

The world  
is changing.

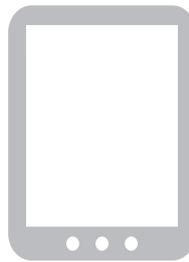


Let's change  
together.

This Report is available in interactive versions  
on several multimedia devices (iOS and Android systems),  
on [www.unicreditgroup.eu](http://www.unicreditgroup.eu) and USB key.



pc/mac



tablet



smartphone

## KEY



Further information is available in PDF  
or via internal cross link



Further information is available  
at the relevant website



Further information is available in  
multimedia format (eg. video)

Specific words and topics are  
cross linked and highlighted  
with the relevant key icon color  
(eg.: **Financial Capital** chapter or  
**Global Reporting Initiative**).

**T**his year's report depicts how innovative UniCredit products and ideas help our customers and businesses respond to the challenges of this changing world.

By spotlighting sophisticated, new multichannel products and services we have developed to meet the modern needs of our customers, we show how our bank is adapting to rapid changes – and how our solutions are helping our customers adapt at the same time.

At UniCredit, we make it easy for the people who bank with us to take full advantage of the technologies and customized services now available to them – so that they can achieve their goals and live their lives on their own terms. As their partner, we have a clear responsibility to provide them the flexibility, the foresight and the tools they need to overcome obstacles and seize new opportunities.

The world is changing. Let's change together.

# REPORT STRUCTURE



UniCredit published a Sustainability Report each year between 2000 and 2013. Its aim was to provide an overview of the connection between its business strategies, the management of the relationships with the stakeholders and the Group's main activities during the year.

This year - in line with the latest changes in international corporate reporting - the Group has published its **first Integrated Report** (the Report), as desired by the CEO since 2012. The Integrated Report 2014 aims to describe the Group's financial and sustainability performance, business model, corporate governance, risk management, compliance, competitive environment, strategy and capitals. The new Report was produced on request of the Group CEO and is managed by the Group Sustainability function, in close collaboration with the Group Planning Strategy & Capital Management function. It is based on the guidelines set out in the International <IR> Framework published in December 2013 by the IIRC (International Integrated Reporting Council).

The **guidelines** adopted for the preparation of the sustainability information included in the Integrated Report are the *Sustainability Reporting Guidelines* (version G4) and the *Sector Disclosures - Financial Services*, both published in May 2013 by the GRI (*Global Reporting Initiative*). The information in the Report refers to the issues identified as material and associated indicators that reflect the main economic, environmental and social impacts of the organization, or that could have a substantial influence on the views and decisions of the stakeholders. Materiality analysis therefore takes on a fundamental important role, which as in the past years has driven the identification of the topics to be reported. In 2014, the materiality analysis process was updated to include additional topics derived from external sources (WEF, Eurostat). This document contains more qualitative information on these topics, appropriately marked within the two pages where the information is provided. The Supplement contains the technical appendices to the various chapters.



Based on the coverage of the "Specific Standard Disclosure" indicators associated with the material aspects and summarized in the GRI Index at the end of this document, the level of compliance with the GRI-G4 Guidelines is "In Accordance – Core".

Specifically, the figures and information relating to Scope 1, Scope 2, Scope 3 of the greenhouse gas emissions have been prepared in accordance with the GRI-G4 Guidelines and "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition, 2004)".

The **content** of this Report refers to the year 2014 and, in particular, to the activities of UniCredit carried out during the year, unless otherwise stated. Figures relating to previous years are provided solely for comparative purposes, to enable an assessment of the Group's activities over a longer period of time. In order to ensure the reliability of the information reported, directly measurable quantities have been included, while limiting the use of estimates as far as possible. Measurements are based on the best available information or spot checks. Estimates and any restatements of comparative figures previously published are clearly indicated as such.

The **reporting boundaries** include 15 countries where the Group has significant operations: Italy, Germany, Austria, Poland and a number of CEE (Central Eastern Europe) countries, namely Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Serbia, Slovakia, Slovenia and Ukraine. Previous editions of the Report contained a summary of the main sustainability projects and performance in Turkey at the end of the Supplement. However, this year Turkey has been excluded from the scope of the report, in line with the Consolidated Reports and Accounts of UniCredit.

The scope of the report for figures regarding staff and the calculation of the Value Added corresponds to the Consolidated Reports and Accounts 2014, unless otherwise indicated.

Any conditions that may limit the scope of this data are clearly disclosed throughout the reports.

The **Report** has been **audited** by Deloitte, which, at the end of the work performed, released the Independent Auditor's report - hereby enclosed - according to the criteria set out by the "International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000").

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# CEO'S LETTER



**FEDERICO GHIZZONI**  
Chief Executive Officer

“We returned to profitability, reaping the rewards of our hard work. Now we are once again able to concentrate on the pursuit of growth.”

## Dear Stakeholders,

In 2014, we returned to profitability, reaping the rewards of our hard work to strengthen our capital position, simplify our processes and increase our efficiency. Now we are again able to concentrate on the pursuit of growth.

The period marked a turning point for our Group. In the first year of the current industrial plan, we achieved our €2 billion profit target. We met that target by executing the initial stages of our plan in a timely fashion. Two noteworthy examples were the Fineco IPO and the sale of UniCredit Credit Management Bank. The plan itself emphasizes investment, development of our commercial banking activities, realization of greater value from our core assets, and reduction of non-core assets. Solid results in Italy and Central and Eastern Europe demonstrated that we have been making the right strategic choices. In the knowledge that our Group is intrinsic to the broader, interconnected economy, we are providing financing where it is most needed and also fostering the overall development of the communities where we live and work.

UniCredit's accomplishments in 2014 are even more significant when viewed in light of the persistent geopolitical tensions and unemployment that trouble Europe. In this complex environment, we pursued growth by focusing on the day-to-day operations of our business. Thanks to the strong decision-making skills of our managers and the professionalism of our people, we have achieved considerable gains in efficiency and have increased our market share – principally in the form of new loans.

Furthermore, we are witnessing positive macroeconomic shifts that can help restore market confidence and stimulate investment, putting us in a position to look to the future with optimism. Yet we are well aware that a solid and sustainable European recovery will only take place if government leaders can implement continent-wide structural reforms. In the past year, we demonstrated our confidence in Europe's true potential when we opted to use the maximum resources made available to us by the European Central Bank to support families and

businesses, thereby doing our part to develop the real economy.

Supporting communities this way is at the core of our mission. It is why we have redesigned our business model and are investing in innovative new services – like UniCredit International Centers, which facilitate cross-border transactions for corporate clients. This model is rooted in a commitment to sustainability and to conservation of the world's resources. Strong customer relationships are central to this vision. Customers today want more than ever to control how, when and where they interact with their banks. It is our job to develop innovative, user-friendly ways to enable close business relationships marked by superior service. As we move forward, we intend to make close partnerships with our customers an even more distinguishing feature of our Group.

Our multichannel strategy is key to making this future a reality. Even now, we are dedicating significant resources of both personnel and technology to its implementation. The goal is to combine the best elements of face-to-face and digital banking to improve the quality and efficiency of our services. Customer satisfaction surveys have confirmed that the work we have done is appreciated. These surveys also indicate that our customers value their relationships with UniCredit. The ability of our people to convert the principles of our competency model into concrete action is at the heart of this business success. We are committed to building further on these strengths, and we will continue to invest in the skills and knowledge of all of our colleagues. The quality of our people was evident when the asset quality review was conducted last year, when the comprehensive assessment classified UniCredit as one of the strongest banks in Europe. I believe the review served a vital purpose and contributed significantly

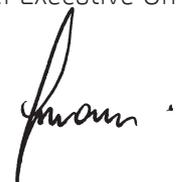
to transparency and trust in the European banking sector. By doing so, it provided a firm foundation for a true banking union, which is a fundamental prerequisite for a solid and sustainable economic recovery.

All of these developments have contributed to preparing UniCredit to face the next set of challenges. Our key objective now is to establish UniCredit as the premier bank in Europe for quality of service. In particular, we plan to differentiate ourselves from other players in the sector by thoroughly assessing and participating in the digital revolution that is transforming the banking business. We are well-equipped to meet the challenges of the future. Our broad European footprint, sound capital position, strong risk management culture and innovative spirit are all closely tied to our commitment to achieving sustainable results and engaging with our stakeholders. We face a considerably more challenging environment, but many new developments and trends are in our favor, including regulatory integration at the European level, a consensus on the need to reignite investment activity, the sharp decline in energy prices, and the depreciation of the euro.

As one of the most robust and best-positioned banks in Europe, we are prepared to continue to do our part to support a sustainable recovery across the continent. In 2015, we will continue to take a primary role in the European economy, putting our resources and skills to the best possible use with foresight and determination.

Sincerely,

**Federico Ghizzoni**  
Chief Executive Officer



**Our support for the UN Global Compact**

We reaffirm our support for the principles of the UN Global Compact.

They clearly express our commitment to human rights, fair working conditions, the environment and the fight against corruption.

# HIGHLIGHTS

UniCredit is a leading European commercial bank operating in **17** countries with more than **147,000** employees, over **8,500** branches and with an international network spanning in about **50** markets.

UniCredit benefits from a strong European identity, extensive international presence and broad customer base.

Our strategic position in Western and Eastern Europe gives us one of the region's highest market shares.



OVER  
**147,000**  
Employees<sup>1</sup>



OVER  
**8,500**  
Branches<sup>2</sup>

## Financial Highlights (€ mio)

OPERATING INCOME

**22,513**

NET PROFIT

**2,008**

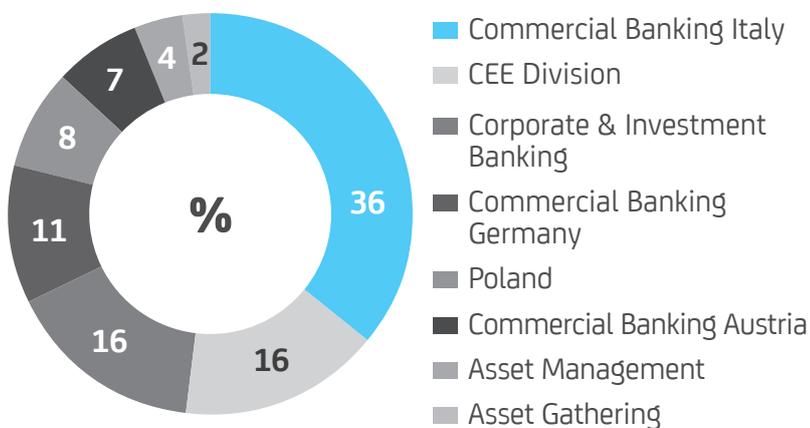
SHAREHOLDER'S EQUITY

**49,390**

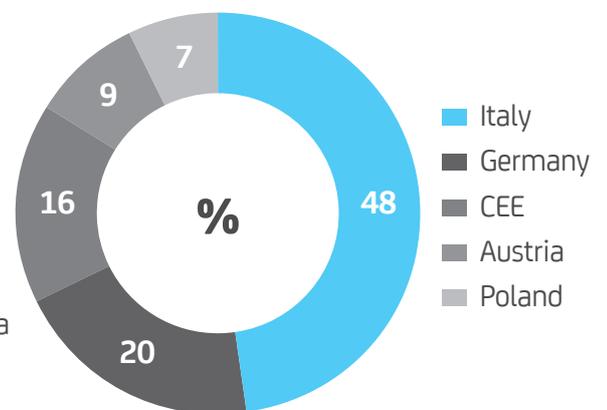
TOTAL ASSETS

**844,217**

## REVENUES BY BUSINESS LINES\*



## REVENUES BY REGION\*



1. Data as at December 31, 2014. FTE = "Full Time Equivalent": number of employees counted for the rate of presence. Figures include all employees of Yapi Kredi Group (Turkey).

2. Data as at December 31, 2014. Figures include all branches of Yapi Kredi Group (Turkey).

\* Data as at December 31, 2014.

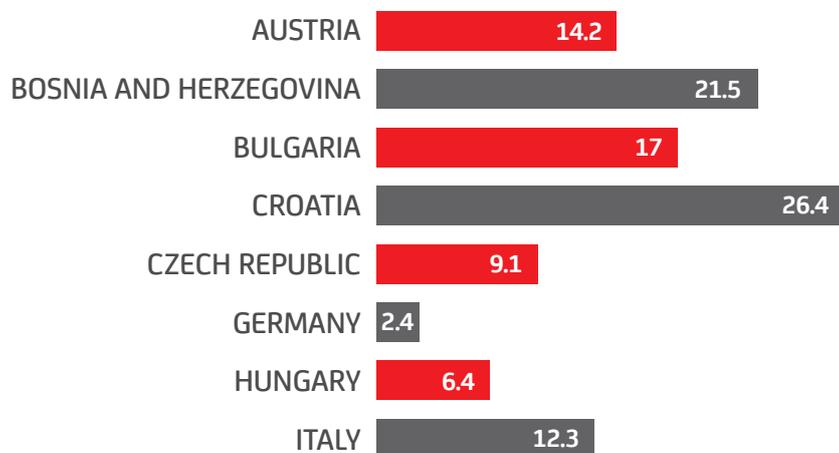


## Where we are

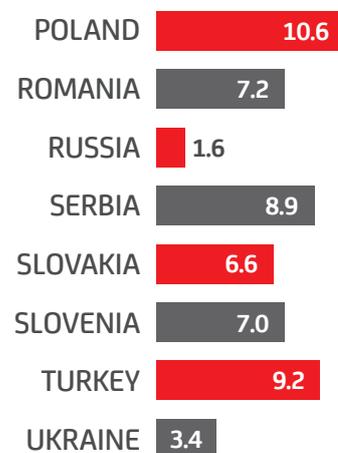
- AUSTRIA
- AZERBAIJAN
- BOSNIA AND HERZEGOVINA
- BULGARIA
- CROATIA
- CZECH REPUBLIC
- GERMANY
- HUNGARY
- ITALY
- POLAND
- ROMANIA
- RUSSIA
- SERBIA
- SLOVAKIA
- SLOVENIA
- TURKEY
- UKRAINE



### MARKET SHARE<sup>3</sup> (%)



### MARKET SHARE (%)



3. Market Shares in terms of Total Customer Loans as at December 31 2014 for Italy, Germany and Austria. Market Shares in terms of Total Assets as at September 30, 2014 for CEE Countries, except for Bosnia and Herzegovina (2Q 2014), Hungary (FY 2013), Romania (1Q 2014), and Slovenia (2Q 2014).  
Source: UniCredit National Center Banks, UniCredit Research, UniCredit CEE Strategic Analysis.

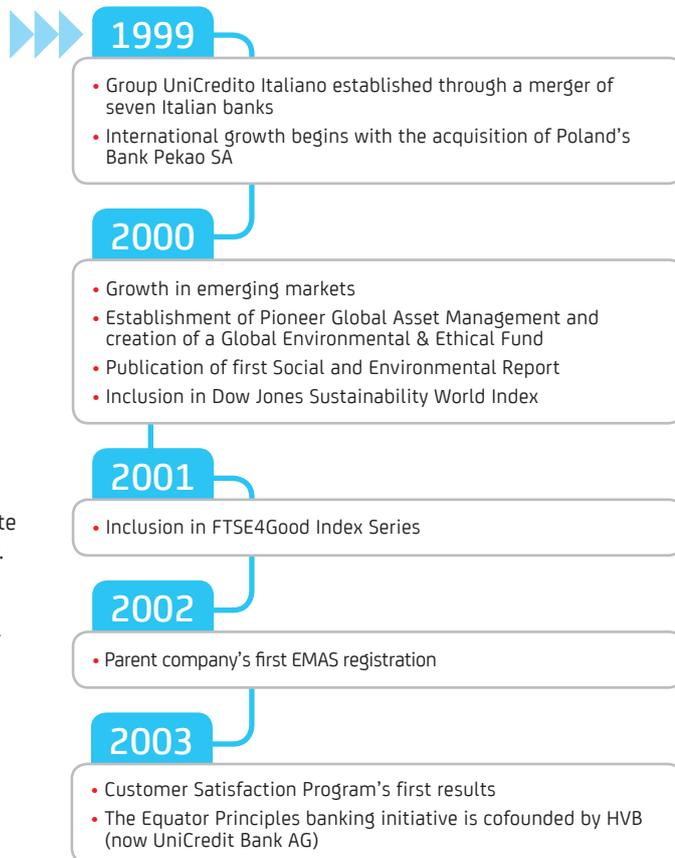
## Key milestones

2014 represented an important milestone for UniCredit. Formed in 1999 from a merger of seven Italian Banks, the Group celebrated its 15<sup>th</sup> anniversary.

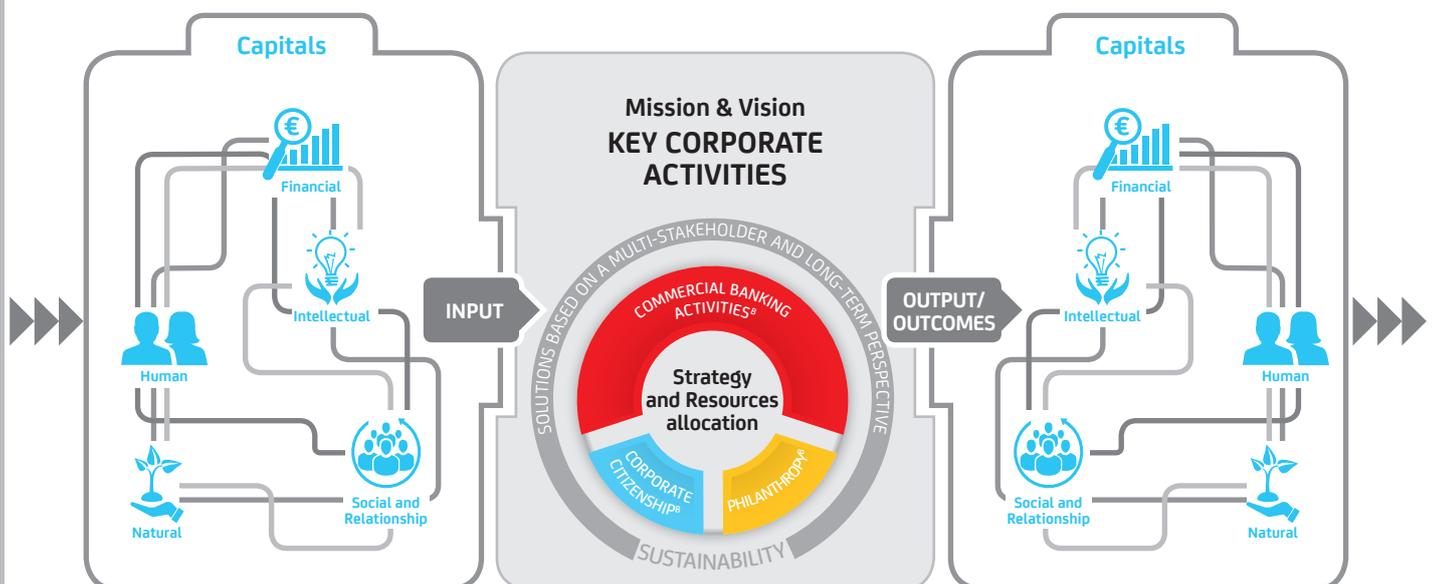
In the course of those 15 years, a series of deals resulted in our Group's current international scope.

We also did a great deal to improve our service model, satisfy different stakeholders, fulfill many of their legitimate expectations and move ahead on the path to sustainability.

Today our performance in environmental, social and governance (ESG) issues is recognized by the world's major sustainability indexes.



## UniCredit's value creation process<sup>A</sup> in a broader social and economic context



A. Source: adapted from the IIRC framework.  
 B. Refer to 2013 Sustainability Report for definitions.

2005

- Merger with Germany's HVB and establishment of a single large European bank
- The Integrity Charter is adopted as the foundation of UniCredit's identity and values; the Restorative Justice System<sup>1</sup> is launched

2007

- Merger with Capitalia - strengthening the Group's presence in Italy and abroad
- Establishment of the UniCredit European Works Council (UEWC)

2008

- Establishment of the Reputational Risk Management Framework, including the Reputational Risk Committee
- Joint Declaration on Training, Learning and Professional Development signed by the UEWC and our Group

2009

- Joint Declaration of Equal Opportunities and Non-Discrimination signed by the UEWC and the Group
- Groupwide Sustainability Framework
- Adoption of the UN's Principles for Responsible Investment by Pioneer Investments
- Development of the Environmental Sustainability Program in partnership with WWF International

2010

- The Risk Academy is created to foster awareness and knowledge of risk management principles

2011

- Adoption of the Human Rights Commitment, Whistleblowing Policy and Code of Conduct
- Launch of new sustainability engagement campaign involving all UniCredit colleagues (UniCredit Day)

2013

- Approval of the Global Policy on Gender Balance

2014

- Beginning of 2015, received Bronze Class distinction from RobecoSAM for excellence in sustainability performance in 2014



1. Now System of Values.

UniCredit holds significant responsibilities within a complex value chain and we use different types of capitals - financial, human, social and relationship, intellectual and natural - as inputs to contribute to our economy and society at large. These inputs are essential to our Business Model and the use we make influence the quality of the products and services that we provide, i.e. our outputs.

We have also studied our impacts extensively, and we have become ever more aware of the vital role we play in the real economies of the countries where we operate (outcomes). A responsible approach guides everything we do, from our core banking activities to our corporate citizenship initiatives. These initiatives emphasize financial inclusion and education, complementing our philanthropy in the field of social inclusion. We strongly believe that communities that provide a genuine diversity of opportunities nurture the innovative environment that enables both people and businesses to thrive.

OUR RESULTS

10.26%  
Common Equity  
Tier 1 Capital Ratio

↑ 77%  
engagement index

↑ Customer  
satisfaction  
improving

↓ -29%  
GHG emissions versus  
our 2008 base year

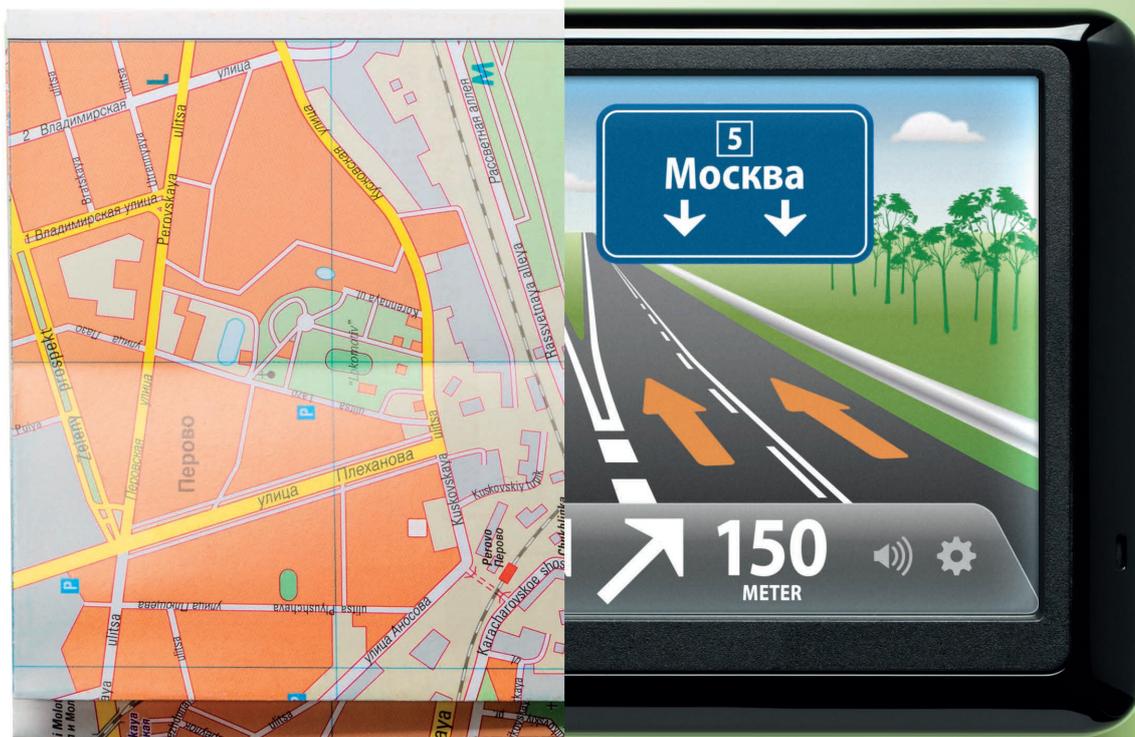
There is  
a whole world  
to discover.

Better  
discover it now.

At home when you're abroad.

Together, we can go far.

UniCredit has more than 8,500 branches and over 147,000 employees in roughly 50 markets across the world. That means we have the tools, the knowledge and the manpower to help your business go international. Our **UniCredit International Centers** gather our most experienced cross-border experts into a single, powerful network that can provide your business with the information and services it needs to succeed abroad. From evaluating investments, to identifying optimal financial solutions and, of course, providing basic banking services, UniCredit is always with you, anywhere you choose to be.



# Our Purpose & Identity

## Business model

- ▶ Value Proposition

---

- ▶ Products & Services

## Governance

- ▶ Governance Model

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- ▶ Board of Directors

## Risk Management & Compliance

- ▶ Risk Culture

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- ▶ Risk Appetite Framework - RAF

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- ▶ Compliance function

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- ▶ Main 2014 achievements

# BUSINESS MODEL

## Our Mission

“ We UniCredit people are committed to generating value for our customers. As a leading European bank, we are dedicated to the development of the communities in which we live, and to being a great place to work. We aim for excellence and we consistently strive to be easy to deal with. These commitments will allow us to create sustainable value for our shareholders. ”

### Our Business Key Strengths:

Customer proximity - Risk Culture -  
Global Functions specialization

#### COMMERCIAL BANKING

### Value Proposition

#### Individuals

Flexible and easy access to banking services through traditional and digital channels

#### Companies

Support for entrepreneurs - in their day-to-day business, or in executing new projects or strategies - through tailored, profit-driven solutions

#### Private Banking

A 360-degree advisory model, customized investment strategies and access to international markets through specialist advisors

#### CORPORATE INVESTMENT BANKING

Traditional corporate and transaction banking services, along with full-fledged structured finance, capital markets and investment products, as a strategic long-term partner that meets clients' specific needs and delivers access to Western, Central and Eastern Europe

#### ASSET MANAGEMENT<sup>3</sup>

Concrete investment solutions that satisfy real investment needs, providing an innovative and consistent global offering that manages risk and delivers attractive returns to investors

#### ASSET GATHERING

Innovative financial services that combine the efficiency of digital channels with advisory expertise

## OUR ENABLERS



# UniCredit Strategic Plan 2013-2018



- **Current accounts and payment services:** products used to manage money and make payments and withdrawals anywhere and anytime
- **Mortgages and consumer financing:** solutions for buying or renovating a home or for many other needs – from making small purchases to completing big projects
- **Investments and savings:** products and services that let clients choose the best ways to invest or save
- **Insurance:** coverage for home and family, life, assets and injuries
- **Financing:** structured finance as well as short, medium and long-term loans that enable enterprises to grow
- **Investments and savings:** products and services for daily transactions or customized savings plans
- **Transactional services:** fast, practical and safe handling of transaction receipts, payments and cash management
- **International services:** support for business activities and expansion in multiple countries
- **Risk management:** expert advice on minimizing risk exposure
- **Capital markets:** assisting growth through debt restructuring and capital strengthening
- **Leasing:** solutions for financing business facilities and equipment
- **Factoring:** a wide range of services for the management, insurance and financing of credit
- **Investment solutions<sup>2</sup>:** financial products and services, hedge funds, certificates and portfolio management - all tailored to client risk profiles to take better advantage of market opportunities
- **Advisory services:** expertise in key business decisions, family enterprises, fiscal and succession planning, art market investing and real estate management
- **Insurance products:** customized risk coverage for people, real estate and goods, as well as investment opportunities that ensure predictable income
- **Leasing:** solutions for financing facilities and equipment for professionals and businesses

- **Global Transaction Banking:** proven core competencies in the fields of cash management and e-banking, trade and supply chain finance, transactional sales and global securities services
- **Financing and Advisory:** loan offerings and integrated financing solutions backed by longstanding expertise in loans, bonds, covered bonds, equity capital markets and financial advisory and project finance services
- **Markets:** standard products as well as structured solutions for FX, CEE, rates, credit, equity derivatives and commodities; a dedicated research team to assess macroeconomic scenarios and financial markets, asset allocation of financial investments, securities selection and risk management

- **Mutual and pension funds:** investment solutions to meet client's risk-return appetite, tailored mandates and plans to provide retirement income
- **Segregated and managed accounts:** asset portfolio management for wealthy individuals and insurance companies
- **Advisory services:** expert and independent advice providing result-driven solutions for investors

- **Advisory services:** professional consultants who support clients' investment decisions and financial plans according to their risk appetites
- **Trading:** dedicated platforms for the full range of customer investments (e.g., stocks, bonds, futures and options)

**Central and other support functions:** Human Resources, Group Risk Management, Planning, Finance & Administration, ICT, Public Affairs, Group Identity and Communications, Group Legal, Compliance, Real Estate, Security, Procurement

1. Products and services offered in all or the majority of CEE countries with the exception of Private Banking Advisory Services, which is not offered in CEE and Poland, and Asset Management services, which is present only in Bulgaria, Czech Republic, Romania, Slovakia and Hungary.

2. Some solutions are not available in Germany or CEE.

3. These products and services are also offered in other regions.

# GOVERNANCE



UniCredit's corporate governance system is a pillar for our Group's clear and accountable work, which creates sustainable long-term value<sup>1</sup>.

## Governance Model

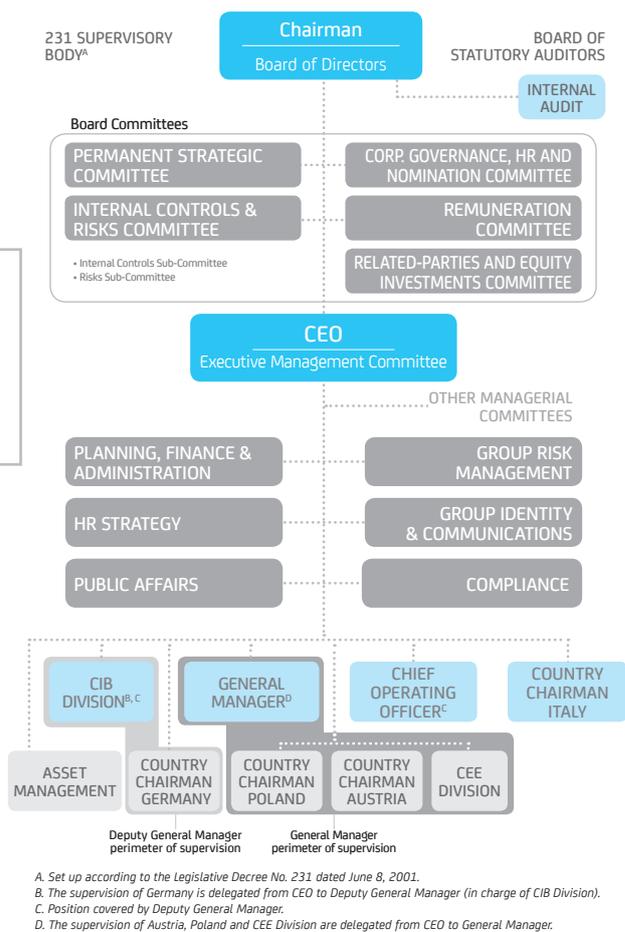
UniCredit is an Italian listed company with a traditional management and control system based on two corporate bodies whose members are appointed at the Shareholders' Meeting: the Board of Directors, in charge of the strategic supervision and the management of the company, and the Board of Statutory Auditors, responsible for supervising management<sup>2</sup>. Legal accounting supervision is entrusted by the Shareholders' Meeting to an external auditing firm, on proposal of the Board of Statutory Auditors.

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 auditing firm, approving all connected fees. They also encompass the approval of financial statements, the allocation of profit and the resolutions on the remuneration and incentive policies and practices provided for by the current provisions.

As at 31 December 2014, the UniCredit Board of Directors is composed of 19 members, including the Chairman and the CEO.

The Board of Directors is supported by five Committees which have the authority to give advice and submit proposals to the board. The CEO's work to run the Group is supported by the General Manager and two Deputy General Managers. The CEO's work to make strategic decisions on behalf of the Group is supported by two management bodies, the CEO Office and the Executive Management Committee, which have been set up to perform consultative functions.

## Organizational and Governance Structures (as at 31.12.2014)



## Sustainability Governance

The Group Sustainability unit and its manager are formally responsible for supporting the Group management in defining strategies and policies to include sustainability criteria within the business activity and to monitor sustainability key indicators and to communicate externally sustainability Group positioning.

The unit is in the Group Identity & Communications department, reporting directly to the CEO. This direct line of communication helps ensure the effective execution of the unit's activities, strengthening UniCredit's capacity to develop and fine-tune

initiatives that significantly contribute to the long-term viability of our business.

Group Sustainability is also responsible for facilitating the discussion on some matters pertaining to sustainability among stakeholders and UniCredit's highest governance bodies. The substance of these discussions are included in the BoD-approved Group Integrated Report. On multiple occasions during the year the highest governance bodies are also presented updates on our dialogue with stakeholders, including the results of the People Survey and customer satisfaction polls.

1. Refer to the Corporate Governance Report, the Group Compensation Policy and the Consolidated Reports and Accounts for more information.

2. All members of the Board of Directors and the Board of Statutory Auditors are appointed at the Shareholders' Meeting on the basis of a proportional representation mechanism (voto di lista). This voting system features lists of the candidates who are competing against one another to ensure the election of minority shareholder representatives. The structure of the above-mentioned corporate bodies ensures they are gender-balanced in compliance with current regulations and provisions. In addition, with regard to the professional experience, integrity and independence requirements established within current laws and regulatory provisions, the number of independent UniCredit Directors in office is above the minimum set forth within the current regulatory provisions (12 out of 19 according to the Italian Corporate Governance Code, 17 out of 19 according to the TUF; 18 of whom are non-executives). Furthermore, according to the provisions of UniCredit's Articles of Association, two permanent Auditors, and two stand-in Statutory Auditors are appointed by minority shareholders.

## Board Composition

The composition of the Board in office at December 31, 2014, is qualitatively balanced as far as concerns all the expertise areas laid down by the theoretical profile approved by the Board itself. All the Directors have turned out to meet the minimum professional experience requirements. All the expertise areas were accounted for by the Board and each was met by at least two thirds of the Directors.

### Balance of executive and non-executive directors

1 CEO executive      18 non-executive

### Board independence

12 as per Corporate Governance Code      17 as per TUF

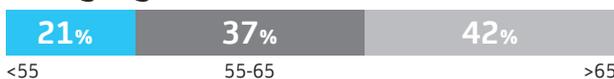
### Board gender balance



### Board attendance



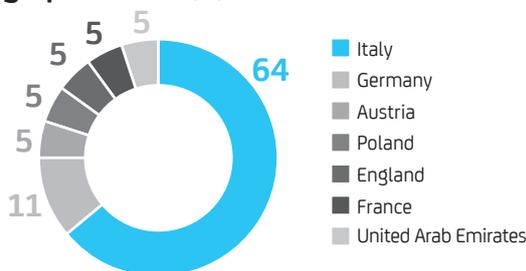
### Average age



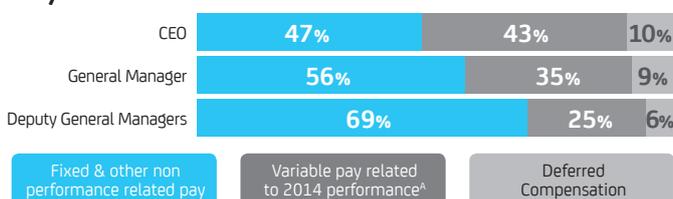
### Length of tenure

6.4 years

### Geographical mix (%)



### Pay mix



A. This is based on four to six core goals, of which at least half are sustainability-driven.

## UniCredit Culture

UniCredit's organizational culture is based on integrity and is enshrined in both the System of Values and the Code of Conduct, which have been approved by our Board of Directors.

Aware that regulatory evolution, risk and innovation can deeply influence our business, in 2014 the actions undertaken aimed at providing Directors with an adequate knowledge of the macro-economic scenarios, of the markets' developments and of the sector's regulatory framework continued. Moreover, strategic, legal and regulatory as well as business topics have been the object of training sessions and were examined in detail, in order to ensure both knowledge and awareness of the Group risk profile.

Within said actions, inter alia, there have been organized meetings open to all the Directors having as subject the Group strategy and the checking of its planning as well as the drafting of the strategic plan; there were also organized meetings, open also to the Statutory Auditors and the Top Management, regarding the long term Group strategy as well as innovative products and multichannelling.

Constant innovation is embedded in our Group's business model, propelling UniCredit's approach to the future. In fact one of the initiatives above mentioned to which the BoD has participated was dedicated to analyzing potential long-term scenarios for UniCredit. This initiative consulted specialists about current and future global challenges, examining potential opportunities in terms of demography, technology and trends in emerging markets.

- Bank Leadership
- Fair Business Behavior
- Corporate Identity

## Board and Top Management Compensation

The CEO is the only executive director who sits on the Board of Directors, and part of his remuneration is linked to sustainability overtime of UniCredit financial results.

All the other members are non-executive directors and are not beneficiaries of incentive plans utilizing stock options or, more generally, of any plan that makes use of financial instruments.

The approach to compensation for UniCredit's Top Management - CEO, General Manager (GM) and Deputy General Managers (DGMs) - as detailed in the Group Compensation Policy, is performance-based, market-aware and aligned with our business strategy and stakeholder interests.

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.

# RISK MANAGEMENT & COMPLIANCE



## Foster a sound risk management<sup>1</sup>

A sound risk management is fundamental to the implementation of our strategy. The UniCredit Strategic Plan, approved by the Board of Directors in March 2014, emphasizes the importance of mitigating risk. The plan deploys a balanced Risk Appetite Framework - RAF to ensure sustainable profitability and healthy growth in our business. This has led us to establish a solid risk culture and sound risk management governance, methodologies, procedures and practices that will be effective through all phases of the economic cycle.

In the current economic environment, financial institutions must contend with increased financial interconnectedness, dissimilar sets of regulations, progressively rapid dissemination of time-sensitive financial information and highly mobile pools of cross-border capital. These factors can create interesting business opportunities, but they often pose significant risks. Therefore, they must inform the thoughts and actions of every risk manager.

That is why Group Risk Management, coherently with its mission to steer and control Group's risks, as defined by the Board of Directors of UniCredit, has adopted a structured and comprehensive approach to strengthening UniCredit's risk culture. UniCredit defines risk culture as the norms of behavior, reflected in the daily thoughts and actions of all bank's employees, that determine the collective and individual ability to identify, understand, openly discuss and make decisions on the organization's current and future risks. Our approach is also aligned with the 2014 Guidelines issued by the Financial Stability Board, which provide supervisors with guidance for assessing the soundness and effectiveness of a financial institution's risk culture<sup>2</sup>. UniCredit's risk culture strengthen program is directly sponsored by the CEO and has

the full support of the Executive Management Committee. It is designed to strengthen the mindset and conduct of every bank employee - from senior management to frontline colleagues - by focusing on governance, performance management, communication and learning & development.

Without a sound risk management there is no sustainable profitability and no shareholders return.

This is why it is essential to become the first bank for risk culture in every country where we operate.

*Federico Ghizzoni*



1. Refer to [2014 Consolidate Reports and Accounts](#) for more information.

2. On April 7, 2014 the Financial Stability Board issued "Guidance on Supervisory Interaction with Financial Institutions on Risk Culture - A Framework for Assessing Risk Culture". This document identifies the foundational elements of a sound risk culture within financial institutions. Refer to [www.financialstabilityboard.org](http://www.financialstabilityboard.org) for more information.

## Align risk, strategy and business through our Risk Appetite Framework

**Governance** The Risk Appetite Framework (RAF) is an important element for our risk management governance. With the RAF, our managers have an effective, forward-looking guide to our desired risk profile vis-à-vis our short- and long-term strategic objectives and our business plan. This helps them take business management decisions in line with the desired levels of risk, while preserving our ability to generate capital and meet regulatory requirements.

The RAF is designed taking into account the various stakeholders' expectations (including Board of Directors, Regulators, rating agencies, etc). It points the way to sustainable growth while ensuring business flexibility and avoiding undesired risks. It also ensures consistency among our risk-return profiles, setting thresholds to guide our business as it evolves over time.

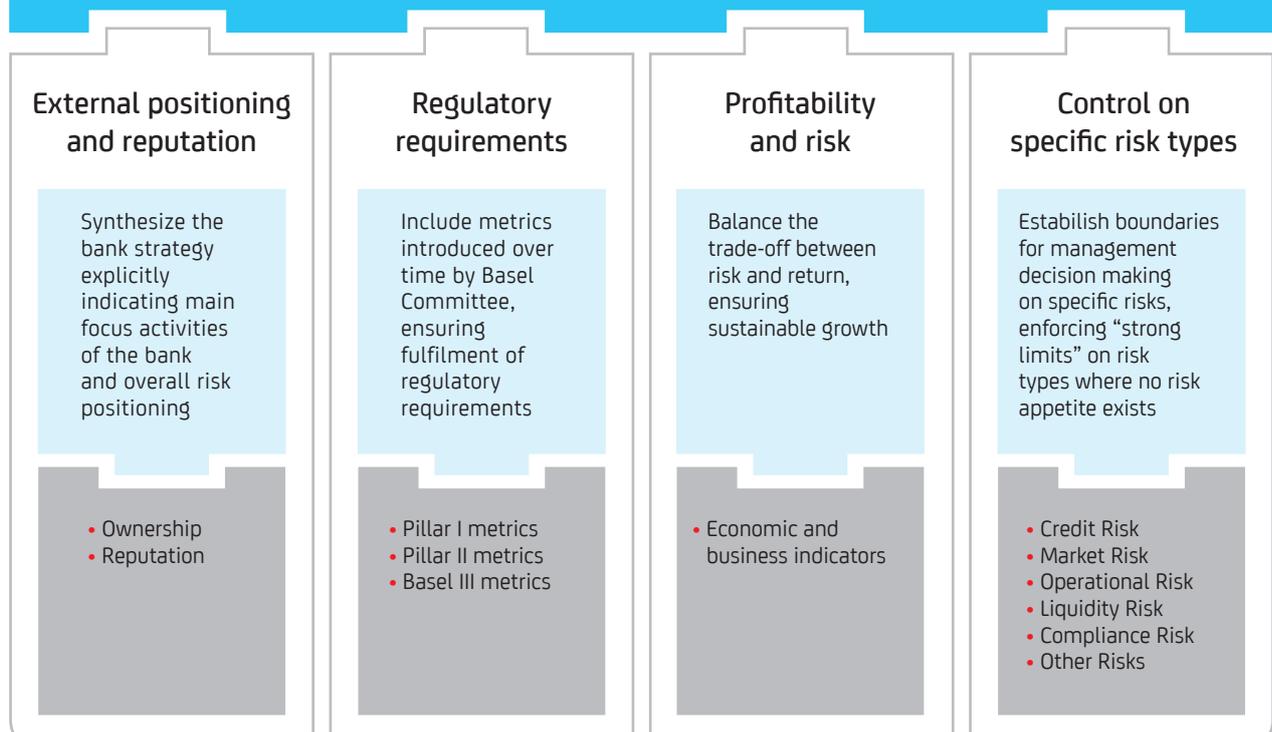
The RAF is defined when we begin our budget process, then transmitted to UniCredit's business units and legal entities and incorporated into our day-to-day risk management activities via policies, operational limits and compensation programs.

Our Group's risk appetite is continuously enhanced to be promptly adapted to changes to both the internal (e.g. business) and external (e.g. regulations, macroeconomic shifts) environment.

In 2014, UniCredit's risk governance was further improved through the Risk Appetite Framework, which includes a monthly risk assessment provided to the board, a stronger link between risk appetite and performance management, as well as a stronger link between Group Risk Management and other functions such as Planning, Finance and Administration. This will permit increasing the Group's capacity to manage data and respond to challenges posed by the Single Supervisory Mechanism, supporting better the growth of the bank.

Furthermore we reinforced organization, both centrally and locally, with an increase of Group Risk Management staff and improved interaction between the parent company and legal entities due to broader measures to delegate operational responsibility to the local level.

# Risk Appetite Framework



OBJECTIVE    TYPE OF METRICS



### Main 2014 achievements

In 2014, we significantly improved the models we use to measure market and operational risk thus reinforcing our Risk Appetite Framework and contribution to the Risk Strategic Plan targets as follows:

**Counterparty Credit Risk (CCR)** is a model that we fully developed to measure counterparty risk in derivatives transactions. Roughly 20 banks worldwide utilize an approved internal model to measure this type of risk.

**Advanced Measurement Approach Model (AMA)** is a model we developed to better measure operational risk, and its application allowed us to reduce risk-weighted assets associated with operational risk. AMA enables us to expand the scope of data that we analyze - increasing the model's granularity, accuracy and consistency over time - and assign a different weight to each scenario. The model also provides a better forward-looking representation of our bank's exposure to operational risk, allowing for a more efficient use of capital, which is crucial to sustainable profitability.

### Comprehensive Risk Assessment Results



The effectiveness of UniCredit capability to manage risks was demonstrated by the results of the Comprehensive Risk Assessment carried out by the European Central Bank (which comprised the Asset Quality Review - AQR and the stress test). In October 2014, the ECB and European Bank Authority published the results of the Comprehensive Assessment and it became evident that UniCredit is one of the most resilient banks in Europe. Compared to our peers, the impact of the EU-wide stress test and AQR on the Group was quite limited.

### Encourage prudent risk-taking behavior

#### Performance Management

Aligning compensation with prudent risk taking on behalf of our institution is critical to maintain appropriate levels of risk.

The bridge between the RAF and our incentive system promotes prudent risk-taking behavior. By incorporating prospective risk and risk outcome metrics into our incentive system, we ensure that UniCredit's risk appetite is heeded in day-to-day management decisions. This ensures the dissemination of a sound risk culture and guarantees alignment with international best practices and the regulatory requirements of the Financial Stability Board and the Bank of Italy. The board and the Remuneration Committee solicit input from relevant functions, including Risk Management, Human Resources and Planning, Finance and Administration to ensure that profitability, risk and reward are explicitly linked.

### Promote an environment of open communication

#### Communication



Sound risk culture and risk management is central to UniCredit's strategy for serving stakeholders. To support a healthy and transparent business

environment, we reinforce UniCredit's values, mission, strategy and risk appetite.

Senior management is dedicated to transforming its words about risk into action - a comprehensive communication approach has been adopted to help our Group's work to make risk culture integral to operations.

This commitment to increased communication about risk was reiterated also in June 2014 at the Group Risk Management Leadership Meeting in Munich. At this annual event which helps measure Group Risk Management's progress, the CEO and the Chief Risk Officer spotlighted Group Risk Management's vital role in the realization of the Group Strategic Plan. The meeting was attended by more than 100 Group Risk Management colleagues from 16 countries.



To create a consistent message about risk by senior management, an editorial plan has been produced for the members of the Executive Management Committee (EMC). With the editorial plan, they can harmonize their statements on risk culture, its relationship to

UniCredit's strategy and why it is essential to healthy growth and sustainable profitability. As a result, in 2014 the CEO's internal statements touched on the importance of a "solid risk culture" and "sound risk management" on nine occasions, while the rest of the EMC addressed these topics internally on 60 occasions. Statements by senior managers are transmitted to every member of our Group via intranet, newsletters, video messages, audio files and corporate meetings. In 2014, 26 articles on risk culture and risk management were posted on UniCredit's intranet site, attracting roughly 90,000 page views.

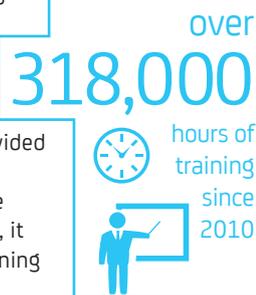
Group Risk Management's intranet site has also been redesigned with new content and graphics. These pages describe the program to strengthen risk culture at UniCredit, courses available at the Risk Academy and examples of risk culture in action. These examples include deals, agreements, products or processes based on sound risk principles, drawing 54,000 page views during the year.



## Link Risk Management competencies to professional development

### 4 Learning & Development

To create greater value through risk management, our Group invests heavily in risk-oriented learning and development. The Risk Academy<sup>3</sup> represents one such investment. Designed and managed by a special unit within Group Risk Management, in cooperation with internal learning and training competence centers, the Risk Academy has provided over 318,000 hours of training to more than 12,100 employees since its establishment in 2010. In 2014, it delivered over 53,300 hours of training to more than 4,700 employees.



In recent years, an internal survey of the Group Management Team has helped assess the degree to which risk culture has taken hold within our Group. The results show constant improvement. In 2014, 82 percent of respondents agreed that UniCredit has a common risk culture (up from 41 percent in 2013).

The survey also highlighted significant gains in risk governance and communication while 88 percent of respondents in 2014 believed it remained vital to keep focusing on activities to strengthen our Group risk culture.

## Manage other risks

Safeguarding against reputational risk remains vital to UniCredit's strategy. Our Group Operational & Reputational Risk Committee met 11 times in 2014 to discuss and approve new policies, methodologies and practices for monitoring and controlling our reputational risk portfolio across divisions, business units and legal entities.

In addition to various efforts to anticipate and prevent reputational risk, in 2014 we further reinforced our capacity to identify and analyze financial sector reputational risk events by drawing extensively from external sources of information, prioritizing and integrating identified events into an internal data set. This provided Group functions specific expertise and knowledge of stakeholder perceptions and an understanding of the potential impact of these perceptions for UniCredit. The resulting reports will also, for the sake of

completeness, integrate data on internal events. For 2015, we aim to standardize the process, updating this data set and regularly sharing the information with all our legal entities and the members of the Group Operational and Reputational Risk Committee. This process will raise the level of reputational risk awareness within our Group and help us achieve our objective to be the premier bank for risk culture in every country where we operate.

Our Group is also focused on monitoring potential risks such as those emerging from the technological innovation and the resulting impact these may have on the sustainability of the business. To this end, Group Risk Management has developed a methodology to assess the potential operational risks linked to the unavailability or malfunctioning of ICT systems that support customer services.

### Focus

#### Social and Environmental Risks

UniCredit policies and practices are designed to assess and manage our traditional economic and financial impacts as well as possible non-financial impacts our operations may contribute to. These include the environmental and social impacts associated with the activities of our customers. In 2014, to broaden our understanding of the impacts of our work, we:

- conducted a review of UniCredit's mining sector policy
- developed a new coal-fired power generation sector policy
- extended the Equator Principles to applicable project transactions in line with the latest framework, screening 17 projects
- held training sessions involving external experts
- augmented our models to assess environmental impacts and externalities related to our lending portfolio by covering emissions-intensive-industries such as those monitored under the EU Emission Trading System<sup>4</sup> (EU ETS)
- continued to reinforce our approach to human rights through internal training and stakeholder engagement activities. In 2014, more than 21,000 training hours have been provided to roughly 25,000 colleagues. We further promoted constructive dialogue among stakeholders in our sector as participants in various related working groups, including the Thun Group of Banks<sup>5</sup>. In 2015 we will work to further integrate UniCredit strategy and approach to human rights

3. Refer to [Sustainability Report 2010](#) for more information.

4. Refer to [Natural Capital](#) for more information.

5. An informal group of bank representatives that have been discussing the meaning of the "Guiding Principles for the implementation of the United Nations 'Protect, Respect and Remedy' Framework" ("Guiding Principles") as regards universal banks and how they could be applied in relation to banking activities.



## Manage compliance risks through a proactive approach

Compliance is built into UniCredit’s DNA and forms an integral part of our business strategy. It is the mission of the Compliance function to enable the Group to advance its business interests while following all applicable laws, regulations, internal policies and best practices, and to help safeguard the Group’s franchise and reputation while upholding its values.

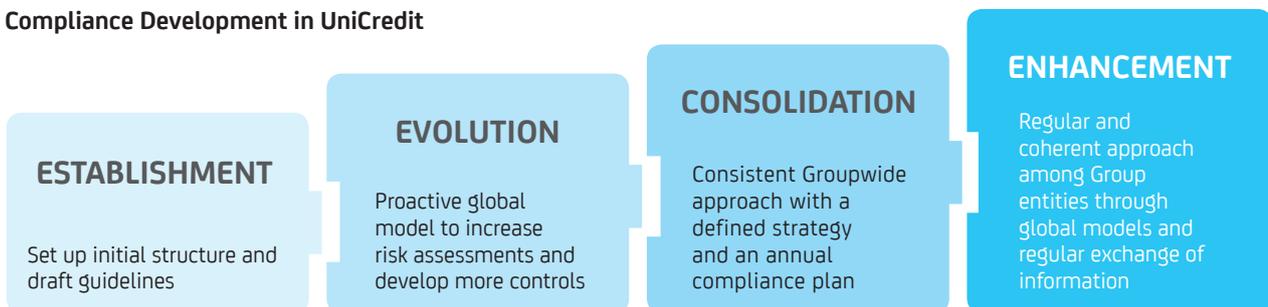
We proactively manage the risks associated with non-compliance by applying a risk-based approach to all activities and by maintaining a strong compliance culture. Senior management oversees this process by:

- developing and implementing compliance standards, guidelines and policies
- advising business units on applicable conduct, laws, policies and regulations
- developing and managing a compliance education and training program to ensure ethical conduct; this in turn

fosters a culture of compliance that provides all employees with a clear understanding of their compliance obligations

- monitoring and verifying employees’ compliance with policies, laws and regulations, and monitoring transactions, trades and business processes to identify and mitigate any compliance risks
- conducting ongoing assessments of all business areas for compliance risks
- tracking regulatory developments in the countries and territories where UniCredit operates

### Compliance Development in UniCredit



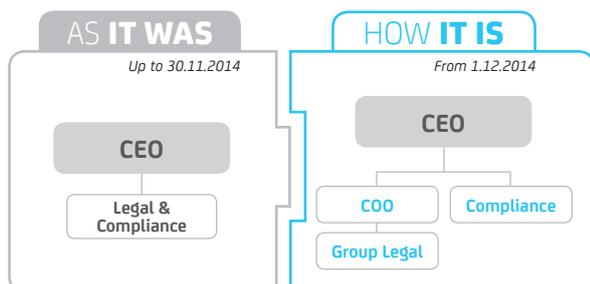
### Focus

In line with current European best practices on regulatory compliance, in 2014 we made improvements to our corporate governance structure. Following the decision of UniCredit’s Board of Directors, the Group’s Legal and Compliance Competence Line was separated into two different structures as at December 1. To ensure greater efficiency and service quality, Compliance became a separate Competence Line that reports directly to the Group CEO and is led by the Group Compliance Officer.

Governance mechanisms foresee two levels of coordination:

- Group level, providing guidance, support and coordination to ensure the active involvement of all legal entities
- Local level, consisting of reporting hierarchies within each legal entity, headed by the local CEO

At the Group level, dedicated units and departments cover certain regulatory areas, specific topics and projects (e.g. Anti-Money Laundering, Conflicts of Interest, Corporate & Investment Banking, Second Level Controls and Risk Assessment, Education, Development and Training, Planning, Project Management Office and Staff). These units and departments also provide analysis of regulations and issue interpretative notes, opinions and preliminary evaluations. In addition, Group Compliance provides indirect oversight for certain regulations that apply specifically to Italian banking firms (e.g. labor regulations and laws, environmental guidelines and tax laws).





Over the past 10 years, Compliance has rapidly evolved into a vital strategic partner within our organization. Key phases of development in Compliance have included evolution, consolidation and enhancement. These changes have been supported by our *Compliance RoadMap* program which, among other purposes, serves to:

- enhance risk assessment processes, methodologies and compliance control systems
- establish a consistent compliance culture and approach that make full use of our *Global Compliance Framework* and training programs. Compliance knowledge is being enhanced Groupwide through such initiatives as computer-based training and the Compliance Academy

Key achievements in 2014 consisted of:

- further developing, reinforcing and harmonizing IT platforms and tools to monitor and assess compliance risks in key regulatory areas
- significantly increasing our staff (+28 percent since 2012), with a focus on specific regulatory areas (e.g. Anti-Money Laundering) and our Global CIB Division, to ensure adequate and sustainable control of compliance risks at the local and Group levels
- creating a series of Global Compliance Alerts, which provide one-page summaries of key compliance issues, so that colleagues can keep up-to-date on their compliance obligations

In September 2014, Compliance launched “*Innovare Insieme*”. This project is designed to improve relationships among colleagues

### Key Compliance Issues

POLICIES	APPROACH	2014 ACHIEVEMENTS <sup>2</sup>
ANTI-CORRUPTION	Zero tolerance toward acts of corruption, prohibits facilitation payments and no transfers of value to public officials without approval	<ul style="list-style-type: none"> <li>• Anti-corruption Officer appointed in Russia</li> <li>• Over 39,000 hours of training provided to more than 33,000 employees</li> </ul>
ANTITRUST	Strengthen the effectiveness of all Group-level actions / initiatives on Antitrust and Unfair Commercial Practices and enhance transparency vis-à-vis stakeholders to provide a higher level of protection	<ul style="list-style-type: none"> <li>• Group-level reporting activities for all UniCredit companies to cover the most sensitive Antitrust issues</li> <li>• Increased Groupwide implementation of updated Operational Instructions on Antitrust and Unfair Commercial Practices</li> <li>• Over 29,000 hours of training provided to more than 31,000 employees</li> </ul>
ANTI-MONEY LAUNDERING	Commitment to the fight against money laundering and active management of legal, regulatory and reputational risks across the Group through the implementation of a risk-based AML program	<ul style="list-style-type: none"> <li>• Completed quality assessment of Anti-money Laundering IT roll-outs</li> <li>• Updated the Financial Sanctions Policy, the Restrictions on Business Involving OFAC / EU Sanctioned Parties and the AML Correspondent Banking Operational Instructions</li> <li>• Over 128,000 hours of training provided to more than 100,000 employees</li> </ul>
CONFLICTS OF INTEREST	Assist employees in the identification and management of conflicts of interest and provide general information on measures taken	<ul style="list-style-type: none"> <li>• Completed project to progressively implement a model for managing conflicts of interest</li> <li>• Over 5,000 hours of training provided to more than 7,500 employees</li> </ul>
PRIVACY	Always in compliance with data protection regulations; integrated Directive 95/46/EC	<ul style="list-style-type: none"> <li>• Issued new rules to align all local data protection rules</li> <li>• Over 120,000 hours of training provided to more than 77,000 employees</li> </ul>

Compliance’s mission goes well beyond a pure control function. In fact, in alignment with the new corporate governance structure, Compliance will increasingly become a business partner to all the Group’s divisions and functions.

In the foreseeable future, Compliance will continue to promptly detect, analyze and monitor those impending regulatory changes

by building on our proactive and involved approach, reducing our time-to-market and facilitating the development and integration of Compliance staff. It focuses on implementing an efficient communication strategy and providing more training opportunities.

In 2014, Compliance also continued its education initiatives to strengthen the impact of its activities and resources. The Global Compliance Education Team contributed strongly to the development of our culture of compliance, including the launch in November of a new, feature-rich website for the Compliance

Academy. In the course of the year, the team provided more than 141,000 employees with over 105,000 hours of training. The team is currently developing courses addressing recent updates to UniCredit’s Global Anti-Money Laundering and Financial Sanctions policies.

In 2014, significant work was completed on a number of our Group’s key compliance policies. This included updates to several internal policies and technical instructions, including *Antitrust and Unfair Commercial Practices* and *Financial Sanctions*. A list of these achievements is provided below<sup>1</sup>.

that will affect the Group, including those stemming from the new role of the European Single Supervisory Mechanism.

Compliance will play a key role in reinforcing and expanding our risk-assessment approach at the Group level, promoting a positive culture of compliance in all of the countries and territories where UniCredit operates.

- Compliance
- Fair Business Behavior
- Financial Stability

1. Refer to *Risk management and Compliance* in the Supplement for more information.  
2. Training hours include Global Compliance training as well as the ones at local level.

The world  
moves fast.

Anticipation makes  
a world of difference.

### Serving talent.

In a world that is always on the move, UniCredit saw the need for a network of high-tech services.

**UniCredit Start Lab** is our accelerator for innovative startups. From mentoring and network development to managerial coaching, we've got it covered.

**MyZabaStart** is a platform, launched in Croatia by Zagrebačka Banca BB, that provides support for deserving business ideas in the green, creative and innovative sectors, to help drive their business growth.



# Our Business Environment

## Market Overview

- ▶ Macroeconomic landscape

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- ▶ Banking Industry Trends

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- ▶ Our Countries' Priorities

## Stakeholder Engagement

- ▶ Governance & Tools

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- ▶ Materiality Assessment

# MARKET OVERVIEW

## Macroeconomic situation and trends in the banking sector

In the last quarter of 2014, **global economic activity** showed the first signs of a gradual acceleration, thanks to the continuation of extremely accommodative monetary policies and the hesitant recovery of global trade. In advanced economies, the strengthening of domestic demand helped consolidate expansion in the United States and the United Kingdom, while the Eurozone and Japan seem to be struggling to resume sustained growth. In emerging economies the weakening of investment has led to an economic slowdown in China and in Russia the collapse of oil prices is probably behind a deterioration in the economic and financial situation.

In the Eurozone, the recovery remains modest. In the fourth quarter of 2014, GDP's expansion was driven primarily by a recovery in domestic demand, originating from a context of low inflation.

Inflation in the Eurozone decreased further in December (down 0.2 percent). The collapse of oil prices is the main factor behind this disinflationary spiral.

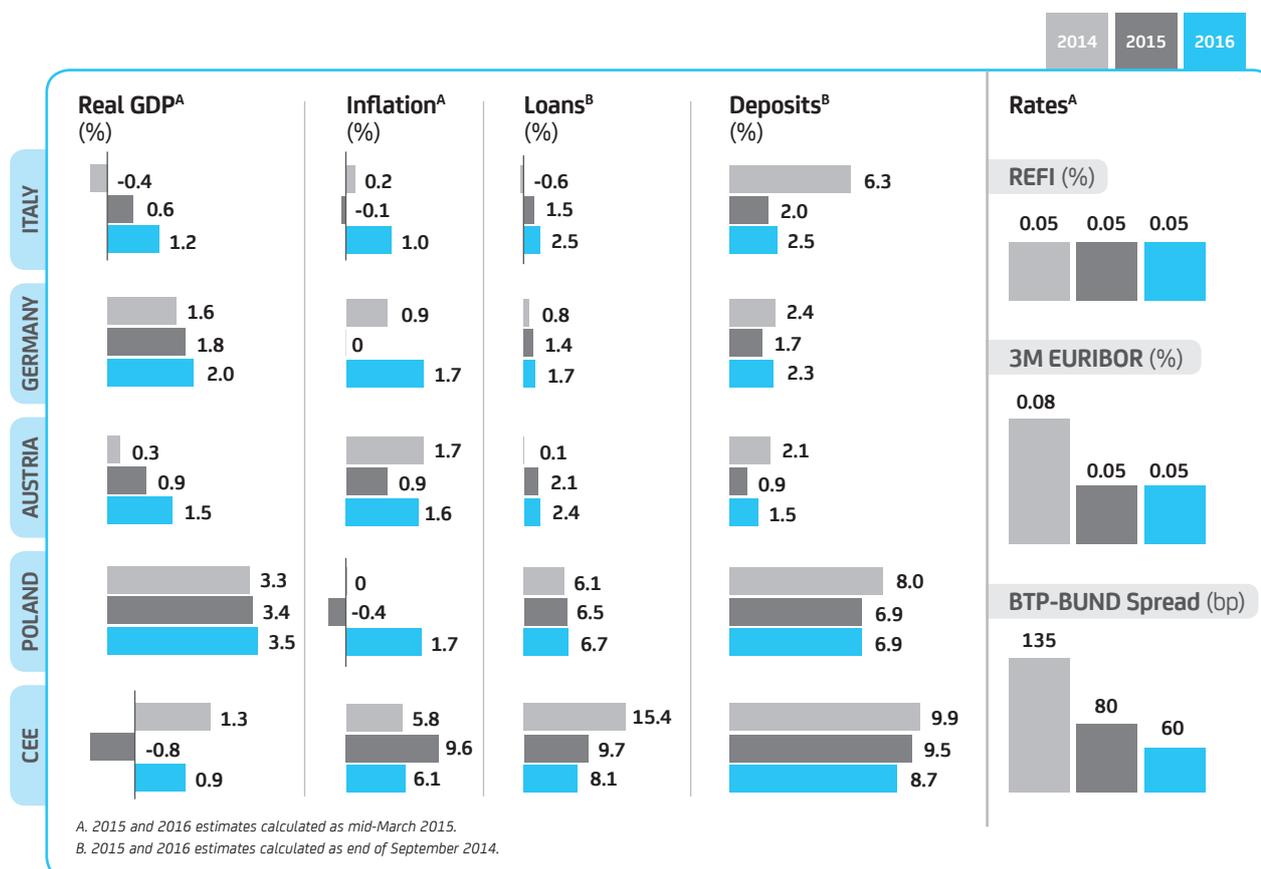
2014 marked a deeper divergence in economic performance among Central Eastern European (CEE) economies. External risks stemming from geopolitical tensions and a soft patch in eurozone's economic activity were mitigated by stronger domestic demand only in Central Europe, while the Balkans, Turkey, Russia and Ukraine saw their economies slow down or contract.

If we look at the **banking sector trend**, at the end of 2014 the reduction in loans to businesses continued in Italy, although at a more moderate rate of contraction compared with the previous months, while the drop in loans to households was limited (around -0.5 percent, on an annual basis). In Germany and Austria, at the end of 2014 loans to businesses continued to show a moderate expansion, while the recovery of loans to households was further consolidated, above all home loans.

As regards the trend in funding of the system, at the end of 2014, in all three of the Group's countries of reference, an increase in the rate of expansion of bank deposits was observed. This was driven above all by a sharp acceleration of current account deposits. In terms of the trend in banking interest rates, following the moves to reduce official rates by the European Central Bank in the second half of 2014, in all three of the Group's countries a process of gradual reduction in interest rates on both loans and bank deposits continued, coming down to even lower levels.

Our outlook for 2015 and 2016 foresees a slight improvement of the major economic indicators.

If we now move to the commercial and behavioral playing field, one can note that in the banking sector digitalization is spreading the usage of technology and innovative solutions at disposal of banking customers. Multichannel is the key driver of the ongoing commercial banking transformation.





The challenge now is how to keep a strong, intense relationship with the customers also in a more complex, multi-access points and omnichannel frame, according to the evident macro trends, which are constantly developing in the market:

- less contacts in branch and more remote touch points
- expectation of an omnichannel experience
- increasing self-directed sales and service
- decision making shifted to web and social media
- smartphones and tablets substituting PC
- digital experience mainly spelled out by large digital players
- new multifinancial service relationship

Banks are required to adopt a “Digital First” mindset to move away from reactive, transaction-based customer relationships,

towards a more proactive and personalized experience across multiple channels, products and services.

A different environment and customer behavior is pushing banks to radically review their strategy as customer purchase process is currently more driven by web and mobile development.

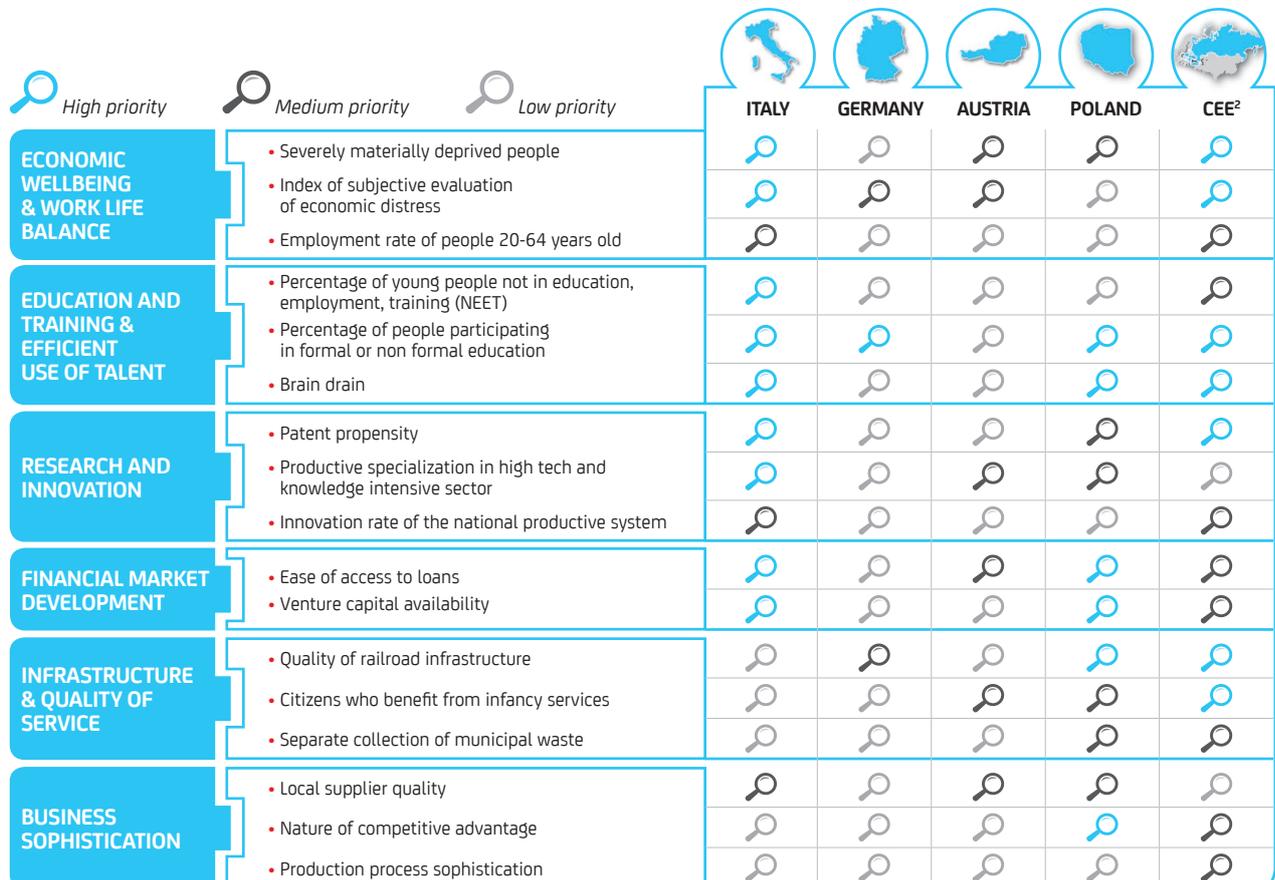
The new customer experience expectations are actually set by digital experience impacts on all industries, with banking customers for instance likely to compare the number of clicks to buy a flight with those required to buy a credit card and aiming at going through the so called *frictionless* experience.

Nevertheless, in a fully integrated multi-channel approach the pivotal role of the branch will not be dismissed, but will shift, becoming a place where to conduct all the most sophisticated services (i.e. advisory), re-addressing to other channels the basic transactional activities.

## Overview of the competitiveness and wellbeing of our countries

In 2014 the UniCredit department of Group Sustainability has been the promoter of a study dedicated to the analysis of the wellbeing and competitiveness status in Italy, Germany, Austria, Poland and some of the Central Eastern Countries where we operate (Bulgaria, Croatia, Hungary and Romania). The study, which will be replicated and extended to the other countries of the Group, saw the selection of approximately 100 indicators<sup>1</sup> mainly taken from

the Eurostat and the World Economic Forum (WEF), grouped into 18 dimensions which show the social and economic conditions of the above mentioned countries. The purpose is to identify those areas recognized by the countries as the most in need of actions thus to understand where focusing our efforts as we are aware that our growth is strictly linked with company competitiveness and individual wellbeing within a country.



1. The infographic focuses on a selection of dimensions and indicators showing their status of urgency in some of our countries.  
2. CEE = Bulgaria, Croatia, Hungary, Romania.

# STAKEHOLDER ENGAGEMENT

Advanced communication techniques with UniCredit stakeholders helps our Group understand their priorities and determine the best practice service for creating long-term value.

Over the last several decades, the global markets have unleashed a flood of innovation and progress, with significant consequences for people's daily lives.

The development of new ways to communicate has revolutionized the way stakeholders interact with businesses. Today the public is clearly more sensitive to all of a company's activities, and is able to participate in and influence companies' decision-making processes, both directly and indirectly. Stakeholder engagement has become an essential aspect of effective corporate citizenship. It is also a necessity in ensuring the sustainability of any business.

To enlist the full participation of stakeholders in the daily business of UniCredit, it is vital to have a clear medium- to long-term vision and an appropriate organizational structure.

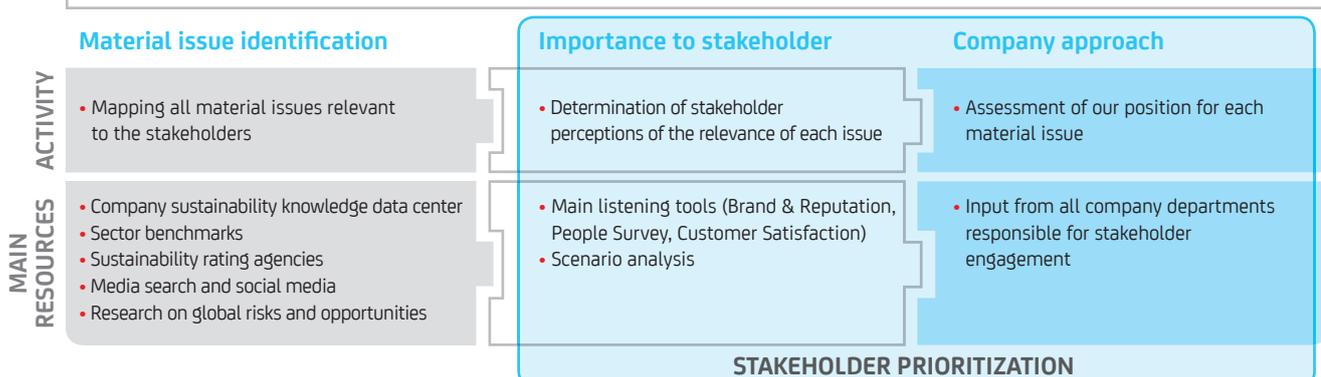
We launched our first listening program to assess customer satisfaction in 2002. Since that time, we have developed a sophisticated model of stakeholder engagement. Looking after the interests of our stakeholders is in our own best long-term interest, so we actively engage with them in all of our territories through dedicated programs managed both centrally and locally. Our goal is to create value for them and with them.

STAKEHOLDER GROUP	PRINCIPAL DIALOGUE TOOLS	KEY COMPANY DEPARTMENTS INVOLVED
<ul style="list-style-type: none"> <li>Customers</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction assessment</li> <li>Brand &amp; reputation assessment</li> <li>Instant feedback</li> <li>Mystery shopping</li> <li>Focus groups, workshops, seminars</li> </ul>	<ul style="list-style-type: none"> <li>Group Stakeholder &amp; Service Intelligence</li> <li>Local Stakeholder &amp; Service Intelligence</li> <li>Local marketing teams</li> </ul>
<ul style="list-style-type: none"> <li>Employees</li> </ul>	<ul style="list-style-type: none"> <li>People Survey professional engagement measurement</li> <li>Internal clients' perceptions of headquarters services</li> <li>Group intranet portal</li> <li>Departmental online communities</li> </ul>	<ul style="list-style-type: none"> <li>Group Stakeholder &amp; Service Intelligence</li> <li>Global HR management</li> <li>Local HR</li> <li>Group Internal Communications</li> </ul>
<ul style="list-style-type: none"> <li>Investors/ shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly webcasts and conference calls to present results</li> <li>One-on-one and group meetings and calls</li> <li>Shareholders' meeting</li> </ul>	<ul style="list-style-type: none"> <li>Group Investor Relations</li> <li>Group Sustainability for SRI investors</li> </ul>
<ul style="list-style-type: none"> <li>Communities</li> </ul>	<ul style="list-style-type: none"> <li>Brand &amp; reputation assessment</li> <li>Social media</li> </ul>	<ul style="list-style-type: none"> <li>Group Stakeholder &amp; Service Intelligence</li> <li>Group Identity &amp; Communications</li> <li>Local Identity &amp; Communications</li> </ul>
<ul style="list-style-type: none"> <li>Advocacy groups/NGOs</li> </ul>	<ul style="list-style-type: none"> <li>Regular meetings and calls</li> </ul>	<ul style="list-style-type: none"> <li>Group Sustainability</li> <li>Local sustainability teams</li> </ul>

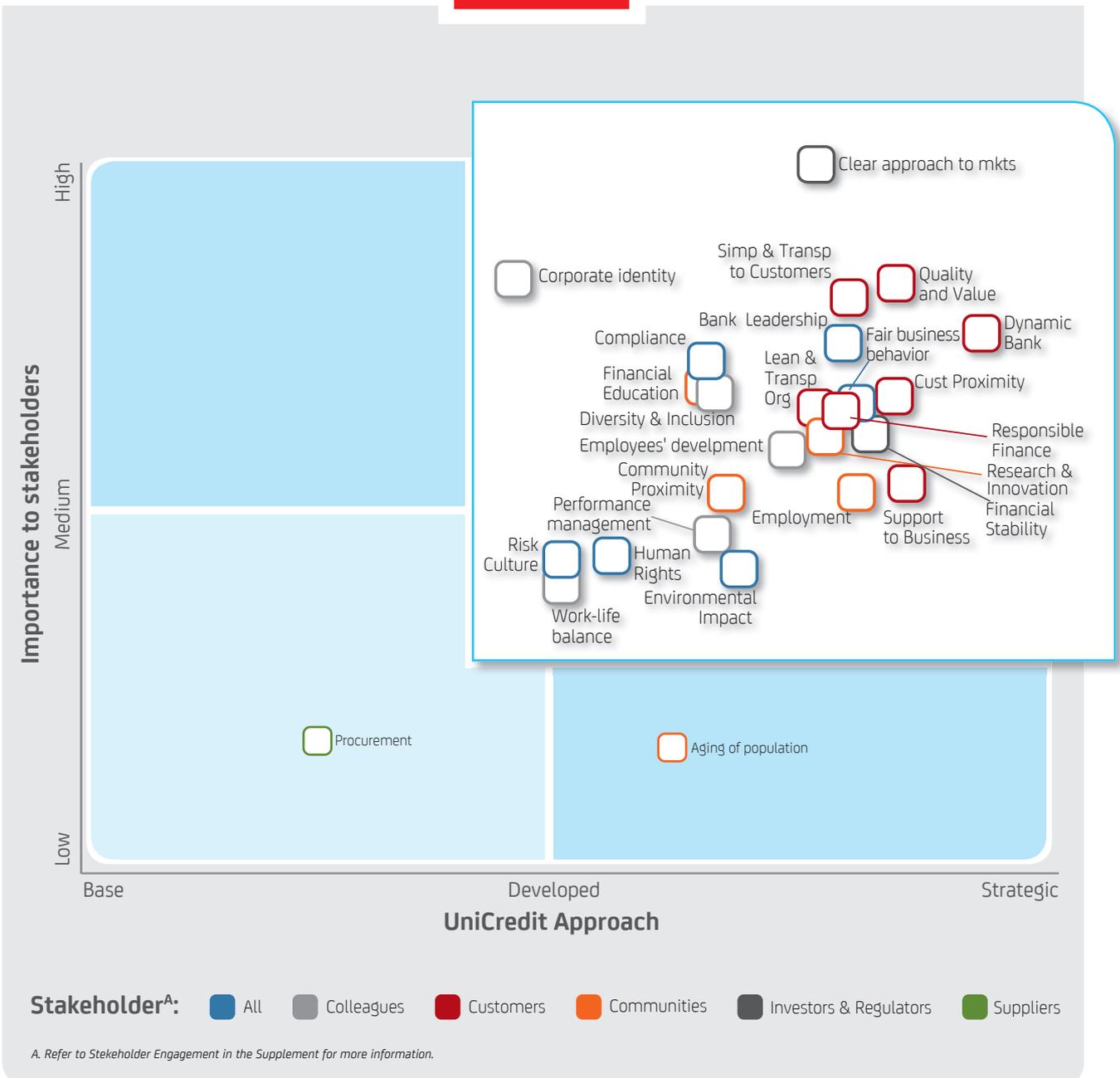
Beginning with the publishing of our 2010 Sustainability Report, we have used a materiality assessment to highlight key issues of relevance to our stakeholders. The materiality analysis enables us to monitor the priority assigned by our stakeholders to different issues. It also allows us to identify topics that

require a new strategic approach or management decisions that would make it possible to seize new opportunities, mitigate risks and ensure long-term value creation. Our materiality valuation builds on the listening programs we have developed over the years.

## MATERIALITY ASSESSMENT METHODOLOGY



# Materiality matrix



Our comparison of the 2014 and 2013 materiality assessments demonstrated that the majority of topics have remained stable. We observed a slight improvement in Age of Population in terms of the UniCredit Approach, thanks to the enhancement of

our product offer for elderly customers. There was also a small decrease in Employees' Development, which was related to our commitment to the advancement of our metrics to measure the business benefits of human capital investments.

Hospitality  
is important.

But the welcome  
is crucial.

**The real star is the customer.**

Going to the branch becomes a unique experience. A **revolutionary branch format**, combining technological innovation and design to guide the customer in an easy, enjoyable and interactive world. A branch tailored to the customer where opening hours are no longer a constraint, with multiple access channels and ways to use the services. A multifunctional space where Customers and consultants sit side by side to experience the bank service in total comfort.

Because reliability is part of our way of doing things.



# Our Value Creation

## Value creation over time

- ▶ Integration of Strategic Pillars and Capitals

## Strategic Plan

- ▶ Strategic Plan overview
- 

- ▶ Main 2014 Initiatives
- 

- ▶ Monitoring KPIs

## Capitals

- ▶ Stock of capitals
- 

- ▶ Value for UniCredit & Communities
- 

- ▶ Main 2014 Initiatives



## Value Creation over time

In this challenging period, UniCredit has put itself on a path to sustainable profitability with the launch of the 2013-18 Strategic Plan.

The plan is based on establishing solid fundamentals and a strong risk culture, and taking advantage of an improving macroeconomic climate.

Our objective is to leverage innovation in our retail networks, consolidate our leadership in corporate services across Europe, and develop a cutting-edge digital presence.

Based on the successful repositioning of the bank and the strengthening of our already solid balance sheet, UniCredit is more robust and prepared to play an increasingly important role in lending to households and corporate clients in Italy and across Europe.

The **Core bank strategic plan** rests on three pillars, all of which are founded on a conservative, Groupwide risk appetite framework<sup>1</sup>. These pillars are the results of a close analysis of the external environment and the evolving stakeholders' needs. They are intended to enhance UniCredit's competitive advantages and further boost profitability to:

1. Transform commercial banking in Western European markets, increasing our multichannel capabilities in Retail while serving the needs of our corporate clients and growing in Private Banking
2. Invest in growth businesses, focusing on CEE and Poland and on capital-light businesses such as Asset Management and Asset Gathering
3. Leverage our global platforms, consolidating our leadership in Corporate & Investment Banking and attaining operational excellence with support from global activities

At UniCredit, value creation derives from these strategic pillars supported by our careful use of "capitals", which are reinforced over time. The major capitals that the Group depends on for its success and impacts through its activities, products and services are composed as follows:

- **Financial capital** - Financial resources obtained from external providers and generated by our bank's activity
- **Human capital** - Our colleagues' competencies, capabilities, experience, and motivation to innovate
- **Social and Relationship capital** - Relationships with key stakeholders - customers, investors, regulators and communities - which influence our value creation process in the short, medium and long term and ultimately foster individual and collective growth
- **Intellectual capital** - Innovation-related capabilities from which future economic benefits are expected
- **Natural capital** - Earth's natural assets and the ecosystem services resulting from them, which make human life possible

The capitals and their components are interconnected, and their levels change over time. UniCredit is committed to increasing the quality and value of its relevant capitals, in coherence with its strategic plan, by focusing on initiatives that create value not only for the Group but also for its stakeholders. We consider stakeholder engagement a fundamental way to have a positive impact on the Group and the community<sup>2</sup>.

1. Refer to [Foster a Sound Risk Management](#) for more information.

2. Refer to [Stakeholder Engagement](#) for more information.

## UNICREDIT CREATES VALUE THROUGH STRATEGIC PILLARS AND CAPITALS

STRATEGIC PILLARS

### 1. TRANSFORM COMMERCIAL BANKING IN WE MARKETS<sup>3</sup>

- Develop a new approach to Retail Banking
- Serve growing non-lending need of corporate clients
- Enhance the Private Banking business model

### 2. INVEST IN GROWTH BUSINESSES

- Rebalance Group capital allocation towards CEE
- Focus on “expansion countries”
- Support capital-light businesses (Asset Gathering, Asset Management)

### 3. LEVERAGE GLOBAL PLATFORMS

- Maintain CIB leadership in its core business and fully exploit synergies
- Enhance cost reduction and simplification initiatives
- Foster operating efficiency

CONSERVATIVE RISK APPETITE FRAMEWORK

CAPITALS



Financial

- Solid equity position
- Balanced funding mix
- Long-term financial stability



Human

- Engaged people
- Competent and skilled professionals
- Diversified workforce



Social and Relationship

- Long-term stakeholder relationships
- Socio-economic development/wellbeing



Intellectual

- Effective and safe ICT system
- Efficient and effective processes
- Innovation capability



Natural

- Air quality conservation
- Soil, water, flora and fauna conservation

3. Western European markets.

# STRATEGIC PLAN



The UniCredit **Strategic Plan**<sup>1</sup> charts a course toward sustainable profitability. Closely linked to the growth of the countries where we operate, the plan is firmly based on our culture of risk management<sup>2</sup>. It calls for the Group to improve operating profitability and increase revenues by offering a broad spectrum of high-value products and services that meet the evolving needs of customers while maintaining cost discipline.

The steps we took in 2014 to pursue our long-term objectives put UniCredit back on a profitable path. Thanks to the skill, professionalism and commitment of our colleagues, we were successfully able to leverage our sound balance sheet and reinforce long-term relationships with our stakeholders.

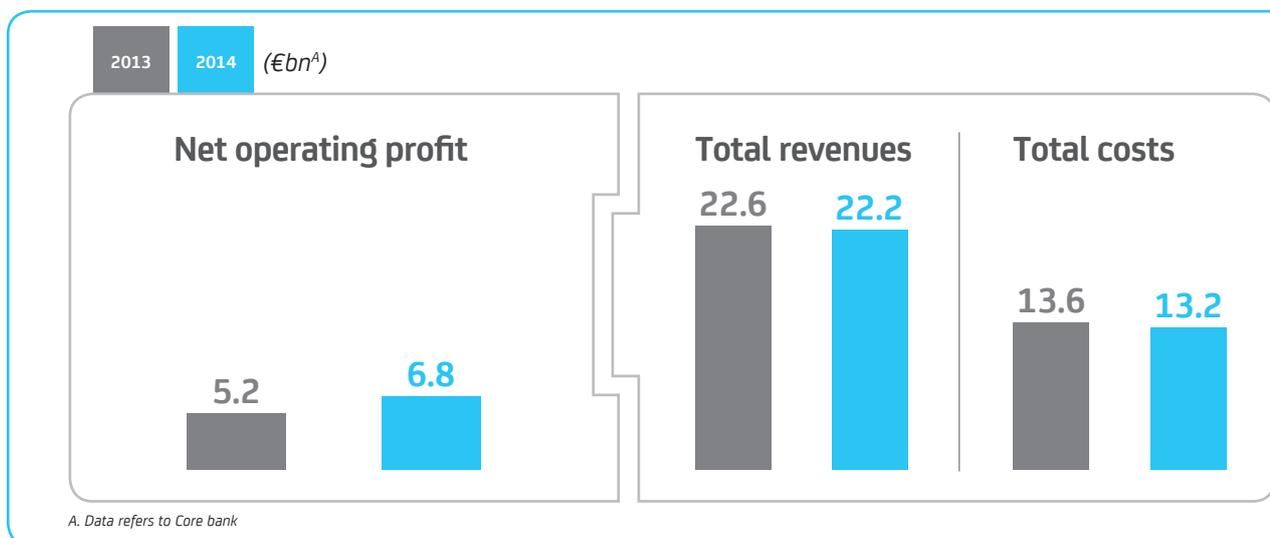
In 2014, we achieved two of our primary goals for the year. Firstly, we delivered positive results in line with our targets. The Group recorded a net profit of €2 billion despite tougher-than-expected macroeconomic conditions. These strong results are attributable also to the Group's decision to make more credit available in the communities where we operate (e.g., new household mortgages up 112 percent year-on-year and new medium- to long-term corporate loans up 105 percent year-on-year in Italy), among other forms of support.

Consequently, we have proposed the distribution of a 12 eurocent dividend per share (up 20 percent year-on-year) with share option, via a newly issued shares assignment or, upon shareholders' request, cash payment (scrip dividend). All told, this proposal represents a pay-out ratio of 35 percent.

Secondly, the Group's asset quality continues to stabilize, with gross impaired loans almost flat, mainly due to significantly lower inflows from performing to impaired. In Italy, our annual growth rate of gross impaired loans is roughly half the average for the Italian banking industry. Between December 2012 and November 2014, UniCredit's other impaired Italian loans - excluding non-performing loans - decreased by 2 percent, while the rest of the industry registered a 23 percent increase. We expect impaired loans to have peaked in 2014, and we foresee a downward trend in 2015.

In 2014, the good financial and non-financial results of the core bank were due in part to its clear focus on the three pillars of the related strategic plan: transforming commercial banking in Western European markets; investing in growth businesses; and leveraging global platforms<sup>3</sup>.

Net profit in 2014 was €3.8 billion, mainly due to the strength of UniCredit's Italian Commercial Bank, followed by CEE & Poland and CIB. These results were driven primarily by an increase in net interest income (up 3.4 percent year-on-year) and fees and commissions (up 4.3 percent year-on-year),



1. Financial data corresponds to information in our 2014 Consolidated Reports and Accounts. When not applicable, management data is used. For additional information on Group results, please refer to the presentation on 2014 preliminary results available on the Investors section of the Group website.

2. Refer to *Foster a Sound Risk Management* for more information.

3. For additional information on the core bank's three strategic pillars and related results, please refer to the following pages.

tight cost discipline (down 2.9 percent) and lower loan loss provisions (down 43.2 percent). These positive results also demonstrate the Group's ability to anticipate and seize new opportunities - such as digitization - to provide a superior customer experience. Significant investments are being

made to transform UniCredit into a multichannel bank and increase the range of innovative services and products on offer, thus reinforcing our relationships with key stakeholders, as demonstrated by positive results of customer satisfaction surveys<sup>4</sup>.

- Dynamic Bank  
- Clear Approach to Market

## Non-core portfolio

The UniCredit Strategic Plan for 2013-2018 includes provisions to separately monitor and report on its non-core portfolio in Italy. This portfolio includes selected Commercial Banking division assets that are managed to minimize risk, and non-strategic business lines that do not match our new risk appetite. Results from this portfolio are communicated to the market on a quarterly basis.



The separate portfolio has been up and running since April 2013.

UniCredit was the first bank in Italy to create a unit specially charged with managing these types of ad hoc credit processes (employing almost 2,000 specialized FTEs).

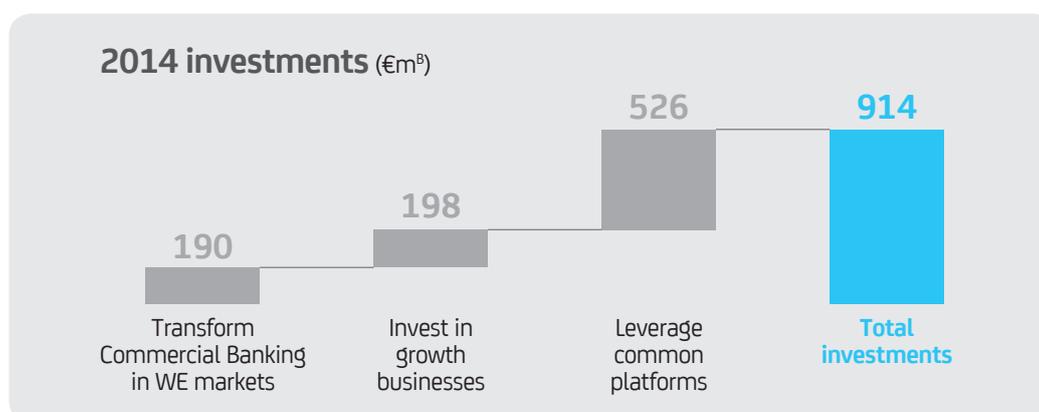
Our goal intends to normalize the Group's overall cost of risk by 2018 (down to 65-70 basis points). At that point, the assets from the non-core portfolio will be transferred back to the bank's core portfolio.

In February 2015, UniCredit signed an agreement with affiliates of Fortress Investment Group, LLC, regarding the sale of UniCredit Credit Management Bank SpA (UCCMB) and a pool of non-performing loans with a gross book value of approximately €2.4 billion.

The agreement included terms and conditions establishing a long-term strategic relationship to service UniCredit's current and future small-to-medium-sized non-performing loans.

The strategic merits of the transaction are clear: it improves the Group's risk profile, giving it greater stability and bolstering the confidence of markets and customers; it provides access to a debt collection platform that will be further strengthened by the expertise of Fortress and Prelios's loan-servicing affiliates; it improves management's accountability and capacity to monitor processes.

This approach reduces our exposure, allows for the appropriate management of risk (wind-downs, enabling viable clients to overcome liquidity shortages), and enables senior management to focus fully on the Group's core business.



B. Data refers to Core bank

4. Refer to the Social and Relationship Capital for a detailed discussion of customer satisfaction data.

5. Pro forma data for €3.1 billion in performing loans that are being transferred back to the core bank after a strict risk profile assessment was carried out at the end of 2014 (criteria: no restructuring or asset impairment charges for corporate loans; no irregular payments for 14 months for personal loans).

# 1. Transform Commercial Banking in Western European Markets

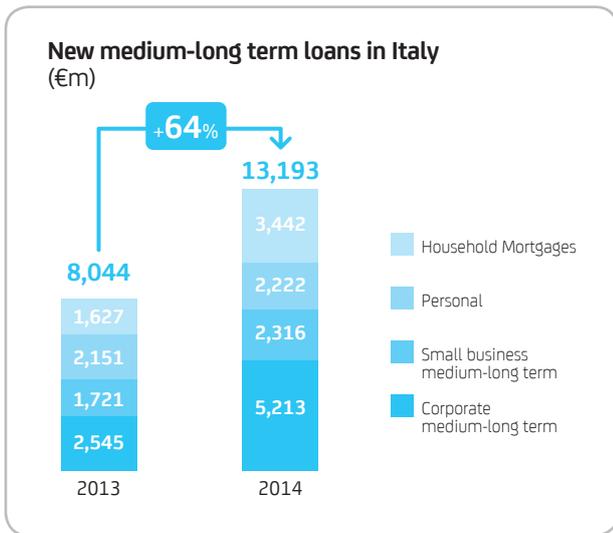
## Italy



UniCredit's Commercial Bank Italy was the top contributor among its divisions in 2014, with a net profit of €2.1 billion (up 46.7 percent year-on-year) and a 29.3 percent return on allocated capital. The strength at the Commercial Bank Italy, supported by sustainable revenue

generation (up 6.3 percent year-on-year) and continuing cost reductions (down 3.9 percent year-on-year), confirms a strong recovery in our domestic operations.

In Italy new loan originations performed very well compared to 2013 (up 64 percent year-on-year), mostly driven by household mortgages and corporate loans and characterized by good credit ratings and increasing margins. Our deployment of the European Central Bank's TLTRO<sup>1</sup> program is on track, as we loaned out almost all of the €7.8 billion in funding provided for Italy.



## Develop a new approach to Retail Banking

Customer-centricity was a key pillar of our strategic plan for 2014. *OPEN* is the name of this approach which aims to offer products and services in an increasingly flexible, simple and accessible manner.

In this paradigm change, the customers determines the way they want to do their banking.

## Transforming our branches

Our branch network remains the focal point of the relationship but aims to be more flexible than in the past. In order to enhance our customers' experience, we are seeking to organize our branches in a more efficient way, primarily by proposing a layout which is open, warm and barrier free. In 2014, a number of branches were transformed with a modern, high-tech look. These branches present a fully integrated multichannel bank, offering online banking, ATMs, mobile services and remote advisory services via a contact center or video room.

## Boosting our digital service

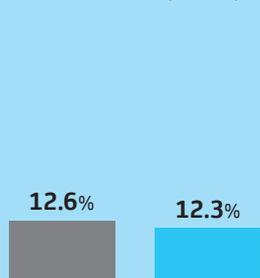
We strengthened our digital strategy by exploiting process simplification and developing new technologies to integrate into our branches. Our goal is to increase customer satisfaction by providing the customer with all of the best means to interact with the bank: branches, ATMs, online banking, mobile banking, remote advisory services, video rooms at branches for advisory services outside of opening hours, and UniCredit Direct call center services.

The combination of digital and physical interactions has also been integrated internally, so that our advisors are better able to provide our customers with high-value-added services and expertise.

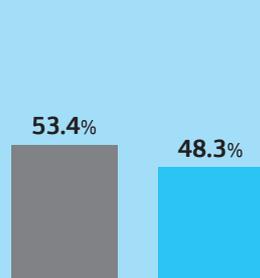
We have equipped more than 3,300 branches with electronic signature pads. As at December 2014, more than 875,000

## Commercial Banking

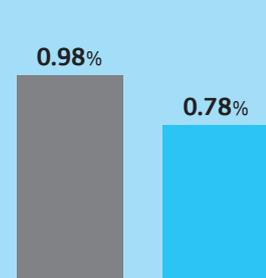
### Market Shares (Loans)



### Cost/income



### Cost of risk



1. TLTRO means Targeted Long Term Refinancing Operations.

customers had joined the *FirmaMia* service, which enables customers to sign contracts, receipts and other forms electronically in our branches. The service enabled more than 460,000 contracts to be signed electronically by the end of the year.

Today our customers can acquire, manage and monitor a growing number of products online. Our goal is to be the anytime, anywhere, any-device bank.

### Enhancing product offerings and optimizing processes

*UniCreditCard Flexia* is the first multichannel native digital product our Group has offered to meet the sophisticated needs of our customers. Almost one million cards were issued in 2014. *Flexia* is an innovative and transparent product that serves as something more than just a credit card. The idea is to keep shopping separated from payment by giving customers the possibility to choose freely and independently how to pay, whether directly charging the credit card or setting the installments option. In 2014, 74 percent of installment plans were selected via remote self-service channels, including online banking, contact centers and ATMs.

Customer satisfaction results indicate a very positive response to *Flexia*. Among cardholders, the TRI\*M<sup>2</sup> satisfaction index increased nine points over last year.

The evolution towards greater simplicity relies on an improved and streamlined service model that employs simpler customer segmentation. This approach offers more specialized network services depending on customer needs. These may focus on certain investment vehicles or financial solutions. A new position - district operations manager - was created to oversee the processes and paperwork that used to occupy too much of the advisors' time.

### FOCUS

To support the reorganization and speed up our *OPEN* approach, a major training program was held at the national level over two months beginning in September 2014.

The program was spread from the level of district operations manager down to all network colleagues. Altogether in September and October, we held 38 residential workshops and 784 open days involving 22,500 employees.

- Employees Development
- Customer Proximity
- Dynamic Bank
- Lean and Transparent Organization
- Quality and Value
- Simplicity and Transparency

We have also increased the range of transactions and services that can be accessed via such self-service channels as the web, mobile apps and ATMs. Additionally, UniCredit Direct, the virtual branch network, can now execute more processes using a platform that is more fully integrated with the physical network.

For the small-business segment, the biggest change is that customers can now obtain remote advisory services. They also benefit from simplified products, post-sale services and immediate credit approvals.

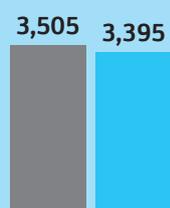
A new product called *Fast Credit* was created more than a year ago that enables relationship managers to offer up to €100,000 in credit to established customers based on an automated process that assesses their credit risk parameters and other financial indicators. This can reduce customer response time significantly, as the credit assessment is now instantaneous. As at December 31, 2014, we made €700 million in loans through this product to small businesses, with a turnover of up to €5 million. Of these loans, about 20 percent are medium- to long-term. Customers highly appreciated *Fast Credit*, which generated a remarkable level of customer satisfaction with a TRI\*M index of 80, vs. an average of 58 for the Small and Medium Enterprises (SME) segment overall. It also improved our risk profile, with a probability of default 40 percent below that of the small business segment overall.

2013

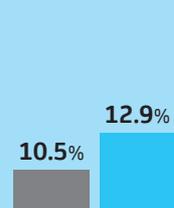
2014

### Retail

#### Number of Branches<sup>A</sup> (n.)



#### Market Share new mortgages

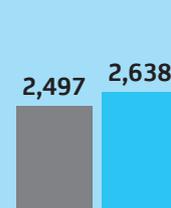


#### Revenues (€m)

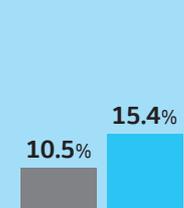


Revenues/  
clients

#### Active online users (000)



#### Multichannel Sales/Total Bank Sales



A. Commercial view.

2. Refer to the Supplement for more details on our customer satisfaction (TRI\*M Index) performance and trends.

## Serve growing non-lending needs of corporate clients

We serve a wide range of businesses, and we strive to support the domestic and international growth of corporate customers. In 2014, we implemented an innovative service model based on a new approach to customer segmentation and focused on solutions that provide genuine benefits for our customers.

### Implementing the new service model

One example of the new model is *Corporate Stars*, a program intended to enhance the relationship with Italian corporate customers - an important business segment with diversified needs. After an in-depth analysis of Italian corporates, business colleagues identified approximately 1,000 companies that could benefit from a tailored service model due to their complexity, substantial turnover, multinational scope and need for innovative services.

The new overall service model focuses on increasing customer proximity and technological improvements thus to support customer acquisition. Processes have been redesigned to increase customization; in *Corporate Stars*, a managing team with a mix of skills brings a 360-degree approach to a client's needs enhancing customer proximity. The relationship manager is supported by a team of experts: specialists from product factories, who devise integrated product offerings; private bankers, who manage the personal wealth of the clients; and credit risk managers, who offer tailored solutions while protecting UniCredit's asset quality.

With respect to technological improvements, we developed an innovative module to analyze development opportunities on the customers called *WeBoost* and strengthened our corporate platform, *WeBusiness*, to support new processes for both *Corporate Stars* and *BeSt* (the service model for non-*Corporate Stars* clients). In addition, we have made it possible for relationship managers to plan and prepare for meetings using new IT systems that support the workflow.

In the field of customer acquisition, we introduced a new network role specialized and dedicated in acquiring new clients. In 2014, 80 acquiring relationship managers received training for their new roles.

*Corporate Stars* achieved a high customer satisfaction TRI\*M index rating of 67, vs. an average of 62 for the corporate customers segment.

We also created the UniCredit International Center Italy, whose team of experienced senior professionals closely collaborate with our network of relationship managers to help structure and execute our clients' international business projects.

Our business also benefits from the new service model in the form of higher revenues (up 10.8 percent year-on-year).

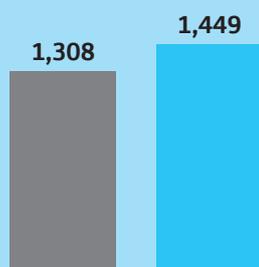
### Introducing innovative solutions

We developed a new app called *MyPresentation*, a new advisory tool for relationship managers, who access it on a tablet computer while meeting with clients. Currently almost 50 such tablets are deployed in a pilot project, but it is planned to provide them to the whole network of relationship managers. The app offers a benchmark analysis of the client's performance against his or her main competitors, along with additional information on the client's business sector. The app provides strategic advantages in a highly competitive landscape and fosters innovative thinking both by relationship managers and their clients.

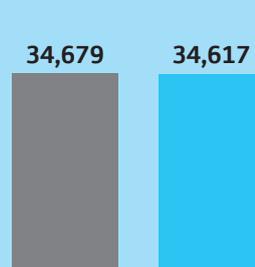
We have also implemented new practices in the field of reverse factoring, providing support to large retailers in making payments to their suppliers. Upon coming due, payment is made to the customer's supplier by UniCredit Factoring. The retailer can then take advantage of extended payment terms. Reverse factoring agreements require significant communication, data processing and reporting, and these services required specific IT investments of around €500,000 only for 2014. This solution provided benefits both to the client, his suppliers and the bank in the form of automation, simplification and innovation. The results include more efficient use of staff, reduced operating risks, and better risk monitoring. In the future, we intend to continue improving and building on this service, so that it can be progressively applied to the whole portfolio.

## Corporate

Revenues (€m)



Loan volumes (€m)



## Enhance the Private Banking business model

In 2014, we focused our advisory approach on *Real Life Banking*, by which we mean taking a holistic view of our clients' goals, building long-lasting relationships and providing effective solutions to their needs. To achieve this, we concentrated on expanding our knowledge and soft skills. In 2014, we provided more than 100,000 hours of training to our private bankers.

### Improving service for entrepreneurs

As one example of how we seek to better serve our entrepreneurial clients, we launched a new point-of-sale concept called *Studio Private*. It consists of a team of two bankers and one senior banker who provide support to more sophisticated clients. Through their assigned *Studio Private*, our most important clients can make use of the different skillsets of the three team members, ranging from financial planning to family business management. They also benefit from a close relationship with very senior bankers, who can provide privileged access to such advanced forms of support as wealth advisory services (such as corporate assets, Real estate, arts). To assess the effectiveness of our advisory model, we monitor customer satisfaction continuously, using interviews with a sample of clients - typically involving 5,000 clients a year out of a total of 60,000. We also employ instant feedback surveys that get immediate customers point of view when utilizing specific products and services.

Customer satisfaction is a key performance indicator in Private Banking. The 2013-2018 Strategic Plan set a goal for TRI\*M of 70, compared with 62 in 2013. In 2014 we scored 65.

### Supporting succession planning

In Italy, the transfer of assets from one generation to the next is an important topic to wealthy families. So we take succession planning seriously as a vital aspect of real-life banking. UniCredit Private Banking has considerable experience in this field. Our relationship managers can rely on the bank's expertise and on a wide range of dedicated investment vehicles.

In the course of 15 years, we have developed a method of analysis that:

- begins with a what-if assessment of a hypothetical scenario in which no planning takes place
- subsequently catalogues the client's needs and goals based on an in-depth interview
- produces a set of possible strategies, showing the strengths and weaknesses of each

In particularly complex cases, our clients can take advantage of the advisory services provided by our Asset Protection Team on a no-fee basis.

### Fostering asset growth

According to recent studies, the Italian market for private banking is expected to grow by 2.8 percent annually over the next five years. We are planning to grow at nearly double that rate by adopting two vital strategies:

- recruiting new bankers
- building synergies with corporate banking

We have launched a major recruiting program, with plans to hire 100 new bankers in the course of four years. We have also developed an intense, 12-month training program for new relationship managers, designed to acquaint them with our service model and approach.

As part of a leading commercial banking group, we also build on our strong cooperation with corporate banking. The current synergies are based on significant territorial overlap, common goals and shared customer relationship management tools. This partnership fosters mutual knowledge, trust and more frequent contacts with our customers.

Additionally we view our compensation system as an incentive to generate sustainable results. In keeping with Group compensation guidelines, the system rewards merit, is performance-oriented and is aligned with our business strategy. It provides for a balanced package of fixed and variable remuneration and monetary and non-monetary elements. Each of these is designed to influence the motivation and retention of employees. Our compensation strategy for private bankers has a strong focus on growth and quality; it recognizes excellence and seeks to identify performers capable of achieving sustainable economic results.

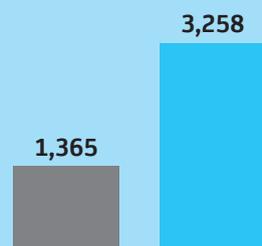
- Employees Development
- Customer Proximity
- Dynamic Bank
- Quality and Value
- Simplicity and Transparency
- Support to Business

2013

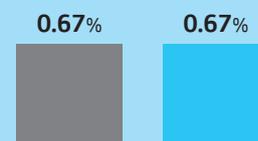
2014

## Private

Net sales (€m)



RoA - Return on Assets



## Germany



Despite a challenging market environment in 2014, Commercial Banking in Germany remained a contributor to our Group, delivering a net profit of €503 million (up 72.4 percent year-on-year). The division's strong cost management resulted in a 1 percent year-on-year operating costs reduction despite wide-ranging modernization measures. Overall, the

division's return on allocated capital of 17.7 percent confirmed its strong market position.

### Develop a new approach to Retail Banking

UniCredit Bank AG meets the aspirations of customers, we set clear goals and deliver on our promises.

#### Transforming our branches

In Germany, we are repositioning our business to restore profitability. This involves reshaping our business model and updating our conventional branches with alternative advisory and service channels that are geared to new customer behavior and market demands. These changes leverage the new possibilities that have been opened up by the continuing evolution of digital technology.

UniCredit Bank AG strives to adopt a holistic approach to the market. Our branch network is being streamlined, while substantial investments will be made in multichannel activities, employee training and the modernization of branches.

**In 2014 roughly 80 branches had been fully refurbished. By the end of 2015, 119 of the current 459 branches will be closed or consolidated. More than 60 branches serving as advisory centers.**

### Improving our digital service

We have enhanced our digital capacity to provide a more personalized, streamlined and robust online banking experience, complemented by educational tools and simulators that better address the needs of independent-minded customers.

We restructured our online presence by implementing more responsive designs and expanding the availability of direct sales processes and services on our website. Our implementation of demand-based application logic has improved and simplified the customer experience. We also redesigned our mobile websites.

We launched a new mobile banking app for iOS and Android that includes a new appTAN security process, and we enhanced the functioning of our ATMs (e.g., enabling customers to select from several cash denominations, to exchange different currencies and to change their credit card PINs).

### Serve growing non-lending needs of corporate clients

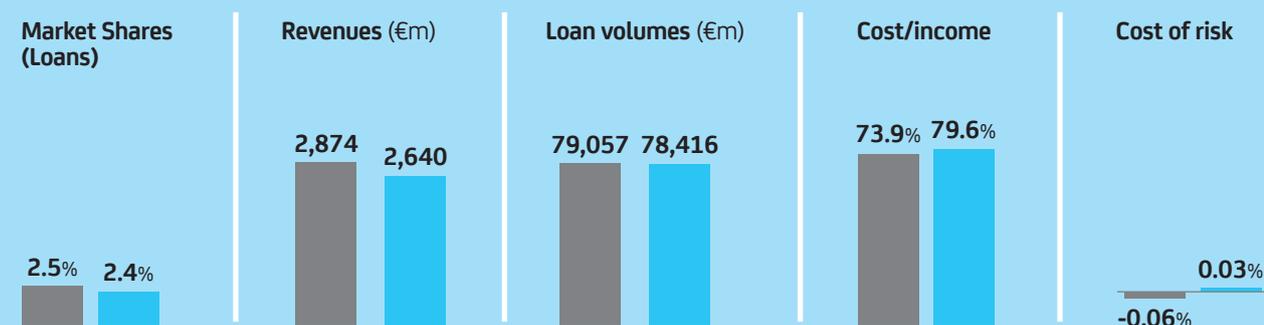
We are well-positioned to strengthen our corporate banking business by making use of our unique multinational network. Foreign trade and cross-border business are extremely important for German enterprises. With their expanding demand for sophisticated banking products, services and country know-how, our clients need a strategic corporate banking partner to support their cross-border businesses and international growth.

Furthermore we also strive to support the domestic growth of small enterprises thus contributing to economic development in the country.

### Accompanying businesses to expand beyond national borders

UniCredit international experts are responsible for identifying business opportunities for international clients in all of the home markets within our Group. As a part of our Commercial Bank, *UniCredit International Center* Germany's business activities take full advantage of our Group's country-based international structure.

## Commercial Banking



The *UniCredit International Center* hub established in Wien simplifies access to the UniCredit network in Eastern Europe. It provides support and convenience for our clients beyond national-level relationship management services. In 2014, we implemented this distinctive client service model in Germany for our multinational clients by deploying six UniCredit International Center experts as strategic partners for our relationship managers and customers.

Our international approach is focused on:

- customer proximity, enabled by international experts who complement the regional relationship managers and support clients' cross-border business activities and growth
- client convenience, as the single contact customers need to access to all international markets; our network of talented and dedicated colleagues with solid corporate banking experience managing cross-border business are ready to serve our clients' international needs
- quick outcomes which help drive our clients' international success and growth

### Improving digital interactions with small business clients

*Business Easy* is our remote service model dedicated to small business customers. It offers a full range of banking products, along with a personal relationship manager and dedicated specialists on demand.



To enhance our customers' growth, we have launched a series of online seminars called *HVB Webinars*.

This free, interactive, web-based service provides valuable financial information on how to improve enterprises. In 2014, this service addressed a number of topics, including promotional loans, marketing for healthcare clients, foreign trade products and business planning for startups. So far, more than 30 webinars have been offered to around 1,500 customers.

### Enhance the Private Banking business model

We are focused on the protection, preservation and performance of customer assets and the transfer of wealth to the next generation.

#### Developing a holistic wealth advice

The Private Banking customer segment has an extensive local presence, with 46 locations across Germany. Private Banking's service is built on high quality, thorough advice and a dense network of highly qualified specialists (e.g., for wealth planning or financing). In addition, it offers a comprehensive range of investment options to our clients, based on personalized investment strategies. UniCredit Bank AG Private Banking's excellence was recognized in 2014 when it was awarded *summa cum laude* by the *Handelsblatt Elite Report* for its investment advice, receiving it for the second year in a row. Private Banking is also offering client-specific sustainable investment strategies based on best practices and the findings of Oekom research, a leading sustainable investment rating agency. UniCredit's Corporate Sustainability department has also provided input on these strategies.

These comprise some of our efforts to provide holistic wealth advice. We have also a remote advisory service that enables us to increase the efficiency, effectiveness and frequency of our interactions with clients.

#### Fostering asset growth

Growth opportunities in Private Banking are generated by focusing on the development of wealthy clients within the business unit, by cooperating closely with other commercial banking business units, and by undertaking targeted acquisition activities via referrals and other strategies. Private Banking's cooperation with other units was expanded in 2014.

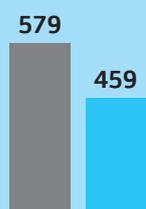
Going forward, the bank will drive further differentiation from its peers by making greater investments in digital platforms that enhance interaction with clients and by providing additional dedicated staff trainings. Our customer satisfaction TRI\*M index scored 80 and it is at par with our main competitors.

- Employees Development
- Customer Proximity
- Dynamic Bank
- Quality and Value
- Support to Business

2013

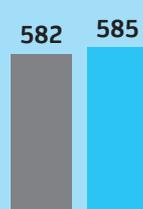
2014

#### Number of Branches<sup>A</sup> (n.)

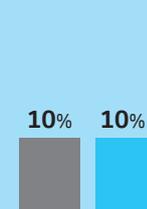


A. Commercial view.

#### Active online users (000)



#### Multichannel Sales/Total Bank Sales



## Austria



UniCredit Bank Austria AG is a leader in the country, holding 14.2 percent market share in lending and also in deposits. In 2014, its strong operating performance resulted in a net profit of €37 million - a great improvement from its net loss in 2013. The bank achieved this by managing its actions to offset low interest rates of the current economic environment.

### Develop a new approach to Retail Banking

*SmartBanking Solutions* is what we call our new approach to retail operations in Austria. It is characterized by an updated business model, redesigned branches, a tighter branch network and investments in multichannel banking systems that enable more efficient advisory services and customer service.

**Around €100 million in investments planned from 2014 to 2017, *SmartBanking Solutions* is putting our operations on the cutting edge of retail banking.**

The approach draws a clear distinction between basic services and advisory services. A basic-services bank uses modern technology to offer highly efficient deposits, consumer loans and cash transactions. The advisory services bank, on the other hand, provides more specialists and advisory teams at the branch to meet more sophisticated customer needs.

### Transforming our branches

With the approximately €44 million we have so far invested in our new approach, we have developed and implemented new multichannel technologies and restyled nine branches: three self-service branches, one pop-up branch and five redesigned conventional branches.

We have been modernizing and equipping our conventional branches with new technologies, such as free wireless internet, advanced ATMs, information tablets and a new queuing system. The technical updates, state-of-the-art design and contemporary service model are intended to enrich the customer experience. Modern self-service zones, 24/7 banking, high-quality personal advisory services and extended opening hours are offered at selected locations.

In 2015, we plan to further upgrade our network by redesigning 31 more branches and opening another pop-up branch. These will integrate multichannel technology and self-service areas that cover the basic banking needs of our customers, using 74 advanced ATMs, 74 new multimedia terminals, 1,000 signature pads, 90 digital information monitors and 100 information tablets.

A dedicated team of 75 personnel have received roughly 1,800 hours of training to implement our new service model in the pilot branches. To further ensure high service quality and to assist the work of branch managers as we revamp branches, we developed *MyFeedback*, a system that instantly processes customer opinions and comments.

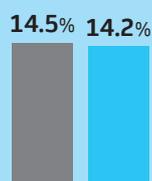
### Expanding our digital presence

In line with the evolution of UniCredit, Bank Austria is implementing a more modern and innovative retail banking business model, beginning with *SmartBanking*, which focuses on remote service and advisory offerings. Following a successful testing phase, *SmartBanking* has been launched across Austria; any Bank Austria customer can now obtain personalized advice via video, telephone, SMS, mobile banking or the bank website. Customers also benefit from expanded advisory hours from Monday to Friday, 8 a.m. to 8 p.m.

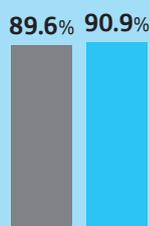
In autumn 2014, we successfully launched our comprehensive new website, which offers a range of basic products, including a special online account. Our customers can now open accounts and apply for credit cards, personal loans and car leases through different banking channels. The range of activities includes the complete process of ordering a product, opening the product in our bank's system and completing transactions with the product.

## Commercial Banking

### Market Shares (Loans)



### Cost/income

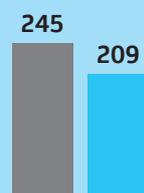


### Cost of risk

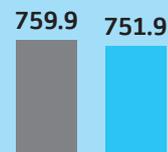


## Retail

### Number of Branches<sup>A</sup> (n.)



### Revenues (€m)



A. Commercial view.

## Serve growing non-lending needs of corporate clients

To support our corporate customers, we have invested in innovative new banking platforms that improve the functionality and accessibility of our products and services.

### Improving digital service

BC24 is our new remote service model that caters to customers' increasing desire to choose how they interact with our bank, whether online, by phone, in a branch, or through other methods. With BC24, we are providing them the ability to use remote channels while maintaining the proximity of our relationships. BC24 was successfully rolled out in limited pilot areas in 2014 and will be implemented throughout Austria in 2015.

In connection with this initiative we have made roughly €100,000 in IT-related investments, establishing a new dedicated sales force and incorporating corporate proxy rights into our systems for the management of different client segments.

We have closed the gap between online and traditional banking services, and we now offer the most common banking products - accounts, credit cards, loans and leases - through numerous channels.

Because of these changes, Bank Austria's corporate clients now decide where, when and how they bank with us. Since November 2014, we have offered specialized online business products - including accounts, credit cards, loans and leases - that can be set up via our public website or our secure site, BusinessNet.

### BusinessNet is one of our innovative ideas for all companies in Austria.

As an individualized platform for business processes and information, it enables businesses to use the internet for a comprehensive range of financial transactions and other banking

services, making their day-to-day work easier. Its individual authorization structure provides greater flexibility to organize financial transactions, suiting both domestic and international corporate customers who need to access their accounts and settle payments electronically.

This multichannel approach combines the convenience of an online bank with the expertise of a traditional bank. Approximately 1,000 people per month so far are visiting our online business shop and the number is growing.

- Employees Development
- Customer Proximity
- Dynamic Bank
- Quality and Value
- Simplicity and Transparency



Temporary branch in Vienna (more details in Intellectual Capital).

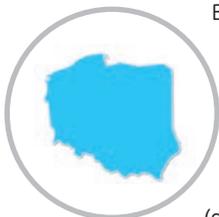
2013	2014
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B. Figures refer to individual customers.  
C. 2013 data is not directly comparable due to a methodological change applied to ratio calculation in 2014 and to a perimeter change of total Bank sales considered.

## 2. Invest in Growth Businesses

### Poland



Bank Pekao gained a net profit of €327 million in 2014, confirming its strong ability to perform and execute strategies despite market challenges. Continued improvement in its operational efficiency enabled the bank to further optimize its cost base (down 0.5 percent year-on-year). At the

end of December 2014, the volume of total customers receiving financing had registered a growth (up 7.4 percent year-on-year).

### Innovate multichannel

In 2014, our expanded range of service channels enabled us to increase our internet and mobile penetration among customers. Since our *Pekao24* mobile banking app was introduced in 2011, our customers have been able to manage their accounts via mobile devices, performing most of the same operations available on our website. With the app, customers can access additional features, such as locating our ATMs and branches or tracking stocks. The app is under constant development, with new functions regularly added. Our customers steadily increased their use of internet banking in 2014. Individual clients with access to electronic banking rose to 2.7 million, and business clients rose to 240,600, while 595,900 individual clients and 13,800 business clients had access to mobile banking.

NUMBERS (thousands)	2012	2013	2014
Individuals with access to electronic banking <i>Pekao24</i>	2,205	2,447	2,661
Individuals with access to mobile banking	201	373	596
Business clients with access to electronic banking	199	224	241
Business clients with access to mobile banking	1	7	14

The number of sales initiated outside of our branches increased by 30 percent year-on-year in 2014, while the number of

consumer loans initiated through alternative banking channels increased by 66 percent. Term deposits are the most popular product sold through non-branch-based channels. Our multichannel services have been positively received by the market and recognized with numerous awards. Such as *Money.pl* ranked PeoPay<sup>1</sup> as the best mobile app in the Polish banking sector, in recognition of its functionality and the advantages that mobile payments provide to customers.

### Support business growth

Bank Pekao is focused on growing its business by gaining market share in areas that have the highest potential for value creation.

Through our *Klientomania* project, we acquired roughly 370,000 new customers in 2014, using an innovative approach based on referrals by our customers and the commitment of our employees - both founded on the value we place on our long-term relationships. As part of this project, the bank invested in improved service quality and standards to enhance customer satisfaction and loyalty. Using our experience from *Klientomania*, we made a strategic decision to address Poland's low penetration in the agricultural sector and launched the *Agromania* project. Agriculture in Poland has expanded since the country's accession to the European Union and presents numerous opportunities due to its relatively high profits, underserved customers and the low level of competition for them in the banking sector. We redesigned our agribusiness customer service model; we introduced special *Agro Zones* in our branches, catering to the needs of individual farmers and agricultural companies; and we created a network of traveling advisers to offer products to farmers that are tailored to their needs. Bank Pekao's activities in this sector were supported by a countrywide marketing campaign, which utilized both external and internal channels of communication.

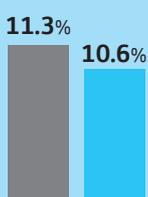
**Over 3,300 new agricultural clients in 2014 and €655 million of new loans.**

Now we are certainly considered the bank of choice for this segment.

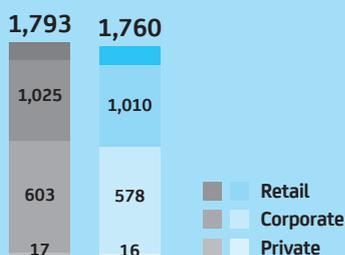


### Commercial Banking<sup>A</sup>

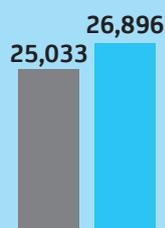
#### Market Shares (Total assets)



#### Revenues (€m)



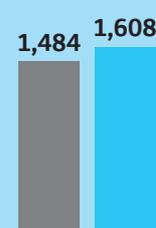
#### Loan volumes (€m)



#### Cost of risk



#### Active online users (000)



A. Data calculated using current foreign exchanges rates.

1. Refer to the 2013 Sustainability Report for more information on PeoPay service.

## Central Eastern Europe (CEE<sup>1</sup>)



UniCredit is one of Europe's leading banks in Central and Eastern Europe, with more than 1,400 branches. UniCredit ranks among the top three banks in four CEE countries, and among the top five in eight CEE countries. Nearly 2,000 UniCredit relationship managers of Corporate

segment support enterprises across the region, delivering €57 billion<sup>2</sup> in loans to businesses.

### Renew retail

Our network and offerings have changed a lot in the latest years and today, in CEE countries, we count more than 1,110,000 clients that have been banking online with us on a PC, smartphone or tablet during the last ninety days.

### Expanding our digital and multichannel banking

Our digital franchise allows our customers to use a range of products and services in a seamless way and across all digital touch points. In 2014, a major digital transformation project started to upgrade our CEE digital franchise, leveraging on a modern, central IT structure, while a more centralized governance made space for innovation in digital channels through increased cross-country coordination and dissemination of local relevant initiatives across the network. Thanks to a central team of 8 people and local dedicated teams with several digital specialists, we supported customer adoption and advocacy as well as increased the sale of products through these channels.

In 2014, a Digital Unit was established in Zagrebačka Banka directly reporting to Retail Board Member. Their campaign *the first 100 years, safety and trust since 1914* to celebrate Zagrebačka's 100<sup>th</sup> Anniversary received a Silver Award in the Digital Marketing Category at the EFMA Distribution and Marketing Innovation Awards 2014.

In countries like Czech Republic and Hungary, more than 75 percent of our customers with internet access, do their banking online; in Slovenia and Serbia, more than 50 percent. In Croatia, more than 40 percent of online customers do bank on mobile. Moreover, Czech Republic runs a successful e-shop.

Banking in the digital age means engaging actual and prospective customers by means of interactive tools that help them familiarize with our product portfolio, and understand how they can meet their financial needs.

In Bulgaria, *Your Financial Advisor (YFA)*, allows current and prospective customers to easily find a financial solution that fits their specific needs, and responsibly understand how this will impact their financial life. A modern set of calculators and product wizards help customers navigate their way through our product portfolio and easily find the right solution, facilitating decision-making process and making it more transparent for the customer.

More than 5,600 leads have been generated by YFA since its launch and the number of monthly unique visits to YFA accounts for around a third of all visits to the bank's website.

*Your Financial Advisor* won **Silver Award** in the **Digital Distribution** category of the **EFMA Distribution and Marketing Innovation Awards 2014**.

### Developing an advanced Customer Relationship Management

Today's customer is more demanding than ever and expecting not only good offers from banks, but also tailored ones.

We focused on an advanced Customer Relationship Management approach, in order to give our CEE banks the ability to reformulate their business model to become more customer-centric.

- Customer Proximity
- Dynamic Bank
- Quality and Value
- Simplicity and Transparency
- Support to Business

2013

2014

## Commercial Banking<sup>A</sup>

Market Shares (Loans)<sup>B</sup>

4.6% 5.6%

Revenues (€m)

4,478 3,909

Loan volumes (€m)

57,163 57,009

Cost of risk

1.92% 1.18%

Active online users<sup>B</sup> (000)

1,004 1,114

A. Data calculated using current foreign exchanges rates.  
B. Excluding Ukraine.

1. CEE includes: Bosnia and Herzegovina, Bulgaria, Czech Republic, Croatia, Hungary, Romania, Russia, Serbia, Slovenia, Slovakia, Ukraine.  
2. Figures as at December, 31 2014.

With the aim to improve commercial campaigns management and enhance analytics capability and process effectiveness, we set up an advanced and centralized Customer Relationship Management approach, centered on innovative statistical techniques to:

- prepare customized marketing campaigns based on behavioral analyses
- provide specialized offers and customized products

The advanced campaign management initiative was launched in the mid of 2014 with a quick-win perspective, in four countries: in Bosnia and Herzegovina, Bulgaria, Hungary and Romania. Within these quick-win scope, the aim was to:

- build the required *Analytical Base Tables (ABTs)*
- build the data mining models running on these *ABTs* addressing the country priorities (churn prevention, cross-sell, retention, etc.)
- execute the first campaigns on model-generated target groups and define improvement areas based on the first results

Almost all of the countries were able to run the models by the beginning of 2015, and they are at the last step, namely the campaign activation. The first results of these campaign will be available after March 2015.

However the Overdraft lead campaign in Bosnia and Herzegovina can also serve as an example, where SMS channel was used for lead generation for the first time. SMSs were sent to the targeted customers with a customized offer and, as a result, conversion ratio of roughly 40 percent was achieved.

## Simplify our operating model

Our goal is to simplify the product offering through standardization by streamlining the number of products and their features. Further more we intensified the migration of transactions to direct channels and ATMs. We increased the operational efficiency and sales capacity of the branch network. In order to simplify our commercial offer and adapt it to the new multichannel strategy, we also decreased the number of actively sold products and stock in our product catalogue.

In Bulgaria, for example, we started a pilot project in June 2014 which involved 20 branches to test our new service model. The first results show that we could significantly increase our productivity in terms of pieces sold in terms of volumes. Due to this successful pilot the new service model will be roll out to the entire network in the near future.

## Reinforce leadership in Corporate Banking

We are creating more value in our corporate portfolio by deploying a more effective approach that strengthens our cross-selling and pricing abilities.

### Enhancing our business model

UniCredit's new *capital light* business model (products and services embedding a low capital absorption) has significantly influenced the way we work. Our holistic, global view of our customers has superseded the outdated practice of simply assessing transactions, and we now promote capital light products and structures to optimize our return in capital.

This model uses innovative analytics to create more value, by identifying commercial opportunities and, consistently propose the most suitable products. In this respect, we have created a new tool, *Babel*, to support the implementation and maintenance of these efforts<sup>3</sup>.

In a pilot project, 20 relationship managers in Hungary applied *Babel* to a portfolio of more than 1,000 local customers. Consequently, they identified 222 customers who represented more than 410 sales opportunities.

### Increasing desired customer segments

We have enhanced our value proposition to Small and Medium-sized Enterprises (SMEs) because we want to increase our penetration in this segment and further develop and implement our SME-dedicated service model in CEE.

SMEs are extremely important in Europe; they account for 57 percent of the European GDP, employ 66 percent of all Europeans and represent 99 percent of the companies on the continent. Therefore, working more with SMEs will allow us to play an even more significant role in local economies and communities.

In general, our lending initiatives for SMEs have shown encouraging results, outperforming year-on-year.

Our focus on international clients - another desirable customer segment - is a natural consequence of our strategic geographic position in Europe. We support international business through specialized services, including the *UniCredit International Centers* network. This network is responsible for cross-border business development and execution at country level, managing the service model and processes in coordination with our *Group clients Internationalization* program.

<sup>3</sup> Refer to the Intellectual Capital for more information.

## Focus

## Innovative SMEs

To broaden lending to innovative enterprises, in June 2014 UniCredit Bank Austria signed *Risk Sharing Instrument (RSI)* guarantee agreements with the European Investment Fund (EIF).

This initiative is funded by the European Commission and implemented in UniCredit subsidiaries in Bulgaria, Croatia, Czech Republic, Hungary and Slovakia. These agreements - the first of their kind involving an international banking group - enable UniCredit to give small and medium enterprises loans that are 50 percent guaranteed by the EIF up to a maximum of €60 million. This enables UniCredit banks in CEE to offer additional financing at favorable conditions. *RSIs* improve access to debt finance for innovative SMEs and small mid-caps and support their research and development projects.

*UniCredit International Centers* currently serve over 20,000 companies operating in CEE. Over half of our core customers for this service are based in Germany (20 percent), Austria (15 percent) and Italy (20 percent). The rest come from Asia, USA and other European countries.

UniCredit is the premier bank for Italian companies that operate in CEE, particularly in Bulgaria, Czech Republic, Hungary, Romania and Slovakia<sup>4</sup>.

## Enhance our holistic Private Banking service

Despite the great technological advances transforming commercial banking, face-to-face contact and relationships remains vital to success in private banking. In our Private Banking division, the quality of our relationship managers is paramount. Customers have become more sophisticated and demanding, looking for tailor-made solutions that can meet all of their needs. At the same time, they are asking for more transparency and information before they make their investment decisions. To better serve their investment needs, we are working to implement an advisory and reporting tool. A comprehensive view of our customers' wealth is essential for making proper investment decisions. Through this new tool, we expect we will be able to fully exploit the potential of all the investment approaches developed by UniCredit Private Banking.

## Enhancing our advisory approach

To augment our services Groupwide, we are implementing a needs-based consulting service to replicate the successful concept employed by our private bankers in Germany and Austria. This service meets the primary needs of our private banking customers through a structured advisory approach. The deep analysis we perform is used to formulate the best possible tailor-made solution.

To further strengthen the skills of our private bankers and support their professional growth, at the end of 2014, CEE *Private Banking Academy* was launched with the aim to administer a systematic training and development program.

In addition, we have improved the investment process by reinforcing risk management in our client's portfolios and implementing a unique communication platform that identifies client investments that deviate from our Global Investment Strategy.

Private Banking will also benefit from important investments in two new information technology tools to be rolled out firstly in the Czech Republic, Hungary, Slovakia and Russia. Tablets will provide clients with a better banking experience, while new information technology tools will enable us to provide a consolidated report of our client assets within our Group, to implement systematic risk management of portfolios and to create an interactive content management system for tablet computers.

- Customer Proximity
- Dynamic Bank
- Lean and Transparent Organization
- Quality and Value
- Support to Business
- Research & Innovation

<sup>4</sup> For example, UniCredit serves 85 percent of Italian companies in Czech Republic.

## Asset Gathering

We will continue to grow our capital-light business lines, boosting client acquisition in Asset Gathering.

### Support capital-light business

FinecoBank, the Italian multichannel direct bank of the Group, is a leading player in Italy thanks to its unique business model. Its banking, brokerage and investing services are available through a single account - a "one-stop solution" - via online and mobile banking, personal financial advisors, Fineco Centers and call centers.

Unlike many of its Italian and European peers, Fineco does not compete based on pricing. Its advantage comes from its fully integrated offer, which helps grow a highly loyal and satisfied client base.



Fineco's advisory services combine tailored-made product recommendations with a transparent approach to consultant compensation. This avoids potential conflicts of interest by matching customers' investment objectives with fee-only pricing.

Fineco is well-positioned to take advantage of two relevant changes underway in Italy: the increase in digitization and the growing need of advanced advisory by Italian savers.

The Fineco's strategy is based on five pillars, which reflect its entrepreneurial culture, focus on innovation and consistent product delivery:

- further develop, expand and train its Personal Financial Advisors (PFAs) network via:
  - recruitment of both senior and beginner PFAs to ensure a proper balance between experience and long term sustainability thanks to generational change (in 2014, 125 PFAs were recruited)
  - internal and external training that strengthens the network's high-level advisory and wealth management services as well as its acquisition and retention of PFAs. During 2014, Fineco provided over 173,000 hours of training

- continue to reposition Total Financial Assets towards higher value added products and services through a state-of-the-art advisory model
- widen its brokerage products offer and strengthen the operating platforms to enter new markets and increase the overall number of brokerage customers
- continue to enhance its integrated offer by creating a "one-stop solution", a single account with a full range of banking, credit, trading and investment services that increases customer satisfaction
- further exploit its operating leverage and internal know-how to maximize cost efficiency, to adapt quickly to the ever-changing technological environment and to remain at the forefront of IT innovation with the frequent launches of sophisticated new products

In 2014, Fineco was the leading broker in terms of equity trades and executed orders in Italy. Its leadership was confirmed with a number of awards, including the "Best Web Site Design" by Global Finance magazine among more than 290 international banks.

### Focus

#### The listing of Fineco

On July 2, 2014, Fineco's Initial Public Offering (IPO) was completed with a market capitalization of over €2.2 billion. UniCredit remains the majority shareholder with 65.5 percent of shares, while retail and institutional investors own the remaining 34.5 percent of the company.

By giving Fineco direct stock market access, the IPO accelerated the bank's visibility and growth.

The deal has brought clear benefits to the whole of UniCredit, including the optimization of capital allocation Groupwide. It has also helped analysts and investors to better assess the full value of all our businesses when understanding UniCredit as a sum of its parts.



### Asset Gathering



1. Source: TNS Infratest 2014.

## Asset Management

We continue to grow our capital-light business lines, scaling-up our Asset Management to leverage non-captive distribution channels.

### Support capital-light businesses

Pioneer Investments, a leading global asset manager with a diverse, high-quality investment platform, enjoys broad distribution via UniCredit's robust European network as well as leading global third-party distributors, institutions and consultants.

Over the years, the close cooperation that exists between Pioneer and the Group's distribution channels has generated numerous valuable investment solutions and advising services for UniCredit clients.

As a part of the strategic plan, UniCredit is scaling-up its Asset Management business by increasing its non-captive distribution footprint and focusing on the following areas:

- growth in new markets stabilizing captive flows
- creating a common operating platform
- revamping core products

Pioneer made significant advancements in all three areas in 2014:

- its growth in new markets included Korea through a strategic partnership with Samsung Securities, Denmark thanks to the opening of a new branch, and Mexico. Pioneer's overall non-captive 2014 net sales take into account programmed redemptions, as such they do not reflect the company's commercial efforts which brought in substantial inflows
- it rolled out a global front office platform and single operating model to ensure the faster deployment of best practices across multiple locations. This platform features an enhanced reporting package to support client needs, a cutting-edge risk management system with a global market perspective, allowing the automatic monitoring of compliance risks related to all regional regulatory requirements, and an integrated investments book of records.

It also better supports centralized trading operations to enable a faster response to volatile market conditions. To ensure an efficient and timely transition to the new system, in 2014 roughly 600 users were trained on the platform. Prior going live we performed a user certification to ensure all active users had the appropriate permissions and training. Non-users received training on other relevant new processes and procedures that derived from the implementation of the front office platform

- it developed new multi-asset investment strategies to better meet client needs, broadening its offering, identifying and promoting existing flagship capabilities, and expanding into new services and products such as liquid alternatives, real assets and loans

UniCredit continues to investigate a potential business combination of Pioneer Investments with an industrial partner.

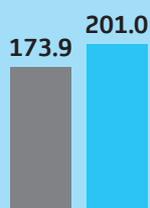
- Fair Business Behavior
- Employees' Development
- Dynamic Bank
- Quality and Value

2013

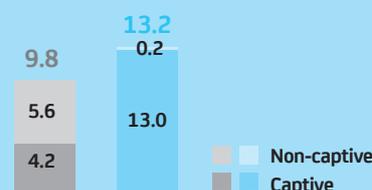
2014

### Asset Management

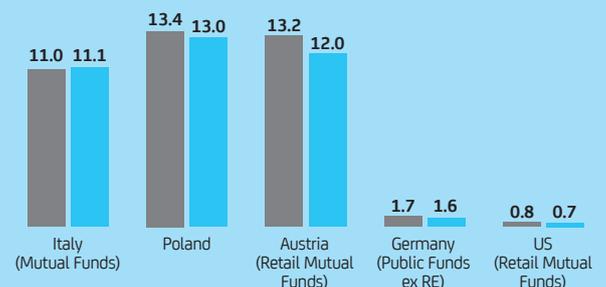
AUM (€bn)



Net Sales (€bn)



Market Shares (%)



### 3. Leverage Global Platforms

#### Corporate & Investment Banking (CIB)

We aim to leverage CIB's leadership and competitive advantages to deliver superior products and boost cross-selling.

#### Maintain CIB leadership and fully exploit synergies

The CIB Division, which remains an engine of profitability for the Group, with revenues in 2014 for €3.7 billion, has demonstrated the importance of horizontal synergies with the commercial banks and the CEE, as evidenced by the almost €2.4 billion of additional revenues generated in such divisions (almost €1.8 billion from commercial networks and €600 million from CEE), representing an increase of 8 percent compared to 2013. These results were achieved because of the division's client service model and its ability to set shared goals, including:

- team collaboration and joint initiatives along the client value chain aimed at meeting a broad spectrum of customer needs
- commercial actions focused on key clients that included a 360-degree approach to customer needs
- enhanced focus on cross-selling within CIB and across geographies and Group segments

During 2014 the increased efficiency of commercial synergies across product factories and the reduction of cost of risk mitigated the revenues decrease mainly due to low rates environment, improving by 22 percent the net profit compared to 2013.

Converting the five fundamental principles of UniCredit's competency model into concrete action is essential to a sustainable business. CIB created a dedicated action plan for 2014 that was grouped around each of the five fundamental principles<sup>1</sup>.

A strong focus was allocated to risk culture and risk management, which are particularly important for large business clients. All colleagues are asked to act as if they are risk managers by recognizing all risks impacting business and managing them transparently. In 2014, our activities fostered greater risk awareness and a better internal risk culture, both of which ultimately lead to better quality credit portfolios and a better reputation for our bank. During the year, we established a detailed communication plan for risk culture-related activities, including the production of relevant

publications and interviews with executives. We also strengthened our risk training<sup>2</sup> with a mandatory risk section in the Basic Leadership Skills Program and the development of 180 web-based training modules in particular for Markets colleagues. Client obsession was another fundamental that CIB focused on in 2014. In a challenging economic environment, the best way for us to make an impact is through better customer service. This was promoted through our Pitching Initiative. The quality of CIB pitches to our clients was a CIB management priority in 2014 and will remain one in the near future. Interviews conducted with CIB colleagues who meet face-to-face with clients, including all senior managers, highlighted the need for a more holistic and structured learning approach to the entirety of the pitching process. During the year, almost 190 colleagues attended a two-day CIB training dedicated to the entire pitching process. We also increased the capacity of our production center to support our business in preparing high-quality pitch books and launched a OneGate intranet support section with off-the-shelf pitching material.

We understand that our colleagues are our most valuable asset, and therefore in CIB we have heavily invested in people and business development. The UniCredit CIB Talent Management Review identifies, develops and supports the division's most promising staff members to facilitate their professional success. The program, which is structured over three years, provides valuable training experiences, mentoring opportunities, meaningful exchanges with senior management and exposure to challenging business scenarios. This program is a valuable resource for strengthening the turnover pipelines throughout our Group<sup>3</sup>.

Because we also want to encourage the sharing of knowledge, we support initiatives such as the Food for Thought, which was launched in Germany in 2013 and then extended to other regions. The format of this learning initiative is simple and interactive: during a one-hour lecture at lunchtime, CIB speakers share their business know-how and expertise with their colleagues. This helps them better understand the large, complex corporate world in which they work through the perspective of Group experts. During 2014, CIB organized 30 lectures, involving about 2,200 participants. In order to better prepare colleagues for their professions, we also developed the Food for Career initiative, which analyzes the skills required for different business areas and implements learning tools to foster them.



#### Corporate & Investment Banking



1. UniCredit Five Fundamentals are: execution & discipline, client obsession, cooperation & synergies, people & business development, and risk management.

2. Refer to Risk management and Compliance for more information.

3. Refer to Human Capital for more information.

## Global activities

Because of the fundamental role of operational efficiency in our business, we are undertaking Groupwide rationalization, investing in greater simplification, and reinforcing our balance sheet through cost reductions.

### Implement cost reductions, simplification and operating efficiency

When it comes to reinforcing our balance sheet, we are steadfastly committed to operating efficiency. Our strong focus on cost discipline with regard to Group operating expenses resulted in a total cost reduction as compared to 2013.

**-2.9%**  
total costs  
vs 2013

Space reductions of roughly  
**150,000** m<sup>2</sup>  
saved  
**€39** million in 2014<sup>1</sup>

#### Real estate optimization

We are developing a global campaign to optimize our real estate costs in different ways. Initiatives include:

#### City Plans<sup>2</sup>

Our Group's City Plans initiative involves 25,000 colleagues in 25 cities and focuses on headquarters facilities, and specifically on reducing their number and increasing their efficiency and functionality. By 2018, UniCredit aims to reduce its office space by 700,000 square meters and to save more than €100 million in real estate costs compared to 2009, when the initiative was begun. These efforts have now accomplished 60 percent of the anticipated cost savings.

#### Smart Working<sup>2</sup>

At UniCredit, our office space uses the Smart Working model to foster a dynamic and flexible working environment. This design is based on three objectives:

- renovating office environments to include open-space plans and common areas and to improve their overall quality
- enabling mobility through technologies such as WiFi, smartphones and tablet computers
- modifying people's perspectives, e.g., by simplifying hierarchies and emphasizing results independent of where the work is done

By the end of 2014, some 2,700 colleagues in Milan, Turin, Bologna, Munich and Frankfurt were performing in Smart Working environments. Our goal is to extend these efforts to additional cities in Italy, Germany and Austria, affecting an estimated 23,000 colleagues by the end of 2018.

#### Network optimization

Our commercial transformation demands the review of our branch network structure and layout<sup>3</sup>.

#### Procurement

The Procurement Department oversees the purchase of sufficient products and services that support our business, and thus effectively contributes to the management and rationalization of our external costs. In 2014, procurement activities allowed to save more than €400 million (12 percent of amounts before negotiation)<sup>4</sup>, with €1.75 billion in purchases conducted via online auctions (about 60 percent of total procurement costs), while maintaining appropriate standards of quality in our products and services.

more than  
**€400** million  
in savings in 2014<sup>4</sup>

A **2.1%** ↓  
reduction in staff  
expenses vs. 2013

#### Simplification and optimization of other expenses

Some of the initiatives associated with our strategic objectives - such as the increase in innovative

digital products and services to satisfy evolving customer needs - required optimization initiatives and organizational changes. These resulted in the reduction of full-time equivalent employees (FTE) and related expenses compared to 2013 (down 2.1 percent). The FTE reduction was responsibly managed in consideration of local business requirements and legislations. We continued to invest in new employees during this restructuring process by, for example, planning 1,500 new hires in Italy by 2018<sup>5</sup>.

Other cost initiatives were directed at promoting cost consciousness, such as the Mindset 440 project. It was launched in 2012 to eliminate €440 million in discretionary non-payroll costs by coordinating and supporting Groupwide divisions in cost optimization, and by improving integrated management. It ended in 2014, exceeding the expected results.

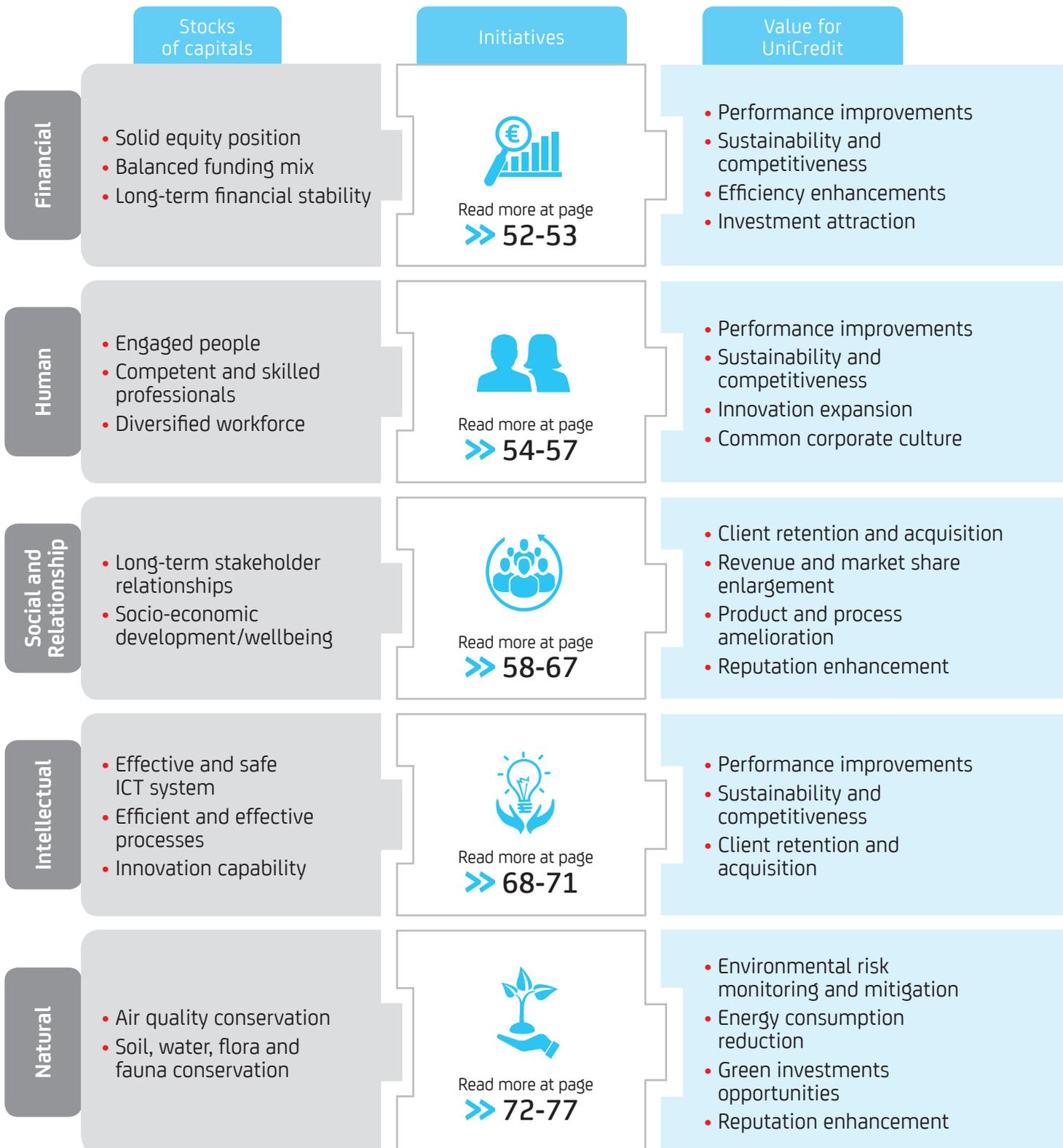
Other initiatives improved the efficiency of operating processes, such as the Lean Six Sigma (LSS) methodology implemented by UniCredit Business Integrated Solutions<sup>6</sup>.

In all, 34 projects related to process reengineering were realized using the LSS methodology during 2014, resulting in enhanced resource allocation. Previously, in 2012, the LSS Academy was established to train colleagues in the methodology. In 2014, more than 1,400 Group colleagues participated in this training.

1. Data refers only to savings in Italy, Germany and Austria.  
2. Refer to Natural Capital for more information.  
3. Refer to Transform Commercial Banking in Western European Markets for more information.  
4. Savings are calculated compared to values before negotiation (historical or market values). In case of multi-year contracts total savings are considered.  
5. Refer to the Human Capital for more information on flexible work arrangements and new hiring.  
6. UniCredit Business Integrated Solutions provides operational services and support to UniCredit's commercial network.

# CAPITALS

Our organization holds significant responsibilities within a value chain that consists of various forms of capital shaping our economy and our society, today and also in the future.



Community  
impact

Priorities 2015

- Support for the economy
- Investor and employee remuneration
- Public administration contributions

- Revenue and net profit growth
- Commercial loans augmentation

- Empowerment and dissemination of skills
- Merit and transparency
- Equal opportunities
- Greater well-being

- Enhancement of talent development programs
- Enhancement of sustainability and competitiveness through investments in Strategic Workforce Planning<sup>1</sup>

- Customer satisfaction
- Financial inclusion
- Responsible financial habits
- Companies competitiveness
- Social inclusion

- Customer engagement activities to improve overall satisfaction
- Local financial education program enhancements
- Strong partnerships and initiatives focused on key social issues for greater community inclusiveness

- Customized products and services
- Friendly and simple relationship
- Business continuity and security

- Transformation of the Group through the implementation of ICT and Operations Strategy
- Enhance process culture through the dissemination of a common processes' taxonomy
- Industrialization of new personalized and digital native products/services

- Renewables and energy efficiency promotion
- Low carbon public infrastructure financing
- Environmental business culture development
- Air quality conservation
- Community well-being

- Environmental Governance and Group environmental Strategy reinforcement
- Better understanding of interdependencies between natural capital and business
- Assessment of lending portfolio environmental impacts
- Promote environmentally sensitive practices in the workplace

1. Business's ability to identify, based on the business strategy, the supply of and demand for roles and capabilities, both current and future, and to determine the optimal solution to close identified gaps in workforce quantity, quality, timing and location.

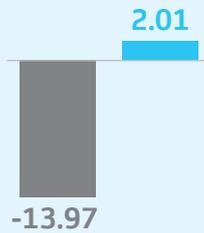
## Financial Capital

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<sup>1</sup>.

# Our Stocks of Capital

### Solid Equity Position

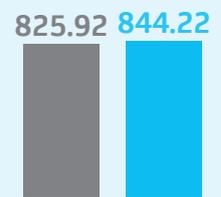
Net profit/loss (€bn)



RoTE<sup>2</sup>

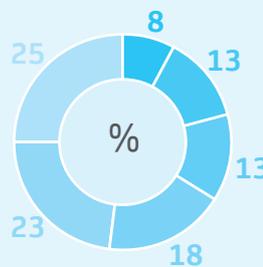


Total Asset (€bn)



### Balanced Funding Mix

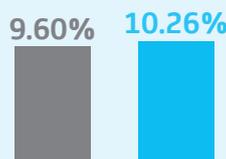
Funding mix by source



- Priv. Place. & Schuld.
- Bank Cap. Bonds
- Supranational Funding
- Group Retail Network
- Public Market and Wholesale MLT
- Public Sec. & Mort. CBs

### Long-Term Financial Stability

Common Equity Tier 1 Capital Ratio



Net impaired loans ratio



<sup>1</sup> Financial data corresponds to information in our 2014 Consolidated Reports and Accounts. When not applicable, management data is used. For additional information on Group results, please refer to the Consolidated Reports and Accounts and to the presentation on 2014 preliminary results available on the Investors section of the Group website.

<sup>2</sup> RoTE: Net Profit/Average Tangible Equity (excluding additional Tier 1).

Legend:

2013<sup>3</sup>

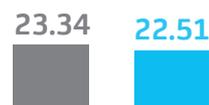
2014

## Initiatives

We maximize our distinctive capabilities and resources to deliver sustainable results.

### Income generation and cost monitoring

Operating income (€bn)

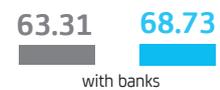
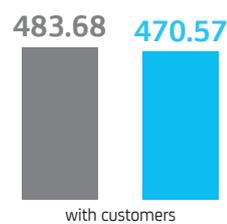


Operating costs (€bn)

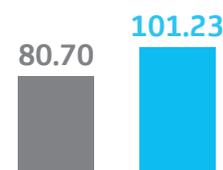


### Support economy through investments and loans

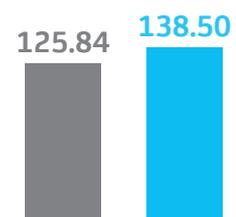
Loans and receivables (€bn)



Financial assets held for trading (€bn)



Financial investments (€bn)



## Funding mix by country



Data as at February 5, 2015.

## Ratings

	Short-term debt	Medium-/long-term debt	Outlook	Standalone rating
Standard & Poor's	A-3	BBB-	Stable	bbb-
Moody's Investors Service	P-2	Baa2	Under review for upgrade	ba1
Fitch Ratings	F2	BBB+	Stable	bbb+

Data as at April 1, 2015.

3. The previous period was restated accordingly to increase comparability, pursuant to the regulations in force. It should be noted that comparative figures as at December 31, 2013, could differ from those disclosed in the 2013 Consolidated Reports and Accounts

4. Dividend per ordinary share: we have proposed the distribution of a 12 euro cent dividend per share with share option, via a newly issued shares assignment or, upon shareholders' request, cash payment (scrip dividend). Refer to the specific Board of Directors' reports in relation for more information.

## Human Capital

The competencies, capabilities, experience, and motivation to innovate of UniCredit colleagues, including their: alignment with and support for our Group’s governance framework and risk management approach; alignment with our corporate values and core competencies; ability to understand, develop and implement our Group’s strategy; ability to lead, manage and collaborate.

# Our Stocks of Capital



## Engage colleagues in our strategy

Engaged and motivated employees - who understand the roles they play in UniCredit's strategy - are essential to the sustainability of our business.

For this reason, we have worked throughout 2014 to inform our colleagues about the 2013-2018 Strategic Plan and involve them in its implementation. To provide all colleagues with an understanding of the reasoning behind the plan and of related strategic initiatives at both the Group and local levels, we created a dedicated section on our intranet. Senior management has also participated extensively in the effort to present and explain the plan's key pillars and messages.

We used a number of channels to deliver our CEO's messages to everyone at UniCredit, including:

- a blog that serves as a virtual link to our CEO and senior management; more than 70 percent of our senior management participates actively in the blog
- *CEO says*, a Twitter-like feed for UniCredit personnel, offering an effective way for the CEO to reach all colleagues in Italy quickly and easily; this is regularly used to disseminate our positions on significant topics; in the second half of 2014, 15 messages were transmitted

Given our Strategic Plan, our communication efforts in 2014 focused primarily on describing how our risk culture has been embedded in the bank's operations<sup>1</sup> and on building awareness among our colleagues of the ongoing digital transformation at UniCredit<sup>2</sup>. Engaging in a constructive dialogue with our employees represents an important way to amplify their involvement and commitment. We regularly solicit our colleagues' views, suggestions and expectations through our People Survey and other surveys<sup>3</sup>. These enable us to develop and implement a range of engagement initiatives throughout our Group that make use of their feedback and ideas.

### People Survey January 2015: Highlights

Approximately  
**95,000**  
colleagues

completed our latest  
**People Survey**, representing  
a response rate of 66 percent.

Engagement  
index at  
**77%**

Our engagement index is very  
strong. It has risen each year  
since 2009.

Major  
findings

Colleagues confirmed their  
strong sense of belonging to our  
organization and expressed a  
firm belief in the Group's goals  
and values, in keeping with the  
previous year's survey.

1. Refer to Risk management and Compliance for more information.  
2. Refer to Strategic Plan for more information.  
3. Refer to Risk management and Compliance for more examples.  
4. Refer to Intellectual Capital for more information.  
5. Refer to Sustainability Report 2011 for more information.  
6. Refer to Risk management and Compliance for relevant examples.

## Manage our colleagues' performance

We are committed to attracting, developing and rewarding talent with the goal of being an employer of choice, well known for the excellence of both our people and our practices.

A range of initiatives have been developed to achieve this end and to **attract the best available talent**.

### Focus

#### Attracting talent

In a challenging business environment that demands efficiency and competitiveness, we remain committed to investing in new talent to ensure our sustainable growth. This commitment is evident in our Strategic Plan for Italy, which calls for us to hire 800 additional young people and to change 670 current apprentices to permanent employment contracts. Also in Italy, we continued to run the *Impact* graduate program, which offers an opportunity to the best and brightest new graduates to participate in a customized career development program; in 2014, 19 individuals entered the second edition of the program. In 2014, UniCredit Business Integrated Solutions, our Group's global services company, also executed a major hiring program in nine countries, recruiting 774 full-time-equivalent (FTE) employees - recent graduates as well as some senior specialists - with strong IT backgrounds and specific key skills. These hires were particularly vital considering the strategic importance of innovation to our Group<sup>4</sup>.

Because professional skills represent a key strategic asset, in 2014 we completed a review of our learning and development programs designed to **foster colleagues' professional growth**.

Our Global Learning Framework addresses the main needs of employees with respect to professional growth. Enhanced by strong collaborations with such top-tier business schools as INSEAD, IMD and Bocconi, it relies on a mix of traditional instruction, internal and external networking opportunities, and interactions with different stakeholders. The framework is based on our "five fundamentals"<sup>5</sup> and incorporates our Group's current business priorities.

The framework is organized into three main sections:

- Leadership Curriculum addresses cross-functional development in the context of leadership roles as well as specific individual needs
- Functional Learning supports professional growth in specific competence and business lines, from entry level to senior management level<sup>6</sup>
- Local Learning provides learning opportunities specific to local business needs in each country and division



Around  
**200**  
employees from  
**16** countries  
participated  
in leadership  
programs in 2014

The framework's foremost initiative in 2014 was the design and launch of the Leadership Curriculum. Its programs provide current and future Group leaders with critical business and management skills and also reinforce their personal development and engagement. The curriculum additionally promotes our "One Group" culture by providing opportunities for idea sharing, networking and collaboration. Lastly, it ensures the availability of a talent pool to fill new positions and to enable succession planning.

We also continue to invest in the development of our future leaders through training initiatives at the local level. In Croatia, for example, we have a mentoring program for new managers and for those chosen to succeed to higher managerial positions, providing them with the skills they will need for their future development. This program involves 40 managers from senior, middle and line management and serves to strengthen collaboration and knowledge within the bank's different business areas.

UniCredit's **performance reviews** represent a vital basis for growth, career development decisions and compensation allocation. Every employee receives a performance review.

In 2014, we introduced a new approach to performance reviews, variable incentive decisions and learning and development plans. The goal was to implement our pay-for-performance strategy and to improve merit-based differentiation for several key employee categories, including Group executives, colleagues responsible for taking significant risks, young talent and expatriates. A more rigorous approach to performance appraisals was put in place to evaluate not only which goals are reached but how they are reached. This approach better supports a culture of sustainability and individual differentiation, which is also reflected in the implementation of more customized development and career plans.

For Group executives, a new incentive system making use of a bonus pool was introduced. This represented a shift away from the previous formula-based system to a more managed approach to allocation, which emphasizes merit and individual contributions while empowering our managers to take more control of personnel decisions.

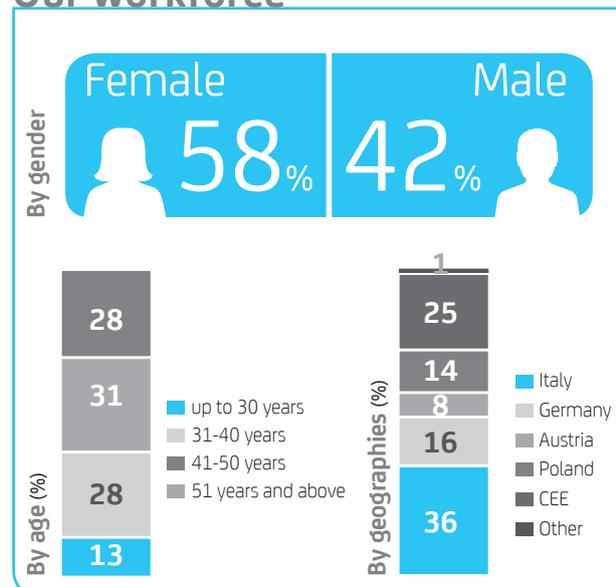
The new approach provides more opportunities for feedback and greater transparency to employees following their reviews, thus enabling managers to do more to motivate their people and support their performance improvement. In a related development, we continued to invest in engagement initiatives intended to support a more pervasive culture of meritocracy and feedback<sup>7</sup>. These have involved the participation of senior management and the production of video tutorials addressing both behavior and operational processes.

## Value diversity and inclusion

We have a diverse workforce and we invest in a culture of inclusion in order to make full use of the talent, skills, experience and varied perspectives available within our Group. In 2014, we continued to promote Inclusion@Work, a learning module dedicated to building self-confidence and fostering an inclusive working environment. In Italy, we created new sessions of the workshop. After holding a "train the trainer" session for more than 20 colleagues in 2013, we began to implement the module in additional countries, and we will continue to expand the program across the Group in 2015.

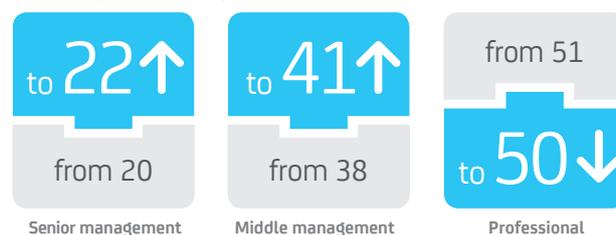
Our efforts in this area are mainly intended to promote gender balance, to bridge generation gaps in the workplace, and to support people with disabilities.

## Our workforce



In 2014, we continued to work toward achieving more **gender-balanced leadership**. Our Global Policy on Gender Equality has been implemented in 13 countries<sup>8</sup> following its approval in 2013, representing more than 85 percent of Group operations covered by this report and more than 60 legal entities. In these countries we also implemented the Gender Balance Dashboard, a monitoring system that uses KPIs to measure progress and identify gaps. Eight countries<sup>9</sup> have now completed their third monitoring cycles, and the data point to a positive trend.

### Female presence by tier in %, 2012-2014<sup>B</sup>



B. Source: Gender Balance Dashboard.

7. Refer to Sustainability Report 2013 for more information.

8. Italy, Germany, Austria, Poland, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Serbia, Slovenia and Ukraine.

9. Italy, Germany, Austria, Poland, Bulgaria, Croatia, Hungary and Romania.

The dashboard is not limited to collecting male-female ratios for different organizational tiers. It also monitors KPIs that help us understand the personnel choices we made in the past and identify changes that can produce different results. In this context we monitor the gender balance of our talent and leadership pools and our ability to manage our leadership pipeline in a balanced way. On this front, the figures indicate an encouraging trend: senior management positions for which candidates of both genders were considered have tripled since 2012.

In addition to monitoring progress, we have continued to invest in initiatives that support professional development and leadership growth while ensuring equal opportunities for both genders. In the course of redesigning our Global Learning Framework, we have developed modules specifically intended to foster a culture of diversity and inclusion. These have now been incorporated into most of our leadership programs, including onboarding programs for new managers. This approach has also been utilized at the local level. In Serbia, for example, the topic of diversity is part of most behavioral and managerial training. In total, more than 800 staff members in Serbia have taken the diversity modules in 2014.

To raise the profile of our female colleagues and increase female leadership, a number of local initiatives were also carried out. In Poland, for instance, a discussion panel with the CEO was held for 19 women in leadership positions to share opinions on professional development for women.

In 2014 roughly **2,500 employees** were involved in **diversity-related training initiatives**

Our workforce also spans multiple generations, and a high percentage of our older colleagues are based in our more mature markets (34 percent of our employees in Italy, Germany and Austria are over 50). So we have continued to invest in initiatives designed to support the **effective management of generational differences**.

In Italy, we continued to implement a program launched in 2013 that drew on the results of a survey of colleagues aged 55 and over<sup>10</sup>. We involved more than 3,300 senior colleagues in learning activities. Many of these brought together people of varying ages to provide a forum for different perspectives and to illustrate the value of contributions from different generations.

To derive greater benefit from more experienced colleagues, a pilot tutoring program was launched in three network regions, involving 35 older colleagues as tutors. We also began testing the *Temporary Managers* initiative, which deploys older colleagues as substitutes for managers who are absent on leave. In 2015 we plan to extend our tutoring and *Temporary Managers* programs to all network regions.

10. Refer to Sustainability Report 2013 for more information.

11. Refer to Social and Relationship Capital for more information.

## Focus

### Support for disabilities

Our commitment to supporting people with disabilities<sup>11</sup> includes working to make our bank fully accessible to both our colleagues and our customers. In 2014, two pilot projects were carried out in Italy:

- *UniCredit for the Deaf*, a new service model for deaf customers, was tested in six branches, integrating the professional and linguistic skills of both deaf and non-deaf colleagues
- *Si può*, a program that enables visually impaired colleagues to interact with customers in new ways by means of retraining and specialized software; five visually impaired colleagues participated in the pilot, and the software won the 2014 *Smau* IT Innovation Prize for UniCredit

Once their pilot phases have been completed successfully, these initiatives will be progressively extended to other parts of the country and to additional disabled colleagues.

### Support work-life balance

We continue to invest in solutions to help our colleagues manage their personal and family needs and to balance their careers with their well-being, as we believe it has positive impacts on employee engagement, performance and retention.

In 2014, some effective programs involving flexible working arrangements were implemented to improve colleagues' work-life balance even while contributing to our Strategic Plan targets for efficiency and sustainable growth.

In Austria, for example, innovative part-time arrangements were offered to all employees, resulting in approximately one thousand new part-timers. The solution provides our people with flexibility to manage their personal needs at different stages of life and also involves the implementation of leaner processes and more efficient workflows at the bank. Training was provided to all managers through workshops and online tools that support them in dealing with this new leadership challenge.

In Italy, an agreement with employee representatives regarding the Strategic Plan introduced an innovative form of flexible work for employees close to retirement. It also extended the possibility of part-time, teleworking and smart working arrangements to all employees. It also entitled newly hired employees to receive selected welfare benefits that had previously only been available after an initial period of employment.

- Diversity and Inclusion  
- Employees' Development  
- Performance Management  
- Work-life Balance



## Social and Relationship Capital

Relationships with key stakeholders - customers, investors, regulators and communities - which influence our value-creation processes in the short, medium and long term and ultimately foster individual and collective growth.

Our Stocks of Capital

### Long-term stakeholder relationships

↑ Customer Satisfaction  
(TRI\*M Index results)

about **700,000**  
stakeholders giving  
feedbacks

Ongoing listening practices to understand stakeholders evolving needs and respond effectively

### Socio-economic development and well-being

Products and initiatives for underserved bank customers are available in all UniCredit countries, with a focus on youth and the elderly

**€51.1 million**  
in contributions to communities

We support initiatives to foster financial and social inclusion

We support economic growth and individual and collective well-being in our countries, promoting mutual understanding and nurturing relationships with stakeholders while pursuing business opportunities.

UniCredit's cooperative relationships with customers, investors, regulators and communities enables our Group to generate and deliver value. Together, these connections comprise our stock of social and relationship capital.

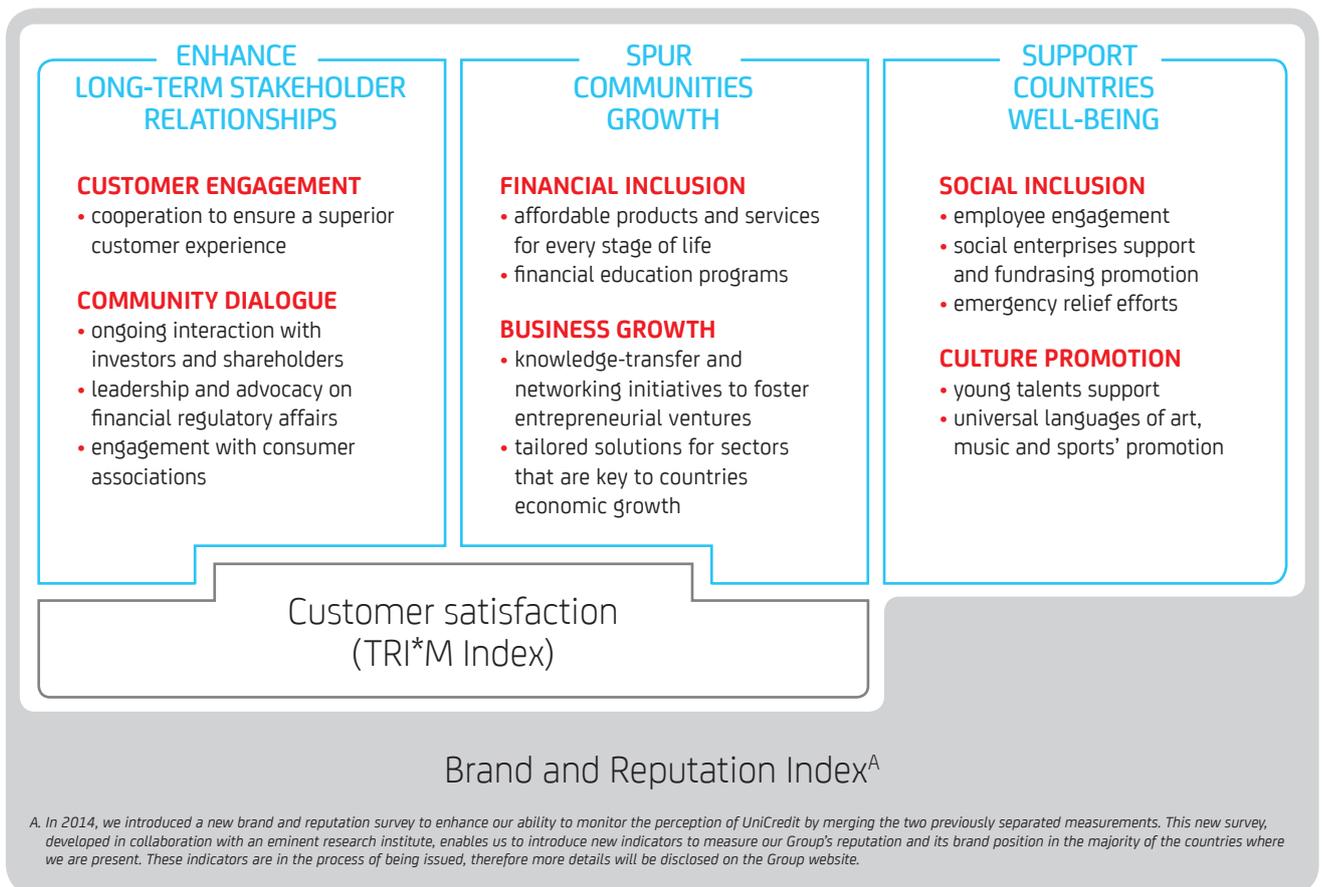
Through the conduct of our daily business, we aim to establish a stable and sound banking environment<sup>1</sup>, constantly adjusting to changing macroeconomic conditions and heeding our industry's increasing calls for greater transparency and collaboration.

Therefore we employ our knowledge and expertise to develop distinctive products and services that respond to specific customers' expectations. In the process, we do our utmost to honor our commitment to fostering financial inclusion for individuals and entrepreneurs. We believe that in so doing, we are increasing the circulation of valuable knowledge and practices and creating new opportunities for business growth and employment.

Lastly, through our colleagues' volunteer efforts and our Group's long-term commitments to and cooperation with nonprofit entities, we aim to promote social inclusion and help communities thrive.

In the following pages, we showcase some of UniCredit's best practices to give a sense of our Group's strong commitment to staying close to stakeholders and communities.

### Our social and relationship capital



1. Refer to Market Overview for more information.



## Enhance long-term stakeholder relationships

Our operations are designed to meet the needs of our stakeholders. Understanding our customers comes first, enabling us to quickly adapt our service model and remain competitive.

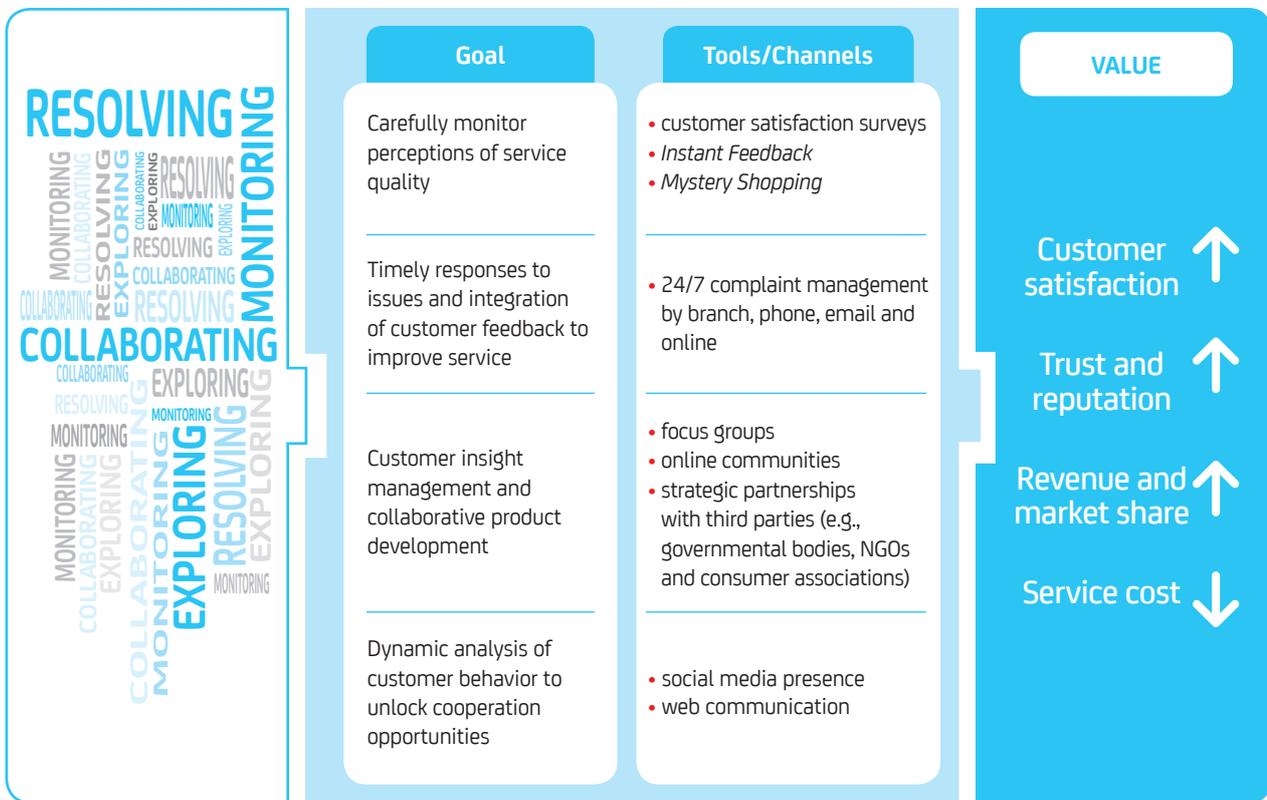
In maintaining open lines of communication with financial markets and regulators, we are prepared to respond to critical issues related to our sector.

## Engage for superior customer experience

To attract new individual or corporate clients and retain current ones, we work hard every day to deliver superior customer experience and services that range from the most basic to the most sophisticated.

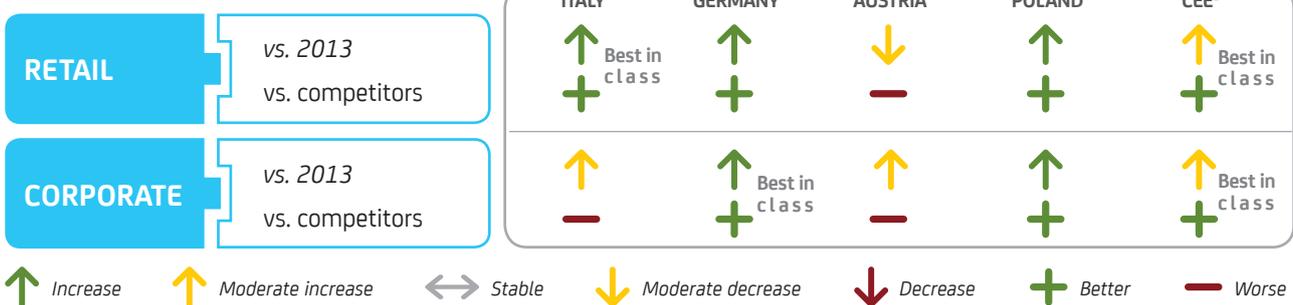
Our customer-driven approach is underpinned by an array of channels that collect feedback from our clients and then deliver them prompt responses. This process facilitates the creation of products and services that perfectly meet customer needs.

### Integrated approach to customer engagement<sup>A</sup>



A. Refer to 2012 and 2013 Sustainability Reports for more detailed descriptions of our customer engagement tools and channels.

### 2014 Customer Satisfaction results (TRI\*M Index)<sup>A</sup>



A. Refer to the Supplement for 2014 detailed results.  
B. TRI\*M Index calculated as a simple average.

Even if digital technology is transforming the banking industry, many of our customers continue to prefer making their transactions at our branch ATMs. To ensure a high level of customer satisfaction, in 2014 over 1,400 UniCredit branches in Italy received *Mystery Shopping* visits **monitoring** the overall service of their ATMs as well as the quality of advisory.

To further improve our complaint management capabilities, a specifically-designed training program was carried out in 2014. This initiative engaged in about 200 sessions roughly 3,200 front end colleagues who serve as the primary contact for customers with complaints and work together with them **resolving** outstanding issues.

With the same goal, in Germany a *Customer Centricity Board* holds quarterly meetings. Comprised of first-line managers from our product, sales, organization and multichannel management departments, the board works with the Stakeholder & Service Intelligence Team to identify critical service delivery flaws and propose remedial actions. Thanks to this integrated analysis, in 2014 complaints about our mortgage approval process led to improved communications between sales and back office staff and faster credit response times.

UniCredit was the first bank in Italy to launch a mobile banking application hackathon. The 2014 *Appathon* welcomed 35 teams of young participants **collaborating** on 2 specific challenges: edu-finance App and daily App. In this initiative, 11 financial education application prototypes and 24 daily app prototypes were developed by working groups supported by 27 UniCredit mentors. The 3 best apps were awarded cash prizes. These apps were: *Hatly*, a savings education app combining a wish list with crowdfunding tools; *U4U*, which provides simplified loan estimates, withdrawals via smartphone and bank transfers between devices; and *UniCredit 24/7*, a simple and social app built around our real life banking concept.

In Germany and Austria, the *Kundenforum* online community allows customers to get involved at an early stage in the

optimization of products and services. Within this forum, the bank is able to forward its upcoming products and concepts, while customers can also propose their own ideas and make suggestions and comments in real time.

In response to the Russian government's program to improve the flow of documents between businesses and state institutions by removing bureaucracy, UniCredit Bank became the first bank in Russia to offer advanced customs cards that permit remote payments 24 hours a day, 7 days a week. This fully automated service allows for the exchange of electronic documents, which has served to stimulate import/export activity. Our main goal is to become a top-five provider of customs cards in Russia.

Through our strong social media presence, we continue to look for ways to interact face-to-face with people, better **exploring** new cooperation opportunities. We drive them in discovering our bank propositions, making more transactions with us and becoming increasingly loyal to our brand. Our 2014 initiatives included the creation in Italy of *Famiglia Conti*, our first web miniseries and gamification activity to educate users about the benefits of an online financial planner. The 10 episodes were viewed 933,000 times and received 20,000 comments during the campaign. Meanwhile, in Romania, our *Virtual Facebook Branch*, which allows visitors to explore and use our online services, has reached about 47,000 fans since the launch.

Over 2 million fans joined our social media profiles

According to the I-Com (Institute for Competitiveness) study on Digital Finance Innovation, in February 2015 UniCredit ranked first among the most active banks on social channels in Italy and third in Europe. Furthermore our social channel @UniCredit\_PR received a blue verified badge from Twitter Inc.. This badge is used to establish the authenticity of key individuals and brands on Twitter.

- Customer Proximity
- Simplicity & Transparency to Customers
- Support to Business
- Community Proximity
- Financial Education

## Focus

### Quality means security

In a world of growing complexity, in which our customers ask for more and more security, our traditional approach to security issues is rapidly evolving and becoming a 360° coordination based on a shared and solid cross country and trans functional mission coordinated by a Global Security.

A solid risk/events analysis, identification of factors decreasing risk and prevention, together with a short reaction time, become pillars of the overall security strategy that more and more will be key for the future challenges of the Group.

Being our bank more and more digital, either anticipate or quickly respond to new threats became fundamental to grant a superior customer experience.

Thus we work to develop a global cross functional approach with regards to issues that are relevant for our stakeholders, such as data protection, business continuity, people and assets' safeguard and fraud prevention aimed at reducing costs, also leveraging on a consistent governance model<sup>2</sup>.

2. Refer to the Supplement in this report for more information.



## Dialogue with communities

Our work to maintain open lines of communication allows us to engage several stakeholders groups on a range of important financial sector-related topics. The resulting dialogue - mainly with investors, regulators and local consumer associations - enables us to speak and work openly and constructively with our critics. This serves to underline our commitment to transparency and demonstrate the strength of our local roots.

UniCredit's Investor Relations (IR) liaises with our institutional **investors**, while Shareholder Relations serves our retail investors<sup>3</sup>. This organization enables us to provide customized shareholder services while emphasizing transparency. As at December 2014, the IR team was composed of 10 colleagues dedicated to providing accurate, effective and timely communications about our Group's financial performance and market strategies via multiple channels.

Moreover UniCredit consistently engages with international and national **regulators** in support of competitive, sustainable financial markets.

To properly navigate the increasingly complex global financial system, a new Group Institutional and Regulatory Affairs Department was established at the end of December 2014. It is charged with reinforcing the management of Group-level relationships with banking regulators and supervisors and developing better forecasts of the operational impact impending regulations may have. This new department reports directly to UniCredit's general manager.

In 2014, before assuming its role as banking supervisor within the Single Supervisory Mechanism, the ECB - in conjunction with National Competent Authorities - performed a comprehensive assessment of 130 European banks.

### Key Figures and Issues in 2014



- release of the 2013-2018 Group Strategic Plan
- EU-wide comprehensive assessment by the ECB and stress test by the ECB, EBA and National Competent Authorities (NCAs)
- listing of FinecoBank on Borsa Italiana

A. One-on-one and group meetings, conference and video conference calls and meeting with rating agencies (49), buy-side (484) and sell-side (24) investors.

The purpose of this exercise was to increase transparency, financial integration and stability. The first part of the assessment was an asset quality review performed by the ECB, and the second was stress testing performed by the ECB together with the EBA and NCAs. When this exercise was complete, UniCredit, based on consolidated data as at December 31, 2013, demonstrated its capital position was solid.

In June 2014, the ECB announced a series of targeted long-term refinancing operations (TLTROs). The TLTROs are designed to improve the functioning of the monetary transmission mechanism by supporting bank lending to the real economy. In response, UniCredit developed its *Valore Europa*<sup>4</sup> program which granted almost all of the €7.8 billion TLTRO loans made in Italy.

### Focus

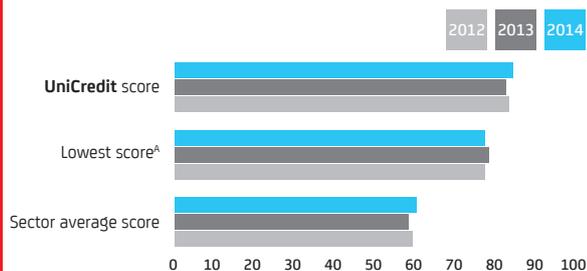
In 2014, UniCredit continued to dialogue with SRI and sustainability rating agencies and has been listed on major sustainability indexes. This included the Dow Jones Sustainability World and Europe by Robeco SAM which awarded, at the beginning of 2015, UniCredit with *Bronze Class Distinction*. The following were recognized being among our strengths: *customer relationship management, risk and crisis management, brand management, compliance, financial inclusion, stakeholder engagement, labor practices and human rights*.

Community dialogue includes also our long-term engagement with **consumer associations** aimed at providing our customers with simple and transparent products and services.

To this end, in Italy we renewed *Noi&UniCredit*, our long-term partnership program and continued to work with 12 consumer associations on topics related to transparency, financial inclusion, innovation and financial education.

We run similar engagement practices in Germany, Austria and Bulgaria to promote clear and transparent relations with customers.

### Dow Jones Sustainability Index (DJSI) - World



A. Lowest scoring company within the top 10% best performing companies in the industry in terms of sustainability.

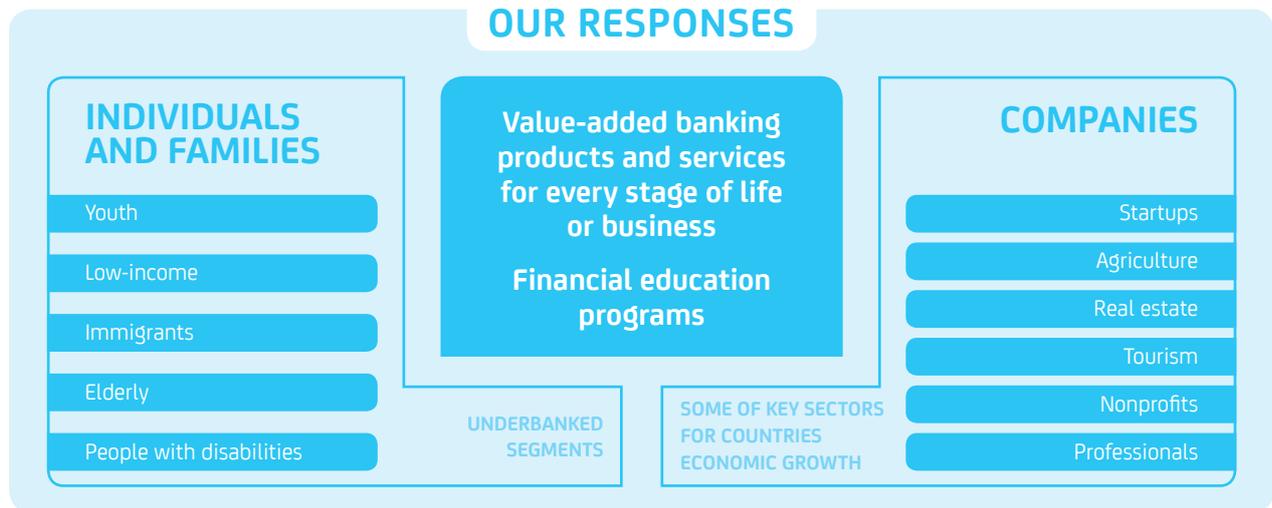
3. Refer to the Governance section of the Group website for a complete list of UniCredit's major shareholders.

4. Refer to the our website ([www.unicredit.it](http://www.unicredit.it)) for more information on this initiative.

## Spur communities growth

We are committed to finding new ways to serve our individual and corporate customers. We do our utmost to support their projects, whether they are entering a new stage of their lives or

making important business decisions. Their collective success is vital to countries economic growth.



- Responsible Finance
- Simplicity & Transparency to customers
- Aging of population
- Clear approach to markets
- Financial Stability

### Foster financial inclusion

An increasing number of **young people** need open access to banking products, and we are dedicated to facilitating this process.

In Poland, where lack of housing is one of the main country issues, Bank Pekao SA joined the Polish government program *First Apartment for the Young*. It provides subsidies to those up to the age of 35 who wish to purchase their first home and contributed to boost demand for housing in the country. We set up a special fast credit approval process that enabled us to cover roughly 41 percent of the program's funding, by granting more than 5,500 loans, with 83 percent going to new customers.

In Bulgaria, UniCredit Bulbank DD created its *Academic League* package as part of the *My Bank of the Future* initiative. Participants between the ages of 18 and 25 worked on real business projects with the support of several bank mentors. Among generated ideas, a special overdraft loan, using scholarship fees as a collateral, came to fruition. Another product included in the *League* package is the *Students Loan* that granted roughly €300,000 since 2014.

Due to the prolonged economic downturn, the number of people in financial difficulty increased, also in countries where we operate. For this reason, we help **low-income** individuals and families by offering them services and products suitable to their situation.

*New PerfectFit-Konto light* (previously *Habenkonto*) is for financially challenged people who might not normally open a bank account, which is often a precondition for getting a job or renting a home in Austria. In 2013 and 2014, more than 2,600 customers benefited from this service.

In countries with high migration flows, we deliver customized solutions for **immigrants** as we believe it is a responsibility but also an opportunity to enlarge customers' base.

In Italy, leveraging on our approach of facilitating banking for immigrant customers, we started integrating our *Agenzia Tu* offer into our service model with a pilot in 12 branches in Lombardy. Customers were able to access distinctive services such as video consulting provided by ad-hoc trained colleagues, special ATMs and brochures in multiple languages to better access our banking services accounts and loans. Evidences from the pilot will be the base to further shape our service model according to our customers' changing needs.

In Romania, *Familia Ta* helped more than 3,600 customers living abroad. This service provided them with a current account package that allowed them to pay utility and other bills, helping them to support their families while they are abroad.

We also do our best to serve our **elderly** customers and introduce them to innovative, convenient and easy-to-use banking tools.

In Bulgaria, UniCredit Bulbank DD, in cooperation with Allianz Bulgaria Pension Company, offers quick and easy access to supplementary retirement funds. In addition, *Golden Ages*, a part of the *Your Financial Advisor* online planner, helps customers identify appropriate financial solutions. In 2014, over 34,700 users took advantage of this service.

While designing products and services, we also work to minimize potential barriers for **people with disabilities**<sup>5</sup>.

At UniCredit Bank Austria AG in 2014, we provided 140 shuttle rides to our branches for customers.

In Croatia, 94 percent of Zagrebačka Banka DD ATMs are wheelchair accessible.

5. Refer to the Human Capital for more information.



Since 2009, UniCredit has developed a range of **financial education programs** and tools<sup>6</sup> across Group countries to improve the personal financial management skills of our citizens, as responsible financial habits are fundamental to stimulating real cultural change and community development.

In 2014 over  
**81,000**  
people  
participated in  
our financial  
education  
programs

In Italy, our *In-formati* program is targeted towards young people, families, the elderly, nonprofits and SMEs. During the course of 2014, more than 26,000 people attended roughly 850 training sessions run by 269 volunteer colleagues. The almost 89,000 hours of training served to increase participants' scores by an average 19 percent on the *UniCredit Financial Literacy Index*, which measures the level

of understanding before and after courses. Special attention was also paid to deaf participants, who received dedicated training in sign language from our deaf colleagues trained to better manage classroom interactions. Elderly people also received ad hoc support in using our online banking channels from colleagues.

In Germany, 58 colleagues held 60 financial education workshops that specially-targeted youth working at their first jobs and people with hearing disabilities, engaging 1,320 attendees and providing about 2,640 training hours. Moreover our educational portal *EURO.DE* was upgraded to provide a better user experience for the almost 10,800 unique visitors to the site in 2014. In 2015 we will boost our presence on social media to further promote these initiatives.

In Austria we continued to partner with the Austrian National Museum of Social and Economic Affairs. Together we were able to engage about 30,000 participants since 2012, of which over 8,000 in 2014 received more than 12,000 training hours. Moreover we launched the 2014 *Business Plan Contest* for students, encouraging them to develop innovative business ideas. Over 1,000 students participated to the 8<sup>th</sup> edition of the initiative and were supported by professional coaches also from UniCredit Bank Austria AG.

In Poland we inaugurated the *Bankers for Youth* program for secondary school students. On a scale of 1 to 6, participants gave the program an average satisfaction score of 5.1, with 88 percent of the 45,000 participants. This project was awarded in the *Leaders of The Banking World* contest.

In Poland we inaugurated the *Bankers for Youth* program for secondary school students. On a scale of one to six, participants gave the program an average satisfaction score of 5.1, with 88 percent of students highly appreciating the quality of the workshops. This project was awarded in the *Leaders of The Banking World* contest. With the youth target, we also carried out *Finance Academy* focusing on banking innovation and trends through about 1,000 workshops in schools. Via the two initiatives we engaged more than 45,000 participants over the year.

### Boost business growth

To promote innovation and support competitiveness across countries where we operate, we leverage our expertise and Group

best practices in the design of initiatives - primarily for SMEs, which are the backbone of the European economy - to **enhance business know-how** and **stimulate networking**.

In Italy, we supported businesses with aspirations for international expansion with the new *Go International!* program offering free courses held by our experts and external partners. The program is delivered via different modalities: *Export Business School* master path, online video seminars, workshops and customized training held with local stakeholders or directly in participating companies' offices. In Q4 2014, 23 sessions were held for 1,300 companies from several sectors, 66 percent of which were SMEs. Among other initiatives aimed at supporting local businesses growth and international expansion, we organized dedicated workshops as *UniCredit International Forum Paese (UniCredit International Country Forums)* and other business-to-business events between Italian firms and potential foreign buyers. All in all about 60 events were held in 2014. Also we continued to ensure our proximity to territories through the *Territorial Boards* and renewed initiatives started in the past, as *Forum dei Territori (Territorial Forums)* and *Forum delle Economie (Forum for Economics)* facilitating debate on development opportunities in local and international markets, welcoming about 2,000 participants to 25 events. With the same goal of facilitating networking and know-how sharing, we work with Milan Bocconi University and AldAF (the Italian Association of Family Owned Companies) to help family companies, representing 82 percent of Italian market<sup>7</sup>. Since 2010 we organized 25 local workshops, hosting over 900 enterprises, to present the results of the annual *Osservatorio AUB (AldAF, UniCredit, Bocconi)* that monitors the evolution of Italian mid-large sized family owned companies<sup>8</sup>, through specific industry focuses. For these companies we created *Family Business*, offering qualified advisory to facilitate corporate governance management and generational business transfers.

In Bulgaria we inaugurated a *UniCredit International Center* that occupies a dedicated space within UniCredit Bulbank DD's headquarters, in Sofia. The center offers temporary offices for companies taking advantage of or researching business opportunities in Bulgaria, by providing easy access to our network full fledge of services and support from professionals both from our Group and from external partners. Also, our *SME Corners* provide customers and prospects free space in 7 branches across Bulgaria to advertise products and services. The initiative helped so far roughly 260 companies who increased their visibility and developed new contacts.

In Hungary, we organized dedicated meetings and annual events for more than 300 customers through our *Business breakfasts* and *Speed business clubs*, while in Slovenia we used our annual *Financial Days* event to showcase our special export products and services and discuss the importance of foreign investment for the local economies. This event was attended by roughly 100 companies.

Also by joining forces with major European and national institutions, we are able to provide companies the knowledge and expertise they need to **access subsidized financing** from public sources. Our activities in this area mainly focus on facilitating access to grants and financial instruments such as loans, guarantees and risk equity. These efforts, which are vital for the SMEs, aim to further boost

6. Refer to the 2013 Sustainability Report for more information.

7. Source: Bank of Italy.

8. Turnover in excess of €50 million.

innovation, competitiveness and employment, thereby reviving investor interests in European markets. Through our cooperation with major European institutions we continued to promote EU programs to foster smart, sustainable and inclusive growth. Thus, with our banks acting as intermediary financial institutions locally, we developed a wide array of services, ranging from customized advisory, to the provision of specific financial instruments.

In Poland, under the *Competitiveness and Innovation Framework Programme (CIP)* promoted by European Investment Fund (EIF), we made available roughly €220 million between 2010 and 2013 and, according to the latest agreement signed, we planned to increase funding to a further €230 million roughly in the 2013-2016 period.

Via the *European Progress Microfinance Facility (EPMF)* in Bulgaria and Croatia we provided finance for unemployed individuals and micro-enterprises promoting social inclusion of disadvantaged people. Over the year we approved over €1.5 million of funding<sup>9</sup>.

Over time the *JEREMIE (Joint European Resources for Micro to Medium Enterprises)* was activated through our banks in Italy, Bulgaria, Romania and Slovakia. Under this program we approved over €245 million of funding.

In CEE, UniCredit still remains among leading banks in the EU funds business by providing specialized solutions - as bridge loans, investment loans, letters of guarantee for advance payment, VAT facilities, facilities for pre-financing agricultural subsidies - to help companies access subsidized funding. Among others, we periodically organize local events addressing EU funds related issues, for example regional conferences in Romania in partnership with the European Commission Representation in Bucharest.

In CEE, approved roughly  
**€1.8 billion**  
in loan facilities  
to projects  
eligible for  
EU funds

In Croatia with our *EU Fond vodič (EU Funds Guide Initiative)* we proactively informed our customers about available European funding opportunities. In terms of financing, at the end of 2014, approximately €1.8 billion in loan facilities were approved by our CEE local banks in support of projects eligible for receiving non-reimbursable funds from EU. Over 30 percent in 2014 alone<sup>10</sup>.

Similarly, at the local level across Europe, we joined forces with ministries and local authorities, with special attention to SMEs support.

In Italy, the Ministry of Economic Development's *SMEs guarantee fund (Fondo di Garanzia PMI)*, provides state guarantees for up to 80 percent of the financed amount to beneficiaries companies. As at March 2015, we provided funds amounting to roughly €16 million within this program.

For the Hungarian National Bank's *Funding for Growth Scheme*, which focuses on supporting micro, small and medium-sized enterprises in all sectors, UniCredit Bank Hungary Zrt. made over €222.5 million available. While under the auspices of the Republic of Serbia's *Fund for the Development*, we granted financial support to over 3,200 customers that received more than €158 million.

We understand that businesses vital to the economic development of their countries of origin require **tailored solutions** that conform to regional dynamics and features. To this end, across countries we are equipped to provide outstanding, specialized services, interpreting countries' competitiveness factors.

- Customer Proximity
- Support to Business
- Employment
- Financial Education
- Research & Innovation

### A snapshot of sector-specific support in our Group

SECTOR (Country) <sup>A</sup>	EXAMPLE OF TAILORED SOLUTIONS	
<b>STARTUPS</b> in IT, BG, BA, HR, HU, RO	<i>UniCredit Start Lab</i> acceleration program (Italy)	<ul style="list-style-type: none"> <li>• 783 innovative startups applied; 67 percent of the entrepreneurs were 40 years old or younger</li> <li>• out of the 40 companies that receiving training and mentoring, 4 received cash grants</li> <li>• Qurami, which developed an app that shorten queues and wait times in shops or offices, received €590,000 in seed funding from UniCredit and other investment partners</li> </ul>
<b>AGRICULTURE</b> in IT, PL, BG, BA, CZ, HR, RO, SK	Financing for agriculture and rural development (Czech Republic and Slovakia)	<ul style="list-style-type: none"> <li>• specific financing solutions were identified for a sector which is influenced by irregular income streams, mainly due to seasonal fluctuations</li> <li>• until end of 2014 more than €500 million were provided for pre-financing agricultural subsidies, for assets purchase, and even for more demanding agricultural or rural development projects connected with construction and modernization</li> </ul>
<b>REAL ESTATE</b> in IT, AT	<i>Subito Casa</i> (Italy)	<ul style="list-style-type: none"> <li>• new UniCredit company specialized in real estate consulting services for individuals and corporate customers (both buying and selling)</li> <li>• at early 2015, a network of nearly 400 experts, covering 90 percent of the Italian market</li> <li>• 130,000 customers using our real estate properties' estimations service (CIP, Carta di Identità del Patrimonio Immobiliare)</li> <li>• roughly 10,000 properties placed on the market</li> </ul>
	Subsidized financing (Austria)	<ul style="list-style-type: none"> <li>• roughly €180 million in new loans provided (€3 billion as total stock at the end of 2014)</li> <li>• subsidized housing helped deliver affordable housing to the market: an average 22 percent of Austrian consumers' spending goes on housing compared with 25 percent in Germany or Italy</li> </ul>
<b>NONPROFITS</b> in IT, RO, SI	<i>Universo Non Profit</i> (Italy)	<ul style="list-style-type: none"> <li>• over 33,600 nonprofit customers, of which more than 4,300 were new</li> <li>• roughly €79.7 million in new loans agreed also via a customized rating process</li> </ul>
<b>TOURISM</b> in IT, BA	Tourism financing (Italy)	<ul style="list-style-type: none"> <li>• special flexible loans and mortgages for a highly seasonal market</li> <li>• industry research and partnerships with major players to offer non-banking services (e.g., website development and payment tools)</li> <li>• a roughly €1.5 million credit line provided to sector operators at the end of 2014</li> </ul>
<b>PROFESSIONALS</b> in DE, PL, BA, HU	Pharmacy loans (Hungary)	<ul style="list-style-type: none"> <li>• special loans for purchasing pharmacy shares for pharmacy dealers with overdraft, secured mainly by the pharmacy's income from the national Health Insurance Fund</li> <li>• total volume of loans at the end of the year over €450,000</li> </ul>

A. Refer to the Supplement for respective country codes assigned by the International Organization for Standardization (ISO).

9. Data for 2014 approved funding refer to Bulgaria only.

10. Data refer to funds made available by EU in the programming period 2007-2013.



## Support countries well-being

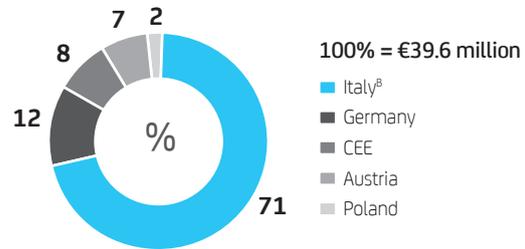
In an era of unprecedented social and demographic changes, understanding individual and collective concerns is essential to supporting the social welfare and long-term prosperity of the communities that we serve.

At UniCredit, proximity to our customers and communities enables us to understand the needs of the territories that we serve. This understanding allows us to more effectively carry out traditional banking activities and implement corporate

citizenship and philanthropic initiatives that support financial and social inclusion, by cooperating with institutions and organizations at both the local and international levels. Through our strong local presence and reputation, we are able to engage colleagues and attract resources from third parties. These efforts generated approximately €51.1 million<sup>11</sup> in contributions to communities (over €39.6 million in cash and an additional €11.5 million among time and in-kind contributions plus management costs associated to the initiatives).

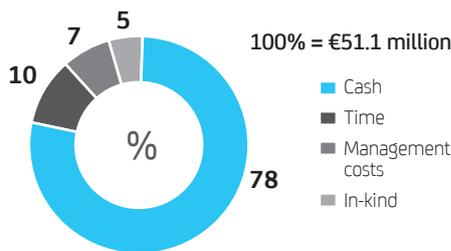
In 2014, we contributed roughly €51.1 million to communities, as measured by the *London Benchmarking Group (LBG)* model<sup>12</sup>. In addition over €5.3 million were resources attracted by third parties (leverage). This almost 4 percent increase year-on-year is part of our effort to be more efficient and maximize our competencies and relationships. While we contribute to communities in many different ways, the majority of our support in 2014 was funding for art, culture and social welfare through the programs of our long-term strategic partners.

### Percentage of Group community contributions by geography, 2014<sup>A</sup>



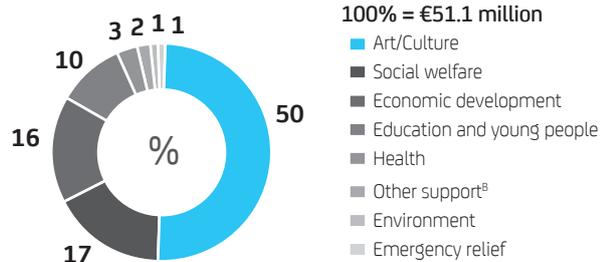
A. Data refers to cash contributions only. CEE includes UniCredit's six divisionalized countries - Bulgaria, Croatia, Czech Republic, Hungary, Romania and Russia - in addition to Bosnia and Herzegovina, Serbia, Slovakia, Slovenia and Ukraine. B. Includes also UniCredit Foundation and UniCredit & Universities Foscolo Foundation.

### Percentage of Group community contributions by type, 2014<sup>A</sup>



A. Includes Group cash contributions and - for Italy, Germany and Austria only - time, in-kind resources and management costs.

### Percentage of Group community contributions by focus, 2014<sup>A</sup>



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" refers primarily to local athletic initiatives and does not include main professional ones.

## Encourage social inclusion

As a bank we work to increase the social welfare of territories. To achieve this<sup>13</sup> we continued to:

- promote the engagement of colleagues in solidarity-driven initiatives
- foster social enterprise projects and fundraising campaigns
- support territories in times of need

In 2014, we ran the 12<sup>th</sup> edition of the *Gift Matching Program*, which is the UniCredit Foundation<sup>14</sup> main **employee engagement** program conducted in 15 countries. More than 15,500 colleagues

took part in the program, supporting over 470 organizations and donating more than €3.6 million, including matching contributions from the UniCredit Foundation.

In Germany, colleagues volunteered in the *Youth Mentoring Program*. Through the *Joblinge* vocational scheme, these volunteers provided over 130 unemployed young people with career advice and practical assistance. Since the beginning of the program, with a placement rate in long term jobs of 80 percent.

11. 2014 data are based on internal cost management data sources. Total contributions include cash contributions Groupwide, in addition to the value of employees' time, in-kind resources and management costs referring to Italy, Germany and Austria only. Aside from contributions tracked using the LBG model, total contributions to communities include an additional roughly €1 million for business initiatives that foster economic development in our territories and for the support of local professional sports.

12. To date, the model covers roughly 90 percent of our contributions Groupwide. Coverage calculated on cash contributions only.

13. Refer to 2013 Sustainability Report for more information.

14. Refer to the Foundation website [www.unicreditfoundation.org](http://www.unicreditfoundation.org) for more information.



Among our many activities, we also support the development of **social enterprises**, through the UniCredit Foundation initiatives, by providing them with grants, consulting and training activities to stimulate employability. Among best examples, in Italy the UniCredit Foundation, together with three national partners, launched *Occupiamoci!*, allocating €600,000 to support 106 disadvantaged young people between the ages of 16 and 29. These funds gave them the chance to participate in on-the-job training sessions and supported their employment in organizations that are developing social enterprises or startups.

In Czech Republic and in Slovakia, a program was carried out in 2014 in collaboration with VIA Foundation and Provida Foundation to strengthen the entrepreneurial capacities of social organizations through the development of innovative businesses that deliver measurable social impacts. The *Better business* tender in Czech Republic distributed grants to 8 of the 69 social business ideas proposed, while the *Can fish fly?* initiative in Slovakia granted 4 of the 97 participating organizations, among those selected 8 social entrepreneurs joined the incubator.

In providing concrete support to communities, we promote charitable **fundraising** through our *Universo Non Profit* service model. In particular *Canto Donazioni* allows non-profits to collect donations in branches at no cost. As at December 2014, 1,404 *Canto Donazioni* accounts raised about €5.1 million. In line with previous years, we also encourage our nonprofit customers to access the free web platform *ilMioDono.it* to promote their activities and collect donations free of charge. To date, 1,057 organizations are present on the platform; in 2014 over €122,000 were raised towards 406 of them.

UniCredit customers can also donate, through *UniCreditCard Classic E*, the 0.2 percent of each transaction to a special fund for social projects without incurring in any additional fees. In 2014 about €1.8 million was collected through the roughly 220,000 cards in circulation. Among other initiatives supported through this special fund, the *UniCreditCard Classic E Call for Proposal*, entitled *Social Cohesion Strategies for Young People*, intended to enhance employment inclusion of disadvantaged young people.

We also cooperate with local stakeholders in **times of emergencies**, by responding swiftly and effectively to support the recovery of affected areas.

To help the 3 million people affected by a huge flood that impacted vast tracts of the Balkans, in May 2014, in Austria, within two days after the flood, we created a special account to collect donations from colleagues and customers. In cooperation with Caritas, we donated roughly €174,000.

To further help those flooded areas, UniCredit Bank Serbia Jsc teaming up with Mercy Corps, through funding provided by USAID/ OFDA and ECHO<sup>15</sup>, delivered over 3,100 gift cards to families affected by the floods, lifting all fees and charges associated with their utilization. In this way, we provided over €900,000 in support to citizens. And to facilitate the repayment of loans in the aftermath of the crisis, we introduced relief measures that imposed a six-month moratorium on repayments at no additional cost.

## Spread culture

In today's economy, the ability to encourage and develop **creative, talented people** is the key to promoting countries' economic growth and competitiveness.

Every year, the UniCredit & Universities Foscolo Foundation<sup>16</sup> offers scholarships, fellowships and grants to top talented students and researchers. UniCredit has contributed over €8.1 million since 2009 to the foundation's programs, supporting a total of 304 beneficiaries.

Along with last year's initiatives, the *UniCredit International Internship Program*<sup>17</sup> in 2014 doubled its numbers from 2013, offering 40 undergraduates - selected from among over 4,000 applicants - a three-month internship abroad at UniCredit.

We believe that culture changes people, helping them to build relationships, create a more inclusive society and stimulate innovation. That is why we have always promoted culture in all its forms, supporting initiatives in the fields of **art, music and sports**.

In Italy, we work on bringing culture closer to a wider public, working with partners like the Arena di Verona Foundation and the Filarmonica della Scala Orchestra. We also organize international exhibitions of the Group's art collection to make it available to the external public.

Our contribution to music expression is also well represented by an overall €7.5 million investment in 2014. Among other initiatives in all Group countries, one of the main is represented by Open Filarmonica in Italy, through which in partnership with the Filarmonica we bring artistic excellence across the globe.

Along with our long-standing commitment towards people engagement, sport plays an important role. In Italy we carried out the *Running with UniCredit* initiative to promote running activities. In 2014, 8 UniCredit-sponsored marathons took place in major city centers, involving about 34,800 participants.

An additional example is represented in Germany by the educational program *buntkicktgut* that was supported once again by the UniCredit Foundation. Since the beginning this program brings together a yearly average of 2,500 disadvantaged young people with migrant backgrounds for street football tournaments. The program is now nationally recognized as a model for social assistance.

### Focus

#### Arena di Verona

Representing a crucial action to sustain Italy's cultural heritage, in December 2014 UniCredit signed an agreement to support the City of Verona's restoration of the Arena, the third-largest Roman amphitheater in the world. Built in the first century A.D., the Arena is able to host up to 13,500 spectators. This agreement is one of the first applications of *Art Bonus*, an Italian government program to encourage private involvement in culture by providing donors with an opportunity to claim significant tax deductions.



15. USAID's Office of Foreign Disaster Assistance and European Commission's Department for Humanitarian Aid and Civil Protection (ECHO).

16. Refer to the Foundation website [www.unicreditanduniversities.eu](http://www.unicreditanduniversities.eu) for more information.

17. In its 2013 first edition named *UniCredit Stage-Abroad Exchange Program*.



## Intellectual Capital

Innovation-related capabilities from which future economic benefits are expected. In UniCredit’s case, it includes information and communications technology systems, our organizational framework and innovation processes.

Our Stocks of Capital

### Effective and safe ICT system

ICT investment increased by **↑ 3%** CAGR over the last 4 years.

ICT expenses decreased by **↓ 1%** CAGR over last 4 years

A growing emphasis on ICT innovation and on operational reliability and efficiency

### Efficient and effective processes

We enhanced the process management framework **↑**

Periodic training activities were carried out regularly to promote a uniform process culture

An improved representation of the organization through processes and the definition of key roles and responsibilities

### Innovation capability

Our innovation process, staffed with **55 colleagues**, is fully integrated into the company value chain

A sharp focus on seeking out new ideas and talents and on developing high-value new solutions for core products and services

## Enhance ICT to support businesses

UniCredit is investing heavily in ICT to ensure the Group moves forward with a steady focus on innovation, reliability and efficiency.

Our Group maintains a consistent capital allocation strategy for its IT investments, providing an appropriate balance between legal and regulatory requirements and the demands of an evolving business environment.

The ICT and Operations management structure was strengthened in 2014 by establishing a new office headed by a Group Chief Information Officer to ensure a unified approach and consistent processes.

In accordance with the Group Strategic Plan, in 2014 a new Group ICT and Operations Strategy was defined with the object of enabling the digital transformation of the Group and improving our agility and time to market.

Our ICT activities have focused on supporting the evolution of global multichannel solutions (e.g., online banking, mobile

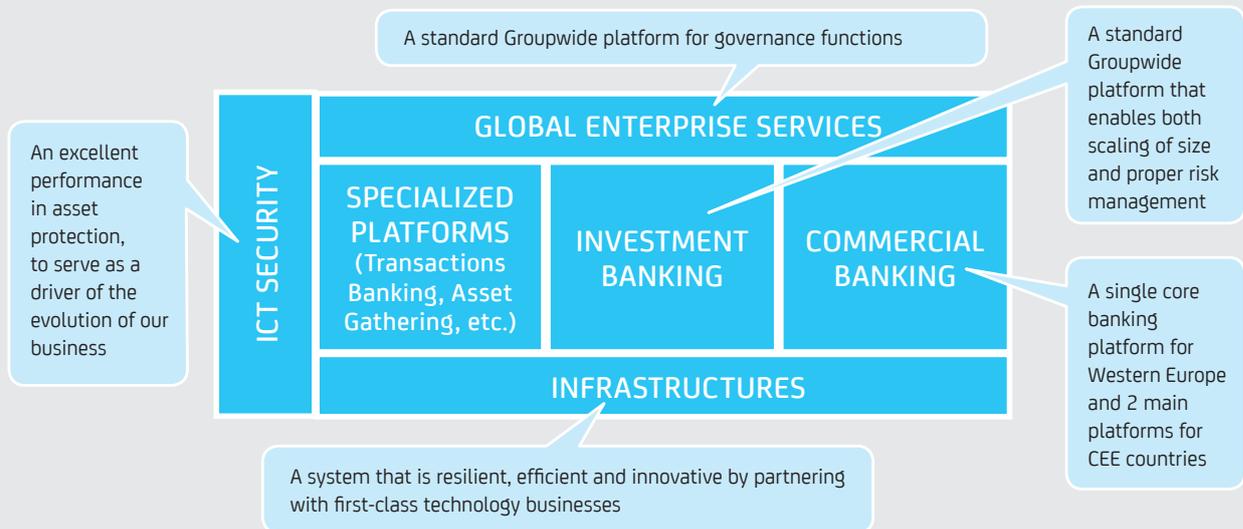
banking and tablet apps), developing flexible new branch formats, enabling innovations in customer relationship management (CRM), supporting our portfolio of new products and services, and implementing the digitization of our processes.

In Central and Eastern Europe, the CEE2020 IT program was launched with the goal of enabling the increase of revenues by means of service improvement through innovative sales platforms and CRM capabilities.

We have launched the Finance & Risk Convergence program, aiming at establishing a single source for finance and risk data shared by CFO and CRO organizations, and made significant improvements in the implementation of IT solutions for our Group's Operational, Market and Counterparty Risk Internal Model.

In 2015, our Groupwide ICT activities will continue to move forward in line with the adopted strategy.

### ICT Platforms and Strategic Guidance



## Disseminate company know-how

The company's knowledge base determines the efficiency and effectiveness of all of the bank's operations. It provides an important competitive advantage for UniCredit and benefits to customers in the form of enhanced products and services.

At UniCredit, the process framework assures the protection, codification and dissemination of company know-how. The

correct and comprehensive management of the process framework produces several benefits:

- an accurate global overview of processes for all parties
- the use of common terminology, recognized across all Group entities, serving as the basis for an integrated approach and cooperation among different offices
- access to strategic tools that can support the management of processes



The process framework is built on four pillars: roles & responsibilities, classification & mapping methodology, regulation management and tools.

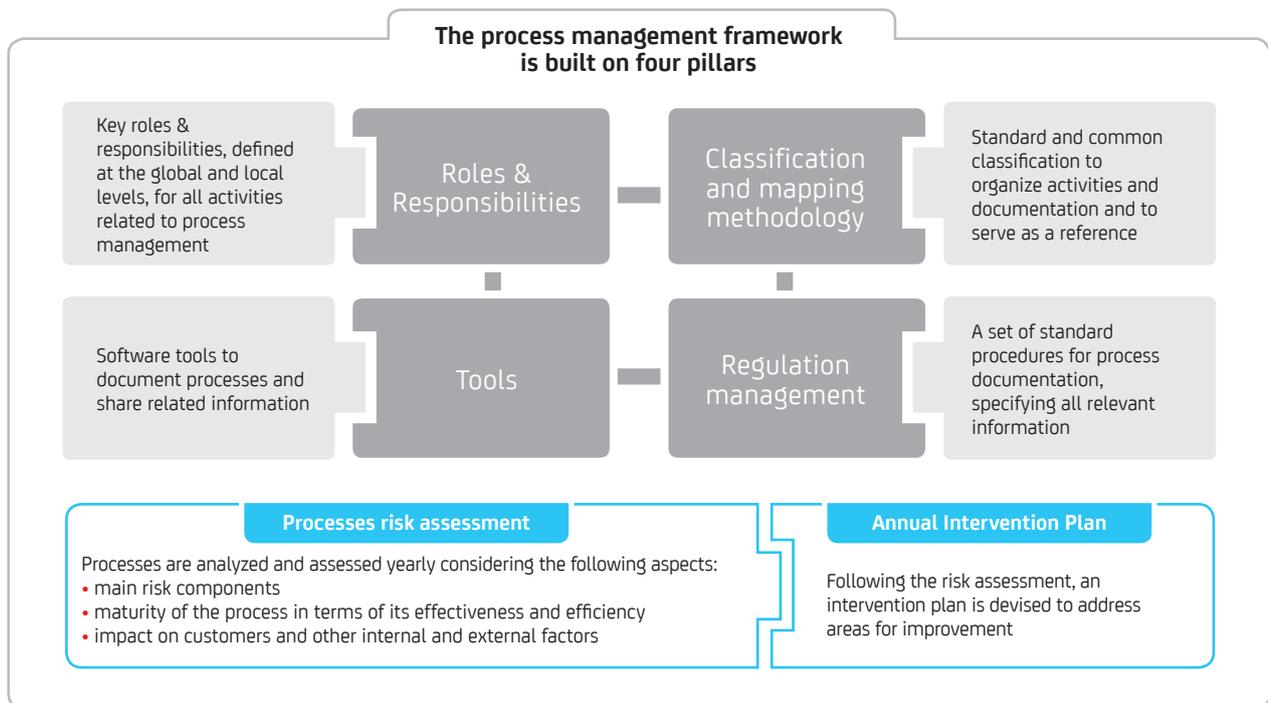
An annual risk assessment exercise is performed, on the basis of which an annual intervention plan is developed.

In 2014 process classifications have been reviewed aiming for:
• completeness, including previously uncovered areas, e.g. new CIB processes

- consistency and simplicity, eliminating redundancies (deletion of overlapping processes, reclassification of processes)

Responsibilities have been restructured to ensure maximum awareness and commitment on the part of all involved.

In 2015, our activities in the realm of harmonizing and enhancing the framework for processes and responsibilities will continue.



## Innovate for the future

Innovation is closely tied to improvements in efficiency, productivity, quality and competitiveness.

It is the catalyst for growth. In a constantly changing environment<sup>1</sup>, an innovative approach is the key to success, especially in banking.

By tapping into new trends and leveraging emerging technologies, innovation creates competitive advantages and generates value for customers. We provide advanced solutions that aim to:

- protect and increase market share
- produce new revenue
- reduce the cost to serve
- improve customer satisfaction

To identify new ideas, we monitor key worldwide trends that affect the banking business.

1. Refer to Market Overview for more information.

## A stage-gate approach for innovation project



New business solutions in the form of products, services and banking channels often rely on a high level of scientific and technological sophistication. They can only be implemented following a thorough process of research and testing that employs both internal staff and external experts.

New innovations that may suit the UniCredit Strategic Plan are assessed according to a cost-benefit analysis that quantifies the added value generated for the bank and our customers. The industrialization of new products and services is then carried out directly by our business areas in order to serve customer needs with greater precision.

Innovation activities are covered by two specialized teams that are the expression of the innovation culture widespread throughout the Group. Group Research & Open Innovation is dedicated to research and development activities on information technology, matching engineering, prototyping and testing skills with a focus on patenting. Business Innovation designs innovative digital business solutions for customers, testing the proposed solutions both on customers and employees.

Many of the innovations we developed in 2014 will enter in the running phase during 2015.

- Customer Proximity  
- Dynamic Bank  
- Support to Business

### Innovations in 2014

	INITIATIVE	VALUE FOR CUSTOMERS	VALUE FOR UNICREDIT
<b>PRELIEVO SMART</b>	An innovative mobile/ATM service that will permit customers to withdraw cash from an ATM using a smartphone without using a debit card	Ease of withdrawals with greater flexibility for customers; the transaction will be debited from the customer's account without affecting the card's withdrawal limits	The bank gains a competitive advantage in the most frequently used service it offers (12,000,000 withdrawals per month from UniCredit ATMs by UniCredit customers)
<b>FINANCIAL COCKPIT</b>	A digital service for small and medium enterprises, available on PC or tablet, offering an intuitive graphic user interface that enables them to optimize and simplify their relationships with the bank	Customers can better monitor their business' cash flow, manage their credit positions and handle payments and cash-in deposits	Increases retention of small and medium enterprises customers, permits cross-selling, enhances monitoring of clients' positions, and improves the efficiency and effectiveness of the commercial network
<b>MERCHANT ANALYTICS</b>	A set of analytics, available on desktops and tablets, that provides useful business insights to merchants, helping them to better understand customer spending behaviors and competitors	Merchants better know their customers and competitors and can more effectively address actions to catch new opportunities	Increases retention of merchant customers and use of payment terminal at point of sale
<b>REAL TIME IMPACT</b>	A new technology-driven solution that reduces the time required for the inheritance management process and may be applicable to others branch complex processes	The product is in the testing phase. We expect that wait times will be dramatically reduced	Increased operational efficiency and enhanced customer relationships
<b>i.BEACON</b>	A new application based on <i>Beacon</i> technology to improve the customer experience in the branches. The Relationship Manager, through the integration of the central database of the bank (CRM), can visualize the essential data of a customer as soon as he enters the branch. Hence, the client, can be welcome with a customized reception	A more personalized and friendlier interaction	Operational efficiency and enhanced relationships with customers
<b>TEMPORARY BRANCH</b>	A branch seven square meters in size, offering key banking services through multifunctional technology with maximum flexibility; the branch is easily transportable and can be used over and over in different locations	Easy access to bank services in locations rarely served by traditional bank branches	Possibility to interact with customers and prospects at a wide range of locations and events in friendly and comfortable surroundings. The concept has already been tested: through the temporary branch installed in Milan (Bocconi University) 550 prospects were contacted mostly under the age of 25, while in Wien (in front of town hall) the initiative generated 2,000 prospects
<b>BABEL</b>	A system that uses all payments information stored in UniCredit databases to provide a holistic view of the financial network; such information as ratings of a customer's creditors and debtors can produce a more detailed evaluation of related risks and may identify new business opportunities	Babel can suggest products and services more suited to a specific customer's circumstances	The tool can be used to enhance our customer relationships and makes available a broader information set as a basis for credit evaluations; it can help identify new prospects; it is currently available for CRM use by Corporate Italy and CEE



## Natural Capital



Earth's natural assets and the ecosystem services resulting from them, which make human life possible. Natural Capital is affected by the impacts generated through the bank's activities.

# Our Stocks of Capital

### Air quality conservation

↑ €9.2 billion

Portfolio of loans for renewable energy

Support renewables as a low environmental impact energy source

### Soil, water, flora and fauna conservation

↓ -29%

in total GHG emissions at end 2014

↓ ~415,000

square meters at end 2014

We have almost achieved our 30% GHG emissions reduction target for 2020, mitigating our impact on the ecosystems

We continued the optimization of the space we occupy, enabling us to rationalize our energy consumption

UniCredit is aware that the interdependences between economic activity, ecosystems and natural resources present risks and opportunities for our business and our stakeholders. Economic development, human survival and well-being require conservation of the earth's ecosystems.

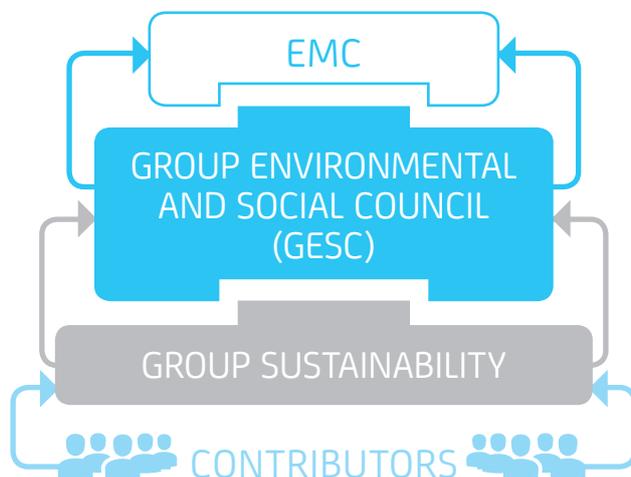
Climate change, depletion of natural resources, availability of water resources and degradation of air and soil are some of the possible adverse impacts from human activities in ecosystems, societies and economies across the world.

Through our Environmental Management Systems (EMS), we systematically work to define a reliable and inclusive approach to identifying and managing environmental impacts across our operations and value chain including lending, investments and other business activities. In doing this, we consider both environmental risks and opportunities.

## Reinforce environmental governance

At UniCredit, we believe that strong environmental governance is key to supporting the implementation, monitoring and constant improvement of our strategies and policies pertaining to environmental topics.

In 2014 we reinforced our internal governance by establishing the Group Environmental and Social Council (GESC) and by strengthening our Environmental Commitment. We believe these specific developments will help us achieve a more consistent approach across our various divisions and functions, promoting continuous improvement in our environmental governance. Our Environmental Commitment, approved by the Executive Management Committee (EMC) in March 2015, describes the approach, roles and responsibilities as well as the principles, rules, procedures and systems adopted by UniCredit to prevent and manage environmental impacts in our operations and value chain.



1. Refer to UniCredit's Environmental Commitment at [www.unicreditgroup.eu](http://www.unicreditgroup.eu) for more information.  
 2. Refer to UniCredit's Environmental Policy at [www.unicreditgroup.eu](http://www.unicreditgroup.eu) for more information.  
 3. The meeting, officially known as "UNFCCC COP 21/ CMP 11 - Twenty-first session of the Conference of the Parties and the eleventh session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol," is scheduled to take place November 20 to December 11, 2015.  
 4. Refer to Global Activities in the Strategic Plan for more information.

The GESC oversees the implementation of UniCredit's environment-related initiatives and commitments<sup>1</sup>. This council is in charge of proposing the Group's environmental strategy, annual objectives and targets as well as related activities for approval by the EMC.

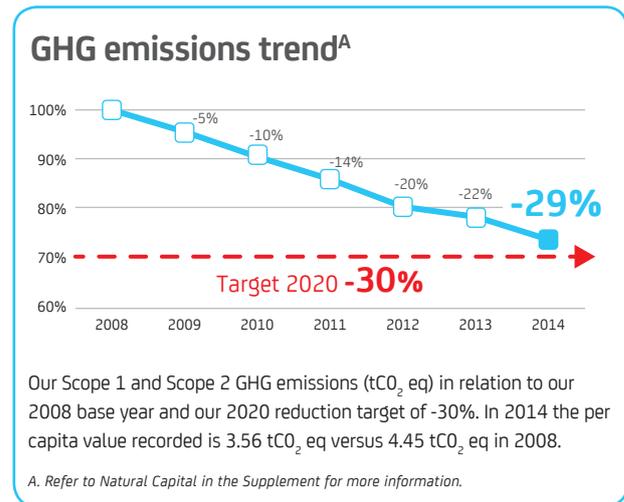


The Group Sustainability unit acts as the GESC secretariat. It leads activities and collects data from global and local contributors to enable strategic discussion towards the necessary evolution of UniCredit, leveraging also on local best practices.

The activities of the GESC are consistent with our Environmental Commitment and the UniCredit Environmental Policy<sup>2</sup>, which support a precautionary approach to environmental challenges by undertaking initiatives that promote greater environmental responsibility and encourage the development and diffusion of environmentally friendly technology.

## Reduce operational impacts

One of UniCredit's core objectives is to tangibly reduce the negative effects of our activities on ecosystems. We are closing in on our 30 percent GHG emissions abatement target for 2020, with a total 29 percent reduction from our 2008 base year. As anticipated in our 2013 Sustainability Report, we have verified invoicing anomalies regarding the consumption of natural gas in Italy in previous years, and have consequently rectified the prudential data published last year with a value more in line with the general declining trend. We will most likely review our objectives following the results of the upcoming 2015 United Nations Climate Change Conference in Paris, and may set more ambitious targets for ourselves for the years to come<sup>3</sup>.



A significant contribution to the decrease in our emissions is that of our *City Plans* initiative, which aims to **reduce the space we occupy** by some 700,000 m<sup>2</sup> by 2018<sup>4</sup>. Since 2009, a total reduction of over 415,000 m<sup>2</sup> has been recorded. Together with other related projects, *City Plans* has enabled us to substantially **rationalize our energy consumption** at the Group level.



As part of our *City Plans* initiative, we will relocate UniCredit Bank Austria AG offices to the Campus development in Vienna. Once construction is complete in 2018, this new site in the city's former Nordbahnhof railway station area will include the bank's headquarters and central Vienna-based departments. About 6,000 Bank Austria employees will then be concentrated at the site.

The *City Plans* initiative foresees *Smart Working*, a workspace model addressing different activities and needs, supported by technology for working on the go<sup>5</sup>. The innovative solutions foreseen by the project include working one day a week from home or from one of our 'city hubs'. This contributes to the mitigation of resource consumption and employee commuting impacts. According to our calculations, by 2018 with a potential involvement of 4,000 plus employees in the city of Milan, the initiative could lead to a saving in commuter travel of 2.5 million km a year, and some 500 fewer cars in circulation.

In 2014, UniCredit Bank AG's *Self Sustainable Branch* in Arbellapark, Munich received the LEED Platinum certification. It has been classified as a 'green building', thanks to retrofitting work comprising a number of environmentally sound features. These include LED lighting, triple glazing and an electric car charging station. The improvements, which complement a previously installed photovoltaic roof and other features, are expected to save roughly 50 percent in the building's heating consumption alone. The *Self Sustainable Branch* follows the example of UniCredit SpA's zero-impact bank branch in Reggio Emilia, Italy, which was inaugurated in 2012.

In addition to monitoring energy consumption and associated emissions at the country and aggregated Group level, we conduct individual energy audits of our premises as part of our EMS activities, performing 15 such audits in Italy, 28 in Germany and more than 50 in Austria in 2014. Tracking site-specific energy consumptions allows us to isolate any anomalies and better target energy efficiency improvement efforts. In 2014, we reduced our consumption of electricity by 7 percent at the Group level. In addition, we continue to make use of sustainable energy: the percentage of purchased electricity from special agreements with suppliers of renewable energy was 100 in Italy, Germany and Austria.

We continue to invest in reducing emissions associated with **business travel**. Our global policy on business trips discourages travel for internal business meetings of less than three hours, in favor of alternative communication means.

**85,000** hours per month of web conferences

In 2014, web conferencing alone accounted for an average 85,000 hours per month of remote meetings across the Group.

To this end, we continue to improve access to advanced solutions that facilitate remote collaboration between employees, such

as enhanced virtual desktops. These are valuable alternatives to face-to-face meetings, which contribute to a reduction in business travel.

Where business travel is unavoidable, we have adopted measures to reduce its negative impacts. Our car fleet, for example, is increasingly evolving towards more ecological solutions, such as renewal with lower carbon emission models which meet the recently introduced EU Euro 6 emission standard. In Germany, over 95 percent of our company cars meet Euro 5 and Euro 6 standards. We are working to reduce our car fleets in other countries such as Hungary, where the number of vehicles was nearly halved by the end of 2014, in line with the local car policy.

UniCredit is also increasing efficiency so that fewer resources are consumed in daily operations. Our Groupwide objective to **reduce paper consumption** is complemented by the trend to minimize the use of ecologically intensive paper in favor of more sustainable sources and production processes, such as Forest Stewardship Council certified paper. In Germany, we introduced the use of 75g/m<sup>2</sup> copy paper instead of 80g/m<sup>2</sup>, which has an improved lifecycle carbon footprint thanks to less wood pulp consumption and a consequent reduction in relative freight weight.

We are committed to acting responsibly and promoting good practices within our sphere of influence. This includes **our procurement practices** and our management of goods and services purchased and used within our organization. At UniCredit procurement is based on sustainable models: suppliers must meet certain minimum sustainability requirements and are selected in compliance with the standards of various conventions of the International Labour Organization relating to fundamental human rights, child labor, freedom of association, working conditions, equal pay, health, safety and business ethics. Suppliers must also comply with the standards of our Environmental Policy.

In addition to sourcing products that are attested for their environmentally friendly characteristics, we favor service providers that have certified environmental management systems according to EMAS and ISO 14001 standards. This includes providers such as the cleaning service we employ in Austria and the operators of the canteen at the UniCredit Tower in Italy.

We aim to further develop and extend our electronic vendor qualification and management system, which is currently used in Italy, Austria and Germany.

In keeping with our desire to sponsor good procurement practices, in 2014 UniCredit SpA adhered to the Codice Italiano Pagamenti Responsabili, the voluntary responsible payments code promoted by Assolombarda, the association of companies operating in the Italian provinces of Milan, Lodi, Monza and Brianza. The code is intended to strengthen and formalize prompt and efficient payment practices by companies to their suppliers.

<sup>5</sup>. Refer to Global Activities in the Strategic Plan for more information.

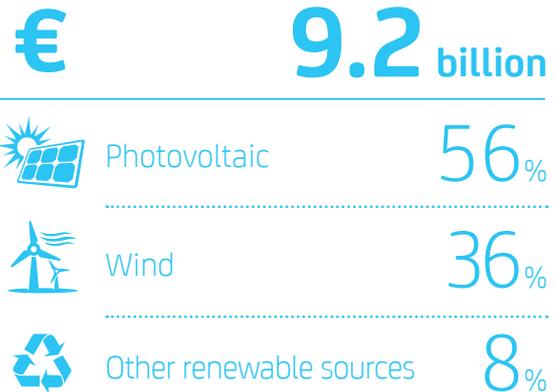
## Respond to environmental opportunities

UniCredit is committed to developing and promoting products and services that are both environment-friendly and capable of generating sustainable long-term value for our Group and the communities where we operate. We use our financial expertise to support customers across various business lines and develop projects and technologies that help reduce environmental impacts and mitigate climate change.

UniCredit supports renewable energy and energy efficiency investments in several ways. Firstly, we provide financial support for renewable energy sources such as wind, solar, hydro and others. At the end of 2014, our Group's portfolio in this sector amounted to a total loans exposure of more than €9.2 billion, a roughly five percent increase from our 2013 portfolio of €8.8 billion despite the uncertainties tied to the regulatory frameworks in many of the countries where we operate<sup>6</sup>.

We also promote the development of new models of sustainable energy through financial support and innovative technologies via our partners. Over the last two years of activity, Officinae Verdi (OV), a joint venture we formed with the WWF Italy Foundation, has facilitated / managed operations in Italy and Europe with investments of about €93.4 million in energy efficiency and greentech. It consolidates a strong know-how and an integrated approach in key sectors of the real economy (real estate, infrastructure, large-scale commerce and manufacturing), taking on a key role in the management of investments in energy efficiency. OV manages roughly 465

### Portfolio of loans for renewable energy, 2014



renewable energy plants with an approximate portfolio value of €927 million, for about 273 MWp, producing energy at the rate of 336 GWh/year and reducing CO<sub>2</sub> emissions for about 190,000 tons/year.

In order to facilitate access to credit for renewable energy and energy efficiency, particularly for SMEs, we also partnered with multilateral banks or government-subsidized lenders. As at 2014, within our CEE Division more than 15 agreements

### Focus

#### Supporting the WWF Oasis system

In 2014, we continued to support Italy's largest nature conservation program, the WWF Italy Oasis system. It covers more than 30,000 hectares of woods, coastline, rivers, lakes and mountains at more than 100 sites. The issuing fee of our *GeniusCard WWF* is donated to WWF, while through our *UniCreditCard Flexia WWF* users donate 0.3% of what they spend on the card to the WWF at no extra fee. In 2014, we recorded an increase of more than 65% in WWF cards issued, while the program's biodiversity conservation projects were supported by roughly €380,000 raised through the more than

52,300 WWF banking cards in circulation. Since its inception, the program has contributed almost €1 million to the WWF Italy Oasis system.

Funds collected in 2014 were used to support the management programs of the Oasis system areas (e.g. dedicated staff), the observation of the species (e.g. census of the species and their habitats), maintenance activities (e.g. nature trails, information panels, etc.) as well as environment related educational workshops for children and families.



6. In 2013, the total amount communicated (€8.5 billion) did not include renewable energy producers under UniCredit Bank AG, UniCredit's German subsidiary.



have been signed with various partners, including the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD), for a total value of more than €370 million. We have a similar lending program in Germany that is supported by government-subsidized lenders like KfW, a German development bank, as well as the EIB. It primarily helps SMEs make new investments or secure financing through low, fixed-rate long-term loans and risk-sharing arrangements if collateral cannot be provided. The total volume of loans for renewable energy or energy efficiency made under this program amounted to roughly €1.9 billion as at December 2014.

In line with our environmental commitment and our stakeholder engagement strategy, we have given much consideration to the strategic importance of energy efficiency investments for Europe; as a major financial institution, UniCredit has participated in the Energy Efficiency Financial Institutions Group (EEFIG) since 2013. EEFIG is a multi-stakeholder permanent working group jointly convened by the European Commission Directorate General for Energy and the United Nations Environment Programme Finance Initiative (UNEP FI). It brings together experts to address the need to increase the scale of energy efficiency investments across the EU. These discussions include exploring ways to overcome the challenges inherent to obtaining long-term financing for energy efficiency. The EEFIG recently issued a report with key recommendations for policymakers and market actors.

Our Group has also developed environmental and climate-friendly financial instruments in its pioneering role bringing Green Bonds to market. These bonds enable companies to raise capital and solicit investments in projects with environmental benefits, such as greenhouse gas emission reduction or climate change adaptation projects. They are a viable alternative to conventional loans and project finance.

UniCredit lead managed 3 of the 5 European utility companies which entered the green bond market in benchmark-sized transactions in 2014.

In 2014, we reinforced our commitment to this important new market segment by joining the Green Bond Principles and becoming a partner in the Climate Bonds Initiative.

Our team of Green Bonds specialists provides insight into these investments, covering the needs of our clients. In 2014, UniCredit acted as lead manager and book runner in support of three out of the five utility companies that entered the green bond market with benchmark-sized transactions.

## Manage environmental impacts and risks in our financing activities

In the current economic environment, the success of financial institutions highly depends on their capacity to manage risks. Sound risk management requires a deep understanding of the various aspects of risk, including environment-related risks and their potential effects on financial results and the balance sheet.

At UniCredit, we have adopted an integrated, multifaceted approach to understanding and managing the environmental and social impacts and risks associated with our commercial activities.

To this end, we have adopted the Equator Principles and integrate them into our operations. This risk management framework is utilized for determining, assessing and managing environmental and social risk in projects. Furthermore, over the last years, we have implemented detailed policies for sectors that are sensitive to environmental and social impacts. These include nuclear energy, mining and water infrastructure (dams), among others. In the ongoing discussion on climate change, there is a rising awareness of adverse effects regarding coal-fired power generation. Through our new policy developed in 2014, we have defined specific principles, criteria and standards to assess the potential environmental and social impacts of coal-fired power generation projects and related transactions<sup>7</sup>.

To more broadly understand environmental and social impacts, our Group monitors portfolio exposures and other environmental issues in other industries while developing models that assess environmental impacts and externalities related to our lending portfolio.

In 2013, we launched a pilot project aimed at quantifying in monetary terms the impacts of pollutants generated by the construction and operation of coal fired power plants financed by UniCredit. These have been assessed for their impact on human health, ecosystems, climate change and reserves of natural resources. In 2014, we further extended our externality analysis to emissions intensive industries, such as those monitored under the EU Emissions Trading System (EU ETS). After identifying our client lending exposure portfolios for the Italian perimeter, we created an emissions inventory and estimated also the so called financed emissions. The project aims to develop a methodology to analyze external costs of investments not captured in traditional profitability assessments. These calculations followed the GHG protocol, developed by the World Resources Institute and the World Business Council for Sustainable Development.

Aware of the challenges for society posed by climate change and the significant resources necessary to transition to a low carbon economy, Pioneer Investments, together with other representatives of the finance sector including the UNEP FI, signed the 2014 Global Investor Statement on

<sup>7</sup> Refer to the Risk Management & Compliance section in the Supplement for more details on our sector policies.

Climate Change. In the statement, its institutional investors signatories make clear they are available to work with peers, policy makers and investment targets to approach climate change-related investment risks and opportunities in the best possible manner. The statement also calls for greater government policies to accelerate and facilitate climate change sensitive investments.

## Monitor activities and foster environmental awareness

Systematically monitoring our premises and operational activities in accordance with international standards and third party assurance is a key component of UniCredit's environmental management systems.

To increase such monitoring, we are progressively implementing formalized environmental management systems such as EMAS certification across the Group. In Germany, through its *Matrixcertification* project, UniCredit Bank AG extended its EMS ISO 14001 certification coverage from 10 to 213 sites in 2014. Likewise, UniCredit Bank Czech Republic and Slovakia a.s., resulting from the merger of two different legal entities, now operates an extended ISO 14001 certified EMS and also holds the ISO 50001 energy certification. These certifications cover 100 percent of the bank's operations.

As part of the continuous improvement process at the heart of environmental management systems, in 2014 UniCredit Bank Austria AG established focus groups involving various functions to assess further potential initiatives to include in its ISO 14001 certified EMS agenda. The certification covers 100 percent of Bank Austria operations.

Such developments run in parallel to Italy's UniCredit SpA certified EMS which covers 100 percent of the bank's operations and is the most extended EMAS registration in the world.

Moreover, through its EMS activities, UniCredit SpA ensures compliance with requisites deriving from Basel regulation regarding the monitoring and mitigation of potential environmental risks to which the company is exposed via its operational activities.

At UniCredit we are well aware that employee engagement is key to reinforcing our environmental strategy. To this end, we conducted regular training initiatives on environmental risk and sustainability issues in 2014. Among other initiatives, in Italy about 40 employees received training on fire hazard planning techniques, with 100 more to follow in 2015 and a further 100 participants set to attend a course addressing new installation techniques for energy saving in the same year. In addition, over 30 members of the Group Identity & Communications department received training on EMAS regulation. Furthermore, our Group policies regarding our approach to environmentally sensitive sectors, such as nuclear energy, coal-fired power generation and mining, are addressed in enhanced training programs<sup>8</sup>.

Alongside other initiatives and communication tools aimed at increasing environmental awareness amongst employees, in 2014 AO UniCredit Bank in Russia held the dedicated *Eco Day* at its premises in Moscow. The event involved employees, sector experts and the local community. Amongst other activities, illustrative talks were given on the Bank's environmental program and developments in environmental sustainability initiatives, as well as workshops regarding re-use, recycling and eco-friendly living, and a charity fair aimed at raising funds for an ecological organization.

### Focus



#### WWF Earth Hour

On Saturday March 28, 2015, UniCredit took part in the WWF's worldwide Earth Hour event by turning off the lights in 85 of our Group's most prominent buildings in 13 countries. Earth Hour engages citizens all over the world with a series of special initiatives designed to stress the urgency of changing our consumption habits. Climate change is one of the most severe crises the world now faces, as it increasingly and dramatically threatens ecosystems, species and the lives of millions of people.



<sup>8</sup> Refer to the Risk Management & Compliance section in the Supplement.

# GRI AND UN GLOBAL COMPACT INDEXES



The following table presents the GRI with reference to the “In Accordance-core” option, as foreseen by the GRI-G4 Guidelines. For the GRI Content Index, please see the dedicated area of UniCredit’s corporate website ([www.unicreditgroup.eu](http://www.unicreditgroup.eu)). The Supplement has also been made available at <https://www.unicreditgroup.eu/en/sustainability/reporting---metrics.html>.

## General standard disclosures

DMA and indicators		References, notes and pages		Omissions	External assurance <sup>A</sup>
<b>Strategy and analysis</b>					
G4-1	Statement from the CEO	2014 Integrated Report	4-5		✓
G4-2	Key impacts, risks, and opportunities	2014 Integrated Report	15-21, 30, 50-51, 73-76; Supplement: 22-27		✓
<b>Organizational profile</b>					
G4-3	Name of the organization	2014 Integrated Report	88		✓
G4-4	Primary brands, products, and/or services	2014 Integrated Report 2014 Consolidated Reports and Accounts	12-13, 32-49 50-54		✓
G4-5	Location of the organization’s headquarters	2014 Integrated Report	88		✓
G4-6	Countries where the organization operates	2014 Integrated Report	6-7		✓
G4-7	Nature of ownership and legal form	2014 Integrated Report 2014 Consolidated Reports and Accounts 2014 Report on Corporate Governance and Ownership Structure	62 78-79 9-10		✓
G4-8	Markets served	2014 Integrated Report	6-7		✓
G4-9	Scale of the reporting organization	2014 Integrated Report	6-7		✓
G4-10	Workforce characteristics	2014 Integrated Report	56; Supplement: 40-41, 44		✓
G4-11	Employees covered by collective bargaining agreements	2014 Integrated Report	Supplement: 47		✓
G4-12	Organization’s supply chain	2014 Integrated Report	12-13, 30-31, 50-51, 74		
G4-13	Changes in organization’s size, structure, ownership or its supply chain	2014 Consolidated Reports and Accounts 2014 Integrated Report	2 56-59		✓
G4-14	Precautionary approach	2014 Integrated Report	19, 73; Supplement: 22-27		✓
G4-15	Externally developed charters, principles or initiatives to which the organization subscribes	2014 Integrated Report	5, 76-77; Supplement: 22-23		✓
G4-16	Membership in associations or organizations	2014 Integrated Report	Supplement: 4-7		✓
<b>Identified material aspects and boundaries</b>					
G4-17	Entities included in the organization reports	2014 Integrated Report 2014 Consolidated Reports and Accounts	2, 6-7 107-146		✓
G4-18	Reporting principles for defining report content	2014 Integrated Report	2, 26-27; Supplement: 38-39		✓
G4-19	Material aspects identified in defining report content	2014 Integrated Report	26-27; Supplement: 38-39		✓
G4-20	Material aspects within the organization	2014 Integrated Report	26-27; Supplement: 38-39		✓
G4-21	Material aspects outside the organization	2014 Integrated Report	26-27; Supplement: 38-39		✓
G4-22	Restatements of information provided in earlier reports	2014 Integrated Report	2		✓
G4-23	Significant changes from previous reporting periods in scope and aspect boundaries	2014 Integrated Report	2		✓
<b>Stakeholder engagement</b>					
G4-24	Stakeholder groups engaged by the organization	2014 Integrated Report	26-27, 50-51; Supplement: 38-39		✓
G4-25	Identification and selection of stakeholders to engage	2014 Integrated Report	26-27; Supplement: 38-39		✓
G4-26	Organization’s approach to stakeholder engagement	2014 Integrated Report	19, 26-27, 54-55, 58-62; Supplement: 62-63		✓
G4-27	Key topics collected through stakeholder engagement	2014 Integrated Report	19, 26-27, 54-55, 58-62; Supplement: 38-39, 62-63		✓

A. Please refer to the Independent Auditors’ Report on page 86-87.

DMA and indicators		References, notes and pages		Omissions	External assurance <sup>A</sup>
<b>Report profile</b>					
G4-28	Reporting period	2014 Integrated Report	2		✓
G4-29	Date of the last report	2014 Integrated Report	2		✓
G4-30	Reporting cycle	2014 Integrated Report	2		✓
G4-31	Contact point for questions regarding the report	2014 Integrated Report	Inside back cover		✓
G4-32	GRI Content Index	2014 Integrated Report	78-85		✓
G4-33	External assurance	2014 Integrated Report	86-87		✓
<b>Governance</b>					
G4-34	Governance structure	2014 Integrated Report 2014 Report on Corporate Governance and Ownership Structure	14-15; Supplement: 10-15 11-32		✓
G4-35	Delegating authority for economic, environmental and social topics	2014 Integrated Report	14, 73		
G4-36	Positions with responsibility for economic, environmental and social topics	2014 Integrated Report	14, 73		✓
G4-37	Consultation between stakeholders and the highest governance bodies on economic, environmental and social topics	2014 Integrated Report	14		✓
G4-38	Composition of highest governance bodies and its committees	2014 Integrated Report 2014 Report on Corporate Governance and Ownership Structure	14-15; Supplement: 10-15 11-32		✓
G4-39	Executive powers of the Chairman	2014 Integrated Report 2014 Report on Corporate Governance and Ownership Structure	14-15 22-24		✓
G4-40	Qualification and expertise of highest governance bodies	2014 Integrated Report 2014 Report on Corporate Governance and Ownership Structure	14-15; Supplement: 10-12 15-19		✓
G4-41	Processes to avoid conflicts of interest	2014 Integrated Report 2014 Report on Corporate Governance and Ownership Structure	20-21; Supplement: 36-37 20-21, 33-34		✓
G4-42	Highest governance bodies and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	2014 Integrated Report	14-15, 73; Supplement: 10-12		
G4-43	Measures taken to develop and enhance the highest governance bodies' collective knowledge of economic, environmental and social topics	2014 Integrated Report	14-15; Supplement: 12		✓
G4-44	Evaluation of the Board of Directors' performance	2014 Integrated Report 2014 Report on Corporate Governance and Ownership Structure	14-15; Supplement: 12 20-23		✓
G4-45	Highest governance bodies' role in the identification and management of economic, environmental and social impacts, risks, and opportunities	2014 Integrated Report 2014 Report on Corporate Governance and Ownership Structure	14-15, 16-20, 73; Supplement: 10-12, 22-27 26-29		✓

## GRI AND UN GLOBAL COMPACT INDEXES

DMA and indicators		References, notes and pages	Omissions	External assurance <sup>A</sup>
G4-46	Highest governance bodies' role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	2014 Integrated Report 2014 Report on Corporate Governance and Ownership Structure	14-15, 16-20, 73; Supplement: 10-12, 22-27  27-29, 34-43, 47	✓
G4-47	Frequency of the highest governance bodies' review of economic, environmental and social impacts, risks, and opportunities	2014 Integrated Report 2014 Report on Corporate Governance and Ownership Structure	14-15, 16-20, 73; Supplement: 10-12, 22-27  27-29, 34-43, 47	✓
G4-48	Highest committee or position that formally reviews and approves the organization's sustainability report	2014 Integrated Report	14, 26-27	✓
G4-49	Communicating critical concerns to the highest governance bodies	2014 Integrated Report 2014 Report on Corporate Governance and Ownership Structure	14, 16-19, 73; Supplement: 10-12, 46-47  20-21	
G4-50	Critical concerns that were communicated to the highest governance bodies and the mechanism used to address and resolve them			Given the strategic nature, data are considered as confidential
G4-51	Remuneration policies for highest governance bodies and senior executives	2014 Integrated Report 2014 Report on Corporate Governance and Ownership Structure	14- 15; Supplement: 16-19; Group Compensation Policy  31, 33	
G4-52	Determining remuneration principles	2014 Integrated Report  2014 Report on Corporate Governance and Ownership Structure	14-15; Supplement: 16-19; Group Compensation Policy. Starting from 2010, Human Resources department developed a structured and proactive dialogue with international investors and proxy advisors (firms hired by shareholders of public companies/institutional investors to recommend and sometimes cast proxy statement votes on their behalf) to have a constructive exchange of views on compensation topics. During 2014, UniCredit organized roadshows to have a direct dialogue with investors and proxy advisors on both the regulatory updates of the Capital Requirement Directive IV (CRD IV) and the 2014 compensation approach. The inputs received during the meetings had been particularly useful to verify UniCredit alignment with international best practices and had been included in the 2014 Compensation Policy  31, 33	✓
G4-53	How stakeholders' views are sought and taken into account regarding remuneration	2014 Integrated Report 2014 Report on Corporate Governance and Ownership Structure	14- 15; Supplement: 16-19; Group Compensation Policy  31, 33	
<b>Ethics and integrity</b>				
G4-56	Organization's values, principles, standards and norms of behavior	2014 Integrated Report	8-9, 12, 15, 17-21; Supplement: 10-11	✓
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity	2014 Integrated Report	15, 17-21; Supplement: 10-11	
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity	2014 Integrated Report	15; Supplement: 10-11, 20-21, 32	✓

DMA and indicators		References, notes and pages		Omissions	External assurance <sup>A</sup>
<b>Specific standard disclosures</b>					
<b>Economic</b>					
<b>Material aspect: economic performance</b>					
G4-DMA	Generic Disclosures on Management Approach	2014 Integrated Report	19, 75-76; Supplement: 2-3, 22-27, 45, 50-53		✓
G4-EC1	Direct economic value generated and distributed	2014 Integrated Report	Supplement: 2-3		✓
G4-EC2	Financial implications, risks and opportunities for the organization's activities due to climate change	2014 Integrated Report	19, 75-76; Supplement: 22-27		✓
G4-EC3	Coverage of the organization's defined benefit plan obligations	2014 Integrated Report 2014 Consolidated Reports and Accounts	Supplement: 50-53 272-274		✓
G4-EC4	Financial assistance received from government	2014 Integrated Report	Supplement: 45		✓
<b>Material aspect: indirect economic impacts</b>					
G4-DMA	Generic Disclosures on Management Approach	2014 Integrated Report	25, 63-67, Supplement: 22-25		✓
G4-EC7	Development and impact of infrastructure investments and services supported	2014 Integrated Report	25, 63-67, Supplement: 22-25		✓
G4-EC8	Significant indirect economic impacts	2014 Integrated Report	25, 63-67, Supplement: 22-25		✓
<b>Environmental</b>					
<b>Material aspect: materials</b>					
G4-DMA	Generic Disclosures on Management Approach	2014 Integrated Report	74; Supplement: 71		✓
G4-EN1	Materials used	2014 Integrated Report	74; Supplement: 71		✓
<b>Material aspect: energy</b>					
G4-DMA	Generic Disclosures on Management Approach	2014 Integrated Report	73-74, 77		✓
G4-EN3	Energy consumption within the organization	2014 Integrated Report	73-74, 77; Supplement: 70; At Group level in 2014, the total direct energy consumption is about 760,000 GJ. The main direct energy source is natural gas (roughly 95%), followed by crude oil and petroleum products (roughly 5%). Total indirect energy consumption is about 2,604,000 GJ, mainly related to electricity (roughly 81%) and heating and cooling (roughly 19%)		✓
G4-EN5	Energy intensity	2014 Integrated Report	Supplement: 70		✓
G4-EN6	Reduction of energy consumption	2014 Integrated Report	73-74, 77; Supplement: 70		✓
G4-EN7	Reductions in energy requirements of products and services	2014 Integrated Report	73-74		✓
<b>Aspect: water</b>					
G4-EN8	Water withdrawal	2014 Integrated Report	Supplement: 71		✓
<b>Material aspect: emissions</b>					
G4-DMA	Generic Disclosures on Management Approach	2014 Integrated Report	73-77		✓
G4-EN15	Direct greenhouse gas emissions (Scope 1)	2014 Integrated Report	73; Supplement: 70		✓
G4-EN16	Energy indirect greenhouse gas emissions (Scope 2)	2014 Integrated Report	73; Supplement: 70		✓
G4-EN17	Other indirect greenhouse gas emissions (Scope 3)	2014 Integrated Report	74; Supplement: 70		✓
G4-EN18	Greenhouse gas emissions intensity	2014 Integrated Report	73-74		✓
G4-EN19	Reduction of greenhouse gas emissions	2014 Integrated Report	73-74; Supplement: 70		✓
G4-EN20	Emissions of ozone-depleting substances	2014 Integrated Report	In line with applicable regulations, UniCredit continues to replace refrigeration and cooling systems that contain ozone-depleting substances. Throughout 2014 and until all hydrochlorofluorocarbons are phased out, these airconditioning and refrigeration equipments will continue to be fed with R22 gas. Systems with leakages or showing additional operating problems will be gradually replaced and/ or modified by equipment in line with current legislation.		✓
<b>Aspect: effluents and waste</b>					
G4-EN23	Waste disposal	2014 Integrated Report	Supplement: 71		✓

## GRI AND UN GLOBAL COMPACT INDEXES

DMA and indicators	References, notes and pages	Omissions	External assurance <sup>A</sup>	
<b>Material aspect: products and services</b>				
G4-DMA	Generic Disclosures on Management Approach	2014 Integrated Report	73-77	✓
G4-EN27	Mitigation of environmental impacts of products and services	2014 Integrated Report	73-77	✓
<b>Material aspect: compliance</b>				
G4-DMA	Generic Disclosures on Management Approach	2014 Integrated Report	73, 77	✓
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	2014 Integrated Report	No relevant fines were imposed in 2014 for noncompliance with environmental laws or regulations	✓
<b>Aspect: transport</b>				
G4-DMA	Generic Disclosures on Management Approach	2014 Integrated Report	73-74	✓
G4-EN30	Environmental impacts of transport	2014 Integrated Report	73-74; Supplement: 70	✓
<b>Aspect: supplier environmental assessment</b>				
G4-EN32	Suppliers screened using environmental criteria	2014 Integrated Report	74; In UniCredit 100% of new suppliers are screened using socio-environmental criteria.	
<b>Social</b>				
<b>Labor practices and decent work</b>				
<b>Material aspect: employment</b>				
G4-DMA	Generic Disclosures on Management Approach	2014 Integrated Report	55-57	✓
G4-LA1	Number and rates of new employee hires and employee turnover	2014 Integrated Report	Supplement: 42-43	✓
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	2014 Integrated Report	Supplement: 50	✓
G4-LA3	Return to work and retention rates after parental leave, by gender	2014 Integrated Report	Supplement: 58-59	The information is confidential. We publish a detailed table including parental leave available absences - mandatory, optional and additional - for every single country on page 58-59 of the Supplement of the Integrated Report 2014. Because of the variety and complexity of the structure of parental leave available absences among the countries (mandatory, optional that can be spent over more than one year and additional guaranteed by the different legal entities) to calculate the indicator we should individually monitor the status of the employees, violating their privacy rights
<b>Aspect: labor/management relations</b>				
G4-LA4	Minimum notice periods regarding operational changes	2014 Integrated Report	Supplement: 48-49	✓
<b>Aspect: occupational health and safety</b>				
G4-LA5	Workforce represented in health and safety committees	2014 Integrated Report	Supplement: 54	✓
G4-LA6	Injuries, occupational diseases, lost days, absenteeism and total number of work-related fatalities	2014 Integrated Report	Supplement: 56	✓
G4-LA8	Health and safety topics covered in formal agreements with trade unions	2014 Integrated Report	Supplement: 55	✓
<b>Material aspect: training and education</b>				
G4-DMA	Generic Disclosures on Management Approach	2014 Integrated Report	19, 21, 55-57	✓
G4-LA9	Training per employee	2014 Integrated Report	19, 21, 55-57; Supplement: 45	✓

DMA and indicators		References, notes and pages		Omissions	External assurance <sup>A</sup>
G4-LA10	Programs for skills management and lifelong learning of employees	2014 Integrated Report	19, 21, 55-57; Supplement: 45		✓
G4-LA11	Employees receiving regular performance and career development reviews	2014 Integrated Report	55-56		✓
<b>Material aspect: diversity and equal opportunity</b>					
G4-DMA	Generic Disclosures on Management Approach		55-57		✓
G4-LA12	Composition of governance bodies and breakdown of employees per indicators of diversity	2014 Integrated Report 2014 Report on Corporate Governance and Ownership Structure	15, 56; Supplement: 41, 44-45 6, 24		✓
<b>Material aspect: equal remuneration for women and men</b>					
G4-DMA	Generic Disclosures on Management Approach	2014 Integrated Report	55-57		✓
G4-LA13	Ratio of basic salary and remuneration of women to men	2014 Integrated Report	Supplement: 43-44		✓
<b>Aspect: labor practices grievance mechanisms</b>					
G4-LA16	Grievances about labor practices filed, addressed, and resolved	2014 Integrated Report	Supplement: 20-21		✓
<b>Human rights</b>					
<b>Material aspect: investment</b>					
G4-DMA	Generic Disclosures on Management Approach	2014 Integrated Report	19, 74; Supplement: 22-27; Human Rights Commitment		✓
G4-HR1	Investment agreements and contracts that include human rights clauses or that underwent human rights screening	2014 Integrated Report	19, 74; Supplement: 22-27; Human Rights Commitment		✓
G4-HR2	Employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations	2014 Integrated Report	19; Human Rights Commitment		✓
<b>Material aspect: non-discrimination</b>					
G4-DMA	Generic Disclosures on Management Approach	2014 Integrated Report	19; Supplement: 20-21; Human Rights Commitment		✓
G4-HR3	Incidents of discrimination and corrective actions taken	2014 Integrated Report	19; Supplement: 20-21; Human Rights Commitment		✓
<b>Aspect: supplier human rights assessment</b>					
G4-HR10	Suppliers screened using human rights criteria	2014 Integrated Report	74; In UniCredit 100% of new suppliers are screened using socio-environmental criteria, including compliance with International Labour Organization conventions n. 29, 87, 98, 100, 105, 111, 138 and 182		
<b>Material aspect: human rights grievance mechanisms</b>					
G4-DMA	Generic Disclosures on Management Approach	2014 Integrated Report	19; Supplement: 20-21; Human Rights Commitment		✓
G4-HR12	Grievances about human rights impacts filed, addressed, and resolved	2014 Integrated Report	19; Supplement: 20-21; Human Rights Commitment; The incidents related to Human Rights monitored are: Discrimination (see System of Values data on discrimination: Supplement 20-21), Labor (see Disputes concerning labor, welfare issues and administrative bodies: Supplement 57), Child/Forced (not applicable to the sector)		✓
<b>Society</b>					
<b>Material aspect: local communities</b>					
G4-DMA	Generic Disclosures on Management Approach	2014 Integrated Report	25; 63-67		✓
G4-S01	Operations with implemented local community engagement, impact assessments, and development programs	2014 Integrated Report	25; 66-67		✓
G4-FS13	Access points in low-populated or economically disadvantaged areas by type	2014 Integrated Report	Supplement: 66		✓
G4-FS14	Initiatives to improve access to financial services for disadvantaged people	2014 Integrated Report	63-67		✓



DMA and indicators	References, notes and pages	Omissions	External assurance <sup>A</sup>
<b>Material aspect: anti-corruption</b>			
G4-DMA	Generic Disclosures on Management Approach 2014 Integrated Report	20-21; Supplement: 31-33	✓
G4-S03	Operations assessed for risks related to corruption 2014 Integrated Report	20-21; Supplement: 31-33	
G4-S04	Communication and training on anti-corruption policies and procedures 2014 Integrated Report	20-21; Supplement: 31-33. Anti-corruption training is provided Group-wide on a rotational basis	✓
G4-S05	Confirmed incidents of corruption and actions taken	UniCredit monitors incidents of corruption related to both employees and business partner. For privacy reasons, we do not report on this disclosure	
<b>Material aspect: anti-competitive behavior</b>			
G4-DMA	Generic Disclosures on Management Approach 2014 Integrated Report	20-21; Supplement: 33-36	✓
G4-S07	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes 2014 Integrated Report 2014 Consolidated Reports and Accounts	20-21; Supplement: 33-36 480-499	✓
<b>Material aspect: compliance</b>			
G4-DMA	Generic Disclosures on Management Approach 2014 Integrated Report	20-21; Supplement: 33-36	✓
G4-S08	Fines and sanctions for non-compliance with laws and regulations 2014 Integrated Report 2014 Consolidated Reports and Accounts	20-21; Supplement: 33-36 480-499	✓
<b>Product responsibility</b>			
<b>Material aspect: product and service labeling</b>			
G4-DMA	Generic Disclosures on Management Approach 2014 Integrated Report	35, 37, 40-41, 43-45, 59-64; Supplement: 62-63	✓
G4-PR3	Product and service information 2014 Integrated Report	35, 37, 40-41, 43-45; 60-64	✓
G4-PR4	Incidents of non-compliance with regulations concerning product and service information and labeling 2014 Integrated Report	Supplement: 64	✓
G4-PR5	Results of surveys measuring customer satisfaction 2014 Integrated Report	59-60; Supplement: 62-63	✓
<b>Aspect: Marketing communications</b>			
G4-PR6	Sale of banned or disputed products	Compliance Policies and Procedures are adopted and implemented in order to scrutinize new products/new initiatives and ex-ante evaluations are timely proposed when needed. Compliance is an integral part of local Product Committees - where present - and it is regularly referred to in case of launch of new products.	
<b>Material aspect: Product Portfolio</b>			
G4-DMA	Generic Disclosures on Management Approach 2014 Integrated Report	61-67, 74-76; Supplement: 65	✓
G4-F56	Percentage of the portfolio for business lines by specific region, size (e.g. micro/sme/large) and by sector 2014 Integrated Report	Supplement: 60-61	✓
G4-F57	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose 2014 Integrated Report	61-67; Supplement: 65	✓
G4-F58	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose 2014 Integrated Report	74-76; Supplement: 65	✓

DMA and indicators	References, notes and pages	Omissions	External assurance <sup>A</sup>
<b>Material aspect: customer privacy</b>			
G4-DMA	Generic Disclosures on Management Approach 2014 Integrated Report	20-21; Supplement: 37	✓
G4-PR8	Substantiated complaints regarding breaches of customer privacy and losses of customer data 2014 Integrated Report		UniCredit monitors complaints regarding breaches of customer privacy and losses of customer data. For privacy reasons, we do not report on this disclosure
<b>Material aspect: compliance</b>			
G4-DMA	Generic Disclosures on Management Approach 2014 Integrated Report	20-21; Supplement: 28-29, 34-37	✓
G4-PR9	Fines for non-compliance with laws and regulations concerning the provision and use of products and services 2014 Integrated Report 2014 Consolidated Reports and Accounts	Supplement: 34-37 480-499	✓
<b>Material aspect: Active Ownership</b>			
G4-DMA	Generic Disclosures on Management Approach 2014 Integrated Report	19; Supplement: 22-27, 65	✓
G4-FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues 2014 Integrated Report	19; Supplement: 22-27, 65	
G4-FS11	Percentage of assets subject to positive and negative environmental or social screening 2014 Integrated Report	Supplement: 65	✓

## Making the connection by GRI and Global Compact

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 GRI-G4 indicators and UN Global Compact Principles.

Categories	Principles	GRI-G4 Indicators
<b>Human Rights</b>	Principle 1 - Businesses should support and respect the protection of internationally proclaimed human rights	G4-HR2, G4-HR7, G4-HR8, G4-HR9, G4-HR12, G4-SO1, G4-SO2
	Principle 2 - Make sure that they are not complicit in human rights abuses	G4-HR1, G4-HR10, G4HR-11
<b>Labour</b>	Principle 3 - Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	G4-11, G4-HR4, G4-LA4
	Principle 4 - The elimination of all forms of forced and compulsory labour	G4-HR6
	Principle 5 - The effective abolition of child labour	G4-HR5
	Principle 6 - The elimination of discrimination in respect of employment and occupation	G4-10, G4-EC5, G4-EC6, G4-LA1, G4-LA3, G4-LA9, G4-LA11, G4-LA12, G4-LA13, G4-HR3
<b>Environment</b>	Principle 7 - Businesses should support a precautionary approach to environmental challenge	G4-EC2, G4-EN1, G4-EN3, G4-EN8, G4-EN15, G4-EN16, G4-EN17, G4-EN20, G4-EN21, G4-EN27, G4-EN31
	Principle 8 - Undertake initiatives to promote greater environmental responsibility	G4-EN1, G4-EN2, G4-EN3, G4-EN4, G4-EN5, G4-EN6, G4-EN7, G4-EN8, G4-EN9, G4-EN10, G4-EN11, G4-EN12, G4-EN13, G4-EN14, G4-EN15, G4-EN16, G4-EN17, G4-EN18, G4-EN19, G4-EN20, G4-EN21, G4-EN22, G4-EN23, G4-EN24, G4-EN25, G4-EN26, G4-EN27, G4-EN28, G4-EN29, G4-EN30, G4-EN31, G4-EN32, G4-EN33, G4-EN34
	Principle 9 - Encourage the development and diffusion of environmentally friendly technologies	G4-EN6, G4-EN7, G4-EN19, G4-EN27, G4-EN31
	Principle 10 - Businesses should work against corruption in all its forms, including extortion and bribery	G4-56, G4-57, G4-58, G4-SO3, G4-SO4, G4-SO5, G4-SO6

An online tool that cross-references the GRI-G4 indicators to the Global Compact principles is available on the GRI website: <https://www.globalreporting.org/resource/library/UNGC-G4-linkage-publication.pdf>

## INDEPENDENT AUDITORS' REPORT ON THE SUSTAINABILITY INFORMATION INCLUDED IN THE INTEGRATED REPORT

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

We have performed a limited assurance engagement on the sustainability information included in the Integrated Report of the UniCredit Group (the "Group") as of December 31, 2014.

### Directors' responsibility on the sustainability information

The Directors are responsible for the preparation of the sustainability information included in the Integrated Report in accordance with the "*G4 Sustainability Reporting Guidelines*" issued in 2013 by GRI – *Global Reporting Initiative*, as stated in the paragraph "Report structure" of the Integrated Report, and for such internal control as they determine is necessary to enable the preparation of a sustainability information that is free from material misstatement, whether due to frauds or unintentional behaviours or events. The Directors are also responsible for defining the UniCredit Group's objectives regarding the sustainability performance and the reporting of the achieved results, for the identification of the stakeholders and the significant aspects to report.

### Auditors' responsibility

Our responsibility is to issue this report based on the procedures performed. We conducted our work in accordance with the criteria established in the "*International Standard on Assurance Engagement 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information*" ("*ISAE 3000*"), issued by the International Auditing and Assurance Standards Board for limited assurance engagements. The standard requires the compliance with ethical principles, including independence requirements, and that we plan and perform the engagement to obtain limited assurance whether the sustainability information included in the Integrated Report is free from material misstatement. These procedures included inquiries, primary with company personnel responsible for the preparation of sustainability information included in the Integrated Report, analysis of documents, recalculations and other evidence gathering procedures as appropriate.

The procedures performed on the sustainability information consisted in verifying its compliance with the principles for defining report content and quality set out in the "*G4 Sustainability Reporting Guidelines*", and are summarized as follows:

- comparing the economic and financial data reported in the paragraph "Determination and distribution of Value Added" included in the Supplement of the Integrated Report with those reported in the Group Consolidated Financial Statements as of December 31, 2014, on which Deloitte & Touche S.p.A. issued the auditors' report (pursuant to articles 14 and 16 of Legislative Decree no. 39 of 27<sup>th</sup> January 2010), dated March 30, 2015;
- analysing, through interviews, the governance system and the management process of the issues related to sustainable development regarding the strategy and operations of the Group;
- analysing the process relating to the definition of material aspects disclosed in the sustainability information included in the Integrated Report, with reference to the methods used for the identification and prioritization of material aspects for stakeholders and to the internal validation of the process results;

- analysing how the processes underlying the generation, collection and management of quantitative data of the sustainability information included in the Integrated Report operate. In particular, we have performed:
  - interviews and discussions with the management of UniCredit S.p.A. and the personnel of UniCredit Bank AG, UniCredit Bank Austria AG, UniCredit Bank Serbia Jsc, UniCredit Business Integrated Solutions SCpA e Zagrebačka Banka DD to gather information about the accounting and reporting systems used in preparing the sustainability information, as well as on the internal control procedures supporting the gathering, aggregation, processing and transmittal of data and information to the department responsible for the preparation of the sustainability information;
  - analysis, on a sample basis, of the documentation supporting the preparation of the sustainability information, in order to gather the evidence of processes in place, their adequacy, and that the internal control system correctly manages data and information in connection with the objectives described in the sustainability information;
- analysing the compliance and the internal consistency of the qualitative information disclosed in the sustainability information included in the Integrated Report in relation to the guidelines identified in the paragraph “Directors’ responsibility on the sustainability information” of this report;
- analysing the stakeholders engagement process, in terms of methods applied, through the analysis of the minutes of the meetings or any other available documentation about the main topics arisen in the discussion with them;
- obtaining the representation letter signed by the legal representative of UniCredit S.p.A., on the compliance of the sustainability information included in the Integrated Report with the guidelines identified in the paragraph “Directors’ responsibility on the sustainability information”, as well as the reliability and completeness of the data and information disclosed.

Data and information subject to our limited assurance are reported, as required by the “*G4 Sustainability Reporting Guidelines*”, in the “GRI and UN Global Compact Index” of the Integrated Report.

The procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000, 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.

## **Conclusion**

Based on the work performed, nothing has come to our attention that causes us to believe that the sustainability information included in the Integrated Report of the UniCredit Group as of December 31, 2014 is not prepared, in all material respects, in accordance with the “*G4 Sustainability Reporting Guidelines*” issued in 2013 by GRI – *Global Reporting Initiative*, as stated in the paragraph “Report structure” of the Integrated Report.

Milan, April 10, 2015

DELOITTE ERS – Enterprise Risk Services S.r.l.

**Franco Amelio**

Partner

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

**UniCredit S.p.A.**

A joint stock company

**Registered Office in Rome:** Via Alessandro Specchi, 16

**Head Office in Milan:** Piazza Gae Aulenti, 3 - Tower A - 20154 Milan

Share capital €19,960,518,108.04 fully paid in

Registered in the Register of Banking Groups and Parent Company of the UniCredit Banking Group, with cod. 02008.1

Cod. ABI 02008.1

Fiscal Code, VAT number and Registration number with the Company Register of Rome: 00348170101

Member of the National Interbank Deposit Guarantee Fund and of the National Compensation Fund



The emissions related to the printing and distribution of the 2014 Integrated Report, have been compensated with the support of Officinae Verdi, which uses Gold Standard credits gained through the development of a landfill gas capture project in China. The Gold Standard is supported by WWF as it is the most rigorous global certification standard for carbon offset projects.



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April 2015

The Integrated Report and Supplement have been made available at [www.unicreditgroup.eu](http://www.unicreditgroup.eu) and also available for download by activating the QR code below.



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