

# UniCredit Statement on Modern Slavery Act and Human Trafficking

2021

*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<sup>1</sup> that are required to have a modern slavery statement.*

*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 2021.*

## **About us**

UniCredit is a pan-European Bank organised across four regions: Italy, Germany, Central Europe, and Eastern Europe. Our pan-European assets comprise more than 15 million clients and about 87,000 employees. UniCredit is powered by two client agnostic product factories, Corporate Solutions and Individual Solutions, delivering best in class products and services to all clients in all geographies.

We offer local and international expertise, providing unparalleled access to market leading products and services in 13 core markets through our European banking network. Leveraging on an international network of representative offices and branches, UniCredit serves clients in another 16 countries worldwide.

UniCredit has a significant, long-established presence in United Kingdom since 1972, where we offer a wide range of Corporate Solutions services.

## **Our Commitment**

Our values are driven by our purpose “empowering communities to progress” and represent the cultural cornerstones that guide all our actions and behaviour, enabling us to deliver on our ambition and new business strategy. The values of integrity, ownership and caring remain at the heart of everything we do and represent the qualities that define us. In line with this approach, we are committed to combat the risk of modern slavery or human trafficking in our business and 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 requires us 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, conventions and initiatives, 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
- the Principles for Responsible Banking.

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 Global Policy](#), the Anti-Bribery and Anti-

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<sup>1</sup> UniCredit SpA, UniCredit Bank AG, UniCredit Services ScpA

Corruption Global Operational Regulation, the [Whistleblowing Policy](#) and the Anti-Money Laundering (AML) and Countering of Terrorist Financing (CTF) Policy.

Our [Human Rights Commitment](#) 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.

In terms of governance, in April 2021 an ESG Committee<sup>2</sup> was established, taking over and amplifying the sustainability responsibilities previously assigned to the Corporate Governance, Nomination and Sustainability Committee. The purpose of the ESG Committee is to support the Board of Directors in fulfilling its responsibilities with respect to the ESG components integral to the Group's business strategy and sustainability over time. It also provides support and opinions to the other Board Committees so as to ensure Group policies are aligned with UniCredit's ESG principles and objectives.

In addition the ESG Strategy Council took over the role of the former ESG Strategy Task Force. It is an informal working group composed by the majority of the Group Executive Committee (GEC) members and a number of top managers reporting directly to them. The presence of all the Group's business and operating line heads or first reporting line managers ensures that each ESG initiative is fully embedded in the business, processes and operations of the Bank from the outset.

## Our employees

UniCredit 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.

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. In 2021, our Courageous Voices campaign enhanced the accountability and speak-up culture at all levels of the organization, ensuring that leaders at all levels are able to create a safe working environment in which team members feel free to voice their opinions.

UniCredit expects its employees to contribute to creating and maintaining a work environment that is respectful and non-intimidating, and where differences in gender identity, age, race, ethnicity, sexual orientation, ability, background, religious or ethical values system and political beliefs or any other category protected by law in the local jurisdiction are embraced and promoted. A new Group Diversity Equity & Inclusion Policy was released in 2021, to further enhance inclusion within the whole organization and ensure that our policies, procedures and practices promote an environment where individual differences are valued.

In October 2021, our CEO signed the CEO Champion Commitment Towards the Zero Gender Gap, ensuring the topic is firmly considered on the corporate agenda with concrete objectives and a framework to move towards greater gender equality, diversity and inclusion in our bank.

Our global policies allow zero tolerance against harassment, sexual misconduct, bullying, and acts of retaliation. Under these policies, in 2021 across the Group, 42 reports on harassment were received and investigated and 11 disciplinary sanctions have been committed.

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<sup>2</sup> ESG matters were discussed in 2 of the meetings held by the Corporate Governance, Nomination and Sustainability Committee in the first half of 2021, prior to the first meeting of the ESG Committee in June 2021. Other 7 meetings were subsequently held.

UniCredit is committed to ensuring an equal opportunity workplace and several initiatives to meet fundamental health, personal, family and flexibility needs have been established in all Group countries. We support our people with specific solutions to manage our new ways of working, offering time and location flexibility. Programs supporting health and psycho-physical well-being have been introduced, as well as various services to assist both families with young children managing work and home-schooling, and all colleagues taking care of elderly family members or those with disabilities. In 2021 we set up a Group-wide minimum standard for parental leave across all our markets, with mothers offered at least 16 weeks of paid leave and fathers offered at least 4 weeks on a voluntary basis.

A consistent, group-wide approach has allowed UniCredit to build a high standard of social dialogue over the years. The Global Framework Agreement (GFA) on Human Rights and Fundamental Labour Rights signed in 2019 with UNI Global Finance has reinforced this approach, in particular on human rights and collective bargaining.

The Group fully respects local laws and the terms and conditions of collective agreements supporting employees' rights to exercise freedom of association and/or collective bargaining. At national level, Group workers' interests are represented 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, ensures the right to information and consultation on transnational Group topics that could significantly affect workers' interests.

Our Code of Conduct is strongly endorsed among all employees Groupwide to ensure 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 Group ethical values standards to which we must adhere in order to run our business with outstanding performance and - at the same time - with a positive impact on our customers, shareholders, communities and our people, mitigating risk, complying with financial regulations, assuring market transparency and safeguarding confidential data.

In addition, the bank's whistleblowing process provides employees and third parties 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.

Our Whistleblowing Policy has a close link with the Global Policies on Anti-Retaliation and against Harassment, Sexual Misconduct and Bullying, which make specific processes and communication channels available to whistleblowers, alongside the whistleblowing channels already in place.

All these regulations significantly contribute to spreading the Group's attention to employees in promoting correct behavior, a speak-up culture and whistleblowers' protection.

During 2021, pursuant to Italian Legislative Decree 231/01 the UniCredit Supervisory S.p.A. Body was monthly presented with all whistleblowing reports received during that month, to assess their possible impacts in relation to on the regulatory areas overseen by them.

Moreover, the Whistleblowing Policy has established the need of setting up a Whistleblowing Managerial Forum in all Group legal Entities, with the aim to monitor trend analysis and indicators stemming from whistleblowing reports managed by Group Legal Entities. In UniCredit SpA it is composed by the Group Heads of: Compliance, People&Culture, Internal Audit and Risk Management. The Forum is held periodically and meetings are also focused to increase the awareness of the whistleblowing process and culture at Group Level.

In 2021 we reinforced our focus on whistleblowing through several communication activities, as the campaign named Courageous Voices dedicated to promote its importance, to reassure on the protection guaranteed by the Group process and to encourage a speak-up culture among all employees. During the year, 199 cases have been reported Groupwide out of which 109 resulted in real policy or requirements breaches.

The UniCredit Spa Organizational Model ex Legislative Decree 231/2001 is kept properly updated, containing the provision for the protection of whistleblowers.

The relevant offences set forth within the legislative decree include also the offences concerning the smuggling of migrants. According to the risk assessment performed by UniCredit SpA such offences are not applicable to the bank's activities.

## 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 Policies (e.g., Coal sector/Defence Industry Policy);
- the Compliance Policies (e.g. Anti Financial Crime/Customer Protection policies).

UniCredit's environmental, social and reputational risk policies define internal processes to consistently identify, assess and monitor potential environmental and social risks. During the year we updated our policies on coal and oil&gas sectors and we took a commitment on the tobacco sector as well, signing the Tobacco Free Finance Pledge.

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. From the outset, our Group has actively contributed to the framework's development, and in 2021 we confirmed our engagement in the promotion of the EP and the reinforcement of our internal and external commitment. In particular, we actively participated in reviewing the optimal legal and management structure of the association as well as its governance rules. In addition we continued our support to a constructive dialogue with stakeholders by participating in working groups and forums such as the Thun Group. The Thun Group is an informal group of bank representatives and experts on environmental & social/human rights topics working together on further understanding the United Nations Guiding Principles for managing human rights impacts in the activities of banks.

The new Group Non-Financial Risks and Controls Committee (GNFRC) took over the role of the former Group Reputational Risk Committee (GRRC). It supports the CEO in the role of steering and monitoring Non-Financial Risks (e.g. it approves governance policies and guidelines for the management of reputational risk regarding sensitive sectors and client relationships). In 2021, 58 meetings took place and more than 120 transactions were submitted for senior management decisions.

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-financial crime 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, we keep constantly updated our Global Operational Regulation on Anti-Bribery and Corruption, the Global Policy on Whistleblowing, our Group Policy on Anti-Money Laundering / Countering of Terrorist Financing and on Financial Sanctions, with related standard procedures, to align them to international best practices.

Furthermore, [the Joint Declaration on Responsible Sales \(May 2015\)](#), signed with EWC, 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.

## 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 screening mechanism allows us to engage directly with our potential suppliers on ESG issues.

In 2021, 332 assessments in the Group were finalized after a second level screening on social, labor-law and environmental issues. Our most recent assessment indicates that, out of all suppliers rejected during the qualification process, about 40% were rejected on the grounds that they did not meet ESG requirements.

## Training and awareness

At UniCredit, we strongly believe in the importance of raising awareness among employees on ethical conduct and generating sustainable business. We promote a culture where correct principles and behaviours are endorsed and cascaded Groupwide and we perform detailed training programs and initiatives to accomplish mandatory as well as additional needs.

During 2021, specific trainings have been addressed to all Group employees on the following compliance areas: Code of Conduct, Anti-Corruption with a specific focus on Whistleblowing, Anti Money Laundering, Financial Sanctions, Customer Protection, Antitrust, Unfair Commercial Practises and GDPR. Overall more than 82,000 colleagues participated.

In addition, over 13,500 people were trained in human rights and over 300 colleagues participated in 7 workshops related to UniCredit's environmental, social and reputational risk policies.

In the last two years, more than 40,000 people were involved in training on basic knowledge of ESG topics.

More information can be found on our [2021 Integrated Report](#).

This statement will be reviewed and updated annually.



**Andrea Orcel**  
Chief Executive Officer