

One Bank, One Team, One UniCredit.

Capital and balance
sheet management

Transform

Enhanced
service model

Ethics and Respect

Team 23

Compliance

Grow and strengthen
client franchise

Process
optimisation

**Sustainable
results**

Sustainability

Paperless
bank

2019

Growth
engines

**Customer
experience**

Disciplined risk
management

“Go-to” bank for SMEs

“Do the right thing!”

Integrated Report

Our sustainable value creation

Consolidated Non-Financial Statement pursuant to Legislative Decree 254/2016

Report structure

UniCredit has prepared this document in compliance with the requirements of Art. 3 and 4 of the Legislative Decree 254/2016, which implements European Directive 2014/95/EU in Italy, and is part of UniCredit's principled effort to further develop its compliance with the European Commission's Guidelines on non-financial reporting and advance understanding of all aspects of its business.

The Integrated Report (the "Report") has been approved by the Board of Directors of UniCredit SpA on March 5th, 2020 and has been produced by the Group Sustainability & Foundation function, in collaboration with the Strategy and M&A function. Since 2017, in line with the requirements of Legislative Decree 254/2016, a specific policy was adopted to define the roles, responsibilities, activities and controls and to coordinate the flow of information between the parent company, regions, divisions and legal entities in relation to the process of preparing the Consolidated Non-Financial Statement ("NFS"). As foreseen by Article 5 of the Legislative Decree 254/2016, this document constitutes a separate report marked with a specific heading, to allow its reconciliation with the NFS required by the regulation.

The Report should be considered in its entirety, including its Supplement, which is here enclosed or available in the Sustainability section of our website (www.unicreditgroup.eu) and contains a number of essential indicators and underlying quantitative data.

The guidelines adopted for the preparation of the sustainability information included in the 2019 Integrated Report, including its Supplement, are the "GRI Sustainability Reporting Standards" and the "Financial Services Sector Disclosures," issued, respectively, in 2016 and 2013 by the GRI - Global Reporting Initiative. The performance indicators reported in accordance to the guidelines adopted are included in the "GRI Content Index" section. The principles contained in the International <IR> Framework, published in December 2013 by the International Integrated Reporting Council (IIRC), were also used as reporting framework.

Figures and information relating to the Scope 1, Scope 2 and Scope 3 classes of greenhouse gas emissions have been prepared in accordance with "The Greenhouse Gas Protocol: A Corporate, Accounting and Reporting Standard (Revised Edition, 2004)" as well as the "GRI Sustainability Reporting Standards."

The information in the Report addresses the issues that were identified as material and their associated indicators, which reflect the main economic, environmental and social impacts of the Group or could have a substantial influence on the views and decisions of its stakeholders. The materiality analysis, updated in 2019, was fundamental to the Report and determined the topics to be reported on, in line with stakeholders' needs. Following the analysis of the relevant topics indicated in Article 3 of the Legislative Decree 254/2016, the use of water was not considered significant for the representation in this NFS.

The content of this Report refers to the year 2019 and, in particular, to the activities of UniCredit during the year, unless otherwise stated. Figures relating to previous years are provided for comparison and refer mainly to the 2018 fiscal year.

Concerning the reporting perimeter, in line with previous years the legal entities consolidated on a line by line basis by UniCredit SpA have been analyzed in order to identify the relevant companies and ensure the Report would provide a proper understanding of the Group's activities, development, performance and relevant impacts. In particular, with reference to year 2019, data and information related to FinecoBank S.p.A. and Ocean Breeze Energy GmbH & Co. KG have been excluded from the reporting perimeter, following the deconsolidation of FinecoBank S.p.A. and the sale to Macquarie Infrastructure and Real Assets of the 100% of Ocean Breeze Energy GmbH & Co. KG, finalized on May 10, 2019 and in December 2019 respectively. This new reporting perimeter represents 98 percent of Group's FTEs. Community contribution and initiatives in support of Communities included in the "Social and relationship Capital" chapter include data and information related to UniCredit Foundation - Fondazione di studio in onore del Cavaliere del Lavoro Ugo Foscolo (the "UniCredit Foundation"), not included in the perimeter of the consolidated financial statements. The data reported in the paragraph of the Supplement "Compliance - Whistleblowing" refers to the legal entities currently monitored and considered relevant by Group Compliance. For figures related to staffing and calculations of the Value Added, the perimeter of the Report corresponds to the 2019 consolidated financial statements, unless otherwise indicated. Any conditions that may limit the scope of the data are clearly disclosed throughout the Report.

To ensure reliability, the Report includes directly measurable quantities and limits the use of estimates as much as possible. Potential estimates are based on the best available information or spot checks. Restatements of previously published figures that have been provided for comparison are clearly indicated as such.

This Report has been externally assured by an independent assurance provider in accordance with the criteria established in the principle "ISAE 3000 Revised". Its conclusions regarding the compliance of the information provided with Article 3, paragraph 10, of the Legislative Decree 254/2016 are set out in a separate external assurance report. The procedures followed for the assurance of the NFS are disclosed in the "Report of the External Auditors", included in this Report.

During 2019, we made further steps towards the completion of our path of integrating more and more sustainability into our business plans and strategies, in line with the strategic sustainability targets announced last November 2019, and that we plan to achieve with the involvement of all the corporate functions and under the guidance of the Board of Directors and senior management. For the main targets and commitments, for the description of the strategic approach to relevant non-financial issues as well as for the principal generated or perceived risks in relation to those issues and how they are managed, please refer to the relevant Chapters of this Report.

With reference to climate change, both scientific evidence and increasing shareholder awareness have made taking action a priority for UniCredit. Under such circumstances, UniCredit has adopted the recommendations issued by the Task Force on Climate-Related Financial Disclosures (TCFD). For further information concerning the actions undertaken from UniCredit in this regard, please refer to chapter Task Force on Climate-Related Financial Disclosures (TCFD) of the Integrated Report.

Index

Chief Executive Officer's Message	4
Ethics and respect	14
Our Purpose & Identity	18
Our Value Creation over time	20
Governance	22
Risk Management and Compliance	24
Our Business Environment	30
Business Model in action	32
Our Strategy	34
Stakeholder Engagement	36
Strategic plan	46
Transform 2019	47
Team 23	50
Grow and strengthen client franchise	51
Transform and maximise productivity	54
Disciplined risk management & controls	55
Capital and balance sheet management	57
Sustainability as part of UniCredit DNA	57
Capitals	64
Financial Capital	64
Human Capital	66
Social and relationship Capital	70
Intellectual Capital	84
Natural Capital	88
Task Force on Climate-related Financial Disclosures (TCFD)	94
GRI Content Index and UN Global Compact	102
Report of the External Auditors	113
Supplement	
Determination and distribution of Value Added	S. 2
Main partnerships and affiliations	S. 4
Selection of 2019 awards	S. 8
Governance	S. 10
Risk Management and Compliance	S. 16
Stakeholder Engagement	S. 30
Human Capital	S. 32
Social and relationship Capital	S. 48
Natural Capital	S. 54

In order to guide and support the reading of our Integrated Report, through the icons here below you can find a visual representation of the clusters and the related material topics that are presented in our materiality matrix. The same icons are also reported in the last page of our cover, which can be opened and used as a reference while reading the report. On the right page of every chapter the referenced material topics are visually represented through the same icons.

Clusters



Chief Executive Officer's message

“We always favour long-term sustainable outcomes over short-term solutions. This is a key pillar of our new plan, Team 23, which will deliver €16bn of value creation.”

Jean Pierre Mustier
Chief Executive Officer



Dear Stakeholders,

2019 was a very important milestone for UniCredit, although tinged with sadness for all of us in the Group. Our chairman Fabrizio Saccomanni, who was integral to the success of the Group, suddenly passed away this summer. Fabrizio was a friend of great intelligence and humanity, highly competent with a fine sense of culture and wit. His premature death was a great loss for us all and he is much missed. In September Cesare Bioni was elected chairman and I am extremely grateful to him for leading the continuing constructive work of the board.

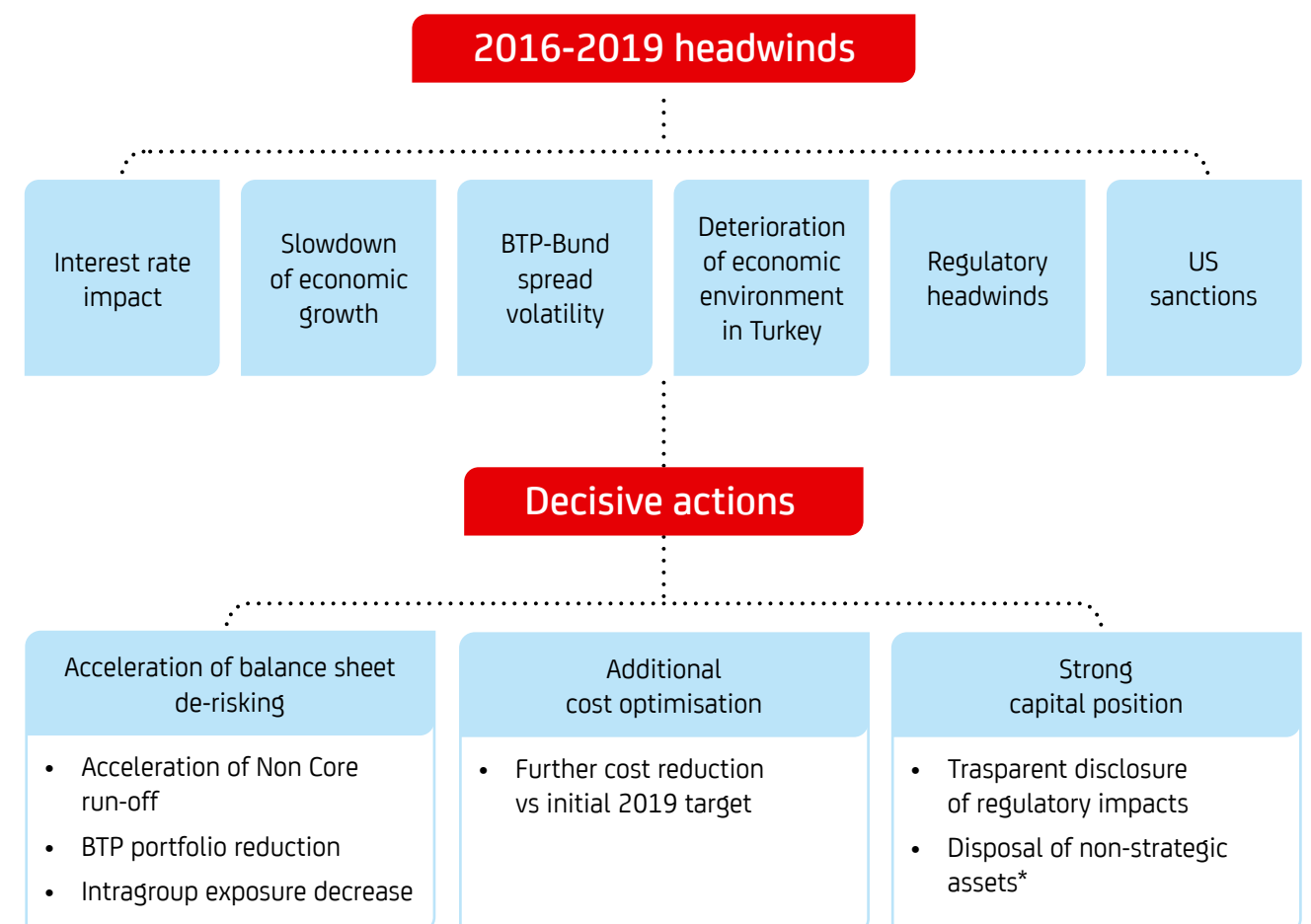
We successfully concluded our three year strategic plan, Transform 2019, launched in 2016, exceeding many of our initial targets. This success is thanks to the drive and unwavering commitment from all our team members and the support you, our shareholders, have shown us throughout the plan. This is a great achievement and I am proud of the results and the truly transformative work that has been done. To share our success and show appreciation to our shareholders, we are pleased to propose an increased capital distribution for 2019, returning 40 per cent – 30 per cent as a cash dividend and 10 per cent through a proposed share buyback.

This is double the target we set ourselves in 2016. We have shown that, no matter what, at UniCredit we say what we do and do what we say. We will apply the same mindset and dedication to our new plan, Team 23.

Although Transform 2019 was based on conservative assumptions, there were some challenges faced by the financial services sector over the past few years that could not have been foreseen.

Headwinds from unexpected geopolitical tensions, macroeconomic volatility and higher regulatory pressure added to an already testing environment.

At UniCredit, we took a series of decisive actions to counter these unforeseen events, enabling us to successfully execute our business strategy, delivering on our key targets.

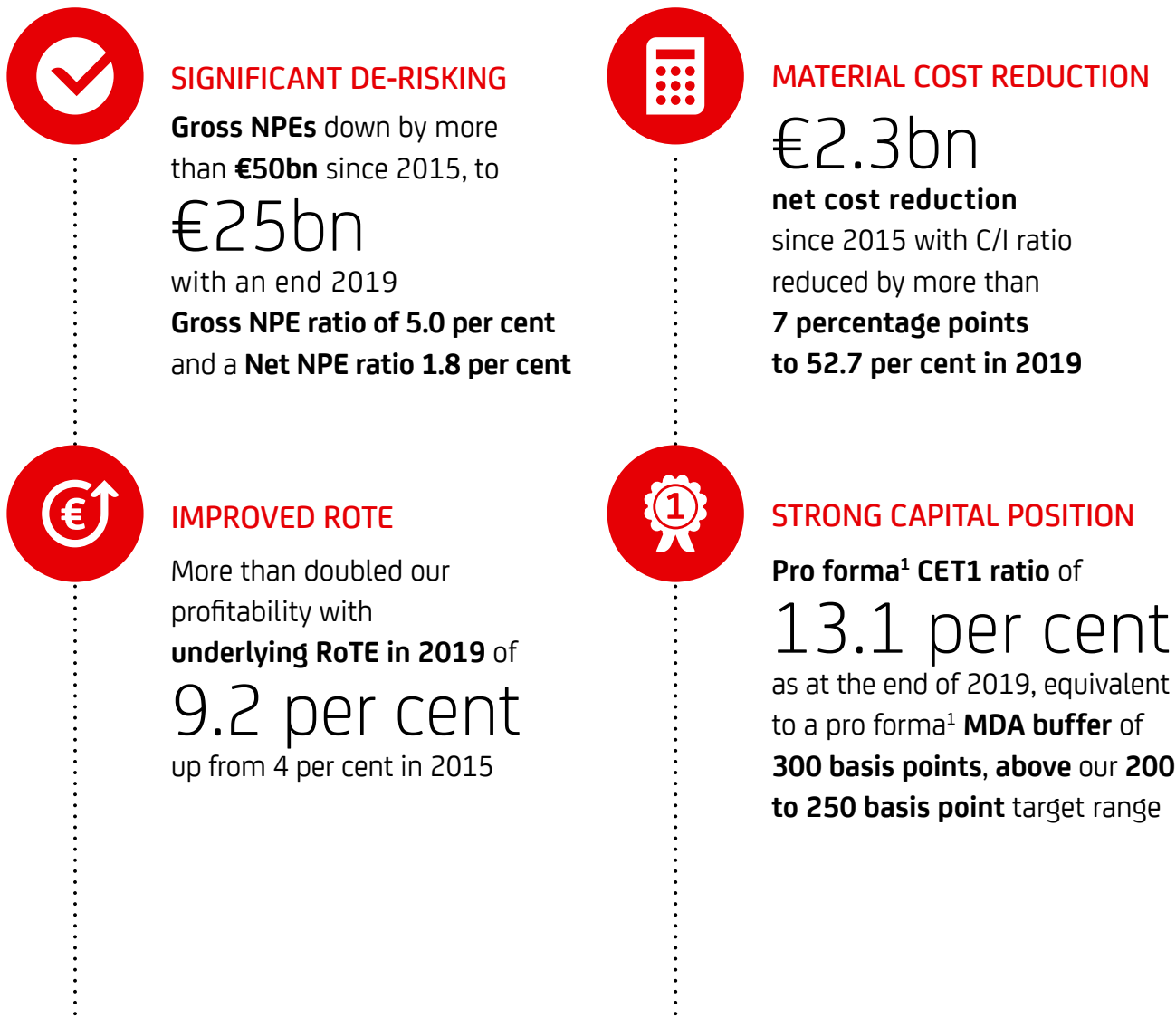


* Fineco, Mediobanca, Ocean Breeze, selected real estate.

Transform 2019: a strategic plan delivered as promised

Transform 2019 was about restructuring and reshaping the Group, with an emphasis on strengthening capital and improving asset quality. We also strengthened our corporate governance in line with best-in-class European companies. We are the only large listed Italian company where the board of directors presents its own list of candidates. We also lifted voting restrictions and converted savings shares into common shares.

Our hard work was acknowledged by the ECB that, at the end of 2019, lowered our SREP **pillar 2 requirement by a further 25 basis points, to 175**. This is 75 basis points lower than in 2016, an achievement we are very proud of and another recognition of the outstanding work done by the team over these last three years.



¹ Pro forma 2019 CET1 ratio and MDA buffer including deduction of share buyback of €467m, subject to supervisory and AGM approval.

Team 23: a new strategic plan, further building on our pan European strengths

While Transform 2019 represented a strong cost efficiency and de-risking effort, Team 23 focuses on strengthening and growing our customer base. All our key strategic initiatives focus on customer experience, which we will monitor precisely while making sure we increase our process optimisation. We will also continue to manage the business with tight cost discipline, focusing on high asset quality and ensuring we maintain a very strong capital level at all times. We work on this from a position of strength, thanks to Transform 2019. We will deliver a recurring dividend with a mix of cash and share buybacks.



Our strategy remains unchanged

UniCredit is a simple successful Pan European Commercial Bank, with a fully plugged in Corporate & Investment Banking (CIB), delivering a unique Western, Central and Eastern European network to its extensive and growing client franchise

As “One Bank, One UniCredit” we will continue to build on our existing competitive advantages



Truly local with **13 leading commercial banks*** and a unique reach through our fully plugged in CIB and international branch network



Provide “banking that matters” for all our 16 million clients across Europe. UniCredit is:

- Supporting our individual clients and the European mid-market corporate clients, that are the backbone of the European economy, as the second largest corporate lender in Continental Europe
- Ranked in the top three by assets in Italy, Germany and Austria and first by assets in CEE, on a consolidated basis
- We have a well-diversified business with a third of our lending coming from Italy, a third from Germany and Austria, and a third from CEE and CIB



A fully plugged-in CIB business, **focused on supporting the Group’s clients**, with top of the league tables rankings, demonstrates our strong product offer and our ability to create significant cross-selling and synergies across the Bank

* Assuming full regulatory deconsolidation of Yapi.



Unique network: pan European footprint

Commercial banks

International branches and representative offices*



* Including UC Luxembourg and UC Ireland. Other international branches and representative offices in Asia and Oceania, North and South America, Middle East and Africa.

“Banking that matters” for our clients

16 m clients

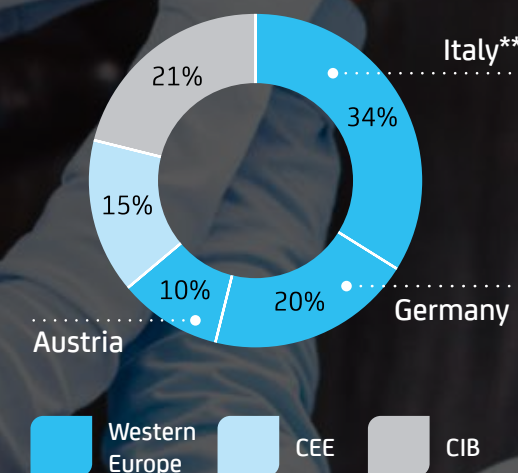
#2 for loans to corporates in Europe

#3 ranking for assets in IGA

#1 by total assets in CEE

Well-diversified business

>430 Commercial loans, bn



** Italy including Non Core and Group Corporate Centre.

Market-leading CIB

- Most active player in EUR Bonds since 2013 (cumulative)
- #1 in EUR Bonds in Italy, Germany, Austria
- #1 All Covered Bonds in EUR
- #1 EMEA Corporate Loans EUR denominated
- #1 Syndicated Loans in Italy, Austria and CEE; #2 in Germany

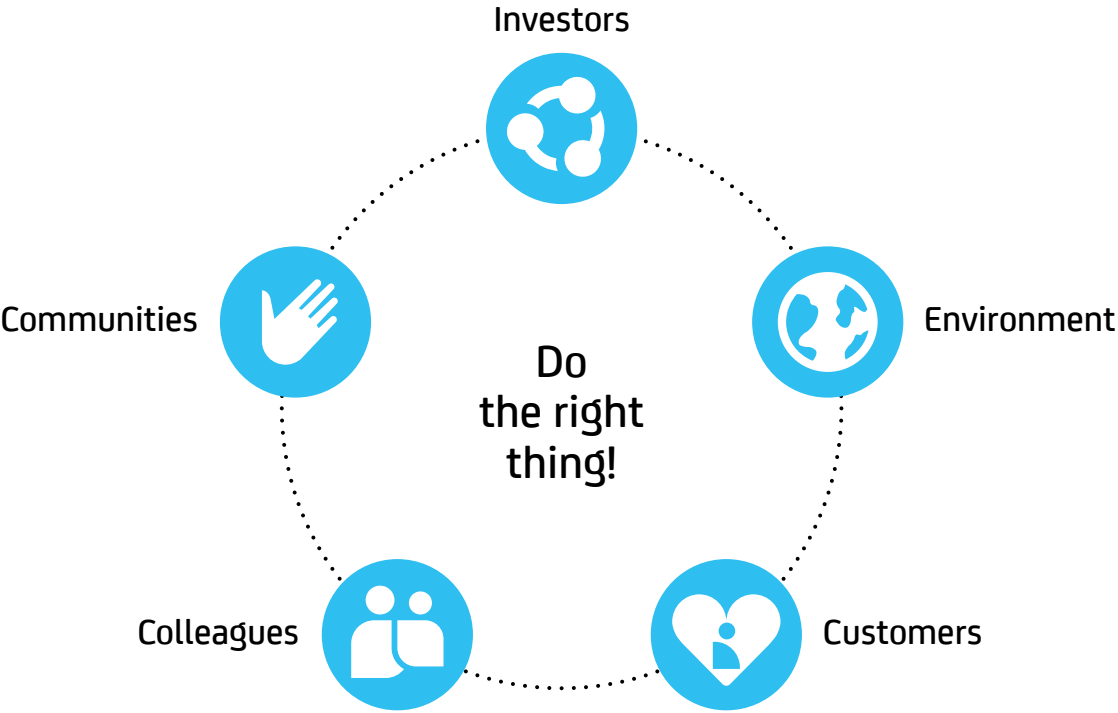
Source: Dealogic, period: 1 Jan-31 Dec 2019.

How we achieve results in UniCredit: Do the right thing!

At UniCredit, our *corporate* culture is based on two core values: Ethics and Respect. Our commitment to always “Do the right thing!” is our guiding principle for interactions with all our stakeholders: investors, customers, colleagues and communities.

In the fourth quarter of 2019, we announced new ESG targets as part of our long-term commitment to sustainability – part of our Group’s DNA and a key component of our business model. Building a sustainable future is an important challenge for both people and businesses. Every company has to do more than ‘business as usual’ – it is time to act and make an impact.

“Do the right thing!” to generate sustainable results



We adhere to the highest standards and principles with external monitoring and recognition. This include the Task Force on Climate-Related Financial Disclosures, Principles for Responsible Banking and OECD Business for Inclusive Growth Coalition. Our commitment to ESG places us in the 99th percentile of the FTSE Russell ESG ratings, a constituent of the FTSE4Good Index Series. Standard Ethics identified us as the only bank in Italy with an EE+ rating, strong compliance and the ability to manage key reputational risks.



Environment



Every team member of UniCredit is committed to protect the environment: the entire UniCredit team was involved in “Climate day” on Friday September 20th, submitting more than 1,200 new ideas on what UniCredit can do concretely. All these suggestions will be implemented, under the leadership of the Group “millennial board”, made of 10 millennial team members, who bring a tremendous energy and vision to our Group to “Do the right thing!”. We are committed to reducing our direct environmental impact by further cutting greenhouse gas emissions. By 2023 all electricity consumption in Western Europe will come from renewable energy sources, by when we will also remove all single-use plastic from all our headquarters. We are working to make an ever bigger difference through our indirect emissions, partnering with our customers in the shift to a low carbon economy. As already announced, we will fully exit thermal coal mining projects by 2023 and not finance any new projects in thermal coal mining or coal fired power generation. We will increase our renewable energy sector exposure, granting more energy efficiency loans to our customers.

Social



We have committed € 1 billion to Social Impact Banking (SIB) initiatives throughout the Group between now and end 2023. This builds on our success in Italy, where we have already disbursed over 100 million euros. The programme is now being rolled out in 10 more markets. Art4Future is supporting SIB with the sale of a limited number of expensive pieces to provide the capital to extend more social loans and buy art pieces of young artists from our different countries. In addition, we will continue to promote culture through important associations and our UniCredit Foundation will carry on addressing important social needs, while supporting study and research.

Governance



All companies looking to grow and thrive must also focus on diversity and inclusion. Different perspectives help improve processes and behaviours, bringing more sustainable organisations. Creating a positive and inclusive workplace is key to innovation and growth. This is why UniCredit is working on different initiatives to ensure diversity and inclusion is at the forefront throughout the Group, to increase the active participation by women and minorities at all levels of the bank.



The future: what lies ahead

UniCredit clearly shows that pan European banking is the future for our industry to support the growth of our clients, and of Europe. We are passionate Europeans, "One Bank, One UniCredit" across all our countries, combining central support and local excellence.

With Transform 2019, we have shown we always favour long-term sustainable outcomes over short-term solutions, and this is also one of the key pillars of Team 23. This is how we will deliver €16bn of value creation during our new plan, €8bn via capital distribution and €8bn from increased tangible equity. Beyond purely economic goals serving our shareholders, we will continue to "Do the right thing!" for all our other stakeholders, from our clients, our team members, to our communities and the environment.

Let me conclude by reiterating how immensely proud I am of all my UniCredit colleagues who work so hard to achieve the success of our Group, making sure we can continue to support the real economy, serve our clients, encourage growth across all our markets, transform our Group, and deliver recurring value to all our stakeholders.

Thank you!

Jean Pierre Mustier
Chief Executive Officer
UniCredit S.p.A.



“I am immensely proud of all my UniCredit colleagues, who work so hard to achieve the success of our Group.”

Jean Pierre Mustier
Chief Executive Officer

Ethics and Respect: Do the right thing!

2019 began with the approval of our Ethics and Respect manifesto which was published both in the 2018 Integrated Report and the Annual Report. This was the first step of many representing and reinforcing our commitment to doing the right thing in relation to all our stakeholders. Below is a dashboard of the concrete actions undertaken in 2019, which will be illustrated in detail in the following chapters.

Our Ethics and Respect (E&R) values, together with our simple guiding principle to *Do the right thing!* are applied to everything we do at all times and are at the core of our interactions with our stakeholders in order to generate sustainable results.

Ethics and Respect values unite us and define our Group culture: how we take decisions and how we act on them. *Do the right thing!* is the guiding principle which helps us live by these values. Furthermore, it indicates how to work as *One Team, One UniCredit* and supports us in the fulfilment of our *Five Fundamentals* which guide our daily actions and operations.



All initiatives put in place in 2019 are in line with our values and guiding principle, demonstrating our commitment to making them more tangible and ensuring they are consistently adopted and applied at all levels, wherever we operate.

... This demonstrates that at UniCredit the way we achieve results is just as important as the results themselves.

Our achievements in 2019 can be summarised as follows:

GOVERNANCE In order to increase the internal presidium and coordination among the different areas involved in the application and monitoring of E&R topics, in 2019 the position of Chief Ethics Officer (CEtO) was created. This role ensures that the Group fosters the <i>Do the right thing!</i> culture with all stakeholders, provides Group guidelines on ethical topics and, in coordination with Human Capital and Group Compliance functions, periodically updates the Corporate Governance, Nomination and Sustainability Committee (CGN&S) on: • training regarding the topics of ethics and professional conduct • whistleblowing, including bullying, sexual misconduct, harassment, and acts of retaliation • internal regulations (e.g. Code of Conduct).	
RISK MANAGEMENT Ethics and Respect and <i>Do the right thing!</i> are at the core of all our stakeholder interactions and we want to <i>Do the right thing, also for the environment!</i> UniCredit wishes to keep working on reducing its own direct impact and to be a partner in the shift towards a low-carbon economy also through a new Sustainable Finance Advisory Team which combines sustainability expertise with that of capital markets to deepen dialogue on ESG topics with clients and facilitate their access to Europe's green financing market. Moreover, during 2019 we also set clear 2023 targets on client financing embedded in the new <i>Team 23</i> strategic plan, and issued new business policies that regulate our approach to controversial sectors with greatest impact on climate change, such as Coal, and Arctic and Non-Conventional Oil & Gas. The Group also decided to support the TCFD¹ recommendations and to participate, together with other banks, in road testing the Paris Agreement Capital Transition Assessment (PACTA) methodology developed by 2° Investing Initiative (2°ii).	
NATURAL CAPITAL UniCredit took part in the Global Week of Climate Action in 2019. All colleagues worked together on 20 September and came up with over 1,200 ideas on how to protect our climate. These initiatives are now overseen by the Millennial Board which reviewed them and is now working on the implementation of the most tangible ideas proposed by our employees to contribute to a more sustainable future. Our <i>Plastic-free</i> project was also launched: UniCredit is distributing re-usable metal drinking bottles across the Group to reduce single-use plastic in break areas and canteens.	

1. Task Force on Climate-Related Financial Disclosures.

COMPLIANCE

Disseminating the importance of business ethics and risk culture: [our first group-wide Compliance Day took place across 13 countries](#) with an overall reach of [more than 50,000 colleagues](#).

We endeavour to create an engaging and positive working environment in order to do the right thing for our colleagues. Driven by the E&R principle, [UniCredit recently updated the Global Policy on Whistleblowing](#).

New channels dedicated to third parties have been set up and an extended description of Serious Reports in line with the new escalation process has been submitted to the Board of Directors of all relevant Legal Entities.

HUMAN CAPITAL

From a Human Capital perspective, [two new global policies were issued for our employees: one against harassment, sexual misconduct and bullying, the other against acts of retaliation](#). These new policies lead to a greater awareness on unacceptable behaviours and promote a ‘speak up’ culture where all employees feel listened to and protected when reporting misconducts.

[Creating an engaging and positive working environment](#) is also managed via dedicated [initiatives, which is why UniCredit set up its first group-wide Diversity and Inclusion Week](#), fostering an inclusive culture across 15 countries and [involving around 13,600 colleagues](#).

INTELLECTUAL CAPITAL

We are continuously [improving the quality of service for our customers](#) and are committed to [data protection and privacy](#).

2019 cascading on E&R^A

In 2019 an [extensive internal campaign on E&R](#) was carried out to [boost engagement](#):



Our commitments on data

Data is everywhere and has the power to benefit our everyday lives in countless ways. At UniCredit, we use data inside and outside our organisation to improve how we serve and interact with our clients to ensure that we always provide you with banking that matters.

UniCredit’s credo is “*Ethics & Respect: Do the right thing!*” This runs through everything we do, including and most importantly in how we handle and use your data.

On this page we outline our commitments to you.

We will ALWAYS:

- Make sure your data is used in an ethical and respectful manner
- Endeavour to protect your data to the utmost of our ability
- Be transparent with you about the use of your data
- Follow your personal data processing choices.

We WILL use data to:

- **Improve** the products we offer you, making them more relevant to your individual needs of our services
- **Provide** more efficient and intuitive customer service, designed around the way you want to connect with us
- **Safeguard** your data and information, using advanced tools to support the detection of any unusual transactions and alert you
- **Continuously** strengthen our cyber security protective measures in order to intercept phishing and fraudulent activity, and other criminal activity.

We will NOT

Sell your data to any third party, nor will we share your data with anyone unless you specifically request us to do so - other than with our own operations service providers, partners and affiliates when necessary to run our operations. The only exception being if the bank is compelled under law.

The development and use of Artificial Intelligence, such as virtual assistants, is spreading quickly. At UniCredit we are committed to doing the right thing, and will always endeavour to apply the highest standard of privacy and data protection to our processes aiming at a fair, unbiased and non-discriminatory treatment of all customers.

If you would like further information as to how we apply our principles, please contact data.transparency@unicredit.eu

Our Purpose and Identity



Value Creation over time

Main 2019 Results
Unique culture

Governance

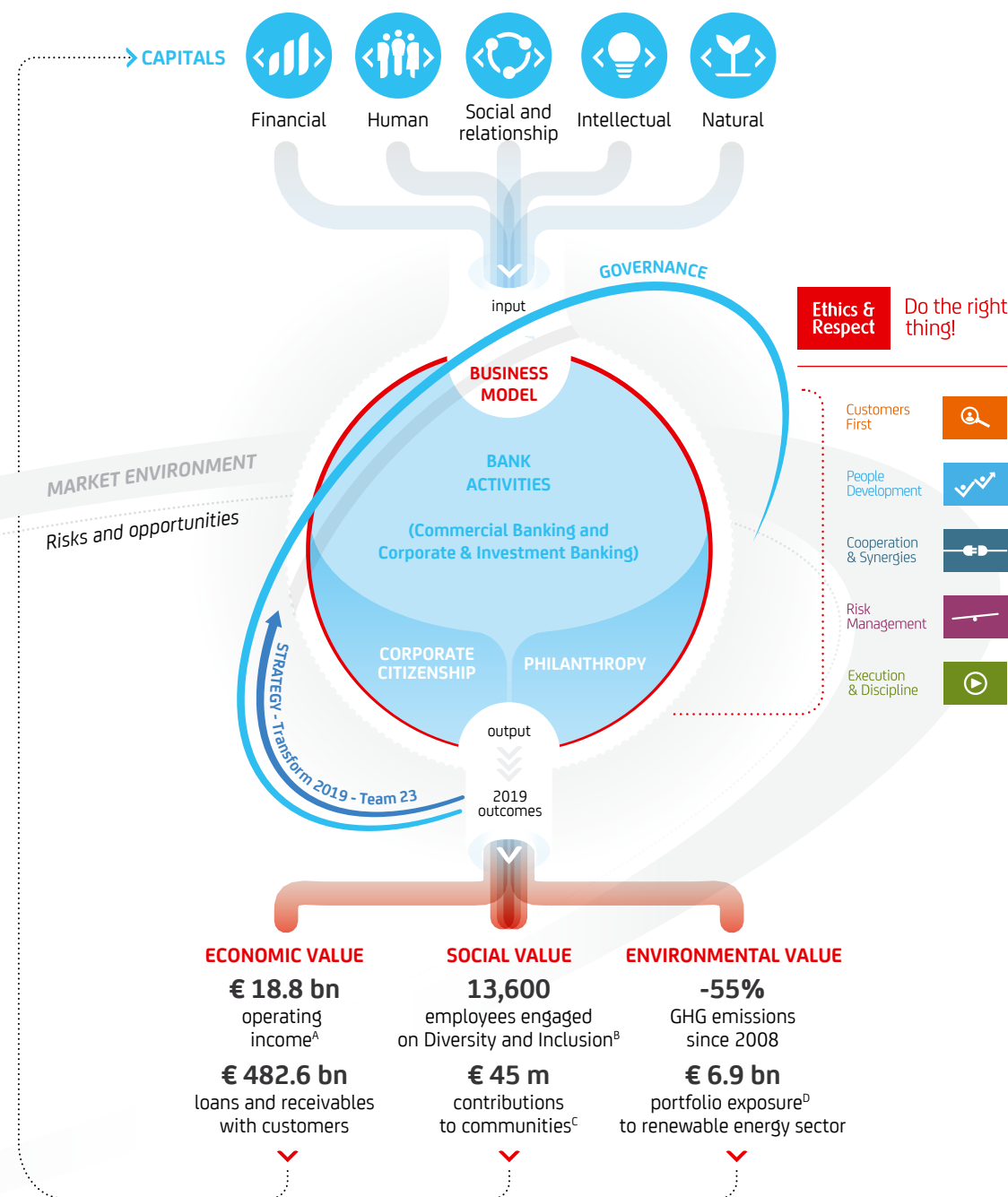
Governance model
Board Composition

Risk Management and Compliance

Risk Management
Compliance culture

Our Value Creation over time

We create tangible value for all our stakeholders by providing real solutions to real needs. This is what we mean by Banking that matters. We are One Bank, One UniCredit - a simple, successful pan-European commercial bank with a fully plugged-in Corporate and Investment Bank (CIB), delivering a unique Western, Central and Eastern European network to our extensive and growing client franchise. In line with our Ethics and Respect values, we are committed to doing the right thing for shareholders, clients, colleagues, communities and the environment to make sure that UniCredit remains a pan-European winner.



A. Reclassified data.
B. Data refer to the Diversity and Inclusion week.
C. Impacts from Business Innovation for Social Impact amounts to additional €5.9 million, related to Social Impact Banking project. For more information, please refer to Social and relationship Capital chapter.
D. EAD, Exposure at Default. Excluding Turkey.

Thanks to the great team at UniCredit, the *Transform 2019* plan has been successfully delivered, laying solid foundations for the new strategic goals launched in December 2019 with our new strategic plan *Team 23*.

Value creation for UniCredit does not just mean generating financial value, but also adding value with regard to human capital, society and the environment.

Our business model allows our Group to interact with the market environment in a sustainable way and can easily be reproduced in every market where our Group operates. This simple model enables us to transform our resources and relationships into results which, in turn, help us to achieve our strategic goals and create value over the short, medium and long term.

Serving our customers to the best of our abilities continues to be our number one priority. To achieve this, we rely on highly qualified, committed employees and on our capacity to work together effectively, creating the *One Team, One UniCredit* synergy. We therefore remain committed to further maximising productivity and delivering sustainable returns for the future.

Our value creation process also relies on robust business ethics. Our Ethics and Respect values, together with our simple guiding principle to do the right thing, are applied to everything we do at all times and are at the core of our stakeholder interactions to generate sustainable results. We work to manage our financial, human, social and relationship, natural and intellectual capital in a responsible manner.

At UniCredit the way we achieve results is just as important as the results themselves.

Understanding how the company's capitals, strategic pillars and business model are interconnected and interact is the key to our path towards integrated thinking, essential for the correct development of our value creation process over time. This means being able to detect

changes in the external environment, including evolving stakeholder concerns, climate change and the limitation of natural resources, in order to find internal responses to address expectations, generate value and to make the organization more resilient.

In this process, listening to stakeholders is of the utmost importance. Intercepting their needs and expectations can orient us towards making the right decisions regarding our offer of responsible lending products, savings, payment and investment products, thus enabling individuals to improve their quality of life and financial stability. We also provide funding to small, medium and large businesses and contribute to financing the development of key sectors, contributing to economic growth, job creation and innovation in the countries where we operate.

By fostering financial literacy, promoting inclusion and gender equality and conserving natural resources, we promote the well-being of individuals and protect the environment. As a result of our approach, and guided by our business model, we also contribute to achieving the United Nations' Sustainable Development Goals (SDGs).¹ We monitor our progress towards the SDGs via measurable KPIs resulting from the management of material topics and related risks and opportunities.

The core of our business is therefore to support customers and stakeholders in managing social and environmental challenges and financing their investments for a sustainable future. More than ever, sustainability forms a central part of everything we do and is fully integrated into our business and decision-making process, in accordance with the strategic sustainability targets announced in November 2019.² These will be achieved by involving all business structures and under the guidance of our Board of Directors and senior management.

To support this endeavour, our *Five Fundamentals* remain, and shall remain, the behaviours we expect our employees to follow in order to reach our targets.

1. Refer to the Stakeholder Engagement chapter for more information.
2. Refer to the UniCredit press release from 26 November 2019 for more information.

UniCredit’s system of corporate governance promotes clarity, accountability and the creation of sustainable long-term value.

Governance model

UniCredit is an Italian listed company, with a traditional management and control system, which assigns specific responsibilities to the Shareholders’ Meeting and allows for a clear exchange of views between shareholders and management on fundamental decisions relating to governance. These include appointing and removing Directors, appointing members to the Board of Statutory Auditors, granting a mandate for external auditing to an audit firm and approving all associated fees. Such decisions also include the approval of financial statements, the allocation of profits, resolutions on remuneration and incentive policies and practices in accordance with current provisions, as well as setting criteria to determine compensation to be granted in the event of early termination of employment or early retirement from office.¹

Governance structure evolution

In a continuous effort to streamline the governance structure, and in alignment with the lean but steering organisation targeted in the *Transform 2019* strategic plan, in 2019 UniCredit put in place a reorganisation of its management which will have full ownership of the new *Team 23* strategic plan presented to the markets on December 3, 2019.

In the framework of a wider organisational review, a new Group function called Finance & Controls has been created. It is an extended function which, in addition to Planning, Finance & Administration and Investor Relations activities, also incorporates those of Group Identity and Communication, Group Regulatory Affairs, Strategy and M&A, Group Lending Office and Group Institutional Affairs and Sustainability. It also functionally coordinates the activities of Group Legal, Group Risk Management, and Group Compliance, that will continue to report hierarchically to the CEO, facilitating the achievement of synergies within the overall area of competence.

Organisational and governance structure (as at December 31, 2019)

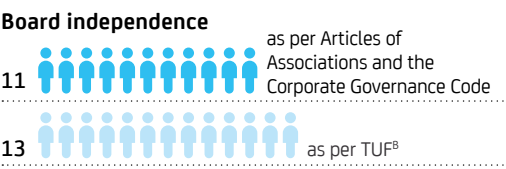
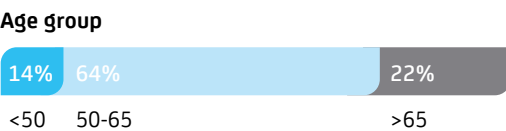
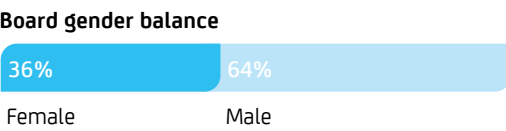
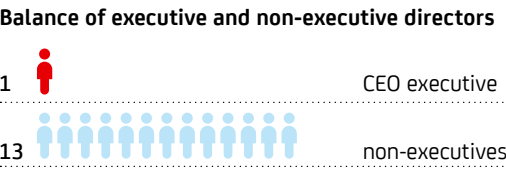


1. Refer to the annual Report on Corporate Governance and Ownership Structure and the 2020 Group Remuneration Policy and Report, available on the Governance section of the Company’s website (www.unicreditgroup.eu), for more information.

Board composition

The UniCredit Board of Directors - both on an individual and collective level - meets the requirements established by the relevant Italian and European provisions as well as qualitatively and quantitatively matches the theoretical profile approved by the Board itself.²

Board in numbers (as at the approval of this Report)



Average tenure length - 2019^C: 3 years



A. Includes Austria, France, Spain, United Arab Emirates.
B. Legislative Decree No. 58 dated 24 February 1998.
C. Referring to the Board members in office as at December 31, 2019.

Directors’ competencies



2. Refer to the annual Report on Corporate Governance and Ownership Structure available on the Governance section of the Company’s website (www.unicreditgroup.eu) for more information.

FOCUS
Sustainability governance and strategy

In support of the Board, the Corporate Governance, Nomination and Sustainability Committee (CGN&S) is responsible, inter alia, for supervising sustainability issues within our Organisation. In 2019 the Committee was also assigned with the supervision of ethics issues. In this new task the Committee is supported by the Chief Ethics Officer, a new senior position created in 2019, responsible for coordinating all ethics matters, reporting to the Board and the CEO, and acting as an advisor to the Group.

The Committee CGN&S has played a key role in ensuring that sustainability issues were integrated in the new strategic plan *Team 23* as an important component of the Bank’s business model (e.g. inclusion of climate risk in the Risk Appetite Framework of the Bank as requested by the Internal Controls & Risks Committee). The Committee also supervises the evolution of sustainability in accordance with international guidelines and principles on the subject and monitors the Group’s performance, as well as keeping abreast of stakeholder concerns. The Committee is supported by the Group Sustainability & Foundation function in performing its activities.

MATERIAL TOPICS



Sustainability embedded in the new remuneration policy

In the *Team 23* strategic plan, sustainability forms an ever more central part of everything we do and is fully integrated into our business and decision-making process. As a further confirmation of our commitment to ESG Topics, Sustainability KPIs will be formally embedded in the new 2020-23 Long-Term Incentive Plan (LTIP) for the CEO, Top Management and other Key Players in the Group, thereby representing an integral part of UniCredit’s strategy to generate long-term results with a renewed focus on improving customer experience and a constant dedication to its people.

Material topics



INNOVATION FOR CUSTOMER
Digitalization and innovation
Value to customer



LEAN AND SOLID BANK
Bank solidity
Lean and transparent organization



PEOPLE DEVELOPMENT
Employees’ development
Diversity and inclusion



ETHICS
Fair business behavior
Business ethics



SYSTEMIC TRENDS
Cyber security
Climate change
Demographic change



POSITIVE IMPACT ON SOCIETY
Positive impact on society

Risk Management and Compliance

Risk is an implicit aspect of our business that we necessarily have to deal with every day, making risk management and compliance fundamental processes of our culture. As highlighted in our Team 23 Strategic Plan, we aim to mitigate risk by adhering to a Risk Appetite Framework which balances sustainable future objectives with the healthy long-term growth of our business.

Strengthening Risk Management

The current complex and demanding scenario calls for a strategic and holistic perspective towards managing diversified and, in certain cases, increased risks. In accordance with this urgent need, in 2019 we further strengthened our risk management approach. Firstly, in alignment with the UniCredit operational risk framework, we updated our methodology for the identification and assessment of all the risks inherent to our material products, activities, processes and systems and developed a series of measurements, mitigation policies, procedures and controls. Secondly, we took steps to embed **climate related risks** and we reinforced **cyber risk** protection. We also constantly work on all the risks the bank is exposed to. These include credit, reputation, liquidity, interest rates, compliance, the environment, society and other emerging areas.

With regard to climate change, both scientific evidence and the increasing stakeholder awareness on climate issues make UniCredit's action a priority. In this context we are exposed to physical, economic, regulatory and transition risks. These risks can have potential significant credit, market and reputational consequences that necessitate the development of a bank-wide climate risk management framework. A very first step in the achievement of this important aspiration was the setting up of a dedicated team within the Group Risk

Management (GRM) office, responsible for the supervision and management of processes related to **climate change risks** and UniCredit's approach to sensitive sectors. The first activity put in place by the team focused on assessing the transition risk of listed companies in our Corporate & Investment Banking portfolio in order to effectively manage their environmental risk profile. Furthermore, a relevant methodology will be deployed for other corporate clusters.

With reference to physical risk, preliminary analyses have been started estimating most important impacts connected with climate change risk.

Moreover, during the year, thanks to the continuous cooperation between the business, risk and lending functions, the firm commitment to sustainability has also been enriched, supported by clear targets for 2023¹ to address climate change related risks including: assisting customers towards the transition to a low-carbon emission economy; improving our policies with regard to climate-related sectors; strengthening our commitment to not supporting companies involved in the deforestation of rainforests. In this way, some quantitative indicators have been integrated into the Risk Appetite Framework (RAF) 2020 to monitor the achievement of the declared targets.

UniCredit is aware of the growing energy demand and related financing needs, but it is also resolutely committed to safeguarding the planet.



The update of the Policy, defining the Group's strategy towards financing the Coal sector, introduces a restrictive approach and prohibits the financing of new projects.



A new Policy was approved to define principles and rules for business activities on the Oil & Gas Industry Sector in the Arctic Region and for Non-Conventional Oil & Gas related activities.



As a result, UniCredit committed to stop providing financial support to projects in controversial sectors that have the greatest impact on climate change.



1. Refer to Strategy chapter for more information.

Our Purpose and Identity
→ Risk Management and Compliance

UniCredit 2019 adoption of key institutional and international initiatives

TCFD	Task Force on Climate-Related Financial Disclosure ^A recommendations
PACTA	Paris Agreement Capital Transition Assessment methodology developed by 2° Investing Initiative (2°ii) ^B
EBA 2020	European Banking Authority 2020 voluntary pilot sensitivity exercise that will provide a first estimate of the amount of brown and green exposures held by banks

A. Refer to the TCFD section for more information.
B. The 2° Investing Initiative (2°ii) is the global think tank for developing climate and long-term risk metrics and related policy options in financial markets.

Over the course of the year the structure dedicated to **Information and Communication Technology (ICT) & Cyber Risks** has been further strengthened with both internal and external resources to incorporate a wider range of expertise even from other industries.

During 2019, several courses of action were taken to reinforce the Group's cyber risk protection:

- the ICT operational risk assessments on end-to-end business processes were completed throughout the Group to comply with regulatory requests
- the weight of Key Risk Indicators (KRI) was increased to adjust the ICT risk metric
- a more forward-looking risk assessment methodology was piloted in UniCredit and UniCredit Services and will be released across the Group in 2020. Recurrent monitoring of KRI on relevant IT and cyber phenomena was established and regular reporting managerial committees were set up
- periodical joint team analysis and meetings are scheduled to ensure a common view of risks, root causes and mitigation actions which are then reported to senior management
- we make use of internal and external sources to perform a surveillance activity on external cyber events in order to identify potential threats and impacts on the Group
- there is an ongoing process to identify the most suitable approach to include cyber risk within the 2020 risk appetite framework process which will be enhanced with qualitative statements and indicators.

An insurance covering cyber events at Group level has been renewed.

Cyber Risk



Governance reinforcement



End-to-End business process completion in line with regulatory requests



KRI adjustment to ICT metrics



Periodical joint team analysis



Surveillance activity on external cyber events



Cyber Risk inclusion in RAF 2020

Over the years, we have continued to reinforce our approach to **human rights** and we have evolved to respond to the expectations of our stakeholders. The most updated version of UniCredit Human Rights Commitment is available on the UniCredit website and summarises the Group's approach to human rights, focusing on some stakeholder categories such as employees, customers, suppliers and communities. It is based on international declarations and conventions, standards, principles, guidelines and recommendations, including The Universal Declaration of Human Rights and the International Labour Organization's Fundamental Human Rights Conventions. We are committed to fighting modern slavery and human trafficking in our business and supply chains. In this regard, UniCredit is also compliant with section 54 of the United Kingdom's Modern Slavery Act 2015.²

At the beginning of the year, UniCredit signed a Global Framework Agreement (GFA) with UNI Global Union.³ The agreement strengthens the dialogue between the two parties on human rights and fundamental labour rights and confirms the

2. The Modern Slavery Act 2015 is an Act of the Parliament of the United Kingdom, designed to combat modern slavery in the UK.
3. UNI Global Union is a global union federation for skills and services, gathering national and regional trade unions. It represents more than 20 million workers from over 150 countries.

Material topics



INNOVATION FOR CUSTOMER
Digitalization and innovation
Value to customer



LEAN AND SOLID BANK
Bank solidity
Lean and transparent organization



PEOPLE DEVELOPMENT
Employees' development
Diversity and inclusion



ETHICS
Fair business behavior
Business ethics



SYSTEMIC TRENDS
Cyber security
Climate change
Demographic change



POSITIVE IMPACT ON SOCIETY
Positive impact on society

24 UniCredit • 2019 Integrated Report

UniCredit • 2019 Integrated Report 25

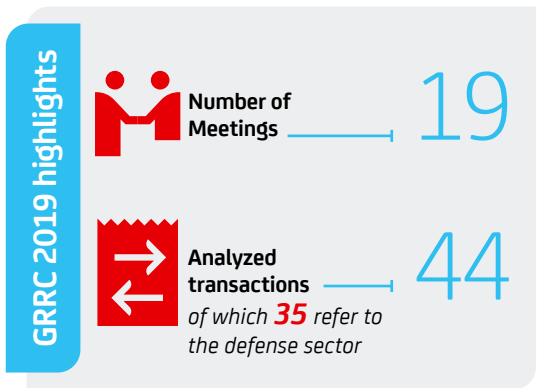
2019 Integrated Report

Group’s commitment to the highest international standards in this area. The document includes, inter alia, a specific commitment to protecting human rights, in alignment with the Group’s Code of conduct and the general environmental and social principles and in observance of the United Nations Guidelines on Business and Human Rights.⁴

• In 2019 more than 27,200 colleagues received training in human rights, for a total of 29,252 hours.

With the safeguarding against reputational risks at the forefront of our attention, during the year we reinforced our governance on the subject. The Group Reputational Risk Council, implemented in 2018, became a Committee in its own right in 2019. The Group Reputational Risk Committee (GRRC) is responsible for the assessment of the reputational risks of initiatives, bank transactions, projects, customers and other business activities. The GRRC supports the Group Chief Risk Officer on governance guidelines for the management of reputational risk on sensitive sectors and customer relationships, of related mitigation actions and of all other relevant topics submitted by the operational and reputational risk function. The GRRC involves the proposing Business function together with Group risk management, Group lending office, Group compliance, Group legal, Group sustainability & foundation and evaluates the participation of the CEO and other relevant functions on a case-by-case basis.

In this context, the Defence Policy was updated to enhance the related reputational risk assessment.



Reinforcing our Risk Appetite Framework

The Group Risk Appetite Framework (RAF) defines the level of risk that the UniCredit Group is willing to accept in pursuing its strategic objectives and business

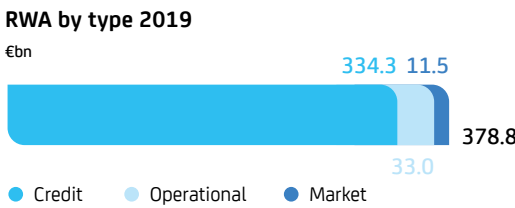
plan. It represents the anchor point for measuring the risk in relation to capital, to liquidity, to business strategies and the recovery plan. In this process the RAF takes into account the macro-economic environment, the competitive landscape and regulatory requirements. It represents a sound risk management steering tool across the Group and has been strengthened further by recent improvements made also in consideration of the goals of the new strategic plan *Team 23*. These enhancements are tangible in all areas of risk. In particular:

- In credit risk: we will reinforce our risk discipline with regard to the origination, underwriting and monitoring of new loans. These efforts represent the continuation of the conservative risk approach adopted by our Group through *Transform 2019*. The RAF 2020 will include new Key Performance Indicators (KPI) to better steer these targets across both the Group legal entity and divisional level;
- In liquidity risk: the RAF has been enhanced thanks to the introduction of new KPIs aiming at better defining the long-term strategy, ensuring an adequate buffer of assets over the new strategic plan horizon to be used as collateral for secured funding and steering the level of intra-group exposure.
- In market risk: for 2020 RAF KPIs, an enhanced methodology for setting thresholds embedding the stress test analysis will be implemented.
- In non-financial risks: in addition to the inclusion of climate change⁵ and ICT & cyber risk, significant improvements have been made by including Anti-Money Laundering and Financial Sanctions in the RAF.

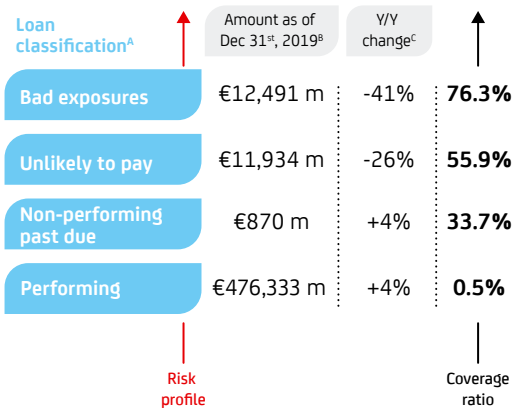
Managing and monitoring risks

In 2019 we reinforced our simplification efforts related to the management of lending processes in our Group. The activity was managed in cooperation with the Group Lending Office (GLO) and Commercial Banking Italy. As a result, product catalogue has been simplified. For example, technical forms of collaterals have been massively reduced (i.e. -89 percent for all customers). The main advantages are: an easier product selection for customers’ best interest, more time to dedicate to customers’ needs, a decrease in operational risk and simplified monitoring and product maintenance activities. As a pan-European commercial bank, UniCredit’s main risk exposure is reflected in its share of Risk Weighted Assets (RWA). Its credit risk, at 88.3 percent, depends on geographic areas and asset classes, while its operational

risk RWA and its market risk RWA account for €33 billion (8.7 percent) and €11.5 billion (3.0 percent), respectively, of its total RWA.



Over the course of 2019 we concluded and exceeded the goals underlying the *Transform 2019* plan in terms of risk deleveraging. Performance was sustained by an accelerated reduction in gross non-performing exposure (NPE), down €12.9 billion (-34 percent) during the period, with a gross NPE ratio decreasing 268 bps to 5.0 percent, more than half the ratio of when we launched *Transform 2019*. Since 2016, the decrease amounts to €31 billion (-55 percent) coupled with an NPE coverage increase from 55.6 percent to 65.2 percent (+ 961 bps) thus confirming the strong performance and tangible results on NPE. Moreover, the accelerated rundown strategy of the non-core portfolio is well on track and will be completed by 2021. This follows the already significant reduction of €28.5 bn achieved since 2016.



A. Loan Classification includes: Bad exposures: exposures to borrowers in a state of insolvency (even when not recognized in a court of law) or in an essentially similar situation, regardless of any loss forecasts made by the bank; Unlikely to pay: classification in this category is the result of the judgment of the bank about the unlikelihood, without recourse to actions such as realizing collaterals, that the obligor will pay in full (principal and / or interest) its credit obligations; Non-performing past due: problematic exposures that are more than 90 days past due on any material obligation; Performing: exposures which are not past due for more than 90 days or to borrowers in a problematic state.
B. Total loans to customers exclude the receivables arising from subleases recognised due to the application of IFRS16; It should be noted that following the deconsolidation of FinecoBank S.p.A., this amount do not include loans referred to that company.
C. Based upon figures as at 31 December 2018, different from the ones published at the reference date due to the exclusion of the loans of FinecoBank S.p.A. and its subsidiary for the purposes of presentation on the same comparable basis with the amounts as at 31 December 2019.

6. Refer to 2018 Integrated Report for more information.

The main goal of **liquidity management** is to ensure that the Group has a sufficient level of liquidity to honour its payment obligations not only on an ongoing basis, but also under stressed conditions.⁶

In 2020 the maturity of the first tranche of the Targeted Longer-Term Refinancing Operations (TLTRO) will be paid back. The Group will keep a broadly balanced funding gap evolution, particularly in the CEE Countries, while supporting the volumes growth in Western Europe. The funding plan will be mostly devoted to generating an adequate buffer over the minimum total loss absorption capacity (TLAC) and minimum requirements for own funds and eligible liabilities (MREL). For this purpose, a subholding company will be created to optimise MREL requirements in the medium term. In general, the overall intragroup exposure (not MREL related) will be reduced.

Fostering a sound Risk Culture

UniCredit remains loyal to fostering a sound risk culture throughout the organisation in order for growth to be sustainable. An opportunity available to all colleagues is the important training offer *Group Risk Learning Framework*.⁶ To this end, in 2019 a *GRM communication plan* was developed which involved two GRM and GLO web calls and a roadshow in Vienna and Munich. Moreover, a specific campaign on operational risk was completed in order to raise further awareness amongst employees.

The intranet section of UniCredit GRM was updated constantly during the year and tracked around 100,000 views.

- In 2019 specific risk culture initiatives were also dedicated to the Board of Directors:
- *Induction Programme* for Board members to ensure continuous ad-hoc training (also for the benefit of members of the Board of Statutory Auditors), addressing both individual and collective Board member needs
 - Implementation of activities related to the *Board Training Programme Process Handbook*, one of the aims of which is to strengthen their knowledge of key issues such as performance and risks.



Material topics



INNOVATION FOR CUSTOMER

Digitalization and innovation
Value to customer



LEAN AND SOLID BANK

Bank solidity
Lean and transparent organization



PEOPLE DEVELOPMENT

Employees' development
Diversity and inclusion



ETHICS

Fair business behavior
Business ethics



SYSTEMIC TRENDS

Cyber security
Climate change
Demografic change



POSITIVE IMPACT ON SOCIETY

Positive impact on society

4. Refer to the Supplement - Human Capital section for more information.
5. Refer to the Strategy chapter for more information.

Compliance culture: our prerequisite to make the business healthy and sustainable

At UniCredit, compliance is an inseparable aspect of the Group's business activities. Our commitment to compliance is founded on our internal approach to proper conduct, is consistent with our Group's core values and fundamentals and meets the expectations of our customers, regulators, and society as a whole.

Reinforcing compliance

Compliance is a prerequisite to the legitimacy of our business, therefore adherence to laws and regulations is key to a sustainable business. Compliance culture is essential to spread awareness of what is or is not good to protect our clients and our Group's reputation. At UniCredit we do not tolerate any misconduct and non-compliant behaviour.

Regulations are part of our operational environment and we must comply with them while remaining focused on our customers' needs.

In accordance with our *Team 23* strategic plan, UniCredit Compliance function enhances compliance as a tool for managing risk and actions to mitigate non-compliance risks more effectively, in particular with regard to Anti-Financial Crime (AFC).

UniCredit compliance pillars

UniCredit's 2019 Compliance Plan, approved by the Board of Directors is based on six strategic pillars.



The plan includes the strategic priorities and the main initiatives implemented in 2019.

1. Office of Foreign Asset Control.

✓ Governance

Reinforcing the oversight and steering mechanism is one of our priorities. This is why we have increased the implementation of specific actions such as:

- strengthening the interaction between Holding and sub-holdings Companies and Legal Entities (LEs)
- stating that the same position can be covered for a maximum of 5 years and for which each Compliance Officer/AML Officer of the Group has a defined succession plan
- strengthening the relevant Group managerial processes and their extension to all LEs, making sure that they are not only accurately designed but also correctly implemented
- consolidating the central steering of the international Network.

✓ Risk Presidium

Risk Assessment and controls are executed according to a 3-year plan taking into account new regulations coming into force as well as identified riskiest areas such as Anti-Money Laundering (AML) and Financial Sanctions (FS). The plan includes an updated version of the controls catalogue to cover all relevant compliance areas. We also rolled out new controls on Whistleblowing, ICT compliance and outsourcing.

We also run our *OFAC¹ Compliance Programme*. This is based on guidance from US Authorities in FS and other regulatory standards and guidelines. It is a major Group-wide and bank-specific remediation and enhancement programme to:

- strengthen our policies, procedures and controls related to FS
- prevent and detect any future violations of applicable laws.

FOCUS Financial Sanction Forum

The dynamic framework of the sanction arena led to the need for the development of a *Sanction Business Forum*. Business, Compliance, Legal and Risk functions are regularly involved in dedicated meetings where they review corporate transactions. This confirms the attention and awareness of our senior management in ensuring a timely response to our customers and mitigating the exposure to risks of sanctions.

✓ Regulatory changes

Staying abreast of regulatory changes and promptly identifying UniCredit's obligations is essential for the Group, which is why we monitor forthcoming regulations before triggering the necessary implementation at various levels. Over the year, Compliance continued to:

- lead the *General Data Protection Regulation* (GDPR) *Group Project* to ensure full implementation of law requirements
- support the setting up of business projects implementing new regulatory requirements such as Financial Benchmarks.

As for advisory activities, the *Compliance Antitrust Programme* was refreshed at Group level and further focused on payments and other transactional services, in cooperation with our business functions. The complaints reporting process, standards and related information flows were enhanced, as well as the Compliance role in the monitoring of activities related to the offer of non-core products and the setting of related minimum requirements.

✓ Compliance culture and People Development

UniCredit is committed to building and strengthening a common culture of compliance across our organisation. In working towards this goal, we reinforced our *Tone from the Top programme* with a strong commitment from all senior managers in spreading the importance of business ethics and risk culture with a specific focus on Customer Protection and Anti-Financial Crime.

In 2019 we also continued the *Compliance for the Group programme* which aims at increasing proximity between Compliance and Business through the regular discussion of compliance subjects² at senior management level. This involved classroom workshops (approximately 18,900 attendees in 2019 across the Group), an education campaign addressed to all employees, a dedicated compliance culture *Ambassadors Programme*³ and continuous communication.

In 2019 a first group-wide Compliance Day took place across 13 countries with 14 plenary sessions, the direct involvement of branches in 7 countries and ad hoc initiatives in CIB and UniCredit Services with an overall reach of more than 50,000 colleagues. Colleagues were involved together with the senior management in events on Customer Protection, FS and AML.

5 web-based courses⁴ and 7 classroom workshops on Customer Protection and AFC were rolled out throughout the year.

We are fully committed to fostering compliant behaviour in each employee; at UniCredit the mandatory compliance training is a requirement to access variable compensation, if any.

- In 2019 UniCredit employees received 521,164 hours of compliance training.

2. Anti-Money Laundering, MiFID II, Financial Sanctions, Conflicts of Interest, Anti-bribery & Corruption and Whistleblowing, General Data Protection Regulation (GDPR), Financial Benchmark and Antitrust.
3. Refer to 2018 Integrated Report for more information.
4. The roll out of 1 of the web-based training courses in the LEs will be completed by Q12020.
5. Refer to the Supplement - Risk Management and Compliance section for more information.

As we believe in people and in the enhancement of their skills, we invest in human capital through consistent and regular planning of relevant initiatives.

At UniCredit we are all accountable for compliant behaviour and must adhere to the regulations applied in our business. We can also play an active role by reporting any unacceptable behaviour and unlawful acts. Whistleblowing is encouraged as each of us can be the bank's first line of defence. The Global Policy on Whistleblowing has recently been updated. New channels dedicated to third parties have been set up and an extended description of Serious Reports in line with the new escalation process has been submitted to the Board of Directors of all relevant LEs. The policy has also established a *Whistleblowing Managerial Forum* at Group and local level. This Forum, which is involved in cases of Serious Reports, periodically monitors main trends, indicators and actions aimed at enhancing awareness of the process and culture of reporting misconduct.

✓ Digital Transformation

We increased the usage of Artificial Intelligence (AI) to improve key compliance processes, advisory services and controls. We developed different solutions to increase detection capabilities of possible suspicious transactions or misconducts.

Finally, in 2019 we developed a group-wide IT solution for managing advisory activities more efficiently to be implemented in 2020.

FOCUS Anti-corruption⁵

UniCredit does not allow acts of corruption and prohibits them in any way or form, whether direct or indirect. This approach is established in our Global Policy and Global Operational Regulation on Anti-Bribery and Corruption which were updated in 2018/2019 and implemented in all relevant legal entities.

The anti-corruption activity focuses on the areas particularly exposed to the risk of corruption, such as job offers, gifts and business hospitalities, management of third parties, Mergers & Acquisitions.

- In 2019, UniCredit employees received over 11,000 hours of anti-corruption training.

MATERIAL TOPICS



Material topics



INNOVATION FOR CUSTOMER
Digitalization and innovation
Value to customer



LEAN AND SOLID BANK
Bank solidity
Lean and transparent organization



PEOPLE DEVELOPMENT
Employees' development
Diversity and inclusion



ETHICS
Fair business behavior
Business ethics



SYSTEMIC TRENDS
Cyber security
Climate change
Demographic change



POSITIVE IMPACT ON SOCIETY
Positive impact on society

Our Business Environment

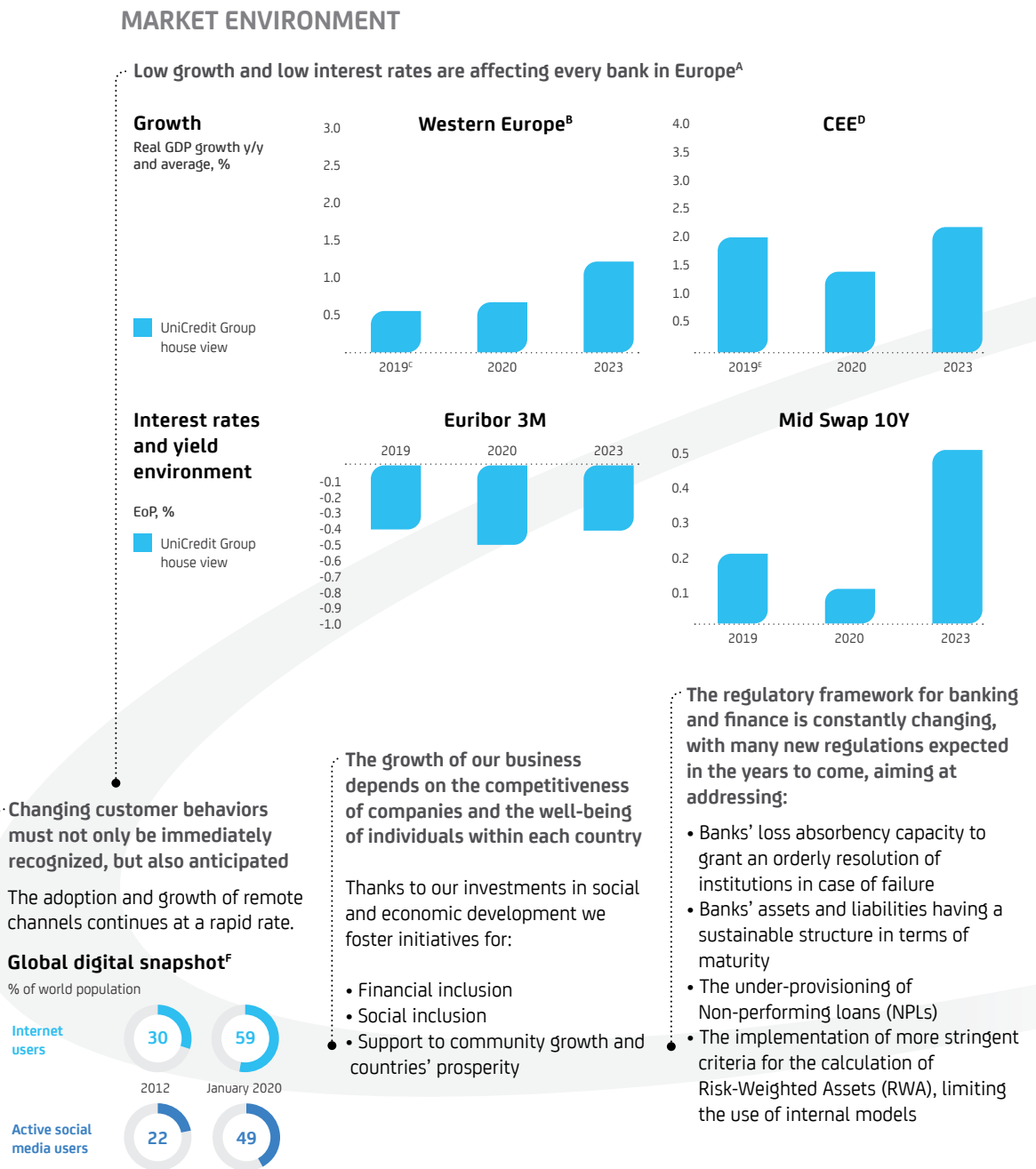
Business Model
in action

Market environment
Our Distinctive Assets

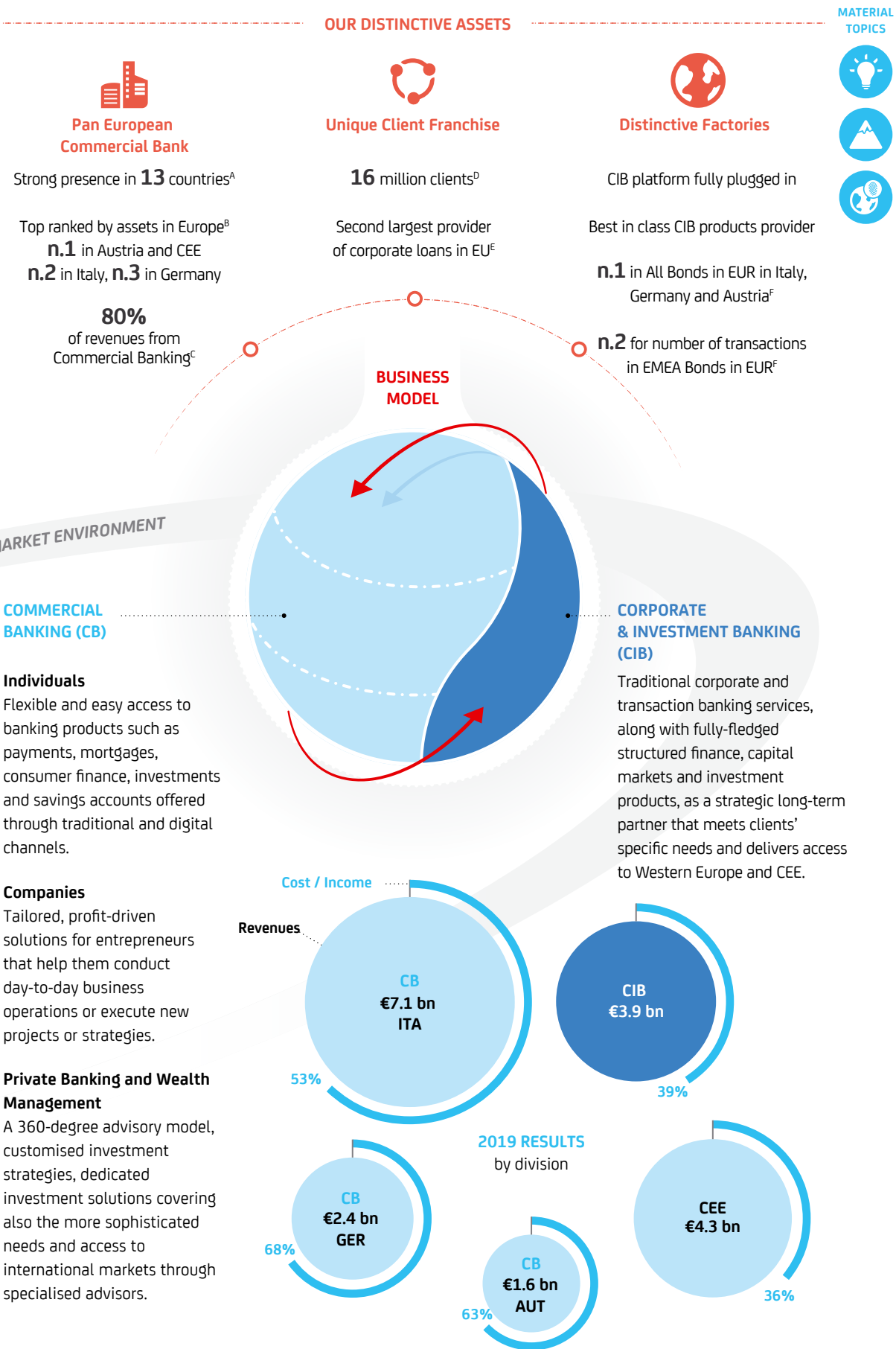


Business Model in action

The banking sector is constantly evolving, with regulations, macroeconomic conditions and customer behaviours changing at a rapid pace. Banks are transforming their business model and the way they deliver value to customers. It is on these foundations and by virtue of the commitment of the UniCredit team as a whole that we successfully delivered the Transform 2019 plan. This is why we have called our new strategic plan Team 23.



A. Estimated data for 2020 and 2023.
B. Calculated as weighted average considering Nominal GDP of relevant Countries for UniCredit (Italy, Germany and Austria).
C. Preliminary data.
D. Excluding Turkey.
E. Estimate.
F. Source: Digital around the world in 2020 report, by We Are Social; growth figures may in part be the result of improved reporting.



A. Italy, Germany, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Serbia, Slovakia, Slovenia, Romania, Russia.
B. Data as of 4Q19, where available (otherwise as of 3Q19), based on available public data. For Germany, only private banks, for CEE compared to Erste, KBC, Intesa Sanpaolo, OTP, RBI, SocGen, UC data excl. Yapi pro quota, for Austria ranking on single entities only possible on the basis of annual figures: FY18 latest figures available.
C. Data as of 4Q19 Commercial Banking Italy, Germany, Austria and CEE.
D. Data as of 4Q19.
E. Data as of 3Q19 based on publicly available information.
F. Source League Tables: Dealogic, as of 7 January 2020. Period: 1 January - 31 December 2019; rankings by volume, unless otherwise stated.

Material topics

- INNOVATION FOR CUSTOMER**
Digitalization and innovation
Value to customer
- LEAN AND SOLID BANK**
Bank solidity
Lean and transparent organization
- PEOPLE DEVELOPMENT**
Employees' development
Diversity and inclusion
- ETHICS**
Fair business behavior
Business ethics
- SYSTEMIC TRENDS**
Cyber security
Climate change
Demographic change
- POSITIVE IMPACT ON SOCIETY**
Positive impact on society

Our strategy



Stakeholder Engagement

Relevant topics
for our stakeholders

Strategic Plan

Transform 2019
achievements

Team 23 Strategic Pillars

Sustainability as part
of UniCredit DNA

Targets 2023

Capitals

Stocks of Capitals

Main 2019 Initiatives
and Results

Community Impact

Targets 2023

Task Forces on Climate-Related Financial Disclosure (TCFD)

Stakeholder Engagement

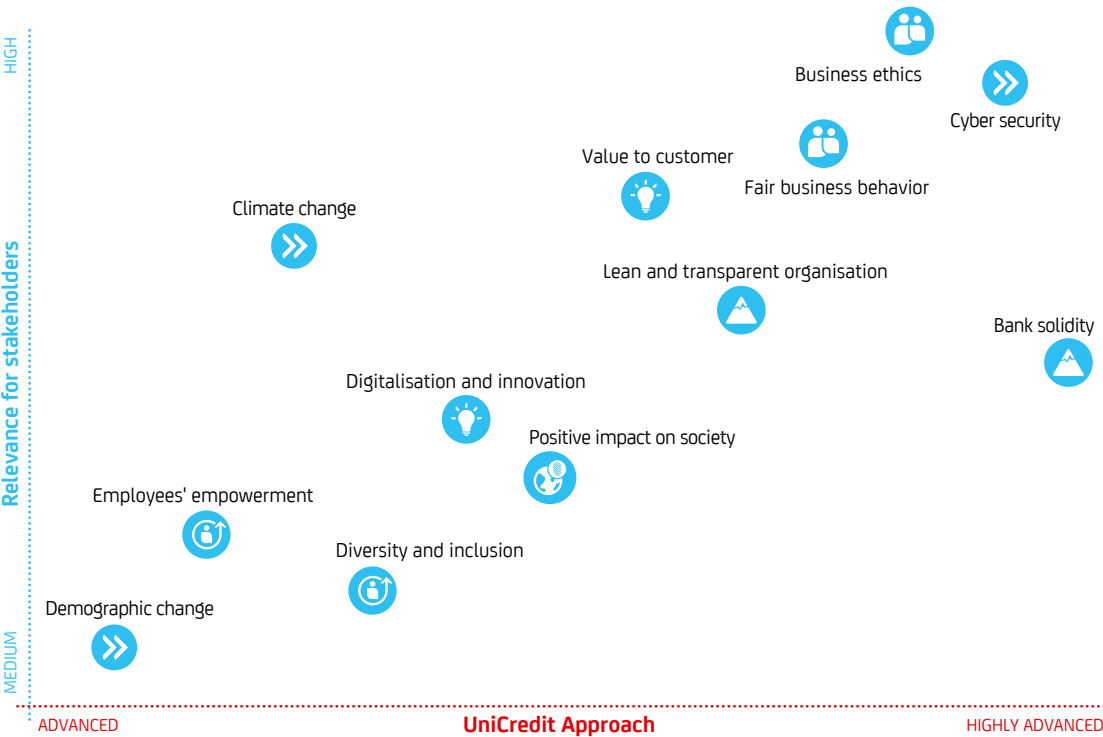
We really listen to our stakeholders. This has always been the underlying principle at UniCredit – one which leads us to regularly invest in mutual feedback activities involving all our stakeholders. We systematically collect and assess the opinions and concerns expressed by our stakeholders and promptly respond to their observations.

Investing in long-term value creation means possessing the right insight into who and what our business affects, but also how our business is affected by everything that surrounds us.

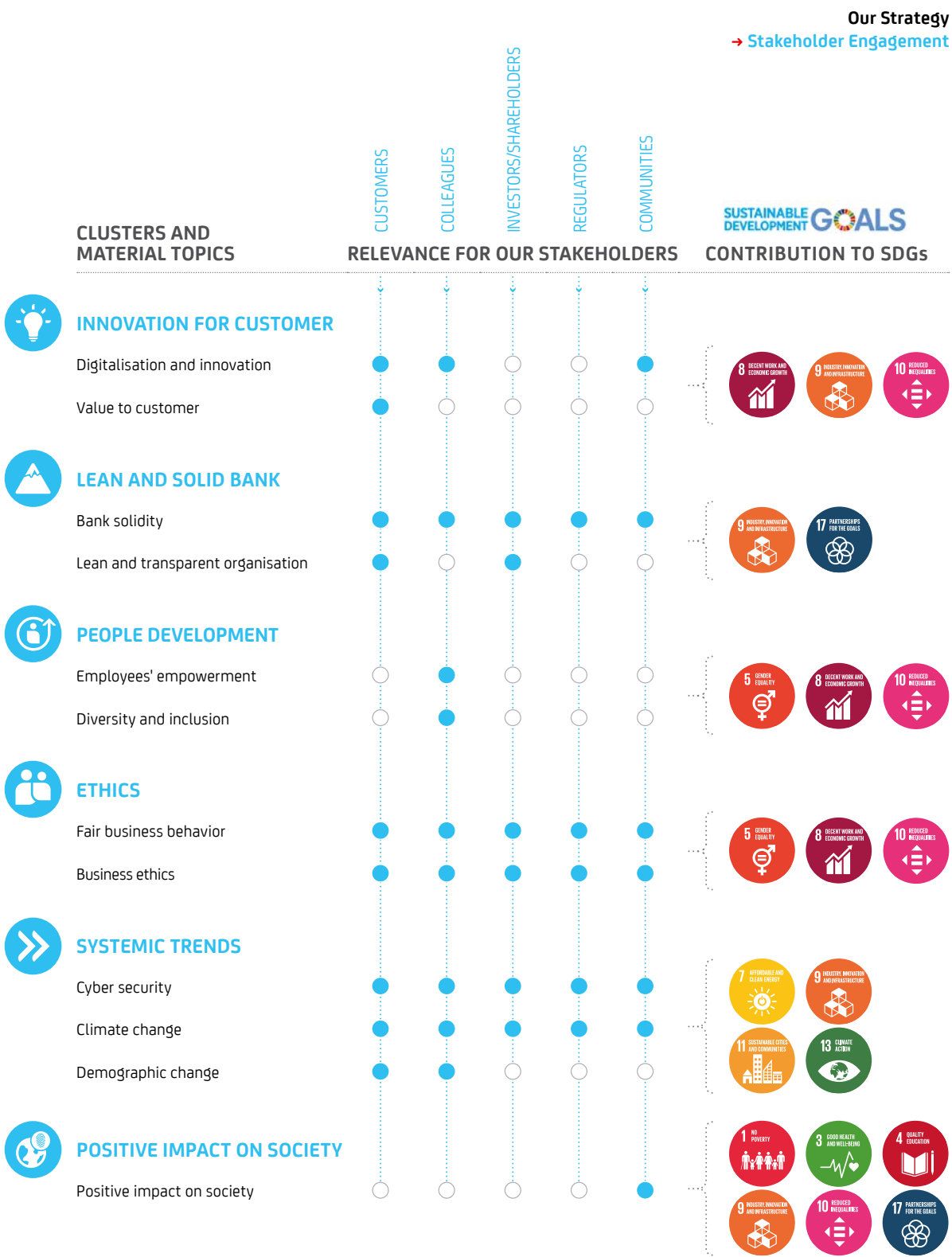
In order to manage risks and opportunities efficiently, a greater awareness of the topics that interest our stakeholders can enable us to make more meaningful decisions and promote a more sustainable strategy.

Materiality matrix

As a result of engaging with our stakeholders, since 2010 UniCredit has periodically carried out materiality analyses. This is a thorough approach that identifies critical economic, environmental and social aspects which could have a significant impact on the company's business performance and therefore on long-term value creation. The matrix below represents the upper-right quadrant of the overall matrix, resulting from the analysis, it is then used to consolidate and assess concerns from all of the bank's stakeholders: it not only takes into account their needs and expectations (y-axis), but also monitors the bank's investments and ability to address the issues stakeholders care about (x-axis).



- Clusters**
- INNOVATION FOR CUSTOMER
 - LEAN AND SOLID BANK
 - PEOPLE DEVELOPMENT
 - ETHICS
 - SYSTEMIC TRENDS
 - POSITIVE IMPACT ON SOCIETY



For specific KPIs and Risks and Opportunities analysis of each material topic, please refer to following pages

For several years UniCredit has been carrying out the materiality analysis aimed at identifying the Environmental Social and Governance (ESG) elements that have a significant impact on our business results and in our ability to create value over the long term. The resulting materiality matrix is the graphic representation of a very important activity for our

company: listening to and engaging with stakeholders. The matrix provides a clear view of internal and external stakeholder needs and expectations.

Last year we concentrated our efforts on designing a new process for the materiality analysis methodology which is now greatly improved.¹

1. Refer to 2018 Integrated Report for more information.

Material topics

- INNOVATION FOR CUSTOMER**
Digitalization and innovation
Value to customer
- LEAN AND SOLID BANK**
Bank solidity
Lean and transparent organization
- PEOPLE DEVELOPMENT**
Employees' development
Diversity and inclusion
- ETHICS**
Fair business behavior
Business ethics
- SYSTEMIC TRENDS**
Cyber security
Climate change
Demographic change
- POSITIVE IMPACT ON SOCIETY**
Positive impact on society

Thanks also to this reinforced and more reliable methodology, we have been able to share these results at senior management level and in several meetings of the Board of Directors and the Corporate Governance, Nomination and Sustainability Committee (CGN&S),² thus providing a complete overview of ESG topics and our sustainability approach.

Indeed, 2019 was a defining year for UniCredit in terms of approach to sustainability which was more deeply integrated into our business strategies. Sustainability is part of our Group's DNA and a key component of our business model. Such commitment, together with the growing global focus on topics such as climate change, was a strong driving factor in this transformation, further heightened by an increased attention on the part of regulators and institutional investors. By virtue also of observations received by the CGN&S Committee, these signals were promptly detected by UniCredit which quickened its pace in addressing ESG matters, as demonstrated in our new strategic plan *Team 23*. Thanks to the effective sponsorship and direct involvement of the CEO and senior management team, in November 2019 a process involving the Corporate Investment Banking, Risk Management, Human Capital, Investor Relations and Identity & Communication (among other functions) resulted in a press conference and a dedicated call for investors and financial analysts in which the commitments and targets highlighting our sustainable strategy were communicated.

UniCredit continued to leverage the materiality matrix as a tool to support business strategy. In 2019, in order to update the analysis, together with our usual stakeholder listening sources, we also applied, as we did the year before, information sourced by the Datamaran tool. This allowed us, through external sources, to investigate the main laws and directives that impact the financial sector in all the countries where the Group operates, to analyse the latest news on issues related to the financial sector on online media and social networks such as Twitter, and to benchmark our report versus reports published by other banks.

The analysis was therefore strengthened and as a result of the above-mentioned announcement on ESG targets, sustainability topics are now increasingly integrated in our business strategy. The analysis of the internal relevance of single topics was conducted directly with senior management

in dedicated interviews. During these one-to-one meetings, managers assessed each material topic from a presidium, investment and managerial focus point of view, defining a unique UniCredit approach on such issues. By applying this new process, we wanted to underline how fundamental materiality analysis is to the strategic definition of UniCredit's targets.

As announced last year, a great deal of attention was given to two material topics in particular: Business ethics and Positive impact on society. The successful results achieved with *Transform 2019* have led us to confirm our commitment to those material issues also for this year. Furthermore, UniCredit has broadened its focus to encompass topics related to climate change, diversity and inclusion in its new strategic plan.

Regarding Business ethics, *Ethics and Respect: do the right thing!* are the values and guiding principle on which the behaviour and decisions of our bank are founded. Several initiatives have been undertaken during the last year giving proof of the strong commitment to our values. In the framework of the new strategic plan *Team 23*, these values combine with underlying assumptions on sustainability to continuously strengthen our approach, as demonstrated by the targets disclosed in the announcement of November 2019 on three main material topics:

- Climate change
- Positive impact on society
- Diversity and inclusion.

With regard to Climate change, we will work closely with our customers in the transition to a low-carbon emission economy. In fact, we have confirmed the decision for the complete decommissioning of thermal coal mining projects for energy production by 2023 and are committed both to increasing exposure to the renewable energy sector and supporting the growth of energy efficiency loans to customers. We aim to achieve Top5 league table position in EMEA combined Green Bonds & ESG-linked loans. Moreover, we will continue to reduce our environmental impact by cutting greenhouse gas emissions, among the targets for the *Team 23* strategy, as well as committing to source all our electricity consumption from renewable energy.³

Regarding Positive impact on society, the *Social Impact Banking* (SIB) project successfully disbursed more than €100 million in supporting microentrepreneurs and social enterprises in Italy.

It was extended to 10 additional European markets and UniCredit has committed to approving €1billion of total financing by 2023. The project also provides financial education and as at 2019 about 38,600 students were supported in 300 schools and more than 2 million of training were provided.⁴ We will also continue to invest in UniCredit Foundation that contributed over €5.6 million in 2019 towards social needs, including study and research.

Diversity and inclusion has always been a focus for UniCredit. In order to further enhance our commitment on this topic, UniCredit will work with different associations to launch an initiative for the European banking sector. This consists in setting and monitoring specific objectives so that banks increase the proportion of women and minorities among their employees: we believe that including different perspectives helps improve processes and behaviours and creating a positive and inclusive workplace is

key to innovation and growth. This attitude can only strengthen the Group's reputation and help it to attract and retain key talents.

All these actions are a fundamental part of our sustainability strategy and demonstrate how sustainability is part of our way of thinking and a key component of our business model. We must never forget that the way in which we achieve results is just as important as the results themselves. It is essential that we always: *Do the right thing!*

We believe that fully integrating our sustainability approach into our business strategies allows us to respond promptly to the risks and opportunities arising from material issues.

In addition, as illustrated in the following pages, an attentive assessment of our initiatives and their positive impacts on society has allowed UniCredit to actively contribute to the achievement of the UN Sustainable Development Goals (SDGs).

Dialogue tools with stakeholders

	Channels:	Key facts
CUSTOMERS	Customer satisfaction assessment	More than 400,000 clients and prospects interviewed for our customer satisfaction surveys
	Brand reputation assessment	
	Mystery shopping	
	Instant feedback	
	Focus groups, workshops, seminars	
COLLEAGUES	People Survey of professional engagement	More than 70,000 page views of the communication of our new strategic plan Team 23 on our Group intranet
	Internal clients' perceptions of headquarters services	
	Group Intranet Portal	
INVESTORS/ SHAREHOLDERS	Departmental online communities	More than 450 meetings and 37 roadshow days with institutional, retail and socially responsible investors
	Quarterly webcasts and conference calls to present results	
	One-on-one and group meetings, calls	
REGULATORS	Shareholders' meeting	Proactive engagement and contribution to the debate on the regulatory framework
	One-on-one and group meetings, calls	
COMMUNITIES	Surveys	More than 400,000 followers on our social media
	Social Media	

2. Refer to the Governance chapter for more information.
3. In the bank's buildings in Italy, Germany and Austria.

4. Refer to Social and relationship Capital chapter for more information on *Social Impact Banking* project.

Risks and Opportunities arising from material topics analysis and our contribution towards SDGs



Innovation for customers

With the main goal of offering our customers a top-quality service, we are fully engaged in the digital revolution that is transforming the banking business. Whilst remaining strongly committed to achieving sustainable results and meeting our customers' demands, we are equipping our organisation to meet the challenges of the future.

Contribution towards SDGs:





Risks

- Loss of market share and business focus if banking is not driven by client needs
- Loss of market share and revenue due to non-competitive digital offer
- Unclear strategy on long-term trends

Opportunities

- Starting from client needs, develop a product offer and commercial strategy
- Responding to the digital challenge in an agile and customer-centric manner, improving efficiency by leveraging technology
- Maintain or increase competitiveness by correctly responding to digital challenges

UniCredit's contribution towards SDGs - KPIs

- In Italy, Germany and Austria more than **2.5 million clients** are **UniCredit mobile app users**
- More than **60 loans** in **Impact Financing** for **€69 million** disbursed in Italy
- In Italy, more than **45,000 customers** under **30** benefitted from the *My Genius* current account with **pricing benefits**
- Renewable energy projects portfolio^A** at **€6.9 billion**
- Lead manager of the **first ever green bond^B**: we acted as **joint bookrunner** in **29 issues** for an overall placement of **€22 billion**

A. EAD, Exposure at Default.
B. In 2007.



Lean and solid banking

The decisive actions taken over the course of our strategic plan *Transform 2019* have contributed to strengthening the Group's capital position, thus enabling us to focus on expanding our business and increasing client activities in the medium to long-term.

Contribution towards SDGs:




Risks

- Uncertain and volatile economic scenario affecting our long-term planning
- Having a strategy and business model not ready to respond to a constantly changing regulatory framework
- Complexity of processes and lack of agility might hinder our capability to react to a continuously changing framework

Opportunities

- Strong capital position allows for a more focused approach to delivery on our targets
- Leaner processes can increase our flexibility and speed of response to external challenges
- Being a lean and solid bank increases stakeholder confidence in our capability to deliver on our targets

UniCredit's contribution towards SDGs - KPIs

- Application decommissioning** successfully finalized *Transform 2019* target **with over 1,500 applications removed since 2016**
- More than **50 partnerships** within the Group
- FY19 stated CET1 ratio** at **13.22%**



People development

We are well aware that employees feel the need to be motivated by and engaged in the success of the bank. We therefore support our colleagues through training and development plans, by promoting diversity and inclusion, by listening to their needs and valuing their skills, and by generally improving the work-life balance.

Contribution towards SDGs:



Risks

- A low attraction and retention of talents would impact on succession plans and pioneering in new business areas
- Risk of obsolescence especially in the new digital areas
- Decrease in people engagement due to lack of incentives in terms of inclusion and work-life balance

Opportunities

- Transform our people into an innovative and tech-oriented workforce and launch digital products and solutions
- Be an employer of choice thanks to investments in talents and in work-life balance solutions together with a widespread inclusion and diversity culture

UniCredit's contribution towards SDGs - KPIs



More than **30 training hours** per capita

Women in senior leadership roles targeted at **20%** by 2022, stands at **12%** in 2019

First Diversity and Inclusion Week with around **13,600 colleagues** participating to **80 initiatives** (workshops, testimonials and training courses) in **15 markets**

In the last three years, we have hired approximately **200 promising young graduates** through our **Impact Group Graduate Programme**, which assures dedicated **development paths for these new talents**

The **adoption of flexible working solutions** involved in Italy more than **6,200 employees** amounting to approximately **123,000 days**



Ethics

In our Group integrity and consistency in our values and behaviour are the foundations on which to build sustainability. Our Code of Conduct outlines our approach to managing compliance risks and sets the legal and ethical standards necessary to the successful running of our business and creation of long-term value.

Contribution towards SDGs:



Risks

- Reputational risk and loss of market share
- Compliance and sanctions risk
- Being directly or indirectly impacted by human rights abuse

Opportunities

- Reinforce stakeholder trust through strong business ethics
- Maintain high reputation by avoiding non-compliance sanctions
- Increase awareness of importance of human rights within our bank and our customer base

UniCredit's contribution towards SDGs - KPIs



Created the position of **Chief Ethics Officer (CEtO)** in order to increase **presidium and coordination** in the application and **monitoring of Ethics and Respect topics**

Issued **2 new global policies**: one against **harassment, sexual misconduct and bullying**, the other against **acts of retaliation**

Since the announcement, around **80 news** published on **Group Intranet** about **Ethics and Respect topics**, **1 news** every **two days**



Established the **Millennial Board** (composed by **colleagues aged between 22 and 32**) in order to raise awareness of **millennials' views** on banking topics and to explore innovative ideas and solutions

Systemic trends

The activities in which we are involved potentially expose our bank to a number of new and changing trends which are not easily quantifiable and which have a significant impact on society and industry. UniCredit analysed not only the risks but also the opportunities deriving from such activities. Among the topics analysed, Cyber Security, Climate Change and Demographic Change are considered the most important.

Contribution towards SDGs:

Risks

- A failure to address systemic trends can lead to a loss of competitiveness on financial markets
- Underestimating shifts on demographics as a driver impacting on strategies and business development
- Threat of cyber-attacks to our ICT systems
- Climate change impact managed only in terms of reputational risk and not as a driver for lending strategies

Opportunities

- Proactively managing systemic trends can be a competitive advantage
- Strong and safe ICT systems are a building block for stakeholder trust
- We can play an important role in the transition to a low carbon economy by having a clear and effective strategy

UniCredit's contribution towards SDGs - KPIs

We ran a **phishing simulation campaign** involving around **36,000 employees**

In Italy, the **dematerialization process** marked a saving in excess of **130 million sheets of paper** across our network, equal to approximately **15,000 trees**

Overall reduction of 55% compared to our 2008 **Scope 1 and 2 GHG emissions**

We committed to **stop providing financial support** to **controversial sectors** (coal and non-conventional oil&gas)

Nomination of a new **Sustainable Finance Advisory Team** to deepen **client dialogue on ESG topics** and facilitate their access to **Europe's green financing market**

Positive impact on society

As one of Europe's largest banks, we wish to set the example of building a fairer and more inclusive society by identifying, financing and promoting people and enterprises that have a beneficial impact on society. Our aim is to provide assistance both to people at risk of financial exclusion and to organisations dedicated to social problem-solving.

Contribution towards SDGs:

Risks

- Risk of not being socially accepted if our attention to the social fallback of our activity is not perceived
- Risk of losing our role of backbone of the real economy growth
- Disconnection from stakeholder needs when they are required
- Lack of investments in technology and mobility innovation to foster inclusion and accessibility may lead to a loss in clients
- Distance from clients in terms of contents and products

Opportunities

- Being perceived as the bank of choice thanks to our inclusive approach
- Having a positive impact on society boosts our reputation
- Recognise the importance of our role for economic growth and wellbeing in our communities

UniCredit's contribution towards SDGs - KPIs

Approximately **€45 million contributions to communities** and **€5.9 million** as investment in **Business Innovation for Social Impact^A**

Around **2,900 loans** for **€57.1 million disbursed** in **Microcredit in Italy**. More than **1,300 loans** dedicated to **new co**

More than **€3.3 million** collected in 2019 thanks to **Gift Matching Programme** and **UniCredit Card E**, supporting **social projects**

A. Refer to Social and relationship Capital chapter for more information.

Strategic Plan

Our Strategy
→ Strategic Plan

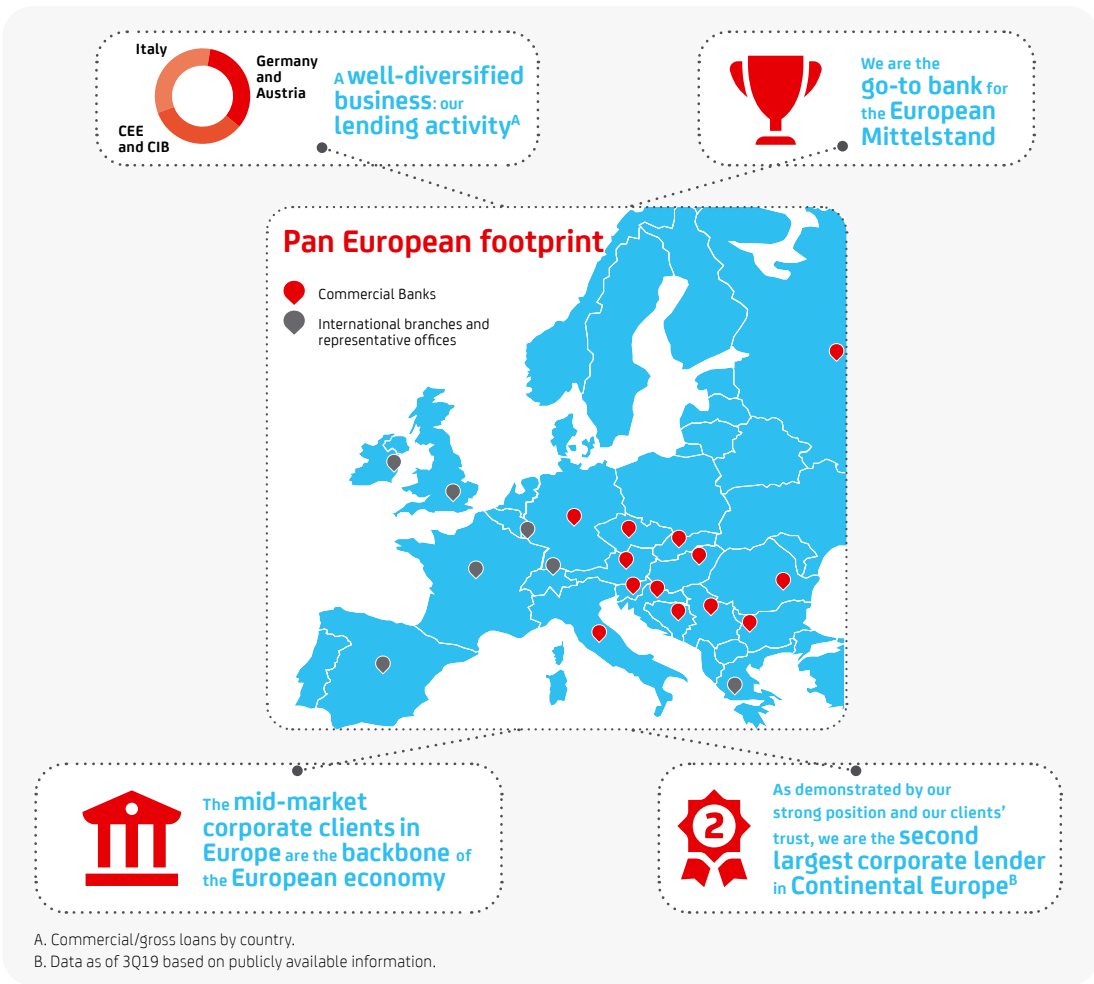
Since the Transform 2019 strategic plan launched in December 2016, UniCredit has further confirmed its vision. We are a simple, successful, Pan-European Commercial Bank, with a fully plugged in Corporate and Investment Bank (CIB), and with our new strategic plan Team 23 we intend to continue building on our existing competitive advantages: our unique Western, Central and Eastern European network, the strengthening of our position as the go-to bank for Small and Medium Enterprises (SMEs) and of our extensive and growing client franchise.

We are proactive in capturing commercial opportunities whilst keeping a tight rein on risk, execution and cost control.

Ethics and Respect: Do the right thing! is the slogan that represents the values and principles on which our banking activity is based and which drove us to achieve our Transform 2019 results, thanks also to the great effort of all our people who proved to be One Team, One UniCredit. The

perfect starting point for our new strategic plan: Team 23.

UniCredit is a Pan-European winner, with our 16 millions¹ clients across Europe trusting us with their banking business. We benefit from the local coverage of 13 commercial banks¹ throughout our CIB and international banks network, and are ranked among the top 3 banks by assets² in Italy, Germany and Austria, and first in the CEE on the consolidated basis.

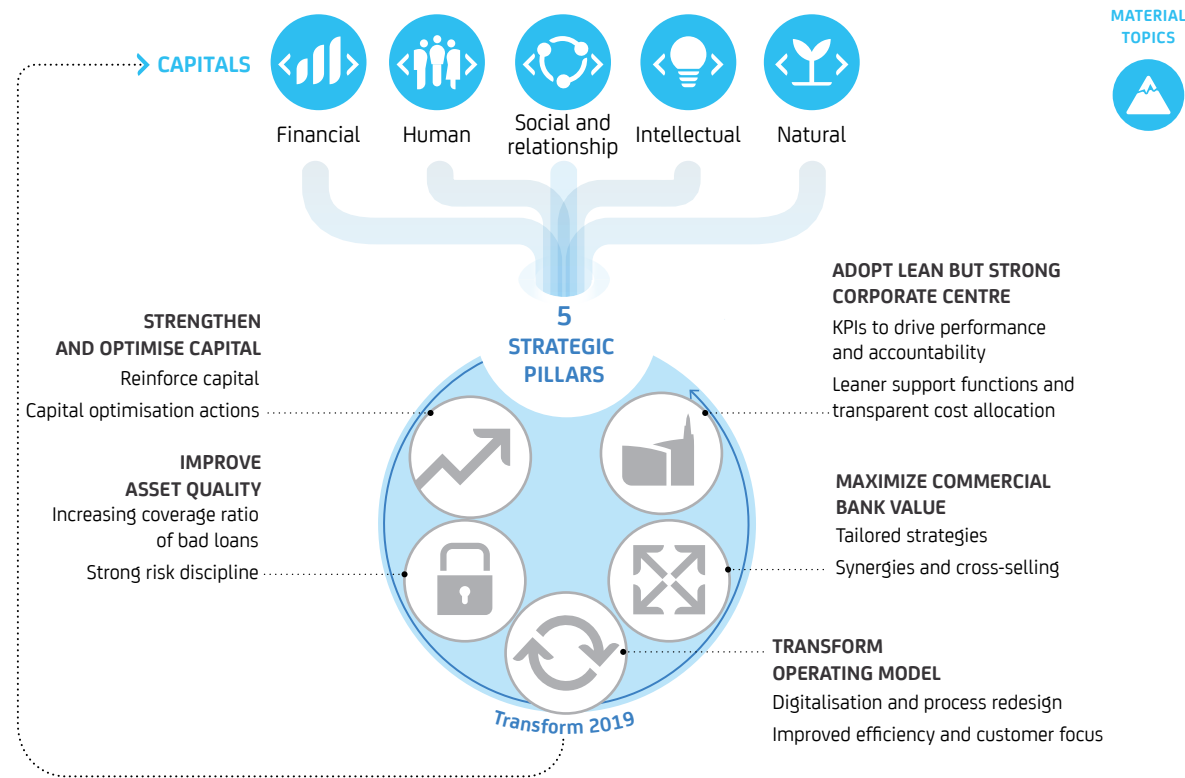


Our CIB is fully plugged in and focused on supporting the Group's clients, proving our strong

product offer and ability to deliver significant cross-selling and synergy across the bank.

1. Figures restated assuming new Group perimeter. New Group perimeter assumes full deconsolidation of Turkey and disposal of Fineco, Mediobanca and Ocean Breeze.
2. Data as of 4Q19, where available (otherwise as of 3Q19), based on available public data. For Germany, only private banks, for CEE compared to Erste, KBC, Intesa Sanpaolo, OTP, RBI, SocGen, UC data excl. Yapi pro quota, for Austria ranking on single entities only possible on the basis of annual figures: FY18 latest figures available.

Transform 2019



When we launched Transform 2019 back in December 2016,³ aimed at transforming the operating model, maximising commercial bank value and enhancing our capital position, risk management and governance, we made conservative assumptions. Yet even such prudent planning could not have foreseen

the headwinds that the industry has faced for the years 2016 to 2019. Nevertheless, together with our prudent initial assumptions, we took a series of decisive actions to face unforeseen events which enabled us to deliver our targets in a worse-than-expected macro environment:

Acceleration of balance sheet de-risking:
Acceleration of **Non-Core portfolio run-off** (self-funded full rundown of non-core by 2021 vs 2025 originally set)
BTP portfolio reduction
Intragroup exposure decrease

Additional cost optimisation:
Further **cost reduction** vs initial 2019 target (2019 costs at **€9.9bn** vs Transform 2019 target **€10.6bn**, 84,245 FTEs vs Transform 2019 target 87,000 FTEs)

Strong capital position:
Transparent disclosure of **regulatory impacts**, starting from Capital Markets Day (CMD) held in December 2017
Disposal of non-strategic assets (Fineco, Mediobanca, Ocean Breeze and selected real estate)

3. Refer to 2016, 2017 and 2018 Integrated Reports for more information.

Material topics

- INNOVATION FOR CUSTOMER**
Digitalization and innovation
Value to customer
- LEAN AND SOLID BANK**
Bank solidity
Lean and transparent organization
- PEOPLE DEVELOPMENT**
Employees' development
Diversity and inclusion
- ETHICS**
Fair business behavior
Business ethics
- SYSTEMIC TRENDS**
Cyber security
Climate change
Demographic change
- POSITIVE IMPACT ON SOCIETY**
Positive impact on society

In line with our Values and Five Fundamentals, the achievements of *Transform 2019* show that we care about execution and transparency, and that we always do the right thing for all our stakeholders. We favour long-term sustainable outcomes over short-term solutions even in a

challenging macro-environment, leveraging on our extensive and growing Pan-European client franchise and maximising productivity through continuous cost optimisation and more efficient business processes.

OUR ACHIEVEMENTS:

Strengthened corporate governance

We have significantly strengthened our corporate governance and are now the only large Italian corporation where the Board of Directors presents its own list of candidate nominations for Board membership, in line with European best-in-class companies. We lifted the voting right restrictions and converted saving shares into common shares

Significant de-risking

We have reduced our gross Non Performing Exposure (NPE) by more than €50bn since 2015 down to €25bn as of December 2019, reaching a gross NPE ratio of 5.0% and a net NPE ratio of 1.8% by the end of the year

Material cost reduction

€2.3bn net cost reduction has been achieved, driven by an effective cost management, the optimisation of internal processes and by our network footprint in mature markets

Improved RoTE

RoTE^A more than doubled from 4% in 2015 to 9.2% at Group level

Strong capital position

FY19 pro forma CET1 ratio at 13.09%, with CET1 MDA buffer^B at 300bps

Shareholder return

2019 capital distribution has been increased to 40%, double the initial target^C

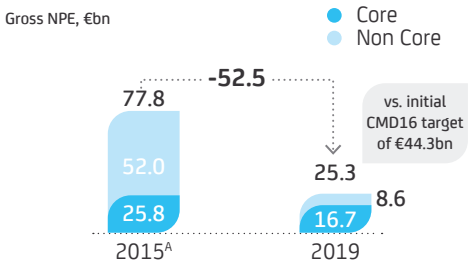
A. Return on Tangible Equity. Based on underlying net profit. Adjusted for non-operating items. Adjustments neutral for coupon payments of AT1 and CASHES.
B. Including deduction of share buyback (subject to supervisory and AGM approval) of €467 m. Stated CET1 ratio at 13.22 percent and stated MDA buffer at 312 bps. This does not include the SREP P2R reduction from 200 bps to 175 bps with effect from 1 January 2020.
C. 30% cash dividend and a proposal of 10% share buyback subject to regulatory approval and AGM authorisation. Initial target communicated at CMD16: 20% cash dividend; target revised at CMD17: 30% cash dividend.

These results have been positively acknowledged by the European Central Bank (ECB) and subsequently the Supervisory Review and

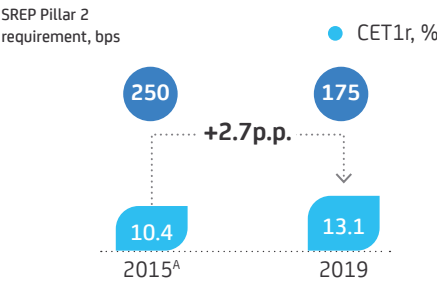
Evaluation Process (SREP) Pillar 2 requirement has been lowered by 250 bps to 175 bps (75 bps lower than in 2016).⁴



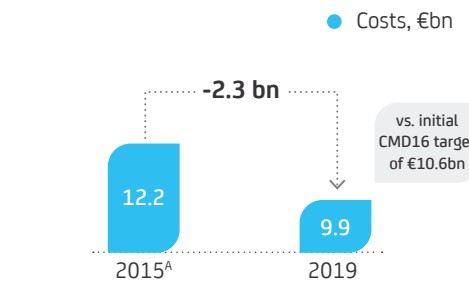
Significant de-risking



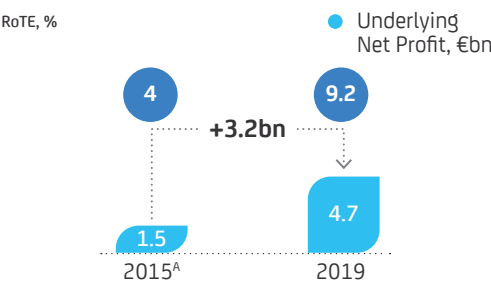
Strengthened capital position



Material cost reduction



More than tripled underlying net profit



A. Figures for 2015 as per Capital Market Day 2016 perimeter, not recast.

Thanks to a proven discipline in risk management and capital allocation, we keep a high level of capital to absorb regulatory headwinds, delivering recurring growth of tangible equity while maximising distribution to shareholders.

UniCredit's strong commitment to results led to the success of *Transform 2019* and is a launching pad for delivering the targets set in our new *Team 23* strategic plan.

	2015	TARGET 2019	ACHIEVED
RoTE	4%	>9%	✓
Capital position (CET1)	10.4%	>12.5% CMD16 12.0%-12.5% Revised	✓
Gross NPE (€bn)	77.8	44.3 CMD16 37.9 Revised	✓
Cost (€bn)	12.2	10.6 CMD16 10.4 Revised	✓

4. Based on SREP letter received on 2 December 2019.

Material topics

- INNOVATION FOR CUSTOMER**
Digitalization and innovation
Value to customer
- LEAN AND SOLID BANK**
Bank solidity
Lean and transparent organization
- PEOPLE DEVELOPMENT**
Employees' development
Diversity and inclusion
- ETHICS**
Fair business behavior
Business ethics
- SYSTEMIC TRENDS**
Cyber security
Climate change
Demographic change
- POSITIVE IMPACT ON SOCIETY**
Positive impact on society

Team 23

Team 23 is our new four-year strategic plan covering the years 2020 to 2023 launched on 3 December 2019 during our CMD. The plan owes its name to the previous *Transform 2019* three-year plan, the successful execution of which would not have been

possible without the great UniCredit team. The unwavering commitment of the whole team and their effort to really walk the talk led to the success of *Transform 2019* and therefore to the name of the new business plan *Team 23*.



The underlying assumption is Sustainability, showing how in UniCredit value creation means more than just generating financial values. It also means integrating sustainability into our business strategies in terms of human capital, society and environment. This commitment was shown in November 2019 with the announcement of a series of sustainability targets fully integrated into business strategies.

From a financial perspective, as was *Transform 2019*, *Team 23* is a pragmatic plan with tangible actions based on conservative assumptions. The below represented targets were set considering a framework characterized by still negative interest rates impacting on the Bank's profitability, limited macroeconomic growth and regulatory headwinds.

In order to achieve our new targets, *Team 23* will be supported by investments in process optimisation and IT. As far as IT is concerned, investments will be increased by 17% to €900m on a yearly basis. We partially anticipated investment needs⁵ for *Team 23*, spending more than initially budgeted in the last three years with a growing focus on cyber security and productivity. Over the *Team 23* life span, we will spend a total of €9.4bn in IT or more than €2.3bn a year, €900m of which is for changing the bank projects.

These investments include both dedicated expenses on cyber security and data protection as well as all key developments which are to embed security by design.

TEAM 23 KEY TARGETS IN 2023:

	2019	TARGET 2023
RoTE:	9.20%	>8%
Costs:	€9.9bn	€10.2bn
Gross NPE ratio:	5%	<3.8%
Tangible Equity, EoP:	€53bn	€60bn
CET1 MDA buffer:	300 bps	between 200 and 250 bps
Underlying net profit:	€4.7bn	€5bn
Capital distribution: ^A	40%	50%
Value creation for shareholders:	n.m.	€16bn ^B , €8bn in tangible equity plus €8bn in capital distribution

A. Based on underlying net profit. Capital distribution for FY19-FY22: 30% cash dividend and 10% share buyback; for FY23: 40% cash dividend and 10% share buyback. Proposal of share buybacks subject to regulatory approval and AGM authorisation.
B. In *Team 23* time horizon.

Grow and strengthen client franchise

While *Transform 2019* was primarily about restructuring and reshaping the bank by putting emphasis on capital strengthening and asset quality improvements, *Team 23* is about building up and further strengthening our client franchise thanks to more efficient and streamlined products and services and to an improved customer experience. We will continue to focus on asset quality and to ensure that we maintain very strong capital, now from a position of strength, thanks to the achievements of *Transform 2019*.

In order to better understand the transition to the new approach embedded in *Team 23*, the first pillar can be explained by some selected examples:

- Customer experience
- Go-to bank for SMEs
- Enhanced service model for individuals
- Growth engines

Customer Experience

We renewed our focus on customer satisfaction and service quality moving from a strong cost efficiency de-risking effort during *Transform 2019*, towards a focus on strengthening and growing customer base with *Team 23* through:

- Customer experience considered as key driver for all strategic initiatives
- Client satisfaction measured at channel and touchpoint levels within customer journeys to drive process optimisation
- Commitment to improve competitive position for Strategic Net Promoter Score (NPS)⁶ at group level

Strengthen our position as Go-to bank for SMEs

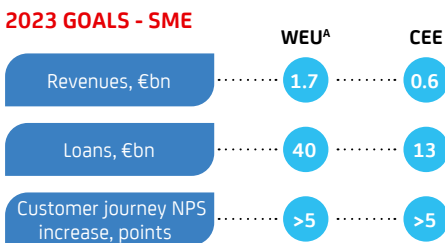
We are the go-to bank for European SMEs, a fast-growing segment in both Western Europe and CEE, and we will continue to enhance our strengths by leveraging key success factors such as:

- longstanding advantage, thanks to well-established local commercial banks

- a single group-wide client service model dedicated to SMEs, leveraging our proprietary CRM tool and digital platform across all geographies
- a CIB platform fully plugged into our commercial banks. Our targeted CIB offer facilitates SME access to global capital markets and leverages best-in-class CIB expertise.

Moreover several initiatives have been undertaken to support small and medium enterprises. Alongside the customised insurance products developed in joint ventures with our partners, we are continuing to work with Alibaba.⁷ The Easy Export initiative provides support and value-added services to the organisations that want to go international. In addition, the agreement with SACE Simest, part of Cassa Depositi e Prestiti Group, goes in this direction. Our proprietary CRM tool, B.Link,⁸ supports our people in the commercial network leveraging the Group's large trove of data to help relationship managers provide real time answers to client needs. We provide SMEs with the access to *we.trade*,⁹ a blockchain based payment system.

This is an extremely simple application for the efficient, cost-effective and secure execution of national and international trading transactions. By leveraging such successful business initiatives, we are now enhancing our approach through a dedicated End-to-End (E2E) room¹⁰ focused on reviewing our dedicated service model and delivering a better customer experience.



A. Commercial Banking Italy, Germany and Austria.

MATERIAL TOPICS



Material topics



INNOVATION FOR CUSTOMER

Digitalization and innovation
Value to customer



LEAN AND SOLID BANK

Bank solidity
Lean and transparent organization



PEOPLE DEVELOPMENT

Employees' development
Diversity and inclusion



ETHICS

Fair business behavior
Business ethics



SYSTEMIC TRENDS

Cyber security
Climate change
Demographic change



POSITIVE IMPACT ON SOCIETY

Positive impact on society

5. Refer to Intellectual Capital chapter for more information.

6. Refer to Social and relationship Capital chapter for more information.

7. Refer to 2018 Integrated Report for more information.

8. Refer to 2018 Integrated Report for more information.

9. Refer to 2018 Integrated Report for more information.

10. See also Transform and maximise productivity section in this Report.

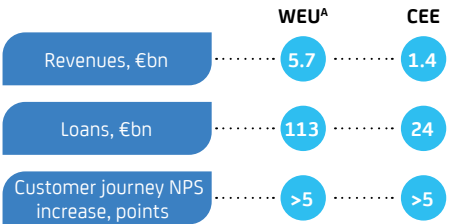
Enhanced service model for individuals

We aim at improving the customer journey with an increased and seamless convergence of online and offline channels. We will also continue to redesign the network footprint in Western Europe by changing the mix of branch models introducing new flexible formats, integrated with digital channels and fully focused on advisory.

- Our mass market services model will continue to evolve thanks to a mix of integrated channels:
- an improved unique mobile banking app with a single look and feel across the Group
 - more direct customer sales and services,¹¹ integrated customer management via remote centres and digital channels. We will also support targeted growth in selected segments by using data analytics. We have successfully launched a project to identify affluent clients in the midst of our mass-market segments in order to offer them better targeted products and services
 - the evolution of our service model with a renewed focus on the conversion of deposits into Asset under Management (AuM) would be possible not only for the mass market, but with a view also to increasing our wealth management and private banking business, strengthening coverage and enhancing our value proposition thanks to additional investments in products and services, by leveraging the group-wide platform and using data analytics.

Regarding our product catalogue, we will continue to leverage the innovative payment solutions introduced among the first movers, such as Apple Pay, Samsung Pay, Google Pay and Alipay.¹²

2023 GOALS - INDIVIDUALS



A. Commercial Banking Italy, Germany and Austria.

Growth engines

UniCredit's CEE franchise is the largest and most diversified in the region. We aim at reinforcing and further exploiting this leadership position and economic potential to deliver sustainable returns and further improvement in cost efficiency.

The CEE division continues to be an important growth engine for the Group: several initiatives have been launched to ensure sustainable business growth and to add value to our unique franchise in the region.

- On the Corporate side, the current working capital (WoCa) product offer will be upgraded in order to achieve a fully-fledged WoCa product line across CEE.

In addition, the overall commercial focus on SMEs and multinationals will be strengthened while the focus on maximising synergies within the Group through Cross-border activity will remain, thanks to an increasing number of international customers and our fully plugged in CIB.

- On the Retail side, CEE will continue its digitalisation journey, increasing the potential of digital channels and rationalising back office processes.¹¹

Actions to simplify the product offer will also be undertaken, contributing to the creation of solid bases for the simplification and digitalisation of processes. A specific focus on Consumer Finance will allow us to strengthen our market position in Consumer Lending throughout the region, particularly in Hungary, the Czech Republic and Slovakia where we will initially concentrate our effort, leveraging, for example, an enhanced pre-approved loan offer (available on online channels with reduced time to acceptance) and a simplified service model.

2023 GOALS - CEE



A. Revenues excluding Trading.
B. CAGR refers to 2018-2023 period.

CIB is fully plugged in our Commercial Banking Divisions and is an established leader in our core geographies.

The CIB Division will remain a profitable growth engine for the Group, confirming its market leadership.

- Throughout the *Team 23* plan, CIB will further grow in loans, debt capital markets and trade finance in Europe, serving 1,500 multinationals and key financial institutions while delivering its full product offer to SMEs, Corporate, Private Banking, Wealth Management and Financial Institution customers across the Group.

A strong effort is dedicated to the client focus approach together with constant cost discipline and focus on risk culture. CIB meets real client needs with real and holistic solutions - such as WoCa which will be further enhanced - to harness synergies among the Group's business divisions.

In UniCredit core countries and throughout Europe, CIB is the partner of choice for its clients' increasingly sophisticated demand for corporate banking and transaction services, structured finance, capital markets and investment products, offering local expertise as well as international reach and accompanying our clients globally.

CIB is recognised as a Trade Finance Powerhouse in Western, Central and Eastern Europe and is at the forefront of innovation in instant and faster payments thanks to its prominent position in the digital transformation of financial services in line with customer needs.

2023 GOALS - CIB



A. CAGR refers to 2018-2023 period.

MATERIAL TOPICS



Material topics



INNOVATION FOR CUSTOMER

Digitalization and innovation
Value to customer



LEAN AND SOLID BANK

Bank solidity
Lean and transparent organization



PEOPLE DEVELOPMENT

Employees' development
Diversity and inclusion



ETHICS

Fair business behavior
Business ethics



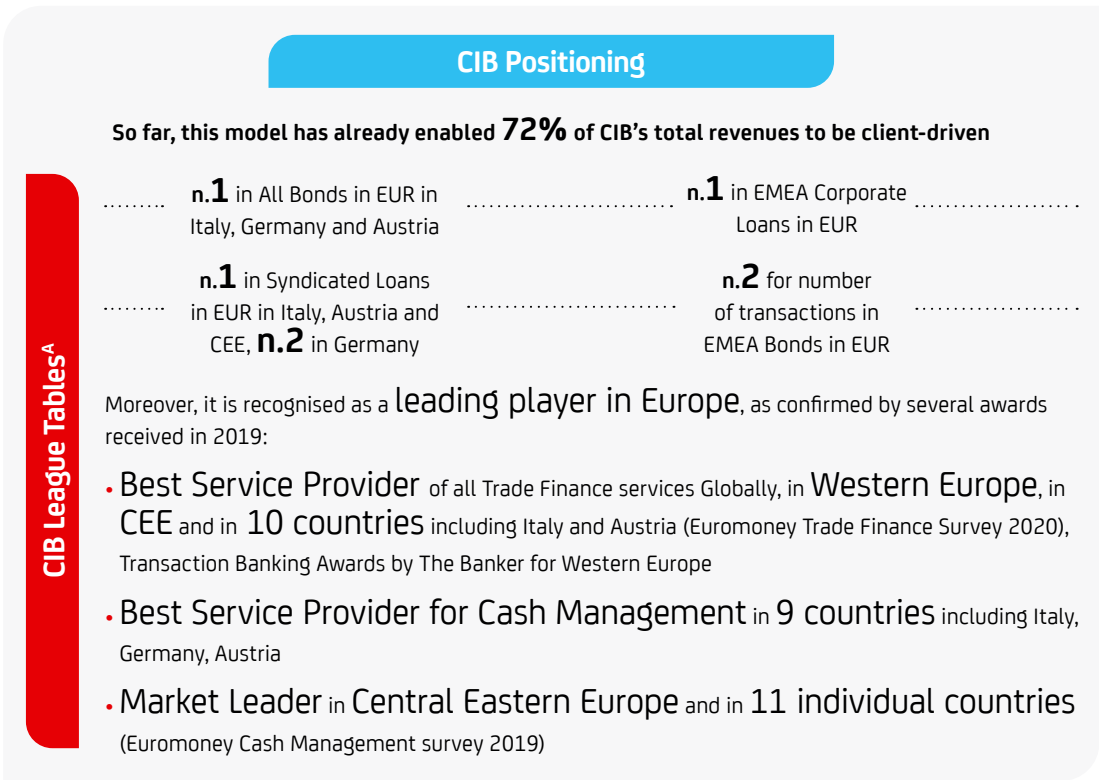
SYSTEMIC TRENDS

Cyber security
Climate change
Demographic change



POSITIVE IMPACT ON SOCIETY

Positive impact on society



A. Source League Tables: Dealogic, as of 7 January 2020. Period: 1 January – 31 December 2019; rankings by volume, unless otherwise stated.

11. Refer to Intellectual Capital chapter for more information.
12. Refer to 2018 Integrated Report for more information.



Transform and maximise productivity

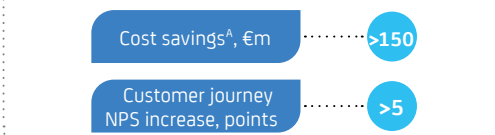
The second pillar confirms how UniCredit continues to approach productivity transformation and maximisation from two important angles. The first is the way in which it improves customer experience and the second is the way in which it contributes towards maximising productivity controlling costs.

Two significant examples of how our bank is committed to transforming and maximising productivity are firstly, the paperless bank¹³ consisting in dematerialised processes to reduce costs and operational risk. By leveraging the best-in-class expertise within our unique and extensive commercial banking network, we are now able to spread this initiative across the Group. Our focus is on key priorities: the enhancement of customer experience in branches, the decrease of operational risk and the reduction of cost to serve. With this in mind, the main actions are:

- Convergence to a digital experience in the branch
- Implementation of straight-through processing leading to faster transactions
- Exchange of digital documents between bank and customers
- Wider set of digital-ready contracts, increasing use of client digital signature

2023 GOALS - PAPERLESS

The Italian retail network will be paperless by the second half of 2020, Austria and Germany by 2021 for key products and CEE by 2023.



A. 2023 run rate, cost equivalent of HR and non-HR efficiency.

In the paper-based experience the documents had to be printed, signed several times by the customer and sent to central archives to be stored and ex post dematerialised. All these activities were time-consuming both for our customers

13. Refer to Intellectual Capital chapter for more information.

and employees. In the new digital experience all documents will be provided to and shared with the customer who can then sign them digitally. At the end of the process contracts will be automatically stored in the bank's digital archive and shared with the customer in a digital way.

The whole process will be completed without generating any paper thanks to end-to-end digital workflow and straight-through processing capacities.

Furthermore, the customer will be able to access the contracts anytime and sign them through an independent channel. Such a digital journey enables the completion of customer interaction within minutes if not seconds compared to the lengthy paper-based process.

FOCUS End-to-end process optimisation project

During *Transform 2019* we launched an end-to-end process optimisation project. E2E means continuously focusing on the full value chain, adopting a way of working which brings business, support functions and IT closely together.

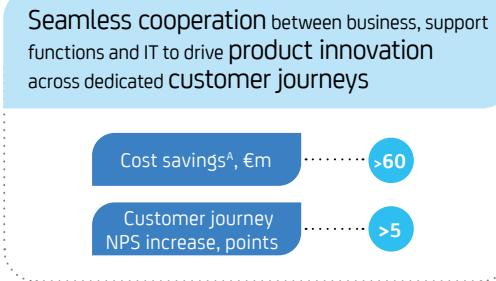
Thanks to this approach we optimised the current account opening process in Germany. What used to take 80 minutes and more than 20 signatures on 60 pages of paper is now done in 15 minutes and needs just one signature on a digital document.

These developments have greatly enhanced customer experience and our branch managers now have more time for focusing on customer needs. In fact, Commercial Banking Germany managed to have positive net new Individuals clients for the first time in many years. The same process in Croatia takes four minutes, so there is still room for improvement. This improvement will be achieved thanks to active best practice sharing across the Group and the continuous reviewing of our processes.

Another excellent example for this pillar is represented by the continuous process optimisation that UniCredit is committed to and which leads to a new way of working.

With the decidedly positive initial results deriving from the E2E project launched during *Transform 2019*,¹⁴ the new *Team 23* strategic plan makes this approach a permanent part of our setup for six key products: current accounts, cards, consumer finance, mortgages, investment products and SME banking. The overall main goals of this new way of working is to streamline processes to enhance customer experience and increase client business while minimising operational risk.

2023 GOALS - E2E



A. 2023 run rate.

In this framework IT is a key enabler in maximising productivity. From now onwards, the main focus in IT will be always more on the ability to attract, develop and retain highly skilled IT profiles. Achieving critical skills will also be important in securing the adoption of new technologies in IT and in the bank of tomorrow. At the same time, Group Operations will deliver an increase in productivity (while ensuring rework rate reduction) throughout the duration of the plan. Such results will be achieved through the shift towards a data-driven organisation which will make real time advanced productivity tracking its main driver; to do so the organisation will leverage the newly developed Workforce manager Tool. All considered, these factors will enable a higher productivity. In order to ensure the respect of adequate service levels set, Group Operations will work towards leveraging the human and machine mix in an effort to ensure an optimised capacity distribution and reduce operational risks.

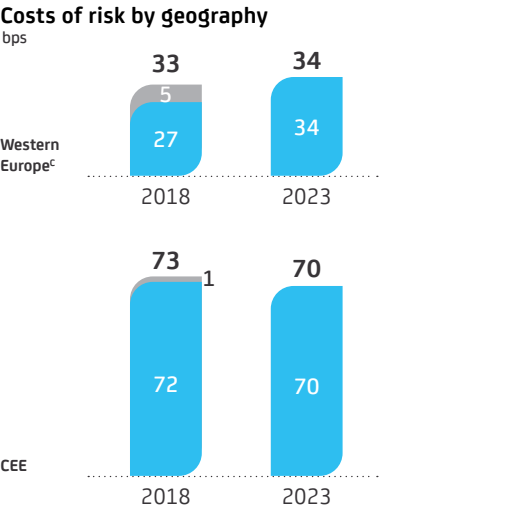
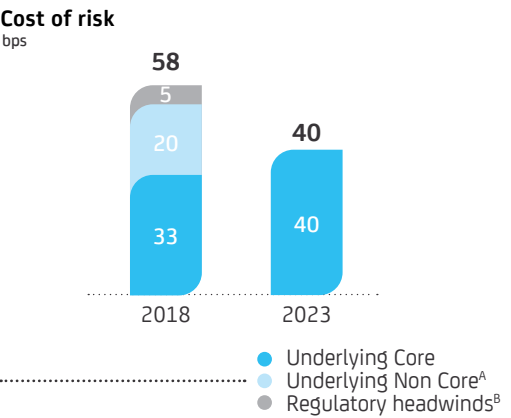
14. Refer to 2018 Integrated Report for more information.



Disciplined risk management & controls

Credit, financial and operational risks, as well as, compliance are just a few of the aspects exemplified in this pillar. Arguably, the management of credit and financial risk is at the heart of what commercial banks do.

At UniCredit we favour long-term sustainable outcomes over short-term solutions. Consequently, all our remuneration and risk policies are based on this concept. For instance, the duration of the Long Term Incentive Plan (LTIP) has increased from seven to nine years to consider the longer lengths of the plan as well as to confirm the long-term commitments of the senior management of the Group.



A. Underlying Non Core CoR not meaningful, calculated as difference between Group CoR and (underlying Core + regulatory headwinds).
B. Regulatory headwinds includes impact from models and new Definition of Default.
C. Western Europe CoR as shown includes CB Italy, CB Germany, CB Austria, CIB and excludes Non Core and Group Corporate Centre.

MATERIAL TOPICS



Material topics



INNOVATION FOR CUSTOMER
Digitalization and innovation
Value to customer



LEAN AND SOLID BANK
Bank solidity
Lean and transparent organization



PEOPLE DEVELOPMENT
Employees' development
Diversity and inclusion



ETHICS
Fair business behavior
Business ethics



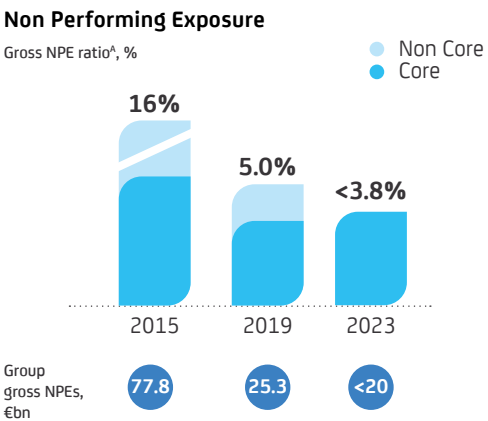
SYSTEMIC TRENDS
Cyber security
Climate change
Demographic change



POSITIVE IMPACT ON SOCIETY
Positive impact on society

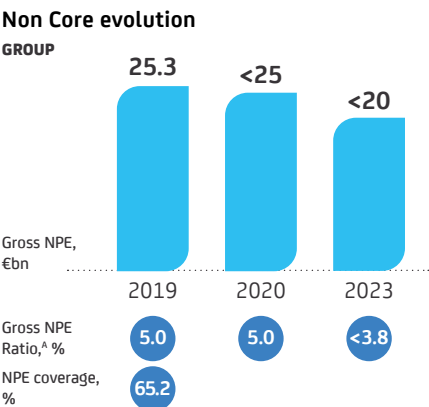
Our general approach to credit underwriting is based on the management of expected loss. We also use new technologies, such as advanced analytics, to support risk monitoring and automated underwriting. Overall, we run the business with robust credit risk strategies and policies and adopting a tight monitoring of the portfolio through clear risk drivers.

On NPEs, we continue to have a proactive portfolio management approach, perfected since 2016: at the end of 2023 Group gross NPEs will be below €20bn, down almost €60bn since the end of 2015. This will also help us to effectively deal with calendar provisioning. The Gross NPE ratio is expected to be below 3.8% in 2023.



A. Weighted average of NPL ratio of EBA sample banks is 3.0%. Source: EBA risk dashboard (data as at 1H19). UniCredit's definition of "NPE" ratio is more conservative than EBA. Comparable "NPL" ratio for UniCredit at 9M19 would be 3.2% for Group Core.

The rundown of Non-Core is confirmed by 2021, with gross exposure below €5bn at end 2020, leveraging disposals, write-offs, recoveries and back to bonis.



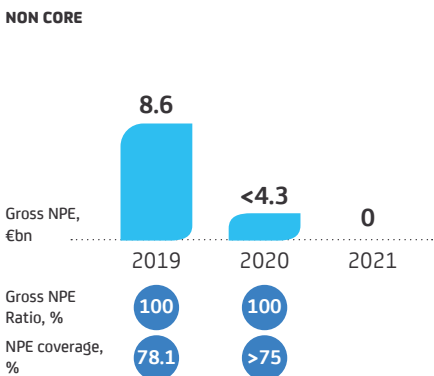
A. Weighted average of NPL ratio of EBA sample banks is 3.0%. Source: EBA risk dashboard (data as at 1H19). UniCredit's definition of "NPE" ratio is more conservative than EBA. Comparable "NPL" ratio for UniCredit at 9M19 would be 3.2% for Group Core.

15. Refer to Intellectual Capital chapter for more information.

In *Team 23* we confirm our focus and we target further actions on Compliance and Operational risk, showing that Compliance and cyber security are always at top of our agenda. In terms of compliance, we are further enhancing controls, processes and overall risk culture, sponsoring the rotation of people between business and control functions. We are also continuing to boost oversight through strengthened centralised compliance requirements.

With regard to cyber security, customer data safety and security is UniCredit's top priority and since the 2016 launch of *Transform 2019*, the Group has invested an average of €0.9bn per year in upgrading and strengthening its IT systems and cyber security.

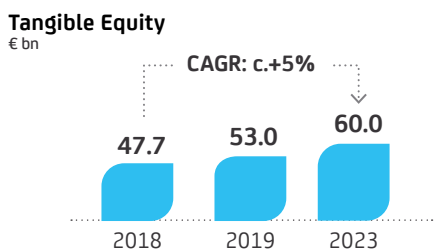
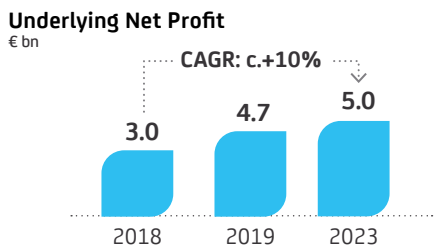
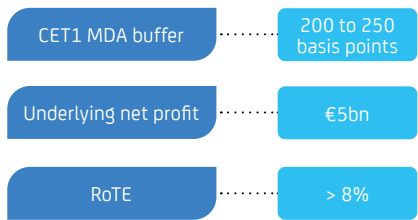
In June 2019, the Group implemented a new strong identification process for access to its web and mobile services,¹⁵ as well as payment transactions. We keep improving our processes and investing in IT solutions to strengthen controls, placing a strong focus on data protection and security. UniCredit will also continue to focus on Data Leakage Prevention, including the secure transmission of data among employees and to third parties and the safe use of cloud technologies. We are also exploring machine learning techniques which will allow us to move from sample-based point-in-time analysis to full real time supervision, although we believe IT cannot be the sole solution to the issue. From the operational and reputational risk perspective, we reinforced controls of business and governance processes across legal entities, increasing our focus on operational and reputational risk culture and control. While we cannot have a control officer behind every employee, we can have a guardian angel - the corporate culture of the institution.



Capital and balance sheet management

The main part of this pillar is our financial strategy. We take a proactive approach, basing capital allocation on financial performance at country, segment and individual client level. In addition, we are aligning our domestic sovereign bond portfolios to the average of European peers, between 50 to 60 percent of Tangible Equity.

2023 GOALS



As concrete result of our actions, we will generate €16bn shareholder value creation: €8bn capital distribution and €8bn tangible equity increase. The Capital distribution within the Group is managed to optimize sustainable earnings generation, consistently with our strategic targets.

In UniCredit value creation means more than just generating financial values. It also means adding sustainable value in terms of human capital, society and the environment. For these reasons we integrate sustainability into our business strategies.



Sustainability as part of UniCredit DNA

Our values unite us and define our Group culture, how we make decisions and how we act on them. As One team, One UniCredit, we are convinced that our two values, Ethics and Respect (E&R), represent what is most important for the Group and for all our stakeholders today; a simple guiding principle ensures we follow these values every day and everywhere in our business: Do the right thing! This guiding principle is embedded in the UniCredit Group culture. We run numerous training sessions and awareness campaigns on this topic to ensure that all employees act as the first line of defence for the bank.

Financial results and the tangible actions we take in achieving them are certainly important, but equally important is the way in which these results are achieved.

Value creation for UniCredit does not just mean generating financial value, but also adding value with regard to human capital, society and the environment.

UniCredit has been working on Environmental, Social and Governance (ESG) topics for several years and has made significant investments in terms of managerial attention to these topics especially in the field of governance.

A dedicated Board committee in charge of ESG topics was created in 2016 by including sustainability in the duties assigned to the Corporate Governance and Nomination Committee, which since then has been renamed Corporate Governance, Nomination and Sustainability (CGN&S) Committee. It has been discussing sustainability strategy and achievements with a constantly growing attention in recent years, in line with the increasing focus that both regulators and investors are dedicating to ESG issues.

The year 2019 began with the approval of our Ethics and Respect manifesto which was published both in the 2018 Integrated Report and the Annual Report. This was the first step of many representing and reinforcing our commitment towards doing the right thing in relation to all our stakeholders.

MATERIAL TOPICS



Material topics



INNOVATION FOR CUSTOMER
Digitalization and innovation
Value to customer



LEAN AND SOLID BANK
Bank solidity
Lean and transparent organization



PEOPLE DEVELOPMENT
Employees' development
Diversity and inclusion



ETHICS
Fair business behavior
Business ethics



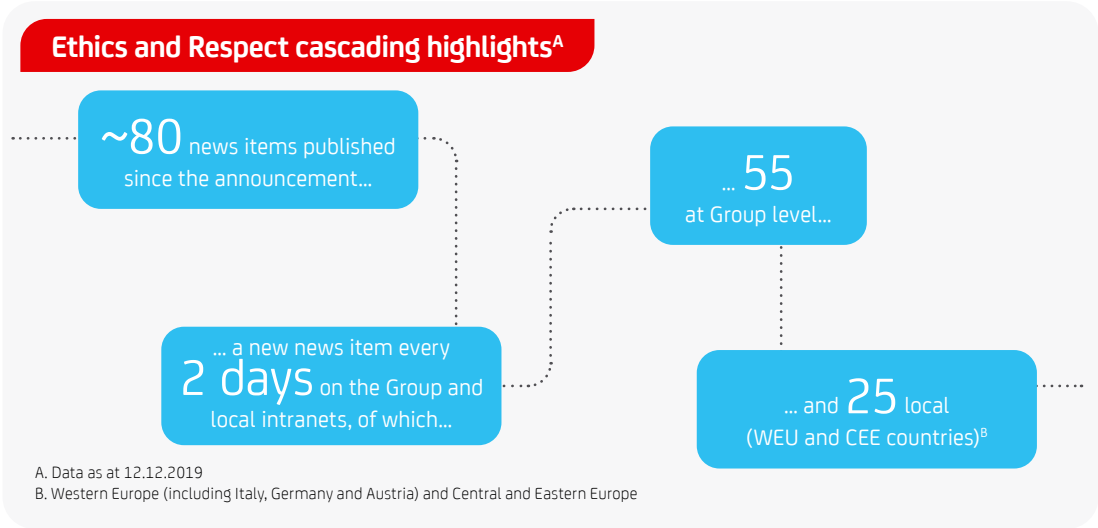
SYSTEMIC TRENDS
Cyber security
Climate change
Demographic change



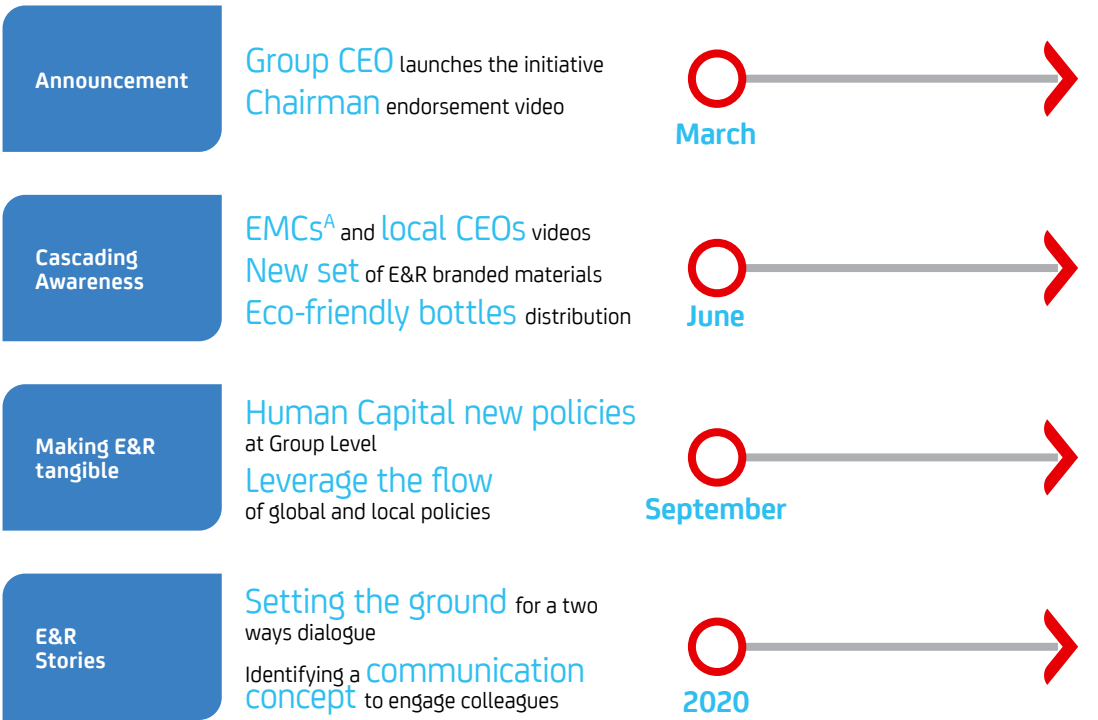
POSITIVE IMPACT ON SOCIETY
Positive impact on society

The manifesto and the approach to E&R were presented within the Group with an extensive internal communications campaign accompanied by short videos and interviews of the Chairman of the Board and the CEO. Every first-line manager

was engaged in spreading the values of E&R in their perimeter and meetings were organised in the various business and competence lines to introduce the values and present the steps the Group had decided to take.



What has been done in 2019 on Ethics and Respect cascading and next steps:



A. Executive Management Committee.

As a follow-up to the initial communication of the E&R manifesto, other more decisive actions were taken during the year. A policy covering harassment, bullying and sexual misconduct was approved at holding level and implemented throughout the Group in June 2019.

Moreover, an anti-retaliation policy was introduced with the aim of reinforcing a speak-up culture within the Group and protecting all individuals who report wrongdoing in any of the areas covered by our policies.

In order to increase the internal presidium and coordination among the different areas involved in the application and monitoring of E&R topics, in 2019 the position of Chief Ethics Officer (CEtO) was created.

This figure ensures that the Group develops the Do the right thing culture with all stakeholders, provides Group guidelines on ethical topics and, in coordination with Human Capital and Group Compliance, periodically updates the CGN&S Committee on:

- training regarding ethics and conduct topics
- whistleblowing, including bullying, sexual misconduct and harassment and retaliation
- updates on the internal regulations (e.g. Code of Conduct).

Starting with these strong foundations and given that 2019 was the final year of the former *Transform 2019* plan, a great effort was dedicated to the preparation of the *Team 23* industrial plan. In this process, sustainability topics were a key part of the discussion.

In fact, in accordance with the requirements of the CGN&S Committee and the Board of Directors, our senior management team focused on integrating an increasing number of sustainability topics in the business strategies of our Group.

Different structures of the company were involved in the various discussions on how sustainability goals should be developed, including Group Risk Management, Retail and Corporate Business lines both in WE and CEE, CIB, Investor Relations, Internal Communications, Media Relations and naturally Group Sustainability and Foundation.

The entire process was closely followed by the senior managers responsible for each function, who were involved in a series of meetings to examine the status quo, steer decisions and organise updates which were discussed several times by the Executive Management Committee (the highest managerial committee at Group level, chaired by the CEO) in the CEO Jour Fixe (the periodic update involving the CEO and his first line managers) and presented to the CGN&S for their review.

Our commitment to sustainability was presented by the CEO in a press conference and in a call dedicated to financial analysts and investors in the month of November 2019.¹⁶

This set of commitments and targets covering Environmental, Social and Governance (ESG) topics bear witness to how sustainability is part of our Group's DNA and is fully integrated in our business strategies. As such, it is recognised as a crucial component of our bank's success in the medium term.

All stakeholders are covered by our values. We really care about execution, discipline and transparency and favour long-term sustainable outcome over the short-term solution.

The social component has also been enhanced with our Social Impact Banking (SIB) project and its geographical expansion together with a number of initiatives undertaken by the UniCredit Foundation.

Our aim is to support financial access and inclusion and create an engaging and positive working environment.

MATERIAL TOPICS



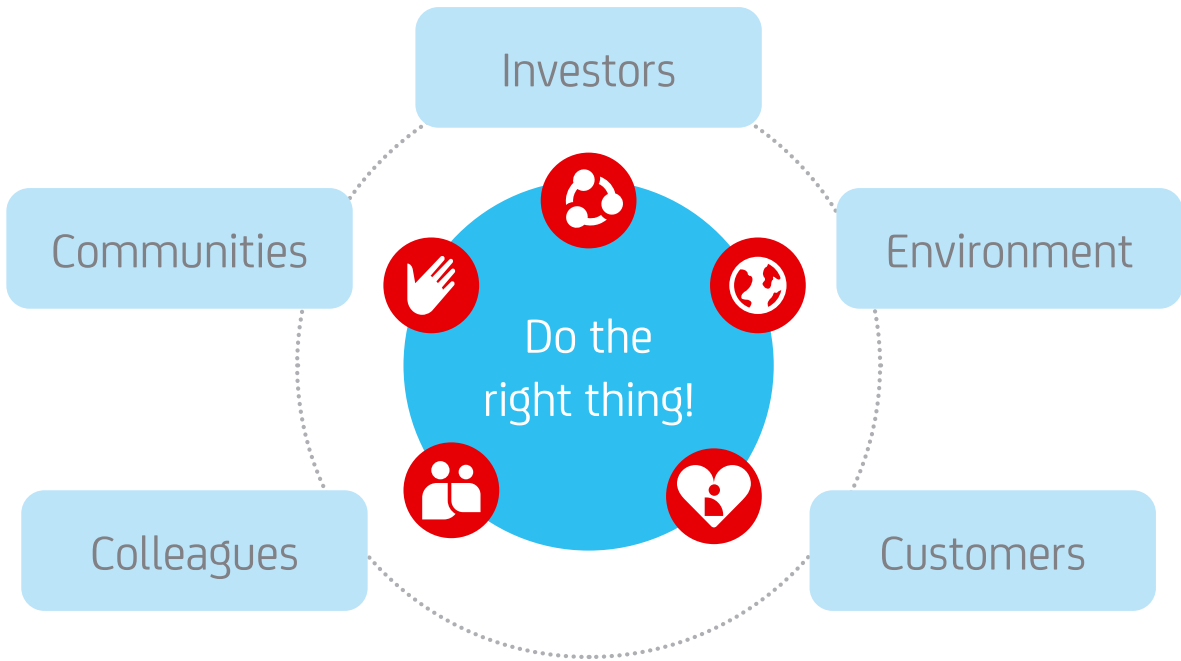
Material topics

-  **INNOVATION FOR CUSTOMER**
Digitalization and innovation
Value to customer
-  **LEAN AND SOLID BANK**
Bank solidity
Lean and transparent organization
-  **PEOPLE DEVELOPMENT**
Employees' development
Diversity and inclusion
-  **ETHICS**
Fair business behavior
Business ethics
-  **SYSTEMIC TRENDS**
Cyber security
Climate change
Demographic change
-  **POSITIVE IMPACT ON SOCIETY**
Positive impact on society

16. For more details please refer to our website at <https://www.unicreditgroup.eu/en/a-sustainable-bank/Policy-and-esg-rating/our-new-esg-targets.html>.

We are continuously improving the quality of our service and are committed to data protection and confidentiality, as can be seen from the significant amount of investments in this field. In addition, we engage with our customers to create value for them and for their stakeholders.

Concerning the environment, we wish to contribute to the shift towards a low-carbon economy and we constantly striving to reduce our own direct impact. Moreover, we have set clear 2023 targets on client financing.



As for the previous plan, the *Team 23* KPIs cover profitability, asset quality and cost. In our LTIP we have for the first time introduced sustainability KPIs into the scorecard to reflect our firm commitment to ESG topics, the renewed focus on improved customer experience and our dedication to the team.

We are acting to ensure the sustainability of our revenues, therefore financial capital, in the long-term and help protect all our capitals, from natural and from social and relationship to intellectual and human capital.

We aim to create value for our stakeholders in a responsible and sustainable way, in line with our key principle: Do the right thing!

The key pillar of the incentive plan remains unchanged compared to the current plan. It will continue to ensure that the interest of our top management and our stakeholders remain fully aligned and to reward long-term sustainable performance and value creation.

Commitments and targets

Commitment

Targets 2023^A

COAL SECTOR POLICY

No support for thermal coal^B mining and coal fired power plants (CFPP) projects. Already exited thermal coal commodity trade finance (CTF) transactions

Phase out

Existing thermal coal^B mining and CFPP projects

Strict limitations on corporate financing of thermal coal mining clients

New clients

New corporate clients only if thermal coal revenues <25%

Strict limitations on corporate financing of coal fired power generation (CFPG) clients

New clients

New corporate clients only if installed coal capacity ≤30% and ≤5% by 2025

ARCTIC AND NON CONVENTIONAL OIL AND GAS (NCOG)

No support for Arctic Oil and offshore^C Arctic Gas projects. Corporate financing only if revenues from such activities are <25%

No exposure to

- Oil projects in the Arctic Circle
- Offshore gas projects in the Arctic Circle

Strong global limitations on non-conventional Oil & Gas (O&G) projects. Allow corporate financing only if revenues from such activities are <25%

No exposure to

- Tar sands projects
- Shale O&G and related fracking projects
- Ultra-deep water^D O&G projects
- LNG^E from non-conventional gas^F projects

DEFORESTATION OF RAINFOREST

No support for clients involved in the deforestation of rainforest

No exposure to

Deforestation of rainforest

ENERGY EFFICIENCY

Energy efficiency loans to SMEs and to individuals in Western Europe

34%
25%

Increase of existing stock in Western Europe

New origination of energy efficiency loans to individuals and SMEs in CEE

>6%

Of CEE total loans originated

Increase support for renewable energy sector^G to facilitate the transition to a lower carbon economy

25%

Increase renewable energy sector EAD, to more than €9bn

Reduce the direct impact of UniCredit

60%

- Reduction of our greenhouse gas emissions by 2020; 80% by 2030
- Usage of renewable electricity in our buildings in Italy, Germany, Austria

100%

SOCIAL IMPACT BANKING

Increase support for our Social Impact Banking initiative - microcredit and impact financing

€1bn

Support projects with a positive social impact

RANKING POSITION

Be a strong partner for our customers in financing their environmentally sustainable projects

Top 5

Position in EMEA combined Green Bonds & ESG-linked loans^H

External rating by the independent provider  SUSTAINALYTICS
Initial UniCredit ranking is 5th among a peer group composed of 15 international banks^I

LTIP

Incentivises an improved ranking while penalising a worse ranking

MATERIAL TOPICS













A. Targets for 2023, unless stated otherwise.
B. Thermal coal is a grade of coal mainly used for power and heat generation, as opposed to metallurgical coal which is mainly used in steel production.
C. Offshore: above water. Onshore: on ground.
D. >1,500 meters below sea level.
E. Liquefied natural gas.
F. Offshore Arctic gas, shale gas and Ultra-deep water gas.
G. Portfolios considered "Renewable Energy": biomass, hydro, photovoltaic, wind, combined heat and power, battery storage, energy from waste and other renewables as well as corporates predominantly operating renewable energy assets.
H. ESG Linked Loans = Green Loans, KPI-Linked loans, ESG-score Linked loans. Green Bonds = Green, Social and Sustainability bonds. Positioning to be assessed by looking at Loan Radar and Dealogic League Tables.
I. Including UniCredit. The peer group is composed by: Banco Santander, Banque Populaire SA, Barclays PLC, BNP Paribas SA, Commerzbank AG, Credit Agricole SA, Deutsche Bank AG, ING Groep NV, Intesa Sanpaolo SpA, Nordea Bank ABP, Societe Generale SA, Standard Chartered PLC, The Royal Bank of Scotland PLC, UBS Group AG, UniCredit SpA

- **INNOVATION FOR CUSTOMER**
Digitalization and innovation
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Positive impact on society

UniCredit 2019 adopted key institutional and international initiatives such as:

TCFD^A

Task Force on Climate-Related Financial Disclosures

Signed up to the **recommendations** of the **Task Force on Climate-Related Financial Disclosures**.
The chapter dedicated to the first disclosure is available at page 94

ESG

PACTA

Paris Agreement Capital Transition Assessment

Participation to the group of banks who **agreed on road testing the Paris Agreement Capital Transition Assessment methodology** developed by 2 ii. The goal is to align bank lending portfolios to **Paris Agreement Targets**

ESG

PRB

Principles for Responsible Banking

Signed up to the programme launched by the **United Nations Environment Programme** to help banks to align their business strategy with society's goals

ESG

OECD

Business for Inclusive Growth Coalition (B4IG)

Signed up to the initiative launched at **G7 in Biarritz** in which UniCredit will make a **concrete contribution**

ESG

A. Refer to the Task Force on Climate Related Financial Disclosures (TCFD) section for more information.

Internal ESG initiatives will continue to yield results:

Social Impact Banking

Ongoing initiative started in December 2017 in Italy, which was extended to further **10 countries**, aimed at supporting **social entrepreneurship** and providing **microlending** in economically deprived areas

ESG

Plastic free

Reusable bottles distributed in Italian headquarters **eliminating plastic bottles** by 2023.
Single-use plastic items to be **removed** from canteens by 2023

ESG

Reduction of paper use

Significant **reduction of paper use**, for example through the **paperless branch programme**, and increased share of **recycled paper**

ESG

Climate action week

Internal campaign promoted by **Millennial Board^A**.
Employees volunteered more than **1,200 ideas** on how to protect the environment

ESG

Energy awareness

Ongoing campaign in order to **help employees** understand the **impact** of their **behaviour** and adopt more **conscious actions**

ESG

A. Consists of employees ranging from 22-32 years of age, working to challenge pre-conceived patterns and raise awareness on the views of new generations (on banking topics), proposing innovative ideas and solutions.

MATERIAL TOPICS

Material topics



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ETHICS
Fair business behavior
Business ethics



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POSITIVE IMPACT ON SOCIETY
Positive impact on society

62 UniCredit • 2019 Integrated Report

UniCredit • 2019 Integrated Report 63

2019 Integrated Report

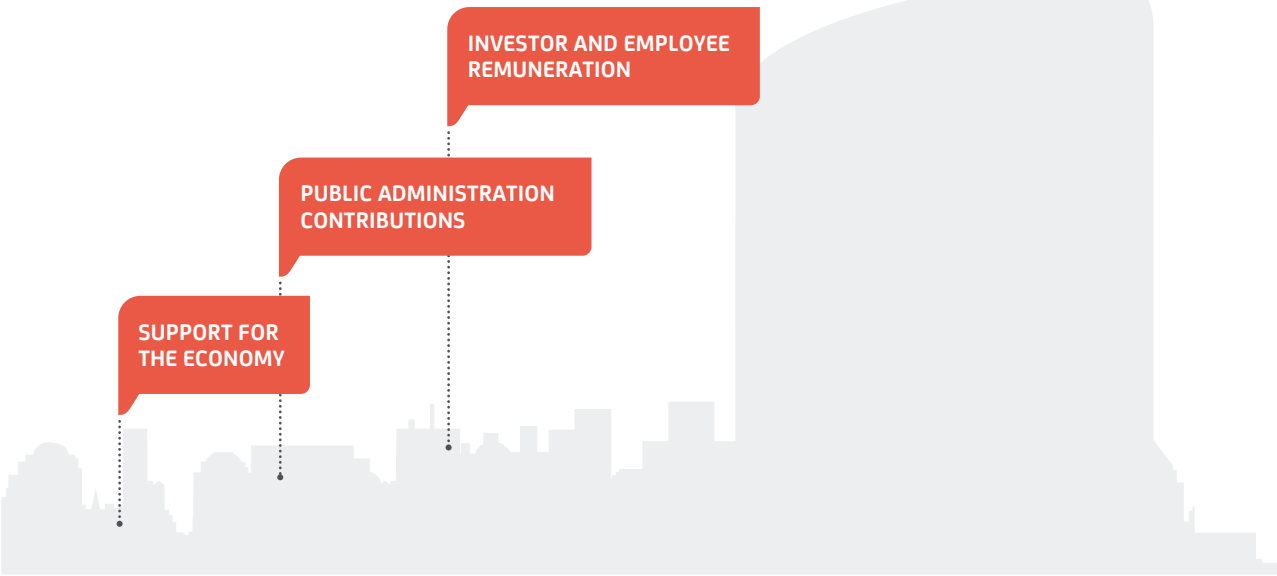
Financial Capital

Financial resources obtained from external providers and generated by our bank's activity, that are used to support clients' business and bank operations for the medium-long term.¹

OUR STOCKS OF CAPITAL



COMMUNITY IMPACTS



TARGETS

- Underlying Net Profit at €5.0bn by 2023
- Underlying Cost of Risk at 40bps by 2023
- CET1 MDA buffer pro forma between 200bps and 250bps by 2023

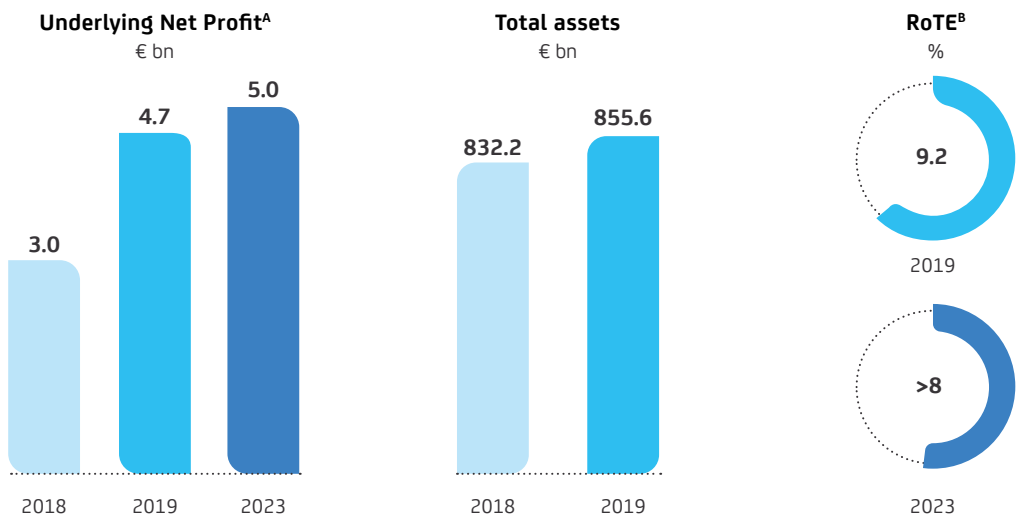
1. Financial data corresponds to information in our 2019 Annual Reports and Accounts. When not applicable, management data is used. For additional information on Group results, refer to the 2019 Annual Reports and Accounts and to the Presentation on 2019 preliminary results available on the investors section of the Group website. Refer to the Strategic Plan section for more information.

Our Strategy
→ Financial Capital

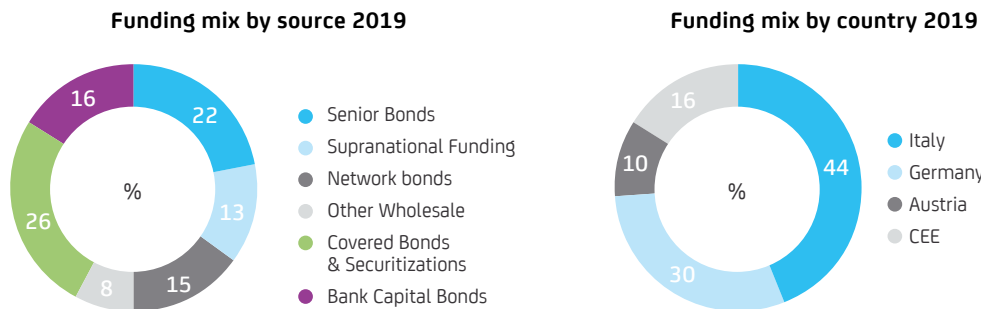
MATERIAL
TOPICS



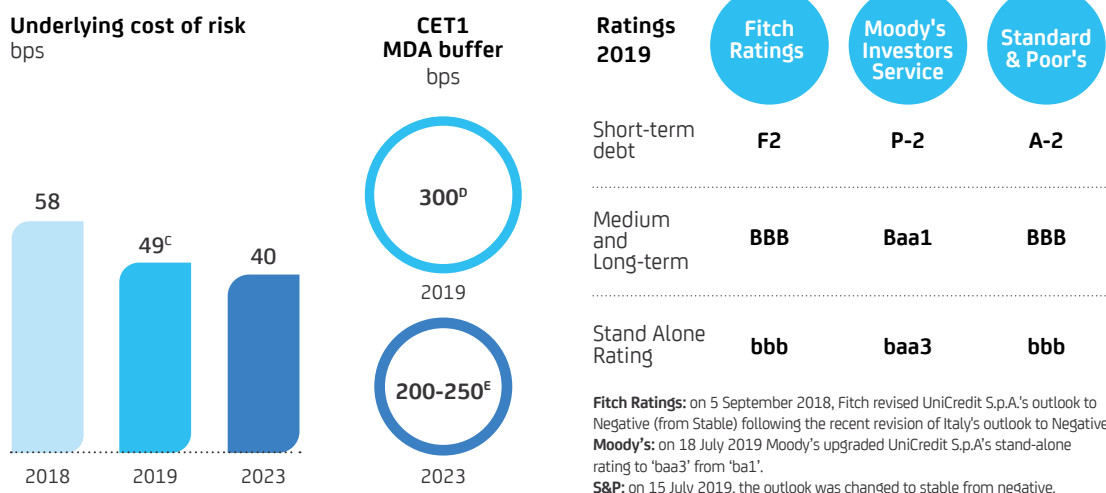
Solid Equity Position



Balanced funding mix



Long-term financial stability



A. Underlying net profit is the basis for capital distribution. Adjusted for non-operating items. Adjustments neutral for coupon payments of AT1 and CASHES.
B. Return on Tangible Equity. Based on underlying net profit adjusted for non-operating items.
C. Underlying cost of risk for FY19 excludes Non Core LLPs for updated rundown strategy (-€1,049m). Including them, stated figures at 71bps.
D. Pro forma including deduction of share buyback of €467m, subject to supervisory and AGM approval. Stated CET1 ratio at 13.22% and stated MDA buffer at 312bps.
E. Including estimated impact of CRD5 (article 104a) and Basel 4, FRTB and CVA fully loaded.

Material topics



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Value to customer



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Employees' development
Diversity and inclusion



ETHICS
Fair business behavior
Business ethics



SYSTEMIC TRENDS
Cyber security
Climate change
Demographic change



POSITIVE IMPACT ON SOCIETY
Positive impact on society

Human Capital

We support our colleagues throughout their professional lives by listening to their needs, valuing their skills, implementing training programmes and development plans and promoting diversity, inclusion and welfare policies.

OUR STOCKS OF CAPITAL



RESULTS

- New global policies against harassment, sexual misconduct, bullying and acts of retaliation
- More than **30 training hours** per capita
- Increased female presence in our senior leadership

COMMUNITY IMPACTS



TARGETS

- 20 percent women in senior leadership roles by 2022

Foster engagement

Our employees represent our Group's strongest asset and their engagement is essential to our viability.

Listening and involving

To ensure colleagues are constantly aligned with our goals, extensive communication was carried out on our Group intranet informing employees of the key elements of our new strategic plan *Team 23* launched in December 2019.¹ This communication reached the record number of more than 70,000 page views after only three days publication. Our senior management subsequently cascaded these important strategic messages to our population Group-wide.

In order to gain a better understanding of the internal climate in light of the new Group strategies, our new People Survey, originally scheduled for 2019, is set to be launched at the beginning of 2020.

During the course of the year, we involved all colleagues in our internal campaign on sustainability matters by soliciting their views and ideas on how to be more sustainable.²

FOCUS UniCredit Millennial Board

The Millennial Board was established in 2019 and meets quarterly in order to raise awareness of millennials' views on banking topics and to explore innovative ideas and solutions. The Board is composed of colleagues aged between 22 and 32, coming from different areas of the Group and of eight different nationalities. Each member is supported by a mentor from the same area. They also share their views on important matters such as the challenge of attracting and managing the millennial generation, ethics and sustainability. In their role they will oversee the comprehensive review and implementation of more than 1,200 initiatives proposed by our employees for a more sustainable future.³

1. Refer to the Strategic Plan section for more information.
2. Refer to Natural Capital chapter for more information.
3. Refer to Natural Capital chapter for more information.
4. Refer to the Supplement – Human Capital section for more information.

Building a positive work environment

In line with our Ethics and Respect values, at UniCredit we believe in creating an engaging and positive working environment based on respect and work-life balance.

In line with such commitment, in 2019 we issued two new global policies: one against harassment, sexual misconduct and bullying, the other against acts of retaliation. These new policies lead to a greater awareness on unacceptable behaviours and promote a 'speak up' culture where all employees feel listened to and protected when reporting misconducts.

We strive to provide our employees with a wide and rich welfare offer to meet fundamental health and family needs and focusing always more on personal needs which may change during the life cycle.⁴ In 2019 we raised further awareness of existing and new initiatives through a global welfare communications campaign which ran for eight months, outlining our diverse and comprehensive offer, using local testimonials and stories covering topics such as healthy lifestyle, employee assistance programmes, time management and flexibility.

Enhance skills

We strive to be an employer of choice, investing in attracting, managing and developing talent. We want to be a company where people can fully deploy their skills, abilities and qualities.

Attracting talent

To guarantee sustainable support for the transformation of the Group, we continue to invest in the best available talent on our markets.

In the last three years, UniCredit has hired approximately 200 promising young graduates through its *Impact Group Graduate Programme*, which assures dedicated development paths.

MATERIAL
TOPICS



Material topics



INNOVATION FOR CUSTOMER

Digitalization and innovation
Value to customer



LEAN AND SOLID BANK

Bank solidity
Lean and transparent organization



PEOPLE DEVELOPMENT

Employees' development
Diversity and inclusion



ETHICS

Fair business behavior
Business ethics



SYSTEMIC TRENDS

Cyber security
Climate change
Demographic change



POSITIVE IMPACT ON SOCIETY

Positive impact on society

Managing performance

At UniCredit we have implemented processes to set goals, assess performance and define career development based on the following key principles: achieving ambitious goals connecting the Group's strategy with individual contributions; empowering managers to make decisions about their people; rewarding merit and performance; ensuring respect of our Ethics and Respect values and our *Five Fundamentals*; encouraging individual development and learning; increasing transparency with continuous feedback.

UniCredit Performance Management is the Group-wide appraisal and development process for all our people. All employees receive a performance review from their manager and the behaviours expected are based on our guiding principle *Do the right thing!*⁵ This process ensures a common approach to performance management and decisions on reward, career development and learning opportunities.

In addition, our annual review enables us to define career and succession plans that ensure a sustainable leadership pipeline with regard to both executives and employees on the executive track.

Developing skills

We invest in initiatives to foster the professional development of colleagues and to ensure they can support UniCredit's objectives.

A development track is available to all UniCredit employees. Both vertical growth and horizontal moves may be possible based on emerging opportunities and the fulfilment of individual goals. The track can be locally customised to meet specific business needs.

For a selected pool of employees, identified according to outstanding performance and potential, a fast-track development path is available. In 2019 we redesigned our executive development offer with the intention of supporting our executives in each stage of their career. Five phases have been identified: onboarding, settlement, performance, consolidation and transition. In particular, we have introduced dedicated paths to meet the development needs in the onboarding and settlement phase, in order to support those skills required to face new challenges and tasks versus key competencies.

5. Refer to Ethics and Respect: Do the right thing! chapter for more information.

These leadership development paths last from 18 to 36 months and in 2019 were initiated by more than 300 executives.

Over the course of the year we continued to foster professional growth in our competence and business lines using the modular and flexible programmes available in our learning catalogue in fields such as finance and risk management.

In addition, training opportunities specific to local business needs in each country and division were provided in order to enhance professional skills and assist colleagues in their roles. Our efforts address skills in retail, corporate and private banking as well as upskilling in data science, advanced analytics and engineering, skills we identified as those of the future able to push the evolution of our organisation.

- We achieved a total of more than 30 hours
- training per capita in 2019 thanks to our
- investments in professional skills development.

Value diversity and inclusion

UniCredit remains committed to ensuring an equal opportunity workplace where people of all ages, genders and cultural backgrounds can contribute to our success. In line with our Ethics and Respect values, we strive to listen to the needs of our diverse workforce by creating a better and more accessible working environment based on inclusion.

In 2019 our Group Diversity and Inclusion Manager has worked alongside our CEO and other senior managers with quarterly meetings while our Diversity and Inclusion Committee monitors the initiatives and the progression towards the targets assigned.

During the course of the year, our senior management discussed the importance of this topic in specific meetings and we continued to carry out awareness building activities to foster an inclusive culture. We designed *Leading with inclusivity*, a learning module to support our executives in developing an inclusive leadership style. In Italy, we launched an online training on how to recognise and tackle our unconscious biases; we will continue to deliver this course across the Group in 2020.

Promoting gender balance

Our Global Policy on Gender Equality sets out principles and guidelines to ensure a level playing field throughout the organisation as a way of generating higher value.

UniCredit has been consistently investing in supporting the growth and development of female colleagues in the organisation. Since signing the UK Women in Finance Charter in July 2018, female representation in our senior leadership roles has grown from 9 to 12 percent and the Group remains committed to reaching 20 percent (+/-1 percent) by 2022.

Female presence in senior leadership



The Group is committed to gender pay equality. UniCredit has put a range of initiatives in place in this respect: the equal pay principle is embedded in the Group Compensation Policy; specific gender pay equality targets have been assigned to all our senior leaders; a monitoring process has been defined and implemented.

MATERIAL TOPICS



FOCUS

Diversity and Inclusion Week

In line with our Ethics and Respect values, from 14 to 18 October 2019 UniCredit launched its first *Diversity and Inclusion Week*, during which around 13,600 employees explored the topic. Around 80 initiatives in 15 markets took place including workshops, testimonials and training courses involving our colleagues and their families, external experts and non-governmental organisations.

Highlights

Age



In our Czech offices we hosted inspirational speeches on the age management topic. Furthermore, we held an innovative external workshop dedicated to people over 50 aimed at attracting candidates for the retail banker role and in which our Regional Manager participated.

Young refugees



In Germany colleagues reflected on how, as a bank, we can contribute to inclusion in the employment market. Since 2011 we have cooperated with Joblinge, an organisation which helps young refugees aged between 15 and 24 to find work. In addition to several workshops held at our local offices, over 200 of our employees were involved as mentors. This is the largest number of mentors of all Joblinge's partner companies.

LGBT+



The *Diversity and Inclusion Week* highlighted the successful LGBT+ employee inclusion experiences in our bank. For example in Germany a network of colleagues, wishing to advocate equal opportunities in the workplace, regardless of sexual identity, gender identity and gender expression, was founded in 2014 and officially recognised in 2018. The network is called *UniCorns*.

Disability



In Italy to promote awareness we organised the *In My Shoes* event, a blind walk for employees that took place in Piazza Gae Aulenti at the bank's Milan headquarters in cooperation with two organisations supporting the blind, Unione Italiana Ciechi and Istituto Ciechi Milano.

We launched a *Guidelines on Disability* brochure, a vademecum on how to manage different disabilities both at work and outside, created with the help of colleagues with disabilities. A series of online training courses addressing disability management were also published. In Austria, colleagues gathered at the *Sensing Journey*, an event in which they were given the opportunity of gaining an insight into the everyday challenges of people with different disabilities and learning about their experience as bank customers. Colleagues in Bosnia and Herzegovina attended a workshop on unconscious bias towards people with disabilities including a talk from an external speaker and colleague testimonials.

Minorities



Colleagues in Romania reflected on how Roma minorities are perceived in corporations and further discussed this topic following an inspirational speech by the founder of Policy Centre for Roma and Minorities in Romania who is also Advocacy Regional Director for World Vision International and Member of the Board of Trustees of the UN High Commissioner for Human Rights.

Material topics



INNOVATION FOR CUSTOMER

Digitalization and innovation
Value to customer



LEAN AND SOLID BANK

Bank solidity
Lean and transparent organization



PEOPLE DEVELOPMENT

Employees' development
Diversity and inclusion



ETHICS

Fair business behavior
Business ethics



SYSTEMIC TRENDS

Cyber security
Climate change
Demographic change



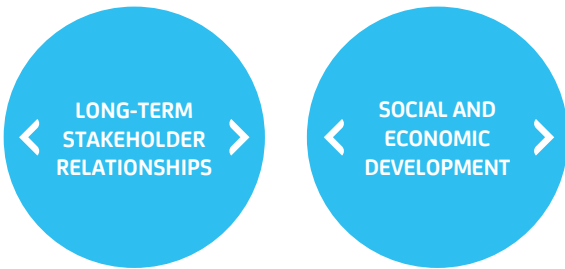
POSITIVE IMPACT ON SOCIETY

Positive impact on society

Social and relationship Capital

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

OUR STOCKS OF CAPITAL



- RESULTS
- ~1 million feedbacks provided by stakeholders
 - Approximately €45 million contributions to communities

COMMUNITY IMPACTS



- TARGETS
- Committed €1 billion by 2023 to supporting projects with a positive social impact

Our approach to social and relationship capital

The viability of our business depends on our ability to create and sustain strong relationships with customers and the wider community. In our approach we aim to generate positive impact on society by improving how people live and how businesses operate, as well as by supporting the well-being and competitiveness of the countries in which we work.

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

The *Social Impact Banking* project² continues to be a pillar of our approach, and this year has extended its scope to other Group countries, helping people at risk of financial exclusion and cooperating with organisations dedicated to tackling social problems.

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

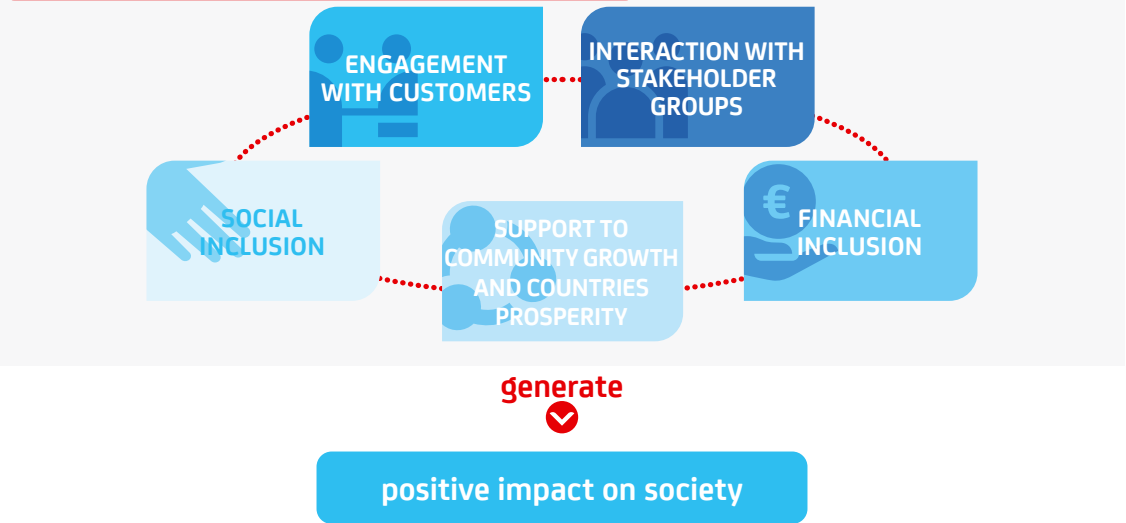
Our Strategy
→ Social and relationship Capital



Contribution to SDGs¹ with our investments in Social and relationship Capital



Our investments on Social and relationship Capital



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

Material topics

- INNOVATION FOR CUSTOMER**
Digitalization and innovation
Value to customer
- LEAN AND SOLID BANK**
Bank solidity
Lean and transparent organization
- PEOPLE DEVELOPMENT**
Employees' development
Diversity and inclusion
- ETHICS**
Fair business behavior
Business ethics
- SYSTEMIC TRENDS**
Cyber security
Climate change
Demographic change
- POSITIVE IMPACT ON SOCIETY**
Positive impact on society

Invest in long-term stakeholder relationships

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

Engaging with our customers

UniCredit aims to provide its customers with a unique experience based on a high-quality service approach which begins by really listening to them. This focus on customer experience is renewed in the *Team 23* strategic plan.

In the new strategic plan, UniCredit has adopted the Net Promoter Score (NPS)³ as key performance indicator to measure customer experience. The NPS is a worldwide standard used across many industries to measure loyalty by understanding customers' willingness to recommend their bank to friends, colleagues or business partners. Clients are segmented into promoters, passives and detractors which allows the bank to take bespoke actions in line with the characteristics of each segment.

UniCredit has developed a system of measuring the NPS in a holistic way which is being rolled out step by step in the different markets, supporting the banks' strategic initiatives:

- The *Benchmarking Study*, carried out by the Holding, measures the strategic NPS in local markets, allowing the Group to compare its local

UniCredit banks score to those of its competitors and to understand the main drivers. Individual and corporate customers of UniCredit and of competitor banks involved in the survey are selected randomly by the research provider which ensures a fair comparison.

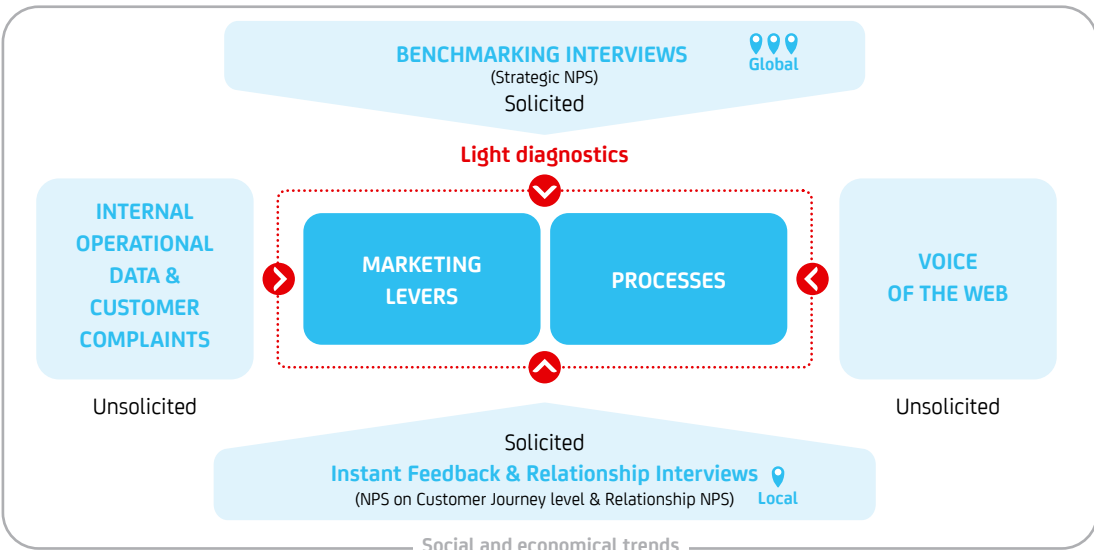
The strategic NPS was integrated in the new Long-term-Incentive Programme (LTIP) for senior managers in which UniCredit aims to achieve a consistent positive gap on the NPS in comparison to competition at Group Level

- *Relationship Surveys* are carried out by local banks to measure the quality of relationship overall, allowing banks to service customers, improve cross-selling and prevent churn by performing caring actions on detractors
- *Instant Feedback Surveys*, carried out by local banks measuring the NPS at single customer journey or touchpoint level. This allows the banks to close the loop performing individual caring actions as well as continuously improve its processes and the way it serves its customers. To facilitate the roll-out, the Group selected a global provider that will run instant feedback surveys in the different countries of the Group.

UniCredit integrates the collection of solicited feedback with the analysis of internal operational data as well as with unsolicited observations. As described at the launch of the project last year, UniCredit uses a systematic *Voice of the Web* listening tool which applies big data and artificial intelligence methodologies to monitor publicly available data on social media and the open web with the aim of:

- monitoring brand reputation and sentiment online
- analysing conversation related to specific products and services in order to track potential issues and identify untapped consumer needs.

Group stakeholder integrated listening



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

This supports the business in the development of solutions linked to customer needs.

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

In Romania, we implemented automated triggers for customer experience surveys, scaling up real-time feedback for main touchpoints and journeys throughout the entire customer lifecycle. Customers are able to express their concerns at any time during their journey through the bank. Thanks to the close the loop process, we can identify possible reasons for client dissatisfaction and deal with them before the client actually makes a formal complaint. Moreover, we developed the *Customer first* contest in various branches of the network: these are quarterly contests based on branch experience surveys and complaints management process flow. The results combine NPS for branch experience with the score obtained for a correct registration of complaints received within the branch. The initiative raised branch staff awareness in terms both of the importance of putting customers first during interaction and of a timely and correct registration of complaints.

In Bulgaria we developed a new process for gathering corporate customers feedback (instant feedback surveys). Its main goal is to measure customers satisfaction and to collect ideas, right after receiving a service or signing a contract. Moreover, it is also a channel which brings early warnings and can be used to prevent potential complaints and customers churn (mid and long term). Currently, we are redesigning the survey and we are including gamification in order to boost-up clients response rate. Based on the collected feedback from instant feedback survey, Group benchmark survey and our business structures, we launched the following initiatives:

- *Business Easy*, preapproved loans for Small and Medium Enterprise (SME) clients (up to € 250,000)
- *Fast Track* (FT) process enhancements; we are developing changes in the criteria and the eligible collateral type: the FT process allows credit authorities delegation to the business division SME clients.

In Italy, the *Customer Advocacy* programme was launched to fully reshape the customer intelligence framework on corporate clients, identifying and addressing customer experience. The project takes

advantage of a set of ad-hoc tools to provide an approach aimed at strengthening the relationship between the bank and its customers, thus improving the experience while providing actionable insight to the bank. Each segment's customer journey is mapped so that the programme best suits the client's real needs. By engaging with our customers, this project enables us to better understand their needs and to cope in time with situations which could otherwise jeopardise the customer-bank relationship.

This year around 3,000 clients were interviewed using the top-down approach while around 6,000 clients were interviewed through instant feedback; nearly 90 large corporate clients were interviewed by external market intelligence leader Greenwich and approximately 150 caring actions were performed.

During 2019, our approach on social media has changed slightly as the Group has formally chosen to close its Facebook and Instagram profiles as of June 2019, to invest in the enhancement of proprietary digital channels. Despite this, social media continue to be important as a tool for delivering key messages, important business and innovative initiatives as well as for providing useful information on products and services across the Group.

Customers who write comments and make specific requests are attended to, via private message or most preferably via our proprietary channels. During 2019 around 5,400 requests were managed on social networks in Italy.

Interacting with stakeholder groups

Open interaction with key stakeholders helps us build a sound banking environment based on transparency and mutual understanding. Our broad base of stakeholders includes regulators, investors, rating agencies and consumer associations, with whom we work constructively through a variety of channels. We communicate through our corporate websites, annual reports and social media platforms, we participate in meetings, forums and other events and we carry out numerous consultations and surveys.

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

MATERIAL TOPICS



Material topics



INNOVATION FOR CUSTOMER

Digitalization and innovation
Value to customer



LEAN AND SOLID BANK

Bank solidity
Lean and transparent organization



PEOPLE DEVELOPMENT

Employees' development
Diversity and inclusion



ETHICS

Fair business behavior
Business ethics



SYSTEMIC TRENDS

Cyber security
Climate change
Demographic change



POSITIVE IMPACT ON SOCIETY

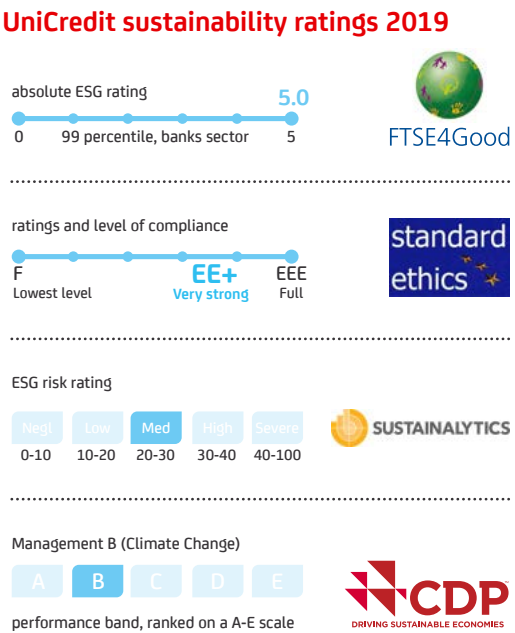
Positive impact on society

In 2019 the key regulatory debates in which UniCredit was involved include:

- the European risk reduction package review which aims to reduce the risks in the EU banking sector. This comprehensive package of reforms was adopted by the EU institutions in May 2019. It includes, inter alia, measures to increase the resilience of EU banks and to improve their lending capacity to support the economy
- regular discussion with the European Central Bank and other European institutions concerning the proposals to introduce additional provisions for new Non Performing Loans (NPLs). In these discussions we aim to mitigate the impact of the proposed measures and their consequences for our customers
- constant discussion with policy makers in order to establish an EU-wide framework for sustainable investments. From the very beginning, we supported a practical, scientific-based, flexible, progressive and proportionate taxonomy, to be applicable by 2022. In addition we participate in working groups on sustainable finance set up by organisations such as the European Banking Federation, the Association for Financial Markets in Europe and the Institute of International Finance.

In 2019 our investor engagement included 452 meetings and 37 roadshow days with institutional, retail and socially responsible investors.

In addition, we maintained an ongoing interaction with sustainability rating agencies, in response to increasing requests by investors for greater transparency, more stakeholder engagement and stronger sustainability management. Our sustainable performance is reflected in the key external ratings we received in 2019.



Our Group remains committed to strengthening protection of consumers and improving their awareness. In Italy *Noi&UniCredit*, our longstanding partnership with national consumer associations in place since 2005, was expanded in 2019 to include 14 different associations. During the year many initiatives were developed. These include:

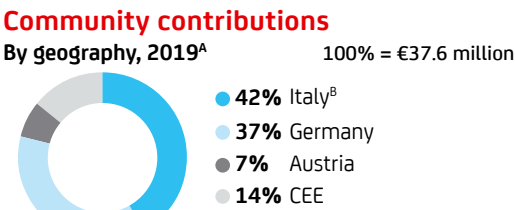
- 10 Things to Know About the Payment Services Directive 2*, a leaflet in simple language and in a format accessible to the blind and visually impaired, illustrating the main innovations introduced by this EU Directive
- Letter to the Consumer*, in collaboration with Codacons, a summary of the most interesting topics taken from the last UniCredit Integrated Report. The letter was published on our website and a social campaign was carried out on the UniCredit Twitter account and on Codacons social media pages
- Bella Nonno!* An intergenerational training course for active seniors carried out in collaboration with Confconsumatori and aimed at citizens aged 65 and over. It involved previously trained students aged 16 to 19 acting as tutors to promote the digitalisation of young and senior citizens
- Access to banking services in the Internal Areas Project*, carried out in collaboration with Cittadinanzattiva to strengthen digitalisation, financial awareness and entrepreneurship in remote internal areas of the country. Facilitators, adequately trained on banking and financial issues, represented the point of reference for the inhabitants with regard to these topics. In addition, we initiated the monitoring of community needs: thanks to a survey on access to banking services, the citizens of inland areas will be able to design a map of their needs and propose solutions that take the specific characteristics of the territory to which they belong into account.

UniCredit supported these last two initiatives also with the contribution of its *Social Impact Banking* that produced the training contents and made the skills of volunteer employees available.

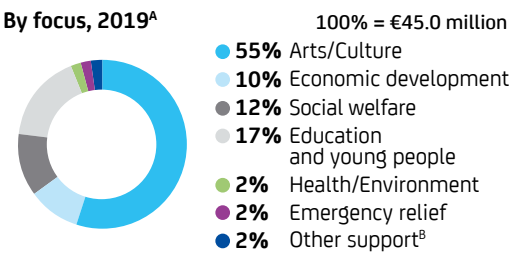
Invest in social and economic development

We strive to support the growth of our communities, always in search of new ways to serve our retail and corporate customers. In addition to our traditional banking activities, we implement corporate citizenship and philanthropic initiatives that support financial and social inclusion.

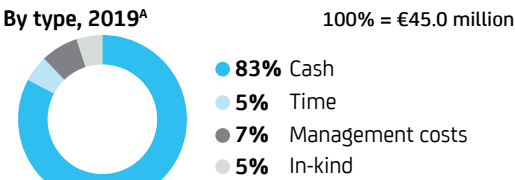
In 2019 we contributed approximately €45 million⁴ to communities, as measured by the London Benchmarking Group model (LBG). We also highlight our investment in the *Social Impact Banking* project as measured by the new LBG Business Innovation for Social Impact reporting framework.



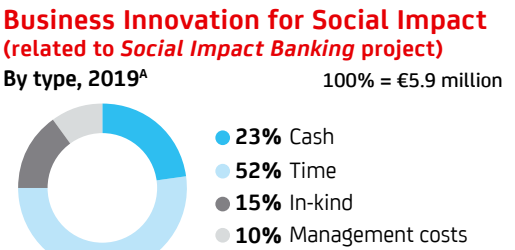
A. Data refers to cash contributions only.
B. Includes also UniCredit Foundation.



A. Includes Group cash contributions and – for Italy, Germany and Austria only – time, in-kind resources and management costs. Management costs are attributed proportionally based on contributions by focus.
B. "Other support" refers to activities that cannot be classified.



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



A. Data includes cash contributions, time, in-kind resources and management costs for Italy, Germany and Austria.

Fostering financial inclusion

UniCredit works to promote stronger economic participation for everyone. We believe that by making

it easier for people to access financing, we can help reduce poverty and stimulate community progress.

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

YOUNG PEOPLE
Italy: as at 2019, more than 45,000 customers under 30 benefitted from the *My Genius* current account with pricing benefits
Germany: as at 2019, more than 66,000 customers under 26 took advantage of the free-of-charge account *StartKonto*.

ELDERLY
Bosnia and Herzegovina: as at 2019 approximately 6,000 customers over 65 took advantage of the *Modula* package, tailored to their needs and preferences
Bulgaria: in 2019 approximately 2,800 customers aged between 60 and 75 benefitted from our loan with a quick and easy application process.

LOW-INCOME INDIVIDUALS AND FAMILIES
UniCredit's offer includes accounts free of charge or at a reasonable fee which provide advantageous conditions for vulnerable customers.

DISABLED
Austria: all branches are barrier-free. The key features in these branches include self-service machines at wheelchair height which are usable via keyboard and voice input and adjustable desks in customer zones and consulting areas.

MATERIAL TOPICS



Material topics

- INNOVATION FOR CUSTOMER**
Digitalization and innovation
Value to customer
- LEAN AND SOLID BANK**
Bank solidity
Lean and transparent organization
- PEOPLE DEVELOPMENT**
Employees' development
Diversity and inclusion
- ETHICS**
Fair business behavior
Business ethics
- SYSTEMIC TRENDS**
Cyber security
Climate change
Demographic change
- POSITIVE IMPACT ON SOCIETY**
Positive impact on society

4. 2019 data are based on internal cost management data sources. €43.5 million, measured by the London Benchmarking Group model (LBG), include Groupwide cash contributions and, for Italy, Germany and Austria only, the value of employees' time, in-kind resources and management costs. Cash contributions include Group's sponsorships and donations, which are selected, managed and monitored by UniCredit according to the Global Policy - Group principles and guidelines for Sponsorships and Donations Management. Aside from contributions tracked using the LBG model, total contributions to communities include an additional roughly €1.5 million for business initiatives focusing on the economic development in our territories. Additionally, we engaged colleagues in these community initiatives and attracted contribution from third parties for approximately €1.3 million.

In 2019 we continued to engage in a range of financial education programmes, targeting several demographics. Our training programmes include face-to-face and digital sessions.

FOCUS
Banking Academy

In Italy we developed our new *Banking Academy*, with free financial education programmes and training on digitalisation and innovation. Our offer targets young people, families, elderly, entrepreneurs and non-profit organisations.

For individuals and SMEs, our *In-Formati* programme involved roughly 6,900 participants in 200 training sessions on banking and on entrepreneurship, while our *Save4You* lessons gave over 5,200 participants the opportunity to focus on savings and investments.

In 2019 more than 2,500 companies participated in the three *UniCredit Talk*, discussions and networking events for experts, banks and entrepreneurs, about the new challenges linked to the digital revolution and their impact on organisational and business models with a specific focus on export, welfare and the digitalisation of SMEs.

In the last *Talk*, a new project called *PMI Digital Lab* was started in which *Banking Academy*, together with other important national partners, participated with the aim of investing in the growth of SME digital skills. In 2019 seven of the 10 planned stages were implemented, involving more than 200 SMEs throughout Italy.

With *Go International!* we offered seminars for entrepreneurs and export managers, focusing on topics such as export management, new technologies and digitalisation. In 2019 this programme, through the *Digital&Export Business School* initiative, involved 34 locations throughout Italy and connected approximately 500 companies interested in opening or strengthening their presence on foreign markets.

In Germany we provide financial knowledge and quality information on key topics and latest trends in financial services, markets and business concepts through channels such as *dossiers.hypovereinsbank.de* and *hypovereinsbank-publikationen.de*. We continued to support young start-ups and founders with a number of different intense training programmes thanks to our *BayStartUp*, Bavaria's leading network for start-up formation, coaching, financing and acceleration, initiated and supported by the Bavarian Ministry of Economics. All together 78 workshops were supported.

In Austria we were the title sponsor of the *Bank Austria Business Plan Contest Next Generation* and the *Bank Austria Business Idea Contest*. Approximately 1,500 pupils (school classes, groups or young individuals) were able to enter the contest in one of the following categories: best business idea, best business plan and most sustainable business idea.

Encouraging social inclusion

In 2019, we continued to work on improving the social welfare and well-being of our communities. Our efforts included the promotion of fundraising activities and culture in all its forms.

Gift Matching Programme

This is our main employee community involvement activity. In 2019 the 17th edition was aimed at supporting non-profit organisations engaged in activities for children and adolescents up to their 18th birthday. In addition to doubling employee donations, UniCredit Foundation assigned a bonus to donations made by donors under 35 and by volunteers of the organisation they supported. The programme collected in total more than €820,000.

UniCredit Card E

The *Call for the Regions - Carta E 2019* was promoted by UniCredit Foundation and focuses on supporting child and adolescent projects with a significant social impact. The winning projects included initiatives for the humanisation of pediatric wards, support for disabled children and children in vulnerable situations and the promotion of a more conscious use of new technologies. This call was made possible thanks to *UniCredit Card E*, the credit card where we donate part of our commission to the social initiatives we support on a national level. Since 2018 we have extended this mechanism to all our employees' credit cards in Italy. Over €2.5 million were collected during 2019.

CULTURAL SUPPORT

Supporting talent

UniCredit Foundation confirms its commitment to promoting studies, research and initiatives aimed at broadening the knowledge of banking, economic and legal disciplines by awarding several scholarships every year. These scholarships are offered to students who wish to deepen their studies abroad in pursuit of a Master or PhD programme in economics or finance. In addition, numerous grants are assigned to undergraduate students for short periods of study abroad and for summer internships abroad in UniCredit branches. The Foundation is also committed to providing fellowships and research grants annually to support the best European researchers in the fields of economic, banking and financial sciences. Some fellowships in particular are aimed at re-attracting the best young economists back to Europe

Promoting cultural initiatives

UniCredit has a long tradition in supporting culture, in particular music and art, as a way to promote social and economic growth. We actively support our local communities through significant cultural initiatives, including select partnerships and sponsorships.

UniCredit's most important cultural and social partnership with Filarmonica della Scala has been ongoing since 2000. In 2018-2019 it involved about 86,000 people during the concert season at La Scala Theatre, Italian and international tours in Europe, Open Filarmonica's special projects dedicated to music education for children, open rehearsals for charity and two free concerts in Milan. Our longstanding partnership with Arena di Verona Foundation started in 1994. We are a major partner of the Arena Opera Festival, one of the best-known musical events in the world. The 97th edition in 2019 involved more than 425,000 people

Art4Future

In 2019 we started transforming our art portfolio to focus on contemporary art, with the progressive sale of UniCredit's local artworks in Italy, Germany and Austria. Some art pieces will be donated to local museums. The proceeds will primarily be reinvested in *Social Impact Banking* initiatives. The rest of the proceeds will be dedicated to other important projects including the support of emerging artists. We see this as a positive transformation of our art portfolio as it allows us to support emerging new talent and play a role in encouraging the evolution of art in our communities.

Supporting competitiveness and contributing to community growth

An ongoing interaction is necessary if we are to understand the urgent needs of communities and meet them with appropriate initiatives. This kind of interaction enables us at UniCredit to develop products and services that serve stakeholders and encourage a balanced and collaborative approach to well-being, prosperity and growth. Our Group remains focused on understanding the daily needs of stakeholders and meeting them effectively, at the same time helping to solve urgent national challenges.

In Italy, as partners in the Italian Alliance for Sustainable Development (Alleanza Italiana per lo Sviluppo Sostenibile or ASviS), we contributed to organising their 2019 Sustainable Development Festival to draw attention to the SDGs and help raise awareness on the United Nations' 2030 agenda.

Our networking initiative *Territorial Advisory Boards* provides advice for UniCredit's seven regions in Italy. Appointed by the UniCredit Board of Directors, these boards provide feedback to our senior management, assisting them in defining the business strategies and development plans in their respective regions and strengthening UniCredit's local reputation. Furthermore, the *Boards* select and design priorities and projects to be discussed during the *Forum dei Territori*, meetings between our senior managers and main local stakeholders. Approximately 1,300 participants were welcomed during the seven events held in our regions in 2019.

Moreover, we organized a series of conferences to provide issuers with the opportunity to meet institutional investors from all over the world: the *Italian Investment and High Yield Conference*, the *Italian Financial Debt Conference* and the *Convertible Bond Conference*.

- About 1,500 One-on-Ones and Group meetings
- Roughly 80 corporates and financial institutions involved
- More than 300 international institutional investors participating.

In Austria we organised conferences, webinars and updates on several interesting topics such as real estate financial outlook, cash management trends and ESG loan initiatives with more than 900 participants.

We organised the third edition of *UniCredit CEE Forum*. This is a flagship event for Central and Eastern Europe (CEE) CIB and private banking clients, representing an international platform where different companies can

MATERIAL TOPICS



Material topics



INNOVATION FOR CUSTOMER

Digitalization and innovation
Value to customer



LEAN AND SOLID BANK

Bank solidity
Lean and transparent organization



PEOPLE DEVELOPMENT

Employees' development
Diversity and inclusion



ETHICS

Fair business behavior
Business ethics



SYSTEMIC TRENDS

Cyber security
Climate change
Demographic change



POSITIVE IMPACT ON SOCIETY

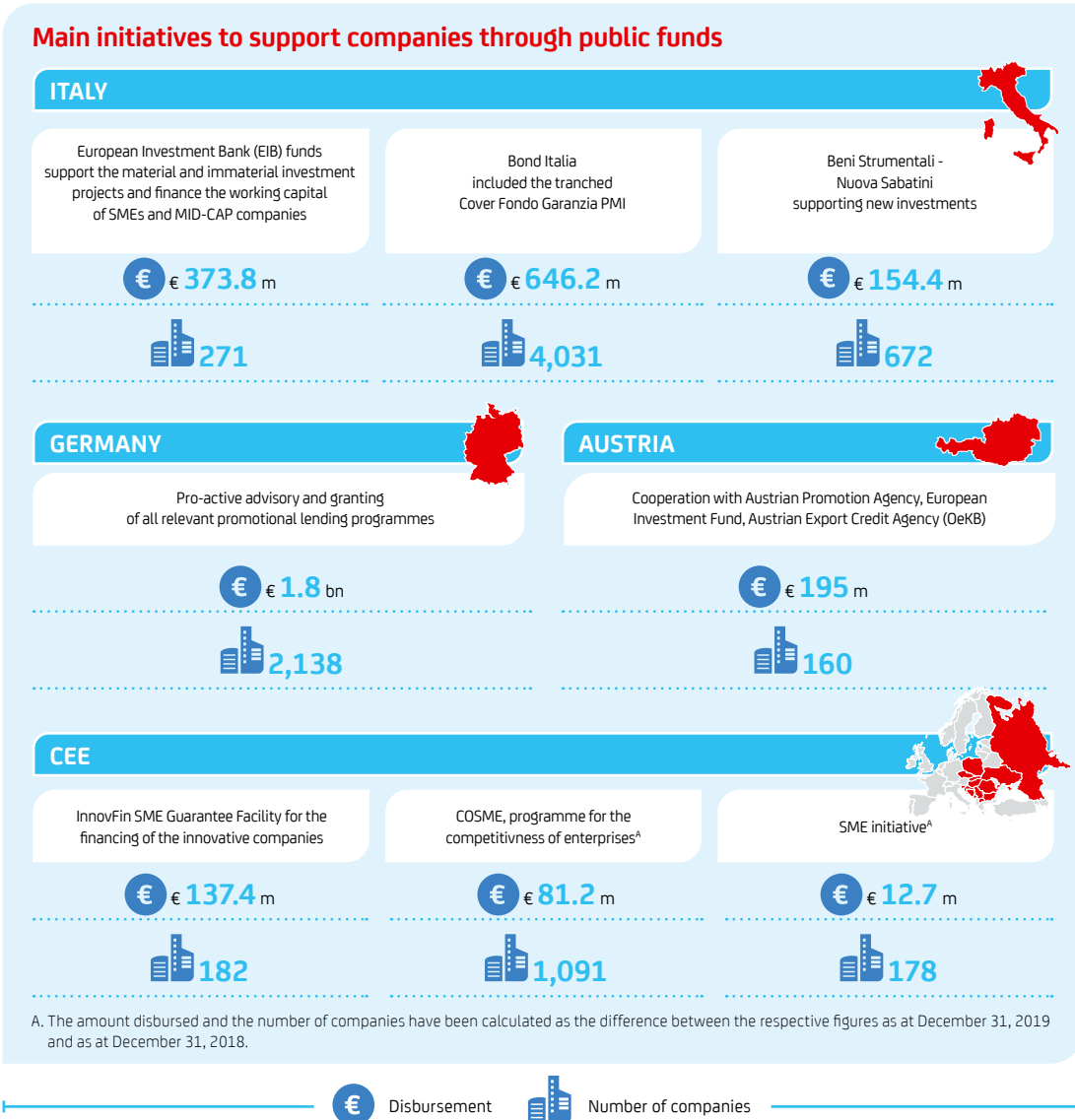
Positive impact on society

participate in discussions regarding important business topics and market trends, exchange ideas and network with each other. This year's event focused on innovation and sustainability and the invitees were also given the opportunity to hear more about the macroeconomic situation of the CEE region and digital trends. More than 100 representatives of 22 different industries from 14 countries attended the event in 2019.

Through the dedicated platform *UniCredit CEE Lounge*, in 2019 UniCredit, as an exclusive partner of the London Stock Exchange Group's ELITE initiative in the CEE region, continued to provide support to fast-growing SME customers to reshape their companies, but also to better understand different funding options and prepare them to communicate with investors and to access a network of peers, as well as advisors. This resulted in 14 new companies from 5 countries (Bulgaria, Croatia, Hungary, Romania and Serbia) joining Elite in 2019. Moreover, at the beginning of 2020 other three companies from Romania joined the project.

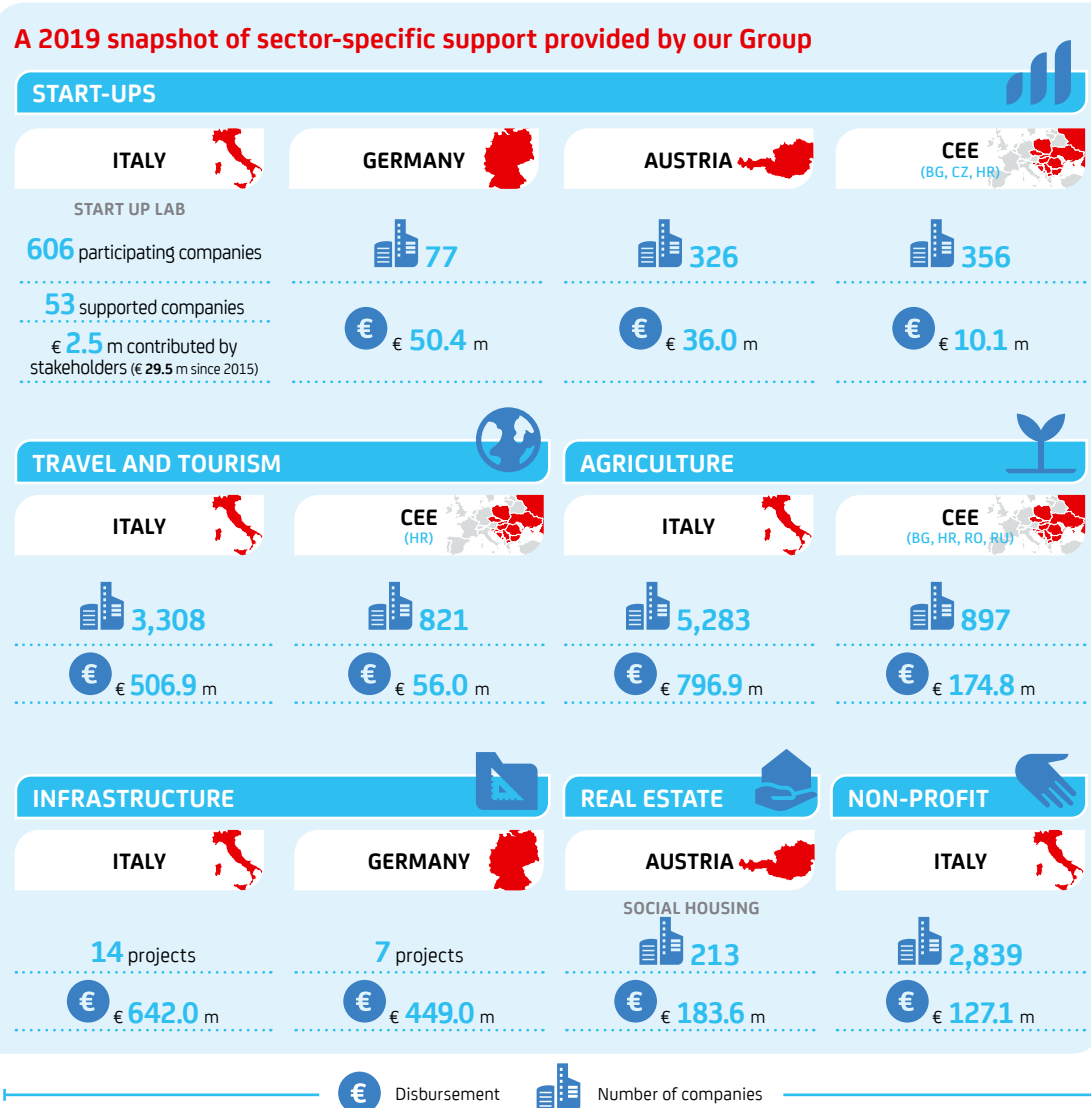
UniCredit concretely supports the internationalisation and growth of companies that want to open up to foreign markets with *Easy Export*, a high value-added service that simplifies the procedures and processes involved in business-to-business (B2B) e-commerce. Thanks to UniCredit's exclusive partnership with Alibaba.com, which started in 2018 and was renewed in 2019, this service offers access to the most important B2B market-place worldwide and an enormous international shop window. *Easy Export* is the solution that allows our clients to open up to foreign markets worldwide with digital shop windows that speak the local language and where products are enhanced thanks to digital, personalised and distinctive services.

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



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

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



- Material topics**
- INNOVATION FOR CUSTOMER**
Digitalization and innovation
Value to customer
 - LEAN AND SOLID BANK**
Bank solidity
Lean and transparent organization
 - PEOPLE DEVELOPMENT**
Employees' development
Diversity and inclusion
 - ETHICS**
Fair business behavior
Business ethics
 - SYSTEMIC TRENDS**
Cyber security
Climate change
Demographic change
 - POSITIVE IMPACT ON SOCIETY**
Positive impact on society

SOCIAL IMPACT BANKING¹

The *Social Impact Banking* (SIB) project was launched in Italy at the end of 2017 to boost UniCredit's commitment to building a fairer and more inclusive society.

Its aim is to identify, finance and promote people and enterprises that are generally excluded from traditional banking products yet that are capable of generating a measurable positive social impact on communities.

We work closely with partner organisations (such as social and trade associations, NGOs, public institutions), clients and especially with our colleagues, who are the key driving force behind our initiatives, to build valuable networks within the communities where our bank operates.

By sharing positive experiences and raising awareness of significant projects, we increase their potential societal impact and help them to grow.

TARGET

approving **€1 billion**
of total financing by 2023

ACHIEVEMENTS AND CONTRIBUTION TO SDGs

2,959
loans provided
to support
projects /
microenterprises

€129 m
disbursed

1 NO POVERTY
€5.1 m

3 GOOD HEALTH AND WELL-BEING
€48.5 m

11 SUSTAINABLE CITIES AND COMMUNITIES
€0.8 m

8 DECENT WORK AND ECONOMIC GROWTH
€61.4 m

10 REDUCED INEQUALITIES
€6.2 m

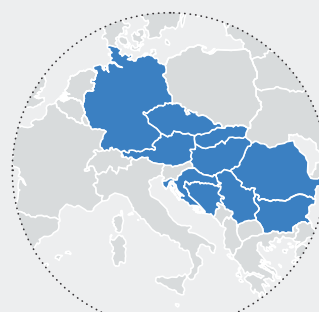
4 QUALITY EDUCATION
€7.0 m and
financial education
initiatives

17 PARTNERSHIPS FOR THE GOALS
Creation of partnerships
for the goals

SCOPE

During 2019, the Group SIB approach was extended to 10 other countries, maintaining consistency with the defined model. All banks followed the model in its entirety with limited exceptions.

€126.1 m



€2.9 m

1. Disbursed loans reported as cumulative values from the beginning of the project to 2019.

MICROCREDIT

APPROACH

We support start-ups and small businesses at risk of financial exclusion, providing them with a tailor-made microcredit offer and with capacity building support through our skills and the networking ability provided by our volunteers and online platforms.

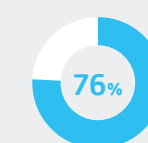
ACHIEVEMENTS

Italy:

€2,886 loans **»»»** **€57.1 m** disbursed

32%
microentrepreneurs
are women

Financial inclusion index:



representing
beneficiaries
having at
least one of
the following
vulnerability
characteristics:

1,484 high risk²
1,331 new co³
320 young age⁴

310 basic education⁵
115 foreign
92 unemployed or inactive

93
partners involved
(e.g. Fondazione Grameen Italia,
Fondazione Don Mario Operti)

140
volunteers trained
to support customers

214
microentrepreneurs
supported by our
partners/volunteers

Capacity building initiatives:

555 hours of training thanks to an online dedicated platform on how to write a business plan

International:

8
Extension to
other Group countries

8 transactions concluded in Austria
for a total of **€163,000**

STORIES THAT MATTER

Italy

An entrepreneur benefitted from microcredit to start a craft brewery where he employed ex-prisoners from the Rebibbia prison in Rome. Along with the former prisoners and several volunteers, a young brewer has also been employed. In addition to the production laboratory, the social enterprise has opened a pub to favour the rehabilitation in society of its employees. Even in product research, the company relies on circular economy principles, using ingredients recovered from mass retail food waste.

Austria

Thanks to the support provided by our programme, two immigrant-origin microentrepreneurs were able to respectively expand a restaurant and successfully set up a pastry shop. This support made a clear upgrade of a disadvantaged district possible as well as helping a young girl to step into self-employment and realise her dream.

2. Belonging to Standard & Poor's vulnerable risk clusters from B to CCC.

3. Set up 3 years or less from the date of the disbursement of the loan.

4. Under 30.

5. Compulsory school education level.

SOCIAL IMPACT BANKING

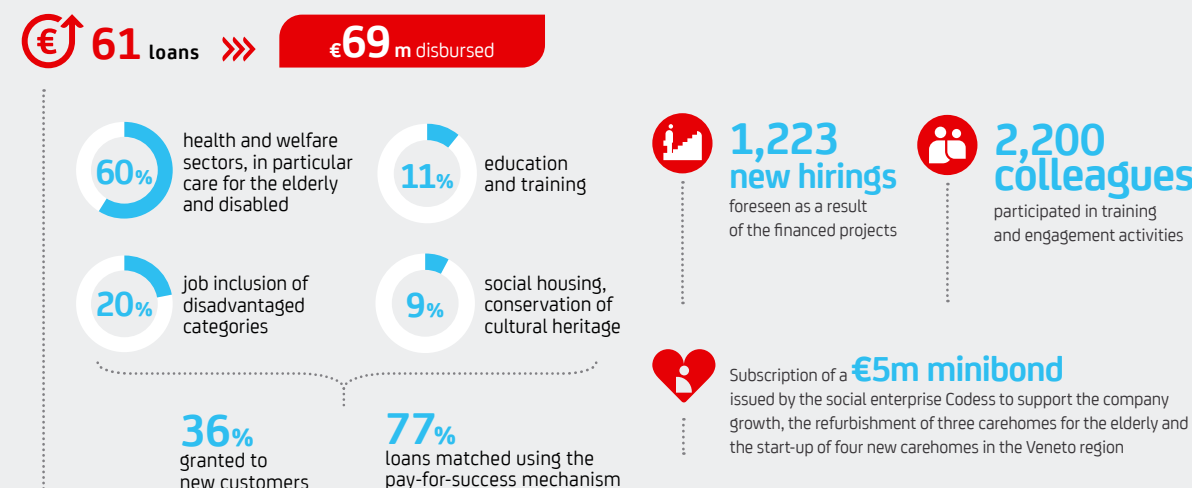
IMPACT FINANCING

APPROACH

We provide financial and other types of support to entrepreneurial initiatives that respond to the main social needs arising from our communities. We reward projects that demonstrate a clear social impact through financial benefits (grants, lower interest payments, etc.) and extra services (mentorship, training, etc.) using a pay-for-success approach. We aim to promote cohesion between private companies and non-profit organisations.

ACHIEVEMENTS

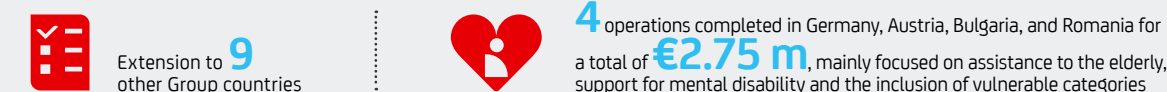
Italy:



Capacity building initiatives and agreements:

Agreement with Legacoop to support businesses, projects and entrepreneurial initiatives aimed at generating a positive and measurable social impact on the community
MakeYourImpact: call to provide financial and non-financial support to social enterprises promoting social impact projects

International:



STORIES THAT MATTER

Italy

An innovative start-up since 2015 has been creating, implementing and selling a digital programme based on the potential development of parenting and caring skills as the foundations for building leadership practices. It is dedicated to those who work and have, or are about to have, young children. Between 2016 and 2018 the number of volunteer members (those who received training) increased from 783 to 3,450 in Italy for a total of 35 companies that today offer this type of training to their employees.

Bulgaria

We disbursed €1 million to a foundation the mission of which is to provide the resources to support, motivate and strengthen young LGBT+ people. The specific initiative financed by SIB aims to combat stigma faced by young people, bullying and homophobia through the creation of a community centre that will include a bar/bistro, a multi-functional space for events, a co-working area, a theatre, a cinema, a club and a library. The community will also include separate offices offering educational and psychological assistance by an expert team.

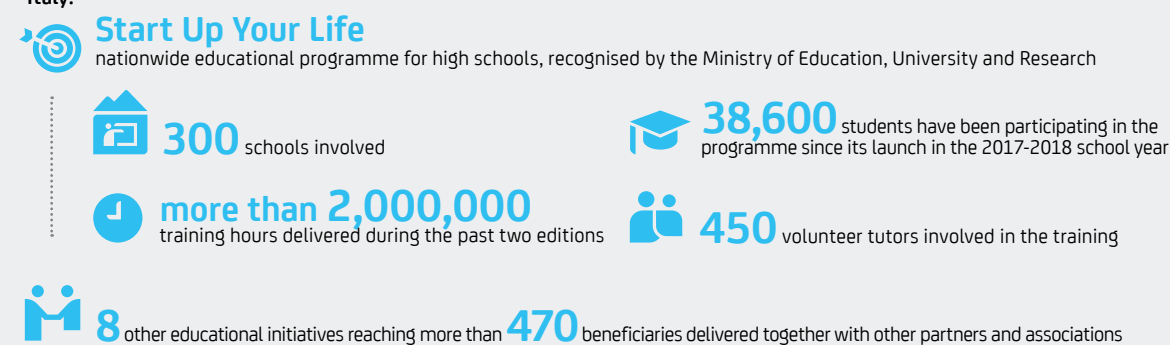
FINANCIAL EDUCATION AND INCLUSION

APPROACH

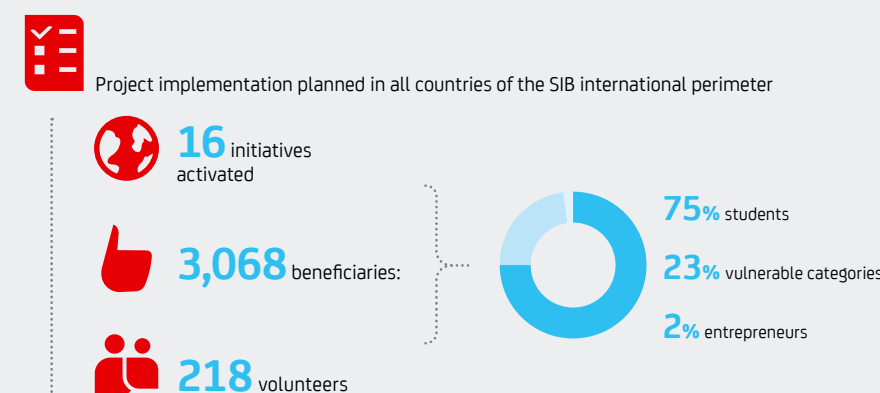
We promote financial awareness initiatives to support early-stage micro-businesses and social enterprises, as well as encourage the development of a financial and business culture among certain vulnerable segments of the population, especially young people and people at risk of social exclusion.

ACHIEVEMENTS

Italy:



International:



STORIES THAT MATTER

Italy

Launched in the school year 2017-2018, the Start Up Your Life programme offers financial education, entrepreneurial education and orientation tools towards future studies and/or job. Contents are delivered by a dedicated online platform and are enriched by class training provided by bank or volunteer trainers as well as by speeches of entrepreneurs and top managers. Every year the schools that worked on project activities are invited to participate in a national contest; in 2019 we awarded 12 schools at an award ceremony organised at UniCredit Milan headquarters where the Italy Co-CEOs and other senior managers hosted 120 students and teachers.

Germany

Significant financial education initiatives are carried out in partnership with Joblinge (a collaboration of the private, public and volunteer sectors to better prepare disadvantaged young people for the job market). During a 6-month programme young people can prove themselves and their skills in a real-life context, far from school grades and conventional job interviews. SIB offers workshops on financial education; in 2019, after successful training sessions with positive feedback, these workshops have now become an integral part of the regular Joblinge programme in 13 German cities.

Intellectual Capital

We are investing in our information and communications technology (ICT) systems, our internal processes and our ability to innovate in order to transform UniCredit's operating model and provide a better customer experience.

OUR STOCKS OF CAPITAL



RESULTS

- Successful finalisation of *Transform 2019* ICT infrastructure rationalisation objectives
- Dematerialization of all cashier desk transactions in Italy
- Rollout of single mobile banking app in Italy and Germany, with Austria to follow in 2020

COMMUNITY IMPACTS



TARGETS

- 60 percent digital banking users amongst individuals customers by 2023
- Progressive rollout of our *Paperless Bank* programme across our geographies by 2023

Advance digitally with customer-centric focus

Robust and secure ICT structures have always been fundamental to the efficacy of our processes and the advancement of our service model. Investing in these measures is core to our new *Team 23* strategic plan¹ which is strongly focused on migration towards direct, digital channels, for example aiming for 60 percent digital users across our individuals customer base by 2023. During the course of the strategic plan we will be committing on average €900 million per annum to IT improvements.

Stepping up our ICT

We successfully finalised our *Transform 2019* strategic plan objectives to rationalise and consolidate our IT architecture and infrastructure, harmonising across geographies and business areas.

**Actions undertaken in the period of the plan include the decommissioning of:**

 over **1,700** servers

 more than **1,500** applications

We also accelerated our cloud adoption journey which included setting up a private cloud farm on premises running over 4,000 virtual desktops for developers, supporting quicker turnaround of ICT solutions.

Feedback collected through our Internal Service Quality (ISQ) survey regarding IT services has been instrumental to identifying areas of improvement within our processes. In 2019 the percentage of satisfied respondents to the survey improved by 8 percent versus 2018, following the positive trend recorded the previous year. Moreover, we achieved an approximate 40 percent reduction in ICT major incident occurrences in 2019 versus 2018, thanks to streamlining processes and increasing resilience.

Applying innovative ways of working to our ICT set up is also beneficial. In 2019 we initiated productive application of our *Development and Operations* (DevOps) project capabilities, which leverages

streamlined collaboration between software development and operations, and automation, to facilitate the delivery of high quality, timely and effective ICT solutions.

A central pillar of UniCredit's digital transformation is our mobile banking channel which we target as a best-in-class customer experience. In 2019 we successfully converged our Italian and German mobile banking applications into a single global app which was rolled out to local retail customers, with Austria to follow in the first half of 2020. This has not only achieved a more user-friendly, seamless banking experience and universal app enhancements across these countries including pre and post sales products and services such as instalment payments, but has also secured important ICT synergies in the spirit of *One Bank, One UniCredit*.

Our mobile leadership drive in Central and Eastern Europe (CEE) also progressed with our *Mobile First* project. We applied an innovative front-end development framework comprising state-of-the-art technologies and extended the ICT architecture to accommodate increasing user volumes and best manage operational risk whilst preserving quality and reducing time-to-market of releases. Technology from Meniga², a best-in-class digital banking fintech, was also integrated, enabling more data-driven, client-tailored content. With 154 functionalities available in 9 CEE countries, such as card management and spending analytics, the *Mobile First* app provides a modern customer experience whilst simplifying everyday banking.

In 2019 we also instated our Group Chief Information Office and Group Chief Security Office, previously a single function, and established the role of General Manager of UniCredit Services, our global services company. These organisational changes are important enablers of success in meeting our ICT and ICT security objectives, strengthening execution and control. Furthermore, we are investing in skills development, establishing dedicated training paths for competencies which are essential to advancing our efforts in these areas.³

Fortifying our ICT security

Cyber-crime is a growing concern for the financial sector and beyond, requiring a high level of presidium to protect client and company data and assets.⁴

MATERIAL TOPICS



Material topics

- **INNOVATION FOR CUSTOMER**
Digitalization and innovation
Value to customer
- **LEAN AND SOLID BANK**
Bank solidity
Lean and transparent organization
- **PEOPLE DEVELOPMENT**
Employees' development
Diversity and inclusion
- **ETHICS**
Fair business behavior
Business ethics
- **SYSTEMIC TRENDS**
Cyber security
Climate change
Demographic change
- **POSITIVE IMPACT ON SOCIETY**
Positive impact on society

1. Refer to the Strategic Plan chapter for more information.
2. Refer to the 2018 Integrated Report for more information.
3. Refer to the Human Capital chapter for more information.
4. Refer to the Risk Management and Compliance chapter for more information.

Our cyber security strategy centres on a continuous improvement model and a dedicated process and policy framework so as to respond effectively to the dynamism of the threat landscape and evolving regulatory requirements. Furthermore, it is cyclically monitored both internally and through third party assessments.

Over 400 full-time equivalents (FTEs) are dedicated to ICT security activities and operations, marking an increase versus 2018. Prevention and risk mitigation initiatives undertaken in 2019 included a new antivirus solution to tackle advanced endpoint (e.g. laptops) threats, and reinforcing protection measures against sensitive data exfiltration. Furthermore, we implemented an enhanced user behaviour analysis solution to strengthen the effectiveness of alarms, and optimised monitoring and detection of specific threats. An automated security risk assessment solution for repositories was also applied.

We also focused on alignment with regulatory requirements. These activities included enhancing our SWIFT infrastructure to meet new Customer Security Programme requirements, and implementing new strong customer authentication measures for online and mobile channels requiring either a onetime password or biometric identification, in line with Payment Services Directive 2 (PSD2) obligations.

Employee awareness of cyber security risks is key. In 2019 about 39,000 hours of dedicated training were provided Group-wide (of which over 9,000 in Italy) and we intensified knowledge sharing through our Group intranet portal, including 9 educational videos. We also ran a phishing simulation campaign involving around 36,000 employees in UniCredit SpA.

The aforementioned measures, together with other actions, aim at reducing the likelihood and impacts arising from cyber-attacks and ensuring that they are governed effectively. For example, upon detection in 2019 we immediately investigated, reported and managed an incident involving a file generated in 2015 containing a limited set of personal details within the Italian perimeter. No information permitting access to customer accounts or unauthorised transactions was lost.⁵

Going forward, our *Team 23* strategic plan includes further investments in reinforcing identity and access management, third party services, cloud security and cyber security culture, amongst other priorities.

5. Refer to the UniCredit press release from 28 October 2019 for more information.
6. Refer to the Strategic Plan chapter for more information.
7. Refer to <http://www.conservatree.com/Learn/EnviroIssues/TreeStats.shtml> for more information regarding the method of calculation.
8. Refer to the Natural Capital chapter for more information.

Optimise processes and services

Continued investments in process improvements enable us to be more efficient, to the benefit of our clients.

Our *Paperless Bank* programme⁶ plays a fundamental role in our new strategic plan which envisages transformation to a digital operating model, leveraging straight-through processing opportunities in particular. Through its deployment our clients will benefit from an improved customer experience thanks to the convergence of traditional in-branch transactions to simpler and quicker digital solutions and products. Moreover, in-branch processes will be significantly optimised through complete dematerialisation of documents, reducing operational risk and increasing efficiency.

In 2019 we finalised dematerialisation of cashier desk transactions in our Italian branches. All such transactions can now be digitally signed. In addition to transactions, almost 50 percent of other in-branch documents for individuals customers were digitally signed in 2019. Our Austrian and German branches are at an advanced stage in the dematerialisation of cashier desk transactions and dematerialisation activities have also begun in the CEE region. These changes marked a saving in excess of 130 million sheets of paper across our network, equal to approximately 15,000 trees,⁷ and will support our environmental sustainability goals as the programme progresses.⁸

Our *Best Practice Sharing and Convergence* programme works to identify and replicate internal best practices, fostering best-in-class processes and accelerating progress. Best practices in strategic areas of our business, such as customer experience and our *Paperless Bank* programme, are identified through a rigorous benchmarking process. They are subsequently documented in explanatory videos and a virtual library so as to share knowledge across the Group. To date, results of the programme include:

 ~50 best practices identified out of 250 initiatives collected

 ~70 local best practices replicated either fully or partially, in other banks of the Group

In 2019 communities of practice were introduced, promoting practice sharing as expertise and fostering cross-team cooperation. The Global Data Science community is an example.⁹ Its roughly 500 members members share experiences, practices and real use cases, collectively learning and developing across key Group initiatives.

We apply data science in our *Advanced Analytics Lab* (AALab) programme. Leveraging big data architecture and data analytics, the programme has the objective of boosting business decision-making processes through the use of data. More specifically, it aims to enhance our relationship with our clients, support risk presidium and overall controls, and improve efficiency. The *AALab*, involving cross-functional virtual teams, utilises a centralised big data platform permitting data to be acquired from multiple sources and transformed through to final analytics. It is currently working on about 20 use cases, advising on and supporting areas such as sales effectiveness, credit risk detection and process efficiencies.

Transform by innovating

We are committed to developing cutting-edge solutions to provide an innovative and competitive service.

Our Group Transformation Office coordinates our activities in the field of innovation, supporting strategic decision-making and the definition of Group-wide priorities. Moreover, it scouts innovative solutions and monitors their implementation.

The identification and evaluation of innovative ideas and solutions is supported by the Group Transformation and Innovation Advisory Board (TIAB).¹⁰ Acting as both advisor and challenger, the TIAB reviews key transformational and innovation-related initiatives from across the Group regarding critical topics such as data analytics, fintech collaboration and innovation management. Its members include external experts in areas such as security and risk mitigation, fintech ecosystems and consumer trends, alongside UniCredit's senior leaders.

9. Launched jointly with *Advanced Analytics Lab* in September 2019.
10. Refer to the 2018 Integrated Report for more information.

The TIAB met 3 times in 2019 to discuss our new data strategy and customer experience model, amongst other topics.

We maintain a high focus on fintechs, leveraging new technologies to enhance our processes and customer offering. To facilitate scouting and testing of fintech solutions, in 2019 UniCredit established a partnership with Plug and Play, a global innovation platform bringing together start-ups and corporations from main market sectors. A number of pilot initiatives were launched as a result in areas such as our customer offering for small and medium enterprises (SMEs), client onboarding and regulatory compliance technology. Moreover, as a member of Plug and Play's Frankfurt and Milan Hubs, thereby in two of our core markets, we are well placed to act as innovation partner for our clients including corporates and SMEs, connecting them to the Plug and Play ecosystem through tailored initiatives.

In 2019 *buddybank*, UniCredit's new banking model designed exclusively for smartphones available in Italy, released the first personal loan service designed exclusively for mobile users. Simplification of the product concept and full digitalisation of the underlying processes allows customers instant and complete access to the offer. Through the app customers can independently manage all phases of the product purchase, including plan simulation, providing necessary documentation and activating the loan, as well as accessing post-sales services.

We also significantly innovated payment services through cooperation with traditional partners (Mastercard) and Big Techs. Customers in a number of countries are now able to use UniCredit cards in conjunction with Apple Pay, Google Pay and Alipay and further rollouts are in the pipeline.

Our activities in 2019 to fulfil PSD2 regulatory requirements included implementing measures for certified Third Party Providers (TPPs) to access accounts upon customer authorisation. At the same time, we seized PSD2 provisions as an opportunity to innovate our services so as to meet clients' changing needs, initiating development of multibanking functionalities. Once completed, our clients will be able to aggregate accounts held in other banks and make third party payments directly from our channels, simplifying the customer experience.

MATERIAL TOPICS



Material topics



INNOVATION FOR CUSTOMER

Digitalization and innovation
Value to customer



LEAN AND SOLID BANK

Bank solidity
Lean and transparent organization



PEOPLE DEVELOPMENT

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Diversity and inclusion



ETHICS

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Business ethics



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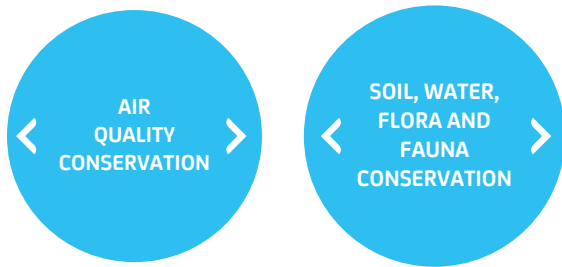
POSITIVE IMPACT ON SOCIETY

Positive impact on society

Natural Capital

The Earth's natural resources and the countless services they provide make human life possible. The bank's activities have an impact on natural capital and must therefore be monitored and limited.

OUR STOCKS OF CAPITAL



RESULTS

- **€6.9 billion** exposure to the renewable energy sector
- **-55%** in Scope 1 and 2 emissions since the base year
- **€ 707 million** energy efficiency outstanding loans to Western Europe SME
- joint bookrunner in **29 green bond issues**

COMMUNITY IMPACTS



TARGETS

- -80% GHG emissions by 2030
- 25% increase in exposure to renewable energy sector by 2023
- 34% increase in energy efficiency loans to Western Europe SMEs by 2023
- Achieve Top 5 league table position in EMEA combined Green Bonds and ESG-linked loans

Execute an effective environmental strategy

UniCredit is committed to protecting natural capital. Sustainability has been fully integrated into our new strategic plan *Team 23*. As natural capital underpins a more equitable and just society, green finance has correctly been defined by the EU as finance to support economic growth while reducing pressures on the environment and taking social and governance aspects into account. Accordingly, instruments originally meant to serve green goals, have recently been designed to cover a broader Environmental, Social and Governance (ESG) boundary which we present within the natural capital context.

UniCredit aims to play a central role in facilitating the transition to a more sustainable economy and sees sustainable finance as a mean to achieve this goal.

In this respect, UniCredit has set up a Sustainable Finance Advisory Team within the Corporate & Investment Banking Division. Combining sustainability expertise with capital markets capabilities, the new team aims to deepen client engagement on ESG related topics and facilitate their access to Europe's sustainable financing market. Furthermore, the team is advising clients on brown-to-green transition strategies whilst supporting the origination of ESG finance mandates with corporates, financials and Sovereigns, Supranationals and Agencies (SSAs) across the value chain.

The Sustainable Finance Advisory Team is also responsible for ensuring that relevant transactions in the Group comply with the Equator Principles, the financial industry benchmark for determining, assessing and managing environmental and social risk in projects.¹

Promote business that supports natural capital

At UniCredit, we are always open to business opportunities that arise from the need to address environmental challenges.

Shifting to a low-carbon economy

As climate change is the key challenge of our time, we seek to address the issues it poses through a two-pronged approach: firstly by setting up quantitative targets aligning our portfolio to UN climate goals and secondly, with our commitment to reducing our operational emissions of greenhouse gases.

With the aim to supporting our clients in their shift to a low-carbon economy, in 2019 we endorsed the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations.²

Furthermore we are among the group of banks who agreed on road testing the Paris Agreement Capital Transition Assessment (PACTA) methodology developed by 2^o Investing Initiative (2^oii).³ The project will match economic assets with unlisted financial assets in order to verify the alignment of our lending portfolio to the Paris Agreement reference trajectory, setting the basis for a 2°C scenario analysis as recommended by the TCFD. With regard to climate-related sectors, we issued a new policy on Arctic and Non-Conventional Oil & Gas Industry Sector and we improved our policy in the coal sector.⁴

Supporting renewable energy sources

We are continuing to invest in renewable energy sources. As at December 2019, our portfolio of renewable energy projects was valued at €6.9 billion.⁵ Overall, the largest portion of our financing for renewable projects goes to photovoltaic plants, with a share of 51 percent. Wind energy comprises 38 percent of the portfolio with other renewable energy sources making up the remaining 11 percent.

MATERIAL TOPICS



Material topics



INNOVATION FOR CUSTOMER

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Value to customer



LEAN AND SOLID BANK

Bank solidity
Lean and transparent organization



PEOPLE DEVELOPMENT

Employees' development
Diversity and inclusion



ETHICS

Fair business behavior
Business ethics



SYSTEMIC TRENDS

Cyber security
Climate change
Demographic change

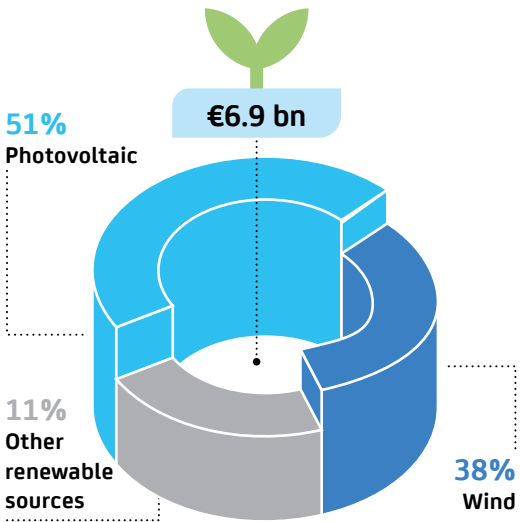


POSITIVE IMPACT ON SOCIETY

Positive impact on society

1. Refer to the Supplement – Risk Management and Compliance section for more information.
2. Refer to the TCFD section for more information.
3. The 2^o Investing Initiative (2^oii) is the global think tank for developing climate and long-term risk metrics and related policy options in financial markets.
4. Refer to the Risk Management and Compliance chapter for more information.
5. Expressed in terms of Exposure at Default. The significant decrease compared to 2018 is mainly due to the absence of the contribution of Yapı ve Kredi Bankası AŞ following the reduction of UniCredit stake in the company.

Renewable energy portfolio, 2019



In our new strategic plan *Team 23*, we have committed to increasing our exposure to the renewable energy sector by 25 percent by 2023 (to greater than €9 billion).

Promoting sustainable financial instruments

UniCredit, lead manager of the first ever green bond, continues to play a central role in this fast developing market. In 2019 we acted as joint bookrunner in 29 issues for an overall placement of €22 billion. Over the year, we also saw growing demand for green and sustainability-linked loans and credit facilities. UniCredit played a bookrunner role in a total of 20 transactions for an overall amount of roughly €31 billion. As clearly stated in our new strategic plan *Team 23*, we aim to achieve Top 5 league table position in EMEA (Europe, Middle East, and Africa) combined Green Bonds and ESG-linked loans.

Financing energy efficiency

As at 2019, our loans to SMEs through subsidised programmes in Western Europe (WEU) amounted to €707 million, while to individuals to more than €1 billion.

UniCredit's commitment to EU energy efficiency targets is also demonstrated by its engagement with industry initiatives. One such initiative is the Energy Efficient Mortgages Initiative (EEMI), promoted by

the European Covered Bond Council (ECBC) and the European Mortgage Federation (EMF), and funded via the European Commission's Horizon 2020 Programme. EEMI aims to deliver a standardised European framework and data collection architecture for energy-efficient mortgages with favourable financing conditions for energy-efficient buildings, energy-saving renovations and anti-seismic measures. In the Italian market, thanks also to the representative role on behalf of the Italian Banking Association (ABI) in the Steering Committee of ECBC, UniCredit is, together with the Italian representative of the EMF's Executive Committee, one of two coordinators for the Italian market hub. Such hub is attended, among others, by banks, insurance institutions, engineers, construction companies and utilities interested in energy requalification. Its leading position within the Italian market hub facilitated UniCredit in designing agreements and products addressed to energy requalification in Italy's buildings, already finalised in 2019. Unicredit is one of the 52 lending institutions participating in the pilot phase launched in June 2018 in order to reach the definition of green mortgage,⁶ achieved during 2019. We are also one of the founders of Energy Efficiency Financial Institutions Group (EEFIG).⁷

Our strategic plan *Team 23* aims at increasing energy efficiency loans to customers, by 34 percent for Western Europe (WEU) SMEs and by 25 percent for WEU individuals, while in Central Eastern Europe (CEE) our target is at least 6 percent for new origination of energy efficiency loans.

• In 2019, UniCredit traded almost 200 tons of CO₂ valued at roughly €4.8 billion in the EU Emission Trading System market.

Reduce our environmental impact

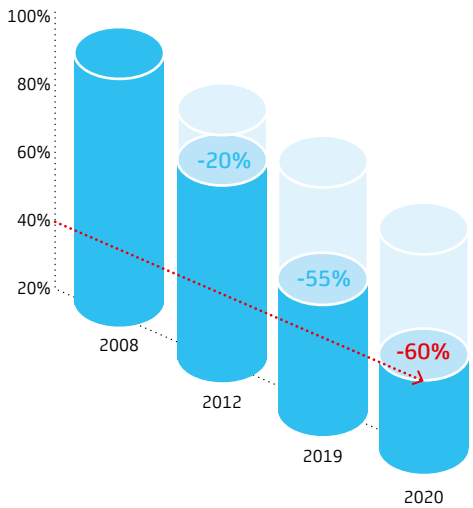
UniCredit's solid governance system guides its behaviour in favour of conserving natural capital, which is consistent with its commitment to prevent and mitigate any environmental impact of our operations and lending activities.⁸ Our Group holds ISO 14001 certification through UniCredit Bank Austria AG and UniCredit Bank Czech Republic and Slovakia. Furthermore, UniCredit SpA is registered under the EMAS Regulation.

Regarding our climate strategy, our two targets are short and long-term: the first is to reduce our carbon

6. Green mortgages are intended to finance the purchase/construction and/or renovation of both residential (single family & multi-family) and commercial buildings where there is evidence of: 1) energy performance which meets or exceeds relevant market best practice standards in line with current EU legislative requirements and/or (2) an improvement in energy performance of at least 30 percent.
7. Refer to <http://www.eefig.com/index.php> for more information.
8. Refer to the Risk Management and Compliance Chapter for more information.

emissions by 60 percent by 2020, while the longer term target is a reduction of 80 percent by 2030.⁹ In 2019, we achieved an overall reduction of 55 percent compared to our 2008 Scope 1 and 2 emissions.

GHG emissions trend



In 2019 we renewed our commitment to using new technologies to reduce the environmental footprint, costs and emissions of our operations. In 2019 we closed 82 branches as we further reduced our office space by 63,000 square meters in Western Europe. Since the launch of *Transform 2019*, we had recorded a reduction of our office space amounting to 352,000 square meters and the closure of 963 branches. We thereby surpassed our original *Transform 2019* plan objectives by 2 percent and 6 percent respectively. Our *Team 23* plan envisages a further reduction of the space we occupy.

• In 2019, in Austria we reduced our energy consumption by 55 percent versus 2018, especially thanks to spaces optimization¹⁰ and actions of energy efficiency.

Raising awareness on environmental impact

UniCredit launched an awareness campaign on environmental impact for all employees. All the colleagues joined this year's Global Week of Climate Action by working together on September 20 and coming up with over 1,200 ideas on how to protect our climate. These proposals ranged from recycling and waste management to mobility,

9. The Scope 2 component of Group GHG emission reduction targets refers to emissions calculated in accordance with the location-based method.
10. Refer to the 2018 Integrated Report for more information.
11. Refer to the Human Capital Chapter for more information.
12. More information is available at https://www.treedom.net/en/page/about_us.

energy efficiency, pollution prevention, eating habits and raising awareness further. UniCredit has appointed its Millennial Board¹¹ to oversee the comprehensive review and implementation of these initiatives.

During 2019 the *Plastic-free project* was launched. UniCredit is distributing re-usable metal drinking bottles across the Group to reduce plastic bottles use. All single-use plastic used in break areas and canteens will be removed from all UniCredit buildings by 2023. These actions will bring a reduction of approximately 7 million plastic bottles per year in Italy alone, saving about 500 tons of CO₂. Furthermore, thanks to the purchase of 40,000 carbon neutral certified bottles, about 400 trees will be planted through the partnership with Treedom,¹² an online platform which allows to choose a tree and follow its plantation.

Increasing energy efficiency

One of our main initiatives to reduce energy consumption is making UniCredit's premises more energy-efficient thanks to the last years actions. Among the various methods used to monitor and manage UniCredit's energy consumption in Italy, we have installed centralised remote-controlled Heating, Ventilation, and Air Conditioning (HVAC) systems in about 1,000 branches and energy monitoring devices in 800 branches. In particular, the former systems are used to remotely control and optimise HVAC operation and thermal comfort. Both systems detect energy consumption anomalies, which are transmitted to system providers to be resolved. Following European Directive 2012/27/EU on energy efficiency, during 2019 UniCredit completed the Energy Audit on 25 sites. This audit was aimed at identifying new energy efficiency interventions to improve the energy performance in our bulidings to be implemented during *Team 23*.

We are continuing to making our data centres more energy-efficient. Although they are subject to annual increases in use for IT-related activities, their cooling systems, new uninterruptible power supplies (UPSs) and overall engineering are designed to avoid any increase in energy consumption even as they meet heavier demand. In 2019 the recorded power consumption at our

MATERIAL TOPICS



Material topics



INNOVATION FOR CUSTOMER
Digitalization and innovation
Value to customer



LEAN AND SOLID BANK
Bank solidity
Lean and transparent organization



PEOPLE DEVELOPMENT
Employees' development
Diversity and inclusion



ETHICS
Fair business behavior
Business ethics

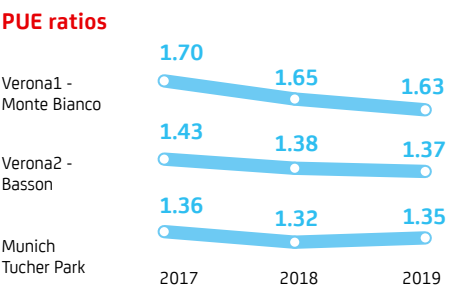


SYSTEMIC TRENDS
Cyber security
Climate change
Demografic change



POSITIVE IMPACT ON SOCIETY
Positive impact on society

2 data centres in Verona was in fact 20.7 million kWh and 15.1 million kWh respectively, which puts the performance of our UPSs at the top of the efficiency curve, resulting in a slightly lower consumption than the previous year. Activities for further savings are already planned for 2020. Data centre's power usage effectiveness (PUE) ratio are shown below.¹³



UniCredit believes the use of **renewable energy** is vital for tackling global climate change. In 2019 nearly all of the electricity purchased in Italy, Germany and Austria came from renewable energy sources: 100 percent in Italy, 100 percent in Germany and 92 percent in Austria. At Group level renewable sources represent 81 percent of total electricity consumption. UniCredit commits that all electricity consumption in buildings in Italy, Germany and Austria will come from renewable sources by 2023.

Managing mobility

We are continuing to promote smart solutions that enable remote meetings. Desktop video communication tools are available for all branch managers and, in some countries such as Austria and Russia, for all staff. All employees at UniCredit headquarters have access to video conference facilities and state-of-the-art video technology has been widely adopted for online meetings.

Our Group travel policy encourages the use of public transport. For example, the train is always recommended as opposed to the aeroplane. During 2019 we were able to reduce travel costs by 3 percent compared to previous year.

Cars assigned for business and personal use are subject to strict rules in Italy. Cars must be in line with or exceed the European emission standards protocol in force. Spiders, convertibles, coupés, pick-ups and sports cars are not allowed. A pilot project was launched in 2019 for the E-charging stations across some Italian Head Offices.

The pilot project included a gradual replacement of traditional fuel cars with new electric and hybrid vehicles and the installation of charging stations to be used for corporate cars.

According to our data, the widespread adoption of flexible working solutions in Italy has saved over 5 million km in employee commuter travel over the 4 years since their inception.

FOCUS
Mobility management Austria

The new Climate Protection with Business Trips, Vehicle Fleets & Co. report by the environmental organisation Greenpeace has carefully examined business trips and work routes within the Austrian financial sector. Bank Austria is positively highlighted in this relationship, among other aspects, for logistics and the general organisation of its new headquarters. In fact, Austria Campus is a best practice model owing to its many eco-friendly solutions:

- optimal connection with public transport
- filling stations for electric vehicles in parking lots
- concept that promotes work from home
- numerous parking spaces for bicycles.

Bank Austria is also sending a strong signal on the subject of business travel. In fact, out of all the financial institutions of the Report, it achieved the highest reduction in the number of business trips, equal to three quarters of journeys in the period 2008-2018, a result which even exceeded the target set. In the same period total CO₂ emissions fell by about 65 percent, a goal Bank Austria achieved by declaring rail transport - provided connections are available - the compulsory means of transport within Austria for employee business trips.

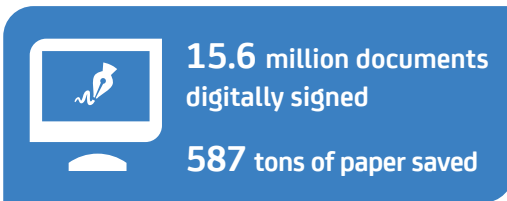
Cutting consumption

By reducing consumption of materials, we can increase our overall sustainability. A prime area for reduction is the use of paper which we can limit by making greater use of digitalised processes and services.¹⁴

Our *Centralised Document Dematerialisation* (CDD) project aims to make handling branch documents more efficient and secure by developing a management process based on a new IT platform. The project is based on scanning and digitally storing contract documents and transaction confirmations in order to create a highly automated data system.

This process began with a pilot phase in January 2017 which digitalised selected contracts. It is in place for all branch finance documents (e.g. deposit forms and government bonds purchases). As at 2019, the CDD securely stored almost 26 million documents. The CDD is further supported by *FirmaMia*¹⁵ which our customers can use to digitally sign their routine in-branch documents.

FirmaMia 2019



In alignment with our *Team 23* plan targets, the Italian retail network will be paperless by the second half of 2020, for what concerns key products Austria and Germany will be paperless by 2021 and CEE by 2023.

14. Refer to the Intellectual Capital chapter for more information.
15. Refer to the 2015 Integrated Report for more information.

Sourcing responsibly

UniCredit's suppliers must meet certain minimum sustainability requirements and are selected according to the standards of the International Labour Organisation (ILO) relating to fundamental human rights, child labour, freedom of association, working conditions, equal pay, health and safety and business ethics. Suppliers must also comply with the standards set out in our Environmental Policy.

MATERIAL TOPICS



Material topics



INNOVATION FOR CUSTOMER

Digitalization and innovation
Value to customer



LEAN AND SOLID BANK

Bank solidity
Lean and transparent organization



PEOPLE DEVELOPMENT

Employees' development
Diversity and inclusion



ETHICS

Fair business behavior
Business ethics



SYSTEMIC TRENDS

Cyber security
Climate change
Demographic change



POSITIVE IMPACT ON SOCIETY

Positive impact on society

13. The ratio of total power used by the data centre to the power used for IT processing.

Task Force on Climate-related Financial Disclosures (TCFD)

Sustainability matters to us and we consider it a key lever for our future business strategies and an essential component of our bank’s success. For this reason since November 2019 we have supported the recommendations of the TCFD, created by the Financial Stability Board (FSB), which aims at developing voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to stakeholders.



“Sustainability is part of our Group’s DNA and a key component of our business model. UniCredit is committed to protecting our natural capital, including the environment. Every company has to do more than ‘business as usual’ - it is now the time to act and make an impact. Building a sustainable future is an important challenge for both people and businesses. These new measures are part of our wider sustainability strategy, to make sure that we always: Do the right thing!”

Jean Pierre Mustier, UniCredit Group CEO

Governance

For several years now UniCredit has been working on Environmental, Social and Governance (ESG) topics and has made significant investments in terms of managerial attention to them, especially in the field of governance.

As with ESG issues at large, climate change is dealt with by a dedicated Board committee created in 2016 and in charge of ESG topics.

The inclusion of sustainability amongst the duties of the Corporate Governance and Nomination Committee determined the new name Corporate Governance, Nomination and Sustainability (CGN&S) Committee. In particular, it discusses sustainability strategy and achievements which are overseen by the Board of Directors.

This decision responds to the need to raise the level of responsibility on the topic and make it more effective and integrated in the overall corporate strategy. The Executive Management Committee (EMC), chaired by the CEO, is the highest managerial committee appointed by the Board which comprises representatives from key business functions and divisions. It ensures the effective steering, coordination and control of Group business as well as the successful alignment of the parent company with the different businesses and geographies regarding strategic topics including environmental issues concerning the Group.

The EMC thereby presides over, and is directly responsible for climate change topics.¹

Climate-related issues are scheduled in the agenda of at least three meetings of the CGN&S Committee every year.

1. Refer to Governance Chapter for more information.

MATERIAL TOPICS



The Head of Group Institutional Affairs and Sustainability presents specific topics to the CGN&S Committee after sharing the contents with the CEO and reports on implementation progress.

A great effort was dedicated to the preparation of the Team 23 strategic plan, as 2019 was the final year of the former plan *Transform 2019*. During this process climate change was an important part of the discussion.

In fact, starting with the requirements of the CGN&S Committee and the Board of Directors, our senior management team was focused on further integrating sustainability topics into the business strategies of our Group.

Group Risk Management, Retail and Corporate Business lines both in Western Europe and Central & Eastern Europe (CEE), Corporate & Investment Banking (CIB), Investor Relations, Internal Communications, Media Relations and of course Group Sustainability and Foundation are all involved in the definition of a coherent strategy to fight climate change and develop appropriate indicators to be tracked over time under the oversight of the CGN&S.

The process is closely followed by the senior managers responsible for each function and involved in a series of meetings to examine the current state of affairs, steer decisions and organise updates which are then discussed in the EMC during the CEO Jour Fixe (the periodic update involving the CEO and his first line of reporting) and presented to the CGN&S for their review.

The CGN&S is also responsible for monitoring and overseeing progress of the goals and targets set according to the process above.

Material topics



INNOVATION FOR CUSTOMER
Digitalization and innovation
Value to customer



LEAN AND SOLID BANK
Bank solidity
Lean and transparent organization



PEOPLE DEVELOPMENT
Employees' development
Diversity and inclusion



ETHICS
Fair business behavior
Business ethics



SYSTEMIC TRENDS
Cyber security
Climate change
Demographic change



POSITIVE IMPACT ON SOCIETY
Positive impact on society

Strategy

Last November 2019 UniCredit announced a set of sustainability targets embedding several commitments on climate change.

Climate change poses significant threats to the sustainability of our business.

Shifts in consumers' preferences towards climate-friendly products could affect our strategy and imply financial stress for our customers, both in terms of turnover and additional costs to align their products with such shifts. Furthermore, our customers may be obliged to incur additional expenses to implement new technologies compliant with arising regulations. For this reason we are partnering with our customers in the shift to a low-carbon, climate-resilient economy, in particular through:

- setting a more stringent framework for fossil fuel financing
- increase of renewable energy sector exposure
- increasing energy efficiency loans to customers.

The strong commitment to partnering with clients is also demonstrated through the nomination of a new Sustainable Finance Advisory Team within our CIB division which combines sustainability expertise with capital markets execution to deepen client dialogue on ESG topics and facilitate their access to Europe's green financing market.

UniCredit is working with all its team members and the banking industry to make sure that banks always: Do the right thing, also for the environment.

As a first step towards performing a proper scenario analysis, UniCredit is partnering with the global think tank 2° Investment Initiative (2°ii) in road-testing their Paris Agreement Capital Transition Assessment (PACTA) methodology in a pool of 17 international banks. Originally developed to assess the exposure of both equity and bond portfolios to transition technologies across key sectors, a research programme to expand the model to the banks' corporate lending portfolios has been launched by 2°ii .

The road-testing of the PACTA methodology will start in the first quarter of 2020 to be completed by the first half of 2020.

The methodology allows banks to study the alignment of their portfolios with climate benchmarks. The use of asset-level databases allows the matching of economic assets with unlisted financial assets. This will enable participating banks to overcome the data challenge for large lending portfolios associated with non-listed counterparties and other counterparties for which climate-related data is not readily available in a homogenous and low-cost way.

Any misalignments will be represented at sector, technologies and counterpart level and road-testing banks will be able to leverage the methodology for reporting and steering potential capital misallocation, in order to be aligned with the 2°C goal of the Paris Agreement. The underlying matching software and calibration for matching instruments will be made publicly available at the end of the project.

UniCredit has committed to fully exit thermal coal mining and cease support to coal-fired power generation projects by 2023.

A new coal policy was approved and published in November 2019 which prohibits new projects in thermal coal mining and coal-fired power generation and imposes strict commitments in terms of reducing reliance on coal for corporate customers.

The Global Policy foresees specific criteria for completing a reputational risk assessment, depending on the transaction characteristics (projects versus general financing, new projects or clients versus projects or clients already in our portfolio, coal-fired power plants versus thermal coal mines) and based on required evaluations of specific environmental standards and thresholds (e.g. compliance with environmental standards and objectives of the project, level of reliance on coal-fired power generation and existence of plans to reduce such reliance, percentage of revenues coming from mining activity and existence of a strategy to reduce such percentage).

The Global Policy is applicable in all countries and provides guidelines with reference to:

- financing of coal sector projects lending or other forms of financial assistance with a disclosed use of proceeds in supporting projects related to Coal-Fired Power Plants (CFPPs) or thermal coal mines, including coal trade finance transactions, also covering additional cross-sell that is connected to coal trading, shipment and storage
- general financing, advisory services, or other forms of financial assistance (corporate loans) where the associated purpose is not directly linked to a coal-fired power plant/project or to a thermal coal mine.

The Policy provides restrictive guidelines on:

- 1.Coal sector projects
 - a. no new projects will be financed
 - b. projects already existing in our portfolio will not receive new financing or the provision of new financial services.All existing contractual commitments will be honored until maturity, i.e. UniCredit Group will gradually let existing projects phase out on the basis of the existing contractual obligations.

- 2.General financing, advisory services, or other forms of financial assistance for Coal-Fired Power Generation (CFPG) companies:
 - a. criteria for onboarding new clients: the Group can engage with new clients only if their current coal capacity is lower than 30 percent and they have a clear strategy to reduce reliance on CFPG to less than 5 percent by 2025
 - b. as far as existing clients are concerned:
 - if their current installed coal power capacity is higher than 30 percent, the Group requires that clients clearly commit to reducing their share of installed coal power capacity at least in line with Nationally Determined Contributions (NDC) of the country in which their operations are located
 - if their current installed coal power capacity is lower than 30 percent, the Group requires an annual update on commitments to reduce the clients' share in future years.

- 3.General financing, advisory services, or other forms of financial assistance for thermal coal mining companies:
 - a. criteria for onboarding new clients: the Group can engage with new clients only if their revenues from thermal coal mining are lower than 25 percent and in any case a critical case by case assessment must be performed. Financial support can be granted only if clients have a reasonable strategy to diversify their profile
 - b. as far as existing clients are concerned, the business relationship can continue if their revenues from thermal coal mining are lower than 25 percent and they have in place a reasonable strategy to diversify their profile.

- 4.Other companies involved in the coal sector will be also evaluated. If more than 30 percent of the revenues of these companies (e.g. suppliers) are connected to coal-fired power generation/ thermal coal mines, the Group will verify that the client has a reasonable strategy to diversify in place.

If the above-mentioned criteria on existing clients are not met, UniCredit will gradually phase out of the relationship.

In order to strengthen our approach on fossil fuels, also a policy covering the Oil and Gas (O&G) sector has been approved and published in November 2019. It identifies the Arctic and Non-Conventional O&G (NCOG) industry sector and defines the rules for the reputational risk assessment.

The Arctic Oil & Gas activities are defined as the extraction of Oil and/or Gas performed in the region inside the Arctic Circle (66.5 degrees North of the Equator). The financing to extraction activities in the Arctic region is strongly limited; in particular, the Group considers on-shore and off-shore extraction of oil and off-shore extraction of gas as environmentally critical Arctic activities.

MATERIAL
TOPICS



Material topics



INNOVATION FOR CUSTOMER

Digitalization and innovation
Value to customer



LEAN AND SOLID BANK

Bank solidity
Lean and transparent organization



PEOPLE DEVELOPMENT

Employees' development
Diversity and inclusion



ETHICS

Fair business behavior
Business ethics



SYSTEMIC TRENDS

Cyber security
Climate change
Demografic change



POSITIVE IMPACT ON SOCIETY

Positive impact on society

The following extraction activities are all part of the NCOG sector:

- tar sands O&G
- ultra-deep water O&G (more than 1,500 metres or 5,000 feet)
- fracked/shale O&G

In addition, Liquefied Natural Gas (LNG) is also considered a non-conventional treatment if derived from the non-conventional extractions reported above, including “critical Arctic” activities.

• The Global Policy also imposes strict commitments in order to discipline corporate financing activities.

The Policy is applicable in all countries and provides guidelines with reference to:

- financing, lending or other forms of financial assistance to critical Arctic and NCOG projects with a disclosed use of proceeds in supporting projects related to extraction, pipeline construction and infrastructure set-up in both sectors
- general financing, advisory services, or other forms of financial assistance (corporate loans) to companies involved in the critical Arctic and NCOG business.

The Global Policy does not support:

- projects related to extraction of Oil & Gas in critical Arctic and NCOG sector
- projects related to pipelines and other infrastructures solely related to critical Arctic and NCOG sector
- projects related to production of Liquefied Natural Gas when solely related to critical Arctic and NCOG sector.

The new Global Policy also provides the following restrictive guidelines:

- General financing, advisory services or other forms of financial assistance to companies involved in the NCOG sub-sector:
 - criteria for onboarding new clients: the Group can engage with new clients only if the above-mentioned forbidden activities related to NCOG provide up to a maximum of 25 percent of the total revenues recorded in the year by the company, and that the above defined critical Arctic activities provide up to a maximum of 25 percent of total revenues
 - as far as existing clients are concerned, the relationship can continue if the above-mentioned forbidden activities related to NCOG provide up to a maximum of 25 percent of the total revenues recorded in the year by the company, and that the above defined critical Arctic activities provide up to a maximum of 25 percent of total revenues. If the quota of revenues related to the forbidden critical Arctic or NCOG activities is above the defined 25 percent threshold, the Group requires a sound plan and an annual update in which clients commit to reducing their share to below 25 percent in future years.

• In addition to introducing the above-mentioned policies governing fossil fuel expansion, UniCredit has gone one step further by committing to increase its exposure to the renewable energy sector by 25 percent by 2023 and to increase energy efficiency loans to customers.

Risk Management

With regard to climate change, both scientific evidence and an increasing stakeholder awareness of climate issues make UniCredit’s action a priority.

As a bank we are exposed both to physical and transition risks. These risks can take the form of significant credit, market, operational, and reputational risks. At present the potential impact on liquidity is not clearly understood. We are in the initial phase of our process to develop and test quantitative models to correctly measure climate risk and consequently embed it within our wider financial risk assessment.

• Together, these models call for the development of a bank-wide climate risk management framework. As a bank we tend to align our strategic horizon with the tenure of our lending activities.

In this respect, short-term is the time horizon considered for the repayment of a short-term loan (18 months), medium-term is considered, as is usual in the treasury market, up to 5 years and anything beyond is regarded as long-term. Based on this segmentation, climate-related risk can be regarded as medium to long-term risk.

• It is important to highlight that some quantitative indicators set as sustainability goals, embedded in our new *Team 23* strategic plan and comprehensive of climate risk monitoring, have been integrated into the Risk Appetite Framework (RAF) 2020 to monitor the achievement of the declared targets.

A very first step towards the achievement of this important aspiration was the setting up of a dedicated team within our Group Risk Management, responsible for the supervision and management of processes related to climate change risks and UniCredit’s approach to sensitive sectors.

MATERIAL TOPICS



The first activity put in place by the team focused on assessing the transition risk of listed companies in our CIB portfolio in order to effectively manage their environmental risk profile. Furthermore, a relevant methodology will be deployed for other corporate clusters.

With reference to physical risk, a preliminary analysis estimating the most important impacts connected to climate change risk has been initiated. In terms of risk assessment, it results mainly in impairment in value of collateral located in high climate risk zones and it could be related to chronic risk (i.e. rise in sea level) or acute risk (more frequent and severe extreme events such as river flooding, wildfire, storms).

The scope of the pilot study currently regards the estimation of the potential impact of rise in sea level on the value of individual mortgage collaterals located at Italian seacoast sites; once the methodology is consolidated, we will extend the analysis to other chronic physical risks (river flooding, wildfire, drought), also monitoring extreme events (acute risks) over time and integrating new info into our lending processes.

Moreover, during the year, thanks to the continuous cooperation between the business functions and the risk and lending functions, the firm commitment to sustainability has also been enriched, supported by clear targets for 2023 to address climate change related risks including:

- assisting customers towards the transition to a low-carbon emission and climate resilient economy
- improving our policies with regard to climate-related sectors (i.e. Arctic and NCOG, CFPG);
- strengthening our commitment to not supporting companies involved in the deforestation of rainforests.

Material topics



INNOVATION FOR CUSTOMER

Digitalization and innovation
Value to customer



LEAN AND SOLID BANK

Bank solidity
Lean and transparent organization



PEOPLE DEVELOPMENT

Employees' development
Diversity and inclusion



ETHICS

Fair business behavior
Business ethics



SYSTEMIC TRENDS

Cyber security
Climate change
Demografic change



POSITIVE IMPACT ON SOCIETY

Positive impact on society

Risk assessment in this case is related to the transition of companies' business models to a low-carbon economy, the risk being a loss of financial assets on exposure to companies potentially subject to environmental regulations if they are unable to repay debt.

In terms of piloting, we are analysing CIB listed companies sub-portfolio data (about 30 percent of the total in terms of EAD of given portfolio) while for remaining companies we are applying proxies based on sector and size of the company.

Once the methodology is developed, our target is to map the transition risk of our portfolio and the estimation of impact on credit indicators.

The process will naturally be extended to the rest of the portfolios embedding the check of the impact on earnings in the credit review.

Metrics and Targets

As already mentioned, understanding transmission mechanisms of potential misalignment to transition technology into financially measurable risk is still underway.

Therefore it is premature to set proper targets which could represent a safe haven portfolio composition.

However, as climate-related financial risk is a certainty, we have set some preliminary targets based on our overall sustainability strategy. In future TCFD disclosures we will track our progress in this field in alignment with best practice development and the industry standards as they materialise.

Our commitment to sustainability was presented by the CEO in a press conference and in a call dedicated to financial analysts and investors in the month of November 2019.²

This set of commitments and targets covering ESG topics is witnessing how sustainability is part of our Group's DNA and is fully integrated in our business strategies.

As such, it is recognised as a critical component of our bank's success in the medium term.

The set of targets to which UniCredit is committed also covers climate change issues, which is increasing also in terms of the materiality analysis both from a stakeholder and internal approach point of view.

This shows how our CEO and senior management are pushing on the enhancement of our bank's attitude to climate change.

While we are closely observing the development of industry methodologies to define synthetic metrics to measure portfolio decarbonisation in alignment with the Paris Agreement goals, we have also set specific targets which we will closely monitor over the years in accordance with the framework presented above.

Commitments and targets on climate change		
Commitment	Targets 2023 ^A	
COAL SECTOR POLICY		
No support for thermal coal ^B mining and coal fired power plants (CFPP) projects. Already exited thermal coal commodity trade finance (CTF) transactions	Phase out	Existing thermal coal ^B mining and CFPP projects
Strict limitations on corporate financing of thermal coal mining clients	New clients	New corporate clients only if thermal coal revenues <25%
Strict limitations on corporate financing of coal fired power generation (CFPG) clients	New clients	New corporate clients only if installed coal capacity ≤30% and ≤5% by 2025
ARCTIC AND NON CONVENTIONAL OIL AND GAS (NCOG)		
No support for Arctic Oil and offshore ^C Arctic Gas projects. Corporate financing only if revenues from such activities are <25%	No exposure to	- Oil projects in the Arctic Circle - Offshore gas projects in the Arctic Circle
Strong global limitations on non-conventional Oil & Gas (O&G) projects. Allow corporate financing only if revenues from such activities are <25%	No exposure to	- Tar sands projects - Shale O&G and related fracking projects - Ultra-deep water^D O&G projects - LNG^E from non-conventional gas^F projects
DEFORESTATION OF RAINFOREST		
No support for clients involved in the deforestation of rainforest	No exposure to	Deforestation of rainforest
ENERGY EFFICIENCY		
Energy efficiency loans to SMEs and to individuals in Western Europe	34% 25%	Increase of existing stock in Western Europe
New origination of energy efficiency loans to individuals and SMEs in CEE	>6%	Of CEE total loans originated
Increase support for renewable energy sector ^G to facilitate the transition to a lower carbon economy	25%	Increase renewable energy sector EAD, to more than €9bn
RANKING POSITION		
Be a strong partner for our customers in financing their environmentally sustainable projects	Top 5	Position in EMEA combined Green Bonds & ESG-linked loans ^H

A. Targets for 2023, unless stated otherwise.
B. Thermal coal is a grade of coal mainly used for power and heat generation, as opposed to metallurgical coal which is mainly used in steel production.
C. Offshore: above water. Onshore: on ground.
D. >1,500 meters below sea level.
E. Liquefied natural gas.
F. Offshore Arctic gas, shale gas and ultra-deep water gas.
G. Portfolios considered "Renewable Energy": biomass, hydro, photovoltaic, wind, combined heat and power, battery storage, energy from waste and other renewables as well as corporates predominantly operating renewable energy assets.
H. ESG Linked Loans = Green Loans, KPI-Linked loans, ESG-score Linked loans. Green Bonds = Green, Social and Sustainability bonds. Positioning to be assessed by looking at Loan Radar and Dealogic League Tables.

2. Refer to our website at <https://www.unicreditgroup.eu>.

MATERIAL TOPICS



Material topics



INNOVATION FOR CUSTOMER

Digitalization and innovation
Value to customer



LEAN AND SOLID BANK

Bank solidity
Lean and transparent organization



PEOPLE DEVELOPMENT

Employees' development
Diversity and inclusion



ETHICS

Fair business behavior
Business ethics



SYSTEMIC TRENDS

Cyber security
Climate change
Demographic change



POSITIVE IMPACT ON SOCIETY

Positive impact on society

GRI Content Index and UN Global Compact

GRI Content Index

The following table presents the GRI Content Index, as foreseen by the GRI Sustainability Reporting Standards.

GRI Standard	Disclosure	References	Notes and pages	Omissions
GRI 101: FOUNDATION (2016)				
GRI 102: GENERAL DISCLOSURES (2016)				
Organisational profile				
102-1	Name of the organisation		UniCredit SpA	
102-2	Activities, brands, products, and services	2019 Integrated Report	9; 32-33; 75-76; 80-83; 90	
		2019 Annual Reports and Accounts		
102-3	Location of headquarters		Piazza Gae Aulenti 3 - Tower A - 20154 Milano	
102-4	Location of operations	2019 Integrated Report	32-33	
102-5	Ownership and legal form	2019 Integrated Report	22	
		2019 Annual Reports and Accounts		
		2019 Report on Corporate Governance and Ownership Structure		
102-6	Markets served	2019 Integrated Report	32-33; 46	
102-7	Scale of the organisation	2019 Integrated Report	32-33; S.32	
102-8	Information on employees and other workers	2019 Integrated Report	S.32-S.33, S.35	
102-9	Supply chain	2019 Integrated Report	32-33, 93	
102-10	Significant changes to the organisation and its supply chain	2019 Integrated Report	2; 46-63; 89	
		2019 Annual Reports and Accounts		
102-11	Precautionary Principle or approach	2019 Integrated Report	24-27; 44; S.16-S.19	
102-12	External initiatives	2019 Integrated Report	2; 21; 25; 69; 75; 90; 93; S.10; S.16; S.24-S.25; S.49; S.52	
102-13	Membership of associations	2019 Integrated Report	S.4-S.7	
Strategy				
102-14	Statement from senior decision-maker	2019 Integrated Report	4-11	
102-15	Key impacts, risks, and opportunities	2019 Integrated Report	4-11; 15; 24-27; 40-45; 71; 80; 85-86; 89; 94-101; S.16-S.18; S.24-S.25	
Ethics and integrity				
102-16	Values, principles, standards, and norms of behavior	2019 Integrated Report	10; 14-17; 20; 28-29; 69; 92	
102-17	Mechanisms for advice and concerns about ethics	2019 Integrated Report	67; S.24; S.28-S.29	
Governance				
102-18	Governance structure	2019 Integrated Report	22-23; S.10-S.14	
		2019 Report on Corporate Governance and Ownership Structure		
102-19	Delegating Authority	2019 Integrated Report	22-23; 26; S.12	
		2019 Report on Corporate Governance and Ownership Structure		
102-20	Executive-level responsibility for economic, environmental and social topics	2019 Integrated Report	22-23; 26; S.12	
102-21	Consulting stakeholders on economic, environmental and social topics	2019 Integrated Report	23; 36-39; 72-74	

GRI Standard	Disclosure	References	Notes and pages	Omissions
102-22	Composition of the highest governance bodies and its committees	2019 Integrated Report	23	
		2019 Report on Corporate Governance and Ownership Structure		
102-23	Chair of the highest governance body	2019 Integrated Report	23	
		2019 Report on Corporate Governance and Ownership Structure		
102-24	Nominating and selecting the highest governance body	2019 Integrated Report	22; S.11-S.13	
		2019 Report on Corporate Governance and Ownership Structure		
102-25	Conflicts of interest	2019 Integrated Report	S.27	
		2019 Report on Corporate Governance and Ownership Structure		
102-26	Role of the highest governance body in setting purpose, values and strategy	2019 Integrated Report	23; 38-39; 57-59	
102-27	Collective knowledge of highest governance body	2019 Integrated Report	23; 38-39; S.13	
102-28	Evaluating the highest governance body's performance	2019 Integrated Report	S.13	
		2019 Report on Corporate Governance and Ownership Structure		
102-29	Identifying and managing economic, environmental and social impacts	2019 Integrated Report	23; 36-39; S.30-S.31	
		2019 Report on Corporate Governance and Ownership Structure		
102-30	Effectiveness of risk management	2019 Integrated Report	23-27; S.19-S.20	
		2019 Report on Corporate Governance and Ownership Structure		
102-31	Review of economic, environmental, and social topics	2019 Integrated Report	36-39	
		2019 Report on Corporate Governance and Ownership Structure		
102-32	Highest governance body's role in sustainability reporting	2019 Integrated Report	2	
		2019 Report on Corporate Governance and Ownership Structure		
102-33	Communicating critical concerns	2019 Integrated Report	22-23; 29; 59; 67; S.28-S.29	
		2019 Report on Corporate Governance and Ownership Structure		
102-35	Remuneration policies	2019 Integrated Report	23; S.15; Group Compensation Policy	
		2019 Report on Corporate Governance and Ownership Structure		
102-36	Process for determining remuneration	2019 Integrated Report	23; S.15; Group Compensation Policy	
		2019 Report on Corporate Governance and Ownership Structure		
102-37	Stakeholders' involvement in remuneration	2019 Integrated Report	23; S.15; Group Compensation Policy	
		2019 Report on Corporate Governance and Ownership Structure		
Stakeholder engagement				
102-40	List of stakeholder groups	2019 Integrated Report	37; 39; S.30-S.31	
102-41	Collective bargaining agreements	2019 Integrated Report	S.38	
102-42	Identifying and selecting stakeholders	2019 Integrated Report	36-37	
102-43	Approach to stakeholder engagement	2019 Integrated Report	36-37; 72-74; S.49-S.50	
102-44	Key topics and concerns raised	2019 Integrated Report	36-37; 72-74; S.49-S.50	

GRI Standard	Disclosure	References	Notes and pages	Omissions
Reporting Practice				
102-45	Entities included in the consolidated financial statements	2019 Integrated Report 2019 Annual Reports and Accounts	2 ^A Notes to the consolidated accounts - Part A - Accounting Policies; A.1 - General, Section 3 - Consolidation scope and methods	
102-46	Defining report content and topic Boundaries	2019 Integrated Report	2; 36-45; S.30-S.31	
102-47	List of material topics	2019 Integrated Report	36-37; 40-45; S.30-S.31	
102-48	Restatements of information	2019 Integrated Report	2	
102-49	Changes in reporting	2019 Integrated Report	36-39; S.30-S.31	
102-50	Reporting period	2019 Integrated Report	2	
102-51	Date of most recent report		March 2019	
102-52	Reporting cycle		The frequency of this publication is set as annual, in accordance with the provisions of Legislative Decree 254/2016.	
102-53	Contact point for questions regarding the report		For any information related to this Report you can write to groupsustainability@unicredit.eu. This document is also available on the Sustainability section of UniCredit Group website (www.unicreditgroup.eu).	
102-54	Claims of reporting in accordance with the GRI Standards		This report has been prepared in accordance with the GRI Standards: Core option	
102-55	GRI content index	2019 Integrated Report	102-111	
102-56	External assurance	2019 Integrated Report	2; 113-115	

TOPIC-SPECIFIC STANDARDS

GRI Standard	Disclosure	References	Notes and pages	Omissions
GRI 200: ECONOMIC SERIES				
Topic: Economic Performance				
GRI-103: Management Approach (2016)				
103-1	Explanation of the material topic and its Boundary	2019 Integrated Report	36-45; S.30-S.31	
103-2	The management approach and its components	2019 Integrated Report	20-21; 33; 46-55; 89-90; S.16-S.19	
103-3	Evaluation of the management approach	2019 Integrated Report	20; 33; 65; 89-90; S.16-S.19	
GRI-201: Economic Performance (2016)				
201-1	Direct economic value generated and distributed	2019 Integrated Report	S.2-S.3	
201-2	Financial implications and other risks and opportunities due to climate change	2019 Integrated Report	24-25; 44; 94-101	
201-3	Defined benefit plan obligations and other retirement plans	2019 Integrated Report 2019 Annual Reports and Accounts	S.41	
Topic: Indirect Economic Impacts				
GRI-103: Management Approach (2016)				
103-1	Explanation of the material topic and its Boundary	2019 Integrated Report	36-45; S.30-S.31	
103-2	The management approach and its components	2019 Integrated Report	71; 75-83	
103-3	Evaluation of the management approach	2019 Integrated Report	75-79; 81-83	

A. The following legal entities have been included in the reporting perimeter: UniCredit SpA, Cordusio SIM SpA, UniCredit Factoring SpA, UniCredit Leasing SpA, UniCredit Services SCPA (with its activities in Italy, Germany, Czech Republic, Hungary, Poland, Romania and Slovakia), UniCredit Bank AG, Food & More GmbH, UniCredit Direct Services GmbH, UniCredit Leasing GmbH, Wealthcap Kapitalverwaltungsgesellschaft mbH, UniCredit Bank Austria AG, Card Complete Service Bank AG, Schoellerbank Aktiengesellschaft, UniCredit Leasing (Austria) GmbH, UniCredit Services GmbH (with its activities in Austria, Poland and Romania), UniCredit Bank DD, UniCredit Bank ad Banja Luka, UniCredit Bulbank AD, UniCredit Consumer Financing EAD, UniCredit Leasing EAD, Zagrebačka Banka DD, UniCredit Leasing Croatia doo za Leasing, UniCredit Bank Czech Republic and Slovakia as, UniCredit Leasing CZ as, UniCredit Bank Hungary Zrt, UniCredit Leasing Hungary Zrt, UniCredit Bank SA, UniCredit Consumer Financing IFN SA, UniCredit Leasing Corporation IFN SA, UniCredit Leasing Fleet Management Srl, AO UniCredit Bank, Ooo UniCredit Leasing, UniCredit Bank Serbia Jsc, UniCredit Leasing Slovakia as, UniCredit Banka Slovenija DD, UniCredit Leasing, leasing, doo.

GRI Standard	Disclosure	References	Notes and pages	Omissions
GRI-203: Indirect Economic Impacts (2016)				
203-1	Infrastructure investments and services supported	2019 Integrated Report	75-83	
203-2	Significant indirect economic impacts	2019 Integrated Report	75-83	
Topic: Anti-Corruption				
GRI-103: Management Approach (2016)				
103-1	Explanation of the material topic and its Boundary	2019 Integrated Report	36-45; S.30-S.31	
103-2	The management approach and its components	2019 Integrated Report	28-29; S.21-S.25	
103-3	Evaluation of the management approach	2019 Integrated Report	28-29; S.23-S.25; S.29	
GRI-205: Anti-Corruption (2016)				
205-1	Operations assessed for risks related to corruption	2019 Integrated Report	29	
205-2	Communication and training about anti-corruption policies and procedures	2019 Integrated Report	29; S.23-S.24	
Topic: Anti-Competitive Practices				
GRI-103: Management Approach (2016)				
103-1	Explanation of the material topic and its Boundary	2019 Integrated Report	36-45; S.30-S.31	
103-2	The management approach and its components	2019 Integrated Report	28-29; S.21-S.23; S.25	
103-3	Evaluation of the management approach	2019 Integrated Report	28-29; S.21-S.23; S.25	
GRI-206: Anti-Competitive Practices (2016)				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2019 Integrated Report 2019 Annual Reports and Accounts	S.26	
GRI 300: ENVIRONMENTAL SERIES				
Topic: Materials				
GRI-103: Management Approach (2016)				
103-1	Explanation of the material topic and its Boundary	2019 Integrated Report	36-45; S.30-S.31	
103-2	The management approach and its components	2019 Integrated Report	54; 63; 86; 93	
103-3	Evaluation of the management approach	2019 Integrated Report	54; 63; 86; 93	
GRI-301: Materials (2016)				
301-1	Materials used by weight or volume	2019 Integrated Report	S.55; In 2019, the total copy paper consumption amounted to roughly 3,753,000 kg.	
Topic: Energy				
GRI-103: Management Approach (2016)				
103-1	Explanation of the material topic and its Boundary	2019 Integrated Report	36-45; S.30-S.31	
103-2	The management approach and its components	2019 Integrated Report	11; 63; 90-93	
103-3	Evaluation of the management approach	2019 Integrated Report	11; 63; 90-93	
GRI-302: Energy (2016)				
302-1	Energy consumption within the organisation	2019 Integrated Report	S.55; In 2019, direct energy consumption amounted to roughly 432,000 GJ. The main fuels used were natural gas (97 percent), followed by diesel (about 2 percent) and crude oil and petroleum products (1 percent). Indirect energy consumption amounted to roughly 1,965,000 GJ of which district heating accounted for about 16 percent and electricity for about 84 percent. Electricity consumption included self-produced energy from photovoltaic plants in Italy and Austria, whereas in Germany approximately 22,300 GJ of self-produced energy from renewable sources was sold.	

GRI Standard	Disclosure	References	Notes and pages	Omissions
302-3	Energy intensity	2019 Integrated Report	S.55; Pro-capita data is calculated using the energy consumption reported in the Disclosure GRI 302-1.	
302-4	Reduction of energy consumption	2019 Integrated Report	91-92; S.55	
302-5	Reductions in energy requirements of products and services	2019 Integrated Report	91-92; S.55	
Topic: Water				
GRI-303: Water (2016)				
303-1	Water withdrawal by source	2019 Integrated Report	S.55; In 2019, the total water withdrawal from public water mains or other water services providers amounted to roughly 1,881,000 m³.	
Topic: Emissions				
GRI-103: Management Approach (2016)				
103-1	Explanation of the material topic and its Boundary	2019 Integrated Report	36-45; S.30-S.31	
103-2	The management approach and its components	2019 Integrated Report	11; 89-92	
103-3	Evaluation of the management approach	2019 Integrated Report	11; 89-92	
GRI-305: Emissions (2016)				
305-1	Direct (Scope 1) GHG emissions	2019 Integrated Report	S.54; Gases included in the calculation: CO ₂ , CH ₄ , N ₂ O, HFCs; Sources for emission factors: - DEFRA, UK Government GHG Conversion Factors for Company Reporting (2019) ^B , for direct energy consumption, business travel and refrigerant gas leakages.	
305-2	Energy indirect (Scope 2) GHG emissions	2019 Integrated Report	S.54; Gases included in the calculation: CO ₂ , CH ₄ , N ₂ O; Sources for emission factors: - DEFRA, UK Government GHG Conversion Factors for Company Reporting (2019),B for district heating; - IEA, Emissions Factors (2019 edition) ^C , for electricity consumption - Location Based method; - Association of Issuing Bodies (AIB), 2018 European Residual Mixes, V.1.2 (2019), for electricity consumption - Market Based method.	
305-3	Other indirect (Scope 3) GHG emissions	2019 Integrated Report	S.54; Gases included in the calculation: CO ₂ , CH ₄ , N ₂ O; Sources for emission factors: - DEFRA, UK Government GHG Conversion Factors for Company Reporting (2019) ^B for business travel and waste disposal; - CEPI, CEPI statistics (2018), for copy paper use.	

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C. IEA (2019), Emission Factors www.iea.org/statistics. All rights reserved; as modified by UniCredit SpA.

GRI Standard	Disclosure	References	Notes and pages	Omissions
305-5	Reduction of GHG emissions	2019 Integrated Report	91; S.54	
305-6	Emissions of ozone-depleting substances (ODS)		In line with applicable regulations, where necessary UniCredit continues to replace refrigeration and cooling systems that contain ozone depleting substances. In recent years some episodes of refrigerant gas leakages have occurred in Germany and in Hungary and the relevant GHG emissions have been calculated and included in Scope 1 figures. In 2019, in Germany, 332 kg of refrigerant gas leakages were recorded (R134a, R407C, R410A, R422D), amounting to 0 tons of CFC-11 equivalent; in Hungary 66 kg of refrigerant gas leakages were recorded (R134a), amounting to 0 tons of CFC-11 equivalent. Sources for emission factors: - Ozone Secretariat UNEP, Handbook for the Montreal Protocol on Substances that Deplete the Ozone Layer (13 th edition, 2019), for refrigerant gas leakages [CFC-11e].	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		No other significant air emissions have been identified.	
Topic: Effluents and Waste				
GRI-306: Efflents and Waste (2016)				
306-2	Waste by type and disposal method	2019 Integrated Report	S.55	
Topic: Environmental Compliance				
GRI-103: Management Approach (2016)				
103-1	Explanation of the material topic and its Boundary	2019 Integrated Report	36-45; S.30-S.31	
103-2	The management approach and its components	2019 Integrated Report	90-93	
103-3	Evaluation of the management approach	2019 Integrated Report	90-93; S.24-S.25	
GRI-307: Environmental Compliance (2016)				
307-1	Non-compliance with environmental laws and regulations		No relevant fines were imposed in 2019 for non-compliance with environmental laws or regulations.	
Topic: Supplier Environmental Assessment				
GRI-103: Management Approach (2016)				
103-1	Explanation of the material topic and its Boundary	2019 Integrated Report	36-45; S.30-S.31	
103-2	The management approach and its components	2019 Integrated Report	93	
103-3	Evaluation of the management approach	2019 Integrated Report	93	
GRI-308: Supplier Environmental Assessment (2016)				
308-1	New suppliers that were screened using environmental criteria	2019 Integrated Report	93; In UniCredit 100 percent of new suppliers are screened using socio-environmental criteria.	

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GRI Standard	Disclosure	References	Notes and pages	Omissions
GRI 400: SOCIAL SERIES				
Topic: Employment				
GRI-103: Management Approach (2016)				
103-1	Explanation of the material topic and its Boundary	2019 Integrated Report	36-45; S.30-S.31	
103-2	The management approach and its components	2019 Integrated Report	6; 47; 67-68	
103-3	Evaluation of the management approach	2019 Integrated Report	6; 47; 67-68	
GRI-401: Employment (2016)				
401-1	New employee hires and employee turnover	2019 Integrated Report	34-35	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	2019 Integrated Report	S.40;S.42-S.43; In nearly all countries, part-time and fixed-term employees are offered the same benefits that are offered to full-time and permanent employees.	
Topic: Labor Management Relations				
GRI-103: Management Approach (2016)				
103-1	Explanation of the material topic and its Boundary	2019 Integrated Report	36-45; S.30-S.31	
103-2	The management approach and its components	2019 Integrated Report	6; 47; S.37-S.38	
103-3	Evaluation of the management approach	2019 Integrated Report	6; 47; S.37-S.38	
GRI-402: Labor-Management Relations (2016)				
402-1	Minimum notice periods regarding operational changes	2019 Integrated Report	S.39	
Topic: Occupational Health and Safety				
GRI-103: Management Approach (2016)				
103-1	Explanation of the material topic and its Boundary	2019 Integrated Report	36-45; S.30-S.31	
103-2	The management approach and its components	2019 Integrated Report	S.44	
103-3	Evaluation of the management approach	2019 Integrated Report	S.44	
GRI-403: Occupational Health and Safety (2016)				
403-1	Workers representation in formal joint management–worker health and safety committees	2019 Integrated Report	S.45	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	2019 Integrated Report	S.46-S.47; During 2019 no fatal workplace injuries were recorded. It should however be noted that in Italy a death due to natural causes occurred within the UniCredit offices was reported to INAIL as a precaution.	Data referring to external workers and occupational diseases are currently unavailable.
403-4	Health and safety topics covered in formal agreements with trade unions	2019 Integrated Report	S.46	
Topic: Training and Education				
GRI-103: Management Approach (2016)				
103-1	Explanation of the material topic and its Boundary	2019 Integrated Report	36-45; S.30-S.31	
103-2	The management approach and its components	2019 Integrated Report	27; 29; 57; 59; 68-69; 74; 76; 81-83; 85-86; S.37	
103-3	Evaluation of the management approach	2019 Integrated Report	27; 29; 57; 59; 68-69; 74; 76; 81-83; 85-86; S.37	
GRI-404: Training and Education (2016)				
404-1	Average hours of training per year per employee	2019 Integrated Report	S.36	
404-2	Programs for upgrading employee skills and transition assistance programs	2019 Integrated Report	67-68; S.43	
404-3	Percentage of employees receiving regular performance and career development reviews	2019 Integrated Report	68	

GRI Standard	Disclosure	References	Notes and pages	Omissions
Topic: Diversity and Equal Opportunity				
GRI-103: Management Approach (2016)				
103-1	Explanation of the material topic and its Boundary	2019 Integrated Report	36-45; S.30-S.31	
103-2	The management approach and its components	2019 Integrated Report	11; 38-39; 68-69; S.12-S.13; S.37	
103-3	Evaluation of the management approach	2019 Integrated Report	11; 38-39; 68-69; S.12-S.13; S.37	
GRI-405: Diversity and Equal Opportunity (2016)				
405-1	Diversity of governance bodies and employees	2019 Integrated Report 2019 Report on Corporate Governance and Ownership Structure	23; S.32-S.33	
405-2	Ratio of basic salary and remuneration of women to men	2019 Integrated Report	S.35-S.36	
Topic: Non-Discrimination				
GRI-103: Management Approach (2016)				
103-1	Explanation of the material topic and its Boundary	2019 Integrated Report	36-45; S.30-S.31	
103-2	The management approach and its components	2019 Integrated Report	17; S.28; S.37; Human Rights Commitment	
103-3	Evaluation of the management approach	2019 Integrated Report	17; S.28; S.37	
GRI-406: Non Discrimination (2016)				
406-1	Incidents of discrimination and corrective actions taken	2019 Integrated Report	S.47	
Topic: Human Rights Assessment				
GRI-103: Management Approach (2016)				
103-1	Explanation of the material topic and its Boundary	2019 Integrated Report	36-45; S.30-S.31	
103-2	The management approach and its components	2019 Integrated Report	25-26; 93; S.16; S.19; S.37; S.44	
103-3	Evaluation of the management approach	2019 Integrated Report	25-26; 93; S.16; S.19; S.37; S.44	
GRI-412: Human Rights Assessment (2016)				
412-2	Employee training on human rights policies or procedures	2019 Integrated Report	26	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	2019 Integrated Report	93; In UniCredit 100 percent of the new suppliers are screened using socio-environmental criteria, including compliance with International Labor Organization (ILO) conventions.	
Topic: Local Communities				
GRI-103: Management Approach (2016)				
103-1	Explanation of the material topic and its Boundary	2019 Integrated Report	36-45; S.30-S.31	
103-2	The management approach and its components	2019 Integrated Report	71; 74-83; S.17-S.19	
103-3	Evaluation of the management approach	2019 Integrated Report	71; 74-83; S.17-S.19	
GRI-413: Local Communities (2016)				
413-1	Operations with local community engagement, impact assessments, and development programs	2019 Integrated Report	74-83	
GRI-G4 Financial Services Sector Disclosures: Local communities				
FS13	Access points in low-populated or economically disadvantaged areas by type	2019 Integrated Report	S.51	
FS14	Initiatives to improve access to financial services for disadvantaged people	2019 Integrated Report	71; 75-76; 80-83	
Topic: Supplier Social Assessment				
GRI-103: Management Approach (2016)				
103-1	Explanation of the material topic and its Boundary	2019 Integrated Report	36-45; S.30-S.31	
103-2	The management approach and its components	2019 Integrated Report	93	
103-3	Evaluation of the management approach	2019 Integrated Report	93	

GRI Standard	Disclosure	References	Notes and pages	Omissions
GRI-414: Supplier Social Assessment (2016)				
414-1	New suppliers that were screened using social criteria	2019 Integrated Report	93; In UniCredit 100 percent of the new suppliers are screened using socio-environmental criteria, including compliance with International Labor Organization (ILO) conventions.	
Topic: Customer Privacy				
GRI-103: Management Approach (2016)				
103-1	Explanation of the material topic and its Boundary	2019 Integrated Report	36-45; S.30-S.31	
103-2	The management approach and its components	2019 Integrated Report	16-17; 24-26; 85-86; S.22; S.27	
103-3	Evaluation of the management approach	2019 Integrated Report	16-17; 24-26; 85-86; S.22; S.27	
GRI-418: Customer Privacy (2016)				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2019 Integrated Report	86; In 2019, UniCredit has identified 3 additional cases of potential leaks or thefts of customer data.	
Topic: Socioeconomic Performance				
GRI-103: Management Approach (2016)				
103-1	Explanation of the material topic and its Boundary	2019 Integrated Report	36-45; S.30-S.31	
103-2	The management approach and its components	2019 Integrated Report	28-29; S.21-S.23; S.28	
103-3	Evaluation of the management approach	2019 Integrated Report	28-29; S.21-S.23; S.29	
GRI-419: Socioeconomic Compliance (2016)				
419-1	Non-compliance with laws and regulations in the social and economic area	2019 Integrated Report 2019 Annual Reports and Accounts	S.29	
Topic: Product portfolio				
GRI-103: Management Approach (2016)				
103-1	Explanation of the material topic and its Boundary	2019 Integrated Report	36-45; S.30-S.31	
103-2	The management approach and its components	2019 Integrated Report	32-33; 46; 51-53; 71; 75-79	
103-3	Evaluation of the management approach	2019 Integrated Report	32-33; 46; 51-53; 71; 75-79	
GRI-G4 Financial Services Sector Disclosures: Product portfolio				
FS6	Portfolio for business lines	2019 Integrated Report 2019 Annual Reports and Accounts	S.48	
FS7	Monetary value of products and/or services designed to deliver a specific social benefit	2019 Integrated Report	75-79; 81-83; S.53	
FS8	Monetary value of products and/or services designed to deliver a specific environmental benefit	2019 Integrated Report	89-90; S.53	

GRI Standard	Disclosure	References	Notes and pages	Omissions
Topic: Demographic Change				
GRI-103: Management Approach (2016)				
103-1	Explanation of the material topic and its Boundary	2019 Integrated Report	36-45; S.30-S.31	
103-2	The management approach and its components	2019 Integrated Report	71; 75-76; 81-83	
103-3	Evaluation of the management approach	2019 Integrated Report	75-76; 81-83	
Topic: Digitalisation and Innovation				
GRI-103: Management Approach (2016)				
103-1	Explanation of the material topic and its Boundary	2019 Integrated Report	36-45; S.30-S.31	
103-2	The management approach and its components	2019 Integrated Report	32; 51-54; 74; 76; 78; 85-86; 93	
103-3	Evaluation of the management approach	2019 Integrated Report	32; 51-54; 74; 76; 78; 85-86; 93	
Topic: Lean and Transparent Organisation				
GRI-103: Management Approach (2016)				
103-1	Explanation of the material topic and its Boundary	2019 Integrated Report	36-45; S.30-S.31	
103-2	The management approach and its components	2019 Integrated Report	22; 47-49; 73-74; 85-87; S.52	
103-3	Evaluation of the management approach	2019 Integrated Report	22; 47-49; 73-74; 85-87; S.52	
Topic: Value to Customer				
GRI-103: Management Approach (2016)				
103-1	Explanation of the material topic and its Boundary	2019 Integrated Report	36-45; S.30-S.31	
103-2	The management approach and its components	2019 Integrated Report	51-53; 74-83	
103-3	Evaluation of the management approach	2019 Integrated Report	51-53; 74-83	

Making the connection by UN Global Compact Principles and GRI Standards Disclosures

UniCredit submits the Integrated Report as its annual Communication on Progress (COP), publicly disclosing to stakeholders also on progress made in implementing the Ten Principles promoted by the UN Global Compact and in supporting broader UN development goals, in its core business. The table included in this Report provides connections among UN Global Compact Principles and GRI Standards Disclosures.

Categories	Principles	GRI Standards Disclosures
Human Rights	Principle 1 - Businesses should support and respect the protection of internationally proclaimed human rights	412-2; 410-1; 411-1; 412-1; 103-2; 413-1; 413-2
	Principle 2 - Business should make sure they are not complicit in human rights abuses	412-3; 414-1; 414-2
Labour	Principle 3 - Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	102-41; 407-1; 402-1
	Principle 4 - Businesses should uphold the elimination of all forms of forced and compulsory labour	409-1
	Principle 5 - Businesses should uphold the effective abolition of child labour	408-1
	Principle 6 - Businesses should uphold the elimination of discrimination in respect of employment and occupation	102-8; 202-1; 202-2; 401-1; 401-3; 404-1; 404-3; 405-1; 405-2; 406-1
Environment	Principle 7 - Businesses should support a precautionary approach to environmental challenges	201-2; 301-1; 302-1; 303-1; 305-1; 305-2; 305-3; 305-6; 305-7
	Principle 8 - Businesses should undertake initiatives to promote greater environmental responsibility	301-1; 301-2; 302-1; 302-2; 302-3; 302-4; 302-5; 303-1; 303-2; 303-3; 304-1; 304-2; 304-3; 304-4; 305-1; 305-2; 305-3; 305-4; 305-5; 305-6; 305-7; 306-1; 306-2; 306-3; 306-4; 306-5; 301-3; 307-1; 308-1; 308-2; 103-2
	Principle 9 - Businesses should encourage the development and diffusion of environmentally friendly technologies	302-4; 302-5; 305-5
Anti-corruption	Principle 10 - Businesses should work against corruption in all its forms, including extortion and bribery	102-16; 102-17; 102-17; 205-1; 205-2; 205-3; 415-1



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INDEPENDENT AUDITOR’S REPORT
ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,
PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND
ART. 5 OF CONSOB REGULATION N. 20267/2018

To the Board of Directors of
UniCredit S.p.A.

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter “Decree”) and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of UniCredit S.p.A. (the “Bank”) and its subsidiaries (hereinafter “UniCredit Group” or “Group”) as of December 31, 2019 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on March 5, 2020 (hereinafter “NFS”).

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the “Global Reporting Initiative Sustainability Reporting Standards” established in 2016 by GRI – Global Reporting Initiative (hereinafter “GRI Standards”), which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of the NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group’s activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group’s activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Auditor’s Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor’s responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the “*International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*” (hereinafter “ISAE 3000 Revised”), issued by the *International Auditing and Assurance Standards Board* (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS are based on our professional judgement and included inquiries, primarily with the Bank’s personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

- 1. analysis of relevant topics with reference to the Group’s activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art. 3 of the Decree and taking into account the adopted reporting standard;
- 2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;
- 3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the UniCredit Group;
- 4. understanding of the following matters:
 - business management model of the Group’s activities, with reference to the management of the topics specified by article 3 of the Decree;
 - policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
 - main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a) of this report;

- 5. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of UniCredit S.p.A. and with the employees of the main legal entities of the Group and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group’s activities and characteristics:

- at the parent company’s and subsidiaries’ level:
 - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- for the following subsidiaries, UniCredit S.p.A., UniCredit Services S.C.p.A., UniCredit Bank AG, Food & More GmbH, UniCredit Direct Services GmbH, UniCredit Leasing GmbH, Wealthcap Kapitalverwaltungsgesellschaft mbH, UniCredit Bank Austria AG, Card Complete Service Bank AG, Schoellerbank Aktiengesellschaft, UniCredit Leasing (Austria) GmbH, UniCredit Services GmbH, UniCredit Bank Czech Republic and Slovakia, A.S., UniCredit Leasing CZ, A.S., UniCredit Bank Hungary ZRT, UniCredit Leasing Hungary ZRT, which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the UniCredit Group as of December 31, 2019 is not prepared, in all material aspects, in accordance with articles 3 and 4 of the Decree and the GRI Standards.

DELOITTE & TOUCHE S.p.A.

Signed by
Franco Amelio
Partner

Milan, Italy
March 10, 2020

This report has been translated into the English language solely for the convenience of international readers.

Supplement

Determination and
distribution of Value Added

Main partnerships
and affiliations

Selection of 2019 awards

Governance

Risk Management
and Compliance

Stakeholder Engagement

Human Capital

Social and relationship
Capital

Natural Capital

Determination and distribution of Value Added¹

Supplement
→ Determination and distribution of Value Added

(€/m)

Items	2019	2018
10 Interest income and similar revenues	14,793	15,106
20 Interest expense and similar charges	-4,521	-4,355
40 Fees and commissions income	7,606	7,589
50 Fees and commissions expenses (excluded external networks' expense)	-1,242	-1,001
70 Dividend income and similar revenues	295	413
80 Net gains (losses) on trading	1,298	373
90 Net gains (losses) on hedge accounting	42	17
100 Gains (Losses) on disposal and repurchase of:	287	298
a) financial assets at amortised cost	138	129
b) financial assets at fair value through other comprehensive income	160	174
c) financial liabilities	-11	-5
110 Net gains (losses) on other financial assets/liabilities at fair value through profit or loss:	-370	290
a) financial assets/liabilities designated at fair value	-530	411
b) other financial assets mandatorily at fair value	160	-121
130 Net losses/recoveries on credit impairment relating to:	-3,489	-2,674
a) financial assets at amortised cost	-3,478	-2,655
b) financial assets at fair value through other comprehensive income	-11	-19
140 Gains/Losses from contractual changes with no cancellations	-20	-3
160 Net premiums	0	0
170 Other net insurance income/expenses	0	0
230 Other operating expenses/income	897	907
250 Gains (Losses) of equity investments (gains or losses on disposal)	56	128
280 Gains (Losses) on disposal of investments	129	174
320 Profit (Loss) after tax from discontinued operations	1,332	126
A. TOTAL ECONOMIC VALUE GENERATED	17,093	17,388

Items	2019	2018
190 b) other administrative expenses (excluded indirect taxes, duties and donations and contributions to resolution funds and deposits guarantee)	-2,698	-3,441
ECONOMIC VALUE DISTRIBUTED TO SUPPLIERS	-2,698	-3,441
190 a) staff expense (included external networks' expense)	-6,634	-6,387
ECONOMIC VALUE DISTRIBUTED TO EMPLOYEES AND SUPERVISED WORKERS^A	-6,634	-6,387
340 Minority profit (loss) of the year	-118	-233
ECONOMIC VALUE ATTRIBUTABLE TO MINORITY SHAREHOLDERS	-118	-233
Net profit attributable to shareholders ^B	-	-
ECONOMIC VALUE DISTRIBUTED TO SHAREHOLDERS	0	0
190 b) other administrative expenses: indirect taxes and duties	-646	-645
190 b) other administrative expenses: contributions to resolution funds and deposits guarantee	-737	-716
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	-1,037	-404
ECONOMIC VALUE DISTRIBUTED TO PUBLIC BODIES & INSTITUTIONS	-2,420	-1,765
190 b) other administrative expenses: donations	-15	-5
Net profit allocated to the charitable funds	0	0
ECONOMIC VALUE DISTRIBUTED TO COMMUNITY	-15	-5
B. TOTAL ECONOMIC VALUE DISTRIBUTED	-11,885	-11,831
C. TOTAL ECONOMIC VALUE RETAINED	-5,208	-5,557

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.

1. 2018 figures reported for comparative purposes have been subject to restatement, compared to those published in the 2018 Integrated Report, as a result of both the change in investment properties evaluation criterion and the deconsolidation of FinecoBank SpA and its subsidiary Fineco Asset Management Designated Activity Company.

Main partnerships and affiliations

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)	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.
	EUROFI	EUROFI is a non-profit organisation for exchanges between the financial services industry and the public authorities addressing issues related to the financial regulation and supervision and the economic and monetary context impacting the EU financial sector.
	European Financial Marketing Association (EFMA)	EFMA is a non-for-profit association formed in 1971 by bankers and insurers, specialised in retail financial marketing and distribution.
	European Financial Services Round Table (EFR)	EFR brings together chairmen and CEOs of leading European banks and insurance companies. The purpose of the EFR is to contribute to European public policy debates on issues relating to financial services and to the financial stability with the completion of the single market in financial services. The EFR is also engaged in the lessons to be drawn from the financial crisis to render the financial system more resilient.
	European Microfinance Network (EMN)	EMN is a member-based non-profit organisation based in Brussels which promotes microfinance as a tool to combat 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)	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	ABILab 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	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.
	Istituto Affari Internazionali (IAI)	IAI is an independent, private and non-profit think tank. It promotes knowledge of international politics and contributes to the advancement of European integration and multilateral cooperation.

UniCredit SpA	Istituto per gli Studi di Politica Internazionale (ISPI)	ISPI is the only Italian institute, one of the very few in Europe, to support research activity with a significant commitment in training, conferences and analysis and orientation activities on risks and opportunities worldwide for companies and institutions.
	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.

Legal Entities	Organisation	Description
UniCredit SpA	London Benchmarking Group (LBG)	LBG is the internationally recognised standard for measuring corporate community investment.
	Nemetria	Nemetria is a non-profit association, founded by companies, banks, organisations and universities. The activity is expressed through seminars, workshops, conferences on the topics of economics, finance, ethics, corporate culture and culture in general.
	Organisation for Economic Cooperation and Development (OECD)	OECD promotes policies that will improve the economic and social wellbeing of people around the world.
	Parks Liberi e Uguali	Parks Liberi e Uguali is a non-profit organisation whose members are exclusively employers. It was created to help partner companies to understand and attain maximum business opportunities deriving from the development of strategies and good practices that respect diversity.
	Social Impact Agenda per l'Italia	The mission of the Social Impact Agenda per l'Italia is to monitor and contribute to the implementation of the recommendations contained in the the report Inclusive Finance which includes the strengthening of the ecosystem for social impact investments in Italy in favour of the growth of social entrepreneurship.
	Society of Corporate Compliance and Ethics (SCCE)	SCCE is a member-based association for compliance and ethics professionals worldwide and across all industries. The goal of SCCE is to be the pre-eminent compliance and ethics association promoting lasting success and integrity of organisations worldwide.
	Transparency International Italia	Transparency International is the largest global organisation that deals with preventing and combating corruption. Its mission is to give voice to the victims and witnesses of corruption and it collaborates with governments, companies and citizens to put a stop to the scourge of corruption.
	UN Global Compact - Global Compact Network Italy Foundation	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, labour, anticorruption practices and the environment.
	United Nations Environment Programme Finance Initiative (UNEP FI)	UNEP FI is an initiative promoted by the United Nations that addresses pressing, current issues in sustainable finance.
	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 in major Italian companies.
	Women in Finance Charter	Women in Finance Charter is a commitment by HM Treasury and signatory firms to work together to build a more balanced and fair financial services industry. The Charter was introduced following the Empowering Productivity report into harnessing the talents of women in finance.

Legal Entities	Organisation	Description
UniCredit Bank AG	Klimapakt Münchner Wirtschaft	Klimapakt Münchner Wirtschaft is part of the Integrated Climate Protection Action Programme in Munich in which large companies pledge to voluntarily reduce their CO2 emissions.
	Effective climate protection needs pioneers	
UniCredit Bank Austria AG	Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V. (VfU)	VfU is an industry-specific body for environmental management in financial institutions.
	klimaaktiv pakt 2020	klimaaktiv develops and provides quality standards, the training and further education of professionals, with advice, information and a large partner network, klimaaktiv supplements climate protection funding and regulations.
UniCredit Bulbank AD	Austrian Society for Environment and Technology (ÖGUT)	ÖGUT is a non-profit organisation that works to stimulate discussion and innovation on environmental issues through the involvement of NGOs, businesses and the government.
	Bulgarian Association for People Management (BAPM)	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.
Zagrebačka Banka DD	Croatia Green Building Council (GBC)	GBC is a non-profit organisation and countrywide platform for the promotion of sustainable construction practices.
	Croatian Business Council for Sustainable Development (BCSD)	BCSD was founded in 1997 by leading Croatian businesses to promote sustainable development in the private sector and represent business on the issue of sustainable development
UniCredit Bank Hungary Zrt	Bridge Bizniscool	Bridge Bizniscool is a joint project of Bridge Budapest and Logiscool, aimed at educating the entrepreneurial mindsets, introducing them to playful activities, and raising awareness of businesses and companies for children aged 9-14.
	Joint Venture Association (JVSZ)	JVSZ assimilates the views of its members and supports them in facing challenges related to business conduct and organisational decision-making.

Legal Entities	Organisation	Description
UniCredit Bank SA	Association of Business Service Leaders in Romania (ABSL)	ABSL is a leading organisation representing the business services sector and gathers high-profile companies which conduct business in the area of Shared Services Center (SSC), Business Process Outsourcing (BPO), Information Technology Outsourcing (ITO) and Research and Development (R&D).
	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.
	Romanian Banking Employers Board (CPBR)	CPBR promotes communication, cooperation and social dialogue with Romanian authorities. It contributes to the initiation, preparation and promotion of new laws or other legislative or regulatory initiatives.
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
UniCredit Bank Serbia Jsc	Responsible Business Forum (RBF)	RBF 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.

Selection of 2019 awards

Legal Entities	Award
UniCredit SpA	2019 Greenwich Quality Leader in European Trade Finance
	Best Sub-custodian Bank in CEE by Global Finance
	2019 Best Distributor by SRP
	Financial Innovation Italian Awards by AiFin
	2019 Awards for Excellence by Euromoney for: - Best Bank in Italy - Best Bank for Wealth Management in CEE - Best Bank for Transaction Services in CEE
	Best Bank Awards by Global Finance for Best Bank in Central and Eastern Europe
	Best Service Provider in Italy by Euromoney Cash Management Survey 2019
	Market Leader for Cash Management in CEE by Euromoney Cash Management Survey 2019
	Market Leader for Cash Management in Italy by Euromoney Cash Management Survey 2019
	2019 Top Employer by the Top Employers Institute
	AIF award (5th edition) for excellence in the training: #1 for Ethical and Social Responsibility - Start Up Your Life - UniCredit and isapiens. Innovation award for sustainable finance for the project “Impact Financing” by ABI
	#1 in ranking Blend Management portfolio by the German Quality and Finance Institute
Cordusio SIM SpA	
UniCredit Bank AG	2019 Best Distributor by SRP
	Best Service Provider in Germany by Euromoney Cash Management Survey 2019
	2019 Top Employer by the Top Employers Institute
UniCredit Bank Austria AG	#1: Express Certificates at the Zertifikate Award Austria 2019
	2019 Best Sub-custodian Bank in Austria by Global Finance
	2019 Best Distributor by SRP
	2019 Best Performance by SRP
	Most Innovative Financial Service 2019 by Alpbach Financial Symposium
	Best Service Provider in Austria by Euromoney Cash Management Survey 2019
	Quality mark “audit workandfamily”
	Leader in Private Banking and Wealth management in 2019 by Euromoney's Private Banking and Wealth Management Survey
UniCredit Bank dd	Market Leader for Cash Management in Austria by Euromoney Cash Management Survey 2019
	Best Service Provider by Euromoney Cash Management Survey 2019
	Market Leader for Cash Management in Bosnia and Herzegovina by Euromoney Cash Management Survey 2019
UniCredit Bulbank AD	Best Bank Awards in the category Best Bank in Bulgaria by Global Finance
	2019 Best Sub-custodian Bank in Bulgaria by Global Finance
	Best digital bank in Bulgaria for 2019 by Global Finance
	Market Leader for Cash Management in Bulgaria by Euromoney Cash Management Survey 2019
	Top Employer 2019 by the Top Employers Institute

Legal Entities	Award
Zagrebačka Banka DD	Best Bank Awards in Bosnia and Herzegovina by Global Finance for Best Bank in Croatia
	2019 Awards for Excellence by Euromoney for Best Bank in Croatia
	Best Service Provider in Croatia by Euromoney Cash Management Survey 2019
	Market Leader for Cash Management in Croatia by Euromoney Cash Management Survey 2019
UniCredit Bank Czech Republic and Slovakia, as	2019 Best Sub-custodian Bank in Slovakia by Global Finance
	2019 Best Distributor by SRP in Slovakia
	2019 Best Performance by SRP in Slovakia
	Best Service Provider in Slovakia by Euromoney Cash Management Survey 2019
	Market Leader for Cash Management in Slovakia by Euromoney Cash Management Survey 2019
UniCredit Bank Hungary Zrt	Best Sub-custodian Bank 2019 in Hungary by Global Finance
	Market Leader for Cash Management in Hungary by Euromoney Cash Management Survey 2019
AO UniCredit Bank	Top Employer 2019 by the Top Employers Institute
UniCredit Bank SA	Best Service Provider in Romania by Euromoney Cash Management Survey 2019
	Market Leader for Cash Management in Romania by Euromoney Cash Management Survey 2019
UniCredit Bank Serbia Jsc	Best Sub-custodian Bank 2019 by Global Finance
	2019 Awards for Excellence by Euromoney for Best Bank in Serbia
	Best Service Provider in Serbia by Euromoney Cash Management Survey 2019
	Market Leader for Cash Management in Serbia by Euromoney Cash Management Survey 2019
UniCredit Bank Slovenija DD	Best Sub-custodian Bank 2019 by Global Finance
	Best Service Provider in Slovenia by Euromoney Cash Management Survey 2019
	Market Leader for Cash Management in Slovenia by Euromoney Cash Management Survey 2019

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 itself.

The overall corporate governance framework of UniCredit¹ has been defined according to current Italian and European provisions, as well as the recommendations of the Italian Corporate Governance Code for listed companies.²

UniCredit is also subject to the provisions contained in the Supervisory Regulations issued by the Bank of Italy and, in detail, with regard to 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 follow 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. The governance system is regularly verified and updated to ensure that UniCredit complies with evolving regulatory, environment, operating and market practices, which are constantly monitored in order to verify their implementation.

UniCredit governance components 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 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
- the Group Managerial Golden Rules (GMGR) a set of guidelines defining managerial and governance rules at Group level in order to properly carry out its mission of defining a clear governance as well as managing and coordinating all Group Legal Entities.

1. Refer to the annual Report on Corporate Governance and Ownership Structure and the Group Compensation Policy, available on the Governance section of the Company's website (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 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 business is conducted, ensuring proper addressing, coordination and control of Group activities and the management of related risks. This culture is grounded in a reliable system of values and rules, represented by:

- *Ethics and Respect*, these values unite us and define our Group culture: how we make decisions and how we act on them. Together, they are an evolution of our Integrity Charter. *Do the right thing!* is the guiding principle which help us live these values³
- the Code of Conduct, which aims to promote a culture of Compliance by providing an outline of the Compliance rules, the ethical professional standards and commitment to sustainability
- the Code of Ethics, adopted pursuant to Italian Legislative Decree 231/01 for the Holding Company, its foreign branches and Italian subsidiaries. It contains the rules for all employees to ensure that 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 Code of Ethics is an integral part of the Organisation and Management Model adopted by UniCredit SpA
- the Global Rules are issued by UniCredit - consistent with the GMGR principles - to exercise its guidance, coordination and control functions and 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, 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, upon 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 profits, the resolutions on remuneration and incentive policies and practices, in accordance with 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 competing candidates to ensure the election of minority shareholders representatives.

The structure of the above-mentioned corporate bodies guarantees they are gender-balanced in compliance with current regulations and provisions.

3. Refer to Ethics and Respect: Do the Right Thing! chapter for more information.

The UniCredit Board of Directors is composed of 14 members, including the Chairman and the Chief Executive Officer.⁴

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.

Before appointing the body with strategic supervisory function, the Board informs the shareholders about its composition deemed to be optimal in order that the expertise required may be taken into consideration in the choice of candidates. However, shareholders may carry out their own assessment on the best composition of the supervisory body and file their own candidacies consistent with the same, explaining their different proposal vis-à-vis the analyses carried out by the Board.

With regard to the following:

- the qualitative and quantitative composition of the Board of Directors and the profile of candidates to the position of Director
- the time commitment recommended for an effective attendance at the Board and Committees meetings
- the limits upon the maximum number of offices established by the provisions of the Capital Requirements Directive IV (Directive 2013/36/EU dated 26 June 2013, CRD IV), amended by the Directive 2019/878/EU dated 20 May 20 2019
- the gender composition criteria for the body with strategic supervisory function

reference can be found in the document Qualitative and Quantitative Composition of the Board of Directors of UniCredit, 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,⁵ 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 applicable requirements) 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 areas of competence were represented in the Board and the experience possessed by all the Directors is in line with the requirements of the profile, given the 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, are referred to 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 Committees⁶ 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.

4. Refer to the annual Report on Corporate Governance and Ownership Structure, available on the Governance section of the Company's website (www.unicreditgroup.eu), for more information.

5. The number of independent Directors in office is above the minimum required by current regulatory and statutory provisions (11 out of 14 under UniCredit's Articles of Association and the Italian Corporate Governance Code, 13 out of 14 under Legislative Decree No. 58/1998, 13 of whom are non-executives).

6. Refer to the annual Report on Corporate Governance and Ownership Structure and the Group Compensation Policy, available on the Governance section of the Company's website (www.unicreditgroup.eu), for more information.

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 in the aforementioned provisions.

The Committees' duties are undertaken based on terms of reference and procedures set forth by the Board.

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 at least once a year. 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 current position, 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 programme 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 into account both their individual and collective needs.

The induction programme, 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 over time the expertise needed for the proper fulfilment of their duties.

In addition, individual training plans will be activated, should they be deemed necessary, to strengthen specific technical knowledge and expertise and to increase the level of diversity and the collective experience of the Board of Directors.

Training sessions and in-depth study initiatives in 2019 focused on topics of strategic relevance, 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, inclusion programmes for newly appointed members of the corporate bodies were provided. Training schemes focused on the in-depth examination of the above-mentioned topics and specific meetings focused on the perspectives and key elements for both Group and the entire European banking sector strategies were also prepared and implemented (open to the members of the Board of Directors and the Board of Statutory Auditors).

Furthermore, specific initiatives for the in-depth examination of topics falling within the competencies of the Board Committees have been devoted to members of each Committee.

Organisational and governance structures

(as at 31/12/2019)

The UniCredit Group organisation reflects a model in line with our vision of commercial banking which ensures autonomy to our banks across Europe and in turn guarantees increased proximity to the client and faster decision-making processes. At the same time the model maintains a divisional structure for the governance of the Corporate & Investment Banking (CIB) business/products and the business in Western Europe (WE) and Central Eastern Europe (CEE) countries, as well as overall control over the COO and Finance and Controls functions.

UniCredit's organizational model is composed as follows:

- the Chief Executive Officer (CEO) maintains the direct supervision of Risk Management, Compliance, Human Capital and Legal, as well as of the optimisation of costs management and of the main operating activities
- Commercial Banking WE and Commercial Banking CEE - both positions are covered by two appointed Co-Heads (Co-CEOs) who are responsible for all business activities, focusing on the ongoing development of client services and maximising cross-selling, for the respective perimeter of competence
- Head of Finance and Controls is in charge of coordinating the comprehensive process of planning, finance and administration, managing identity and communication activities, developing relationships with institutional counterparties, managing the relationships with the European Banking Supervisory Authorities (e.g. EBA, ECB) and Bank of Italy, as well as credit granting activities
- the Chief Operating Office (COO), a position covered by two Co-Heads (Co-COOs), is responsible for the oversight of the operating machine with a specific focus on costs and on IT & Operations development, for changes in the Group operating model, for cost reduction, for digital processes and procedures transformation in accordance with the Group strategies outlined. At the same time it is required to ensure synergies, savings and operational excellence, and to supervise the strategic planning and rationalisation of the IT developing programme.
- the CIB Division, a position covered by CEO CIB, focuses on multinational clients (Multinational), on selected large corporate clients with a strong potential demand for investment banking products, on Financial Institutions (FIG) and on global product lines Global Transaction Banking (GTB), Financing & Advisory (F&A), Markets, and on the international network
- as far as the Italian perimeter is concerned, the Co-CEOs Italy, directly reporting to the Co-CEOs Commercial Banking WE, are responsible for outlining the business strategies of commercial banking and for the assignment of such strategies to the territories and to the client segments (Family First, Business First, Corporate, Private Banking)
- the functions named Competence Lines (Planning, Finance & Administration, Risk Management, Legal, Compliance, Internal Audit, Human Capital, Lending, Identity & Communication) oversee the guidance, coordination and control of UniCredit's activities and manage the related risks.

Internal Control System

An effective Internal Control System is a prerequisite for the creation of value in the medium-long term, for safeguarding the quality of activities, for the correct perception of risk and for an appropriate allocation of capital.

It establishes the rules, procedures and organisational structures, as well as the information flows, that ensure an effective management of risks and align UniCredit's activities with its corporate strategies and policies founded on sound and prudent management principles.

UniCredit's Internal Control System relies on control bodies and functions which involve, each within its respective competence, the Board of Directors, the Internal Control & Risks Committee, the CEO as officer in charge of the internal controls and risks management system, the Board of Statutory Auditors and the corporate functions, each with specific associated tasks.

Board and senior management compensation⁷

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 shareholders' interests. As set out in the *Transform 2019* strategic plan, the variable remuneration for the CEO is entirely based on the 2017-2019 *Long Term Incentive Plan*, tied to the strategic plan's targets. More details on the compensation for management leaders and for the members of the administrative and auditing bodies of the Group are reported in the Group Compensation Policy. To ensure competitiveness and effectiveness of remuneration, as well as transparency and internal equity, the principles of sustainable conduct and performance define the key pillars of the Group Compensation Policy. The Compensation Policy framework is designed to assure the consistency of the remuneration elements and systems, while also conforming to our Group's long-term strategies and principles of sound risk management. The Group Compensation Policy, as proposed by the Remuneration Committee, is submitted for approval to the Board of Directors and, subsequently, to shareholders at the Annual General Meeting.

7. The information relates to the 2019 Group Compensation Policy; refer to the Company's website (www.unicreditgroup.eu) for more details.

Managing environmental and social risks

Sound risk management requires a deep understanding of many types of risk, including environmental and social risks and their subsequent 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 both traditional economic and financial and non-financial impacts. These include environmental, social and other reputational risk impacts associated with performance of its customers in these areas.

With this in mind, UniCredit implements and integrates the Equator Principles (EP), whenever applicable, into its project financing transactions. Furthermore UniCredit has adopted detailed special policies regarding sectors that present significant environmental and social risks. As a consequence, our Group monitors portfolio exposures to the above mentioned sectors. In keeping with our commitments, we work to disseminate a strong inner culture of risk management that prioritises environmental and social issues.

How we mitigate environmental, social and reputational risks

POLICIES	SCOPE & OBJECTIVES	2019 HIGHLIGHTS
EQUATOR PRINCIPLES	Framework of standards for determining, assessing and managing environmental and social risk for large projects	98 project transactions evaluated 14 projects financed roughly 70 colleagues received training on EP
SECTOR POLICIES Defence/Armaments, Water Infrastructure (Dams), Nuclear energy, Coal Sector, Mining Sector, Arctic and Non Conventional Oil & Gas Industry sector	Framework of sector-specific standards/guidelines to identify, assess and mitigate environmental, social and reputational risks/impacts on an ongoing basis with our clients	>900 transactions were screened for environmental, social and reputational risk issues (vs. >700 in 2018) ~1,300 colleagues in Italy were trained on UniCredit sector policies in the last two years
OTHER ENVIRONMENTAL AND SOCIAL IMPACTS (AD HOC ASSESSMENT)	- Specific high risk cases/transactions analysis not covered under the defined policies - Ad hoc analysis leveraging the data analytics and key internal functions of external Environmental, Social and Governance (ESG) providers	>200 transactions were screened for environmental, social/human rights and reputational risk issues (vs. ~300 in 2018)
ENVIRONMENTAL, SOCIAL AND REPUTATIONAL RISK - PREVENTION PROCESS	Dedicated Committee (Group Reputational Risk Committee - GRRC) to assess business initiatives, transaction banking, projects, customers, etc.	44 transactions analysed by the GRRC - Quarterly analysis presented/discussed in Group Operational Reputational and Risk Committee (GORRIC)

Implementation of our environmental, social and operational 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 are inspired by 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. Indeed, we consider these documents to be 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.

The sectors affected by the above mentioned policies include: water infrastructure (dams, in particular), nuclear energy and the coal sector. In 2019 we updated the Defence/Armaments and the coal sector policies. At the same time we developed a new policy regarding the Arctic and Non-Conventional Oil & Gas Industry.

To support the spreading of these policies specific workshops and training sessions have already been planned for 2020 for colleagues (relationship managers, risk managers, members of other functions involved in due diligence processes) to correctly assess all risks related to clients involved in these sectors.

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-making processes. When necessary, external experts are involved in these processes.

Environmental, social and reputational risk policies

Policy	Latest version	Objective
Defence/Armaments	Oct 2019	To regulate financial involvement with companies from the defence/armaments industry
Arctic and Non-Conventional Oil & Gas Industry	Nov 2019	To establish standards and guidelines that address the risks associated with financing the Arctic and Non-Conventional Oil & Gas Industry
Coal sector	Dec 2019	To establish standards and guidelines that address the risks associated with financing the coal sector
Mining	July 2014	To establish standards and guidelines that address the risks associated with financing mining operations
Nuclear Energy	June 2013	To regulate financial involvement with and address the challenges posed by the nuclear energy sector
Water Infrastructure	Feb 2012	To establish standards and guidelines that address the risks associated with financing large water infrastructure projects such as dams



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 Group Risk Management functions.

Furthermore, 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 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 2019 1,114 transactions were assessed for potential environmental, social, and other reputational issues. More than 900 of these transactions were related to our sector policies.

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

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

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 a report on the non-binding opinions (NBO) that have been issued over the period to the Group Operational and Reputational Risk Committee (GORRIC). This report provides an overview of the number of transactions declined, approved or approved with conditions during the risk assessment process.

During the year we reinforced our governance on reputational risk. The Group Reputational Risk Council implemented in 2018 became a Committee in its own right. The Group Reputational Risk Committee (GRRC) is responsible for the assessment of the reputational risks of initiatives, transaction banking, projects, customers and other business activities. The GRRC supports the Group Chief Risk Officer (CRO) on governance guidelines for the management of the reputational risk on sensitive sectors and customer relationships, the related mitigation actions and all the other relevant topics submitted by the Reputational Risk function. The GRRC involves the proposing Business function together with Group Risk Management, Group Lending Office, Group Compliance, Group Legal, Group Sustainability & Foundation and evaluates the participation of the CEO and other relevant functions on a case-by-case basis. During the year there were 19 meetings and the transactions analysed amounted to 44.

Implementation of the Equator Principles

UniCredit has adopted the EP¹ 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 and 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.

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. Also in 2019, 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. These activities have provided UniCredit with valuable experience, facilitating the implementation of the framework Groupwide and enhancing engagement with stakeholders. The EP 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.

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

The EP Advisory team represents UniCredit in the EP Association.

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.

Where applicable, independent environmental and social experts are consulted to assist our transaction team in accordance with the EP. Loan document covenants are also reviewed by the specialised transaction team, internal legal department and, where appropriate, technical, environmental and social specialists. We regularly conduct special workshops and training sessions to enhance our capacity to implement the EP within our organisation. In 2019 roughly 70 employees from the risk competence line and business divisions, including Corporate and Investment Banking (CIB), attended EP workshops and bilateral training sessions tailored to the needs of different audiences. Participants received comprehensive instructions that introduced them to the EP framework and the underlying World Bank Standards, leveraged peer-to-peer knowledge-sharing, and provided practical examples for evaluating financial, environmental and social risks, among other topics. In 2019 UniCredit also approved internally to adopt the EP4 for effective date of 01 July 2020. The development of the EP4 was an intensive process which included also feedback obtained from a wide variety of stakeholders and experts. The UniCredit EP Advisory team participated in the Social Impact and Human Rights working group (which contributed as part of the EP Association to the development of the EP4). We will actively continue to support this working group in the future. Moreover, in the first few months of 2020, several working groups will be developing associated guidance to support relevant stakeholders in the implementation of the principles.

Equator Principles - Projects evaluated, financed and advised, 2019

Projects evaluated	Projects financed ^A	Projects advised
98	14	0

A. Includes 13 Project Finance transactions and 1 Bridge Loan.

Equator Principles - Number of projects financed^A by risk category

Risk category ^B	2019	2018	2017
Category A	1	7	4
Category B	6	11	13
Category C	7	5	3
Total	14	23	20

A. Projects financed by UniCredit Bank AG, UniCredit SpA and UniCredit Bank Austria AG.

B. 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.

Equator Principles - Number of projects financed by risk category and sector, 2019

Sector	Category A	Category B	Category C
Resources ^A	0	1	0
Energy	1	5	6
Infrastructure	0	0	1
Total	1	6	7

A. Including mining and metals.

Equator Principles - Number of projects financed by risk category and region, 2019

Region	Category A	Category B	Category C
Europe: EU	0	5	7
Europe: Extra EU	1	1	0
Total	1	6	7

Equator Principles - Number of projects financed in Designated Countries^A and projects subjected to Independent Reviews^B, 2019

	Category A	Category B	Category C
Designated Country	0	5	7
Independent Review	1	6	7

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.

EP in facts - Volgafert

UniCredit, together with another bank, arranged SACE-covered financing for a 1,500 metric tons per day (500,000 tons per year) urea plant in Tolyatti, Samara region, Russian Federation (the Project). The Project will be built, owned and operated by a joint venture between Russian fertiliser and chemicals producer PJSC Kuibyshev Azot and Italian Maire Tecnimont SpA, whereby the latter also acts as EPC Contractor to the Project.

The Project will be constructed within an existing industrial complex owned and operated by Kuibyshev Azot who will supply it with ammonia and carbon dioxide feedstocks produced in existing plants as well as with the utilities from existing facilities. The Project will be built under a turnkey EPC Contract by Tecnimont SpA and will apply urea production technology licensed from Stamicarbon BV, a subsidiary of Tecnimont.

The Project is being developed in compliance with Russian Federation requirements and the lenders’ environmental and social standards, including the International Finance Corporation (IFC) Performance Standards Performance Standards, EP and OECD Common Approaches. Environmental and social due diligence (ESDD) for the Project was conducted by a reputable external consultant on behalf of the lenders. It was based on the review of a set of documents, including the Project Design Documentation by NIIK, a Russian Research and Design Institute of Urea and Organic Synthesis Products and the EPC Contracts, as well as site visit observations and discussions with relevant Project stakeholders.

In consultation with the lenders’ advisor, the Project was categorised as Category B in accordance with EP. Due to its location on the industrial site the potential adverse, environmental and social risks involved are extremely limited. These risks are ultimately specific to the boundaries of the sanitary protection zone and can be prevented or significantly reduced by implementing the envisaged mitigation measures.

Actions were identified to close the gaps in those areas not found to be fully compliant with lenders’ applicable standards. An Environmental and Social Action Plan (ESAP) was developed and was made an undertaking of the borrower under the facility documentation. Actions to be completed as part of ESAP include: the development of appropriate management programmes to mitigate environmental, health and safety risks during the construction phase; internal grievance mechanism; establishing necessary monitoring controls/programmes for the operational phase (air control monitoring, soil and ground water protection) and other measures. Regular monitoring by an Independent Environmental and Social Advisor of the ESAP implementation and of the environmental and social status of the Project was agreed both for the construction and operation phase.

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. Indeed, its mission, under the responsibility of the Chief Compliance Officer, is to monitor the management of compliance risk - in terms of looking after the correct application of/and compliance with the regulatory framework, its consistent interpretation at group level, as well as the identification, evaluation, prevention and monitoring of the overall compliance risks - 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, the Compliance office defines, develops and monitors both implementation and adherence with compliance rules, procedures, methodologies, training and in particular, minimum compliance standards to be followed and implemented within the Group. Moreover, within its mission, it pursues the goal of being a valuable partner to the Business in terms of, on the one hand, ensuring the necessary advice to deal promptly both with new regulations and with new emerging risks impacting on the Bank’s strategic interests and, on the other hand, of enhancing awareness on conducting business in a sustainable/ethical way compliant to rules.

The Compliance function is embedded in the second-level internal control system and pursues the goal of preventing and managing the risk of regulatory non-compliance and conflict of interest with a view to preserving the Bank’s reputation and its customers’ confidence and to contributing to Group Sustainability (corporate value creation/consolidation). This it does through: strategic guidance (policies and opinions) and support and monitoring (compliance risk mapping, preventive evaluation) on all compliance activities. Moreover, by regularly interacting with the other control functions, especially in the prompt detection of upcoming emerging risks, it ensures consistency in the functioning of the second level internal defense line.

Finally, in terms of complying with the new strategic plan *Team 23*, Compliance function is focusing on enhancing compliance risk management and on making actions to mitigate non-compliance risks more effective.

Key policies on the main Compliance topics

Topic	Global 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.
	ICT Compliance Framework	The Rule aims to set up guidelines and principles to ensure compliance with laws and regulations in force regarding ICT and to define the organisational framework of responsibilities and main activities to be performed by Compliance functions.
	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 their activity in or on behalf of UniCredit.
	Compliance Risk Assessment Methodology	This Rule defines Group principles and standard 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	Global Policy	Definition
Client Interest Protection	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: • conflicts in the provision of investment services and activities • conflicts in the provision of insurance products 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.
Anti-bribery & Anti-corruption	Anti-Bribery and Anti-Corruption	This Policy aims to: • clearly articulate UniCredit's commitment to prohibiting bribery and corruption; • define principles for identifying and preventing potential bribery and corruption; • clearly communicate anti-bribery and anti-corruption principles both to internal and external stakeholders; • provide a framework for a Group-wide Anti-Corruption Programme.
	Whistleblowing	The purpose of this Rule is to foster a corporate environment where Employees and Third Parties may feel free to make Reports on Unacceptable Conduct within the Group since they are considered as significantly contributing to self-correction and excellence. This Rule defines: • unacceptable conducts subject to reports from employees • the process for the management of reports by identifying the persons in charge of the relevant receipt and analysis • the measures provided by the Group for the protection of whistleblowers and their identity as well as measures related to the filing of the documentation connected to reports.
Data Protection	Privacy	This Policy implements the provisions introduced by the EU General Data Protection Regulation n. 2016/679 (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.
	Data Breach detection, management and notification process	This Rule aims to define the principles and minimum rules for the implementation, management, development and maintenance of a coordinated process that allows the correct detection and management of security incidents related to GDPR issues.
Anti-Money Laundering (AML), Counter-Terrorist Financing and Financial Sanctions	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 those risks. It also provides general information on the measures taken by Group Companies to identify, mitigate and manage money laundering and terrorist financing risk.
	Financial Sanctions	This Policy defines the principles and rules for setting out the framework by which the Group manages its risks in respect of Financial Sanctions. It also establishes minimum standards for the controls to be implemented throughout the Group.

Topic	Global Policy	Definition
Market Transparency	Personal Account Dealing	This Rule provides Group Companies with common standards to define internal procedures aimed at preventing and mitigating compliance risks related to personal transactions on Financial Instruments of individuals in scope of this Rule.
	Market Abuse	This Policy defines the principles, rules and 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 defines, in one Single Antitrust Rulebook, 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 Leakages, due to the damage these may cause to the legitimate interests of the Group itself and its clients and to market integrity.
	Insurance Distribution Directive	The Rule aims at setting Group standards on the distribution of insurance and/or reinsurance products and provides UniCredit SpA and Legal Entities with common standards and minimum requirements to provide insurance and/or reinsurance distribution.

Policies

Anti-Money Laundering

Regulators are very focused on the level of compliance with Anti-Money Laundering (AML) requirements by banks. The Global Policy on AML and Countering of Terrorist Financing builds on the Group Compliance Framework Global Policy and sets out more detailed policy statements on issues such as risk assessment, customer classification and the minimum due diligence standards for the Know Your Customer process while also taking into account the EU AML Directives. The AML Policy sets out the framework the Group uses to manage its money laundering and terrorist financing risk and establishes minimum standards for the Group Entities AML programmes. The operational guidelines for the implementation of the AML Policy are set in Group Operational Regulation on risk assessment and second level controls, due diligence requirements, monitoring of customers’ transactions, as well as specific rules applicable to certain products.

Key achievements 2019	Priorities 2020
1. Implementation of second Level Controls (2LC) Catalogue 2. Testing of transaction monitoring tools 3. Implementation of regulatory projects 4. Execution of AML Risk Assessment 5. Implementation of Gianos 4D according to Proof of Concept results and customization 6. Implementation of scenarios in Siron across CEE countries and Bank Austria	1. Continuing roll out of negative news screening 2. Group testing on Politically Exposed Person (PEP) 3. Continuing investigations on specific money laundering typologies 4. Continuing red flags implementation in transaction monitoring tool and fine-tuning 5. Testing Customer Due Diligence (CDD) tools in group entities

Anti-corruption

The Group has zero tolerance towards acts of corruption, prohibits facilitation payments and does not permit any transfer 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 Rule.

The Global Policy sets minimum standards of anti-corruption compliance throughout the UniCredit Group and is published on the Group website. Whenever local rules in a country of operation are stricter than Global Policy, the stricter local rules apply. Each local entity is responsible for the development and implementation of an effective local Anti-Corruption Programme.

Global Policy and Group Operational Regulation are reviewed periodically. Moreover, Italian Group Legal Entities have also implemented the Organisational and Management Model pursuant to Italian Legislative Decree 231/01 (Administrative liability of Legal entities, companies and associations). This Model establishes specific Protocols preceding 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 and Group Operational Regulation, any corresponding local internal rules and procedures and all applicable anti-corruption laws in the performance of their duties.

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

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

Key achievements 2019	Priorities 2020
1. Issuing of the Anti-Corruption Group Operational Regulation 2. Roll out of the updated Group Control Catalogue for Anti-Corruption and Whistleblowing 3. Classroom workshops and communication campaigns on whistleblowing	1. Implementation of the Group Operational Regulation-- roll out in all the Group Legal Entities 2. Execution of the updated ABC Group Control Catalogue 3. Dedicated training (workshop/classroom) on ABC topics for specific target of employees 4. Training on new ABC course to all Group employees

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

UniCredit SpA has adopted an organisational and management model (hereinafter the Model, composed of two Sections: General and Special) pursuant to Italian Legislative Decree 231/01 (administrative liability of legal entities, companies and associations). 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 with the aim of guaranteeing the prevention of unlawful conduct, including those provided for by the specific legislation on the administrative liability of entities. In particular, the Bank has identified the following supports to plan and implement the business decisions and carry out the relevant checks: the rules of Corporate Governance; the Internal Controls System; the system of authorities and delegation; the Code of Conduct. In addition, with specific reference to the risks deriving from Legislative Decree (LD) 231/2001, the Bank has formalised the Special Section, that is, specific Decision Protocols that describe the at-risk activities, in relation to which the relevant offences may be committed and the principles of conduct and control rules aimed at preventing the offences. UniCredit SpA established additional rules of conduct in the Code of Ethics pursuant to Italian LD 231/2001, as an integrated part of The Model.

In drawing up the Model, the Bank took explicit account of the Italian Banking Association (ABI) Guidelines. The Model of UniCredit SpA was updated in July 2019. In particular, the General Section and the Decision Protocols has been updated as following:

- General Section: (i) chapter 1 Scope and purpose of the organisation and management model, has been reviewed; (ii) chapter 3 Italian Legislative Decree 231/2001 risks prevention measures, has been revised for making it adherent to the Corporate Governance of the Group; (iii) chapter 4 Supervisory Body, the structure and composition of the Supervisory Body pursuant to Italian LD 231/2001, has been reviewed following the attribution of the functions of the Supervisory Body to the Board of Statutory Auditors; (iv) chapter 5 The disciplinary system, the sanctioning process has been reviewed; (v) chapter 6 Information and staff training, has been reviewed
- Special Section (the Decision Protocols): (i) the references of Supervisory Body have been updated in all Decision Protocols; (ii) other main changes in some Decision Protocols: following organisational changes in the Bank, update of the internal regulations and periodical information flows.

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 Programme at Group level (hereinafter CAP) aimed at:

- increasing the governance of Antitrust matters at both company and Group level
- strengthening compliance culture and enhancing the 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 since then has been shaped and calibrated on the basis of each bank's specific features, business type and size as well as target markets. The CAP is subject to monitoring and periodic review to ensure its continued effectiveness.

Following the success of this initiative, in 2017 the CAP 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 to 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.

In 2019 the CAP was refreshed and updated in 15 banks and was performed through:

- a dedicated mapping of any sensitive company Functions (i.e. those exposed to potential Antitrust risks, including but not limited to Business ones)
- targeted interviews of key people of the impacted Functions so as to identify specific Antitrust risks
- dedicated assessment of the Antitrust risks and subsequent roll-out of internal processes and controls (where needed)
- tailor-made trainings, assigned to selected employees within the Functions affected by Antitrust risks.

In 2019 dedicated sessions on Antitrust were held at the EMC of UniCredit SpA and main committees of the Group banks.

Key achievements 2019	Priorità 2020
1. Refreshing and updating of Compliance Antitrust Program in 15 main banks of the Group	1. Extension of Compliance Antitrust Program in 2020 to selected Group Companies, according to new compliance oversight methodology

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

Country	Description of main legal actions, 2019
Germany and Italy	During 2019 UniCredit SpA and UniCredit Bank AG received a Statement of Objections from the European Commission referring to the investigation by the European Commission of a suspected violation of antitrust rules in relation to European government bonds. The subject matter of the investigation extends to certain periods from 2007 to 2012, and includes alleged activities by UniCredit Bank AG in a part of this period. The Statement of Objections does not prejudice the outcome of the proceeding; should the Commission conclude that there is sufficient evidence of an infringement, a decision prohibiting the conduct and imposing a fine could be adopted, with any fine subject to a statutory maximum of 10% of the company's annual worldwide turnover. UniCredit SpA. and UniCredit Bank AG had access to the entirety of the European Commission's file on the investigation from 15 February 2019 onwards. As a result of the assessment of the files, the Bank regards it no longer remote but possible, even though not likely, that a cash outflow might be required to fulfill a potential fine arising from the outcome of the investigation. UniCredit SpA and UniCredit Bank AG responded to the raised objections on 29 April 2019 and participated in a hearing before the European Commission on 22-24 October 2019. Proceedings are ongoing. There is no legal deadline for the Commission to complete antitrust inquiries.
Country	Update on legal actions listed as ongoing in the 2018 Integrated Report
Italy	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 is aimed at ascertaining the existence of alleged concerted practices with reference to the Sepa Compliant Electronic Database Alignment system (SEDA). 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. UniCredit decided to appeal the AGCM decision at the TAR (the Italian Regional Court). The appeal is still pending.
Hungary	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. 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. In the new proceeding the Hungarian Competition Office re-calculated the fines as a result of which the amount of the fine was reduced to HUF 185,000,000 - regarding UniCredit (approx. €572,200). 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. In December 2019, the decision has been postponed to February, 2020. 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. On 10 September 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.
Romania	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. 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. The investigations is almost completed by the Authority: on December 2nd, 2019 UniCredit Leasing Corporation IFN S.A. submitted to the Competition Council the observations to the Investigation Report. The observations aim at rebutting the alleged infringement by object and by effect.

A. The cases reported refer to administrative procedures. For further information related to pending legal actions please refer to the Consolidated Financial Report 2019, section B. Legal risks.

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 that sets standard and rules for properly detecting managing and recording conflicts of interest.

- The Group has adopted a unique model for the identification and management of various types of conflicts of interest. The model consists of the following steps:
1. identification of Events/activities pertaining to the Group that could generate conflicts of interest
 2. identification of the types of conflicts of interest as classified by the Group
 3. identification both of the related Organizational Measures suitable to mitigate/neutralize the various relevant conflict of interest types and of the behaviours to implement (e.g. disclosure and/or management)
 4. record keeping of conflicts and
 5. controls.

Key achievements 2019	Priorities 2020
1. Issue of the new Global Process Regulation that provides precise operational guidelines for the management of Conflicts of Interest 2. Performed Risk Assessment using the new methodology across all legal entities included in the perimeter 3. Harmonisation of the applicability of the Group COI Control Catalogue 4. Provided Group rules for the formalisation of the yearly report on COI	1. The Global Operational Rule Outside Business Interest and the relative tool will be revised (the Policy is currently valid for the companies of the UniCredit Group that adopt the Italian collective labour contract). In addition, the Outside Business Interest tool (web application for the management of the external interests of employees linked to their possible professional and business activities) will be implemented in the Group Legal Entities included in the Compliance Perimeter

Privacy management

UniCredit ensures its compliance with data protection rules by adopting the principles set forth in the Italian legislation implementing the Regulation (EU) 2016/679 of the European Parliament and the Data Protection Code - Legislative Decree no. 196/2003, as amended by the Legislative Decree No. 101 of 10 August 2018, through dedicated internal rules, in particular, the Global Policy on Privacy (which replaced the previous version of the Global Compliance Guidelines on Privacy) issued in March 2015. The Policy was updated in March 2018 to comply with the new GDPR (EU Regulation 2016/679) and further updated in April 2019.

Within the scope of data protection activities, the Compliance Risk Assessment and the second level controls performed by UniCredit are aimed at identifying, monitoring and managing compliance risks in this regulatory area. A data protection risk assessment group-wide was performed in 2019. A second level control catalogue will be further improved in order to cover new processes (e.g. right to be forgotten).

Furthermore, the Data Protection Office works with the Security Governance function in order to incorporate certain flows/results of security controls related to data processing within the overall GDPR Risk Assessment.

At Group Level UniCredit has developed a Data Protection Officer (DPO) Community and a Data Processing Agreement (DPA) at Group level. The DPO Community is a community developed in order to ensure that the DPOs of the various Legal Entities of UniCredit Group may share their opinion on different issues, experiences, lesson-learnt and local/

European regulatory evolutions. The Group DPA is a Data Processing Agreement agreed at Group Level that ensures that whenever there is a Controller and a Processor within the UniCredit Group, this DPA is used.

Key achievements 2019	Priorities 2020
1. Extension of DPO function appointment to minor Legal Entities and UniCredit SpA foreign branches 2. Adoption of new version of Group GDPR second Level Controls Catalogue 3. Definition of GDPR applicability to non-EU Legal Entities and UniCredit SpA foreign branches 4. Fine-tuning of Data Protection Impact assessment methodology 5. Definition and implementation of Group process for management of Data Processors (Vendors), including Data Processing Agreement (DPA) with particular reference to Group DPA to cover common Data Processors among different Legal Entities of UniCredit Group 6. Definition and implementation of Group process for management and notification of personal data breaches 7. Data Protection Risk Assessment has been completed at Group level and progressively extended to minor Legal Entities (Ireland and Luxembourg) and foreign branches	1. Completion of Right to be forgotten implementation on GDPR relevant IT applications 2. Set up of a DPO cockpit to assure a better oversight by each DPO at local level and Group DPO at group level through collection of specific information flows on data protection status (e.g. data subjects' requests, data breaches occurred, etc.) 3. Fine-tuning of GDPR second level controls catalogue with particular reference to the definition of second level controls related to "Right to Be Forgotten" to be implemented through Data Discovery system 4. New certification campaign of Record of processing activities by involving Bank process owners 5. Fine-tuning of GDPR global policies already in place and issuing of a new dedicated Global Policy concerning GDPR Risk assessment and second level controls methodology

Whistleblowing

In 2011 we adopted a system implemented at Group level which provides employees with a way to report unacceptable conduct (i.e. whistleblowing). By unacceptable conduct we mean any action and/or omission performed during the working activity that could in any way affect it. This could be a violation of bank activity rules or any violation that causes or could cause damage or bias to UniCredit and/or its employees. Any employee can make use of this mechanism to report a reasonable suspicion of unlawful conduct that could be potentially harmful or detrimental to the Group or its employees.

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 Group Compliance CEE, ABC, Governance, Education & Business Management, as the person responsible for internal whistleblowing systems and for ensuring that the procedure is followed correctly. If the people referred to above are hierarchically and functionally subordinate to the person to whom the whistleblowing report relates or if they themselves are accused of violation or if they have a potential interest in the report that would compromise their impartiality and independence of judgment, then they may contact Internal Audit directly as the reserve function.

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

- by phone. The UniCredit SpeakUp line allows the employee to leave a voice message report with an option to remain anonymous
- on the website, where the UniCredit SpeakUp web service allows the employee to submit a written report with an option to remain anonymous
- by e-mail to the UniCredit Italy Whistleblowing e-mail address
- by letter to the dedicated UniCredit Italy Whistleblowing postal address
- by physical meeting.

In June 2019 a new Policy was issued which introduces the opening of the whistleblowing channels to Third Parties.

Number of cases by category, 2019^A

Total reported cases ^B	Out of which reports received resulted in real policy or requirement breaches	Closed Reported Cases as of 31/12/2019	Pending reported cases as of 31/12/2019	Categories of closed cases ^C											
				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)	Other
346	87	258	88	3	2	4	8	3	4	7	9	0	107	25	12

A. This data is drawn from the following subset of Group legal entities: UniCredit SpA (Milan – included branches in Abu Dhabi, London, Madrid ,Munich, New York, Paris, Shanghai), UniCredit Bank AG (included branches in Athens, Hong Kong, London, Luxembourg, Milan, New York, Paris, Singapore, Tokyo, Vienna, Zurich); UniCredit Bank Austria AG, UniCredit Bank Ireland, UniCredit International Luxembourg Sa, Schoellerbank AG, Schoellerbank Invest AG, UniCredit Bank ad Banja Luka, UniCredit Bank d.d. Mostar, UniCredit Bulbank AD, Zagrebačka Banka DD, UniCredit Bank Czech Republic and Slovakia as, UniCredit Bank Hungary Zrt, UniCredit Bank SA, AO UniCredit Bank, UniCredit Bank Serbia Jsc, UniCredit Banka Slovenija DD, Yapi Kredi, UniCredit Leasing SpA, Cordusio Società Fiduciaria per Azioni, Cordusio SIM SpA, UniCredit Factoring SpA, UniCredit Leasing (Austria) GmbH, UniCredit Leasing EAD, UniCredit Leasing Croatia doo za Leasing, UniCredit Leasing CZ as, UniCredit Leasing Hungary Zrt., UniCredit Operatív Lízíng Kft, UniCredit Biztosításközvetítő Kft, OOO UniCredit Leasing Russia, UniCredit Leasing Corporation IFN Romania, UniCredit Leasing Srbija doo, UniCredit Leasing, leasing, doo, SIA UniCredit Leasing, UniCredit Subito Casa SpA, Zb Invest D.O.O. Za Upravljanje Investicijskim Fondovima, UniCredit Consumer Financing IFN SA, Factorbank Aktiengesellschaft,Doo Unicredit Garant, Unicredit Factoring Czech Republic And Slovakia, A.S., UniCredit Consumer Financing EAD, UniCredit Factoring EAD, Bank Austria Real Invest Immobilien-Management GmbH, DC Bank AG, UniCredit Services (Austria) Gmbh, Card Complete Service Bank AG, Bank Austria Finanzservice GmbH, Wealthcap Kapitalverwaltungsgesellschaft GmbH, Food & More GmbH, UniCredit Leasing Gmbh, UniCredit Jelzalogbank Zrt., UniCredit Services ScpA (included branches in Czech Republic, Germany, Great Britain, Hungary, Poland, Romania, Singapore, Slovakia, United States).

B. Data includes also n. 30 claims/complaints/allegations (of which n. 5 pending as of 31/12/2019) which have been reported through channels not fully dedicated to whistleblowing and that are sent to the competent function for investigation (e.g. complaint management).

C. Please note that the categories of closed cases refer to whistleblowing cases with sufficient elements to perform investigations. In 2019 n. 49 reports received which were in the scope of the Global Policy on whistleblowing did not have sufficient elements.

Material topics

Clusters	Main stakeholder involved ¹	Material topic	Definition	Boundaries for material topics ²	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	• Integration of Strategic Pillars and Capitals • Intellectual Capital • Social and relationship Capital
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	• Integration of Strategic Pillars and Capitals • Social and relationship Capital
Lean and solid bank	All ³	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	• Governance • Integration of Strategic Pillars and Capitals • Financial Capital • Risk Management and Compliance • Social and relationship Capital
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	• Integration of Strategic Pillars and Capitals • Social and relationship Capital
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	• Human Capital

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/Shareholders and Regulators.

Clusters	Main stakeholder involved ¹	Material topic	Definition	Boundaries for material topics ²	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 relationships	• Risk Management and Compliance
Systemic trends	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
Systemic trends	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 relationships	• Natural Capital • Risk Management and Compliance
Systemic trends	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

Portrait in numbers

The data in this part of Supplement applies to UniCredit’s employees (in Head Count) as of December 31, 2019-2018. 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.

2019 data shows a general decrease of the company’s overall population, mainly due to the reorganization of the Group through our strategic plan.

Starting from 2019 the Executive employment tier has been renamed as Senior Executive, but no changes in the data occurred.

Percentage and number of employees by country and gender, 2018-2019

Country	Female 2019	Male 2019	Head Count 2019	Head Count 2018
Italy	46.82%	53.18%	38,764	41,007
Germany	53.75%	46.25%	15,695	16,068
Austria	54.49%	45.51%	8,523	8,798
Bosnia and Herzegovina	72.97%	27.03%	1,687	1,686
Bulgaria	77.47%	22.53%	4,572	4,589
Croatia	74.07%	25.93%	4,069	4,076
Czech Republic ^A	64.84%	35.16%	3,854	3,890
Hungary	67.53%	32.47%	2,171	2,207
Romania	71.82%	28.18%	5,706	5,851
Russia	67.22%	32.78%	4,665	4,721
Serbia	64.79%	35.21%	1,335	1,303
Slovenia	64.75%	35.25%	573	577
Other ^{A,B}	61.89%	38.11%	1,459	1,575
Total	56.25%	43.75%	93,073	96,348

A. Due to improved processes in data collection and calculation, 2018 figures differ from the ones published in 2018 Integrated Report.
B. Other includes: Brazil, Ireland, Latvia, Luxembourg, Poland, Singapore, Slovakia, United Kingdom and United States of America.

Percentage of employees by employment tier, 2018-2019

Employment tier	2019	2018
Senior Leadership	0.12%	0.11%
Senior Executive	0.40%	0.39%
Middle Management	10.23%	9.68%
Staff	89.25%	89.81%
Total	100.00%	100.00%

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

Percentage of employees by employment tier and gender, 2018-2019

Employment tier and gender	2019	2018
Senior Leadership		
Female	12.04%	10.00%
Male	87.96%	90.00%
Senior Executive		
Female	19.20%	21.37%
Male	80.80%	78.63%
Middle Management		
Female	32.10%	31.52%
Male	67.90%	68.48%
Staff		
Female	59.24%	58.59%
Male	40.76%	41.41%

Percentage of employees by gender and contract type, 2018-2019

Gender	2019		2018	
	Fixed term	Permanent	Fixed term	Permanent
Female	3.04%	53.22%	3.68%	52.08%
Male	1.92%	41.83%	2.38%	41.85%
Total	4.96%	95.04%	6.07%	93.93%

Percentage of employees by contract type and country, 2018-2019

Country	2019		2018	
	Fixed term	Permanent	Fixed term	Permanent
Italy	0.03%	99.97%	2.44%	97.56%
Germany	7.21%	92.79%	6.77%	93.23%
Austria	16.02%	83.98%	16.27%	83.73%
Bosnia and Herzegovina	5.63%	94.37%	5.34%	94.66%
Bulgaria	7.81%	92.19%	8.28%	91.72%
Croatia	2.92%	97.08%	2.40%	97.60%
Czech Republic ^A	7.71%	92.29%	8.87%	91.13%
Hungary	0.32%	99.68%	0.05%	99.95%
Romania	5.84%	94.16%	8.14%	91.86%
Russia	7.82%	92.18%	8.41%	91.59%
Serbia	8.76%	91.24%	7.60%	92.40%
Slovenia	17.98%	82.02%	14.38%	85.62%
Other ^{A,B}	21.38%	78.62%	22.60%	77.40%
Total	4.96%	95.04%	6.07%	93.93%

A. Due to improved processes in data collection and calculation, 2018 figures differ from the ones published in 2018 Integrated Report.
B. Other includes: Brazil, Ireland, Latvia, Luxembourg, Poland, Singapore, Slovakia, United Kingdom and United States of America.

Percentage of employees by employment tier and age, 2018-2019

Employment tier	2019			2018		
	Up to 30 years	31-50 years	Above 50 years	Up to 30 years	31-50 years	Above 50 years
Senior Leadership	0.00%	0.13%	0.13%	0.00%	0.09%	0.20%
Senior Executive	0.00%	0.42%	0.50%	0.00%	0.41%	0.51%
Middle Management	0.93%	11.13%	11.81%	0.89%	10.62%	11.17%
Staff	99.07%	88.31%	87.56%	99.11%	88.89%	88.11%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Turnover for incoming^A employees by country, 2018^B-2019

Country	2019		2018	
	Number	Percentage	Number	Percentage
Italy	1,181	2.88%	1,251	2.78%
Germany	852	5.30%	533	3.05%
Austria	503	5.72%	590	6.30%
Bosnia and Herzegovina	118	7.00%	116	6.85%
Bulgaria	550	11.99%	552	12.09%
Croatia	328	8.05%	359	8.62%
Czech Republic	515	13.24%	593 ^C	14.60%
Hungary	343	15.54%	307	13.60%
Romania	1,081	18.48%	1,423	24.97%
Russia	828	17.54%	876	18.55%
Serbia	146	11.20%	127	9.91%
Slovenia	77	13.34%	80	14.04%
Other ^D	150	9.52%	358 ^C	23.76%
Total	6,672	6.92%	7,165	7.00%

A. Turnover rates are calculated as follows: (employees hired during the year)/(employees at the beginning of year)*100.
B. The percentage data for 2018 have been recasted from those published in the previous Integrated Report in order to ensure the homogeneity of the two-year calculation methodologies. The methodology used complies with the interpretation of the GRI Standards in relation to the GRI 401-1 Disclosure. For the historical data published in the past, please refer to the 2018 Integrated Report.
C. Due to improved processes in data collection and calculation, 2018 figures differ from the ones published in 2018 Integrated Report.
D. Other includes: Brazil, Ireland, Latvia, Luxembourg, Poland, Singapore, Slovakia, United Kingdom and United States of America.

Turnover for outgoing^A employees by country, 2018^B-2019

Country	2019		2018	
	Number	Percentage	Number	Percentage
Italy	2,416	5.89%	5,100	11.34%
Germany	1,229	7.65%	2,022	11.57%
Austria	778	8.84%	1,153	12.31%
Bosnia and Herzegovina	118	7.00%	120	7.08%
Bulgaria	565	12.31%	523	11.45%
Croatia	385	9.45%	444	10.66%
Czech Republic	545	14.01%	676 ^C	16.64%
Hungary	375	16.99%	358	15.86%
Romania	1,245	21.28%	1,307	22.94%
Russia	881	18.66%	878	18.59%
Serbia	114	8.75%	105	8.20%
Slovenia	79	13.69%	72	12.63%
Other ^D	255	16.19%	276 ^C	18.31%
Total	8,985	9.33%	13,034	12.74%

A. Turnover rates are calculated as follows: for outgoing employees (employees who left the Group during the year)/(employees at the beginning of year)*100.
B. The percentage data for 2018 have been recasted from those published in the previous Integrated Report in order to ensure the homogeneity of the two-year calculation methodologies. The methodology used complies with the interpretation of the GRI Standards in relation to the GRI 401-1 Disclosure. For the historical data published in the past, please refer to the 2018 Integrated Report.
C. Due to improved processes in data collection and calculation, 2018 figures differ from the ones published in 2018 Integrated Report.
D. Other includes: Brazil, Ireland, Latvia, Luxembourg, Poland, Singapore, Slovakia, United Kingdom and United States of America.

Turnover for incoming employees by gender^A and age^B, 2018^C-2019

Gender	2019		2018	
	Number	Percentage	Number	Percentage
Female	3,722	6.93%	4,219	7.51%
Male	2,950	6.92%	2,946	6.39%

Age	2019		2018	
	Number	Percentage	Number	Percentage
Up to 30 years	3,704	33.72%	4,366	39.13%
31-50 years	2,646	4.81%	2,361	4.05%
Above 50 years	322	1.06%	438	1.33%

A. Turnover rates are calculated as follows: (employees hired by gender during the year)/(employees by gender at the beginning of year)*100.
B. Turnover rates are calculated as follows: (employees hired by age during the year)/(employees by age at the beginning of year)*100.
C. The percentage data for 2018 have been recasted from those published in the previous Integrated Report in order to ensure the homogeneity of the two-year calculation methodologies. The methodology used complies with the interpretation of the GRI Standards in relation to the GRI 401-1 Disclosure. For the historical data published in the past, please refer to the 2018 Integrated Report.

Turnover for outgoing employees by gender^A and age^B, 2018^C-2019

Gender	2019		2018	
	Number	Percentage	Number	Percentage
Female	4,611	8.58%	6,692	11.28%
Male	4,374	10.26%	6,342	14.51%

Age	2019		2018	
	Number	Percentage	Number	Percentage
Up to 30 years	2,418	22.02%	2,789	25.00%
31 – 50 years	4,031	7.33%	3,786	6.50%
Above 50 years	2,536	8.35%	6,459	19.64%

A. Turnover rates are calculated as follows: (employees who left the Group by gender)/(employees by gender at the beginning of year)*100.
B. Turnover rates are calculated as follows: (employees who left the Group by age)/(employees by age at the beginning of year)*100.
C. The percentage data for 2018 have been recasted from those published in the previous Integrated Report in order to ensure the homogeneity of the two-year calculation methodologies. The methodology used complies with the interpretation of the GRI Standards in relation to the GRI 401-1 Disclosure. For the historical data published in the past, please refer to the 2018 Integrated Report.

Percentage of employees by gender and employment status, 2018-2019

Gender	2019		2018	
	Part-time	Full-time	Part-time	Full-time
Female	13.78%	42.48%	13.65%	42.12%
Male	2.24%	41.51%	2.23%	42.01%
Total	16.01%	83.99%	15.88%	84.12%

Differential^A between female and male employee gross salaries^B by country and employment tier, 2018-2019^C

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

Country	2019			2018		
	Senior Executive	Middle Management	Staff	Senior Executive	Middle Management	Staff
Italy	92.19%	87.14%	89.06%	90.49%	86.48%	88.63%
Germany	84.07%	85.14%	88.50%	77.65%	83.46%	87.63%
Austria	107.06%	90.65%	79.85%	105.76%	90.65%	80.17%
Bosnia and Herzegovina	Not applicable	81.58%	86.71%	Not applicable	80.29%	89.67%
Bulgaria	Not applicable	93.62%	75.77%	Not applicable	91.73%	74.88%
Croatia	Not applicable	89.14%	93.82%	89.10%	90.48%	93.55%
Czech Republic	Non applicable	84.09%	76.08%	Not applicable	68.67%	71.02%
Hungary	84.15%	95.96%	80.30%	Not applicable	97.58%	81.12%
Romania	141.58%	98.06%	79.24%	102.26%	100.76%	82.41%
Russia	Not applicable	89.82%	73.97%	120.60%	89.57%	73.59%
Serbia	Not applicable	84.97%	75.61%	Not applicable	88.83%	78.75%
Slovenia	Not applicable	103.31%	90.26%	Not applicable	76.47%	94.73%

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 84.82% of the population.

Differential^A between female and male employee total remuneration^B by country and employment tier, 2018-2019^C

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

Country	2019			2018		
	Senior Executive	Middle Management	Staff	Senior Executive	Middle Management	Staff
Italy	91.26%	85.67%	89.08%	86.31%	84.86%	88.74%
Germany	75.90%	79.46%	85.13%	64.39%	76.58%	84.12%
Austria	99.05%	88.39%	78.72%	121.43%	88.21%	78.95%
Bosnia and Herzegovina	Not applicable	79.25%	85.02%	Not applicable	79.62%	88.69%
Bulgaria	Not applicable	93.24%	75.45%	Not applicable	91.73%	74.93%
Croatia	Not applicable	87.32%	94.36%	92.07%	85.17%	93.59%
Czech Republic	Not applicable	80.73%	74.04%	Not applicable	64.89%	68.19%
Hungary	54.74%	95.28%	79.70%	Not applicable	98.57%	80.40%
Romania	125.05%	95.24%	79.54%	98.33%	99.21%	81.87%
Russia	Not applicable	87.42%	74.30%	115.66%	88.13%	74.31%
Serbia	Not applicable	78.33%	74.68%	Not applicable	83.81%	78.05%
Slovenia	Not applicable	105.54%	91.03%	Not applicable	72.13%	94.76%

A. The ratios were calculated as follows: (total remuneration of female employees/total female FTE)/(total remuneration of male employees/total male FTE).
B. Total remuneration: gross salary plus additional amounts such as bonuses including cash and/or available equity shares to reward individual performance and Company's results and any other no one-off payments.
C. Data represents 84.82% of the population.

Training hours per capita by employment tier and gender, 2018-2019

	2019			2018		
	Female	Male	Total	Female	Male	Total
Senior Leadership	16.84	18.87	18.63	27.17	19.14	19.95
Senior Executive	35.42	23.75	26.00	41.57	23.58	27.43
Middle Management	28.42	27.42	27.74	24.07	23.61	23.75
Staff	29.48	32.26	30.61	33.60	35.50	34.38
Total	29.43	31.39	30.28	33.08	33.58	33.30

This data was drawn from a population that represented 99.2 percent of the reporting perimeter for 2019 and 98.8 percent for 2018. Training hours include e-learning and classroom instruction.

Industrial Relations²

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, Groupwide approach has allowed us to build a high standard of social dialogue over the years, helping us to manage the challenging goals of our business strategies. In 2019 our social dialogue went one step further by signing the Global Framework Agreement (GFA) on Human Rights and Fundamental Labour Rights with UNI Global Finance, the global trade union for the banking and insurance sectors. The GFA is aimed at strengthening dialogue with trade unions regarding human rights and fundamental labour rights, in particular the freedom of association and the right to collective bargaining. In so doing, we specifically engaged on:

- protecting human rights
- combatting sexual misconduct, harassment and bullying, including the ongoing commitment to adopt the necessary measures to combat the risk of sexual harassment and acts of retaliation in the workplace
- combatting discrimination and promoting diversity and inclusion irrespective of sex, age, ethnic origin, ability or sexual orientation
- promoting positive working conditions and work-life balance.

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 are 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. In 2019 the EWC founding agreement was renewed, providing a valid and updated high-level social dialogue framework, capable of addressing the social partners to set up spaces for an effective, enriched and wider debate. The EWC currently has 30 members representing 15 countries (Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Germany, Italy, Luxembourg, Poland, Romania, Russia, Serbia, Slovakia, Slovenia and 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.

2. 2019 data represents 99.30 percent of the reporting perimeter, due to exclusion of the following Legal Entities:
Bulgaria: UniCredit Consumer Financing EAD, UniCredit Leasing EAD.

The Joint Declaration on Responsible Sales (May 2015) promotes joint principles and guidelines regarding UniCredit's commercial approach, defining the pillars on which they can be shared and respected: product quality, customer focus, employee 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 in all of the countries where the Group is present, with five areas of focus: digitalisation, 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.

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Percentage of employees covered by collective bargaining agreements, 2018-2019^A

Paese	2019	2018
Italy	100%	100%
Germany		
UniCredit Bank AG	39.00%	41.80%
Wealthcap Kapitalverwaltungsgesellschaft GmbH		
UniCredit Leasing GmbH	Not applicable	Not applicable
UniCredit Direct Services GmbH		
Food & More GmbH	35.00%	35.00%
UniCredit Services SCpA	46.81%	47.42%
Austria		
UniCredit Bank Austria AG		
Schoellerbank Aktiengesellschaft	100%	100%
Card Complete Service Bank AG		
UniCredit Services GmbH Austria		
UniCredit Leasing (Austria) GmbH	Not applicable	
Bosnia and Herzegovina	Not applicable	100%
Bulgaria	58.99%	60.35%
Croatia		
Zagrebačka Banka DD	100%	100%
UniCredit Leasing Croatia doo za Leasing	Not applicable	Not applicable
Czech Republic		
UniCredit Services SCpA	100%	100%
UniCredit Leasing CZ as	Not applicable	Not applicable
Hungary	Not applicable	Not applicable
Romania		
UniCredit Bank SA		
UniCredit Services SCpA	100%	
UniCredit Services GmbH		100%
UniCredit Consumer Financing IFN SA		
UniCredit Leasing Corporation IFN SA	Not applicable	
UniCredit Leasing Fleet Management Srl		
Russia	100%	100%
Serbia	Not applicable	Not applicable
Slovenia	100%	100%

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

Notice period typically provided to employees and their elected representatives prior to implementing significant operational changes that could affect them substantially, 2019

Country	Notice period	Legal number of days notice	Notice period specified in collective bargaining agreements
Italy	Yes	25	Yes
Germany	No	Not applicable	Not applicable
Austria	No	Not applicable	Not applicable
Bosnia and Herzegovina			
UniCredit Bank DD	Yes	15	No
UniCredit Bank and Banja Luka	Yes	30	No
Bulgaria	Yes	45	Yes
Croatia			
Zagrebačka Banka DD	Yes	14	Yes
UniCredit Leasing Croatia doo za Leasing	Yes	8	No
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	Yes	20	No
UniCredit Leasing Corporation IFN SA			
UniCredit Leasing Fleet Management Srl			
UniCredit Services SCpA	Yes	30 ^A	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 balance³

Since 2018 UniCredit has adopted a global framework for its welfare strategy based on the Human Capital mission 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 offer the right answer to a country’s needs and special requirements, with a central coordination to guarantee respect of the Group welfare principles and guidelines.

In the majority of countries across the Group, we have already established several tailor-made initiatives to meet fundamental health and family needs. In 2019, we took further concrete actions by implementing new initiatives with a particular focus on respect for time off and wellbeing.

Social dialogue creates a balance between workers’ needs and business needs by constantly verifying the continuity 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.

Main implementation of the Joint Declaration on Work-Life Balance by macro-area, 2019

Macro areas	Digitalisation	Space and time flexibility	Time management	Well-being	Cultural change
Geographic areas	Italy, Germany, Austria, CEE	Italy, Germany, Austria, CEE	Italy, CEE	Italy, Germany, Austria, CEE	Italy, Germany, Austria, CEE
Examples	• Proper use of corporate devices	• Remote work • Mobility initiatives • Flexible working hours • Sabbatical leaves • Specific leaves for key life events • Leaves for volunteering and social activities	• Respect of working hours • E-mail management • Day without meetings	• Welfare plans • Health prevention programmes • Canteens and healthy food initiatives • Sport initiatives • Kindergartens • Psychological support	• Training to managers to foster a culture of inclusion • Communication campaign on work-life balance • Training to managers managing teams working remotely • Encourage recruiting and return to work of mothers after a long maternity leave

In Italy a best practice is represented by the *Conto Welfare* initiative. Since 2012, thanks to favourable fiscal provisions our employees have been offered the opportunity to use a portion of their variable compensation to cover certain personal and family needs in a tax efficient way. Initially, only education, health and pension fund needs were taken into account whilst the range of services has been extended over the years, in line with the Group welfare strategy, to meet our employees’ needs with regard to flexibility, well-being and the work-life balance. Today 80% of our colleagues use their *Conto Welfare* to cover services ranging from nursery and school fees or care for elderly and disabled family members to health, public transport, travel, sport and culture.

3. 2019 data represents 100 percent of the reporting perimeter.

Retirement plans offered to employees, 2019

Country	Principal retirement plans	Contribution from employer	Contribution from employees
Italy ^A	Defined contribution plan	2% or 3% ^B	Minimum 0.5%
Germany			
UniCredit Bank AG			
Wealthcap Kapitalverwaltungsgesellschaft GmbH	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
Food & More GmbH			
UniCredit Services SCpA			
UniCredit Leasing GmbH	Defined contribution plan	4.36% of the agreed annual income	2.14 % of the agreed annual income
UniCredit Direct Services GmbH	No plans	Not applicable	Not applicable
Austria			
UniCredit Bank Austria AG		2.9% or more	
Schoellerbank Aktiengesellschaft	Defined contribution plan	It depends on length of service	Arrangement between the pension fund and employees are made on individual basis
Card Complete Service Bank AG			
UniCredit Leasing (Austria) GmbH			
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	20,000 CZK (approximately €780) not applicable to all employees	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			
UniCredit Bank SA			
UniCredit Consumer Financing IFN SA	No plans	Not applicable	Not applicable
UniCredit Leasing Corporation IFN SA			
UniCredit Leasing Fleet Management Srl			
UniCredit Services SCpA	Defined contribution plan	Approximately 100 RON (approximately €21) of the monthly salary	Arrangements between the pension fund and employee are made on an individual basis
UniCredit Services GmbH			
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.

Welfare system, 2019

Country	National mandatory welfare system	Voluntary company welfare system
Italy	Yes	Yes
Germany		
UniCredit Bank AG		
Wealthcap Kapitalverwaltungsgesellschaft GmbH	Yes	Yes
Food & More GmbH		
UniCredit Services SCpA		
UniCredit Leasing GmbH	Yes	No
UniCredit Direct Services GmbH		
Austria	Yes	Yes
Bosnia and Herzegovina	Yes	No
Bulgaria	Yes	Yes
Croatia	Yes	No
Czech Republic	Yes	Yes
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^A, 2019^B

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					
UniCredit Bank AG	Yes	Yes	Yes	Yes	No
Wealthcap Kapitalverwaltungsgesellschaft GmbH	Yes	No	Yes	Yes	No
UniCredit Services SCpA					
UniCredit Leasing GmbH	Yes	No	Yes	No	No
Food & More GmbH	No	No	No	No	No
UniCredit Direct Services GmbH	No	No	Yes	No	No
Austria					
UniCredit Bank Austria AG					
Schoellerbank Aktiengesellschaft	Yes	Yes	Yes	Yes	No
Card Complete Service Bank AG					
UniCredit Leasing (Austria) GmbH					
UniCredit Services GmbH	Yes	No	Yes	Yes	No
Bosnia and Herzegovina	No	No	Yes	No	No
Bulgaria	No	No	Yes	No	No
Croatia					
Zagrebačka Banka DD	No	Yes	Yes	No	No
UniCredit Leasing Croatia doo za Leasing	No	No	Yes	No	No
Czech Republic					
UniCredit Bank Czech Republic and Slovakia, as	Yes	Yes	Yes	Yes	Yes
UniCredit Leasing CZ as	No	No	No	No	No
UniCredit Services SCpA	No	Yes	Yes	Yes	No
Hungary					
UniCredit Bank Hungary ZRT	No	No	Yes	Yes	No
UniCredit Leasing Hungary Zrt					
UniCredit Services SCpA	No	No	Yes	No	No
Romania					
UniCredit Bank SA					
UniCredit Consumer Financing IFN SA	No	No	Yes	No	No
UniCredit Leasing Corporation IFN SA					
UniCredit Leasing Fleet Management Srl	No	No	No	No	No
UniCredit Services SCpA	Yes	No	Yes	No	No
UniCredit Services GmbH					
Russia	No	No	Yes	No	No
Serbia	No	No	Yes	No	No
Slovenia	No	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.

Health and safety management⁴

Health and safety at work is a key topic which has been so fully integrated into our work-life balance strategy that we far exceed our legal obligations. This must be seen as a core value with the ultimate goal of guaranteeing 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. This declaration aims at sharing with employee representatives a defined set of Group target standards reflecting a socially responsible corporate approach, while taking into account the special requirements, current local best practices and standards of individual geographies that have already been met.

These commitments were further confirmed in the Global Framework Agreement on Human Rights and Fundamental Labour Rights signed on 22 January 2019 with UNI Global Finance, the global trade union for the bank and insurance sectors.

In compliance with EU directives, local laws, regulations and signed agreements in all the legal entities that make up the UniCredit Group, the Occupational Health and Safety (OHS) 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 OHS Management System for the identification, within its organisational structure, of responsibilities, procedures, processes and resources for implementing the company policies. 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, 2019

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			
UniCredit Bank Austria AG	Yes	Legal Entity	100%
UniCredit Services GmbH			
Schoellerbank Aktiengesellschaft			
Card Complete Service Bank AG	No	Not applicable	Not applicable
UniCredit Leasing (Austria) GmbH			
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	Not applicable	100%
UniCredit Leasing CZ as			
UniCredit Services SCpA	No	Not applicable	Not applicable
Hungary	No	Not applicable	Not applicable
Romania			
UniCredit Bank SA	Yes	Legal Entity	100%
UniCredit Consumer Financing IFN SA			
UniCredit Leasing Corporation IFN SA			
UniCredit Services ScpA			
UniCredit Services GmbH			
UniCredit Leasing Fleet Management Srl	No	Not applicable	Not applicable
Russia	No	Not applicable	Not applicable
Serbia	No	Not applicable	Not applicable
Slovenia	No	Not applicable	Not applicable

4. 2019 data represents 100 percent of the reporting perimeter.

Formal agreements with employees’ representatives on health and safety issues, 2019

Country	Existence of formal agreements with employees’ representatives
Italy	No agreements
Germany	No agreements
UniCredit Bank AG	
Wealthcap Kapitalverwaltungsgesellschaft GmbH	
UniCredit Direct Services GmbH	
UniCredit Leasing GmbH	
Food & More GmbH	Agreements at local level
UniCredit Services SCpA	
Austria	Agreements at local level
UniCredit Bank Austria AG	
Schoellerbank Aktiengesellschaft	No agreements
Card Complete Service Bank AG	
UniCredit Leasing (Austria) GmbH	
UniCredit Services GmbH	
Bosnia and Herzegovina	No agreements
Bulgaria	Agreements at local level
Croatia	Agreements at local level
Czech Republic	Agreements at local level
UniCredit Bank Czech Republic and Slovakia, as	
UniCredit Services SCpA	
UniCredit Leasing CZ as	No agreements
Hungary	No agreements
Romania	Agreements at local level
UniCredit Bank SA	
UniCredit Consumer Financing IFN SA	
UniCredit Leasing Corporation IFN SA	
UniCredit Leasing Fleet Management Srl	No agreements
UniCredit Services ScpA	
UniCredit Services GmbH	
Russia	Agreements at local level
Serbia	No agreements
Slovenia	No agreements

Rates of injury, 2018-2019^A

Paese	2019		2018	
	Female	Male	Female	Male
Italy	2.76	1.29	2.38	2.38
Germany	3.21	2.07	3.37	1.51
Austria	1.16	1.11	0.80	0.98
Bosnia and Herzegovina	3.09	1.19	1.45	0.00
Bulgaria	0.32	0.00	0.39	0.00
Croatia	1.18	0.00	0.87	0.00
Czech Republic	1.12	0.00	1.20	0.00
Hungary	3.03	1.57	0.00	0.00
Romania	0.00	0.00	0.13	0.00
Russia	0.00	0.00	0.00	0.00
Serbia	0.59	0.00	0.62	0.00
Slovenia	0.00	0.00	0.00	0.00

A. This data was drawn from a population that represented 100 percent of the reporting perimeter for 2019 and 98.8 percent for 2018. 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, 2018-2019^A

Paese	2019		2018	
	Female	Male	Female	Male
Italy	0.17	0.15	1.17	0.93
Germany	0.07	0.01	0.04	0.01
Austria	0.00	0.01	0.02	0.00
Bosnia and Herzegovina	0.03	0.00	0.09	0.00
Bulgaria	0.01	0.00	0.01	0.00
Croatia	0.18	0.07	0.15	0.05
Czech Republic	0.02	0.00	0.01	0.00
Hungary	0.06	0.00	0.02	0.00
Romania	0.00	0.00	0.00	0.02
Russia	0.00	0.00	0.00	0.00
Serbia	0.00	0.00	0.00	0.00
Slovenia	0.00	0.00	0.00	0.00

A. Data represents 98.4 percent of the reporting perimeter for 2019 and 95.6 percent for 2018. 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, 2018-2019^A

Paese	2019		2018	
	Female	Male	Female	Male
Italy	4.89	3.81	6.75	5.54
Germany	7.22	5.33	7.94	5.43
Austria	6.10	5.35	6.97	5.87
Bosnia and Herzegovina	3.89	2.01	1.33	1.99
Bulgaria	4.44	1.87	4.05	1.87
Croatia	5.99	2.85	5.70	3.09
Czech Republic	2.58	1.60	1.62	0.96
Hungary	2.34	1.58	2.66	1.79
Romania	3.49	1.57	2.70	1.37
Russia	4.09	2.97	4.11	3.11
Serbia	4.19	0.94	4.94	1.35
Slovenia	7.63	3.80	7.75	3.93

A. Data represents 98.4 percent of the reporting perimeter for 2019 and 95.6 percent for 2018. 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.

Number of disputes concerning discrimination, 2019^A

Country	Opened prior to 2019	Opened in 2019	Closed in 2019	Open as Dec. 31, 2019
Bulgaria	0	1	0	1
Romania	1	8	9	0

A. Data refer to the perimeter defined at page S.37 - Industrial Relations.

Social and relationship Capital

Customer distribution

Number of customers by division and country as at December 31, 2019^A

Commercial Banking Division	Number
Italy	
Retail	7,366,211
Corporate	54,939
Private Banking	127,801
Wealth Management	9,825
Germany	
Retail	1,231,194
Corporate	262,885
Private Banking	43,943
Wealth Management	6,678
Austria	
Retail	1,535,127
Corporate	20,096
Private Banking	39,889
Wealth Management	11,168
CEE Retail Division	
Bosnia and Herzegovina	690,701
Bulgaria	1,082,793
Croatia	1,020,846
Czech Republic and Slovakia	598,747
Hungary	315,544
Romania	885,725
Russia	629,070
Serbia	311,207
Slovenia	66,980
CEE Corporate Division	
Bosnia and Herzegovina	3,817
Bulgaria	12,283
Croatia	6,084
Czech Republic and Slovakia	26,333
Hungary	9,301
Romania	8,384
Russia	6,080
Serbia	4,767
Slovenia	2,655
CEE Private Banking Division	
Bulgaria	1,913
Croatia	2,508
Czech Republic and Slovakia	12,609
Hungary	1,634
Romania	1,356
Russia	1,674
Slovenia	343

A. Data exclude Cordusio SIM SpA.

Customer Experience

After years of experience and knowledge acquired through gathering insights from customers and prospects, in 2017 UniCredit defined a new approach, the Benchmarking Study, providing it with a view of the perception of our clients and prospects on Customer Experience, Brand Reputation & Business Indicators in local markets. It allows:

- a fair comparison between UniCredit and its competitors thanks to a random selection of clients by the research provider (no client lists provided by the bank); no mention of UniCredit as survey commissioner (double blind approach); mixed interviews of main and secondary bank clients
- a unique and comparable cross-country and segment view of the bank’s perception.

The new main KPI is the Net Promoter Score (NPS), a metric used across industries to measure customer experience. It is based on the sole question - *How likely are you to recommend our Bank to ...*, on a scale from 0 to 10? In the numeric scale, 0 corresponds to *not at all likely* and 10 to *extremely likely*. The score is calculated as the difference between the percentage of Promoters (clients who gave a 9 to 10 score) and Detractors (clients who gave a 0 to 6 score). Within the Benchmarking Study, the KPI is more specifically referred to as the Strategic Net Promoter Score to clarify the goal in assessing the overall positioning on high level topics/areas. Differently from last year, while the results of *Customer First Index* were reported, the table below shows the results of NPS for UniCredit and its competitors.

In 2019 UniCredit positioning was significantly ahead of competition in 8 countries out of 12 for Individual segment and in 7 countries out of 12 for Corporate segment.

Strategic Net Promoter Score results – Individual (including Mass and Affluent clients), 2019

Country	2019	2018	2019 competitors' results
Italy	34	27	36
Germany ^A	- 4	2	11
Austria	- 18	-25	9
Bosnia and Herzegovina			
UniCredit Bank ad Banja Luka	44	36	40
UniCredit Bank dd	41	34	31
Bulgaria	29	23	24
Croatia	17	9	16
Czech Republic and Slovakia	55	57	41
Hungary	17	22	11
Romania	56	50	52
Russia	58	55	37
Serbia	27	21	32
Slovenia	58	48	32

A. Only Affluent clients.

Strategic Net Promoter Score results – Corporate, 2019

Country	2019	2018	2019 competitors' results
Italy	10	1	1
Germany	1	-12	- 6
Austria	- 3	-18	7
Bosnia and Herzegovina			
UniCredit Bank ad Banja Luka	28	21	40
UniCredit Bank dd	40	35	41
Bulgaria	30	23	12
Croatia	19	12	14
Czech Republic and Slovakia	8	1	11
Hungary	25	19	28
Romania	45	37	29
Russia	46	41	27
Serbia	21	14	39
Slovenia	10	8	- 9

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 customers, 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^A

Country	2019		2018	
	Recorded (written and verbal)	Written	Recorded (written and verbal)	Written
Italy ^a	292,959	40,273	330,446	40,168
Germany	26,972	4,412	23,068	4,036
Austria	46,467	4,267	39,791	2,226
Bosnia and Herzegovina	2,102	984	2,915	1,177
Bulgaria	3,482	3,314	2,789	2,715
Croatia	33,607	9,529	31,199	7,151
Czech Republic and Slovakia	19,174	15,743	18,558	14,786
Hungary	10,224	5,964	8,602	5,081
Romania	5,361	3,990	4,773	3,660
Russia	26,427	19,205	26,003	19,061
Serbia ^c	1,411	1,411	1,062	1,062
Slovenia	1,840	1,151	1,638	989

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, 2019 data include also 21 written complaints from Cordusio SIM 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 at December 31, 2019^A

Country ^a	Percentage
Italy	23.1%
Bosnia and Herzegovina	100.0%
Bulgaria	100.0%
Croatia	100.0%
Czech Republic	33.3%
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 (https://ec.europa.eu/eurostat/statistics-explained/index.php/GDP_at_regional_level). Based on this classification, there are no sparsely settled or economically disadvantaged areas in Austria and Germany.
B. In Bosnia and Herzegovina, Bulgaria, Croatia, Hungary, Romania, Russia and Serbia, we considered as disadvantaged areas the whole territory, since for a study of the IMF published in October 2017 these countries are considered emerging markets and developing economies (<https://www.imf.org/en/Publications/WEO/Issues/2019/10/01/world-economic-outlook-october-2019>).

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

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

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

All advertising and communication activities at UniCredit are managed by our Group Identity & Communication 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 and Responsible Investing (SRI) and Environmental, Social and Governance (ESG) topics are a major part of our Group wealth management investment strategy. For us SRI 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 ESG variables.

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, based on customer needs: Exclusion and Norm Based Agreements, ESG integration/Best in class, Thematic Investments, Engagement and Impact Investing. 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 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.

ESG investments 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 the portfolio risk-return profile.

Asset under Management (AuM) invested in ESG funds as at December 31, 2019^A (€m)

Italy	Germany	Austria	CEE
607.4	506.3	630.8	68.7

A. The figures reported refer to the funds on deposit. CEE include Czech Republic, Hungary, Romania, Russia and Slovakia.

Environmental performance indicators¹

Scope 1: direct GHG emissions^A (tons CO₂ e), 2018-2019^B

Country	2019	2018
Italy	17,753	20,799
Germany	16,256	18,104
Austria	1,486	1,683
CEE	10,226	11,111
Total	45,721	51,697

A. 2018 figures recast from those 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 2018 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^A, location-based and market-based (tons CO₂ e), 2018-2019^B

Country	Location-based		Market-based	
	2019	2018	2019	2018
Italy	73,860	82,473	1,040	4,567
Germany	54,283	58,199	9,024	9,889
Austria	5,452	12,915	2,551	7,680
CEE	44,622	42,878	53,767	50,181
Total	178,217	196,465	66,381	72,317

A. 2018 figures recast from those 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 2018 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^A (tons CO₂ e), 2018-2019^B

Country	2019	2018
Italy	4,063	4,720
Germany	2,158	2,222
Austria	619	615
CEE	2,102	2,269
Total	8,942	9,825

A. 2018 figures recast from those 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 2018 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.

1. Data includes the full set of legal entities considered in the respective 2019 Integrated Report perimeter (corresponding to a full-time equivalent of more than 82,000) and 2018 Integrated Report perimeter (corresponding to a full-time equivalent of more than 85,000), unless otherwise stated. Country-to-country comparisons may be misleading as different tracking systems should be taken into account. Refer to the Natural Capital chapter for more information regarding Austria year on year variance in energy consumption and emissions data.

Energy consumption per employee (GJ/capita), 2018-2019^A

Country	2019	2018
Italy	28	30
Germany	48	50
Austria	25	54
CEE	21	21

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

Copy paper consumption per employee (kg/capita), 2018-2019

Country	2019	2018
Italy	53	60
Germany	28	28
Austria	26	30
CEE	48	49

Approximately 56 percent of copy paper used group-wide holds an environmental label. In particular, 41 percent of copy paper used group-wide is Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) certified.

Water usage per employee (m³/capita), 2018-2019^A

Country	2019	2018
Italy	34	32
Germany	18	18
Austria	11	32
CEE	11	11

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

Waste production per employee (kg/capita), 2018-2019^A

Country	2019	2018
Italy	77	115
Germany	400	389
Austria ^B	171	740
CEE	188	153
Total ^B	172	212
of which hazardous	1	1

A. 2018 data covers 99.96 percent of the reporting perimeter.
B. 2018 data was significantly influenced by the relocation of offices of all UniCredit legal entities present in Vienna to the Austria Campus in 2018. Comparison with 2019 may therefore be misleading.

Waste by disposal method (%), 2018-2019^A

Country	Separation and recycling of valuable materials		Incineration		Disposal in landfill		Other treatment	
	2019	2018	2019	2018	2019	2018	2019	2018
Italy	96.89	97.93	1.62	1.08	1.48	0.97	0.00	0.01
Germany	77.51	78.33	22.46	21.62	0.00	0.00	0.00	0.04
Austria	75.39	96.23	21.96	3.77	0.00	0.00	2.65	0.00
CEE	17.31	20.91	3.62	4.16	76.04	71.94	1.12	3.00
Total	60.35	74.45	11.64	8.50	26.77	16.37	0.57	0.69
of which hazardous	91.00	86.22	0.20	5.13	0.00	0.20	8.80	8.44

A. 2018 data covers 99.96 percent of the reporting perimeter.
Variances, both year on year and in the distribution of the methods, have been significantly influenced by a strong reduction in paper waste in 2019, a waste type which is typically separated and recycled.

The emissions related to the printing and distribution of the 2019 Annual Report and Accounts and the 2019 Integrated Report have been compensated with the support of Officinæ Verdi, which uses Gold Standard credits gained through the development of a programme for biogas production for domestic usage in Kenya. The Gold Standard is supported by WWF as it is the most rigorous global certification standard for carbon offset projects.



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The Integrated Report and Supplement have been made available at www.unicreditgroup.eu and also available for download by activating the QR code below.



You may also request a copy from: UniCredit - Group Sustainability Piazza Gae Aulenti, 20154 Milan, Italy
e-mail: groupsustainability@unicredit.eu



Material topics

-  **INNOVATION FOR CUSTOMER**
Digitalization and innovation
Value to customer
-  **LEAN AND SOLID BANK**
Bank solidity
Lean and transparent organization
-  **PEOPLE DEVELOPMENT**
Employees' development
Diversity and inclusion
-  **ETHICS**
Fair business behavior
Business ethics
-  **SYSTEMIC TRENDS**
Cyber security
Climate change
Demografic change
-  **POSITIVE IMPACT ON SOCIETY**
Positive impact on society

UniCredit S.p.A.
A joint stock company
Registered Office and Head Office in Milan: Piazza Gae Aulenti 3 - Tower A - 20154 Milano
Share capital €20,994,799,961.81 fully paid in, Fiscal Code, VAT number and Registration number with the Company Register of Milan-Monza-Brianza-Lodi:00348170101
Registered in the Register of Banking Groups and Parent Company of the UniCredit Banking Group, with cod. 02008.1; Cod. ABI 02008.1
Member of the National Interbank Deposit Guarantee Fund and of the National Compensation Fund
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