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# Determination and distribution of Value Added

(€/000)

Items	2018	2017
10 Interest income and similar revenues	15,219,793	14,759,711
20 Interest expenses and similar charges	-4,366,666	-4,461,650
40 Fees and commissions income	8,165,441	7,663,454
50 Fees and commissions expenses (excluded external networks' expense)	-1,028,295	-999,959
70 Dividend income and similar revenues	412,939	314,807
80 Net gains (losses) on trading	416,633	
<i>Gains (Losses) on financial assets and liabilities held for trading (ex IAS39 Item 80)</i>		1,075,435
90 Net gains (losses) on hedge accounting	17,163	57,344
100 Gains (Losses) on disposal and repurchase of:	308,048	
a) financial assets at amortised cost	128,650	
b) financial assets at fair value through other comprehensive income	176,005	
c) financial liabilities	3,393	
<i>Gains (Losses) on disposal and repurchase of: (ex IAS39 Item 100)</i>		98,963
a) loans		-433,732
b) available-for-sale financial assets		533,353
c) held-to-maturity investments		10
d) financial liabilities		-668
110 Net gains (losses) on other financial assets/liabilities at fair value through profit or loss:	289,014	
a) financial assets/liabilities designated at fair value	411,248	
b) other financial assets mandatorily at fair value	-122,234	
<i>Gains (Losses) on financial assets/liabilities at fair value through profit or loss (ex IAS39 Item 110)</i>		-91,007
130 Net losses/recoveries on credit impairment relating to:	-2,680,959	
a) financial assets at amortised cost	-2,661,563	
b) financial assets at fair value through other comprehensive income	-19,396	
<i>Net losses/recoveries on impairment: (ex IAS39 Item 130)</i>		-2,412,669
a) loans		-2,090,607
b) available-for-sale financial assets		-334,642
c) held-to-maturity investments		6,387
d) other financial assets		6,193
140 Gains/Losses from contractual changes with no cancellations	-3,002	
160 Net premiums	0	0
170 Other net insurance income/expenses	0	0
230 Other operating expenses/income	1,018,489	1,035,651
250 Gains (Losses) of equity investments (gains or losses on disposal)	127,869	-7,485
280 Gains (Losses) on disposals on investments	231,421	99,835
320 Profit (Loss) after tax from discontinued operations	13,515	2,681,598
<b>A. TOTAL ECONOMIC VALUE GENERATED</b>	<b>18,141,403</b>	<b>19,814,028</b>

Items	2018	2017
190 b) other administrative expense (excluded indirect taxes and duties and donations)	-4,185,411	-4,394,287
<b>ECONOMIC VALUE DISTRIBUTED TO SUPPLIERS</b>	<b>-4,185,411</b>	<b>-4,394,287</b>
190 a) staff expense (included external networks' expense)	-6,703,987	-7,201,202
<b>ECONOMIC VALUE DISTRIBUTED TO EMPLOYEES AND SUPERVISED WORKERS<sup>A</sup></b>	<b>-6,703,987</b>	<b>-7,201,202</b>
340 Minority Interests	-216,143	-312,501
Net profit attributable to shareholders <sup>B</sup>	-	-
<b>ECONOMIC VALUE DISTRIBUTED TO SHAREHOLDERS</b>	<b>0</b>	<b>0</b>
190 b) other administrative expense: indirect taxes and duties	-861,726	-736,032
300 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	-515,761	-595,982
<b>ECONOMIC VALUE DISTRIBUTED TO PUBLIC BODIES &amp; INSTITUTIONS</b>	<b>-1,377,487</b>	<b>-1,332,014</b>
190 b) other administrative expense: donations	-4,732	-8,828
Net profit allocated to the charitable funds	0	0
<b>ECONOMIC VALUE DISTRIBUTED TO COMMUNITY</b>	<b>-4,732</b>	<b>-8,828</b>
<b>B. TOTAL ECONOMIC VALUE DISTRIBUTED</b>	<b>-12,487,760</b>	<b>-13,248,832</b>
<b>C. TOTAL ECONOMIC VALUE RETAINED</b>	<b>-5,653,643</b>	<b>-6,565,196</b>

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.

Banca d'Italia issued on 22 December 2017 the 5th update of its Circular 262 adjusting the formats for the financial statements and explanatory notes to the requirements of IFRS 9 Financial Instruments.

Note that as a result of the first time adoption of the new accounting standard IFRS9 and the choice not to restate the previous period, the template of income statement prescribed by the mentioned circular have been integrated with additional items in order to allow comparisons with the previous period that has been presented according to IAS39 standard and to Circular 262 (4th update of 15 December 2015).

# Main partnerships and affiliations<sup>1</sup>

Legal entities	Organisation	Description
UniCredit SpA	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.
	CDP (formerly Carbon Disclosure Project)	The CDP promotes understanding of the potential impacts of climate change on shareholder value.
	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 against cyber-attacks and security incidents.
	CSR Manager Network Italia	CSR Manager Network is the Italian national association for corporate social responsibility professionals.
	European Financial Marketing Association (EFMA)	EFMA is a not-for-profit association formed in 1971 by bankers and insurers, specialised in retail financial marketing and distribution.
	European Financial Services Round Table (EFR)	EFR is an organisation of chairmen and chief executive officers from Europe's leading banks and insurance companies that contributes to European public policy debates concerning financial services and financial stability.
	European Microfinance Network (EMN)	The European Microfinance Network (EMN) is a member-based not-for-profit organisation based in Brussels which promotes microfinance as a tool to fight social and financial exclusion in Europe through self-employment and the creation of microenterprises.
	European Venture Philanthropy Association (EVPA)	EVPA is a lively network of organisations sharing the same vision and a common goal: creating positive societal impact through venture philanthropy. Its mission is to enable venture philanthropists and social investors to maximise societal impact through increased resources, collaboration and expertise.
	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.
	FinTech Innovation - ABILab	This observatory is dedicated to all main Italian and international fintech innovations.
	Global Credit Data (GCD)	GCD is a not-for-profit initiative owned by more than 50 member banks worldwide and helps banks measure their credit risk.
	Human Foundation	Human Foundation is a foundation that promotes innovative solutions in response to emerging social needs.
	International Integrated Reporting Council (IIRC) – Business Network	The IIRC is a global coalition of regulators, investors, companies, standard setters, non-governmental organisations and accounting professionals that works to establish integrated reporting and thinking in mainstream business practices.
	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.
	London Benchmarking Group (LBG)	LBG is the internationally recognised standard for measuring corporate community investment.
	Organisation for Economic Co-operation and Development (OECD)	OECD promotes policies that will improve the economic and social well-being of people around the world.
	Society of Corporate Compliance and Ethics (SCCE)	SCCE is a member-based association for regulatory compliance professionals that provides training, certification, networking and other resources to more than 7,000 members.
	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.
	United Nations Environment Programme Finance Initiative	UNEP FI is an initiative promoted by the United Nations that addresses pressing, current issues in sustainable finance.
	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.
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.	

1. Each UniCredit subsidiary with a banking licence is generally a member of any existing local economic chamber and banking association.

Legal entities	Organisation	Description
UniCredit Bank AG	Klimapakt Münchner Wirtschaft	The Klimapakt Münchner Wirtschaft is part of the Integrated Climate Protection Action Programme in Munich, in which large companies pledge to voluntarily reduce their CO <sub>2</sub> emissions.
	Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V. (VfU)	VfU is an industry-specific body for environmental management at financial institutions.
UniCredit Bank Austria AG	Austrian Society for Environment and Technology (ÖGUT)	ÖGUT is a not-for-profit organisation that works to stimulate discussion and innovation on environmental issues through the involvement of NGOs, businesses and the government.
	klimaaktiv	klimaaktiv develops and provides quality standards, education and training for professionals in addition to advice, information and a large partner network; it also offers advice and cooperates with a large network of partners.
UniCredit Bulbank AD	Atanas Burov Foundation	The mission of Atanas Burov Foundation is to identify and promote talent in banking and industry management among professionals and students educated at the country's economic universities.
	Bulgarian Association for People Management (BAPM)	The BAPM is a non-governmental organisation established to develop best professional practices in the field of human capital management and development; in doing so, it aims to increase added value for organisations and contribute to the enrichment of people's potential and professional performance.
	Bulgarian Business Leaders Forum	The leaders' forum unites organisations with shared values that build their businesses in a responsible, transparent and ethical way. We are a platform for exchanging good practices and ideas for Bulgaria's business and the social environment. We engage and work with key figures in politics, business, diplomacy, NGOs and the media to drive social change together.
	Bulgarian Donation Forum	The main purpose of the Forum is to support and serve large contributors in Bulgaria.
	Council for Women in Business in Bulgaria	The Council of Women in Business aims to spread good management practices and foster the professional development of women in small and medium-sized businesses and their growth in managerial positions.
Zagrebačka Banka DD	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.
	Green Building Council of Croatia (GBC)	The GBC is a not-for-profit organisation and countrywide platform for the promotion of sustainable construction practices.
UniCredit Bank Hungary Zrt	Joint Venture Association (JVSZ)	This association assimilates the views of its members and supports them in facing challenges related to business conduct and organisational decision-making.
UniCredit Bank SA	Romanian Banking Institute (RBI)	RBI's primary objective is to improve the professional training and specialisation 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 programmes approved by the Board of Directors.
UniCredit Bank Serbia Jsc	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 which aim to promote the concept of CSR in the business sector and the wider general public.
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 organisations to promote social responsibility, both within themselves and in society as a whole.
AO UniCredit Bank	Russian Union of Industrialists and Entrepreneurs (RSPP)	RSPP is an independent non-governmental organisation 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 2018 awards

Company	Award
UniCredit SpA	<p>Bank of the year by The Banker</p> <p>"Financial Innovation - Italian Award" in the category New Services to Enterprises by AIFIn</p> <p>In-House Team of the Year by Inhouse community</p> <p>#1 in Cash Management according to Euromoney Cash Management Survey 2018</p> <p>Best Service Management Award at global level in CEE; in North America for Financial Institutions.</p> <p>#1 Best Service Management in the category Business Functions, Financial Facilities, Personnel and e-Tech Provisions at CEE</p> <p>Best in Class in West Europe</p> <p>Best digital experience awarded to buddybank by Milano Marketing Festival</p> <p>Top Employer 2018 by the Top Employers Institute</p> <p>Equity Capital Markets Deal of the Year for 2017; Equity Capital Markets Deal of the Year; Equity Capital Markets Deal of the Year in Italy by Global Capital Awards</p> <p>IT innovation award: disruptive technology for the project named UC Balance of ABI Lab</p>
Fineco Bank SpA	<p>Digital Focus award by Forbes Italia</p> <p>Best Forex Provider of the Year 2018; Best Forex New Entrant 2018; Best Forex Trading Platform; Best Forex Trading Tools by London Forex Show Awards 2018</p> <p>#1 in Italy in the category Innovative Technology - Client Experience, 2018 edition by Euromoney: Private Banking and Wealth Management Survey 2018</p>
UniCredit Factoring	<p>Best Export &amp; Import Factor of the year at the Annual Awards for Excellence</p>
UniCredit Bank AG	<p>Top Employer Germany by Top Employers Institute</p>
UniCredit Bank Austria AG	<p>Disability Matters Award 2018 by Springboard Consulting</p> <p>Zero Project Award 2018 by the Zero Project</p> <p>Most Innovative Financial Service of the Year by Alpbach Financial Symposium</p> <p>Market Leader Cash Management Non-Fi according to Euromoney Cash Management Survey 2018</p> <p>Best Service Management Non-Fi according to Euromoney Cash Management Survey 2018</p> <p>Best Foreign Exchange Provider Award 2019 by Global Finance</p> <p>Best distributor of structured products in Austria at the European Structured Products &amp; Derivatives Conference by Structured Retail Products Limited</p> <p>Best Trade Finance Provider by Global Finance</p> <p>Best Sub-Custodian Bank by Global Finance</p>

Company	Award
UniCredit Bank dd	Market Leader Cash Management Non-Fi according to Euromoney Cash Management Survey 2018
	Best Service Management Non-fi according to Euromoney Cash Management Survey 2018
UniCredit Bulbank AD	Best bank in Bulgaria according to Euromoney
	Best Sub-Custodian Bank according to Global Finance
	Most Innovative Company in Bulgaria according to b2b Media
	Largest market share by Association Bank of the year
	Internal Communications by Bulgarian Public Relations Association
	Best PR team in Bulgaria by Bulgarian Public Relations Association
	Best Bank in Bulgaria by Global Finance
	Top Employer in Bulgaria by Top Employers Institute
	Best Trade Finance Provider in Bulgaria by Global Finance
	Best Services in Bulgaria for Trade Finance by Euromoney
	Market Leader for Trade Finance in Bulgaria by Euromoney
UniCredit Bank Czech Republic and Slovakia, as	Best Sub-Custodian Bank by Global Finance
Zagrebačka Banka DD	Top Employer Croatia by Top Employers Institute
	Market Leader Cash Management Non-Fi according to Euromoney Cash Management Survey 2018
	Best Private Bank in Croatia by The Banker
	Best Private Bank in Croatia by Global Finance
UniCredit Bank Hungary Zrt	Hungarian Trade Finance Services leader according to Euromoney Trade Finance Survey 2018
	#1 in Best Services category of Euromoney Trade Finance Survey 2018
	#1 in the campaign Korszakalkotók (Leave Your Mark) at The Digital Communication Awards 2018
UniCredit Bank SA	Best Service Management Non-Fi according to Euromoney Cash Management Survey 2018
AO UniCredit Bank	Top Employer Russia by Top Employers Institute
	Best Private Banking Customer Service in Russia by Frank Research Group
UniCredit Bank Serbia Jsc	Best Sub-Custodian Bank by Global Finance
UniCredit Banka Slovenija DD	Best Sub-Custodian Bank by Global Finance



# 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 UniCredit<sup>1</sup> has been defined according to current Italian and European provisions, as well as the recommendations of the Italian Corporate Governance Code for listed companies.<sup>2</sup>

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

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.

## 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
- the Corporate Bodies and Committees Regulation, governing the function and competencies of the Corporate Bodies and the Board Committees, 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 standardised 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 organisational model and establishing managerial and functional responsibilities for all key processes that ensure also the implementation of its strategic plan.

1. Refer to the annual Report on Corporate Governance and Ownership Structure and the Group Compensation Policy, available on the Governance section of our website ([www.unicreditgroup.eu](http://www.unicreditgroup.eu)), for more information.

2. Since 2001, UniCredit has adopted the Italian Corporate Governance Code for listed companies, which based on the experience of major international markets, inter alia, identifies the corporate governance standards and best practices for Italian listed companies recommended by the Italian Corporate Governance Committee- which is inspired by 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 recognises 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 – consistent 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 behavioural 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 15 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 2020 financial statements.<sup>3</sup>

3. Refer to the procedures specified in Clause 20 of the Articles of Association, available on the Governance section of our website ([www.unicreditgroup.eu](http://www.unicreditgroup.eu)), for more information.

## Supplement

### → Governance

In compliance with the current Italian and European provisions applicable on such topics, also concerning the time commitment and the limits upon the maximum number of offices that Directors may hold, the Board of Directors establishes its qualitative-quantitative composition deemed to be optimal for the effective completion of the duties and responsibilities entrusted to the body with strategic supervisory function 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 provisions.

The Board, before the appointment of the body with strategic supervisory function, 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-quantitative composition of the Board of Directors and the profile for candidates to the position of Director, the time commitment recommended for an effective attendance at the Board and Committees meetings and the limits upon the maximum number of offices established by the provisions of the Capital Requirements Directive IV (Directive 2013/36/EU dated June 26, 2013, CRD IV), as well as the gender composition criteria for the body with strategic supervisory function, reference is made to the document Qualitative and Quantitative Composition of the Board of Directors of UniCredit SpA, published on the Company's website, Governance section.

The composition of the Board qualitatively and quantitatively corresponds to the theoretical profile. In detail, also in light of the information given by the persons concerned, the requirements concerning, inter alia, experience, integrity and independence,<sup>4</sup> as well as the time commitment recommended for an effective attendance at the Board and Committees meetings and the limits upon the maximum number of offices that Directors may hold established by the provisions of the CRD IV Directive, were accounted for. The Director's personal qualities, as well as age and gender diversity (the female component is above the requirements of current provisions, equal to one third of the total) fully comply with the indications in the theoretical profile. Furthermore, with reference to professional expertise gained in the areas of competence envisaged by the profile, all of the areas of competence were represented in the Board and the experience possessed by all the Directors is in line with the requirements provided for by the profile, considering that they have a good understanding and experience in more than two of the required 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 committees<sup>5</sup> 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 Committee.

In detail, 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 of the Bank of Italy Supervisory Regulations on banks' corporate governance envisaging three specialist Committees - one on appointments, one on risks and one on remuneration. The Related-Parties Committee is established for overseeing issues concerning transactions with related and associated parties, in compliance with the relevant Italian Companies and Exchange Commission (CONSOB) regulatory provisions and the Bank of Italy Supervisory Regulations, carrying out the specific role attributed to independent Directors by the aforementioned provisions. The Committees' duties are undertaken based on terms of reference and procedures set forth by the Board.

4. The number of independent directors in office is above the minimum required by current regulatory and statutory provisions (12 out of 15 under UniCredit's Articles of Association and the Italian Corporate Governance Code, 14 out of 15 under Legislative Decree No. 58/1998, 14 of whom are non-executives).

5. Refer to the annual Report on Corporate Governance and Ownership Structure and the Group Compensation Policy, available on the Governance section of our website ([www.unicreditgroup.eu](http://www.unicreditgroup.eu)), for more information.

## Board self-evaluation

In compliance with the provisions of 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 a regular self-evaluation process on an at-least annual basis. It is 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 sound and prudent management.

In particular, it is focused on:

- qualitative and quantitative composition, size, degree of diversity, educational background, 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
- meetings, frequency, duration, attendance levels and form of participation, sufficient time available to dedicate to the assignment, degree of trust, collaboration and interaction among members, awareness of the role of Board member, and the quality of debate at Board meetings.

The self-assessment process is undertaken with the assistance of an external consultant chosen taking into account skills, expertise in the field of corporate governance, and the need for neutral, objective and independent judgment, which are the hallmarks of the self-assessment process.

## 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 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 at fostering the integration of new Directors and recurring trainings to preserve overtime the expertise needed for the proper fulfilment of their duties.

In addition, individual training plans will be activated in the event it is deemed necessary to strengthen his/her specific technical knowledge and expertise, also to increase the level of diversity and the collective experience of the Board of Directors.

Training sessions and in-depth study initiatives in 2018 focused on topics of strategic relevance, including those linked to digital competencies and cyber security, business and relevant organisational structures, knowledge of macroeconomic scenarios, development of markets as well as legal and regulatory topics, with the aim of assuring awareness and knowledge of the risk profile adopted by the Group.

More specifically, the Chairman of the Board of Directors supervised that inclusion programmes and training schemes were prepared and implemented for the newly appointed Directors (open also to the members of the Board of Statutory Auditors) focused, inter alia, on speeches by Group Top Executives. Specific initiatives for in-depth examination of topics falling within the competencies of the Board Committees have been devoted to members of each Committee.

Furthermore, specific meetings with the Directors, open also to the members of the Board of Statutory Auditors, were arranged, focused on the perspectives and key elements for Group strategy and of the entire European banking sector.

## Organisational and governance structures (as of the approval of this Report)

UniCredit Group's organisational 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 Chief Operating Office (COO) 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.

During its 6 February 2019 meeting, the UniCredit Board of Directors passed a resolution to eliminate the position of General Manager effective immediately.

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

- the Chief Executive Officer (CEO) maintains a direct supervision of the definition of Group Strategy, Risks, Compliance, Lending, Human Capital, the optimisation of structure costs, and the main operating activities
- the COO (Chief Operating Officers), overseen by two co-Heads (co-Chief Operating Officers), leads the oversight of operations with a specific focus on Costs and on IT & Operations; in particular, the two co-Heads are respectively responsible for Finance & Cost Management and IT & Operations, Security and Internal Controls
- the CIB Division, overseen by two co-Heads, focuses on multinational customers, selected large corporate clients with a strong potential demand for investment banking products and customers that are Financial and Institutional Groups (FIG) and the global product lines Global Transaction Banking (GTB), Financing & Advisory (F&A), Markets, Corporate Investment Banking-Corporate Commercial Banking (CIB-CCB) Italy Joint Venture and the international network
- in the Italian perimeter, the Italy co-Heads are responsible for the definition of the 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 coordinates the Group activities in the countries of Central and Eastern Europe, aligning them to a single comprehensive business vision in the region
- the Group Chief Transformation Officer manages the transformation of the Group and ensures meaningful change to achieve improved and measurable customer satisfaction and service quality, while improving cost efficiency
- Group Institutional Affairs and Sustainability is responsible for developing relations with institutional counterparts of interest for Group activities
- Group Regulatory Affairs is in charge of managing the relationship with European Banking Supervisory Authorities (e.g., EBA and ECB) and the Bank of Italy
- the functions referred to as Competence Lines (Planning, Finance & Administration, Risk Management, Lending, Legal, Compliance, Internal Audit, Human Capital, and Identity & Communication) oversee the guidance, coordination and control of UniCredit's activities and manage 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.

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

- Group Performance Management at consolidated (Group) level (e.g., budget and 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, Customer Relationship Management (CRM))
- external customer satisfaction
- regulatory developments and Internal Control System matters with strong international and cross content
- Human Resources (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 nature.

## 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 utilising 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 13 December 2016 to present the *Transform 2019* strategic plan to analysts and investors, the variable remuneration for the CEO and former General Manager is entirely based on the 2017-2019 Long Term Incentive Plan, tied to the strategic plan's targets. Due to the departure of the former General Manager scheduled for 31 May 2019, his rights related to the Long Term Incentive (LTI) Plan will become proportionate to the months he was with the Group.

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.<sup>6</sup> 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.

6. Refer to the Group Compensation Policy on our website ([www.unicreditgroup.eu](http://www.unicreditgroup.eu)) for more information.

# Risk Management and Compliance

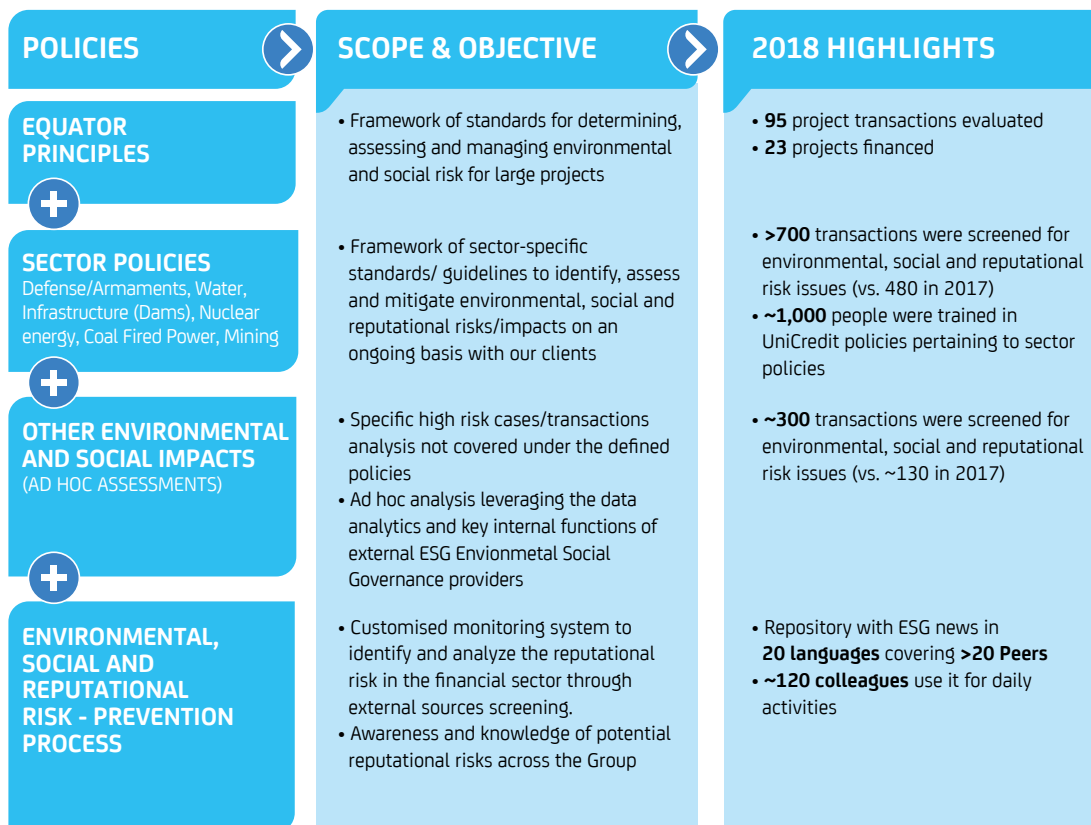
## Managing environmental and social risks

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

A. A revision of the Coal-fired Power Generation policy is already planned for 2019.

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 risk management function.

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 utilise 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 2018, more than 1,000 transactions were assessed for potential environmental, social, human rights and other reputational issues. More than 700 of these transactions were related to our sector policies. The increase recorded in 2018 (+65 percent) is mainly due to specific awareness raising activities conducted among Group legal entities during the last quarter of the year.

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 Social Impact Assessment 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.

Furthermore, at the end of 2018 we reinforced our reputational risk governance through the implementation of a new Reputational Risk Council. The Council involves the business function together with Group Risk Management, Group Lending Office, Group Compliance, Group Sustainability & Foundation and the participation of other relevant functions on a case-by-case basis.

## 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 Group-wide and contributing to our further engagement with stakeholders.

The EP<sup>1</sup> 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 Group-wide. 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.<sup>2</sup>

Independent environmental and social experts are consulted to assist our transaction team, where applicable, in accordance with the EP. Loan covenants are reviewed by the specialised transaction team, internal legal department and, where appropriate, technical, environmental and social specialists.

The EP Advisory team, together with Group Sustainability & Foundation, represents UniCredit in the EP Association. Also in 2018, we continue 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.

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 - Projects evaluated, financed and advised, 2018

Projects evaluated	Projects financed <sup>A</sup>	Projects advised
95	23	2

A. Includes 19 Project Finance transactions and 4 Project-Related Corporate Loan.

## Equator Principles - Number of projects financed by risk category

Risk category <sup>A</sup>	2018 <sup>B</sup>	2017 <sup>B</sup>	2016 <sup>B</sup>
Category A	7	4	7
Category B	11	13	10
Category C	5	3	13
<b>Total</b>	<b>23</b>	<b>20</b>	<b>30</b>

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, 2018

Sector	Category A	Category B	Category C
Resources <sup>A</sup>	3	0	0
Energy	2	8	5
Infrastructure	0	1	0
Others	2 <sup>B</sup>	2 <sup>C</sup>	0
<b>Total</b>	<b>7</b>	<b>11</b>	<b>5</b>

A. Including oil & gas, mining and metals.

B. Including Tourism and Ethylene cracker.

C. Including Telecom and Particle board.

## Equator Principles - Number of projects financed by risk category and region, 2018

Region	Category A	Category B	Category C
Europe: EU	0	10	5
Extra EU	5	0	0
Americas	1	1	0
Africa	0	0	0
Asia and Australia	1	0	0
<b>Total</b>	<b>7</b>	<b>11</b>	<b>5</b>

## Equator Principles - Number of projects financed in Designated Countries<sup>A</sup> and projects subjected to Independent Reviews<sup>B</sup>, 2018

	Category A	Category B	Category C
Designated Countries	0	10	5
Independent Review	7	10	5

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 2018 UniCredit financed, together with two Austrian and a Serbian bank, the equipment, construction and commissioning of the 69 MW **Košava Wind Park** project located in the Serbian autonomous province of Vojvodina, 10km south-west of the city of Vrsac and 12 km west of the border to Romania. The Project has been supported by two experienced sponsors from Italy and Serbia and will expand the production of renewable energy in Serbia by roughly 183 million kWh p.a. This will provide a considerable contribution to the country's strategy to produce 27 percent of electricity from renewable resources by 2020. Operation of the Košava Wind Park is expected to start by the end of September 2019.

## Supplement

### → Risk Management and Compliance

The Project is not located in a protected environmental area, but it is in close proximity to a Special Nature Reserve, which is the largest sandy terrain in Europe and one of the most important bird areas in Serbia. Thus special attention has been given to the environmental and social due diligence process which started in 2012 with a comprehensive Impact Assessment Study conducted by a Serbian consultancy.

Further due diligence followed, undertaken by a reputable independent international consultancy on behalf of the lenders in the course of the financial structuring process in 2017 and 2018. This second due diligence step included an assessment of compliance with the EP, the World Bank Group Standards, together representing strict internationally accepted environmental and social standards. Based on the results of the evaluation process several sensitive areas of potential adverse environmental and social impacts were identified. Specific mitigation measures have been agreed upon between the client, the independent consultancy and the lenders and summarised in an Environmental and Social Action Plan. Potentially the most significant procedure relates to birds and bats and specifically to the protection of the Saker Falcon. In addition to that, intensive stakeholder engagement was conducted and resulted amongst others in measures to mitigate noise pollution and shadow flickering caused by rotating wind turbine blades. All precautionary activities will be implemented by the Project within an agreed timeframe, monitored by the independent consultancy and their status regularly reported to the lenders during the lifetime of the Project.

During the year the Group and an additional international bank, together with the Export Credit Agencies (ECAs), SACE SpA (CDP Group) and Bpi France Assurance Export provided financial support to the borrower MSC Cruises S.A., the fourth largest cruise line in the world, for the development of the **Ocean Cay MSC Marine Reserve project**.

Ocean Cay island, part of the Great Bahama Bank in the northern Bahamas, is located 20 miles south of Bimini and 65 miles east of Miami, Florida. Ocean Cay was developed from the late 1960s through the early 1970s on top of emergent rocks existing along the eastern edge of the actual island shape. Historically, Ocean Cay has been used as a storage, processing and shipping center for sand mining. The nearby sea bottom has been extensively dredged for over 40 years for the extraction of white aragonite sand, which was stocked on the island itself and then loaded and transported via barges to other locations.

MSC Cruises is transforming this former industrial sand extraction site into a marine reserve and private island destination. With the landscaping work currently underway, over 75,000 native shrubs and plants will be planted with more than 60 types of indigenous Caribbean trees, grasses, flowers and shrubs to create a lush, tropical environment. Work will commence soon on over 100 environmentally friendly structures, which will include bars, restaurants and housing for employees and staff as well as a lighthouse. The project includes also the construction of a pier suitable to receive large MSC Cruises vessels; this work required the widening of the existing turning basin and the further dredging of the existing access channel. About 400 corals which were expected to be directly or indirectly impacted by the dredging activities were relocated before the works started. The coral relocation is subject to continuous monitoring activities, and by mid-November 2018 four monitoring visits had taken place.

The Ocean Cay project has been developed to create a positive long-term impact both on the environment and on the communities of the Bahamas. MSC Cruises has been sourcing materials locally wherever possible, and by project-end, around 800 Bahamians will have been directly and indirectly involved in the construction of the island. Up to 140 Bahamians will be recruited for permanent operational jobs on the island.

The Project was subject to a formal Environmental and Social Impact Assessment (ESIA) process, which included an Environmental and Social Management Plan and Monitoring Plans performed by a local Bahamian consultancy firm. Based on the ESIA and further information, the Independent Environmental and Social Consultant (IESC) appointed by the banks and the ECAs reviewed the potential environmental and social risks and impacts of the project, assigned an A category to the project and developed an Environmental and Social Due Diligence Report (ESDD). An Environmental and Social Action Plan (ESAP) 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 borrower as well as by the banks and ECAs, with the support of the project's IESC.

UniCredit arranged financing for the development and construction of the **Öksüt gold mine** in Turkey related infrastructure (Project) which is 100%-owned by Centerra Gold Inc., Canada. EBRD acceded to the financing at a later stage. The Project, which according to the feasibility study will produce roughly 860,000 ounces of gold over an 8-year mine life, is located at an elevation of 1,800 masl in the Develi Mountains in south-central rural Turkey, about 300km southeast of Ankara. Conventional truck and shovel open pit mining is planned to be used with gold being extracted through heap leaching. Gold will be processed using cyanide, and all transport, storage and handling will be executed in accordance with the International Cyanide Management Code, to which Centerra is a signatory. The first gold production is expected to occur in 2020.

Environmental and Social Due Diligence (ESDD) for the Project was conducted by an external consultancy on behalf of the lenders. The ESDD was based on an Environmental Impact Assessment in accordance with local Turkish requirements, an Environmental and Social Impact Assessment (ESIA) in compliance with international standards and relevant supporting documentation prepared by an independent consultancy on behalf of the borrower as well as the borrower's environmental and social/relevant corporate policies and management plans. In consultation with the lenders' advisor, UniCredit assigned an EP category A to the Project, essentially due to potentially significant adverse environmental risks and/or impacts in terms of, inter alia, unavoidable disruption to the physical environment, although these potential impacts are ameliorated through mitigation measures during operation and through closure plans at mine life end. Amongst others a Stakeholder Engagement Plan has been developed and the Project has been involved in stakeholder engagement since 2009. With regards to local biodiversity, ecological communities have a distinct flora with many regionally endemic and rare species. The Project employs an environmental coordinator who oversees the implementation of biodiversity mitigation measures, outlined in various management and action plans. In addition, external consultants have been engaged, and all parties aim at achieving a net gain for critical habitats and no net loss for priority biodiversity features.

By benchmarking against applicable international standards, including the EP, a gap analysis was performed and an Environmental and Social Action Plan (ESAP) developed on this basis. The ESAP has become an integral part of the loan documentation with implementation of ESAP items covenanted. The loan documentation also provides for the borrower undertaking to construct and operate the Project in compliance with applicable environmental and social laws and regulations and for regular monitoring and reporting by an independent consultant on behalf of the lenders.

# Compliance

## How compliance is managed at UniCredit

The constant evolution of the international scenario and an ever more demanding regulatory framework makes the Compliance function increasingly crucial and central for our Group. Its mission, under the responsibility of the Chief Compliance Officer, is to monitor the management of compliance risk - in terms of ensuring the correct application of/and compliance with the regulatory framework, its consistent interpretation at group level, as well as the identification, assessment, prevention and monitoring of the overall compliance risks - 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, Compliance defines, develops and monitors both implementation and adherence with Compliance rules, procedures, methodologies, trainings and in particular, minimum compliance standards to be followed and implemented within the Group. Moreover, within its mission, Compliance pursues the goal of being a valuable partner to the Business in terms of ensuring prompt advisory to timely tackle new regulations as well as new emerging risks impacting on the Bank's strategic interests and to enhance awareness on conducting business in a sustainable/ethical way compliant to rules.

The Compliance function is embedded in the second-level internal control system, pursuing the objective of preventing and managing the risk of regulatory non-compliance and conflict of interest, aimed at preserving the Bank's reputation, its customers' confidence and contributing to Group Sustainability (corporate value creation/consolidation), through: strategic guidance (policies and opinions) and support and monitoring (compliance risk mapping and preventive evaluation) on all Compliance activities. In addition, by regularly interacting with the other control functions, especially in the prompt detection of future emerging risks, it ensures consistency in the functioning of the second level internal defence line.

Finally, in terms of complying with *Transform 2019*, Compliance is focusing on: promptly dealing with regulatory challenges, further improving risk discipline and streamlining processes, enhancing cross-country projects and participating in core Group Projects with a focus on boosting steering and efficiencies including by using digitalisation.

### Key policies on the main Compliance topics

Topic	Policy	Definition
Governance	Group Compliance Framework	This Rule defines the mission of the Compliance function within the Group, its organisational and operational requirements as well as its scope and main related tasks to be performed accordingly.
	Compliance Culture	This Rule defines the principles and guidelines to establish, promote and sustain a culture of Compliance. The document integrates UniCredit's Compliance culture framework, its components, and defines the stakeholders involved.
	Code of Conduct	This Rule lists the principles which all employees and partnering third parties of UniCredit must comply with in order to ensure high standards of professional conduct related to the their activity in or on behalf of UniCredit.
	Compliance Risk Assessment Methodology	This Rule states the Group principles and standards for the identification and assessment of main compliance risks to which the Group is exposed, and for planning respective mitigation actions including the adoption of an adequate system of Second Level Controls.

Topic	Policy	Definition
<b>Client Interest Protection</b>	Provision of investment services and activities under 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.
	Conflicts of Interest	This Policy sets out rules and standards to be implemented by the UniCredit Group for properly detecting, managing and recording conflicts of interest, with particular regard to: <ul style="list-style-type: none"> <li>• Conflicts in the provision of investment services and activities</li> <li>• Conflicts in the provision of insurance products distribution services</li> <li>• Conflicts related to the issuance of financial instruments</li> <li>• Conflicts arising from the administration and/or contribution to financial benchmarks</li> <li>• Conflicts arising from the provision of investment recommendations</li> <li>• Conflicts in the provision of banking services and activities</li> <li>• Conflicts arising from employee's personal interests</li> <li>• Organisational conflicts</li> <li>• Conflicts arising from assignment of services and/or activities to external providers.</li> </ul>
<b>Anti-bribery &amp; Anti-corruption</b>	GP - Anti-Bribery and Anti-Corruption	This Policy aims to: <ul style="list-style-type: none"> <li>• clearly articulate UniCredit's commitment to prohibiting bribery and corruption</li> <li>• define principles for identifying and preventing potential bribery and corruption</li> <li>• clearly communicate anti-bribery and anti-corruption principles both to internal and external stakeholders</li> <li>• provide a framework for a Group-wide Anti-Corruption Programme.</li> </ul>
	Whistleblowing	This Rule defines: <ul style="list-style-type: none"> <li>• Unacceptable conducts subject to reports from employees</li> <li>• The process for the management of reports, by identifying the persons in charge of the relevant receipt and analysis</li> <li>• The measures provided by the Group for the protection of whistleblowers and their identity as well as activities for filing of documentation connected to reports.</li> </ul>
<b>Data Protection</b>	Privacy	This Policy implements the provisions introduced by the EU General Data Protection Regulation n. 2016/679 (the GDPR), in order to define minimum requirements on data protection-related topics. This Rule is aimed at uniform enforcement of the GDPR requirements and principles at Group Level.
<b>AML, Counter-Terrorist Financing and Financial Sanctions</b>	Anti-Money Laundering and Countering of Terrorist Financing	This Rule provides a high level framework for Employees to identify potential money laundering and terrorist financing risks and to assist them in determining how to manage such risks. It also provides general information on the measures taken by Group Companies to identify, mitigate and manage money laundering and terrorist financing risks.
	Financial Sanctions	This Rule defines principles and rules for restricting dealings with countries, entities and individuals that are subject to Financial Sanctions by, amongst others, the European Union (EU), United States Office of Foreign Assets Control (OFAC), United Nations (UN) sanctions and any national provisions where UniCredit is located.
<b>Market Transparency</b>	Personal Account Dealing	This Rule aims at implementing principles on employee personal trading, as well as the MiFID requirements on personal transactions of relevant persons.
	Market Abuse	This Rule states the principles, rules and Group standards to ensure that the Group complies with the provisions set forth by the Market Abuse Regulation.
	Single Antitrust Rulebook Antitrust and Unfair Commercial Practices	This Rule consisting of a Single Antitrust Rulebook defines all the Group principles, rules and standards concerning Antitrust and Unfair Commercial Practices.
	Financial Benchmarks	This Rule sets forth group internal principles and rules 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.
	Leakage Management	This Rule aims at governing the phenomenon of so-called Information Leverages, due to the damage these may cause to the legitimate interests of the Group and its clients, and to market integrity.

## Policies

### Anti-money laundering

Regulators 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 Programmes, such as risk assessment, customer due diligence, transaction monitoring, record keeping and training, while also taking into consideration the EU Anti-Money Laundering Directives. The AML Policy defines the framework the Group uses to manage its money laundering and terrorist financing risk and establishes minimum standards for Anti-Money Laundering (AML) programmes applicable to the legal entities.

Topic	Key achievements 2018	Priorities 2019
<b>Anti-money laundering</b>	<ol style="list-style-type: none"> <li>1. Extension of correspondent banking transaction monitoring solution to Central and Eastern Europe CEE Countries</li> <li>2. Performance of annual Group AML Risk Assessment</li> <li>3. Specialised AML Certification for staff members of various AML functions within the Group (ACAMS)</li> <li>4. Implementation of new Global Operational Regulation - AML/CTF Transaction Monitoring</li> </ol>	<ol style="list-style-type: none"> <li>1. Revision and implementation of new AML and FS Controls Catalogues</li> <li>2. Implementation of Gianos 4D according to Proof of Concept results and customization</li> <li>3. Assessment of the AML transactions monitoring model and analytic testing of alerts generation process</li> <li>4. Implementation of the new transaction monitoring template across CEE countries and Bank Austria</li> <li>5. Implementation of Bank of Italy regulation on Objective Communications; A.U.I.; Customer Due Diligence and Organization and Control</li> <li>6. Performance of annual AML Risk Assessment including ongoing monitoring of findings and corrective measures</li> </ol>

### Financial sanctions

The Global Policy on Financial Sanctions, initially issued in August 2012, and updated since then regularly bi-annually 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, sectors and individuals that are subject to Financial Sanctions by, amongst others, the European Union (EU), United States (US) Office of Foreign Assets Control (OFAC), United Nations (UN) sanctions and any national provisions in countries in which Group Legal Entities are located.

Official documents related to the Group Policy - Financial Sanctions that further build on the framework for Financial Sanctions and provide more details include:

1. Global Operational Regulation - Financial Sanctions
2. Global Operational Regulation - Payment and Customer Screening
3. Global Operational Regulation - Trade Finance Sanctions Screening.

Topic	Key achievements 2018	Priorities 2019
<b>Financial sanctions</b>	<ol style="list-style-type: none"> <li>1. Performing the Risk Assessment for Financial Sanctions covering inherent to residual risks which will be conducted on an annual basis</li> <li>2. Continuation of the enhancement of existing Sanctions Frameworks</li> <li>3. Update of existing policies and regulations: Global Operational Regulation - Trade Finance Transaction Screening in Q3 2018, Global Policy and Global Operational Regulation - Financial Sanctions in Q4 2018</li> <li>4. Testing of the Payment and Customer Screening Filters covering 44 tests (19 payment and 25 customer screening) in 31 legal entities (including branches)</li> <li>5. Enhancement to the Financial Sanctions Russia Framework for the Group and operation of the Sanction Business Forum</li> <li>6. Revision of financial sanctions training modules, creation of new "Markets" module and delivery of Face to Face trainings for target groups</li> </ol>	<ol style="list-style-type: none"> <li>1. Finalize the Group Anti-Financial Crime (GAFC) IT STRATEGY assessment</li> <li>2. Execute regular payment and customer screening tools configuration tests as per annual plan</li> <li>3. Review of the financial sanctions policies and regulations as per regulatory changes may so dictate</li> <li>4. Complete annual Group Financial Sanctions Risk Assessment</li> <li>5. Roll out of new online Financial sanctions training modules</li> </ol>

## Anti-corruption

The Group has zero tolerance towards acts of corruption, prohibits facilitation payments and does not permit any transfers of value to public officials without approval.

The Group's approach to anti-corruption and anti-bribery is set out in the Global Compliance Policy on Anti-Corruption and associated Group Operational Instructions.

The Global Policy sets minimum standards of anti-corruption compliance throughout UniCredit Group and is published on the UniCredit Group website. Whenever local rules in a country of operation are stricter than Global Policy - stricter local rules apply. Each local entity is responsible for the development and implementation of an effective local Anti-Corruption programme. Global Policy and Operational Instructions are reviewed periodically. Italian Group Legal Entities have also implemented the Organizational and Management Model pursuant to Italian Legislative Decree 231/01 (Administrative liability of Legal entities, companies and associations). This Model foresees among others specific Protocols for handling bribery and corruption issues.

For the purposes of the Policy, an act of corruption is defined as the giving, offering, promising, receiving, accepting, demanding or soliciting directly or indirectly of monetary or non-monetary, tangible or intangible 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.



## Supplement

### → Risk Management and Compliance

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 corruption may be reported also under the Global Policy on Whistleblowing.

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 of the 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 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 of bribery and corruption risks
- monitoring of the risk of bribery and corruption 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 or 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.

Risks of noncompliance are managed through a dedicated risk assessment process and second level controls. In the event of noncompliance, corrective actions to mitigate actual significant risks are undertaken.

With reference to communications and training, the Global 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 2018	Priorities 2019
Anti-corruption	<ol style="list-style-type: none"><li>1. Increase employee awareness with new waves of Anti-Bribery and Corruption and of Whistleblowing trainings and communication campaigns</li><li>2. Publication of the updated Global Policy on Anti-Bribery and Corruption and review of the related standard procedures in order to update them with the international best practices</li><li>3. Review of the Anti-Bribery and Corruption risk assessment performed in all main Legal Entities and improvement of compliance second level controls on Intermediaries</li></ol>	<ol style="list-style-type: none"><li>1. Implementation of the reviewed Whistleblowing Global Policy and of the Anti Corruption Group Operational Rule</li><li>2. Rollout and execution the updated Group Control Catalogue for Anti Corruption and Whistleblowing</li><li>3. Classroom workshops and communication campaigns on whistleblowing</li></ol>

## Organisational and management model pursuant to Italian Legislative Decree 231/2001

UniCredit SpA has adopted an organisational and management model pursuant to Italian Legislative Decree 231/01 (administrative liability of legal entities, companies and associations). The organisational 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 organisational 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 formalised 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 231/2001.

In drawing up the Model, the bank took explicit account of the Italian Banking Association (ABI) guidelines. The Model was updated in July 2018 due to new provisions on whistleblowing introduced by the Italian Law n. 179, published in December 2017. All the relevant Italian legal entities have also implemented their own organisational and management model based on UniCredit SpA's recommendations.

## 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 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.

In 2016 the CAP was 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, business type and size as well as target markets, and is subject to monitoring and periodic review to ensure its continued effectiveness. Following the success of this initiative, in 2017 the Compliance Antitrust Program was extended to the main Group Companies (not limited to Group banks), as well as to the foreign branches of UniCredit SpA and UniCredit Bank AG, also beyond the European Union.

During 2018 CAP was further extended to some indirectly controlled companies in Romania, as well as the Abu Dhabi branch of UniCredit SpA and additional classroom "tailor-made" training on Antitrust matters was delivered to the Milan branch of UniCredit Bank AG.

For the purposes of the refresh of Compliance Antitrust Program starting from 2019, the following were performed in 2018:

- a dedicated process for CAP performance, including new methodology for antitrust risk assessment and new standards for CAP reporting, was adopted and distributed to the Group Companies involved in the refresh of CAP in 2019
- the training modules for CAP "tailor made training" were updated and standardized to be delivered online; and a "final test" for each module was introduced; two dedicated sessions on Antitrust were held at the EMC
- Classroom and on-line Workshops on antitrust matters were delivered to different panels of colleagues.

As part of the CAP, 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 2018	Priorities 2019
Antitrust	1. Roll out of the activities related to the 2019 CAP refresh such as the review of CAP methodology and preparation of the on line training modules for 2019 CAP tailor made training	1. Refreshing Compliance Antitrust Program in 2019 in the 16 selected Group companies

## Main legal actions regarding anti-competitive behaviour, antitrust and monopoly practices

Country	Update on legal actions listed as ongoing in the 2017 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 28 April 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 1 January 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 utilising 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 framework 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.</p> <p>The Competition Authority conducted a new procedure over fines it had levied on banks (including UniCredit). The amount of the new fine is roughly 60 percent of the original fine. The Bank appealed against the decision to achieve further reduction of the fine. The procedure is still 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 fulfil 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.</p> <p>On 10.09.2018 the court decided to repeal the decision and close the proceedings, without any fines. GVH did appeal to the Supreme Court against the decision and the action is ongoing.</p>
Romania	<p>On 27 November, 2017, the Competition Council 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 employer association working 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 by the Competition Authority on the operating lease service market and, respectively, on the financial services and consumer credit market.</p> <p>The investigations are currently on-going.</p>

## Conflicts of interest

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

- Conflicts in the provision of investment services and activities
- Conflicts in the provision of insurance product distribution services
- Conflicts related to the issuance of financial instruments
- Conflicts arising from the administration and/or contribution to financial benchmarks
- Conflicts arising from the provision of investment recommendations
- Conflicts in the provision of banking services and activities
- Conflicts arising from employee's personal interests
- Organisational conflicts
- Conflicts arising from assignment of services and/or activities to external providers.

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 organisational measures suitable to mitigate/neutralise 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 2018	Priorities 2019
<b>Conflicts of Interest</b>	<ol style="list-style-type: none"> <li>1. Group-wide focus on the implementation of the new Group rules, which introduce more detailed processes for the identification and management of the conflicts of interests.</li> <li>2. Simplification of the control catalogue related to conflicts of interests</li> <li>3. Further analysis and links for conflicts of interest-related regulations focused on products, such as Prospectus Directive and Insurance Distribution Directive</li> </ol>	<ol style="list-style-type: none"> <li>1. Perform Risk assessment with the new methodology across all legal entities included in the perimeter</li> <li>2. Harmonisation of the applicability of the Group COI Control Catalogue</li> <li>3. Provide Group rules for the formalisation of the yearly report on COI</li> </ol>

## 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 new General Data Protection Regulation GDPR (EU Regulation 2016/679) entered into force on 25 May 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, was updated in March 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.

At Group Level UniCredit will develop a Data Protection Officer (DPO) Community and a Data Processing Agreement (DPA) at Group level. The DPO Community will be a community developed in order to ensure the DPO from the various Legal Entities of UniCredit SpA may share their opinion on different issues. The Group DPA will be a Data Processing Agreement agreed at Group Level that will ensure that when there is a Controller and a Processor within UniCredit Group this DPA will be used.

Topic	Key achievements 2018	Priorities 2019
<b>Privacy management</b>	<ol style="list-style-type: none"> <li>1. Appointment of a Data Protection Officer (DPO) and the Guidelines containing the job/duties of the DPO defined and published</li> <li>2. Completion of Data Protection Risk Assessment</li> <li>3. Set up of Record of processing activities and related certification campaign carried out by Q4 2018</li> <li>4. Definition of a methodology for Privacy Impact Assessment (PIA) and the Guidelines 1.31.3</li> <li>5. Implementation of new data subject rights through the Local Policy 4001</li> <li>6. Update of the information notices and the acquisition form for the consent</li> <li>7. Definition of the standard template of Data Processing Agreement (including Security Measures)</li> <li>8. Definition of the process for Data Breach Management</li> </ol>	<ol style="list-style-type: none"> <li>1. Data Protection Risk Assessment</li> <li>2. Issue of Data Breach Notification Policy</li> <li>3. Issue of Policy of Data Processor Management</li> <li>4. Fine Tuning of Privacy Impact Assessment Method</li> <li>5. Update of privacy documentation to be included in contracts (during 2019)</li> <li>6. Implementation of Right to be forgotten: the IT deletion to be applied to former clients was fully implemented in May 2018, while massive deletion of data of former clients and IT deletion procedures to be applied to single product/service (target solution) is to be progressively by December 2019 as per GDPR project plan</li> <li>7. Development of the DPO Community and the Group DPA</li> </ol>

## Whistleblowing

In 2011, we adopted a system, implemented at Group level, that provides employees with a way to report Unacceptable Conduct meaning “Any action and/or omission performed during the working activity or that could affect it, which could be a violation of the bank activity rules or that bring or could bring any damage or any bias to UniCredit and/or the employees” (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 behaviour has occurred or may occur.

The Group’s approach to whistleblowing is set out in a specific Global Policy. In order to promote a corporate culture based on ethical behaviour and good corporate governance, the 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 protection and confidentiality of the identity of the whistleblower and of the accused individual and to prevent any possible retaliatory or discriminatory behaviour in response to the report.

At local level, for example in Italy, UniCredit SpA has identified the Head of Anti Financial Crime 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.

The channels (some of which 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.

In 2018 in UniCredit Spa the whistleblowing process has been strengthened setting up the Whistleblowing Managerial Forum with the aim to monitor trend analysis and indicators stemming from whistleblowing reports managed by Group Legal Entities. It is composed by the Group Heads of: Compliance, Human Capital, Internal Audit and Risk Management. The Forum is held quarterly and meetings are also focused to increase the awareness of the Whistleblowing process and culture at Group Level.

According to this a new wave of dedicated communication campaign has been launched with interviews to Top Managers posted on the Group Intranet in order to continue to support the importance of whistleblowing and the protection assured by the Group process. Moreover all the Group Legal Entities intranet web pages have been refreshed with specific focus on this topic.

In 2018 following the issue of the Italian Law 179/2017 which contains provisions for the protection of whistleblowers, the UniCredit Spa Organizational Model ex Legislative Decree n. 231/2001 has been updated.

In 2019 it is planned the update of the Global Policy with the improvements of compliance second level controls and the review of IT tool used to manage whistleblowing reports.

## Number of cases by category, 2018<sup>A</sup>

Total cases <sup>B</sup>	Closed Cases at 31/12/2018			Categories of closed cases <sup>C</sup>											
	Total closed cases	Out of which real policy or requirement breaches	Pending cases at 31/12/2018	Anti-Bribery and Corruption	Financial Sanctions	Anti-Money Laundering	Fraud	MIFID	Conflict of Interest	Banking Transparency & Consumer Protection	Privacy & Banking Secrecy	Anti-Trust	Failure to comply with HR regulations	Failure to comply with internal regulations (and other inappropriate behaviour)	Reputational
267	210	49	57	6	1	3	3	5	4	6	7	0	22	62	5

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

UniCredit SpA (included branches in Abu Dhabi, London, Madrid, Munich, New York, Paris, Shanghai); AO UniCredit Bank; Bank Austria Finanzservice GmbH; Bank Austria Real Invest Immobilien-Management GmbH; Card Complete Service Bank AG; Cordusio SIM SpA; Cordusio Società Fiduciaria per Azioni; DC Bank AG; FactorBank Aktiengesellschaft; FinecoBank SpA; Food & More GmbH; Kapitalverwaltungsgesellschaft mbH; Ooo UniCredit Leasing; Schoellerbank Aktiengesellschaft; SIA UniCredit Leasing; UniCredit (UK) Trust Services Ltd; UniCredit Bank ad Banja Luka; UniCredit Bank AG (included branches in Athens, Hong Kong, London, Milan, New York, Paris, Singapore, Tokyo, Wien, Zurich); 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 Consumer Financing EAD; UniCredit Factoring Czech Republic and Slovakia, AS; UniCredit Factoring EAD; UniCredit Factoring SpA; UniCredit International Bank (Luxembourg) SA; UniCredit Leasing (Austria) GmbH; UniCredit Leasing Corporation IFN SA; UniCredit Leasing Corporation IFN SA; UniCredit Leasing Croatia doo za Leasing; UniCredit Leasing CZ as; UniCredit Leasing EAD; UniCredit Leasing Hungary Zrt; UniCredit Leasing Slovakia as; UniCredit Leasing SpA; UniCredit Leasing Srbija doo; UniCredit Leasing, leasing, doo; UniCredit Operatív Lízing Kft; UniCredit Services GmbH; UniCredit Services SCpA (included branches in Germany, Poland, Romania, Hungary, Czech Republic, Slovakia, London, New York, Singapore); UniCredit Subito Casa SpA; Yapi ve Kredi Bankası A.Ş.; Zagrebačka Banka DD; Zagrebačka Banka DD; AO Locat Leasing Russia.

B. Of which 30 pending cases at the end of 2017.

C. Please note that categories of closed cases are referred to whistleblowing cases with sufficient elements to perform investigation. In 2018 n. 86 reports received did not have sufficient elements.

# Stakeholder Engagement

## Material topics

Clusters	Main stakeholder involved <sup>1</sup>	Material topic	Definition	Boundaries for material topics <sup>2</sup>	Type of involvement	Main reference chapter of the Integrated Report
Innovation for customer	Customers Communities Colleagues	Digitalisation and innovation	Being proactive, acting promptly and promoting innovation: contributing to social and economic progress and innovation as well as the wellbeing of countries, developing products and services to support research and innovation intensive industries, by leveraging analytics, as they increasingly becoming significant, with positive and negative implications	Group Customers Regulators Communities	Contributed	<ul style="list-style-type: none"> <li>Integration of Strategic Pillars and Capitals</li> <li>Intellectual Capital</li> <li>Social and relationship Capital</li> </ul>
Innovation for customer	Customers	Value to customer	Being close to customers, understanding their needs and promptly developing products and services for families and companies that support their prosperity and growth (e.g., innovation, internationalization, research and development) and are good value for money	Group Customers	Caused	<ul style="list-style-type: none"> <li>Integration of Strategic Pillars and Capitals</li> <li>Social and relationship Capital</li> </ul>
Lean and solid bank	All <sup>3</sup>	Bank solidity	Being a stable and solid reference point for all stakeholders: building a long-term foundation for financial stability while supporting all stakeholders (customers, employees, etc.) in an uncertain environment; providing tangible support for regulatory discussions to create a stronger financial system bearing in mind different interconnections	Group Customers Investors Regulators Communities	Caused	<ul style="list-style-type: none"> <li>Governance</li> <li>Integration of Strategic Pillars and Capitals</li> <li>Financial Capital</li> <li>Risk Management and Compliance</li> <li>Social and relationship Capital</li> </ul>
Lean and solid bank	Customers Investors	Lean and transparent organisation	Being a simple and lean organisation and base all our interactions with stakeholders on transparency: guaranteeing lean and efficient bank procedures and processes, proposing and offering simple and easy to understand products/services, using effective and clear communications also with financial markets by disclosing relevant information to investors to understand our competitive positioning and business trends	Group Customers Investors	Caused	<ul style="list-style-type: none"> <li>Integration of Strategic Pillars and Capitals</li> <li>Social and relationship Capital</li> </ul>
People development	Colleagues	Employees' empowerment	A commitment to enhancing colleagues' professional skills and accelerating their professional development through transparent and fair mechanisms to ensure all employees are capable of performing to the best of their abilities; valuing employees' wellbeing and the balance between their professional and personal lives; creating a work environment where everyone feels at ease and is motivated to build positive relationships with employees' representatives and all the stakeholders	Group	Caused	<ul style="list-style-type: none"> <li>Human Capital</li> </ul>

1. Main stakeholder group that raised and/or is affected by the material topic.

2. Reporting of data and information for topics that are material outside the organisation 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). Boundaries for material topic refer to where the impact occurs for a material topic.

3. Includes Colleagues, Customers, Communities, Investors, Regulators and Suppliers.



Clusters	Main stakeholder involved <sup>1</sup>	Material topic	Definition	Boundaries for material topics <sup>2</sup>	Type of involvement	Main reference chapter of the Integrated Report
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 maximise their potential	Group Regulators	Caused	• Human Capital
Ethics	All	Fair business behaviour	Recognising the importance of environmental, social and governance issues and embedding them into specific business strategies, maintaining high standards for fair business practices and expecting senior management and employees to treat all stakeholders with fairness and respect	Group Customers Investors	Caused	• Risk Management and Compliance • Natural Capital • Social and relationship Capital
Ethics	All	Business ethics	Basing our business practices on strong ethics fundamentals: respecting and supporting human rights within our sphere of influence; reinforcing a culture of compliance and attention to colleagues' health and safety at all levels of our organisation	Group Customers Investors Regulators	Caused by the Group and directly linked to its business relationship	• Risk Management and Compliance
Emerging risks	All	Cyber security	Building and maintaining an environment in which all data and information confidentiality, integrity and availability are protected from relevant cyber threats	Group Customers Regulators	Contributed	• Intellectual Capital • Risk management and Compliance
Emerging risks	All	Climate change	Develop a climate change strategy to manage transition risks and physical risks arising from a changing climate and seizing related opportunities in order to mitigate the impacts on global temperature and to enhance climate resilience	Group Customers Regulators Investors	Caused by the Group and directly linked to its business relationship	• Natural Capital • Risk Management and Compliance
Emerging risks	Customers Colleagues	Demographic change	Bearing in mind the impacts of demographic changes on all our banking business activities both in terms of demand and supply of products and services and wellbeing for customers and colleagues	Group Customers Communities	Contributed	• Social and relationship Capital
Positive impact on society	Communities	Positive impact on society	Understanding the priorities of communities, supporting sectors and enterprises which can create social and economic positive impacts (infrastructure, employment, social wellbeing and financial education)	Group Customers Communities	Caused	• Social and relationship Capital



# Human Capital

## Portrait in numbers<sup>1</sup>

The data in this part of Supplement applies to UniCredit's employees (in Head Count) as of December 31, 2018-2017. Our employee data does not include external staff (e.g., interns or consultants). The number reflects all employees of fully consolidated entities. The data represents 100 percent of the population unless otherwise noticed.

In 2018, we reallocated our senior management population between the Senior Leadership and Executive employment tiers. For this reason, several figures may be different from those presented in 2017 Integrated Report.

2018 data shows a general decrease of the company's overall population, mainly due to the reorganization of the Group through our strategic plan.

### Percentage and number of employees by country and gender, 2017-2018

Country	Female 2018	Male 2018	Head Count 2018	Head Count 2017
Italy	46.07%	53.93%	41,007	44,957
Germany	53.96%	46.04%	16,068	17,472
Austria	54.76%	45.24%	8,798	9,363
Bosnia and Herzegovina	72.48%	27.52%	1,686	1,694
Bulgaria	77.36%	22.64%	4,589	4,566
Croatia	74.21%	25.79%	4,076	4,165
Czech Republic	65.46%	34.54%	4,033	4,063
Hungary	68.33%	31.67%	2,207	2,257
Romania	71.15%	28.85%	5,851	5,698
Russia	67.27%	32.73%	4,721	4,722
Serbia	63.32%	36.68%	1,303	1,281
Slovenia	65.16%	34.84%	577	570
Other <sup>A</sup>	60.41%	39.59%	1,432	1,507
<b>Total</b>	<b>55.77%</b>	<b>44.23%</b>	<b>96,348</b>	<b>102,315</b>

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

### Percentage of employees by employment tier, 2017-2018

Employment tier	2018	2017
Senior Leadership	0.11%	0.11%
Executive	0.39%	0.39%
Middle Management	9.68%	9.39%
Staff	89.81%	90.11%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

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

### Percentage of employees by employment tier and gender, 2017-2018

Employment tier and gender	2018	2017
<b>Senior Leadership</b>		
Female	10.00%	9.17%
Male	90.00%	90.83%
<b>Executive</b>		
Female	21.37%	18.02%
Male	78.63%	81.98%
<b>Middle Management</b>		
Female	31.52%	30.75%
Male	68.48%	69.25%
<b>Staff</b>		
Female	58.59%	57.67%
Male	41.41%	42.33%

### Percentage of employees by gender and contract type, 2017-2018

Gender	2018		2017	
	Fixed-term	Permanent	Fixed-term	Permanent
Female	3.68%	52.08%	3.64%	51.29%
Male	2.38%	41.85%	2.20%	42.86%
<b>Total</b>	<b>6.07%</b>	<b>93.93%</b>	<b>5.84%</b>	<b>94.16%</b>

### Percentage of employees by contract type and country, 2017-2018

Country	2018		2017	
	Fixed-term	Permanent	Fixed-term	Permanent
Italy	2.44%	97.56%	1.79%	98.21%
Germany	6.77%	93.23%	6.93%	93.07%
Austria	16.27%	83.73%	15.13%	84.87%
Bosnia and Herzegovina	5.34%	94.66%	6.32%	93.68%
Bulgaria	8.28%	91.72%	8.41%	91.59%
Croatia	2.40%	97.60%	2.67%	97.33%
Czech Republic	9.57%	90.43%	11.79%	88.21%
Hungary	0.05%	99.95%	0.13%	99.87%
Romania	8.14%	91.86%	10.53%	89.47%
Russia	8.41%	91.59%	8.28%	91.72%
Serbia	7.60%	92.40%	8.51%	91.49%
Slovenia	14.38%	85.62%	11.40%	88.60%
Other <sup>A</sup>	22.00%	78.00%	19.71%	80.29%
<b>Total</b>	<b>6.07%</b>	<b>93.93%</b>	<b>5.84%</b>	<b>94.16%</b>

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

### Percentage of employees by employment tier and age, 2017-2018

Employment tier	2018			2017		
	Up to 30 years	31-50 years	Above 50 years	Up to 30 years	31-50 years	Above 50 years
Senior Leadership	0.00%	0.09%	0.20%	0.00%	0.08%	0.19%
Executive	0.00%	0.41%	0.51%	0.00%	0.41%	0.48%
Middle Management	0.89%	10.62%	11.17%	0.79%	10.38%	10.56%
Staff	99.11%	88.89%	88.11%	99.21%	89.13%	88.77%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

### Turnover for incoming employees by country, 2017-2018<sup>A</sup>

Country	2018		2017	
	Number	Percentage	Number	Percentage
Italy	1,251	3.05%	496	1.10%
Germany	533	3.32%	352	2.01%
Austria	590	6.71%	1,214	12.97%
Bosnia and Herzegovina	116	6.88%	109	6.43%
Bulgaria	552	12.03%	556	12.18%
Croatia	359	8.81%	237	5.69%
Czech Republic	618	15.32%	629	15.49%
Hungary	307	13.91%	327	14.49%
Romania	1,423	24.32%	1,269	22.27%
Russia	876	18.56%	863	18.28%
Serbia	127	9.75%	125	9.76%
Slovenia	80	13.86%	71	12.46%
Other <sup>B</sup>	333	23.25%	252	16.72%
<b>Total</b>	<b>7,165</b>	<b>7.44%</b>	<b>6,500</b>	<b>6.35%</b>

A. Turnover rates are calculated as follows: (Employees hired in 2018)/(Employees at the end of 2018)\*100.

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

### Turnover for outgoing employees by country, 2017-2018<sup>A</sup>

Country	2018		2017	
	Number	Percentage	Number	Percentage
Italy	5,100	12.44%	4,493	9.90%
Germany	2,022	12.58%	1,412	8.08%
Austria	1,153	13.11%	1,681	17.95%
Bosnia and Herzegovina	120	7.12%	91	5.37%
Bulgaria	523	11.40%	521	11.41%
Croatia	444	10.89%	331	7.95%
Czech Republic	703	17.43%	785	19.32%
Hungary	358	16.22%	334	14.80%
Romania	1,307	22.34%	1,160	20.36%
Russia	878	18.60%	930	19.70%
Serbia	105	8.06%	78	6.09%
Slovenia	72	12.48%	63	11.05%
Other <sup>B</sup>	249	17.39%	210	13.93%
<b>Total</b>	<b>13,034</b>	<b>13.53%</b>	<b>12,089</b>	<b>11.82%</b>

A. Turnover rates are calculated as follows: (Employees who left the Group in 2018)/(Employees at the end of 2018)\*100.

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

### Turnover for incoming employees by gender<sup>A</sup> and age<sup>B</sup>, 2017-2018

Gender	2018		2017	
	Number	Percentage	Number	Percentage
Female	4,219	7.85%	4,021	7.15%
Male	2,946	6.91%	2,479	5.38%

Age	2018		2017	
	Number	Percentage	Number	Percentage
Up to 30 years	4,366	39.75%	3,672	32.91%
31 - 50 years	2,361	4.29%	2,029	7.39%
Above 50 years	438	1.44%	799	2.43%

A. Turnover rates are calculated as follows: (Employees hired in 2018 by gender)/(Employees by gender at the end of 2018)\*100.

B. Turnover rates are calculated as follows: (Employees hired in 2018 by age)/(Employees by age at the end of 2018)\*100.

## Turnover for outgoing employees by gender<sup>A</sup> and age<sup>B</sup>, 2017-2018

Gender	2018		2017	
	Number	Percentage	Number	Percentage
Female	6,692	12.46%	6,185	11.00%
Male	6,342	14.88%	5,904	12.80%

Age	2018		2017	
	Number	Percentage	Number	Percentage
Up to 30 years	2,789	25.39%	2,718	24.36%
31 - 50 years	3,786	6.88%	3,488	5.99%
Above 50 years	6,459	21.28%	5,883	17.89%

A. Turnover rates are calculated as follows: (Employees who left the Group in 2018 by gender)/(Employees by gender at the end of 2018)\*100.  
B. Turnover rates are calculated as follows: (Employees who left the Group in 2018 by age)/(Employees by age at the end of 2018)\*100.

## Differential<sup>A</sup> between female and male employee gross salaries<sup>B</sup> by country and employment tier, 2017-2018<sup>C</sup>

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

Country	2018			2017		
	Executive	Middle Management	Staff	Executive	Middle Management	Staff
Italy	90.49%	86.48%	88.63%	86.95%	85.94%	88.51%
Germany	77.65%	83.46%	87.63%	76.27%	84.59%	86.49%
Austria	105.76%	90.65%	80.17%	96.35%	90.14%	79.81%
Bosnia and Herzegovina	Not applicable	80.29%	89.67%	93.85%	94.69%	89.84%
Bulgaria	Not applicable	91.73%	74.88%	40.07%	92.29%	73.89%
Croatia	89.10%	90.48%	93.55%	75.23%	90.10%	94.91%
Czech Republic	Not applicable	68.67%	71.02%	Not applicable	75.02%	76.04%
Hungary	Not applicable	97.58%	81.12%	Not applicable	95.49%	81.83%
Romania	102.26%	100.76%	82.41%	57.32%	96.58%	83.40%
Russia	120.60%	89.57%	73.59%	60.12%	89.83%	73.80%
Serbia	Not applicable	88.83%	78.75%	Not applicable	83.32%	82.46%
Slovenia	Not applicable	76.47%	94.73%	73.26%	101.88%	98.52%

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 91.32 percent of the population. Due to the reallocation of the senior management population between the Senior Leadership and Executive employment tiers, the figures relative to the Executive tier are not comparable to those presented in 2017 Integrated Report.

## Differential<sup>A</sup> between female and male employee total remuneration<sup>B</sup> by country and employment tier, 2017-2018<sup>C</sup>

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

Country	2018			2017		
	Executive	Middle Management	Staff	Executive	Middle Management	Staff
Italy	86.31%	84.86%	88.74%	79.19%	85.11%	88.48%
Germany	64.39%	76.58%	84.12%	67.38%	78.72%	83.94%
Austria	121.43%	88.21%	78.95%	88.91%	88.79%	78.68%
Bosnia and Herzegovina	Not applicable	79.62%	88.69%	95.16%	94.46%	89.41%
Bulgaria	Not applicable	91.73%	74.93%	39.57%	92.62%	73.84%
Croatia	92.07%	85.17%	93.59%	76.92%	87.38%	94.79%
Czech Republic	Not applicable	64.89%	68.19%	Not applicable	71.58%	74.97%
Hungary	Not applicable	98.57%	80.40%	Not applicable	95.89%	81.36%
Romania	98.33%	99.21%	81.87%	47.33%	94.59%	85.35%
Russia	115.66%	88.13%	74.31%	59.18%	88.16%	73.86%
Serbia	Not applicable	83.81%	78.05%	Not applicable	81.93%	81.67%
Slovenia	Not applicable	72.13%	94.76%	74.03%	100.70%	99.16%

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. 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 91.32 percent of the population. Due to the reallocation of the senior management population between the Senior Leadership and Executive employment tiers, the figures relative to the Executive tier are not comparable to those presented in 2017 Integrated Report.

## Diversity management

### Percentage of employees by gender and employment status, 2017-2018

Gender	2018		2017	
	Part-time	Full-time	Part-time	Full-time
Female	13.65%	42.12%	13.61%	41.33%
Male	2.23%	42.01%	2.17%	42.89%
<b>Total</b>	<b>15.88%</b>	<b>84.12%</b>	<b>15.78%</b>	<b>84.22%</b>

### Number of employees in protected categories<sup>A</sup> by country, 2017-2018<sup>B</sup>

Country	2018	2017
Italy	2,356	2,796
Germany	736	655
Austria	242	358
Bosnia and Herzegovina	9	10
Bulgaria	123	127
Croatia	31	36
Czech Republic	53	55
Hungary	0	0
Romania	16	12
Russia	110	123
Serbia	0	0
Slovenia	0	4
Other <sup>C</sup>	7	4

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

B. Data represents 90.7 percent of the population for 2018 and 92.7 percent for 2017.

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

## Training

In 2018 we enhanced our data gathering, which resulted in a wider and more accurate reporting of training hours per capita.

### Training hours per capita by employment tier and gender, 2017-2018

	2018			2017		
	Female	Male	Total	Female	Male	Total
Senior Leadership and Executive	39.83	22.46	25.73	25.12	22.55	22.95
Middle Management	24.07	23.61	23.75	19.39	19.08	19.17
Staff	33.60	35.50	34.38	23.11	25.23	24.01
<b>Total</b>	<b>33.08</b>	<b>33.58</b>	<b>33.30</b>	<b>22.91</b>	<b>24.32</b>	<b>23.54</b>

This data was drawn from a population that represented 98.8 percent of the population for 2018 and 95.9 percent for 2017. Training hours include e-learning, classroom instruction and on-the-job training.

## Industrial Relations<sup>2</sup>

At UniCredit, we strongly believe in the importance of social dialogue, in particular with regard to the Group's labour practices. Social dialogue enhances our ability to cooperate, improves our listening skills and expands our understanding of domestic and global labour needs. A consistent, Group-wide 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 national level, workers' interests may be represented in our Group by trade unions, works councils or other representatives in line with applicable labour laws and local industrial relations systems. At international level, workers are represented by the European Works Council (EWC), which, since its foundation in 2007, 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, the Czech Republic, Germany, Hungary, Ireland, Italy, Luxembourg, Poland, Romania, Russia, Serbia, Slovakia, Slovenia and the United Kingdom).

Over the past ten years, UniCredit and the EWC have achieved important results, defining a distinctive global approach to industrial relations. The four 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 level.

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.

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, strengthening a sense of belonging and enhancing quality of life at work.

The Joint Declaration on Responsible Sales (May 2015) promotes joint principles and guidelines regarding UniCredit's commercial approach, defining the pillars based on which they can be shared and respected: product quality, customer focus, employees' professional development and organisational governance.

The Joint Declaration on Work-Life Balance (November 2017) aims to promote 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: digitisation, space and time flexibility, time management, well-being and cultural change.

The implementation of every Joint Declaration is subject to periodical monitoring, both by UniCredit and the EWC's employee representatives.

The parties commit to ensuring the broader dissemination and implementation of the content of these documents throughout all Group countries, with the common purpose of using social dialogue to reinforce Group culture, taking into account special requirements and current local best practices in addition to standards that have already been met.

2. 2018 data is drawn from the following subset of Group entities (which represents 98.19 percent of the reporting boundaries) unless stated otherwise:

- Italy: UniCredit SpA, FincoBank SpA, Cordusio SIM SpA, UniCredit Factoring SpA, UniCredit Leasing SpA, UniCredit Services SCpA
- Germany: UniCredit Bank AG, Food & More GmbH, Ocean Breeze Energy GmbH & Co KG, UniCredit Direct Services GmbH, UniCredit Leasing GmbH, Wealthcap Kapitalverwaltungsgesellschaft mbH, UniCredit Services SCpA
- Austria: UniCredit Bank Austria AG, UniCredit Services GmbH
- Bosnia and Herzegovina: UniCredit Bank DD, UniCredit Bank ad Banja Luka
- Bulgaria: UniCredit Bulbank AD
- Croatia: Zagrebačka Banka DD, UniCredit Leasing Croatia doo za Leasing
- Czech Republic: UniCredit Bank Czech Republic and Slovakia as, UniCredit Leasing CZ as, UniCredit Services SCpA
- Hungary: UniCredit Bank Hungary Zrt, UniCredit Services SCpA
- Romania: UniCredit Bank SA, UniCredit Consumer Financing IFN SA, UniCredit Leasing Corporation IFN SA, UniCredit Leasing Fleet Management Srl, UniCredit Services SCpA, UniCredit Services GmbH
- Russia: AO UniCredit Bank, OOO UniCredit Leasing
- Serbia: UniCredit Bank Serbia Jsc
- Slovenia: UniCredit Banka Slovenija DD, UniCredit Leasing, leasing, doo.

## Percentage of employees covered by collective bargaining agreements, 2017-2018<sup>A</sup>

Country	2018	2017
Italy	100%	100%
Germany <sup>B</sup>		
UniCredit Bank AG	41.80%	40.95%
Food & More GmbH	35%	Not applicable
UniCredit Services SCpA	47.42%	49.56%
Austria	100%	100%
Bosnia and Herzegovina	100%	100%
Bulgaria	60.35%	59.74%
Croatia <sup>B</sup>		
Zagrebacka Banka DD	100%	100%
Czech Republic <sup>B</sup>		
UniCredit Bank Czech Republic and Slovakia, as	92%	100%
UniCredit Services SCpA	100%	100%
Hungary <sup>C</sup>	Not applicable	Not applicable
Romania <sup>B</sup>		
UniCredit Bank SA		
UniCredit Consumer Financing IFN SA	100%	93%
UniCredit Leasing Corporation IFN SA		
UniCredit Services SCpA	100%	100%
UniCredit Services GmbH		
Russia	100%	100%
Serbia <sup>C</sup>	Not applicable	Not applicable
Slovenia	100%	100%

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

B. For the legal entities not displayed no collective bargaining agreement is in place.

C. 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, 2018

Country	Notice period	Legal number of days	Notice period specified notice in collective bargaining agreements
Italy	Yes	25	Yes
Germany	No	Not applicable	Not applicable
Austria			
UniCredit Bank Austria AG	Yes	42	No
UniCredit Services GmbH	No	Not applicable	Not applicable
Bosnia and Herzegovina			
UniCredit Bank DD	Yes	15	No
UniCredit Bank ad Banja Luka	Yes	30	No
Bulgaria	Yes	45	Yes
Croatia			
Zagrebacka Banka DD	Yes	14	Yes
UniCredit Leasing Croatia doo za Leasing	Yes	30	Not applicable
Czech Republic			
UniCredit Bank Czech Republic and Slovakia, as	Yes	60	No
UniCredit Leasing CZ as			
UniCredit Services SCpA	Yes	60	Yes
Hungary	Yes	30	No
Romania			
UniCredit Bank SA			
UniCredit Consumer Financing IFN SA			
UniCredit Leasing Corporation IFN SA	Yes	20	No
UniCredit Leasing Fleet Management Srl			
UniCredit Services SCpA	Yes	30 <sup>A</sup>	No
UniCredit Services GmbH			
Russia	Yes	60	No
Serbia	No	Not applicable	Not applicable
Slovenia	Yes	8	Yes

A. Notice period might change according to the situation.

## Welfare and work-life balance<sup>3</sup>

In 2018, UniCredit created a global welfare strategy framework based on its Human Capital mission with one objective – to create the best place to work. The aim is to attract, retain and engage employees, offering adequate welfare standards in all geographies.

Welfare initiatives are developed locally in order to create the right social solution to a country’s needs and special requirements, with central coordination that guarantees the observance of the main principles and guidelines of UniCredit’s welfare strategy.

Thanks to social dialogue, the collaboration with employee representatives creates a balance between workers’ needs and business needs by continuously verifying the consistency of initiatives and progress of projects over time.

UniCredit intends to continuously enhance its current practices while fully respecting the specific requirements of individual countries. The innovative approach defined by the Joint Declaration on Work-Life Balance in 2017 aims to inspire and promote local initiatives by identifying specific macro-areas of focus and promoting a set of concrete actions and clear drivers.

### A snapshot of the Joint Declaration on Work-Life Balance initiatives by macro-area, 2018

Macro areas	Digitisation	Space and time flexibility	Time management	Well-being	Cultural change
<b>Geographic areas</b>	Italy, Germany, Austria, CEE	Italy, Germany, Austria, CEE	Italy, CEE	Italy, Germany, Austria, CEE	Italy, Germany, Austria, CEE
<b>Examples</b>	<ul style="list-style-type: none"> <li>• Proper use of corporate devices</li> </ul>	<ul style="list-style-type: none"> <li>• Remote work</li> <li>• Mobility initiatives</li> <li>• Flexible working hours</li> <li>• Sabbatical leaves</li> <li>• Specific leaves for key life events</li> <li>• Leaves for volunteering and social activities</li> </ul>	<ul style="list-style-type: none"> <li>• Respect of working hours</li> <li>• Email management</li> <li>• “Day without meetings”</li> </ul>	<ul style="list-style-type: none"> <li>• Welfare plans</li> <li>• Health prevention programs</li> <li>• Canteens and healthy food initiatives</li> <li>• Sport initiatives</li> <li>• Kindergartens</li> <li>• Psychological support</li> </ul>	<ul style="list-style-type: none"> <li>• Training to managers to foster a culture of inclusion</li> <li>• Communication campaign on work-life balance</li> <li>• Training to managers managing teams working remotely</li> <li>• Encourage recruiting and return to work of mothers after a long leave</li> </ul>

3. 2018 data is drawn from the following subset of Group entities (which represents 98.06 percent of the reporting boundaries) unless stated otherwise:

- Italy: UniCredit SpA, FinecoBank SpA, Cordusio SIM SpA, UniCredit Factoring SpA, UniCredit Leasing SpA, UniCredit Services SCpA
- Germany: UniCredit Bank AG, Food & More GmbH, Ocean Breeze Energy GmbH & Co KG, UniCredit Direct Services GmbH, UniCredit Leasing GmbH, Wealthcap Kapitalverwaltungsgesellschaft mbH, UniCredit Services SCpA
- Austria: UniCredit Bank Austria AG, Schoellerbank Aktiengesellschaft, UniCredit Leasing (Austria) GmbH, UniCredit Services GmbH
- Bosnia and Herzegovina: UniCredit Bank DD, UniCredit Bank ad Banja Luka
- Bulgaria: UniCredit Bulbank AD, UniCredit Consumer Financing EAD, UniCredit Leasing EAD
- Croatia: Zagrebačka Banka DD
- Czech Republic: UniCredit Bank Czech Republic and Slovakia as, UniCredit Leasing CZ as, UniCredit Services SCpA
- Hungary: UniCredit Bank Hungary Zrt, UniCredit Services SCpA
- Romania: UniCredit Bank SA, UniCredit Consumer Financing IFN SA, UniCredit Leasing Corporation IFN SA, UniCredit Services SCpA, UniCredit Services GmbH
- Russia: AO UniCredit Bank, Ooo UniCredit Leasing
- Serbia: UniCredit Bank Serbia Jsc
- Slovenia: UniCredit Banka Slovenija DD, UniCredit Leasing, leasing, doo.



## Retirement plans offered to employees, 2018

Country	Principal retirement plans	Contribution from employer	Contribution from employees
Italy <sup>A</sup>	Defined contribution plan	2% or 3% <sup>B</sup>	Minimum 0.5%
Germany <sup>C</sup> UniCredit Bank AG Wealthcap Kapitalverwaltungsgesellschaft mbH UniCredit Services SCpA	Defined contribution plan	2.5% of gross income up to gross yearly income of €61,548	2.5% of gross income up to a gross yearly income of €61,548
UniCredit Leasing GmbH	Defined contribution plan	4.36% of the agreed annual income	2.14% of the agreed annual income as salary conversion
Austria UniCredit Bank Austria AG Schoellerbank Aktiengesellschaft UniCredit Leasing (Austria) GmbH	Defined contribution plan	2.9% or more	Arrangements between the pension fund and employee are made on an individual basis
UniCredit Services GmbH	Defined contribution plan	2.5% of the yearly gross salary	Arrangements between contribution plan 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	Arrangements between the pension fund and employee are made on an individual basis
UniCredit Leasing CZ as	Defined contribution plan	15,000 CZK (approximately €600)	Arrangements between the pension fund and employee are made on an individual basis
UniCredit Services SCpA	No plans	Not applicable	Not applicable
Hungary	No plans	Not applicable	Not applicable
Romania	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.

C. For the legal entities not displayed no retirement plan is offered to employees.

## Welfare system, 2018

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 Services SCpA	Yes	No
Hungary	Yes	Yes
Romania		
UniCredit Bank SA		
UniCredit Consumer Financing IFN SA	Yes	No
UniCredit Leasing Corporation IFN SA		
UniCredit Leasing Fleet Management Srl		
UniCredit Services SCpA	Yes	Yes
UniCredit Services GmbH		
Russia	Yes	Yes
Serbia	Yes	Yes
Slovenia	Yes	No

## Transition assistance programs to support employees,<sup>A</sup> 2018<sup>B</sup>

Country	The program includes:				
	Preretirement 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	Yes	Yes	Yes	No
Germany <sup>C</sup>	Yes	Yes	Yes	Yes	No
UniCredit Services SCpA	Yes	No	Yes	Yes	No
Austria	Yes	Yes	Yes	Yes	No
Bosnia and Herzegovina	No	No	Yes	No	No
Bulgaria	No	No	Yes	No	No
Croatia	No	Yes	Yes	No	No
Czech Republic <sup>D</sup>	Yes	Yes	Yes	Yes	No
UniCredit Services SCpA	No	Yes	Yes	Yes	No
Hungary <sup>E</sup>	No	No	Yes	Yes	Yes
UniCredit Services SCpA	No	No	Yes	No	No
Romania <sup>F</sup>	No	No	Yes	No	No
UniCredit Services SCpA	Yes	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. The tables under this paragraph refer to the perimeter defined at page 5.37 - Industrial Relations.

C. Refers to UniCredit Bank AG, Food & More GmbH, Ocean Breeze Energy GmbH & Co KG, UniCredit Direct Services GmbH, UniCredit Leasing GmbH, Wealthcap Kapitalverwaltungsgesellschaft mbH.

D. Refers to UniCredit Bank Czech Republic and Slovakia as, UniCredit Leasing CZ as.

E. Refers to UniCredit Bank Hungary Zrt.

F. Refers to UniCredit Bank SA, UniCredit Consumer Financing IFN SA, UniCredit Leasing Corporation IFN SA.

## Health and safety management<sup>4</sup>

Health and safety at work is a key topic. It has been fully integrated into the work-life balance strategy and we far exceed our legal obligations. It must be seen as a core value whose ultimate goal is to guarantee well-being at work through a combination of actions and systems.

With this in mind, UniCredit signed a specific Joint Declaration on Work-Life Balance in 2017 with the aim of sharing a defined set of Group target standards according to a socially responsible corporate approach with employee representatives, taking into account the special requirements and current local best practices in addition to the standards of individually geographies that we have already met.

In compliance with EU directives, local laws, regulations and signed agreements in all the legal entities that make up UniCredit Group, the Occupational Health and Safety Management System aims to monitor and carry out activities to identify and mitigate the effects of the dangers that can lead to accidents and occupational illnesses. To further minimise residual risks, continuous improvement actions are carried out.

UniCredit has adopted and successfully implemented an Occupational Health and Safety Management System identifying, within its organisational structure, responsibilities, procedures, processes and resources for implementing the company policy on the protection of employees. The risks to the health and safety of employees are evaluated according to a multidisciplinary approach, considering the combined effect of the working environment, processes and equipment as well as the subjective conditions of workers.

The health and safety risk management process comprises the following phases:

- identification of dangers and their classification;
- risk assessment;
- identification and preparation of prevention and protection measures and procedures;
- definition of an action plan as part of a programme to guarantee the improvement of safety levels over time, with the identification of the competent company structures;
- execution of the planned measures as part of the programme;
- definition of worker information and training programmes;
- monitoring the implementation of the programmes and checks on the application and effectiveness of the measures adopted;
- management of residual risks.

### Formal joint management-worker health and safety committees, 2018

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	Yes	Legal Entity	100%
Bosnia and Herzegovina	No	Not applicable	Not applicable
Bulgaria	Yes	Legal Entity	100%
Croatia	Yes	Legal Entity	100%
Czech Republic			
UniCredit Bank Czech Republic and Slovakia, as	Yes	Legal Entity	100%
UniCredit Leasing CZ as			
UniCredit Services SCpA	No	Not applicable	Not applicable
Hungary	No	Not applicable	Not applicable
Romania	Yes	Legal Entity	100%
Russia	No	Not applicable	Not applicable
Serbia	No	Not applicable	Not applicable
Slovenia	No	Not applicable	Not applicable

4. 2018 data is drawn from the following subset of Group entities (which represents 98.80 percent of the reporting boundaries) unless stated otherwise:

- Italy: UniCredit SpA, FincoBank SpA, Cordusio SIM SpA, UniCredit Factoring SpA, UniCredit Leasing SpA, UniCredit Services SCpA
- Germany: UniCredit Bank AG, Food & More GmbH, Ocean Breeze Energy GmbH & Co KG, UniCredit Direct Services GmbH, UniCredit Leasing GmbH, Wealthcap Kapitalverwaltungs-gesellschaft mbH, UniCredit Services SCpA
- Austria: UniCredit Bank Austria AG, Schoellerbank Aktiengesellschaft, UniCredit Services GmbH
- Bosnia and Herzegovina: UniCredit Bank DD, UniCredit Bank ad Banja Luka
- Bulgaria: UniCredit Bulbank AD, UniCredit Consumer Financing AD, UniCredit Leasing AD
- Croatia: Zagrebačka Banka DD
- Czech Republic: UniCredit Bank Czech Republic and Slovakia as, UniCredit Leasing CZ as, UniCredit Services SCpA
- Hungary: UniCredit Bank Hungary Zrt, UniCredit Services SCpA
- Romania: UniCredit Bank SA, UniCredit Services SCpA, UniCredit Services GmbH
- Russia: AO UniCredit Bank, Ooo UniCredit Leasing
- Serbia: UniCredit Bank Serbia Jsc
- Slovenia: UniCredit Banka Slovenija DD, UniCredit Leasing, leasing, doo.

## Formal agreements with employees' representatives on health and safety issues, 2018

Country	Existence of formal agreements with employees' representatives
Italy	No Agreements
Germany	No Agreements
UniCredit Bank AG	
Ocean Breeze Energy GmbH & Co KG	
UniCredit Direct Services GmbH	
UniCredit Leasing GmbH	
Wealthcap Kapitalverwaltungsgesellschaft mbH	Agreements at local level
Food & More GmbH	
UniCredit Services SCpA	
Austria	No Agreements
Bosnia and Herzegovina	No Agreements
Bulgaria	Agreements at local level
Croatia	Agreements at local level
Czech Republic	Agreements at local level
Hungary	No Agreements
Romania	Agreements at local level
Russia	Agreements at local level
Serbia	No Agreements
Slovenia	No Agreements

## Rates of injury, 2017-2018<sup>A</sup>

Country	2018		2017	
	Female	Male	Female	Male
Italy	2.38	2.38	2.04	1.18
Germany	3.37	1.51	3.72	1.64
Austria	0.80	0.98	0.61	0.30
Bosnia and Herzegovina	1.45	0.00	0.00	0.00
Bulgaria	0.39	0.00	0.56	0.00
Croatia	0.87	0.00	1.00	0.52
Czech Republic	1.20	0.00	0.87	0.00
Hungary	0.00	0.00	0.99	0.72
Romania	0.13	0.00	0.13	0.00
Russia	0.00	0.00	0.19	0.00
Serbia	0.62	0.00	0.00	0.00
Slovenia	0.00	0.00	2.74	2.50

A. This data was drawn from a population that represented 98.8 percent of the reporting boundaries for 2018 and 95.3 percent for 2017. 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, 2017-2018<sup>A</sup>

Country	2018		2017	
	Female	Male	Female	Male
Italy	1.17	0.93	1.13	0.95
Germany	0.04	0.01	0.02	0.00
Austria	0.02	0.00	0.01	0.03
Bosnia and Herzegovina	0.09	0.00	0.18	0.00
Bulgaria	0.01	0.00	0.03	0.00
Croatia	0.15	0.05	0.20	0.00
Czech Republic	0.01	0.00	0.01	0.00
Hungary	0.02	0.00	0.02	0.06
Romania	0.00	0.02	0.00	0.00
Russia	0.00	0.00	0.00	0.00
Serbia	0.00	0.00	0.00	0.00
Slovenia	0.00	0.00	0.43	0.33

A. Data represents 95.6 percent of the population for 2018 and 96.8 percent for 2017. 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.

### Rates of absenteeism, 2017-2018<sup>A</sup>

Country	2018		2017	
	Female	Male	Female	Male
Italy	6.75	5.54	8.62	7.67
Germany	7.94	5.43	8.19	5.31
Austria	6.97	5.87	10.16	8.68
Bosnia and Herzegovina	1.33	1.99	3.15	2.31
Bulgaria	4.05	1.87	4.67	1.95
Croatia	5.70	3.09	5.95	3.71
Czech Republic	1.62	0.96	5.90	2.99
Hungary	2.66	1.79	5.88	2.02
Romania	2.70	1.37	3.52	3.79
Russia	4.11	3.11	3.35	2.80
Serbia	4.94	1.35	17.04	0.91
Slovenia	7.75	3.93	9.05	4.94

A. Data represents 95.6 percent of the population for 2018 and 96.8 percent for 2017. 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. Days of absence refers to: injuries, illness and strikes.

## Disputes concerning labor, welfare issues, administrative bodies and discrimination<sup>5</sup>

### Number of disputes concerning labor issues, 2018

Country	Opened prior to 2018	Opened in 2018	Closed in 2018	Open as Dec. 31, 2018
Italy	632	157	248	541
Germany				
UniCredit Bank AG	18	22	17	23
UniCredit Services SCpA	1	2	1	2
Austria				
UniCredit Bank Austria AG	6	8	5	9
UniCredit Services GmbH	3	0	2	1
Bosnia and Herzegovina	39	0	7	32
Bulgaria	5	5	4	6
Croatia	28	6	10	24
Czech Republic	0	2	0	2
Romania	3	1	2	2
Russia	1	0	1	0
Serbia	7	5	0	12
Slovenia	0	2	0	2

### Number of disputes concerning welfare issues, 2018

Country	Opened prior to 2018	Opened in 2018	Closed in 2018	Open as Dec. 31, 2018
Italy	60	7	13	54
Germany	9	2	2	9
Croatia	1	0	0	1
Czech Republic	0	1	1	0

### Number of disputes concerning administrative bodies, 2018

Country	Opened prior to 2018	Opened in 2018	Closed in 2018	Open as Dec. 31, 2018
Italy	2	0	1	1
Germany	0	1	0	1
Czech Republic	0	1	1	0

### Number of disputes concerning discrimination, 2018

Country	Opened prior to 2018	Opened in 2018	Closed in 2018	Open as Dec. 31, 2018
Italy	1	0	1	0
Germany	1	0	1	0
Romania	0	1	0	1

5. This data is drawn from the following subset of Group entities (which represents 98.19 percent of the reporting boundaries) unless stated otherwise:

- Italy: UniCredit SpA, FincoBank SpA, Cordusio SIM SpA, UniCredit Factoring SpA, UniCredit Leasing SpA, UniCredit Services SCpA
- Germany: UniCredit Bank AG, Food & More GmbH, Ocean Breeze Energy GmbH & Co KG, UniCredit Direct Services GmbH, UniCredit Leasing GmbH, Wealthcap Kapitalverwaltungsgesellschaft mbH, UniCredit Services SCpA
- Austria: UniCredit Bank Austria AG, UniCredit Services GmbH
- Bosnia and Herzegovina: UniCredit Bank DD, UniCredit Bank ad Banja Luka
- Bulgaria: UniCredit Bulbank AD
- Croatia: Zagrebačka Banka DD
- Czech Republic: UniCredit Bank Czech Republic and Slovakia as, UniCredit Leasing CZ as, UniCredit Services SCpA
- Hungary: UniCredit Bank Hungary Zrt, UniCredit Services SCpA
- Romania: UniCredit Bank SA, UniCredit Consumer Financing IFN SA, UniCredit Leasing Corporation IFN SA, UniCredit Leasing Fleet Management Srl, UniCredit Services SCpA, UniCredit Services GmbH
- Russia: AO UniCredit Bank, OOO UniCredit Leasing
- 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 2017 Integrated Report.

# Social and relationship Capital

## Customer distribution

Number of customers by division and country as of December 31, 2018<sup>A</sup>

Commercial Banking Division	Number
<b>Italy</b>	
Retail	7,403,655
Corporate	55,205
Private Banking	149,016
<b>Germany</b>	
Retail	1,228,737
Corporate	289,270
Private Banking	38,354
<b>Austria</b>	
Retail	1,586,679
Corporate	20,324
Private Banking	28,036
<b>Non-Core</b>	<b>63,105</b>
<b>Asset Gathering Division</b>	<b>1,218,027</b>
<b>CEE Retail Division</b>	
Bosnia and Herzegovina	680,690
Bulgaria	1,034,741
Croatia	996,003
Czech Republic (incl. Slovakia)	561,723
Hungary	316,167
Romania	797,937
Russia	613,919
Serbia	293,168
Slovenia	67,878
<b>CEE Corporate Division</b>	
Bosnia and Herzegovina	3,845
Bulgaria	12,512
Croatia	6,155
Czech Republic (incl. Slovakia)	26,118
Hungary	9,190
Romania	8,020
Russia	5,740
Serbia	4,473
Slovenia	2,687
<b>CEE Private Banking Division</b>	
Bulgaria	1,891
Croatia	2,535
Czech Republic (incl. Slovakia)	12,359
Hungary	1,401
Romania	1,191
Russia	1,787
Slovenia	354

A. Data exclude Cordusio SIM SpA.

## Customer satisfaction

After years of experience and knowledge acquired in gathering insights from customers and prospects, in 2017 UniCredit implemented a *Benchmarking Study*, aimed at providing a more objective view on the perception our clients and prospects have of local UniCredit's local banks as well as of our clients' relationship with these banks. We are monitoring the current competitive positioning as well as trends over the years through benchmarking.

The main KPI underlying this improved customer proximity approach is the *Customer First Index*. It is based on 2 questions: overall satisfaction and preference. Reputation, recommendation, acquisition potential and attrition risk are monitored at the same time.

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

In the Individual segment UniCredit is ahead of competition on *Customer First Index* in 6 out of 12 markets. UniCredit holds a Best-in-Class positioning in Slovenia, Czech Republic and Slovakia, and Romania. Austria is recovering, narrowing the gap to competitors.

In the Corporate segment UniCredit is ahead of competition in 7 out of 12 markets, being Best-in-Class in Russia, Bosnia and Herzegovina<sup>1</sup> and Hungary. Overall UniCredit is performing particularly well on Corporate segment.

### Customer First Index results - Individual, 2017-2018<sup>A</sup>

Country	2018	2017	2018 competitors' results
Italy	63	62	65
Germany	62	58	65
Austria	51	50	61
Bosnia and Herzegovina			
UniCredit Bank ad Banja Luka	72	71	68
UniCredit Bank dd	70	72	68
Bulgaria	65	64	61
Croatia	66	68	66
Czech Republic and Slovakia	74	74	66
Hungary	67	62	61
Romania	70	70	63
Russia	69	73	71
Serbia	62	64	60
Slovenia	72	72	61

A. In 2017, the data referred to the whole Retail segment (Individuals and Small Business), while in 2018 only to the Individuals. Therefore, some figures may differ from data presented in the 2017 Integrated Report.

1. Data refer to UniCredit Bank dd.



## Supplement

→ Social and relationship Capital

### Customer First Index results - Corporate, 2017-2018

Country	2018	2017	2018 competitors' results
Italy	59	57	62
Germany	53	51	55
Austria	51	55	57
Bosnia and Herzegovina			
UniCredit Bank ad Banja Luka	75	67	72
UniCredit Bank dd	76	71	66
Bulgaria	62	62	57
Croatia	66	69	65
Czech Republic and Slovakia	59	Not available	59
Hungary	71	60	67
Romania	65	60	58
Russia	85	83	73
Serbia	57	54	64
Slovenia	58	63	54

## Handling complaints

UniCredit's approach to complaint management is driven by the belief that continuous dialogue and rapid responses are fundamental to addressing and improving the quality of our service and customer satisfaction. Customers 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 and nature of the complaint.

As far as verbal complaints are concerned, we aim to improve the efficiency of our responses to various events (errors, delays, malfunctions and churn rate); rapid resolutions increase customer satisfaction and strengthen its 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, effectively and efficiently managing complaints is an opportunity to re-establish a satisfactory relationship with customers.

As per our Global Compliance Guidelines - Complaint Management, a complaint is any form of dissatisfaction expressed by a current, potential or former customer which can be clearly identified 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 the type of complaint and the means of communication chosen by the customer.

## Retail division: number of recorded complaints<sup>A</sup>

Country	2018		2017	
	Recorded (written and verbal)	Written	Recorded (written and verbal)	Written
Italy <sup>B</sup>	330,446	40,168	298,160	38,029
Germany	23,068	4,036	27,078	5,245
Austria	39,791	2,226	42,906	2,601
Bosnia and Herzegovina	2,915	1,177	5,892	684
Bulgaria	2,789	2,715	2,399	2,332
Croatia	31,199	7,151	30,376	6,218
Czech Republic and Slovakia	18,558	14,786	17,533	12,582
Hungary	8,602	5,081	7,318	4,226
Romania	4,773	3,660	4,112	2,864
Russia	26,003	19,061	27,657	19,249
Serbia <sup>C</sup>	1,062	1,062	925	925
Slovenia	1,638	989	1,430	846

A. In Italy and Austria the complaints refer to Individuals and Small Business, while in Germany only to Individuals. 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. Besides UniCredit SpA, 2018 data include also 27 written complaints from Cordusio SIM SpA and 3,308 written complaints from FincoBank SpA. UniCredit SpA data do not include the complaints related to the Intermarket Diamond Business SpA case, for which a dedicated customer care campaign was established. Refer to <https://www.unicredit.it/it/chi-siamo.html> for more information.

C. According to local law all the complaints are considered as written since 2016.

## Financial inclusion

### Percentage of total branches in sparsely settled or economically disadvantaged areas as of December 31, 2018<sup>A</sup>

Country <sup>B</sup>	Percentage
Italy	23.1%
Bosnia and Herzegovina	100.0%
Bulgaria	100.0%
Croatia	100.0%
Czech Republic	38.0%
Hungary	100.0%
Romania	100.0%
Russia	100.0%
Serbia	100.0%
Slovakia	83.9%
Slovenia	41.7%

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](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 2018 these countries are considered emerging markets and developing economies (<https://www.imf.org/en/Publications/WEO/Issues/2018/09/24/world-economic-outlook-october-2018>).

## Adherence to legal standards and voluntary codes relating to marketing and communications

UniCredit follows the Code of Marketing Communication Self-Regulation ([www.iap.it](http://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's 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 relating to marketing and communications adopted by the Group Legal entities

Country	Description
Austria	Advertising Industry Ethics Code of the Austrian Society for Self - Regulation in Advertising (Werberat)
Bulgaria	Code of Ethics of the Association of Banks in Bulgaria
Croatia	Code of Advertising issued by the Croatian Association of Advertising Agencies
Hungary	Banking Association's Code of Conduct

## Sustainable and Responsible Investments (SRI)

### Sustainable investing at Cordusio SIM

Responsible investing and Environmental, Social and Governance (ESG) topics are a major part of Cordusio SIM's investment strategy. Cordusio is a wealth management company of the UniCredit Group, one of the first banks in Italy to prepare sustainability reports. It has a long track record with responsible investment and ESG topics. For Cordusio, sustainable and responsible investment means creating value for financial investors through a strategy with a long-term horizon and, which, in assessing enterprises, institutions and countries integrates financial variables with environmental, social and governance variables. The target of these types of securities is to reach certain goals without compromising the ability of future generations to meet their own needs.

The fund selection process that has been structured is rigorous and in recent years has also included ESG investments. The aim of the process is to cover all classes of funds and take into account also the internal market view and asset allocation decisions.

Five different categories of ESG investments have been identified at Cordusio, based on customer needs. If the aim of clients is to exclude some business sectors, certain funds will be presented to them, while for clients interested in engagement others will be selected. This approach reflects our service model: listening to customers and proposing them the best investment strategies that reflect their objectives including sustainable funds.

The funds selected by Cordusio are constantly monitored in relation to risk and performance, and if an ESG fund is involved, it needs to be continuously checked to make sure it is consistent with the approach indicated by the manager during the due diligence phase. If the characteristics for which the funds were selected cease to exist, then they are immediately excluded from our buy list.

ESGs are investments which also represent a diversification opportunity for all customers: the identified funds tend to be constructed differently compared to funds with a traditional approach and can improve in some aspects portfolio risk-return profile.

### SRI funds by category<sup>A</sup>

Exclusion\Norm based	ESG integration/Best in class	Impact investing	Thematic	Engagement
94	152	47	69	187

A. Funds offered to clients of Cordusio SIM as at December 31<sup>st</sup> 2018. Classification by Cordusio SIM based on the categories identified by the Forum per la Finanza Sostenibile (<http://investiresponsabilmente.it/cose/>). A fund can be classified in one or more categories.

# Natural Capital

## Environmental performance indicators<sup>1</sup>

### Scope 1: direct GHG emissions<sup>A</sup> (tons CO<sub>2</sub> e), 2017-2018<sup>B</sup>

Country	2018	2017
Italy	22,051	25,657
Germany	18,786	19,115
Austria	1,787	2,573
CEE	11,734	11,361
<b>Total</b>	<b>54,358</b>	<b>58,706</b>

A. 2017 figures are recasted from the ones published in the previous Integrated Report due to the periodical updates of GHG emission factors aimed at improving comparability and not as a consequence of restatement. For historical data published in the past, please refer to the 2017 Integrated Report.

B. GHG emissions from sources owned or controlled by our Group, which includes direct energy consumption, road business travel and refrigerant gas leakages. 2018 direct energy consumption data covers 99.96 percent of the reporting perimeter.

### Scope 2: indirect GHG emissions<sup>A</sup>, location-based and market-based (tons CO<sub>2</sub> e), 2017-2018<sup>B</sup>

Country	Location-based		Market-based	
	2018	2017	2018	2017
Italy	82,132	90,846	4,602	5,739
Germany	59,231	58,112	10,529	10,712
Austria	13,016	15,688	8,022	7,891
CEE	42,909	46,741	50,480	55,537
<b>Total</b>	<b>197,288</b>	<b>211,386</b>	<b>73,633</b>	<b>79,879</b>

A. 2017 figures are recasted from the ones published in the previous Integrated Report due to the periodical updates of GHG emission factors aimed at improving comparability and not as a consequence of restatement. For historical data published in the past, please refer to the 2017 Integrated Report.

B. GHG emissions from purchased electricity, steam and heating/cooling consumed by equipment or systems owned or controlled by our Group. 2018 data covers 99.96 percent of the reporting perimeter.

### Scope 3: other indirect GHG emissions<sup>A</sup> (tons CO<sub>2</sub> e), 2017-2018<sup>B</sup>

Country	2018	2017
Italy	5,163	4,016
Germany	2,504	2,108
Austria	681	619
CEE	2,407	2,128
<b>Total</b>	<b>10,755</b>	<b>8,871</b>

A. 2017 figures are recasted from the ones published in the previous Integrated Report due to the periodical updates of GHG emission factors aimed at improving comparability and not as a consequence of restatement. For historical data published in the past, please refer to the 2017 Integrated Report.

B. GHG emissions from air and rail business travel, from copy paper consumption, and from glass, paper and plastic disposal. 2018 rail business travel data covers 99.49 percent of the reporting perimeter, while 2018 glass, paper and plastic disposal data cover 99.96 percent of the reporting perimeter. 2017 rail business travel data covers 96.62 percent of the reporting perimeter. 2018 air business travel distance categories differ from 2017. Comparison with 2017 may therefore be misleading.

1. Data includes the full set of legal entities considered in the respective 2018 Integrated Report perimeter (corresponding to a full-time equivalent of more than 85,000) and 2017 Integrated Report perimeter (corresponding to a full-time equivalent of more than 89,000), unless otherwise stated. Country-to-country comparisons may be misleading as different tracking systems should be taken into account.

### Energy consumption per employee (GJ/capita), 2017-2018<sup>A</sup>

Country	2018	2017
Italy	30	32
Germany	50	47
Austria	54	60
CEE	21	23

A. 2018 data covers 99.96 percent of the reporting perimeter.

### Copy paper consumption per employee (kg/capita), 2017-2018

Country	2018	2017
Italy	60	57
Germany	28	30
Austria	30	36
CEE	49	50

Approximately 60 percent of copy paper used Groupwide holds an environmental label. In particular, 47 percent of copy paper used Groupwide is Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) certified.

### Water usage per employee (m<sup>3</sup>/capita), 2017-2018<sup>A</sup>

Country	2018	2017
Italy	32	36
Germany	18	17
Austria	32	39
CEE	11	11

A. 2018 data covers 99.96 percent of the reporting perimeter.

### Waste production per employee (kg/capita), 2017-2018<sup>A</sup>

Country	2018	2017
Italy	115	88
Germany	389	387
Austria <sup>B</sup>	740	288
CEE	153	154
Total <sup>B</sup>	212	170
of which hazardous <sup>C</sup>	1	Not available

A. 2018 data covers 99.96 percent of the reporting perimeter. Due to improved processes in data collection and calculation, 2017 figures differ from the ones published in 2017 Integrated Report.

B. 2018 data is significantly influenced by the relocation of the offices of all UniCredit legal entities present in Vienna to the new Austria Campus in 2018. Comparison with 2017 may therefore be misleading.

C. Data on hazardous waste has been collected starting from 2018.

### Waste by disposal method (%), 2017-2018<sup>A</sup>

Country	Separation and recycling of valuable materials		Incineration		Disposal in landfill		Other treatment	
	2018	2017	2018	2017	2018	2017	2018	2017
Italy	97.93	97.14	1.08	1.42	0.97	0.00	0.01	1.44
Germany	78.33	67.88	21.62	32.08	0.00	0.00	0.04	0.04
Austria	96.23	86.49	3.77	13.51	0.00	0.00	0.00	0.00
CEE	20.91	25.81	4.16	3.99	71.94	66.27	3.00	3.93
Total	74.45	65.84	8.50	14.92	16.37	17.82	0.69	1.42
of which hazardous <sup>B</sup>	86.22	Not available	5.13	Not available	0.20	Not available	8.44	Not available

A. 2018 data covers 99.96 percent of the reporting perimeter. Due to improved processes in data collection and calculation, 2017 figures differ from the ones published in 2017 Integrated Report.

B. Data on hazardous waste has been collected starting from 2018.