

Social and relationship Capital

Close relations with our main stakeholders create long-term value and support individual and collective growth.

OUR STOCKS OF CAPITAL



RESULTS

- More than **800,000** feedbacks provided by stakeholders
- **€33.4 million** contributions to communities

COMMUNITY IMPACTS



2019 PRIORITIES

- Further exploiting the potential of *Social Impact Banking* in Italy and extending the scope of activities at international level

Our approach to social and relationship capital

The viability of our business depends on our ability to sustain strong relationships with customers and the wider community. In our approach, we aim to improve how people live and how businesses operate, supporting the well-being and competitiveness of the countries where we work.

We are a main actor in the banking sector in many countries. As such, we are an engine of their economy, playing a central role in stimulating socially-inclusive growth. As part of our strategy, the Group has invested in forming a better understanding of the sustainability of its business and its effects on communities.

UniCredit strongly supports the United Nations' 2030 Agenda for Sustainable Development¹ which promotes sustainable practices in all sectors. Increasing well-being and fostering prosperity in our communities also happen to be good for business: communities that develop positively offer the necessary conditions for everyone to thrive.

MATERIAL TOPICS



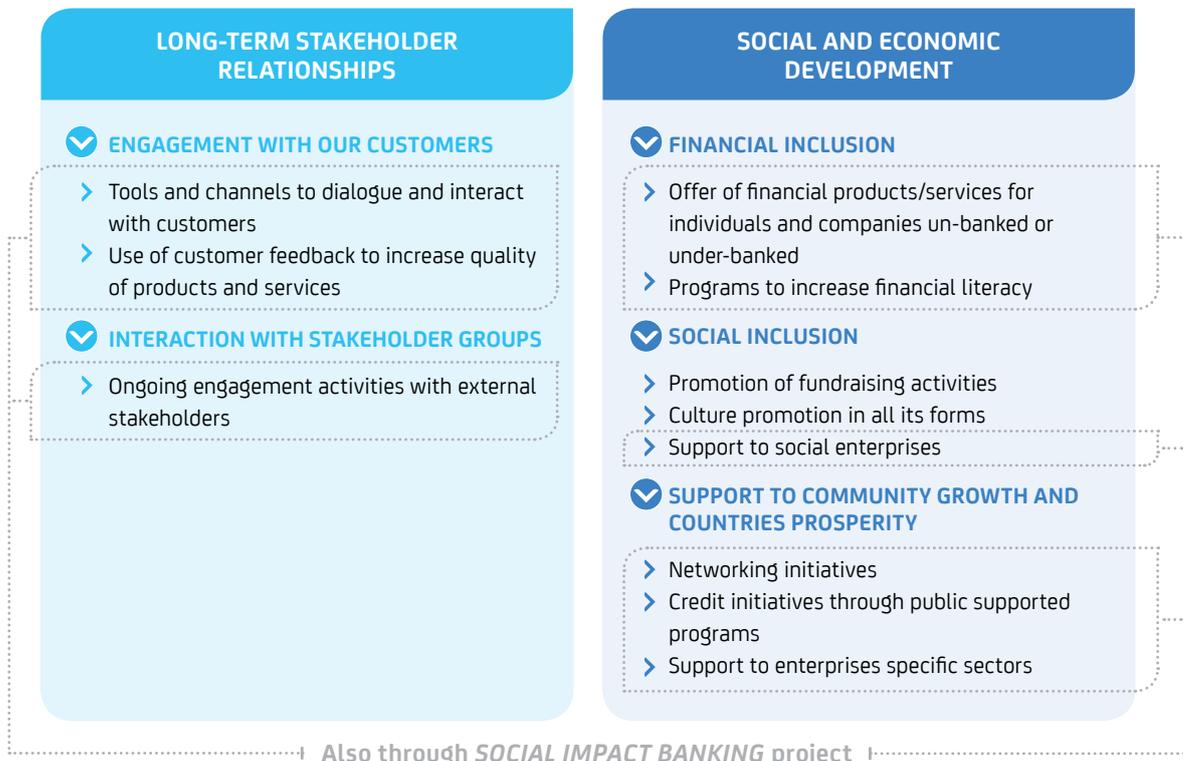
Contribution to SDGs¹ with our investments in Social and relationship Capital



Last year, in order to reinforce our approach, we launched the *Social Impact Banking* project,² with the aim of helping people at risk of financial exclusion and organisations dedicated to tackling social problems.

Helping to develop the communities where we operate is a cornerstone of our mission as a bank.

Our investments to develop our Social and relationship Capital



1. Refer to Stakeholder Engagement chapter for more information.

2. Refer to the Focus at the end of this chapter for more information on the *Social Impact Banking* project.

Invest in long-term stakeholder relationships

Engaging with stakeholders is essential to building trust. We are investing in a series of initiatives that enhance collaboration and ongoing dialogue with our key stakeholder groups.

Engaging with our customers

UniCredit aims to provide its clients with a unique customer experience based on a high-quality service approach - starting with listening to its customers.

After years of experience, acquiring knowledge and gathering insights from customers and prospective customers, UniCredit implemented the *Benchmarking Study* in 2017, which provides a more objective view of our clients' and prospects' perception of UniCredit's local banks and their relationship with these banks.

In this context, the *Benchmarking Study* supports the first of UniCredit's *Five Fundamentals* which addresses the ability to make the customer's real problems and opportunities central to any activity.

The *Benchmarking Study* provides the following benefits:

- a unique and comparable view of bank perception regarding customer and brand experience across countries and segments
- a fair comparison between UniCredit and its competition based on a random selection of UniCredit customers and those of competitors by a research provider in line with the practices of fast moving consumer goods companies
- reduced complexity, allowing for a quicker definition of action plans after delivery of results.

The main KPI measuring improved customer proximity is the *Customer First Index*³ which considers two aspects: overall satisfaction and preference.

To complement UniCredit's listening activity framework, we use big data and artificial intelligence, collect requested feedback and analyse unsolicited evidence through:

- instant feedback - each local UniCredit entity has developed a specific procedure to gather feedback from customers after interacting with the bank. Alerting systems and dashboards are implemented to identify potential claims. In particular, specific processes were developed this year to collect feedback regarding the bank's digital channels
- web listening - UniCredit is implementing a specific procedure which monitors not only social media channels but also the open web. Screening discussions related to UniCredit helps to identify and anticipate the real needs of customers and sentiment towards the bank.

Group stakeholder integrated listening



3. Refer to the Supplement - Social and relationship Capital section for more information.

Group-wide, our complaint management systems allow us to identify sources of customer concern and promptly resolve them to their satisfaction.

The Customer Experience Committee in Romania is a monthly committee. Its mission is to analyse all issues arising from customer complaints that might have an impact on customer experience and satisfaction, and to propose, monitor and implement improvement actions for processes and products.

In Russia, e-learning courses for bank retail employees have been launched: we have frequently seen that appropriate training reduces the number of operational mistakes by employees which, in turn, led to a decrease in reimbursement costs by 10 percent in 2018 compared to 2017.

Some internet banking updates were implemented: for instance, a predefined set of topics was created for free format requests in internet and mobile banking in order to shorten response time and move support questions to online chat functions where the response time is 20 seconds (compared to 33 hours for free format requests).

Our social media presence offers greater opportunities for interaction: our customers can engage with us directly over social networks. In order to understand and anticipate customers' needs and provide tailor-made solutions, we offer social media customer care in the majority of the countries where we are present.

Customers can post comments or send private messages to request information or assistance, and, by directly forwarding their messages to our customer care offices, we can ensure a rapid response time. This also helps us by providing a prompt evaluation of how customers perceive our services and what we offer, and allows us to track evolving behaviour.

• 2018 highlights in Italy:

- around 27,000 requests managed on social networks
- 100 percent of questions answered
- average resolution time: less than 2 hours during service time (Monday to Friday, from 9am to 7pm).

Interacting with stakeholder groups

Open interaction with key stakeholders helps us build a sound banking environment based on transparency and mutual understanding.

Our broad base of stakeholders include regulators, investors, rating agencies and consumer associations with whom we work constructively via a variety of channels. We communicate through our corporate websites, annual reports and social media platforms, participate in meetings, forums and other events and conduct numerous consultations and surveys.

UniCredit is a Global Systemically Important Bank (G-SIB) and, as a pan-European bank, is subject to various regulations and supervisory authorities. For this reason, we engage with **regulators** at national, European and international level.

For example, in Italy our banks were the first admitted on a voluntary basis to the tax cooperative compliance regime, starting from 2016, which allowed us to engage in constructive dialogue with the national tax authority including during 2018. UniCredit Services SCpA was also admitted to the same regime in 2018 (effective from 2017). This enhanced cooperation offered the opportunity to better clarify tax matters and agree on solutions in advance based on transparency and collaboration. It follows in the footsteps of other similar positive experiences of tax cooperative compliance already adopted in some of the countries where we operate.⁴

At European level, the key regulatory debates in which UniCredit has been involved in 2018 include:

- the European risk reduction package reforms which aim to reduce risks in the EU banking sector. This comprehensive package of reforms includes, inter alia, measures to increase the resilience of EU banks and improve their lending capacity in order to support the economy; an agreement on the final reform text is expected in early 2019
- discussions with the European Central Bank and other European institutions concerning the proposals to introduce additional provisions for new Non Performing Loans (NPLs). In these discussions, we aim to mitigate the impact of the proposed measures and their consequences for our customers.

MATERIAL TOPICS



4. Ireland and United Kingdom.

Our Strategy

→ **Social and relationship Capital**

In 2018, our **investor** engagement included 507 meetings and 27 roadshow days with institutional, retail and socially responsible investors.

In addition, we maintained an ongoing interaction with sustainability **rating agencies** in response to increasing requests by investors for greater transparency, more stakeholder engagement and stronger sustainability management.

Our sustainable performance is reflected in the key external ratings we received in 2018.

UniCredit sustainability ratings 2018



120 most advanced companies in the Eurozone region



Management B (Climate Change)



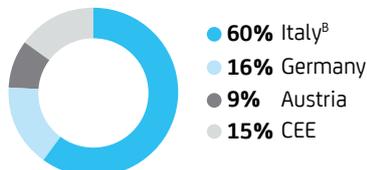
Our Group remains committed to strengthening consumer protection and improving their awareness. In Italy, *Noi&UniCredit*, our longstanding partnership with national **consumer associations** which has been in place since 2005, was expanded in 2018 to include 13 different associations. During the year, the focus of our collaboration was on savings and investments. Among other initiatives, a Guide to Responsible Investing was created for distribution to all UniCredit retail and private banking branches. It was also published on UniCredit's website and the websites of partner consumer associations and was the subject of a campaign on our social media channels. We also developed a savings and financial planning communication campaign in cooperation with Unione Nazionale Consumatori, to raise awareness for 25-35 year-olds of the need to be financially responsible. Finally, in cooperation with Adiconsum we created the *EducAzioni* project in order to strengthen consumer awareness on key financial issues. Six videos were produced and an online educational path created which we showcased through an online and social media campaign.

Invest in social and economic development

We strive to support the growth of our communities and in addition to our traditional banking activities, we implement corporate citizenship and philanthropic initiatives that support financial and social inclusion. In 2018, we contributed approximately €33.4 million⁵ to communities, as measured by the London Benchmarking Group model (LBG). We also highlight our investments in the *Social Impact Banking* project as measured by the new LBG Business Innovation for Social Impact reporting framework.

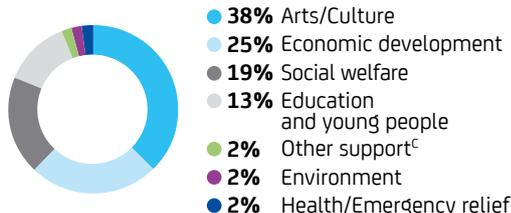
Community contributions

By geography, 2018^A 100% = €26.5 million



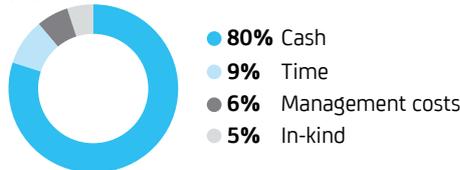
A. Data refer to cash contributions only.
B. Includes also UniCredit Foundation.

By focus, 2018^A 100%^B = €33.4 million



A. Includes Group cash contributions and - for Italy, Germany and Austria only - time, in-kind resources and management costs. Management costs are attributed proportionally based on contributions by focus.
B. Numbers might not add due to rounding reasons.
C. Other support refers to activities that cannot be classified.

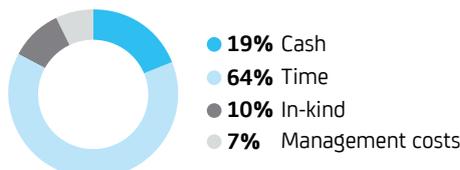
By type, 2018^A 100% = €33.4 million



A. Includes Group cash contributions and - for Italy, Germany and Austria only - time, in-kind resources and management costs. Management costs are attributed proportionally based on contributions by focus

Business Innovation for Social Impact (related to Social Impact Banking project)

By type, 2018^A 100% = €5.6 million



A. Data includes cash contributions, time, in-kind resources and management costs. Resources invested during 2017 to set up the initiative (€1.4 million) are included.

5. 2018 data are based on internal cost management data sources. €31.9 million, measured by the LBG model, include Groupwide cash contributions and, for Italy, Germany and Austria only, the value of employees' time, in-kind resources and management costs. Aside from contributions tracked using the LBG model, total contributions to communities include an additional roughly €1.5 million for business initiatives focusing on the economic development in our territories. Additionally, we engaged colleagues in these community initiatives and attracted contribution from third parties for approximately €1.9 million.



Fostering financial inclusion

UniCredit works to promote stronger economic participation. We believe that by making it easier for people to access financing, we can help reduce poverty and stimulate community progress.

We offer a broad range of customised solutions to allow individuals and businesses to gain ready access to financial products and services, whether for personal projects or important business activities. Moreover we are strongly committed to helping people and entrepreneurs improve their personal financial skills to enable them to make responsible financial choices. A few examples of the solutions we offer in our countries are provided below.

YOUNG PEOPLE

Italy: more than 36,000 *Carta Flexia* credit cards with a 40 percent discount on the annual fee were offered to customers aged 18 to 30, as of 2018
Germany: more than 16,500 customers under 26 took advantage of the free-of-charge *StartKonto*
Croatia: more than 30,000 customers benefitted from *Package for Young*, offering basic banking services free of charge to under 25.

ELDERLY

Bosnia and Herzegovina: more than 2,500 customers over 65 benefitted from the *Modula* package, tailored to their needs and preferences
Romania: in the second half of 2018, more than 3,900 retired customers took advantage of the *Genius Pensionar* current account with pricing benefits.

LOW-INCOME INDIVIDUALS AND FAMILIES

UniCredit's offer includes accounts free of charge or at a reasonable fee which provide advantageous conditions for vulnerable customers.

DISABLED

Austria: all branches are barrier-free
Bosnia and Herzegovina: priority service and a designated space for easiness of access are provided for customers with disabilities.

In 2018, we continued to engage in a range of financial education programmes, targeting several demographics.⁶ Our training programmes include face-to-face and digital sessions.

In Italy, our *In-Formati* programme included approximately 15,000 participants in 388 training sessions on banking and finance, while our *Save4You* lessons on savings and investments involved roughly 10,000 participants in 100 towns. Our *Digital and Export Business School* for entrepreneurs gave over 330 companies from several sectors the opportunity to focus on strategic topics, such as export management and digitisation.

Our *UniCreditTalk* promoted three online discussions and networking events for experts, banks and entrepreneurs. These broadcasts connected approximately 3,900 entrepreneurs in live streaming sessions and were designed to strengthen their understanding of key issues in their sectors.

In Germany, 153 participants attended 10 workshops to gain basic financial knowledge and help them search for their first jobs. We continued to support German start-ups and young entrepreneurs through the *BayStartUp* programme, which offered training to more than 5,000 participants in 72 workshops in the 2018 edition. Our educational web portal registered more than 19,000 visitors interested in essential financial knowledge.

In Austria, we focused on social entrepreneurship with initiatives such as the *Business Plan Contest* for high-school students and the new *NEXT-Award and Programme on Social Entrepreneurship* in cooperation with Vienna University of Economics and Business in 2018.

In Bulgaria, our *Finance for Non-Financials* programme aims to improve the financial culture of the country population, offering expert knowledge via the bank's corporate blog and digital channels. In 2018, this educational programme received roughly 49,400 page views.

6. Young people, elderly, families, immigrants, opinion makers, non-profits, small and medium enterprises (SME).

Our Strategy

→ Social and relationship Capital

Encouraging social inclusion

In 2018, we continued to work on improving the social welfare and the well-being of our communities by promoting fundraising activities, supporting social enterprises and promoting culture in all its forms.

FUNDRAISING ACTIVITIES

Gift Matching Programme⁷: established in 2003, this UniCredit Foundation initiative matches donations made by Group colleagues to non-profit organisations every year. The 16th edition was redesigned in 2018 to enhance the effectiveness of the supported projects. A total of 67 beneficiary organisations were selected through a voting process to receive donations for their charity projects in three specific categories: aid to children, aid to people with disabilities and environmental and animal protection. The programme collected more than 1,700 donations for an amount of approximately €260,000

Non-Profit: thanks to our *Conto Donazioni* accounts, more than €4.4 million were collected for non-profit organisations; €155,000 were raised for roughly 500 organisations through our *ilMioDono.it* platform

UniCredit Card E: the use of these cards enables cardholders to support social projects through a special fund, without paying any fees. UniCredit extended this fundraiser in 2018 at no cost to all its employees' credit cards in Italy. Over €2.4 million were collected.

For example, in 2018 thanks to these funds collected over the years, 23 social enterprise projects were supported through UniCredit Foundation for an amount of over €338,000

UniCredit and MasterCard for the World Food Programme: in 2018 UniCredit through UniCredit Foundation and MasterCard agreed to support the School Meals Programme of the United Nations World Food Programme. An initial donation of 500,000 meals was made to the pupils of Uganda's schools to improve their health and education and sustain their development. The objective of this collaboration is to donate 1 million meals. Our client and employee cardholders can participate in the initiative with their own donations.

CULTURAL SUPPORT

Supporting talent

Every year UniCredit Foundation offers scholarships, fellowships and grants to talented students and researchers. UniCredit has contributed over €14 million since 2009 to the foundation's programmes in this field, supporting about 700 beneficiaries. Since 2013, the *UniCredit International Internship Programme* has also offered more than 230 undergraduates a three-month internship at UniCredit offices outside of their home countries. In addition, 28 prizes have been awarded in the past five years to UniCredit employees to attend a summer school course in economics and finance at three of the top-ranking schools of economics in Europe (London School of Economics, University College of London and Barcelona Graduate School of Economics)

Promoting cultural initiatives

UniCredit's most important cultural and social partnership with Filarmonica della Scala has been ongoing since 2000. In 2017-2018, it involved approximately 92,000 people during the concert season at La Scala Theatre, Italian and international tours in Europe, Open Filarmonica's special projects dedicated to musical education for children, open rehearsals for charity and the famous free concert in Piazza Duomo in Milan (30,000 people). The long-lasting partnership between UniCredit and Arena di Verona Foundation began in 1994 and aims to promote music culture in Italy and abroad to a wide audience, strengthening UniCredit's cultural commitment to bring classical music to a new public. The 96th edition of Arena Opera Festival in 2018 involved almost 393,000 people in 47 performances.

Supporting competitiveness and contributing to community growth

Ongoing interaction with the operating environment and community as a whole offers clear benefits to a company and its stakeholders. It allows us to understand the urgent needs of communities and meet them through appropriate initiatives. For UniCredit, this kind of interaction allows us to develop products and services that serve stakeholders and encourage a balanced, collaborative approach to well-being, prosperity and growth. Our Group remains focused on understanding the day-to-day needs of stakeholders and meeting them effectively, while also helping face urgent national challenges.

7. Refer to the 2018 UniCredit Foundation Report for more information.

In Italy, as partners in the Italian Alliance for Sustainable Development (Alleanza Italiana per lo Sviluppo Sostenibile, or AsviS), we contributed to organising their 2018 Sustainable Development Festival to draw attention to the SDGs and help raise awareness on the United Nations' 2030 agenda. In particular, we hosted in Milan the European conference on SDGs, Climate and the Future of Europe, which saw the participation of European institutions, businesses, civil society representatives and various experts in panels, workshops and discussions.

Our **networking initiative Territorial Advisory Boards** provides advice for UniCredit's seven regions in Italy. Appointed by UniCredit's Board of Directors, the *Territorial Advisory Boards* provide input and feedback to the CEO and regional managers, helping them define their business strategies and development plans in their respective regions and strengthen UniCredit's local reputation. Furthermore, these Boards select and design priorities and projects to be discussed at the *Forum dei Territori*, meetings between our senior managers and main local stakeholders. More than 1,000 participants attended seven events held in 2018.

Another initiative, *Forum delle Economie*, hosts workshops that focus on a specific economic sector of interest to UniCredit's managers and main stakeholders so they can discuss trends and potential opportunities to cooperate within that area. In 2018, these meetings focused on export sectors such as food, wine, ceramics, furniture and design.

At UniCredit's *Italian Investment Conference*, we provided listed Italian companies with the opportunity to meet the international financial community. More than 160 international institutional investors take part in the conference each year. Chief investment officers and senior portfolio managers have the opportunity to better evaluate their positions vis-a-vis listed Italian companies. Over the years, the event has become one of the main cross-sector conference in Italy in the equity capital market. The entire conference and all supplementary events, such as key note speeches, round tables and workshops, are organised at UniCredit's headquarters in Milan. Furthermore, several private events are created during the two-day conference to foster client relations with senior bankers, global account managers and the managers of various business areas.

• This year 1,153 one-on-one and Group meetings held in two days with 52 listed companies attending the conference with 139 delegates. 86.5 percent of the companies attended with at least one "C-level" delegate.

We organised the second edition of *UniCredit CEE Forum* in the Central and Eastern Europe (CEE) division. This is a flagship event for corporate and investment banking and private banking clients, representing an international platform where different companies can participate in discussions regarding important business topics and market trends, exchange ideas and network with each other. More than 70 representatives of our most important corporate clients from 20 countries attended the event in 2018.

Through the dedicated *UniCredit CEE Lounge*, UniCredit, as an exclusive partner of the London Stock Exchange Group's ELITE initiative, continued, in 2018, to provide support to fast growing SME customers to develop their companies, but also to better understand different funding options and prepare them to communicate with investors. This support included different activities during the whole year ranging from one-on-one client presentations, client events, and even participation in targeted conferences, allowing UniCredit to present all the benefits that ELITE is offering. This resulted in 15 new companies from six countries (Bulgaria, Croatia, Czech Republic, Hungary, Russia and Slovakia) joining ELITE in 2018, while six companies successfully completed the programme and received their certificates.

In Italy, the *Welfare Business Programme* for small business and corporate clients was launched in 2017. Companies interested in setting up a welfare business programme can take advantage of UniCredit's selected partner specialist consultancy service that supports entrepreneurs in setting up and managing the entire programme, applying special rates established for UniCredit customers. The company's employees can benefit from tax savings, economic advantages and greater purchasing power on services and products included in the welfare business programme.

• In 2018, 221 companies were interested in this initiative, 28 welfare programmes were sold and 4,180 company employees benefitted from a new welfare programme.

In Italy, we wanted to support SME growth with a Minibond⁸ initiative (issue size focus €2-25 million), thereby helping them to access the debt capital market and diversify sources of financing. Minibonds can be listed on regulated markets and 15 were underwritten as of 2018 totalling almost €100 million. The subscribed Minibonds, six of which total €10 million or more, are homogeneously spread across Italy. With its Minibond product, the Group was awarded the special prize of business financing services at the 2018 Milano Finanza Global Awards.

MATERIAL TOPICS



8. Bonds issued by listed or unlisted companies. Issues are distinct from an ISIN code and allow companies to raise funds from investors in exchange for credit ratings.

Our Strategy

→ Social and relationship Capital

When we identify business opportunities, we directly support their financial viability and actively cooperate with national, international and European institutions to make sure SMEs receive the available **public funds** earmarked for them. Our Group's long-established expertise in managing state and EU-supported programmes benefits customers in a number of areas.

ITALY

UniCredit provides its customers with various credit lines using funds from the agreements with the European Investment Bank (EIB). Medium and long-term loans, whether unsecured loans or mortgages, aim to support material or immaterial investment projects and finance the working capital of SMEs and mid-cap companies. In 2018, we have disbursed roughly €850 million in EIB funds to 567 European companies.

In 2018, UniCredit made significant use of the Fondo di Garanzia per le PMI (SME Guarantee Fund), which facilitates low-risk, state-guaranteed loans with transactions for approximately €3 billion; around €1.4 billion of these funds were made available to the corporate segment.

Funds were granted to SMEs, independent professionals and new entrepreneurs who offer new ideas, skills and talents.

Beni Strumentali Nuova Sabatini measure allows UniCredit to support new investments in Italian companies by helping them obtain subsidies through the Ministry of Economic Development (MiSE) for the purchase of company assets. This subsidy process has been extended until the funds are depleted. Over the years, we have granted loans to 2,258 companies; in 2018, UniCredit had disbursed approximately €183 million to around 880 companies.

GERMANY

We provide advisory services and grants of relevant promotional lending programmes (approx. 1,000 programmes), from start-ups and growth to digitalisation, innovation and the environmental (renewable energy, energy efficiency), construction and infrastructure sector. In 2018 we provided around €2 billion new credit lines.

AUSTRIA

Cooperation with the federal Austrian Promotion Agency has continued. This cooperation enables us to provide grants from the European Regional Development Fund (ERDF) for sustainable investments to innovative SMEs. The maximum amount of grants available for the 2014-2020 period is approximately €165 million. 2018 witnessed the simplification of financing investments, promoting the bank's image as subsidy specialist.

CEE

We remain particularly committed to providing advice on EU funds opportunities, and implementing existing ones as well. The most important of these, making UniCredit the biggest supporter of clients interested in innovation in the region, is InnovFin SME Guarantee Facility. In 2018 the limit was increased from €160 million with an additional €340 million, reaching €500 million available funds with European Investment Fund (EIF).

This umbrella guarantee allows UniCredit to provide financing to innovative companies in Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Serbia and Slovakia, both via its banks and leasing entities. Utilisation of the InnovFin guarantee limit by UniCredit banks in the CEE perimeter has been constantly increasing since the agreement was signed.

The funds allocated to the Group banks represent €375 million and those allocated to the Group leasing companies amount to €125 million. The introduction of financial instruments into the leasing company portfolio in 2018 is a new experience and we forecast a similar level of utilisation by the banks to date.

Many new partnerships were signed at country level in 2018. These were both with local authorities (e.g., EIB PF4EE - €40 million in Croatia and FLPG - €172 million in Czech Republic) or with European ones (e.g., COSME in Romania - €150 million and Women in Business in Serbia - €2 million) to support the local business environment.

We believe that participants in the real economy need assistance in comprehending the composition and structure of their sectors, in gaining experience abroad and in expanding their ability to innovate. These abilities are vital to competing in increasingly competitive markets.

UniCredit has a long tradition of helping people find solutions in the sectors that serve as the backbone of the countries in which we operate. We are increasing the competitiveness of these sectors by providing concrete advice and products that improve productivity, efficiency and growth prospects.

MATERIAL TOPICS



A 2018 snapshot of sector-specific support provided by our Group

Sector (COUNTRY)

Tailored solutions

<p>Start-ups IT, DE, AT, BG, BS, HR, HU, RU</p> 	<p>> Italy</p> <ul style="list-style-type: none"> • acceleration programme running since 2009 to promote and support Italy's most innovative start-ups and SMEs • selected 44 companies from a pool of 632 applicants to receive support in four sectors: clean tech, digital, 'Innovative Made in Italy' and life science • more than €7 million (€27 million since 2015) contributed to promising companies by stakeholders (venture capital funds, institutional investors, angel investors and European Commission). <p>> Austria</p> <ul style="list-style-type: none"> • initiative called <i>Starter Center</i> where we exploit our know-how for start-ups and young professionals • start-ups can obtain a wide range of information on products and the launch of their project, tools such as business plan simulations, special offers from our partners and specific events organised for new entrepreneurs • as of 2018, more than 1,500 start-up customers for around €84 million loans disbursed.
<p>Travel and tourism IT, HR</p> 	<p>> Italy</p> <ul style="list-style-type: none"> • supporting the economic development of Italian SMEs in the tourism sector, with dedicated services and products • more than €686 million in credit has been extended to clients operating in this sector for a total amount of over €2.4 billion since the start of the initiative in 2015 • achievements: top quality network building for targeted entrepreneurs; increase in competitiveness for SMEs; business education for enterprises; reinforcement of communication/information sharing among economic stakeholders.
<p>Real estate DE, AT</p> 	<p>> Austria</p> <ul style="list-style-type: none"> • provide financing for subsidised housing with public value joint building organisations • this initiative, an important part of UniCredit's business, requires highly specialised knowledge to accelerate the development of social housing, the main reason why housing costs in Austria are still relatively low • new loans for social housing amounted to €295 million.
<p>Agriculture IT, DE, BG, BS, HR, RO, RU</p> 	<p>> Romania</p> <ul style="list-style-type: none"> • financing provided via bridge loans to businesses acting in various agricultural segments: crops and animal husbandry • credit lines are intended to introduce funds to the company's cash flow ahead of the subsidy payments schedule (EU funds), thus providing significant support in business development • issued approximately €15.6 million in loans to 60 borrowers.
<p>Infrastructure IT, AT, HR</p> 	<p>> Italy</p> <ul style="list-style-type: none"> • structured financing of a specific investment, where sponsors participate with an equity contribution and lenders link their credit facilities to the capacity of the investment initiative to generate cash flow and service debt • transactions generally cover large, complex and expensive installations in areas such as oil and gas, transportation and environmental infrastructure • deals usually take the form of financing the construction of a new capital installation or the refinancing of an existing installation • financed 10 projects for total credit lines of €885 million.
<p>Non-profit IT</p> 	<p>> Italy</p> <ul style="list-style-type: none"> • dedicated service model offers specialised financial products and services to non-profit organisations - including a special credit rating process - benefitting approximately 36,300 clients (including over 3,200 new clients) • new loans of more than €109 million were made.



SOCIAL IMPACT BANKING

UniCredit has been investing in a variety of social initiatives for many years and the launch of the *Social Impact Banking* project in 2017 marked a significant step-up in this commitment

It aims to identify, finance and support people and enterprises that make a positive social impact in our communities

With this initiative we further contribute to the UN Sustainable Development Goals, in particular to:



APPROACH



Providing Financing for projects and organisations that are excluded from traditional banking products and social enterprises which have a positive impact on society



Sharing our Financial Expertise with educational initiatives for micro-entrepreneurs, social enterprises and vulnerable or disadvantaged groups



Building Networks across different community stakeholders, sharing positive experiences and raising awareness of the most deserving initiatives



Measuring the Social Impact of our initiative, starting from outcomes in the following two areas:

- **Generating direct and indirect social and economic well-being** in the communities, also through the socio-economic inclusion of vulnerable groups and individuals, together with our local stakeholders
- **Strengthening our employee engagement** through volunteer skill-based work

ENGAGEMENT



In our approach we work with partner organisations (such as social and trade associations, NGOs, public institutions) that share our vision, so that we can build ecosystems where small and social businesses are able to thrive



Our employees are the driving force behind training and support activities, making their professional and personal knowledge available to a wider audience. Given the importance of their contribution, we supported the creation of a volunteer association called *UniGens*. Its members are current and former staff members who wish to offer their time and professional expertise to help people working for social development in the community



548¹
UniGens
volunteers

SCOPE

2018

In its first year, *Social Impact Banking* carried out its initiatives in Italy in three action areas

2019

Our Group plans to extend these activities to an international level during 2019



MICROCREDIT

IMPACT FINANCING

FINANCIAL EDUCATION AND INCLUSION



1. Includes 17 volunteers whose membership was ratified in January 2019.

MICROCREDIT

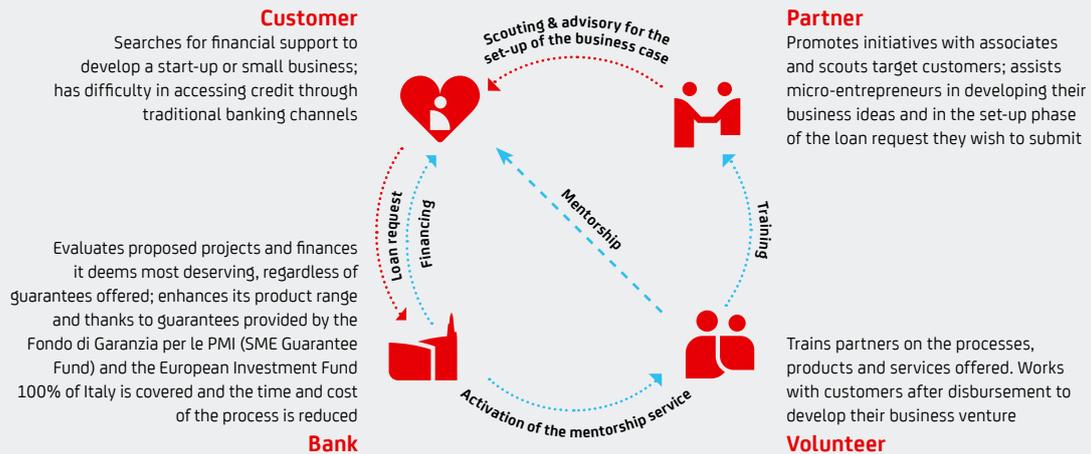
OBJECTIVES



Providing financial support for the creation and development of businesses at risk of exclusion from banking services

Supporting customers' needs through a nationwide ecosystem of specialists (banks, partners and volunteers) providing skills, a solid relationship and dedicated support, all of which is fundamental to their development

APPROACH



2018 ACHIEVEMENTS



1,630 new loans



€32 m disbursed



86 partners involved
e.g., Fondazione Grameen Italia, Fondazione Don Mario Operti

19% to start-ups (set up during 2018)

58% private unlimited companies²

62% to clients that had never been financed before

43% of the microentrepreneurs say that microcredit covers at least 75% of the overall investment³

40% of the microentrepreneurs say they would not have been able to start/expand their business without obtaining microcredit (or would have had difficulty doing so)³



112 volunteers trained to support customers



100% territorial coverage of which €8 m disbursed to Southern Italy enterprises



133 microentrepreneurs supported by our partners and volunteers in a few months

STORIES THAT MATTER

L. De Fazio - La Volpe Scalza

"When I decided to open the Volpe Scalza I first went to an organisation for aspiring entrepreneurs. There, I found out I was not eligible, as I had no liquidity and guarantees. They talked about microcredit. I googled it and I found Fondazione Don Mario Operti (UniCredit partner), that supported me in the process of structuring the business case and presenting the loan application to start my new business."

S. Piccioni - Fondazione Don Mario Operti

"Our foundation works with those people with entrepreneurial projects: we understood the feasibility and sustainability of the project along with the business plan and we prepared all the paperwork, which then was submitted to the bank."

2. This category refers to entities labelled as 'società in accomandita semplice' and 'ditta individuale'.
3. Carried out on a representative sample of 81% of entities financed in 2018.

SOCIAL IMPACT BANKING

IMPACT FINANCING

OBJECTIVES

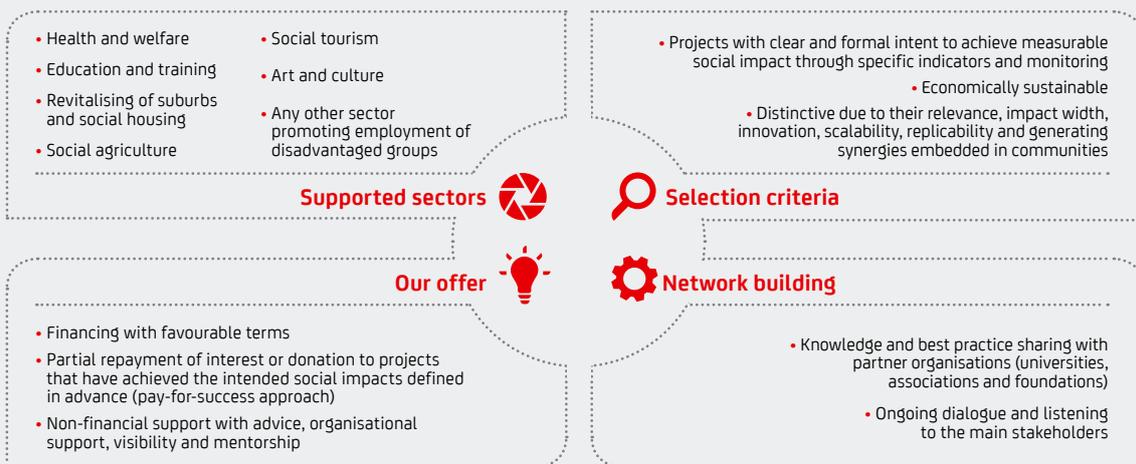


Favouring social innovation as a driver of positive change by supporting projects that generate clear and measurable social outcomes for the community

Pioneering this new market and contributing to ecosystem development through collaborations with other players with the same approach and objectives

Spreading internal awareness and advocacy activities with the help of our colleagues

APPROACH



2018 ACHIEVEMENTS



31 new loans

€32.6 m approved⁴



55% in welfare sectors, in particular for elderly and disabled care



29% promoting employment

45% is granted to new customers



Over 2,600 employees

participated in training and engagement activities



10% for health and medical services provision



6% in education and training

71% loans matched using the pay-for-success mechanism



Around 190

contacts met among best practices, customers and non-customers

STORIES THAT MATTER

Albergo Etico

This is an innovative, economic sustainable model based on the hospitality business managed in the Rome tourism market, employing professionals and young people with Down's, x-fragile and post-comatose syndrome. They are supported in entering the job market through the initiatives also creating a training-on-the-job support model available to other disadvantaged age-mates. As pay-for-success, we will return part of the loan interests paid, subject to achieving predefined social impact objectives (KPIs) of job placement and vocational training opportunities offered to the beneficiaries.

Il Tortellante

This new project features a therapeutic workshop producing and selling fresh pasta with a social aim of involving young people diagnosed with autism and encouraging them to live independently. The beneficiaries are trained in food preparation and also participate in recreational and assistance activities thanks to psychologists, psychotherapists and doctors. As pay-for-success, in collaboration with Cassa di Risparmio Modena Foundation, UniCredit will provide donations following the achievement of pre-agreed objectives such as the amount of people involved and improvement of autonomy and life quality for the beneficiaries.

4. As of 31.12.2018, out of 31 approved loans, 20 were signed for a total amount of €24.1 million (€15.8 million were disbursed). Out of the 31 approved deals, 11 are still to be signed (amounting to €8.5 million).

FINANCIAL EDUCATION AND INCLUSION

OBJECTIVES

-  Promoting financial awareness to support early-stage micro-businesses and social enterprises, as well as some vulnerable segments of the population, especially young people and people at risk of social exclusion

APPROACH

-    Offer class and online training to share financial knowledge and expertise leveraging on our network of volunteer employees

2018 ACHIEVEMENTS

-  Partnership with the Italian Ministry of Education, Universities and Research's Alternanza Scuola Lavoro initiative to offer financial education and entrepreneurial training to secondary school pupils under the *Start Up Your Life* programme

 **more than 270**
schools involved

 **25,300**
students participating
in the programme⁵

 **1,245,000**
training hours delivered⁶

 **370**
UniCredit volunteer
tutors involved

 **76%**
of students very
satisfied with
the programme⁷

 **85%**
of students considered
the programme
contents very useful⁷

STORIES THAT MATTER

Pupils from I.P.S.S.C.T.S. G. Pessina - Como

"We found the lessons very useful to better understand new digital payment methods. We based our project work on contactless payments to develop an app for people with disabilities, so that they can deal with cash more independently."

Pupils from I.S.I.S.S. Magarotto - Rome

"Deaf people can do everything, myself as well. Thanks to the programme I had the chance to learn how to start up and manage a business and I will use this knowledge to make my dream of creating my own enterprise come true."

5. 15,800 students attended the 2017-2018 scholastic year, while 9,500 new students are participating in the 2018-2019 edition.
6. Total hours certified in scholastic year 2017-2018, out of which 840,000 hours of project-based learning activities.
7. Carried out on a sample of 3,434 students attending the 2017 - 2018 edition.