

# UniCredit Statement on Modern Slavery Act and Human Trafficking

2023

*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 2023.*

## **About us**

UniCredit is a pan-European Commercial Bank with a unique service offering in Italy, Germany, Central and Eastern Europe. Our Purpose is to empower communities to progress, delivering the best-in-class for all stakeholders, unlocking the potential of our clients and our people across Europe.

We serve over 15 million clients worldwide. While clients access our services through local banks, our comprehensive offering to meet their needs is created by our three global product factories – Corporate, Individual and Payment Solutions. These factories each deliver best-in-class solutions, developed internally or through our dynamic ecosystem of trusted partners.

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

## **Our Commitment**

We believe that working every single day towards the delivery of our Purpose will give us the financial strength to achieve our Ambition to be the Bank for Europe's future.

By acting as the engine of social progress, we are building a Culture that puts our Values (Integrity, Ownership and Caring) at the heart of our decision-making and everything we do.

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 Universal Declaration of Human Rights
- the International Labour Organization's (ILO) Fundamental Human Rights Conventions
- the United Nations Guiding Principles on Business and Human Rights
- the United Nations International Covenant on Economic, Social and Cultural Rights

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<sup>1</sup> UniCredit SpA, UniCredit Bank AG.

- the United Nations International Covenant on Civil and Political Rights
- the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking

In addition to these public conventions, we have [specific Global Rules](#) in place which contribute to manage human rights topics, such as the [Code of Conduct](#), the [Whistleblowing](#), the [Anti-Bribery and Anti-Corruption](#) and the Anti-Money Laundering (AML) & Countering of Terrorist Financing (CFT) policies.

Our [Human Rights Commitment](#) has been recently updated and it summarises the Group's approach to human rights, focusing on roles and responsibilities as well as the principles, rules, procedures and systems adopted by UniCredit to comply with generally accepted international and local standards and regulations for preventing, managing and reducing human rights impacts.

Our sustainability governance has been significantly strengthened in recent years at both steering and execution levels, underpinning the drive to further integrate ESG criteria into the Group's overall business strategy.

UniCredit's Board of Directors defines the overall strategy of the Bank, which incorporates the Group's ESG strategy, overseeing its implementation over time. The Board is supported by the competent Board Committees in fulfilling its responsibilities with respect to the ESG components integral to the Group's business strategy and sustainability. Each committee is vested with research, advisory and proposal-making powers.

The Group Executive Committee (GEC), the Group's most senior executive committee, which is chaired by the CEO, defines the overall ESG Strategy and guarantees the effective steering, coordination and control of the Group's business as well as the alignment of the parent company with the different businesses and geographies regarding strategic topics such as ESG issues.

The Head of Group Strategy & ESG is a member of the GEC. The Group ESG function<sup>2</sup>, part of Group Strategy & ESG, steers the definition and implementation of the Group's ESG strategy. It ensures the ESG framework is consistent with the Group's principles and Purpose and with relevant international standards and practices. Furthermore, it is tasked with, inter alia, developing the social agenda and related proposition, monitoring and disclosing the Group's ESG impacts and results, and with overseeing the adoption of relevant policies and standards.

## Our Employees

UniCredit is in full compliance with the International Labour Organization's (ILO) Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy. If any of the provisions defined in this document are less restrictive than the current labour laws of a country where UniCredit operates, Group entities will adopt local existing regulations that are more restrictive.

At UniCredit, we have long recognised that an equitable, inclusive and diverse workforce is vital to our business, ensuring a more sustainable growth in the long-term and new business

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<sup>2</sup> The function's activities are divided into three offices: ESG Strategy and Implementation; ESG Service Excellence; ESG Metrics, Policies and Disclosure.

opportunities, a strong drive for innovation and creativity. Additionally, it helps enhance a general improvement of the work climate with positive impact on productivity, well-being, and engagement of our people.

UniCredit requires its employees to contribute to creating and maintaining a fair and non-discriminatory working environment that is respectful, safe, and inclusive, where differences in gender identity, age, race, ethnicity, sexual orientation, ability, background, religious or ethical Values and political beliefs or any other category protected by law in the local jurisdiction are embraced and valued.

To further promote a culture of inclusion based on equal opportunities and non-discrimination, a dedicated [UniCredit Diversity, Equity and Inclusion Global Policy](#) is in place that sets clear guidelines and principles for employees as well as third parties. It applies to every key moment of the employee journey, from recruiting and onboarding, to learning and development, performance management and compensation, ensuring bias-free, merit and competency-based decisions as well as pay equality, regardless of diversity traits.

In 2023 UniCredit achieved a significant milestone in becoming the first pan-European bank with Global EDGE Certification for gender equity and inclusion in 10 countries in Europe.

The [Policy against Harassment, Sexual Misconduct, Bullying and Anti - Retaliation](#) is aimed at the prevention, detection, enforcement, and on-going monitoring of harassment, bullying, sexual misconduct and retaliation, including by providing support and protecting individuals (both employees and third parties) who report applicable misconduct from retaliation.

Moreover, caring for our people is vital for unlocking our fullest potential. By providing the right support and resources we nourish our collective well-being to build a truly positive, inclusive, and collaborative workplace, where everyone is empowered to succeed.

We recently launched our holistic [Group-wide well-being approach](#) which further strengthens and enriches our Diversity, Equity and Inclusion commitment and ambitions, providing support to all employees in the moments that matter most while always honouring diversity throughout the entire employee lifecycle.

To address people needs we have global and locally tailored initiatives in every country where our Group is present, offering support and boosting their know-how and skills.

Programs supporting employees' well-being are in place throughout our Group, as well as various services to assist both families with young children and all colleagues taking care of elderly family members or those with disabilities.

In addition, our enhanced well-being framework reaffirms our promise to be the engine of social progress also for our people, encouraging human connections and a caring mindset.

Maintaining proactive and regular dialogue with our workforce strengthens UniCredit's spirit of collaboration and helps us unlock value creation. We have a proud history of constant engagement with our people nationally and internationally throughout the Group – and this has enabled us to manage the many market challenges we have faced over the years.

At the heart of our drive to maintain effective and mutually beneficial industrial relations is our unwavering commitment to respecting local laws and the terms and conditions of collective agreements, including employees' rights to exercise freedom of association and collective bargaining. We continually monitor our engagement processes and outcomes Group-wide, sharing best practices to strengthen social dialogue across all Group countries.

Nationally, employees' interests can be represented by trades unions, works councils or other representatives in line with the applicable labour laws and local industrial relations systems. At international level, employees are represented by the European Works Council (EWC). Since it was first established in 2007, the EWC has ensured that our workforce has the right to information and consultation on transnational Group topics that could significantly affect employees' interests.

Our [Code of Conduct](#) embeds corporate Values ("Integrity, Ownership and Caring"), mindset ("Win. The right way. Together") and sets out the principles of acceptable and unacceptable behaviour (e.g. economic and financial crime, money laundering and terrorist financing, anti-trust practices, ESG) which all employees and partnering third parties of UniCredit must comply with in order to ensure high standards of professional conduct and integrity related to their activity or on behalf of UniCredit.

In addition, the Group'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 Group's approach to whistleblowing is set out in our [Whistleblowing Policy](#), updated in 2023, which is intended to grant a corporate environment where employees may feel free to make reports on unacceptable conduct and to 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 other people involved in the report and to prevent any possible retaliatory or discriminatory behaviour in response to the report.

With the purpose of assessing any possible offence against regulations, the UniCredit S.p.A Supervisory Body, in accordance with Legislative Decree 231/01<sup>3</sup>, requested a monthly report session to the Compliance structure in charge of receiving whistleblowing reports. The same structure also regularly provides the Board of Statutory Auditors with an update on any whistleblowing cases not considered relevant under Legislative Decree 231/01.

## Our Clients

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. Oil & Gas, Mining, Coal, Defence sector policies);
- the Compliance Rules (e.g. Anti Financial Crime/Customer Protection rules).

UniCredit's environmental, social and reputational risk policies define internal processes to consistently identify, assess and mitigate potential environmental, social and reputational risks on an ongoing basis with our clients.

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<sup>3</sup> Legislative Decree 231/01 is an Italian law that, in addition to containing specific provisions on whistleblowing, introduced corporate liability in Italy under which UniCredit has adopted the "Code of Ethics pursuant to Italian Legislative Decree 231/01", which is an integral part of the Organisation and Management Model and contains rules aimed at ensuring conduct inspired by the principles of integrity, cooperation, loyalty, transparency and mutual respect and at avoiding conduct that may constitute criminal or administrative offences provided for in the Legislative Decree 231/01

The policies are regularly reviewed in order to keep the framework up-to-date; for example the [Oil & Gas sector policy](#) has been updated in 2023.

Since 2003, UniCredit adopted the Equator Principles (EP), a financial industry benchmark for determining, assessing and managing environmental and social risk in projects. The EP provide a minimum standard for due diligence to support responsible riskrelated 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.

From the outset, our Group has actively contributed to the framework's development.

In 2023, we continued to be engaged in the work of the EP and to strengthen our internal and external commitment. In particular we participated in reviewing the optimal legal and management structure of the EP Association as well as its Governance Rules.

The Group Non-Financial Risks and Controls Committee (GNFRC) 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 2023, 43 meetings took place and 96 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-financial crime programmes and mechanisms for monitoring the effectiveness of the bank's approach. Such programme is particularly relevant due to the fact that modern slavery offences are often linked to money laundering and other financial crimes.

In this respect, UniCredit is continuing to enhance the AML programme comprised of robust policies, a strong control environment, careful client selection and employee training. The programme is supported by Compliance initiatives in place on training and culture and is shaping the risk management culture.

Furthermore, [the Joint Declaration on Responsible Sales \(May 2015\)](#), signed with the European Works Council (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 clients.

## **Our Suppliers**

In UniCredit, suppliers and contractors must meet certain minimum requirements and are subject to appropriate review and assessment, both prior to being engaged and on an ongoing basis. This is done in order to mitigate corruption risk and comply with our Group Policies applicable to our supply chain, which express, amongst other things, our commitment to preventing and properly managing potential negative impacts associated with our activities.

As part of our vendor qualification assessment and procurement processes, we engage directly with our potential suppliers on ESG issues and examine whether they comply with our mandatory

minimum requirements. These requirements represent the basis of our cooperation. More specifically, suppliers are assessed on environmental and social/labour law criteria, including in relation to the respect of fundamental human rights, prevention of child labour, freedom of association, working conditions, equal pay, health, safety and business ethics.

In 2023 over 1,500 suppliers were assessed and 22% of them were subject to an enhanced ESG due diligence.

Furthermore, we progressed with our ambition to enhance our vendor qualification process through a dedicated transformation project which leverages ESG assessments performed by an external provider. Thanks to this project we will reinforce our capacity to:

- assess labour and human rights risks, among other sustainability risks, in our supply chain
- regularly monitor suppliers' ESG performance
- fulfill our regulatory due diligence obligations.

## Training and awareness

At UniCredit, we are fully committed to providing a fair service to our clients, putting sustainability at the centre of everything we do.

To actively contribute to the success of our plan, it is crucial that we equip ourselves with the knowledge and insights necessary to make a meaningful impact and drive positive change. We perform detailed training programs and initiatives to accomplish mandatory as well as additional needs.

In 2023, Compliance Training Program has been enriched, with the aim to ensure proper compliance risk awareness and updates on key risk areas. At Q4 2023 the overall completion rate of Compliance Mandatory training was equal to 98,5%.

In addition, in 2023 almost 7,000 people received training on human rights, through over 6,100 hours of training.

Almost 1,100 colleagues were involved in dedicated Culture Training workshops across the Group, taking a moment to reflect on our Values and what can be done to bring them to life through the actions we all carry out every day.

In 2023, more than 59,000 people were involved in training on basic knowledge of ESG topics.

More information can be found in our [2023 Integrated Report](#).

This statement will be reviewed and updated annually.



**Andrea Orcel**

Chief Executive Officer & Head of Italy UniCredit S.p.A.