicit in human rights abuse	Group	Customers Regulators Investors	Risk management & Compliance
Emerging Risks	All	Environmental Impact	Taking responsibility for the potential direct and indirect environmental impacts of our business decisions	Group	Customers Regulators Investors Communities	Natural Capital Risk management & Compliance
Future Trends Integration	Employees Customers	Big Data	Using analytics is likely to become increasingly significant over the next decade, with positive and negative implications	Group	Customers Regulators	Integration of Strategic Pillars and Capitals Intellectual Capital
Future Trends Integration	Employees Customers	Population Growth and aging societies	Global population is increasing with lengthened life expectancy	Group	Customers	Social & Relationship Capital
Future Trends Integration	Customers	Always on - hyperconnectivity	Advances in communication technologies are already causing far-reaching changes to society and the economy	Group	Customers	Integration of Strategic Pillars and Capitals Intellectual Capital
Future Trends Integration	Customers Communities	Global Warming	A commitment to reduction of the average worldwide temperature	Group	Customers Communities Regulators Investors	Natural Capital

Dialogue tools with stakeholders

Stakeholder group	Principal dialogue tools	Key company departments involved
Customers	<ul style="list-style-type: none"> • Customer satisfaction assessment • Brand reputation assessment • Instant feedback • Mystery shopping • Focus groups, workshops, seminars 	<ul style="list-style-type: none"> • Group Stakeholder Insight • Local Stakeholder Insight • Local marketing teams
Colleagues	<ul style="list-style-type: none"> • People Survey of professional engagement • Internal clients' perceptions of headquarters services • Group Intranet Portal • Departmental online communities 	<ul style="list-style-type: none"> • Group Stakeholder Insight • Global HR Management • Local HR • Group Internal Communications
Investors/shareholders	<ul style="list-style-type: none"> • Quarterly webcasts and conference calls to present results • One-on-one and group meetings, calls • Shareholders' meeting 	<ul style="list-style-type: none"> • Group Investor Relations • Group Sustainability for SRI investors
Regulators	<ul style="list-style-type: none"> • One-on-one and group meetings, calls 	<ul style="list-style-type: none"> • Group Institutional and Regulatory Affairs
Communities	<ul style="list-style-type: none"> • Surveys • Social media 	<ul style="list-style-type: none"> • Group Stakeholder Insight • Group Identity and Communications • Local Identity and Communications

Human Capital

Portrait in numbers¹

The data in this part of Supplement applies to UniCredit's employees (in Head Count) as of December 31, 2017-2016-2015. Our employee data does not include external staff (e.g., interns or consultants). The number reflects all employees of fully and proportionately consolidated entities. The data represents 100 percent of the population unless otherwise noticed.

In 2016, the alignment to the Global Job Model and Global Banding has been further extended within the Group. The decrease registered between 2015 and 2016 in number of Top managers reflects the roll-over of their new definitions through the different legal entities.

The sale of Bank Pekao and Pioneer Global Asset Management and their subsidiaries in 2017 may limit the comparison between 2016 and 2017. Starting from this report, data referred to Poland has been included in Other, also for 2016 (Head Count amounted to 18,997) and 2015 (Head Count amounted to 19,442).

2017 data shows a general decrease of the company's overall population, mainly due to the reorganization of the Group through our strategic plan. This decrease has also occurred in the Group's female presence indicators, due to actions such as the sale of Bank Pekao, which has a high number of female employees.

Percentage and number of employees by country and gender, 2015-2017

Country	Female 2017	Male 2017	Head Count 2017	Head Count 2016	Head Count 2015
Italy	44.98%	55.02%	44,957	49,408	50,259
Germany	54.25%	45.75%	17,472	19,183	20,496
Austria	54.81%	45.19%	9,363	9,985	10,545
Bosnia and Herzegovina	72.20%	27.80%	1,694	1,704	1,681
Bulgaria	77.40%	22.60%	4,566	4,534	4,574
Croatia	74.93%	25.07%	4,165	4,254	4,401
Czech Republic	65.74%	34.26%	4,063	4,136	4,107
Hungary	68.41%	31.59%	2,257	2,283	2,332
Romania	70.71%	29.29%	5,698	5,674	5,285
Russia	67.94%	32.06%	4,722	4,790	4,597
Serbia	62.53%	37.47%	1,281	1,231	1,177
Slovenia	64.39%	35.61%	570	562	596
Other ^A	58.13%	41.87%	1,507	21,077	26,924
Total	54.94%	45.06%	102,315	128,821	136,974

A. In 2017, Other includes: Brazil, Ireland, Latvia, Luxembourg, Poland, Singapore, Slovakia, United Kingdom and United States of America.

Percentage of employees by employment tier, 2015-2017

Employment tier	2017	2016	2015
Top Management	0.02%	0.01%	0.06%
Executive	0.40%	0.56%	0.58%
Middle Management	9.40%	9.25%	9.14%
Staff	90.19%	90.17%	90.22%
Total	100.00%	100.00%	100.00%

1. Numbers might not add up due to rounding reasons.

Percentage of employees by employment tier and gender, 2015-2017

Employment tier and gender	2017	2016	2015
Top Management			
Female	5.88%	10.53%	14.12%
Male	94.12%	89.47%	85.88%
Executive			
Female	16.26%	19.17%	18.71%
Male	83.74%	80.83%	81.29%
Middle Management			
Female	30.74%	31.83%	31.74%
Male	69.26%	68.17%	68.26%
Staff			
Female	57.64%	59.87%	60.75%
Male	42.36%	40.13%	39.25%

Percentage of employees by gender and contract type, 2015-2017

Gender	2017		2016		2015	
	Fixed-term	Permanent	Fixed-term	Permanent	Fixed-term	Permanent
Female	3.64%	51.29%	3.14%	53.91%	3.01%	54.81%
Male	2.20%	42.86%	1.81%	41.15%	1.54%	40.64%
Total	5.84%	94.16%	4.95%	95.05%	4.55%	95.45%

Percentage of employees by employment tier and age, 2016-2017

Employment tier	2017					2016				
	Up to 30 years	31-40 years	41-50 years	Above 50 years	Total	Up to 30 years	31-40 years	41-50 years	Above 50 years	Total
Top Management	0.00%	0.00%	23.53%	76.47%	100.00%	0.00%	0.00%	31.58%	68.42%	100.00%
Executive	0.00%	5.91%	43.35%	50.74%	100.00%	0.69%	9.38%	44.69%	45.24%	100.00%
Middle Management	0.92%	20.98%	41.95%	36.15%	100.00%	0.76%	21.37%	43.41%	34.45%	100.00%
Staff	12.00%	26.44%	29.92%	31.64%	100.00%	11.53%	26.46%	30.45%	31.55%	100.00%

Percentage of employees leaving employment by reasons, 2015-2017

Reason for leaving the Group	2017	2016	2015
Retirement - employees who left to retire ^A	2.09%	5.14%	4.95%
Restructuring - employees who left due to a common agreement or industrial plan negotiated with trade unions	45.47%	27.04%	14.28%
Individual agreements - employees who left due to individual or one-to-one agreements	5.60%	10.07%	21.26%
Employee resignation - employees who resigned	34.29%	37.95%	41.16%
Employer dismissal - employees who left the bank involuntarily	3.69%	6.62%	5.82%
Other - all remaining reasons, including ending of temporary contracts	8.85%	13.17%	12.52%
Total	100.00%	100.00%	100.00%

A. Retirements triggered by restructuring have been reported under restructuring rather than retirement.

Turnover for incoming employees by country, 2016-2017^A

Country	2017		2016	
	Number	Percentage	Number	Percentage
Italy	496	1.10%	676	1.37%
Germany	352	2.01%	548	2.86%
Austria	1,214	12.97%	365	3.66%
Bosnia and Herzegovina	109	6.43%	123	7.22%
Bulgaria	556	12.18%	584	12.88%
Croatia	237	5.69%	265	6.23%
Czech Republic	629	15.49%	630	15.23%
Hungary	327	14.49%	335	14.67%
Romania	1,269	22.27%	1,313	23.14%
Russia	863	18.28%	951	19.85%
Serbia	125	9.76%	153	12.43%
Slovenia	71	12.46%	18	3.20%
Other ^B	252	16.72%	853	4.05%
Total	6,500	6.35%	6,814	5.29%

A. Turnover rates for incoming employees are calculated as follows: (Employees hired during the year)/(Total employees at the end of the year)*100.
B. In 2017, Other includes: Brazil, Ireland, Latvia, Luxembourg, Poland, Singapore, Slovakia, United Kingdom and United States of America.

Turnover for outgoing employees by country, 2016-2017^A

Country	2017		2016	
	Number	Percentage	Number	Percentage
Italy	4,493	9.99%	1,896	3.84%
Germany	1,412	8.08%	1,669	8.70%
Austria	1,681	17.95%	1,155	11.57%
Bosnia and Herzegovina	91	5.37%	95	5.58%
Bulgaria	521	11.41%	622	13.72%
Croatia	331	7.95%	408	9.59%
Czech Republic	785	19.32%	607	14.68%
Hungary	334	14.80%	379	16.60%
Romania	1,160	20.36%	926	16.32%
Russia	930	19.70%	758	15.82%
Serbia	78	6.09%	98	7.96%
Slovenia	63	11.05%	52	9.25%
Other ^B	210	13.93%	1,478	7.01%
Total	12,089	11.82%	10,143	7.87%

A. Turnover rates for outgoing employees are calculated as follows: (Employees who left the Group during the year)/(Total employees at the end of the year)*100.
B. In 2017, Other includes: Brazil, Ireland, Latvia, Luxembourg, Poland, Singapore, Slovakia, United Kingdom and United States of America.

Turnover for incoming employees by gender^A and age^B, 2016-2017

Gender	2017		2016	
	Number	Percentage	Number	Percentage
Female	4,021	7.15%	4,083	5.56%
Male	2,479	5.38%	2,731	4.93%

Age	2017		2016	
	Number	Percentage	Number	Percentage
Up to 30 years	3,672	32.91%	4,109	30.45%
31 – 40 years	1,442	5.45%	1,857	5.57%
41 – 50 years	587	1.84%	535	1.31%
Above 50 years	799	2.43%	313	0.76%

A. Turnover rates for incoming employees are calculated as follows: (Employees hired during the year, by gender)/(Total employees by gender at the end of the year)*100.
B. Turnover rates for incoming employees are calculated as follows: (Employees hired during the year, by age)/(Total employees by age at the end of the year)*100.

Turnover for outgoing employees by gender^A and age^B, 2016-2017

Gender	2017		2016	
	Number	Percentage	Number	Percentage
Female	6,185	11.00%	5,816	7.91%
Male	5,904	12.80%	4,327	7.82%

Age	2017		2016	
	Number	Percentage	Number	Percentage
Up to 30 years	2,718	24.36%	2,660	19.71%
31 – 40 years	2,239	8.47%	2,465	7.39%
41 – 50 years	1,249	3.92%	1,422	3.48%
Above 50 years	5,883	17.89%	3,596	8.75%

A. Turnover rates for outgoing employees are calculated as follows: (Employees who left the Group during the year, by gender)/(Total employees by gender at the end of the year)*100.

B. Turnover rates for outgoing employees are calculated as follows: (Employees who left the Group during the year, by age)/(Total employees by age at the end of the year)*100.

Differential^A between female and male employee gross salaries^B by country and employment tier, 2016-2017^C

The percentage represents the weighted averages of women's average gross salary compared to men's.

Country	2017			2016		
	Executive	Middle Management	Staff	Executive	Middle Management	Staff
Italy	86.95%	85.94%	88.51%	90.62%	86.44%	89.10%
Germany	76.27%	84.59%	86.49%	74.03%	83.71%	86.42%
Austria	96.35%	90.14%	79.81%	92.80%	88.64%	83.29%
Bosnia and Herzegovina	93.85%	94.69%	89.84%	96.90%	90.35%	91.35%
Bulgaria	40.07%	92.29%	73.89%	Not available	90.46%	73.43%
Croatia	75.23%	90.10%	94.91%	71.84%	85.62%	88.62%
Czech Republic	Not applicable	75.02%	76.04%	Not applicable	81.60%	74.92%
Hungary	Not applicable	95.49%	81.83%	49.67%	96.50%	84.17%
Romania	57.32%	96.58%	83.40%	56.06%	100.62%	83.55%
Russia	60.12%	89.83%	73.80%	Not applicable	90.22%	74.51%
Serbia	Not applicable	83.32%	82.46%	88.59%	100.07%	94.51%
Slovenia	73.26%	101.88%	98.52%	86.42%	112.81%	97.61%

A. The ratios were calculated as follows: (Total gross salary of female employees/Total female FTE)/(Total gross salary of male employees/Total male FTE).

B. Gross salary: the full year fixed amount paid to an employee for performing his/her duties. It includes allowances provided related to specific positions.

C. Data represents 82.2 percent of the population for 2017 and 81.7 percent for 2016.

Differential^A between female and male employee total remuneration^B by country and employment tier, 2016-2017^C

The percentage represents the weighted averages of women's average remuneration compared to men's.

Country	2017			2016		
	Executive	Middle Management	Staff	Executive	Middle Management	Staff
Italy	79.19%	85.11%	88.48%	83.75%	86.86%	89.32%
Germany	67.38%	78.72%	83.94%	64.13%	77.15%	84.28%
Austria	88.91%	88.79%	78.68%	97.14%	86.90%	82.43%
Bosnia and Herzegovina	95.16%	94.46%	89.41%	88.61%	88.54%	90.13%
Bulgaria	39.57%	92.62%	73.84%	Not available	92.92%	72.99%
Croatia	76.92%	87.38%	94.79%	78.52%	83.55%	88.29%
Czech Republic	Not applicable	71.58%	74.97%	Not applicable	76.74%	73.29%
Hungary	Not applicable	95.89%	81.36%	42.89%	96.29%	83.45%
Romania	47.33%	94.59%	85.35%	45.94%	96.83%	83.23%
Russia	59.18%	88.16%	73.86%	Not applicable	90.31%	74.03%
Serbia	Not applicable	81.93%	81.67%	84.60%	98.07%	93.37%
Slovenia	74.03%	100.70%	99.16%	87.20%	116.36%	97.18%

A. The ratios were calculated as follows: (Total remuneration of female employees/Total female FTE)/(Total remuneration of male employees/Total male FTE).

B. Total remuneration: gross salary plus additional amounts such as bonuses including cash and/or available equity shares to reward individual performance and Company's results and any other no one-off payments.

C. Data represents 82.2 percent of the population for 2017 and 81.7 percent for 2016.

Diversity management

Percentage of permanent employees by gender and employment type, 2015-2017

Gender	2017		2016		2015	
	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time
Female	89.17%	48.41%	87.36%	52.07%	87.29%	53.15%
Male	10.83%	51.59%	12.64%	47.93%	12.71%	46.85%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Percentage of female with part-time contracts out of all women by employment tier, 2015-2017

Employment tier	2017	2016	2015
Executive	3.03%	3.60%	4.73%
Middle management	15.53%	12.91%	11.63%
Staff	25.31%	21.07%	19.71%

Number and percentage of employees promoted to higher contractual job grade by country and gender, 2017^A

Country	Number		Percentage	
	Female	Male	Female	Male
Italy	807	1,041	43.67%	56.33%
Germany	223	274	44.87%	55.13%
Austria	116	129	47.35%	52.65%
Bosnia and Herzegovina	78	40	66.10%	33.90%
Bulgaria	13	12	52.00%	48.00%
Croatia	290	118	71.08%	28.92%
Czech Republic	280	172	61.95%	38.05%
Hungary	36	21	63.16%	36.84%
Romania	300	113	72.64%	27.36%
Russia	24	30	44.44%	55.56%
Serbia	5	5	50.00%	50.00%
Slovenia	10	7	58.82%	41.18%
Other ^B	21	16	56.67%	43.24%
Total	2,203	1,978	52.69%	47.31%

A. Data represents 91.8 percent of the population for 2017.

B. In 2017, Other includes: Brazil, Ireland, Latvia, Luxembourg, Poland, Singapore, Slovakia, United Kingdom and United States of America.

Number of employees in protected categories^A by country, 2016-2017^B

Country	2017	2016
Italy	2,796	3,205
Germany	655	663
Austria	358	362
Bosnia and Herzegovina	10	10
Bulgaria	127	115
Croatia	36	36
Czech Republic	55	48
Hungary	0	10
Romania	12	11
Russia	123	130
Serbia	0	0
Slovenia	4	4
Other ^C	4	286

A. Employees in protected categories are reported according to the requirements of applicable local laws. Due to privacy reasons the employment tier breakdown is not reported.

B. Data represents 92.7 percent of the population for 2017 and 92.2 percent for 2016.

C. In 2017, Other includes: Brazil, Ireland, Latvia, Luxembourg, Poland, Singapore, Slovakia, United Kingdom and United States of America.

Training

Our Group received roughly €4 million in 2017 by leveraging our capacity to cover training costs with public funds.

Training hours per capita by employment tier and gender, 2016-2017

	2017			2016		
	Female	Male	Total	Female	Male	Total
Top Management	15.58	7.81	8.26	6.02	5.90	5.91
Executive	25.26	23.26	23.59	16.82	15.17	15.44
Middle Management	19.44	19.10	19.21	19.40	16.81	17.63
Staff	23.38	25.80	24.40	23.66	26.77	24.89
Total	23.18	24.80	23.91	23.44	25.17	24.17

This data was drawn from a population that represented 95.9 percent of the population for 2017 and 91.1 percent for 2016. Training hours included e-learning, classroom instruction and on-the-job training.

Industrial Relations²

At UniCredit, we strongly believe in the importance of social dialogue, particularly regarding the Group's labor practices. Social dialogue enhances our ability to cooperate, improves our listening skills and expands our understanding of domestic and global labor needs. A consistent, Groupwide approach has maintained our high standard of social dialogue in recent years, helping us to manage the challenging goals of our business strategies.

In every country where we operate, we remain committed to improving UniCredit's social dialogue, focusing on building on our strong European identity. At the national level, workers' interests may be represented in our Group by trade unions, works councils or other representatives, in line with applicable labor laws and local industrial relations systems. At the international level, workers are represented by the European Works Council (EWC), which, since it was founded in 2007, has worked to ensure the right to information and consultation on transnational Group topics that could significantly affect workers' interests. It currently has 35 members, representing 17 countries (Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Germany, Hungary, Ireland, Italy, Luxembourg, Poland, Romania, Russia, Serbia, Slovakia, Slovenia and the United Kingdom).

Over the past 10 years, UniCredit and the EWC have achieved important results, defining a distinctive global approach to industrial relations. The 4 joint declarations signed over the last decade demonstrate their success in improving social dialogue across Europe by establishing a global strategic overview that facilitates social dialogue at local levels.

The Joint Declaration on Training, Learning and Professional Development (December 2008) is based on the principle that learning is a lifelong, continuous and effective experience. It defines guidelines and principles that, respecting the different cultural, social and historical backgrounds of each country where UniCredit is present, should support all actors involved and serve as a point of reference for all strategies, activities and initiatives in the fields of training, learning and professional development.

2. This data is drawn from the following subset of Group entities (which represents 98.6 percent of the reporting boundaries) unless stated otherwise:

- Italy: UniCredit SpA, UniCredit Business Integrated Solutions SCpA, UniCredit Leasing SpA, FincoBank SpA
- Germany: UniCredit Bank AG, UniCredit Business Integrated Solutions SCpA
- Austria: UniCredit Bank Austria AG, UniCredit Business Integrated Solutions Austria GmbH, UniCredit Leasing (Austria) GmbH, Schoellerbank Aktiengesellschaft, Card Complete Service Bank AG
- Bosnia and Herzegovina: UniCredit Bank ad Banja Luka, UniCredit Bank dd
- Bulgaria: UniCredit Bulbank AD, UniCredit Leasing EAD, UniCredit Consumer Financing EAD
- Croatia: Zagrebačka Banka DD
- Czech Republic: UniCredit Bank Czech Republic and Slovakia as, UniCredit Business Integrated Solutions SCpA, UniCredit Leasing CZ as
- Hungary: UniCredit Bank Hungary Zrt, UniCredit Business Integrated Solutions SCpA, UniCredit Leasing Hungary Zrt
- Romania: UniCredit Bank SA, UniCredit Business Integrated Solutions SCpA, UniCredit Business Integrated Solutions Austria GmbH, UniCredit Leasing Corporation IFN SA, UniCredit Leasing Fleet Management Srl, UniCredit Consumer Financing IFN SA
- Russia: AO UniCredit Bank
- Serbia: UniCredit Bank Serbia Jsc
- Slovenia: UniCredit Banka Slovenija dd, UniCredit Leasing, leasing, doo.

The Joint Declaration on Equal Opportunities and Non-Discrimination (May 2009) is intended to be a point of reference for all employees to define the guidelines on sensitive issues such as diversity, equal opportunities and non-discrimination, with the purpose of creating a diverse corporate culture, improving the sense of belonging and enhancing the quality of life at work.

The Joint Declaration on Responsible Sales (May 2015) promotes joint principles and guidelines in UniCredit's commercial approach, defining the pillars by which they can be shared and respected: quality of products, customer centricity, employees' professional development, and organizational governance.

In November 2017, in a first for the European banking sector, UniCredit and the EWC signed a Joint Declaration on Work-Life Balance, aimed at promoting a set of specific, concrete actions to support work-life balance across the Group. The document calls for a general approach to setting target standards in all of UniCredit's legal entities and all of the countries where the Group is present, with five areas of focus: digitization, space and time flexibility, time management, well-being, and cultural change. In each of these focus areas, clear drivers are intended to guide and inspire country initiatives, in respect for local best practices already in place.

Percentage of employees covered by collective bargaining agreements, 2016-2017^A

Country	2017	2016
Italy	100%	100%
Germany		
UniCredit Bank AG	40.95%	45.60%
UniCredit Business Integrated Solutions SCpA	49.56%	51.10%
Austria ^B	100%	100%
Bosnia and Herzegovina	100%	100%
Bulgaria ^C	59.74%	60%
Croatia	100%	100%
Czech Republic	100%	100%
Hungary ^D	Not applicable	Not applicable
Romania		
UniCredit Bank SA		
UniCredit Consumer Financing IFN SA	93%	Not applicable
UniCredit Leasing Corporation IFN SA		
UniCredit Business Integrated Solutions SCpA	100%	100%
UniCredit Business Integrated Solutions Austria GmbH		
Russia	100%	100%
Serbia ^D	Not applicable	Not applicable
Slovenia	100%	100%

A. The collective bargaining agreement refers to national, sector and company level.

B. Refers to UniCredit Bank Austria AG.

C. Refers to UniCredit Bulbank AD.

D. There is no collective bargaining agreement at the branch and country level as of yet.

Notice period typically provided to employees and their elected representatives prior to implementing significant operational changes that could affect them substantially, 2017

Country	Notice period	Legal number of days notice	Notice period specified in collective bargaining agreements
Italy	Yes	25	Yes
Germany	No	Not applicable	Not applicable
Austria			
UniCredit Bank Austria AG	Yes	5 ^A	No
UniCredit Business Integrated Solutions Austria GmbH	No	Not applicable	Not applicable
Bosnia and Herzegovina	Yes	15	No
Bulgaria ^B	Yes	45	Yes
Croatia	Yes	14	Yes
Czech Republic			
UniCredit Bank Czech Republic and Slovakia, as UniCredit Leasing CZ as	Yes	60	No
UniCredit Business Integrated Solutions SCpA	Yes	60	Yes
Hungary	Yes	30	No
Romania			
UniCredit Bank SA	Yes	10 ^C	No
UniCredit Consumer Financing IFN SA			
UniCredit Leasing Corporation IFN SA	No	Not applicable	Not applicable
UniCredit Leasing Fleet Management Srl			
UniCredit Business Integrated Solutions SCpA	Yes	30	Yes
UniCredit Business Integrated Solutions Austria GmbH			
Russia	Yes	60	No
Serbia	No	Not applicable	Not applicable
Slovenia	Yes	8	Yes

A. 5 days to give notice to individual employees. No specific period for organizational changes.

B. Refers to UniCredit Bulbank AD.

C. Notice period might change according to the situation.

Welfare and work-life balance³

An adequate and proportionate balance between professional and private life has a positive impact on the workplace, productivity and employees' overall sense of belonging to a company, while also improving their quality of life and well-being.

Specific benefits are defined at the country level, due to differences in local laws and practices. In this respect, the Joint Declaration on Work-Life Balance represents the first step towards defining a Groupwide approach to this area.

UniCredit intends to continuously enhance its current practices, while fully respecting the specific features of individual countries. The innovative approach defined by the joint declaration aims to inspire and address local initiatives by identifying specific macro-areas of focus and promoting a set of concrete actions and clear drivers.

Retirement plans offered to employees, 2017

Country	Principal retirement plans	Contribution from employer	Contribution from employees
Italy ^A	Defined contribution plan	2% or 3% ^B	Minimum 0.5%
Germany			
UniCredit Bank AG	Defined contribution plan	BVV: 2.5 % of gross income up to gross yearly income of €61,548 Agfa: employer pays contributions of 0.25 gross monthly salary per year (1 gross monthly salary for "first and senior vice presidents")	2.5% of gross income up to a gross yearly income of €61,548
UniCredit Business Integrated Solutions SCpA	Defined contribution plan	2.5 % of gross income up to gross yearly income of €60,012	2.5% of gross income up to gross yearly income of €60,012
Austria			
UniCredit Bank Austria AG	Defined contribution plan	2.9% or more	Arrangements between the pension fund and employee are made on an individual basis
UniCredit Business Integrated Solutions Austria GmbH	Defined contribution plan	2.5% of the yearly gross salary	Arrangements between the pension fund and employee are made on an individual basis
Bosnia and Herzegovina	No plans	Not applicable	Not applicable
Bulgaria	No plans	Not applicable	Not applicable
Croatia	No plans	Not applicable	Not applicable
Czech Republic			
UniCredit Bank Czech Republic and Slovakia, as	Defined contribution plan	19,500 CZK (approximately €780), not applicable for all	Not specifically required
UniCredit Leasing CZ as	Defined contribution plan	15,000 CZK (approximately €600)	Not specifically required
UniCredit Business Integrated Solutions SCpA	No plans	Not applicable	Not applicable
Hungary			
UniCredit Bank Hungary Zrt UniCredit Leasing Hungary Zrt	Defined contribution plan	No	Max 10% of gross base salary
UniCredit Business Integrated Solutions SCpA	Defined contribution plan	Not specifically required	Max 50% of the minimum wage
Romania			
UniCredit Bank SA UniCredit Consumer Financing IFN SA UniCredit Leasing Corporation IFN SA UniCredit Leasing Fleet Management Srl UniCredit Business Integrated Solutions SCpA	Defined contribution plan	Approximately 100 RON (approximately €21) of the monthly salary	Arrangements between the pension fund and employee are made on an individual basis
UniCredit Business Integrated Solutions Austria GmbH	Defined contribution plan	Approximately 100 RON (approximately €21) of the monthly salary	Arrangements between the pension fund and employee are made on an individual basis
Russia	Defined contribution plan	7% of the monthly base salary	7% of the monthly base salary
Serbia	No plans	Not applicable	Not applicable
Slovenia	No plans	Not applicable	Not applicable

A. The reported contribution percentages refer to the second section of the Fondo Pensione per il Personale delle Aziende del Gruppo UniCredit, the pension fund currently open to new participants.

B. A further contribution of 2 percent for newly recruited staff (art. 46, paragraph 3 - National Collective Bargaining Agreement of ABI, March 3, 2015) is added to this assumption for 4 consecutive years; consequently, the contribution from the employer amounts to 4 percent for this category.

3. The tables under this paragraph refer to the perimeter defined at page S.41 - Industrial Relations.

Welfare system, 2017^A

Country	National mandatory welfare system	Voluntary company welfare system
Italy	Yes	Yes
Germany	Yes	Yes
Austria	Yes	Yes
Bosnia and Herzegovina	Yes	No
Bulgaria	Yes	Yes
Croatia	Yes	No
Czech Republic		
UniCredit Bank Czech Republic and Slovakia, as		
UniCredit Leasing CZ as	Yes	Yes
UniCredit Business Integrated Solutions SCpA	Yes	No
Hungary	Yes	Yes
Romania		
UniCredit Bank SA		
UniCredit Consumer Financing IFN SA		
UniCredit Leasing Corporation IFN SA	Yes	No
UniCredit Leasing Fleet Management Srl		
UniCredit Business Integrated Solutions SCpA		
UniCredit Business Integrated Solutions Austria GmbH	Yes	Yes
Russia	Yes	Yes
Serbia	Yes	Yes
Slovenia	Yes	No

A. The welfare system includes pension plan and/or health insurance plans, in accordance with different local laws. Any employee can access voluntary company welfare systems where available.

Transition assistance programs to support employees, 2017^A

Country	The program includes:				
	Pre-retirement planning for intended retirees	Retraining for those intending to continue working	Severance pay	Job placement services	Assistance transitioning to non-working life (training, counseling)
Italy	Yes	No	Yes	Yes	Yes
Germany					
UniCredit Bank AG	Yes	Yes	Yes	Yes	No
UniCredit Business Integrated Solutions SCpA	Yes	No	Yes	Yes	No
Austria					
UniCredit Bank Austria AG	Yes	Yes	Yes	Yes	Yes
UniCredit Business Integrated Solutions Austria GmbH	Yes	No	Yes	Yes	Yes
Bosnia and Herzegovina	No	No	Yes	No	No
Bulgaria ^B	No	No	Yes	No	No
Croatia	No	Yes	Yes	No	No
Czech Republic					
UniCredit Bank Czech Republic and Slovakia, as					
UniCredit Leasing CZ as	Yes	Yes	Yes	Yes	No
UniCredit Business Integrated Solutions SCpA	No	Yes	Yes	Yes	No
Hungary					
UniCredit Bank Hungary Zrt	No	No	Yes	Yes	Yes
UniCredit Leasing Hungary Zrt					
UniCredit Business Integrated Solutions SCpA	No	No	Yes	No	No
Romania	No	No	Yes	No	No
Russia	No	No	Yes	No	No
Serbia	No	No	Yes	No	No
Slovenia	Yes	No	Yes	No	No

A. In some cases, the programs are provided only in case of company restructuring/reorganization.

B. Refers to UniCredit Bulbank AD.

Health and safety management⁴

Health and safety in the workplace requires much more than meeting specific legal obligations. It must be a core value, with the ultimate goal of guaranteeing well-being at work through a combination of actions and systems.

UniCredit has launched numerous initiatives to help reach this objective, while ensuring full compliance with all applicable laws.

These include:

- adequate evaluation of risks (e.g., analysis and verification of staff work activities, including the nature of the job, the instruments for performing the job, work spaces, individual and collective protection measures, technical infrastructure and contractual matters – both for internal and contracted positions)
- realizing a higher level of wellness at work through dedicated initiatives, workshops and training courses.

In 2017, we launched a survey in Italy to evaluate work-stress related risks. This has helped to identify the main criticalities so they can be addressed with specific actions and solutions, shared with trade unions.

Formal joint management-worker health and safety committees, 2017

Country	Formal joint management-worker health and safety committee	Level at which the committee operates	Percentage of employees represented
Italy	No	Not applicable	Not applicable
Germany	Yes	Legal Entity	100%
Austria ^A	Yes	Legal Entity	100%
Bosnia and Herzegovina ^B	Yes	Legal Entity	100%
Bulgaria	Yes	Legal Entity	100%
Croatia	Yes	Legal Entity	100%
Czech Republic			
UniCredit Bank Czech Republic and Slovakia, as UniCredit Leasing CZ as	Yes	Legal Entity	100%
UniCredit Business Integrated Solutions SCpA	No	Not applicable	Not applicable
Hungary	No	Not applicable	Not applicable
Romania ^C	Yes	Legal Entity	100%
Russia	No	Not applicable	Not applicable
Serbia	No	Not applicable	Not applicable
Slovenia	No	Not applicable	Not applicable

A. Refers to UniCredit Bank Austria AG and Schoellerbank Aktiengesellschaft.

B. Refers to UniCredit Bank ad Banja Luka.

C. Refers to UniCredit Bank SA, UniCredit Business Integrated Solutions SCpA and UniCredit Business Integrated Solutions Austria GmbH.

4. The tables under this paragraph refer to the perimeter defined at page S.41 - Industrial Relations.

Formal agreements with employees' representatives on health and safety issues, 2017^A

Country	Existence of formal agreements with employees' representatives
Italy	No Agreements
Germany	
UniCredit Bank AG	No Agreements
UniCredit Business Integrated Solutions SCpA	Agreements at local level
Austria ^B	No Agreements
Bosnia and Herzegovina ^C	Agreements at local level
Bulgaria	Agreements at local level
Croatia	Agreements at local level
Czech Republic	Agreements at local level
Hungary	
UniCredit Bank Hungary Zrt	
UniCredit Leasing Hungary Zrt	Agreements at local level
UniCredit Business Integrated Solutions SCpA	No Agreements
Romania ^D	Agreements at local level
Russia	Agreements at local level
Serbia	No Agreements
Slovenia	No Agreements

A. The employees' representatives may refer to Trade Unions, Work Council, etc.

B. Refers to UniCredit Bank Austria AG and Schoellerbank Aktiengesellschaft.

C. Refers to UniCredit Bank ad Banja Luka.

D. Refers to UniCredit Bank SA, UniCredit Business Integrated Solutions SCpA and UniCredit Business Integrated Solutions Austria GmbH.

Rates of injury, 2016-2017^A

Country	2017		2016	
	Female	Male	Female	Male
Italy	2.04	1.18	2.31	1.46
Germany	3.72	1.64	4.10	1.65
Austria	0.61	0.30	1.62	0.61
Bosnia and Herzegovina	0.00	0.00	1.76	0.00
Bulgaria	0.56	0.00	0.14	0.00
Croatia	1.00	0.52	1.10	0.49
Czech Republic	0.87	0.00	0.30	0.00
Hungary	0.99	0.72	0.65	1.46
Romania	0.13	0.00	0.00	0.00
Russia	0.19	0.00	0.19	0.00
Serbia	0.00	0.00	0.00	0.00
Slovenia	2.74	2.50	4.07	0.00

A. This data was drawn from a population that represented 95.3 percent of the reporting boundaries. Injuries are recorded as per applicable local law. Country to country comparison can be misleading due to different tracking systems and differences in local laws. This was calculated as follows: (total no. of workplace injuries/total working hours)*1,000,000.

Rates of lost days, 2016-2017^A

Country	2017		2016	
	Female	Male	Female	Male
Italy	1.13	0.95	1.10	0.92
Germany	0.02	0.00	0.02	0.01
Austria	0.01	0.03	0.00	0.00
Bosnia and Herzegovina	0.18	0.00	0.22	0.09
Bulgaria	0.03	0.00	0.06	0.00
Croatia	0.20	0.00	0.31	0.13
Czech Republic	0.01	0.00	0.03	0.00
Hungary	0.02	0.06	0.01	0.00
Romania	0.00	0.00	0.01	0.00
Russia	0.00	0.00	0.01	0.00
Serbia	0.00	0.00	0.00	0.00
Slovenia	0.43	0.33	0.57	0.37

A. Data represents 96.8 percent of the population for 2017 and 95.8 percent for 2016. Injuries are recorded as per applicable local law. Country to country comparison can be misleading due to different tracking systems and differences in local laws. This was calculated as follows: (total no. of days of absence due to injuries/total working hours)*1,000,000.

Rates of absenteeism, 2016-2017^A

Country	2017		2016	
	Female	Male	Female	Male
Italy	8.62	7.67	8.66	7.48
Germany	8.19	5.31	7.89	5.26
Austria	10.16	8.68	10.14	9.29
Bosnia and Herzegovina	3.15	2.31	3.86	1.68
Bulgaria	4.67	1.95	4.53	2.41
Croatia	5.95	3.71	5.61	4.22
Czech Republic	5.90	2.99	5.40	2.67
Hungary	5.88	2.02	7.11	2.49
Romania	3.52	3.79	6.14	3.78
Russia	3.35	2.80	3.38	2.96
Serbia	17.04	0.91	2.13	1.77
Slovenia	9.05	4.94	8.84	4.91

A. Data represents 96.8 percent of the population for 2017 and 95.8 percent for 2016. Injuries are recorded as per applicable local law. Country to country comparison can be misleading due to different tracking systems and differences in local laws. This was calculated as follows: (total no. of days of absence/total working hours)*1,000,000. Days of absence refers to: injuries, illness, strikes and other reasons (e.g. medical controls, election days).

Disputes concerning labor, welfare issues, administrative bodies and discrimination⁵

Number of disputes concerning labor issues, 2017

Country	Opened prior to 2017	Opened in 2017	Closed in 2017	Open as Dec. 31, 2017
Italy	670	158	196	632
Germany				
UniCredit Bank AG	19	17	18	18
UniCredit Business Integrated Solutions SCpA	2	2	3	1
Austria				
UniCredit Bank Austria AG	13	6	13	6
UniCredit Business Integrated Solutions Austria GmbH	6	1	4	3
Bosnia and Herzegovina	45	0	6	39
Bulgaria	7	1	3	5
Croatia	28	1	1	28
Czech Republic				
UniCredit Business Integrated Solutions SCpA	1	1	2	0
Hungary				
UniCredit Bank Hungary Zrt	0	1	1	0
Romania				
UniCredit Bank SA	4	4	5	3
Russia	1	2	2	1
Serbia	10	0	3	7
Slovenia	0	1	1	0

Number of disputes concerning welfare issues, 2017

Country	Opened prior to 2017	Opened in 2017	Closed in 2017	Open as Dec. 31, 2017
Italy	67	5	12	60
Croatia	0	1	1	0

Number of disputes concerning administrative bodies, 2017

Country	Opened prior to 2017	Opened in 2017	Closed in 2017	Open as Dec. 31, 2017
Italy	2	0	0	2
Czech Republic				
UniCredit Bank Czech Republic and Slovakia, as	0	1	1	0
UniCredit Leasing CZ as	0	2	2	0

Number of disputes concerning discrimination, 2017

Country	Opened prior to 2017	Opened in 2017	Closed in 2017	Open as Dec. 31, 2017
Italy	1	0	0	1
Germany				
UniCredit Bank AG	1	0	0	1
Romania				
UniCredit Bank SA	1	1	1	1

5. This data is drawn from the following subset of Group entities unless stated otherwise:

- Italy: UniCredit SpA, UniCredit Business Integrated Solutions SCpA, UniCredit Leasing SpA, FinecoBank SpA
- Germany: UniCredit Bank AG, UniCredit Business Integrated Solutions SCpA
- Austria: UniCredit Bank Austria AG, UniCredit Business Integrated Solutions Austria GmbH
- Bosnia and Herzegovina: UniCredit Bank ad Banja Luka, UniCredit Bank dd
- Bulgaria: UniCredit Bulbank AD
- Croatia: Zagrebačka Banka DD
- Czech Republic: UniCredit Bank Czech Republic and Slovakia as, UniCredit Business Integrated Solutions SCpA, UniCredit Leasing CZ as
- Hungary: UniCredit Bank Hungary Zrt, UniCredit Business Integrated Solutions SCpA, UniCredit Leasing Hungary Zrt
- Romania: UniCredit Bank SA, UniCredit Business Integrated Solutions SCpA, UniCredit Business Integrated Solutions Austria GmbH, UniCredit Leasing Corporation IFN SA, UniCredit Leasing Fleet Management Srl, UniCredit Consumer Financing IFN SA
- Russia: AO UniCredit Bank
- Serbia: UniCredit Bank Serbia Jsc
- Slovenia: UniCredit Banka Slovenija dd, UniCredit Leasing, leasing, doo

Due to improved data collection process, some figures may differ from data presented in the 2016 Integrated Report.

Social and relationship Capital

Customer distribution

Number of customers by division and country as of December 31, 2017

Commercial Banking Division	Number
Italy	
Retail	7,433,055
Corporate	48,915
Private Banking	148,616
Germany	
Retail	1,220,779
Corporate	300,128
Private Banking	40,307
Austria	
Retail	1,618,853
Corporate	20,423
Private Banking	27,677
Non-Core	83,917
Asset Gathering Division	1,147,387
CEE Retail Division	
Bosnia and Herzegovina	662,186
Bulgaria	1,004,217
Croatia	977,119
Czech Republic (incl. Slovakia)	515,801
Hungary	314,090
Romania	686,582
Russia	622,080
Serbia	247,539
Slovenia	65,623
CEE Corporate Division	
Bosnia and Herzegovina	3,808
Bulgaria	12,458
Croatia	6,119
Czech Republic (incl. Slovakia)	25,582
Hungary	8,786
Romania	7,627
Russia	5,630
Serbia	4,005
Slovenia	2,499
CEE Private Banking Division	
Bulgaria	1,931
Croatia	2,510
Czech Republic (incl. Slovakia)	12,013
Hungary	1,209
Romania	1,001
Russia	1,761
Slovenia	346

Customer satisfaction

After years of experience and acquired knowledge in gathering insights from customers and prospects, UniCredit has defined a new approach, not only based on reputation, which combines an overall view in terms of satisfaction and brand positioning, with a more complete set of KPIs business-related as acquisition potential, cross selling opportunities, attrition risk, share of wallet.

The new main KPI is the Customer First Index, based on 2 questions: overall satisfaction and preference. The name of this indicator is embedded in the first of our Five fundamentals which indicates “The ability to put the client’s real problems and opportunities at the core of any activity”.

Compared to what done in the past, with the Benchmarking study we simplified and made more effective and efficient the general approach with the following benefits:

- One survey cross segment and cross country with only one provider
- Double Blind approach – Random selection of UniCredit and competitors’ clients by research provider
- Shorter questionnaire – reduced complexity and lowered time & cost to gain insight.

The Customer First Index is measured generally two times per year across all Group countries, while additional surveys could be carried out in line with local needs.

Customer First Index results, 2017

Country	Retail	Retail Competitors results	Corporate	Corporate Competitors results
Italy	62	63	57	58
Germany	58	63	51	52
Austria	50	63	55	61
Bosnia and Herzegovina				
UniCredit Bank ad Banja Luka	71	70	67	66
UniCredit Bank dd	72	70	71	63
Bulgaria	64	62	62	60
Croatia	68	67	69	68
Czech Republic and Slovakia	74	65	Not available	Not available
Hungary	61	58	60	59
Romania	69	63	60	56
Russia	73	71	83	68
Serbia	64	59	54	56
Slovenia	72	63	63	50

Handling complaints

UniCredit's approach to complaints management is driven by the belief that a continuing dialogue and swift responses are fundamental to addressing and improving our service quality and customer satisfaction. Clients can submit their complaints through a number of channels, including email, written letter or in person at one of our branches. Complaints are then managed locally or centrally, depending on the subject or type.

As far as verbal complaints are concerned, the goal is to improve the efficiency of our responses to various events (Errors, Delays, Malfunctions and Churn Rate); rapid resolutions increase customer satisfaction and enhance their confidence in the bank.

The adequate management of complaints is fundamental to achieving operational excellence and reducing risks. Complaints may highlight areas where service quality can be improved, with positive effects on risk mitigation. In addition, an effective and efficient management of complaints is an opportunity to re-establish a satisfactory relationship with the customers.

As per our Global Compliance Guidelines - Complaint Management a complaint is any form of dissatisfaction expressed by a current, potential or former customer, certainly recognizable regarding the manner in which the Group has managed a banking, finance or insurance transaction or service. Each UniCredit legal entity develops and regulates its own complaint management processes and defines the methods and timing applied to settling complaints in accordance with their type and the manner of communication chosen by the customer.

Retail division: number of recorded complaints^A

Country	2017		2016		2015	
	Recorded (written and verbal)	Written	Recorded (written and verbal)	Written	Recorded (written and verbal)	Written
Italy	298,160	38,029	350,355	38,338	367,032	32,484
Germany ^B	27,078	5,245	38,009	6,159	67,851	26,168
Austria	42,906	2,601	32,321	1,776	55,961	2,502
Bosnia & Herzegovina	5,892	684	6,124	1,347	4,773	1,274
Bulgaria ^C	2,399	2,332	2,567	2,494	2,516	2,516
Croatia	30,376	6,218	30,184	6,502	32,422	9,279
Czech Republic	12,979	8,627	7,949	4,627	7,638	4,656
Hungary	7,318	4,226	8,208	4,342	12,306	7,413
Romania	4,112	2,864	4,394	2,350	4,136	2,366
Russia	27,657	19,249	30,177	21,137	30,189	23,392
Serbia ^D	925	925	744	744	778	769
Slovakia	4,554	3,955	4,127	3,983	4,556	4,484
Slovenia	1,430	846	1,849	869	1,594	890

A. In Italy, Germany and Austria the complaints refer to Individuals and Small Business. In our CEE Countries the complaints refer to Retail division. Totals are not provided because definitions and recording methods have not been completely aligned across all countries.

B. In 2017 and 2016, complaints refer only to Individuals.

C. In 2015 all complaints were considered as written.

D. Since 2016, according to local law all the complaints are considered as written.

Financial inclusion

Percentage of total branches in sparsely settled or economically disadvantaged areas as of December 31, 2017^A

Country ^B	Percentage
Italy	19.7%
Bosnia and Herzegovina	100.0%
Bulgaria	100.0%
Croatia	100.0%
Czech Republic	48.8%
Hungary	100.0%
Romania	100.0%
Russia	100.0%
Serbia	100.0%
Slovakia	82.8%
Slovenia	38.5%

A. Relating to EU Countries, in order to identify disadvantaged areas, we used the NUTS classification (Nomenclature of Territorial Units for Statistics: a hierarchical system for dividing up the economic territory of the EU). In particular, we considered those regions at level 2 of the NUTS classification whose GDP (Gross Domestic Product) per inhabitant is less than 75 percent of the Community average (http://ec.europa.eu/eurostat/statistics-explained/index.php/GDP_at_regional_level#Regional_GDP_per_capita). Based on this classification, there are no sparsely settled or economically disadvantaged areas in Austria and Germany.

B. In Bosnia and Herzegovina, Bulgaria, Croatia, Hungary, Romania, Russia and Serbia, we considered as disadvantaged areas the whole territory, since for a study of the IMF published in October 2017 these countries are considered emerging markets and developing economies (<https://www.imf.org/en/Publications/WEO/Issues/2017/09/19/world-economic-outlook-october-2017>).

Adherence to legal standards and voluntary codes related to marketing and communications

UniCredit follows the Code of Marketing Communication Self-Regulation (www.iap.it) disseminated by the Istituto dell'Autodisciplina Pubblicitaria (IAP), which commits its subscribers to transparent and honest advertising practices.

UniCredit is also a member of the Utenti Pubblicità Associati (UPA), which supports the IAP. All UniCredit entities follow the regulations disseminated by these bodies, particularly when local codes do not provide guidance on topics covered by the UPA.

All advertising and communication activities at UniCredit are managed by our Group Identity & Communications department, which is responsible for assuring the effective application of the IAP's code, as well as the oversight of the UniCredit Supervisory Body.

In advertising related to investment products, all texts are submitted to the Commissione Nazionale per le Società e la Borsa (CONSOB) in Italy so they can be evaluated for regulatory compliance and consistency with the principles of truth and transparency.

Main legal standards and voluntary codes related to marketing and communications adopted by Group Legal Entities

Country	Description
Austria	Advertising Industry Ethics Code of the Austrian Society for Self - Regulation in Advertising (Werberat)
Bosnia and Herzegovina	Consumer Financial Protection Act which covers products and services advertisement, regulated by the Communications Regulatory Agency (CRA), which is established by the Law on Communications of Bosnia and Herzegovina and operates as an independent agency
Bulgaria	Code of Ethics of the Association of Banks in Bulgaria
Croatia	Code of Advertising issued by the Croatian Association of Advertising Agencies

Environmental performance indicators¹

Scope 1: direct GHG emissions (tons CO₂ e), 2015-2017^A

Country	2017	2016	2015
Italy	27,488	40,042	40,147
Germany	19,622	17,825	16,466
Austria	2,721	2,560	2,716
CEE	13,480	10,922	10,559
Total	63,310	71,349	69,887

A. GHG emissions from sources owned or controlled by our Group, which includes direct energy consumption, road business travel and refrigerant gas leakages. Data for 2016 covers a number of Legal Entities corresponding to a full-time equivalent of more than 93,000 for direct energy consumption and more than 84,000 for road business travel. Data for 2015 covers a number of Legal Entities corresponding to a full-time equivalent of more than 96,000 for direct energy consumption and more than 87,000 for road business travel.

Scope 2: indirect GHG emissions (tons CO₂ e), 2015-2017^A

Country	2017	2016	2015
Italy	95,729	98,139	107,234
Germany	65,843	67,770	67,801
Austria	16,589	17,055	17,398
CEE	49,305	47,622	47,199
Total	227,467	230,587	239,632

A. GHG emissions from purchased electricity, steam and heating/cooling consumed by equipment or systems owned or controlled by our Group. Data for 2016 and 2015 covers a number of Legal Entities corresponding to a full-time equivalent of more than 93,000 and more than 96,000, respectively.

The table above reports our Scope 2 emissions according to the location-based calculation method. The GHG Protocol Scope 2 Guidance issued in 2015 details a parallel emissions calculation according to the market-based method: under this approach our 2017 Scope 2 emissions are 82,808 tons CO₂e. The source for the Residual Mix emission factors we applied in this calculation (where available) is the 2016 European Residual Mixes, V.1.2, published by Association of Issuing Bodies (AIB) in June 2017.

The Scope 2 component of Group GHG emission reduction objectives refers to emissions calculated in accordance with the location-based method.

Scope 3: other indirect GHG emissions (tons CO₂ e), 2015-2017^A

Country	2017	2016	2015
Italy	4,581	5,031	6,092
Germany	2,362	2,555	2,938
Austria	813	871	1,261
CEE	2,051	1,948	2,097
Total	9,806	10,406	12,388

A. GHG emissions from air and rail business travel, from copy paper consumption, and from glass, paper and plastic disposal. Data for 2017 covers the full 2017 Integrated Report perimeter, except for rail business travel which covers a full-time equivalent of more than 86,000. Data for 2016 covers a number of Legal Entities corresponding to a full-time equivalent of more than 92,000 for copy paper consumption, more than 84,000 for air and rail business travel, and more than 90,000 for glass, paper and plastic disposal. Data for 2015 covers a number of Legal Entities corresponding to a full-time equivalent of more than 94,000 for copy paper consumption, more than 87,000 for air and rail business travel, and more than 93,000 for glass, paper and plastic disposal.

1. The sale in 2017 of Bank Pekao and Pioneer Global Asset Management, including their subsidiaries, may limit the comparison of 2017 data with that of 2016 and 2015. Furthermore, due to new reporting requirements, the 2017 data perimeter differs to that of previous years, including now the full set of legal entities included in the 2017 Integrated Report perimeter, corresponding to more than 89,000 full-time equivalents. Due to improved processes in data collection, calculation and to periodical updates of GHG emission factors, several figures may differ from data presented in the 2016 Integrated Report. Country-to-country comparisons may be misleading as different tracking systems should be taken into account.

Energy consumption per employee (GJ/capita), 2015-2017^A

Country	2017	2016	2015
Italy	32	33	34
Germany	47	44	43
Austria	60	61	54
CEE	23	23	24

A. Data for 2016 and 2015 covers a number of Legal Entities corresponding to a full-time equivalent of more than 93,000 and more than 96,000, respectively.

Copy paper consumption per employee (kg/capita), 2015-2017^A

Country	2017	2016	2015
Italy	57	61	50
Germany	30	31	31
Austria	36	40	39
CEE	50	51	52

A. Data for 2016 and 2015 covers a number of Legal Entities corresponding to a full-time equivalent of more than 107,000 and more than 110,000, respectively.

Approximately 97 percent of copy paper used Groupwide holds an environmental label: 20 percent Total Chlorine-free (TCF) or Elementary Chlorine-Free (ECF), 52 percent Forest Steward Council (FSC) certified, 24 percent both TCF/ECF and FSC.

Water usage per employee (m³/capita), 2015-2017^A

Country	2017	2016	2015
Italy	36	30	31
Germany	17	15	20
Austria	39	37	34
CEE	11	13	13

A. Data for 2016 and 2015 covers a number of Legal Entities corresponding to a full-time equivalent of more than 106,000 and more than 110,000, respectively.

Waste production per employee (kg/capita), 2015-2017^A

Country	2017	2016	2015
Italy	88	73	84
Germany	387	451	358
Austria	288	243	213
CEE	151	175	170

A. Data for 2016 and 2015 covers a number of Legal Entities corresponding to a full-time equivalent of more than 90,000 and more than 93,000, respectively.

Waste by disposal method (%), 2016-2017^A

Country	Separation and recycling of valuable materials		Incineration		Disposal in landfill		Other treatment	
	2017	2016	2017	2016	2017	2016	2017	2016
Italy	97.14	96.37	1.42	1.80	0.00	1.75	1.44	0.08
Germany	67.88	73.07	32.08	26.89	0.00	0.00	0.04	0.04
Austria	86.49	91.33	13.51	8.67	0.00	0.00	0.00	0.00
CEE	24.20	23.00	4.08	4.13	67.68	70.58	4.03	2.29

A. Data for 2016 and 2015 covers a number of Legal Entities corresponding to a full-time equivalent of more than 90,000 and more than 93,000, respectively.