

UniCredit Statement on Modern Slavery Act and Human Trafficking

2018

This statement is published in accordance with section 54 of the United Kingdom's Modern Slavery Act 2015, which addresses the issues of modern slavery and human trafficking. It was approved by UniCredit Board of Directors and applies to all companies within the Group that are required to have a modern slavery statement.¹

The statement describes the measures taken by UniCredit to mitigate the risk of slavery and human trafficking, within our businesses or our supply chain for the financial year ended 31 December 2018.

About us

UniCredit is a simple pan-European Commercial Bank with a fully plugged in Corporate & Investment Banking, delivering a unique Western, Central and Eastern European network to our extensive 26 million client franchise. UniCredit offers both local and international expertise providing its clients with unparalleled access to leading banks in its 14 core markets as well as in other 18 countries worldwide.

UniCredit has a significant, long-established presence in United Kingdom since 1972, where we offer a wide range of Corporate and Investment Banking services focusing on the unique strengths of UniCredit across Western, Central and Eastern Europe.

Our Commitment

We are committed to contrast the risk of modern slavery or human trafficking in our business or in our supply chains. We operate in accordance with the Universal Declaration of Human Rights and we are signatory to the UN Global Compact, which encourages to conduct business in a responsible manner by following common principles in the field of human rights, labour, the environment and anti-corruption.

We adopted international declarations and conventions, including but not limited to:

- the International Labour Organization's (ILO) Fundamental Human Rights Conventions;
- the International Covenant on Economic, Social and Cultural Rights;
- the Guiding Principles on Business and Human Rights;
- the United Nations Environment Programme Finance Initiative (UNEP FI) Statement of Commitment by Financial Institutions on Sustainable Development.

In addition to these public conventions, we have specific policies in place which contribute to manage human rights topics such as the [Code of Conduct](#), the [Anti-Bribery and Anti-Corruption Policy](#), the [Whistleblowing Policy](#) and the Anti-Money Laundering (AML) and Countering of Terrorist Financing (CTF) Policy, guided by our recently introduced Ethics Manifesto.

Our [Human Rights Commitment](#) reflects our ethics and values, providing guidance on the way we treat our employees, work with our customers, suppliers and contribute to the communities in which we operate. It represents the guidance for our practices involving human rights.

In 2018 our Corporate Governance Nomination and Sustainability Committee (CGN&SC)² discussed and evaluated UniCredit's latest materiality matrix, with the objective of increasing the integration of sustainability issues in our business strategy such as business ethics including human rights topics. Furthermore, a stand-alone project was launched under the sponsorship of our Board and Senior Management in order to work on subjects relating to ethics, reviewing our approach on the overall framework of values, behaviours and policies.

Our employees

UniCredit does not use child labour or forced labour in its own business practices, and is in full compliance with the International Labour Organization's (ILO) Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy or, when more rigorous, with current labour laws in each country where UniCredit operates.

¹ UniCredit SpA, UniCredit Bank AG, UniCredit Services ScpA.

² CGN&SC supervises the Group's sustainability evolution in light of international guidelines and principles. More info can be found at <https://www.unicreditgroup.eu/en/governance/board-of-directors/board-committees.html>

UniCredit is committed to select, hire and manage employees while respecting their dignity and rights as individuals. The principles of civil freedom (e.g., religious, political and cultural freedom, freedom of union and freedom of sexual orientation) must always be respected.

UniCredit aims at providing a culture where individuals are free to voice dissent and not to be wary to reconsider their views, overcoming hierarchical and bureaucratic conditioning.

UniCredit is committed to respecting and enforcing sovereign state legislation on collective agreements, bargaining and freedom of association. The UniCredit European Works Council (UEWC)³, an enabler of social dialogue, is a tangible example of our attitude of moving beyond local requirements towards guaranteeing that employees' right to information and consultation is uniform throughout the Group. Over the past 12 years, UniCredit and the UEWC have achieved important results, defining a distinctive global approach to industrial relations. Building on these results we [recently signed](#) a Global Framework Agreement with UNI Global Union, focusing on strengthening the dialogue on human rights and fundamental labour rights.

The [Joint Declaration on Equal Opportunities and Non-Discrimination](#), signed in 2009 with the UEWC, is intended to be a point of reference for all employees to define the guidelines on sensitive issues such as diversity, equal opportunities and non-discrimination, with the purpose of creating a diverse corporate culture, improving the sense of belonging and enhancing the quality of life at work. Since 2013, we have also adopted a Global Policy on Gender Equality and in 2018 a Diversity & Inclusion Committee was established to monitor the progress of our initiatives. In the same year UniCredit joined the HM Treasury Women in Finance Charter, to give its full support to helping improve gender diversity in the financial services sector in the UK and worldwide. More information can be found on our [2018 Integrated Report – Human Capital Chapter](#).

In order to guarantee well-being at work the health and safety of our employees is a key topic which has been fully integrated into our work-life balance strategy, launched in 2018 after UniCredit and the UEWC signed a [Joint Declaration on Work-Life Balance](#).

We have launched numerous initiatives while ensuring full compliance with all applicable laws. These include:

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

In 2018 a group wide communication campaign on our [Code of Conduct](#), updated in 2017, has been launched with the aim of ensuring we all behave appropriately with respect to colleagues, clients and other third parties in our daily activities. The principles of the Code underscore the legal and ethical standards to which we must adhere in order to run our business successfully while at the same time protecting our clients' interests, mitigating risk, complying with financial regulations, assuring market transparency and safeguarding confidential data.

In addition, the bank's whistleblowing process provides employees with a way to report conduct that violates the law or the bank's internal rules. The bank's approach to whistleblowing is set out in our [Whistleblowing Policy](#) which is intended to grant a corporate environment where employees may feel free to make reports on unacceptable conduct. The management of this process is designed to ensure the greatest possible confidentiality of the identity of the whistleblower and of the accused individual and to prevent any possible retaliatory or discriminatory behavior in response to the report.

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

³ UniCredit EWC Founded in 2007, (UEWC) is an international body composed by the Employees' Representatives of all the European Countries where the Group is present.

In 2018 a new wave of dedicated communication campaign has been launched with interviews to Top Managers posted on the Group Intranet in order to continue to support the importance of whistleblowing and the protection assured by the Group process and to encourage a “Speak up culture” among all group employees. Moreover, all Group Legal Entities intranet web pages have been refreshed with specific focus on this topic.

Finally, in 2018 as a follow up to the Italian Law 179/2017 which contains provisions for the protection of whistleblowers, the UniCredit Spa Organizational Model ex Legislative Decree n. 231/2001 has been updated.

Our customers

UniCredit is aware that every economic and business activity can generate potential impacts, both positive and negative, on human rights. UniCredit is committed to promoting sustainable solutions in its financing and investment decisions and has adopted an integrated, multifaceted approach to managing the social and environmental risks, including human rights, associated with its financial products and services.

Human rights aspects are managed through several policies and practices such as:

- the Reputational Risk Special Policies (e.g., Defence/Armaments Industry Policy);
- the Compliance Policies (e.g. Anti-Money laundering and Countering of Terrorist Financing).

UniCredit’s environmental, social and reputational risk policies define internal processes to consistently identify, assess and monitor potential environmental and social risks. UniCredit implements and integrates the Equator Principles (EP), where applicable, into the financing of projects. The EP are an internationally recognized framework for determining, assessing and managing environmental and social risks in projects. They are built upon the International Finance Corporation’s (IFC) Performance Standards which amongst others cover issues related to child and forced labour practices, general social sustainability and make reference to the World Bank Group Environmental, Health and Safety Guidelines. The EP Association has agreed to make human rights one of its focus topics for the forthcoming update of the EP framework, expected to be published later in 2019.

At a transaction level, bearer of single approval competence and members of credit committees have to bear in mind and evaluate, among others, potential risks and violations of human rights (e.g., corruption, forced labor, ethnic and religious conflicts, human development, etc.) based on available information and taking into consideration the country risks analysis.

In 2018 we implemented a new Reputational Risk Council also with the aim to better evaluate the risks related to human rights. The Council involves the Business function together with Group Risk Management, Group Lending Office, Group Compliance, Group Sustainability & Foundation and the participation of other relevant functions on a case-by-case basis.

UniCredit is committed to the fight against money laundering, including terrorist financing and active management of legal, regulatory and reputational risks across the bank through the implementation of risk-based Anti-Bribery and Corruption (ABC) and Anti-Money Laundering (AML) programmes and mechanisms for monitoring the effectiveness of the bank’s approach. Such programmes are particularly relevant due to the fact that modern slavery offences are often linked to money laundering and other financial crimes.

In this respect, in 2018 we updated our Group Policy on Anti-Bribery and Corruption and related standard procedures to align them to international best practices while we also keep constantly updated our Group Policy on Anti-Money Laundering and Countering of Terrorist Financing.

Furthermore, another important declaration with the UEWC, [the Joint Declaration on Responsible Sales \(May 2015\)](#), promotes joint principles and guidelines in UniCredit commercial approach based on four pillars (Quality of products, Customer centricity, Employees professional development, Organizational Governance). This approach helps employees in having a responsible approach to sales, ensuring a medium – long term horizons for customers.

More information can be found on our [2018 Integrated Report](#).

Our suppliers

In UniCredit suppliers and contractors must meet certain minimum requirements and are subject to appropriate review and assessment, before being engaged and on an ongoing basis. This is done in order to mitigate corruption risk and comply with our Group Policy applicable to the supply, which expresses - among others - our commitment to properly managing, and preventing the worst environmental impacts associated with our activities such as consumption of natural resources and production of waste.

Moreover, we examine whether suppliers, service providers and supplied products comply with our compulsory minimum requirements. These requirements represent the basis of our cooperation. Such requirements request our suppliers to provide information regarding environmental and social/labor law issues, by filling in questionnaires related to the respect of fundamental human rights, prevention of child labor, freedom of association, working conditions, equal pay, health, safety and business ethics and, if necessary, by submitting relevant documents.

Our aim is to increase awareness of suppliers / service providers for social, labor-law and environmental issues.

Training and awareness

During the year we launched several initiatives to spread awareness on topics such as Whistleblowing and Anti-Financial Crime, including Group wide Code of Conduct communication campaign cascaded to all countries and LEs to stimulate employees' awareness on Code of Conduct principles.

Specific training on human rights has been provided, as well as learning modules that are active on topics such as Code of Conduct, Anti-Corruption with a specific focus on Whistleblowing, Anti Money Laundering (addressed to all Group employees), while Financial Sanction classes have been provided to specific employees working in high risk areas. Over the year we also developed an online course with regard to the defense sector, which is available to all employees of UniCredit S.p.A.

This statement will be reviewed and updated annually.

Jean Pierre Mustier
Chief Executive Officer
UniCredit SpA

