





The actions

FOCUS ON CUSTOMER

OUR PEOPLE

INVESTOR RELATIONS

CLOSENESS TO THE LOCAL AREA

ENVIRONMENTAL PROTECTION

CORPORATE CITIZENSHIP

Focus on customer

Customer satisfaction is an essential element for our growth. We want our customers to see us as "suppliers" of solutions, and not just of "products", and capable of understanding their needs, providing a broader and more complex product line with better levels of service, and the most highly qualified professional skills. We aim to create a long-term relationship with customers based on trust, dialogue, transparency and practicality. And we would like to do this by fostering the development of their abilities to set a strategy and make decisions by promoting a better financial culture.

DIALOGUE

Customer Project

This programme is aimed at increasing customer satisfaction by defining a measurement system that is able to guide decisions and corporate operations at headquarters and branch levels.

This three-year project was launched in 2002 with the completion of "extensive" market research focused on listening to customer expectations and determining their satisfaction degree.

This survey, which was completed in 2003, is unique in terms of the sample size, which was significantly larger than that identified using traditional statistical methods.

NUMBER OF CUSTOMERS INTERVIEWED	
UniCredit Banca customers	86,679
Customers from other banks	32,814
Total	119,493

An assessment of the results obtained shows that UniCredit Banca is significantly different at the regional and segment levels in terms of average customer satisfaction, but in line with competitors overall. In addition, the results showed that the level of satisfaction was based primarily on the perceived quality of the relationship between customers and branch staff. Relationship issues such as willingness to help, efficiency, flexibility, accuracy and openness were decisive factors in this regard.

These assessments resulted in the planning of significant

programmes in the area of behavioural, motivational and technical staff training. In 2004 approximately 160,000 hours of classroom training are planned for branch staff in order to enhance the importance of this professional position in providing quality service to customers every day.

Thus, the "Customer Project" represents a new way of viewing and dealing with the customer focus issue which is based on actual data for assessing the Bank's efforts to identify and implement measures to fully satisfy customer expectations in terms of products, services and relationships.

Another survey is planned for 2004 using a "comprehensive and ongoing" approach: interviews will be distributed proportionally over time, and a significant number of customers of UniCredit Banca and competitor bank customers will be involved.

"Branch Week"

UniCredit Bank decided to meet its customers at all branches nationwide to explain the bank's mission and values and offer everyone an opportunity to discuss their banking relationship with their branch representative, and thus, to start a direct, local dialogue to improve the "bank-customer" relationship.

The meetings took place from 19 to 23 May and provided an opportunity to strengthen communication between customers and the bank, take suggestions and provide any explanations requested. The most common recommendations concerned greater availability and attentiveness of all staff, the specific desire to create trustworthy personal relationships, especially with branch managers, and a continual desire for change.

This initiative also made it possible to collect over 125,000 questionnaires on the service quality of individual branches.

QUESTIONNAIRE RESULTS	%
Customers were quite satisfied or very satisfied with waiting times at branches	80%
Customers were quite satisfied or very satisfied with the comfort of reception areas	85%
Customers were very satisfied or extremely satisfied with the operation of ATMs	73%
Customers were very satisfied with the visibility of promotional materials	39%
Customers were very satisfied with the procedure for entering the branch	34%

TRANSPARENCY

Transparent contracts

At the end of 2002, UniCredit and Cittadinanzattiva, a movement that has promoted participation in civic affairs and the protection of citizens' rights since 1978, launched a programme aimed at improving transparency and service quality in the various environments where there is a "bank-customer" relationship. For this purpose, in 2003, 19 types of rules and regulations that Group Banks apply in their relationships with their customers were reviewed.

On the one hand, the analysis pointed out ten "best practices," and on the other hand, it brought to light several critical areas concentrated primarily in the clarity of communications and difficulties in resolving disputes.

As a result of this critical review "by customers," starting 1 January 2004, customers will be given clearer and more transparent current account contracts. This initiative will involve over 3.5 million bank current accounts at UniCredit Banca.

This is the first time that a banking group has agreed to have its forms analysed by a consumer rights organisation, and has accepted their suggestions.

Changes that UniCredit Bank customers will see in 2004 involved both formal and material aspects that translated into the following actions:

- rewording and simplification of the language of contract articles and paragraphs that were not easily understood;
- all conditions applicable to a customer are attached to the contract;

- no expenses debited to customers for revisions of written entries;
- fifteen, instead of seven, days to exercise the right to withdraw from a contract if contractual provisions or terms are changed;
- revisions of contractual provisions or terms are communicated to the customer at home;
- court of competent jurisdiction specified even for individual, non-consumer customer (until now, it was always specified to be that of the bank);
- onerous clauses are highlighted for customers;
- the quality of services provided by bank suppliers to customers is checked periodically (e.g., the sending of communications);
- focus groups for different types of customers to test the ability to comprehend contracts and make their terminology more understandable and make contracts clearer;
- establishment of a joint desk for monitoring and periodically checking the new contract format;
- maximum publicity on compliance with the European code for medium-term loans and mortgages signed by European banking and consumer associations, and on its contents;
- broad dissemination of information on the ability and methods for using the Bank Ombudsman;
- inclusion of conditions and procedures for applying foreign exchange rates in the relevant transactions.

In 2004 a critical review of other types of contracts will be continued. The following contracts will be reviewed using the same methodologies:

- mortgage contracts for private customers;
- imprendero (account package targeting small businesses) contracts;
- electronic card payment (debit and credit cards and point of sale cards) contracts;
- business loan contracts.

In addition, a task force has been planned to analyse all bank-customer communications in general in order to make them simpler, clearer and more understandable. This analysis will begin with account statements.

The bank is also considering the establishment of a panel to review costs and banking services.

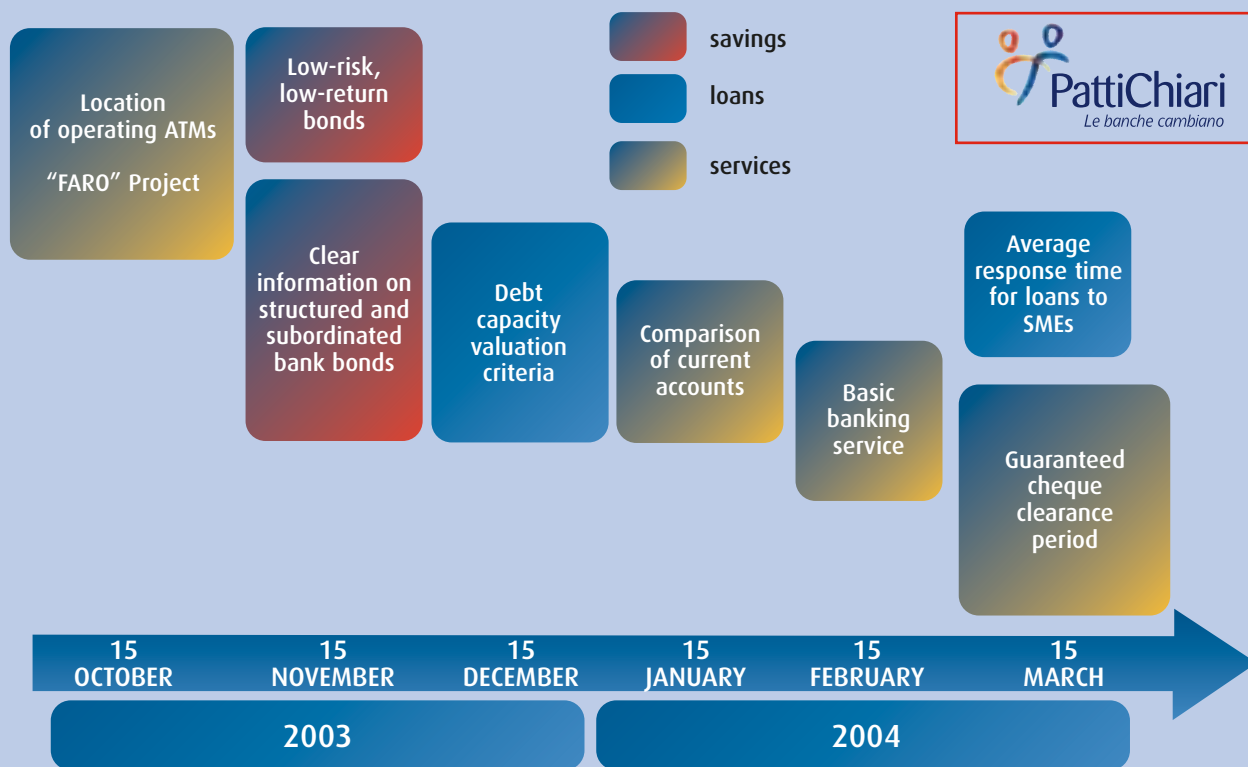
Focus on customer

Patti Chiari

"PattiChiari" is a programme sponsored by the Italian Banking Association with the active participation and support of the UniCredit Group. Its goal is to create customer and bank relationships that place a greater emphasis on trust and dialogue, on the values of clarity and comprehensibility and on providing comparable offers. The strategy is based on the dissemination of information that increases customer awareness and the quality of their requirements so that they are able to reward and provide incentives to banks for their good performance.

As a result, an action plan was created for 2003-2004, which was broken down into eight initiatives for three areas: services, savings and loans. In 2003 the following programmes were already completed:

- FARO (Online ATM Operation Status), to use a mobile phone or the Internet to find the closest ATM.
- Low Risk Bonds - a list of low-risk and low-return bonds provided free of charge and available online.
- Structured Bank Bonds - this programme provides clear information on structured and subordinated bank bonds and a table that compares the features of structured bonds with those of a typical, low-risk security with a similar maturity.
- General Assessment Criteria - shows the public the assessment criteria used for determining the debt capacity of small and medium-sized companies.



PRACTICALITY

The investor hexalogue

On 30 June 2003 UniCredit Banca introduced the “Investor Hexalogue,” six practical rules that use an innovative approach to govern the overall management of customers’ investment portfolios. The definition and adoption of these rules confirms UniCredit Banca’s commitment to its customer investors to provide them with a qualitatively superior service in terms of responsibility, transparency, simplicity and practicality.



The six points of the Hexalogue correspond to the needs of the customer investor starting with the need to be well informed to make conscious decisions (Point 1). For each financial product, UniCredit Banca provides a summary table that always shows both the level of risk and return as well as the mandatory information required by CONSOB and the Bank of Italy. This is supplemented by a number of different information channels: online news flashes,

daily and weekly newsletters, investment magazines and in-depth, single-topic reports. All published analyses are prepared by analysts involved in CFA (Chartered Financial Analyst) programmes. To meet the customer requirement of working with qualified staff (Point 2), financial training was extended to all front-office staff. Since April 2003, training courses, which are managed in collaboration with TradingLab and SDA Bocconi, have been offered to certify all UniCredit Banca consultants in three skill levels over a wide range of subjects from financial mathematics to risk analysis, and from market operation to an in-depth study of various financial instruments. Along these same lines, the consultant bonus system will be based on targets tied not only to sales performance, but also considering the quality of service offered.

With regard to the active protection of investments at risk (Points 3 and 4), UniCredit Banca provides an objective and universal assessment of risk using KILOVAR, a unit of measure created by TradingLab employing the same risk assessment parameters used by institutional investors. Consulting services are provided to customers by presenting a limited number of risk profiles, which are customised to the greatest degree possible to meet the needs of the individual investor in order to ensure that they will be understood. However, high-risk portfolios are always discouraged. The minimum investment rating for the issuer must be at least one level above investment grade, while the investment’s liquidity is protected by a minimum level of outstanding shares.

In order to provide the customer with a clear cost structure (Point 5), UniCredit Banca provides explicit, well-publicised trading commissions, and has eliminated the so-called “baskets,” i.e., packages of securities owned by the Group. Thus, all securities orders are routed towards markets with ongoing competitive auctions.

The sixth and last point responds to the customer need to have a broad selection of products and to sell investments without penalties. UniCredit Banca provides a rather extensive catalogue covering all types of products, though small enough to provide an accurate and competent service. Since 1 July 2003 it has also been possible to trade over the TLX, the Group’s new regulated market that complements the traditional stock market.

Focus on customer



KILOVAR

The level of risk associated with a financial instrument or portfolio is one of the basic factors that must be considered together with return in the process of assessing an investment.

Starting in 1999, TradingLab has been using KILOVAR to provide individual investors with the same risk measurement technology used every day by its dealers. In fact, KILOVAR is a professional analysis tool available to individual investors. It is a simple and precise tool for making investment decisions with a full knowledge of the risks of individual financial instruments and of the portfolio overall risk.

KILOVAR uses a single scale to measure risk values for all types of financial instruments, and this number is calculated daily (instruments with higher risk are assigned higher KILOVAR values).

In 2003, TradingLab Banca S.p.A. obtained the UNI EN ISO 9001:2000 Quality Management System Certification for providing the KILOVAR daily calculation and distribution service as a measurement of the risk of individual financial instruments and portfolios.

Protecting investments and relationships with consumer associations

Recent events tied to the default of several industrial companies affected the financial community and resulted in a major crisis in the relationship of banks with their customers.

The current challenge, with the decline in confidence and increasing risk of damaged reputation, is to give new legitimacy to the company and the financial industry as a whole by finding governance approaches that are more consistent and transparent. Thus, this was a serious crisis that requires us to provide a reasoned and critical response starting with the need to establish cohesion between the corporate mission, values and practices. This will involve defining and internalising a number of business principles to be used as guidelines required for taking any

corporate action. These guidelines are indispensable for providing a new corporate governance culture.

The problems associated with the Argentina, Cirio and Parmalat bonds have, in any case, made it necessary to provide timely answers.

For Cirio, since these are unrated corporate bonds that are not listed in Italy, it is possible that several customers were not fully aware beforehand of the risky nature of the investment even in the context of their overall securities portfolio.

For this reason, UniCredit has decided to initiate a procedure to find a solution for bondholders that will provide a fair, transparent and quick review of individual cases in keeping with our responsibility to properly manage relationships with our customers and improve the quality of service offered.

To provide greater assurances of transparency, an independent commission, headed by the Professor Guido Rossi (the former chairman of CONSOB), was given the task of reviewing our customers' positions and proposing possible compensation by assessing purchase methods on a case-by-case basis.

Customers had the option of seeking assistance during the procedure from eleven of the most representative consumer associations, which signed a special Protocol with UniCredit in December (a copy can be found at www.unicredit.it). At the end of the procedure, which is totally free of charge, customers have the option of accepting the settlement proposed by the Commission, or of taking any other steps deemed appropriate to protect their rights. The deadline for reimbursement request is 31 March 2004. The next financial statements will discuss the findings of the commission and the number of reimbursements paid.

This initiative actually served as the beginning of formal institutional relationships with consumer associations. These relationships turned out to be fruitful and provided a motivation for improving the quality of our services. In order to manage relationships with these associations in the best possible way, UniCredit participates in a task force sponsored by the Italian Banking Association aimed at developing a training course and sharing the initial experiences gained in this area.

As to Parmalat's bonds, their diffusion, the issuer's notoriety, the level of control, including by external entities (auditing firms, rating agencies, Consob etc.) and the presence of a rating (which, if it had been correct, would have signalled a 0.45% default probability over a one-year period) were such that the banks had

no reason to treat them differently from other securities issued by prime companies (including foreign companies) in that industry. Further reassurance was given also by the fact that Parmalat's balances in the accounts held with UniCredit were consistent with the aggregate figures shown in the company's published financial statements.

UniCredit's decisions were taken on the basis of the company's financial information. Unfortunately, the events and the investigations under way seem to bear out that the default was due to fraud and misconduct, designed to conceal the actual financial conditions.

The UniCredit Group is helping those customers who hold Parmalat's bonds to file a proof of claim (free of charge) with the Court of Parma, where legal proceedings have been initiated.

The case of Argentina had nothing in common with the first two cases since, instead of a company, this situation involved a sovereign state belonging to a group of countries with good growth potential, even though its economic situation was not very impressive. As is well known, country risk is reflected in the spread between the return offered by securities issued by that country compared to the return offered by countries with a stronger economy.

On 18 September 2002, following a specific resolution made by the Italian Banking Association committee, UniCredit, together with seven other banks, established the Association for the Protection of Investors in Argentine Securities (www.tfargentina.it). The Association provides consulting and assistance services and is financed through a fund to which members contribute, thereby offering a free service to investors. The proposed purpose is to negotiate on behalf of investors with Argentine issuers for the restructuring of debt by presenting petitions and making proposals that it deems to be suitable for the interests of investors who granted the Association a special power of attorney.

These initiatives demonstrate the willingness of UniCredit to assist and support its customers in keeping with its obligation to provide them with transparent and appropriate relationships as a means of restoring trust in relationships at a time of crisis.



In partnership with the Consumer's Foundation, **Bank Pekao SA** launched an information campaign in Poland to make consumer's rights more transparent and more widely known with regard to the distribution of banking products and services.



Focus on customer

Complaints management

The offices that monitor complaints went into operation at the same time as the three segment banks. These offices place the complaint in the “complaint register” and send a preliminary letter while an internal investigation is initiated to assess the case. At the end of the investigation, and after consulting with the legal department if necessary, a response letter is sent to the customer. For complaints concerning investment services, which are governed by CONSOB regulations, the results of the complaint are, in any case, reviewed, and the final decision is acknowledged.

Complaints received by the Parent Company’s senior management are handled by a special office. The Managing Director/CEO and Chairman respond directly specifying the approval process required for the complaint and the technical areas that will assess it in anticipation of the final outcome.

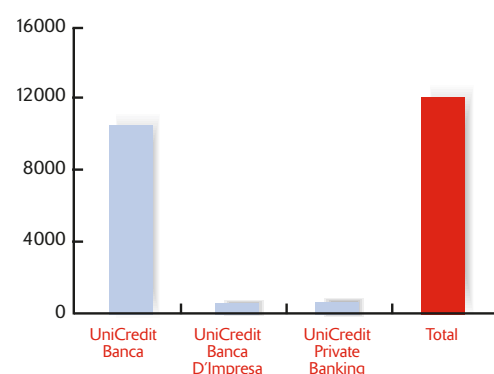
If the customer is a consumer and is not satisfied after contacting the complaint offices, he may present an appeal to the Bank Ombudsman within one year of the complaint. The Ombudsman is responsible for disputes up to an amount of €10,000. The decision is made within 90 days of receiving the request for intervention or within 90 days of the last communication made by the petitioning party, and is binding only for the bank, but not for the consumer. Contacting the complaint offices or the Bank Ombudsman does not deny the customer right, at any time, to appeal the case to judicial authorities, or if required, to an arbitrator or board of arbitration to resolve the dispute.

	UNICREDIT BANCA	UNICREDIT BANCA D’IMPRESA	UNICREDIT PRIVATE BANKING
Complaints paid	895	345	145
Amounts paid in €	998,743	1,246,886	810,584

Information Privacy and Security

All information and data handled within the Group is considered a resource with strategic value. Thus, in 2003 measures were taken to update guidelines for minimum security measures to be taken in data handling within the Group.

Claims number and typology



CLAIMS RECEIVED	UNICREDIT BANCA	UNICREDIT BANCA D’IMPRESA	UNICREDIT PRIVATE BANKING	SECURITIES
To be assessed	206	-	-	206
Current accounts and savings deposits	3316	192	121	3629
Securities	1602	113	164	1879
Other investment products/segregated accounts	106	-	33	139
Other investment products/mutual funds	435	1	25	461
Other investment products - Capital accumulation plans	8	-	-	8
Consumer and personal loans	202	1	14	217
Medium-term loans and mortgages	657	17	2	676
Bank transfers	357	22	6	385
Salaries and pensions	73	4	1	78
Credit cards	492	73	27	592
Automated teller machines/withdrawals	533	1	8	542
Automated teller machines/POS	221	-	3	224
Checks	401	49	13	463
Bills	128	54	4	186
Assicurative Insurance policies	544	2	51	597
Other	891	32	43	966
Arrangement services in general	225	39	213	477
Cross-border bank transfers	27	-	-	27
Credit facilities	92	4	-	96
Special loans	31	12	-	43
Other types of loans	78	40	-	118
Other collection and payment services	152	71	15	238
Non-life insurance policies	19	-	-	19
Total	10,796	727	743	12,266



The actions

From 1 January 2004, a new code will be in effect protecting personal data. This code is a total reform of this area and, among other things, introduces new data and system security measures. As a primary focus of its organisational and security measures, UniCredit attaches a high value to training its staff, and starting in December 2003 has made available a multi-media course over the UP corporate portal. This self-teaching course is also available over

the Internet and targets all Group employees with a special course designed for employees with specialist duties.

In order to coordinate compliance with the new Code, special meetings were also arranged with Group banks and companies, and the “centre specialising in privacy and security matters (e-mail: privacy@unicredit.it)”, which serves as a consulting body for compliance with the new provisions, was expanded.

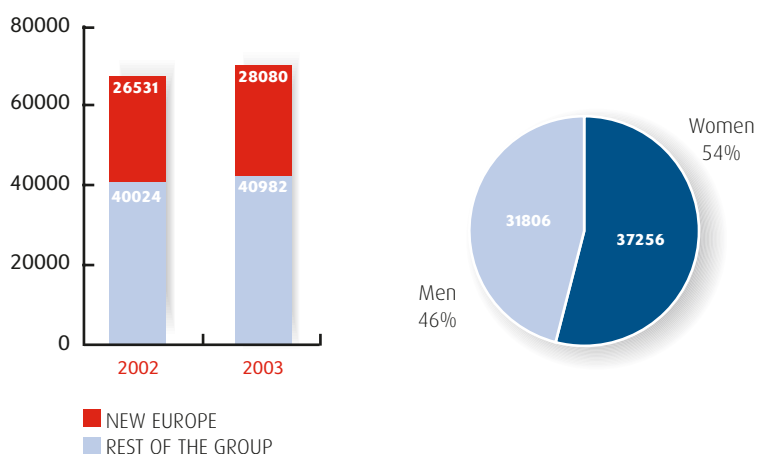


Our people

UniCredit always strives to meet the expectations of its capable and motivated employees. It fosters an environment where dialogue is encouraged, performance is rewarded, and everyone is given the same opportunities to grow.

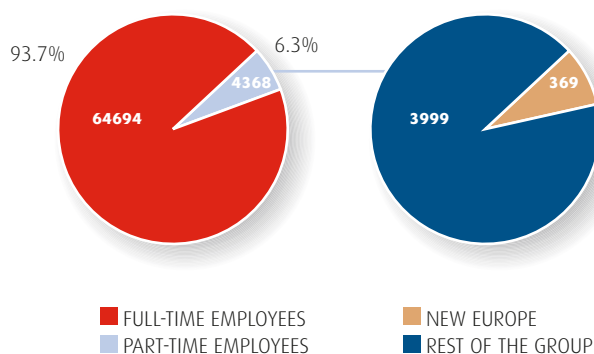
We take care of the professional development of our people through ongoing training programmes with the conviction that cultivating the potential of individuals ensures that the company as a whole will grow.

Overall Group staff structure



TOTAL GROUP EMPLOYEES	NUMBER	CHANGE
2002	66,555	
2003	69,062	+3.8%

Employees by type of contract



EMPLOYEES IN ITALY IN PROTECTED CATEGORIES AS DEFINED BY LAW 68/99:	NUMBER
Disabled	1,793
Orphans, widows and refugees	968
Total	2,761

IMPACT OF "S3 PROJECT" ON EMPLOYEES

The S3 Project had an impact on all companies and thus, on all Group employees in Italy (over 38,000) even though only the seven former federated banks were directly involved affecting about 30,000 employees in seven diverse entities with a significant geographic distribution and with major differences in terms of traditions, history, longevity and differing degrees of specialisation.

When designing the new organisation made up of three banks specialised by customer segment due regard was given to the need to maintain employees from the seven former banks at each of the new entities taking into account an objective identification of the skills needed.

The inevitable development of anxiety, uncertainty and expectations

was handled during the progress of the project by relying on internal communication and the close relationship with management.

Care was taken to shorten, where possible, the distance between senior management and staff in an attempt to achieve immediate understanding and face internal problems as they arose.

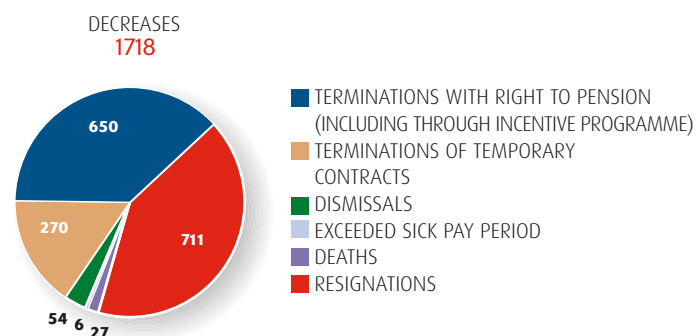
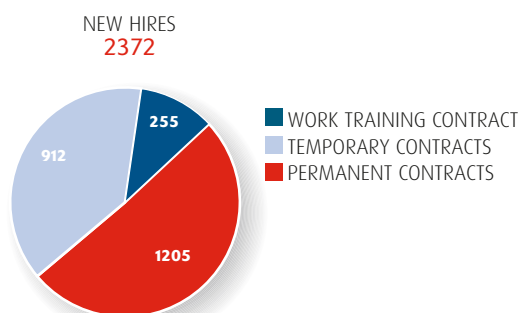
A considerable effort was made to maintain a significant presence in the provinces, where the former banks had their greatest presence, and in the cities where they had their head offices. To this end, the General Management offices of the three new banks were located in Bologna, Turin and Verona, while Regional Management offices and UniCredit Produzioni Accentrate Centres were set up in Trento, Treviso and Trieste. The Parent Company, as well as

several service and product companies, remained in Milan.

Finally, staff relocations, which were inevitable in order to ensure that the right level of essential skills was present at all installations nationwide, were made on a volunteer and joint basis with the individuals concerned, who, among other things, were able to take advantage of attractive professional opportunities.

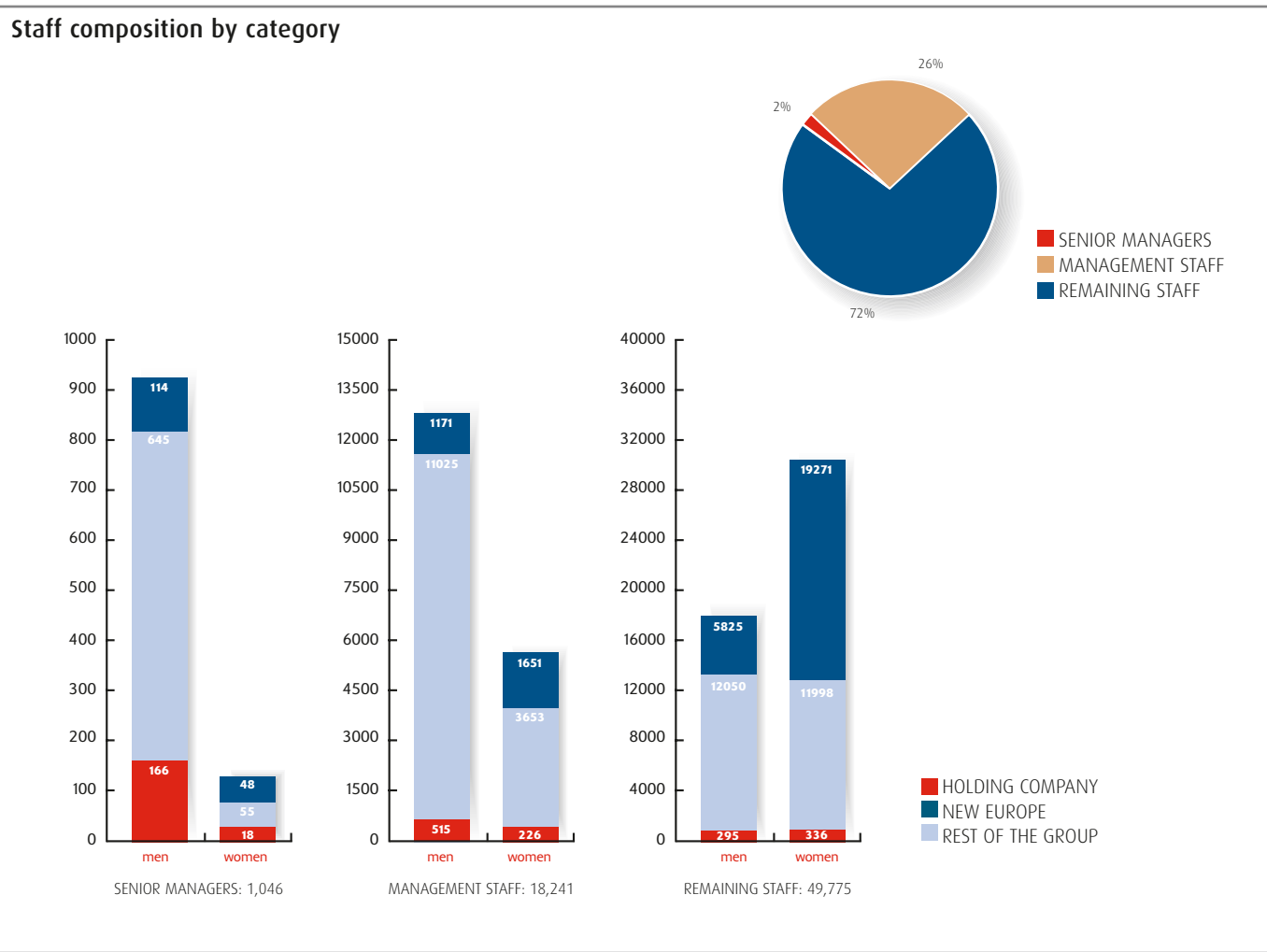
These staff relocations, which were limited to 2% of staff, and largely involved distances that could be covered with a daily commute, affected a total of 736 employees, of which 253 are currently at UniCredit Banca, 348 at UniCredit Banca d'Impresa, 13 at UniCredito Italiano, 114 at UniCredit Private Banking and 8 at U.P.A.

New hires/Decreases*



* DATA REFERS TO THE GROUP EXCLUDING NEW EUROPE BANKS

Our people



LISTENING AND DIALOGUE

Internal Communication

Internal communication is a top priority within UniCredit since it contributes to establishing a common corporate culture and comes with organisational changes that have a great impact on people.

To strengthen a shared culture and service model while respecting the differences of each corporate entity, a special channel is used, the “UP” portal. This Intranet platform connects

virtually all UniCredit employees in Italy, and will soon be expanded to the Group’s foreign banks.

UP IN NUMBERS	
UP users	about 37,000
Average daily visits	23,389

Created in 2002, UP is now the main internal communication channel. It is gradually changing from a working tool and means to share knowledge and services with an integrated environment, a true “employee desktop” enabling UniCredit’s “new identity and new way of banking” to be communicated and to increase the sense of belonging to the Group in a fast, efficient and satisfying manner.

In addition to the UP portal, an important role is played by Linea Diretta, an internal periodical that is used whenever there is a need to communicate initiatives that have a direct impact on Group staff. An example is the “Gift Matching” programme of the Unidea Foundation which affected all Group staff involved in non-profit and voluntary charitable activities. Due in part to the publication of various fund-raising programmes on the corporate portal, colleagues from different Group banks and companies spontaneously joined forces to promote common projects. The expectation is that gift matching will increasingly become a means to join Group employees under the banner of a jointly shared culture of social responsibility (for more information, see the section called “Corporate Citizenship”).

In order to bring to life the experience of UniCredit's new identity, internal communications have made, and will continue to make use of tools such as road shows and topic-specific conventions and the organisation of local events used to encourage meetings, awareness and exchanges among all Group employees.

Road Shows in numbers

PROMOTER	TOPIC	NUMBER OF ROAD SHOWS	PEOPLE INVOLVED
Parent Company	Corporate Identity	6	about 7,400
UniCredit Banca	Listening to employees	9	about 250

“Listening to grow together”

With the S3 Project, UniCredit developed a new way of banking, not only for customers, but also for employees, who find themselves in a radically changed organisational structure. The organisation is so new that it is necessary for employees to reflect on their sense of belonging to and identification with the new UniCredit environment.

The survey called “Listening to grow together” was developed based on the realisation that to build something together, it is essential to continually listen without bias in order to benefit from, and make the best use of, each person’s contribution. This is the first internal survey of this range at UniCredit and its objective was to:

- provide an initial measurement of the sense of belonging to the Group and each person’s involvement in their work (engagement/commitment);
- determine strengths and weaknesses and identify priorities that need to be addressed to increase employees’ involvement and sense of belonging and improve customer satisfaction;
- develop an employee satisfaction index. If this survey is regularly repeated in the future, this index can be used to measure improvements achieved by implementing action plans.

The survey, which started in mid-June and ended in mid-July was conducted using a questionnaire that allowed people to express their opinions and provide useful suggestions and ideas on various topics.

The implementation of this initiative, which had a very successful response rate, entailed:

- the direct involvement of the Parent Company’s Organisation and Human Resources Department in order to define the questionnaire’s objectives and areas to be measured;
- sharing with personnel managers of the 22 banks/companies involved in the survey in order to identify specific needs in each sector and amend the base questionnaire where appropriate;
- contributions of focus groups made up of a representative sample of employees in order to identify those areas perceived to be the most critical and most strategic for increasing the sense of belonging.

All of these contributions together generated a number of questions grouped by topic that defined the scope of the survey’s contents.

Our people

Listening to grow together

SURVEY STATISTICS

Companies involved	22
Response rate	60%
Questionnaires gathered	22,500 about
Answers to open questions	17,000 about

QUESTIONNAIRE TOPICS

engagement/commitment
continuing to work for the company
identification with the bank/company and Group
stereotypes of bank/company and Group
image of bank/company and Group
clarity of goals and objectives
leadership
management/supervision
creating responsibility and involvement
working together and work relations
speed of change and perception of workloads
compensation
job satisfaction
training and development
organisational efficiency

The results showed that there is a widespread sense of belonging and loyalty to the Group; this was expressed by the clear desire to continue working for UniCredit despite the existence of outside alternatives.

In addition, a close review of results was conducted at the bank/company level in order to identify the specific needs of each corporate entity, and at the Group level to determine the inter-area needs that require joint, synergistic action; this revealed about 50 priorities to be acted upon with effective action plans.

Over a hundred projects/measures were initiated as a specific response to requests made on the questionnaires; this is a tangible sign of the Group's commitment to constant improvement, making the survey into a useful and constructive listening exercise.

The main actions in human resources, which cut across several Group units, involved the perceived level of access to top management and the respect and fairness towards employees.

In 2003 about 100 initiatives were undertaken as part of action plans structured at the level of individual companies.

At the Group level, the main initiatives to date are as follows:

1. Perceived level of access to top management:

A) Group's "CEO Mailbox"

This communication channel is used to encourage dialogue with the Group's top management by starting theme-based forums that can be accessed through the internal portal. In order to provide the best support for this tool, an editorial structure was created that is made up of the company's senior management. Two sections of this initiative have already been completed. The first was dedicated to employee comments in the survey "listening in order to grow together". The second was focused on current events in the financial industry. The mailbox will be activated whenever it is necessary to establish a dialog with all colleagues on specific topics that affect all Group areas.

"CEO MAILBOX" IN NUMBERS

messages received	441
Total writers	365
Total answers	332
Total unanswered messages	109*

* INCLUDING ABOUT 92 CONCERNING UNRELATED QUESTIONS AND TYPOS OR REPETITIONS, AND THE REMAINDER IS STILL TO BE PROCESSED

B) The Leadership building programme

This is a training project designed to expand skills in support of effective leadership styles in complex organisational environments like those of the Group.

2. Respect and fairness towards employees:

A) Job Posting

Employees can search for jobs within the Group through the Job Posting, a dedicated space on the portal. This tool provides opportunities to grow and a better way for employees to demonstrate their professionalism. This project is a specific and effective response to the professional growth needs expressed by employees since

it allows them to take advantage of opportunities created within the Group.

"Job Posting" IN NUMBERS*	
CVs updated by colleagues	2,219
Job offers published	68
Employees registered for positions	456
Searches completed successfully	17

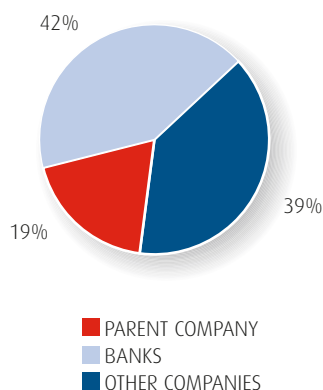
* LAST UPDATE 3 FEBRUARY 2004

B) Management orientation

This project enables individual Group companies to make the best use of their employees using a centralised assessment programme; this identifies individuals for significant management-oriented positions based on demonstrated skills and professionalism. Using a monitoring process with standard, shared criteria, feedback is provided to individual participants in order to raise awareness of their own traits and to improve the effectiveness of their actions.

This project became fully operational in the spring of 2003. About 80 evaluation interviews have been scheduled for 2004.

Management Orientation in numbers



People involved in 2003: 43

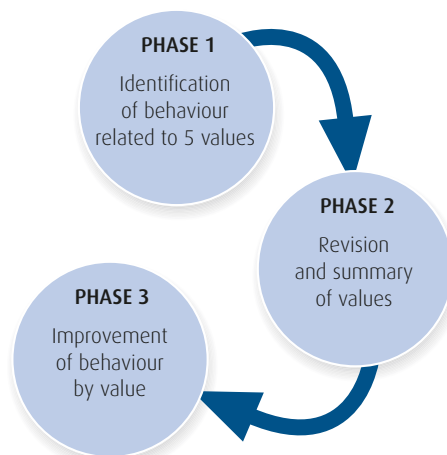
The Value Workshop

This project, which was conceived to bring the Group's values to life by translating them into concrete behaviour, is an important step towards building an identity that is a true reflection of employees and motivates them to contribute to corporate life.

The 12 "Workshops", which started in mid-September and finished at the end of November, were conducted in various areas nationwide and were an opportunity to establish a constructive dialogue. Nearly 1,500 people from all professional levels had open discussions on their professional backgrounds and collectively reflected on ways to bring the values of their personal experience to the working environment.

Each Workshop was introduced by a presentation by senior managers of the Parent Company and each bank, who also attended the presentation of the final results. Over a period of a day and a half, 100-120 people from the same bank met from time to time and worked in groups of 10-12 people. To foster the broadest exchange of ideas possible among all participants, groups were reassembled for each phase of the Workshop.

The value workshop's phases



Our people

The project elicited considerable interest: this programme, which was launched on the corporate portal for the 3 segment banks, received four times more unsolicited applications than the actual positions for direct participation in the Workshops. A virtual space was set up on the corporate Intranet to avoid missing an opportunity to obtain and make the best use of contributions of over 1,000 people who were not able to participate in local meetings. These participants were able to express their opinions on specific behaviour that was consistent with Group values.

About 40% of participants were invited directly by the top managers of their Banks since their positions or professional experience entailed specific responsibilities for personally promoting behaviour consistent with Group values, thereby acting as a promoter of cultural change. The remaining 60% were selected from those who expressed a desire to take part in the initiative, with preference given to those with direct customer contact, as their behaviour demonstrates the Group's values to the outside world on a daily basis.

Once the analysis is completed, Workshop results will be distributed to all staff and available for sharing.

"Identity: Soul-Searching" and "Return to Ithaca: Why did Ulysses return alone?"

These are two unusual, unique programmes that involved the voluntary participation of certain Group managers in a series of itinerant meetings in the area with several prominent individuals from the world of culture and the economy (managers, philosophers, theologians, economists, political scientists and artists). These meetings provided a forum for reflection and discussion in search of ways to make the Group's "soul", which is made up of seven banks, more visible. By searching for a common identity, we thought that the "soul" might be a useful concept for offering an opportunity to identify a joint assessment method and a common ground for discussion.

The time chosen for this exploration was of great significance: the new organisational model raised rather important orientation problems since there was a need to regroup in new forms of shared identities. Being together, listening and discussing readings with authors provided a useful way of bypassing concerns and misunderstandings and instead of searching for ideas to define a new collective identity. This was

the most surprising aspect of the programme: the desire to participate, which was felt during each phase of the cycle, and the cultural and spiritual participation in the project. The spirit of individual participants emerged forcefully allowing each to see the other as a person rather than a colleague. After all, passions and feelings, although problematic, help to overcome certain dry aspects of a job better than routine.

"IDENTITY: SOUL-SEARCHING" IN NUMBERS

Number of meetings in 2003	17
People involved in each meeting	40/50

"RETURN TO ITHACA: WHY DID ULYSSES RETURN ALONE?" IN NUMBERS

Number of meetings in 2003	4*
People involved in each meeting	about 50

* OTHER 4 MEETINGS WITHIN FEBRUARY 2004

TRAINING AND PROFESSIONAL DEVELOPMENT

In 2003, to provide the best growth and development opportunities needed to implement UniCredit's Strategic Plan, the Management & Banking Academy (M&BA) was established.

Its proposed objectives are to increase the value of the Group's human capital, stimulate innovation and internal entrepreneurial skills, contribute to the improvement of technical and managerial expertise in new markets where the Group operates, improve professionalism and make the Group more attractive to new talent. The procedural approach used calls for employing different methods of interaction and for topics to be developed through classroom courses, meetings, workshops and seminars. In 2003 activities focused on updates on specialised topics regarding Basel II and new tax regulations, the development of leadership skills through a dedicated training course and specialist programmes for Group managers. This training opportunity was created to develop a system of leadership skills: a manager's ability to communicate, get people involved, delegate and convey energy to his employees is an ingredient of good leadership. The continual internationalisation and specialisation process launched by

UniCredit requires an investment in management aimed at identifying and defining a leadership approach that supports and feeds the positive drive towards change by providing a clear vision of strategic direction and mobilising the energy of the organisation's resources behind this strategy.

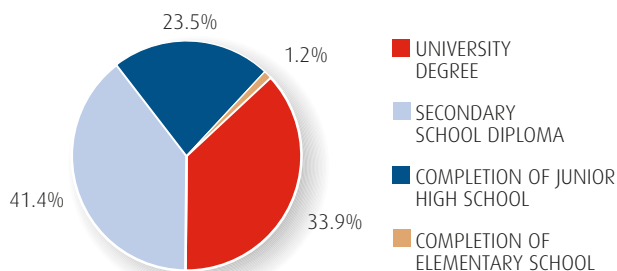
The M&BA programme calls for the establishment of departments to oversee specific distinct areas of expertise including through the development of collaborative programmes with universities and research centres.

In August 2003, in collaboration with the Fondazione Cassamarca, the Management and Banking Academy launched the "New Europe Master in Banking and Entrepreneurship" as a way to foster the spread and improvement of technical and managerial expertise in countries in New Europe. This is a post-graduate programme for the academic year 2003-2004 for participants from Eastern Europe and aims to improve expertise and better understand the relationships between banks and industrial companies.

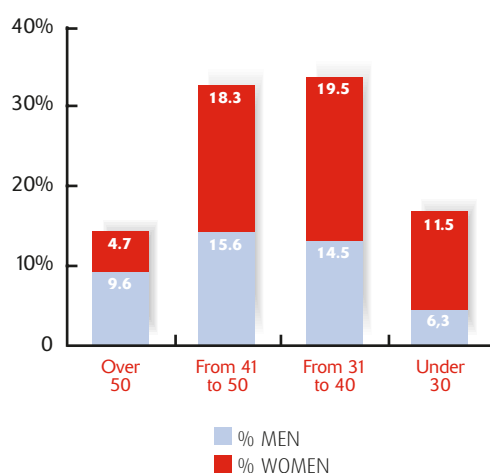
The "Key Resources project", which was started in 2000, will continue with the goal of making the best use of strategic human capital for the Group's success in the medium and long term.

After examining the Group's key positions/resources, computer support was designed and installed (with the support of UniCredit Servizi Informativi, the Group's IT company), which will provide an integrated, consistent management approach at corporate level.

Staff credentials



Composition of staff by age



	Men	Women
Average age	41.7	38.6

During the year, the third class of the Young Talents Project in Italy was launched as well as the second class for banks in New Europe. These projects are dedicated to the Group's excellent young employees and are aimed at supporting their accelerated professional development for future management positions through the creation of a common training programme, an indicative assessment and the subsequent definition of individual programmes.

In order to complete the standardisation of a minimum level of skills required by the new organisational structure, specialist management and technical training courses were designed (internally and using part-time instructors) for the Group's banks and companies.

The different initiatives carried out in 2003 as part of the

different training plans were:

- Retail Management Programme – a programme aimed at integrating sales managers, increasing their involvement and standardising their expertise in sales strategies, new organisational roles and management techniques.
- TradingLab Bocconi Certificate – a project to provide all employees in sales positions with proper technical training in financial subjects with the certification of an authoritative partner in the financial field.
- Specific training programmes in the financial, management and lending areas. The latter were carried out as a part of compliance with the Basel II Accord standards.
- Intensive training for staff assistants. A considerable investment in training was made for these individuals, focusing

Our people

on basic information concerning the bank's administrative activity.

■ Training programmes dedicated exclusively to Local Organisation Managers with the goal of making them aware of their role, presenting working methods in terms of relationship structures, operating processes and governance tools of the local "operating structure". This project, which was launched in 2003, will be completed in 2004.

■ Programmes designed for new hires to ensure proper training in technical and procedural matters as well as their effective integration in the new working environment and the community in keeping with the Group's values, strategies and mission.

■ The "Reaching Credit Excellence in New Europe" and "Achieving Excellence in Sales Force Management" projects to improve the lending and sales skills of employees working in banks of New Europe through training and development programmes.

Finally, multi-media courses have been prepared and produced, and the online platform "UCILearning" has been put into operation to provide widespread training in a short period of time, as also required by the "Patti Chiari" Project.

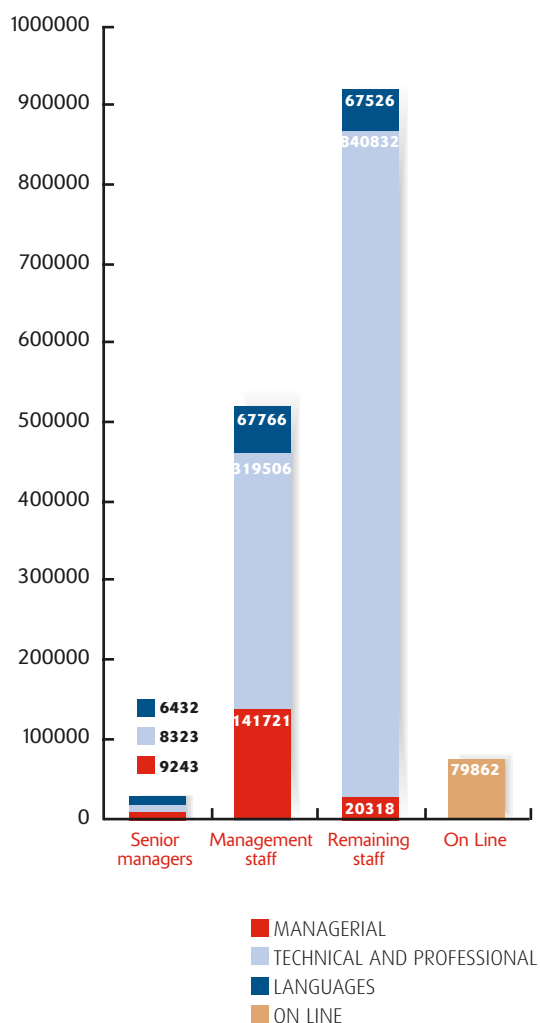
ASSESSMENT, COMPENSATION AND INCENTIVE SYSTEMS

The performance assessment system measures performance of "distinctive skills"; these are defined as the collective professional experience, skills and orientation that are expressed in observable behaviour and contribute to "making a difference" in achieving the Group's strategic goals.

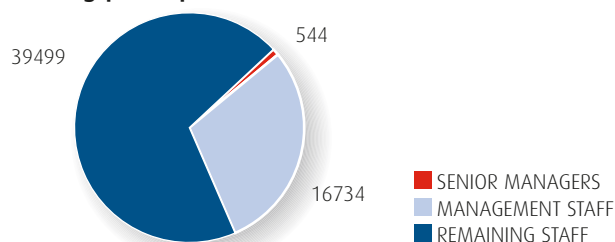
Distinctive skills were defined using the "skill model", and were identified as follows:

■ for non-management staff: professional background; ongoing application and organisation of employee's activity; working independence and flexibility; integration capability; effective sales skills for those who work in the branch network; and effectiveness in achieving goals for those who work at the Parent Company;

Training hours



Training participants



■ for management staff: entrepreneurial skills, integration capability, leadership skills, ability to organise and develop human resources, ability to achieve quality results.

On the other hand, the terms of the National Collective Labour Agreement compensation. In 2003 following the Group's reorganisation in Italy, the guidelines were revised for the segment banks' variable bonus system. Each of the former federated banks had its own method for determining MbO (Management by Objective) parameters and assigning incentives. Hence it was necessary to define common principles and adopt a shared Group approach to improve the bank's sales incentive systems, while at the same time keeping in mind the personalisation required by the differences distinguishing each segment's business. It is believed that specialised MbO's in a common environment could serve as a significant sign of UniCredit's desire to assess and compensate its employees in a fair and transparent manner. Each bank then submitted the incentive system parameters to its union organisation as required by the National Collective Labour Agreement, detailing the types of objectives assigned to various professional positions. It is estimated that the incentive system represented about 10% of gross compensation in 2003 for segment banks.

In addition, in order to foster the Group's development in the medium term, an employee shareholding programme was again carried out in 2003 for all staff in the Parent Company and the Italian banks and companies owned by UniCredito Italiano S.p.A. (with a direct or indirect stake of 51%). Thus, throughout the year the following shares were allotted free of charge:

■ UniCredito Italiano SpA shares to about 34,000 Group employees as part of the restructuring of the Corporate Bonus, in order to provide tangible, widespread recognition for the significant commitment made to the Group's success and to strengthen the sense of belonging. This allocation takes full advantage of the tax and social security benefits provided under Italian law;

■ UniCredito Italiano SpA shares to about 2,500 middle managers in order to reward the impressive results achieved.



Zagrebacka Banka placed a special emphasis on the quality of life of its employees: in 2003, social subsidies were granted to 142 employees, and 27 scholarships were financed for children of deceased employees.

Finally, the periods for exercising each of the existing UniCredit Stock Option plans were extended by 5 years in order to bring them in line with international best practices and make them more consistent with the achievement of the Group's strategic goals in the medium and long term.

UniCredit also meets the various needs of its employees by providing several corporate services to staff and their family members.

AVERAGE GROSS COMPENSATION BY CATEGORY*	IMPORTI IN €
Senior managers	115,296
Management staff	47,519
Other staff	29,400

* DATA REFER TO THE GROUP COMPANIES IN ITALY

CORPORATE SERVICES
Supplemental health care
Pension fund
Scholarships for employees' children
Financial contributions for employees' children
Financial contributions for the disabled elderly
Payments linked to seniority
Various payments for children of former employees
Grants to employees in service
Grants to retired personnel
Loans/mortgages for the purchase of homes
Loans for personal use

To accommodate professional commitments in the context of family requirements, the possibility of designating a permanent area for a day care centre has been studied in several of the Group's banks and companies. In 2002 a company day care centre was established at the Cologno Monzese office of UniCredit Produzioni Accentrate (UPA), the Group company that manages administrative requirements, and a second centre is being completed at the office of UniCredit Banca on Via Nizza in Turin which will be inaugurated in the spring of 2004.

INDUSTRIAL RELATIONS

During the first half of 2003 efforts were primarily focused on rationalising existing professional and management staff at the various banks involved in the S3 Project taking into account, in particular, specific areas where duties overlap, differences in existing organisational structures and customer segmentation processes based on the target market.

The year also saw the completion of negotiations concerning transactions aimed at supplementing the three segment banks with specialised operators to provide the bank's customers with an increasingly innovative product portfolio and broaden its distribution capabilities. The trade union negotiations over the acquisition of the divisions of Abbey National Bank Italia and ING Italia were an example of this.

Other significant activities in 2003 were as follows:

- the union agreement signed in June calling for the free allocation of shares to employees;
- the agreement reached on the Group's supplemental social security aimed at revising the institutional, statutory and regulatory sources of UniCredito Italiano's various existing corporate funds for their conversion to the new corporate structure that was created following the implementation of the S3 project;
- the agreement on supplemental health care for 2004, which is the first significant result of complex negotiations, which are still under way, aimed at establishing an Assistance Fund for Group staff. The Group's rate of trade union participation is 71.33%.



A number of preventative measures aimed at achieving the highest possible level of safety were implemented by **Zagrebacka Banka** through the workplace safety and prevention system. The management system was structured and developed in an innovative manner using training programmes, procedures to support disabled individuals and scheduled audits.

SAFETY MANAGEMENT IN THE WORKPLACE

The UniCredit Group's new structure, which led to the segmentation of banking operations into three distinct and separate companies in 2003, led to a number of radical restructuring measures.

As a result, it was necessary to consider a new risk assessment by combining assessment processes and implementing prevention and protection measures at the Group level in order to provide uniform protection for all employees. For

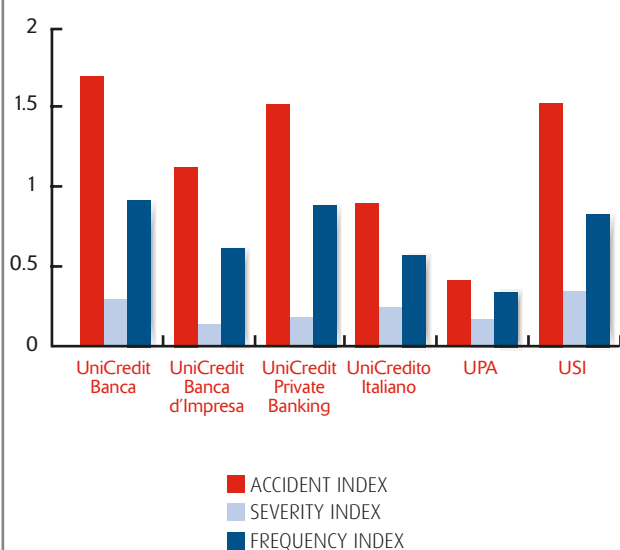
the same reasons, a large-scale revision of emergency management procedures is under way.

One of the most significant goals achieved during the current year was the online training course in health and safety available through the UP portal. The launch of this project made it possible to standardise the training level of the Group's entire staff in real time.

Days of absence full-time equivalent

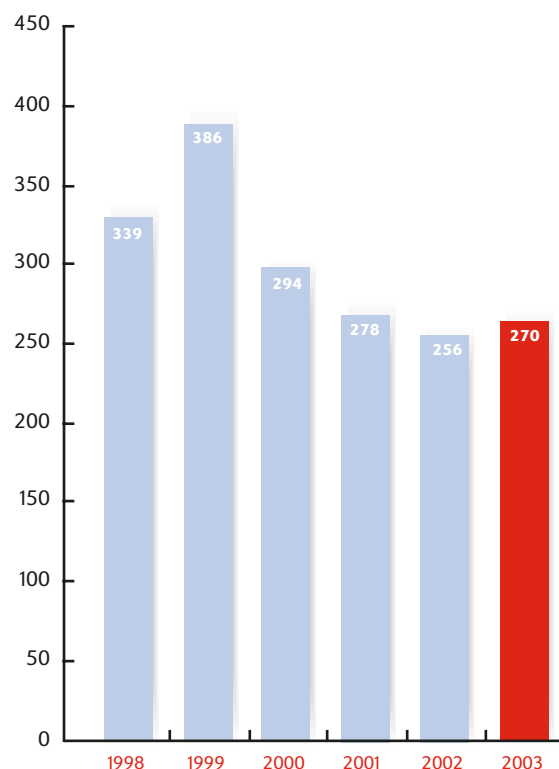
REASON	DAYS OF ABSENCE
Illnesses, accidents and doctor visits	300,300
Pregnancy and maternity leave	142,300
Family and personal reasons	59,700
Paid time off for trade union leaders	59,340
Blood donation	3,920
Marriage leave	8,230
Other reasons	32,910
Total	606,700

Accident data*



* DATA ARE FOR GROUP COMPANIES IN ITALY WITH MORE THAN 1,000 EMPLOYEES

Theft at UniCredit Banca branches



SECURITY

This year's activities focused on preventing theft and robbery. 2003 was characterised by a high number of property-related crimes throughout the banking industry, and our bank branches also registered an increase.

To address this situation, UniCredit agreed to a programme sponsored by the Italian Banking Association for entering into "Letters of understanding for crime prevention in banks" with several Italian police bureaux. These Letters require banks to immediately report to the police any dangerous situation and to keep anti-theft security equipment in good working order. At least three types of this equipment must be selected from a short-list of nine types. On the other hand, the banks may, through the Italian Banking Association, report particularly serious situations to regional committees for public order and safety in order to request the authorities to take measures to protect their branches.

In 2003, work continued on the "Business Continuity" project. The purpose of this project is to manage any risks resulting from natural disasters or criminal acts and to guarantee business continuity under emergency conditions by activating special emergency plans. This calls for an initial analysis of vitally important processes (business impact analysis) and the subsequent determination of strategies depending on the level of severity, which would compromise the functionality of the business (information system). Finally, an emergency plan must be prepared that sets out rules for business continuity management of critical corporate processes. This project involved all Group banks and companies operating in Italy: the analysis phase has been completed for everyone, while strategies are still being determined. Emergency plans, in part based on the official guidelines established by the Bank of Italy, will be prepared later.

Investor relations

In 2003 the relations with institutional investors and financial analyst again served as an opportunity to promote the topic of corporate social responsibility.

The main activity of Investor Relations is to manage the relationship with this category of stakeholders. This unit's goal is to maximise UniCredito Italiano's image through the precise and transparent communication of the results and strategies of the Group as a whole and by division (Retail, Corporate, Private Banking and New Europe).

Investor Relations uses a variety of channels and tools to communicate with the market: presentations, Investor Days, conferences, individual meetings and roadshows. In addition, in 2003 there were further enhancements of the Investor Relations section of the corporate website. In addition to the traditional webcasting of the main presentations on operating and financial results (half year and year-end), we also did live broadcasts of audio recordings of conference calls held by the Managing Director/CEO on quarterly results in keeping with our commitment to provide transparent communication of the Group's economic data to the financial community and to a much broader audience.

During the year, Investor Relations contributed to a thorough study of topics related to social responsibility in order to communicate to the financial community the Group's commitment in this area, and to report market observations inside the company.

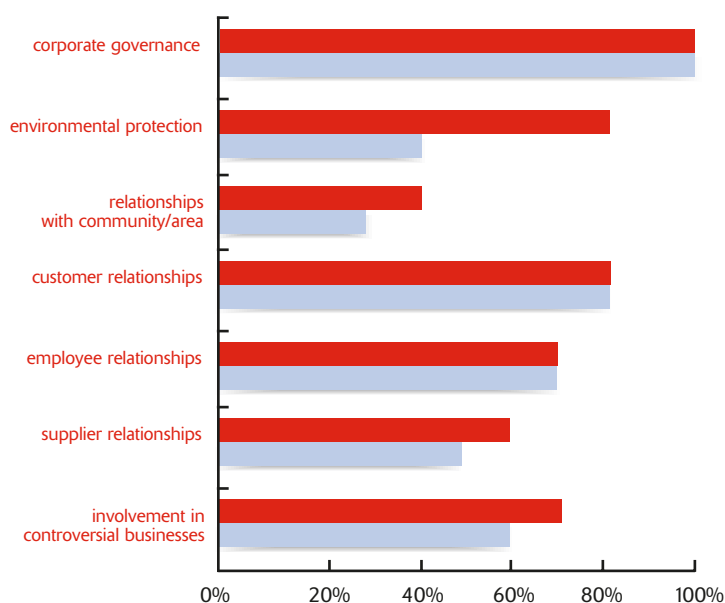
2003 saw an increase in initiatives of this type. To be specific, last February a conference was conducted together with Avanzi SRI Research (an independent company engaged in socially responsible investments) by Italy's largest institutional investors on the topic of the importance of corporate social responsibility in investment decisions. The results of the research were presented and reviewed as a part of a round table discussion organised by UniCredit in collaboration with the Forum on Sustainable Finance, a non-profit organisation promoting the culture of sustainable development in the Italian financial community.

The research showed that the area of social responsibility was focused almost exclusively on topics related to corporate governance and conflicts of interests. This was probably due to the fact that investors were not sufficiently familiar with this subject.

In addition, there was continued collaboration with CSR Europe in a study about investor relations' role which concluded with the

publication of a report ("Corporate Social Responsibility and the Role of Investor Relations: From Switchboard to Catalyst" which is available at www.csreurope.org), and participation in a round table discussion organised in conjunction with Sodalitas on the growing importance of Social Responsibility issues and the role of Investor Relations. Last February we also participated in the "Finance and Social Responsibility" convention organised again by Sodalitas.

Elements of corporate social responsibility considered very important or quite important





Bank Pekao has made considerable strides to step up traditional meetings with the financial community in 2003. This commitment to achieve more transparent communication prompted Euromoney magazine to select the bank as the best bank in Poland in terms of corporate governance systems.

FINANCIAL COMMUNICATION IN NUMBERS	
Institutional presentations on Group results	6
Investor Day	1
Industry conferences	10
Roadshow	18
including: Europe	14
United States	3
Japan and Singapore	1
One-on-one meetings with investors and analysts, about 30% of which were in Italy and the remaining 70% abroad.	over 300

SHAREHOLDER RETURN

UniCredito Italiano's capital stock totalled €3,158,168,076.00 and was made up of 6,316,336,152 shares of €0.50 each, including 6,294,629,600 common shares and 21,706,552 savings shares.

As at 31.12.03, the Shareholders' Register showed the following:

- there were approximately 220,000 shareholders;
- resident shareholders held approximately 64% of capital and foreign shareholders the remaining 36%;
- 89% of ordinary capital stock was held by legal entities and the remaining 11% by individuals.

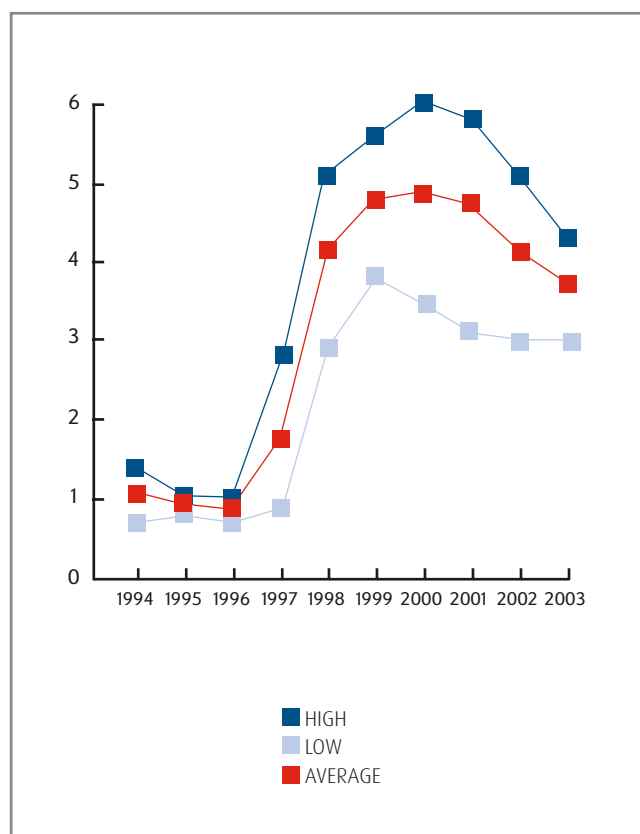
As at the same date, the main shareholders were as follows:

NAME OF SHAREHOLDER	ORDINARY SHARES	% OWNED*
1. Fondazione Cassa di Risparmio di Torino	550,195,265	8.741%
2. Fondazione Cassa di Risparmio Verona, Vicenza, Belluno e Ancona	454,554,174	7.221%
3. Carimonte Holding S.p.A.	445,467,993	7.077%
4. Allianz Group	309,206,344	4.912%
5. AVIVA Group	180,464,215	2.867%
6. Fondazione CASSAMARCA C.R. della Marca Trivigiana	135,127,774	2.147%

* AS A PERCENTAGE OF ORDINARY CAPITAL. BY-LAWS LIMIT VOTING RIGHTS TO 5% OF CAPITAL.

STOCK PERFORMANCE

Throughout 2003 total trading volume of UniCredito Italiano shares on the stock exchange reached a level of about 177% for common shares and 50% for savings shares.



Closeness to the local area

The search for operating efficiency must be in step with the search for regional efficiency, which is defined as “social responsibility in local development”. This not only takes the form of operating methods used by deposit-collecting branches of Group companies at a local level, but also the desire to participate and support regional economies in the global market place and in order to create value in the medium and long term in all entities where the Group operates.

THE FUNDAMENTAL IMPORTANCE OF THE LOCAL PRESENCE

The complex transformations that take place in regional entities involving industrial and economic systems, and the part of various institutional players encourages anyone with a strong regional presence to reconsider their role and presence.

The interdependent relations between the regional system and corporate system change, and the profile of local players changes, which is increasingly made up of a number of entities and institutional levels.

It is essential to take these changes into consideration and act accordingly. As a company we are convinced that we can create value for our stakeholders in local areas, because it is there that it is possible to create that social legitimacy that is essential for operating successfully in the long run. In regional areas it is tradition and relationships that enable us to build trust, because it is there that needs and projects arise and develop which we must be able to interpret, and to which we must be able to respond. Solutions range from management training to assistance for internationalisation programmes, and from support for research and development to ongoing dialogue and the search for improvements.

The current challenge for being a successful Group is to offer quality services while remaining a proponent of progress in the regions in which we operate.

Our operations cannot be separate from the dynamics that give rise to the life and relationships of companies, the desires of investors and savers, the decisions of government operators and the actions of the network of representative offices. Through the use of new mechanisms, local areas continue to be the driving force of growth.

LOCAL COMMITTEES

The conclusion of the ITACA project (Regional Initiative to Guide Local Entities) made it possible to take a fresh, innovative look at local areas. By using a research programme (carried out through 400 interviews with institutional entities, business entities, unions, social and cultural entities and self-governed organisations), this project furthered the understanding of specific socio-economic features of areas that are similar in terms of social and business structure (geocommunities).

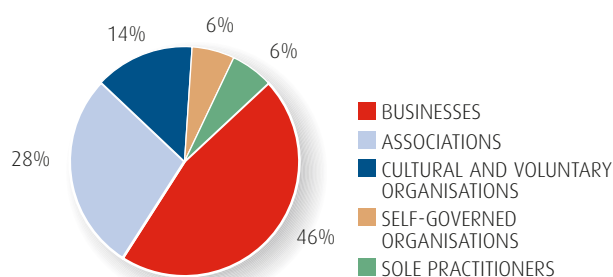
This in-depth analysis was the key element that gave life to the first ten Local Committees, which act in a consultancy capacity to the Group and are charged with identifying the main critical areas or prospects for growth in the various regional entities.

Managers from the three segment banks are members of the Committees as well as a variable number of members from

The local presence of the Committees



The internal composition of the Committees



outside the bank and representatives of businesses, associations, cultural organisations and local voluntary organisations.

The goal of the Committees is to report existing socio-economic trends in the various areas and identify specific measures that could contribute to and occasionally trigger appropriate development processes. In a word, these are true permanent laboratories and discussion platforms designed to initiate local coalition programmes among those entities that are the most active in regional development: self-governed organisations, local government agencies and charitable organisations.

In this manner, the intent is to strengthen an action strategy that places transparency and dialog as the essential conditions for establishing the credibility and trust that may come from investors and society.

During its first year of activity, the Committees developed several projects: in Piedmont area efforts were focused on sponsoring the internationalisation of small and medium-sized businesses through a collaborative project with the Foreign Centre of Chambers of Commerce in Piedmont. The purpose is to spread a culture of internationalisation of the entire regional production systems.

Another significant project in Piedmont was carried out in collaboration with Piedmont Confartigianato and SERMIG (Youth Service Missionary) to support and maximise the local artistic handicrafts.

Then, in the Local Committees of the North-East area, some working tables have been developed focused on the following issues:

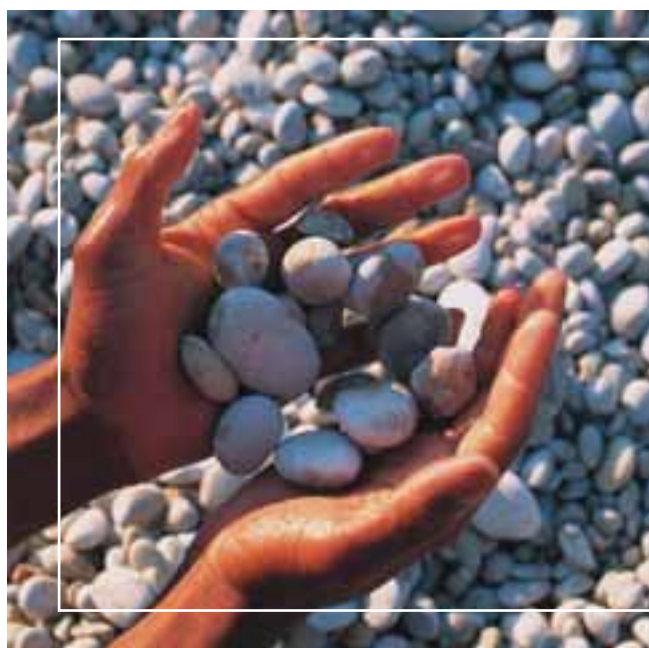
immigration, training (education) for the young people and the “vital” elderly. The same approach has been followed for the Local Committees in the Emilia Romagna Area with the task of investigate some issues related to the tourism and the multiutilities. Another programme developed through the Local Committees, which demonstrates the intent of these committees to promote corporate culture, was the organisation of several seminars entitled “Basel II – The changing relationships between banks and companies”. These seminars will provide guidance, consulting services and rewards for decoding, interpreting and complying with the procedures.

OTHER LOCAL INITIATIVES

In addition to the Local Committees, UniCredit has focused its attention on numerous other support initiatives for local entities.

“BrianzaLab”

The goal of the “BrianzaLab” project is to foster the development of industrial activities through initiatives that allow companies to increase their value and competitive position by jointly participating



Closeness to the local area

in the support of regional industrial growth. This project was the result of collaboration between UniCredit Banca d'Impresa and Associazione Industriali di Monza e della Brianza (AIMB).

After developing a full awareness of business requirements in the Brianza area through an in-depth quantitative analysis of the 500 main companies, broken down by industry, the results were checked and thoroughly analysed with a panel of business people (60 interviews) and with several experts from the respective sectors (qualitative analysis).

Based on the need identified, the "Advanced Finance" initiative was successfully launched last December. As a part of this initiative, the BrianzaLab Team worked with about 50 member companies of the AIMB to develop a corporate business plan, and determine any subsequent financing needed.

ADVANCED FINANCE IN NUMBERS	
Available lending limits	100,000,000 €
Loans made	50,000,000 €
Number of companies that benefited from planning support	40

A seminar was then organised for an in-depth look at strategic planning in companies, the development of business plans and the use of the proposed model for businesses with its related strategic and financial implications (40 attendees at the first class).

The website www.brianzablab.it was set up to inform local companies about this initiative. This site lists the products and services made available to members.

Finally, a survey was conducted with a panel of 20 member companies on the topic of support in identifying commercial and/or manufacturing partnerships. The positive outcome of the survey will lead to the formalisation of a joint service provided by AIMB and UniCredit Banca d'Impresa to support commercial penetration in and outside the European Union with a particular focus on countries in New Europe where the UniCredito Group has a direct presence and a considerable regional network of relationships.

"District bonds"

In Vicenza, incentives were developed for the creation of an innovative financing mechanism: the "district securitisation

mechanism", which offers companies an alternative source of financing. This instrument calls for the bank to launch a campaign to issue five-year loans to companies in a particular manufacturing area, and then to transfer the portfolio obtained to a vehicle company that issues a bond. The rating for this bond would be a blend of the ratings of the companies that obtained loans: the best bonds are rated AAA by specialised agencies, while the riskiest portion would be held by the bank with the guarantee of the Loan Syndicate in the reference area. In this way, the guarantees of the Consorzio Fidi, a locally-established loan guarantee consortium, are used to the best advantage, and small and medium-sized companies are able to use instruments available in the capital market to limit bank debt and to reduce borrowing costs.

After the success of this activity in Vicenza and in the Northeast, the initiative was repeated in Piedmont where it will be concluded by the end of March 2004.

GEOGRAPHIC AREA	NUMBER OF SMALL AND MEDIUM-SIZED COMPANIES FINANCED	AMOUNTS FINANCED	PROJECTED BOND ISSUANCE DATE
Northeast	>300	250,000,000	End of March 2004
Northwest	>800	300,000,000	End of July 2004

"There is a loan for you"

A new, pragmatic approach was proposed for listening to the needs of small businesses and craftspeople. This approach provides local small and medium-sized businesses with 257 specialised support structures, called Small Business Centres, in addition to the support and advice from traditional branches of UniCredit Banca.

Through this initiative, called "There is a loan for you", a proposal was put forward in November 2003 to provide loans without further guarantees (and with extremely short terms) to small companies in the service sector, commerce, agriculture, transportation, hotel industry, clothing sector, food and building sectors selected throughout the area based on data obtained and subsequently assessed in accordance with Basel II parameters.

	NORTHERN ITALY	CENTRAL ITALY	SOUTHER ITALY
Companies selected	227,000	105,000	98,000
Potential loan (€)	7,000,000	3,000,000	3,000,000

In order to fully incorporate the environmental element in corporate policies and daily behaviour, we recognise the importance of sharing commitments and international sustainable development programmes, setting concrete goals for improvement, establishing methods to manage our environmental impact, and recognising our role as a cultural promoter and financial motor for a type of development that combines social and environmental goals with economic ones.



OUR COMMITMENT

In 1998 UniCredit signed the Declaration of Banks on Sustainable Development of the United Nations Environmental Programme Financial Initiative (UNEP FI), the UN environmental programme devoted to financial institutions. This was a first step in our strong commitment to environmental protection.

In 2000, this commitment was expressed by a number of principles aimed at the continuous improvement of our performance in order to motivate our decisions and guide our actions in corporate operations. These principles were reviewed and amended in 2003 in light of the key values and guiding behaviour the Group sets for itself.



Environmental protection

THE GROUP'S ENVIRONMENTAL POLICY

Our mission is to make a mark with a new way of banking, capable of generating significant value over time for society, customers, employees, shareholders and present and future generations. Our identity is that of a good corporate citizen, promoting development in the communities in which it operates. We have chosen to follow our mission and proclaim our identity by drawing inspiration from strong common values, which guide our conduct in implementing strategies and concrete actions consistent with them. These values and conduct influence UniCredit's environmental policy.

Ethics/Responsibility

This means most of all taking full responsibility for the consequences of our business decisions on the integrity of natural resources and sustainability in the short as well as the medium and long term. This requires a commitment to manage properly and, if possible, prevent the most significant environmental impacts directly related to our activities (depletion of natural resources, waste production). Also, it involves acting in such a way as to affect in a positive manner so-called "indirect" aspects, resulting from the behaviour of external entities we can check and influence (through purchasing decisions, credit policies and service innovation). Acting responsibly entails following rules. That is why we not only comply with environmental laws but we are constantly on the frontline to participate in voluntary projects and programmes, such as Global Impact, UNEP and the EMAS regulation.

Creativity/Entrepreneurship

Our energies and corporate assets, both tangible and intangible, are constantly devoted to improving our performance. We are committed to pursuing technical and organisational innovation on an ongoing basis, in both our operations and customer relations.

Most of all, our goal is to encourage and promote individual creativity, in order to devise new solutions that allow us to achieve excellence in the management of environmental problems. Our employees have to be aware that their behaviour can contribute to the overall improvement of performance in this area. Moreover, we intend to have our partners increasingly involved in our environmentally-oriented initiatives, particularly by forging new environmentally-friendly forms of cooperation with customers and suppliers.

Competence/Growth

In order to pursue ambitious environmental sustainability goals effectively, it is necessary to develop our people's skills and awareness. We are strongly committed to providing adequate training and involving all employees, at all company levels, to foster their professional growth.

By disseminating and sharing this policy throughout the company it is intended to become one of senior management's main priorities and its values should guide the behaviour of people at all organisational levels. Based on this rationale, we aim to foster teamwork and co-operation among the different functions, so as to achieve an across-the-board approach to environmental management.

We want to develop our skills also by learning from the application of innovative tools and solutions and to the possibility to interact with the most advanced experimentation and research experiences in the field of environmental sustainability.

Listening/Discussing

As we are aware that our efforts alone are not enough to achieve sustainability, we are open for dialogue with all stakeholders, in order to listen to their points of view, to work together to find a common response and to start a relationship that will enable all of us to grow.

We consider it paramount to interact with the public, local communities, environmental groups, consumer and user associations, through a constant stream of information and suggestions or complaints from them.

Listening and dialogue are specifically aimed at building long-term relationships in the geographic areas in which we operate, enhancing their specific features and needs in terms of development of environmental resources and awareness of these issues.

Fairness/Openness

Openness about the actions and results obtained through our environmental management endeavour is the best way to gain credibility for our effort. To this end, we measure and monitor the ability to achieve the goals we set for ourselves through a system of indicators easy to understand and comparable over time, which we submit voluntarily to independent entities for their assessment and review.

ENVIRONMENTAL MANAGEMENT

In order to take informed actions with a proper focus on sustainable growth, it is first necessary to know, and be able to manage, our impact on the environment.

The impact that a company such as ours can have on the environment must take into account direct aspects from conducting its business, and most importantly, those aspects tied to its ability to promote and disseminate environmentally correct values and actions by its intermediaries and partners through corporate strategies and policies.

In order to systematically and continually manage this impact, we developed an ISO 14001 certified Management System that is compliant with EMAS (Eco-Management and Audit Scheme) Regulation No. 761/2001, which is currently applied and managed at the Parent Company level. This system calls for the definition of specific procedures for analysing, controlling and improving various environmental areas:

- reduction in the consumption of power, paper and water and reduced waste and atmospheric emissions (direct aspects);
- creating awareness on the environmental behaviour and performance of economic entities (indirect aspects).

The proper implementation of the system and its efficiency will then be assessed through periodic internal and external audits conducted respectively by an internal audit group and an external certification body.

The audits will cover all activities of the organisation affected by the system. In addition, in 2003 the first visits were made to see the work of outside companies that are engaged in managing technological equipment.

AUDITS CONDUCTED IN 2003	NUMBERS
Internal audits	4
External audits	2



The focus of **Zagrebacka Banka** on environmental issues was particularly significant. The following statements have been developed by the bank:

- a policy for environmental protection and sustainable development: this document sets out principles, guidelines and objectives concerning environmental matters for various segments of the bank's operations;
- a charter for environmental protection and sustainable development: a declaration of intent, distributed internally and outside the bank, in which the bank defines its commitment to promote environmentally friendly development.

A more detailed description of action taken and planned and the systematic approaches used to achieve environmental protection goals in day-to-day activities is included in the UniCredito Italiano Environmental Statement, published annually in compliance with EMAS Regulations and available on our website.

In 2003 a programme was also started to create awareness of the principles and benefits of adopting an environmental management system with the goal of applying EMAS regulations to other Group companies.

DIRECT ASPECTS

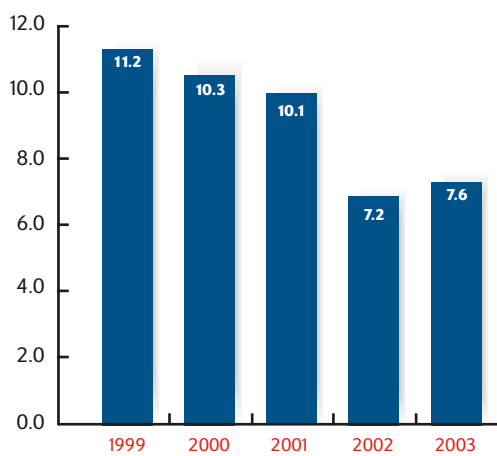
In 2003, the environmental indicators used to check the environmental performance of UniCredito Italiano were affected by changes occurring in various workplaces. The gradual closure of a site and the related move of the business to other buildings resulted in an increase in overall electricity consumption due to the simultaneous use of several buildings during the move period.

* ENVIRONMENTAL DATA REFER ONLY TO UNICREDITO ITALIANO, THE PARENT COMPANY, WHERE THE MANAGEMENT SYSTEM IS CURRENTLY BEING USED.

Environmental protection

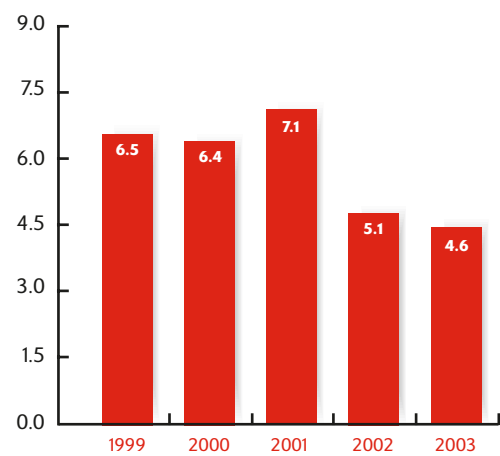
Consumption of fuel oil and methane per square meter

Fuel oil consumption



■ ANNUAL LITRES OF FUEL OIL/SQUARE METER

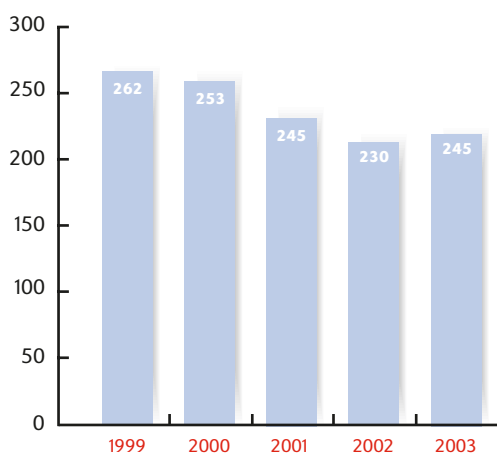
Methane consumption



■ ANNUAL CUBIC METERS OF METHANE/SQUARE METER

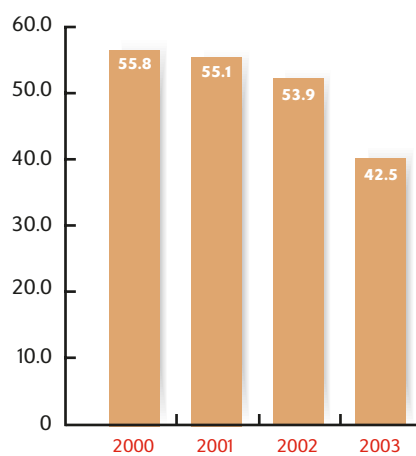
Consumption of electricity per square meter and water consumption per employee

Electricity consumption



■ ANNUAL KWH/SQUARE METER

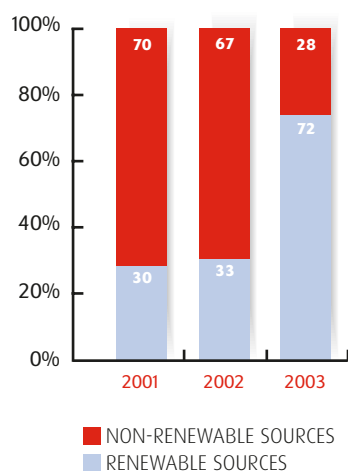
Water consumption



■ ANNUAL CUBIC METERS/EMPLOYEE

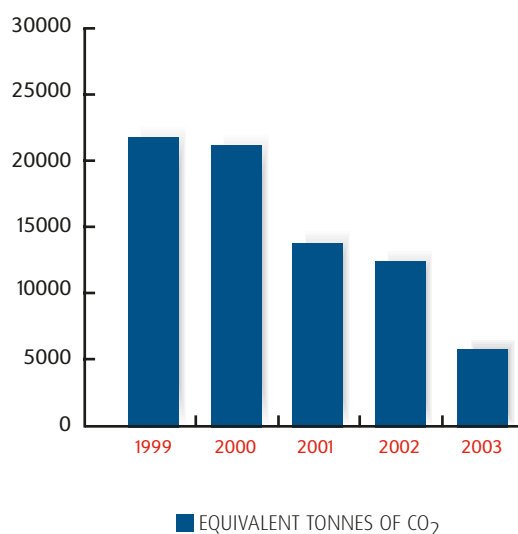
In terms of electricity consumption, the process of gradually converting to energy supplied by Idroenergia (a consortium for the auto-production of electrical power from renewable sources) for the entire Group is continuing in an effort to reduce the use of power produced from fossil fuels and to contribute to the reduction of greenhouse gases. In 2003 152 million KWh were supplied by Idroenergia, nearly twice the amount of the previous year, and a further increase is projected for 2004 until nearly all consumption is covered. These supply arrangements bring the percentage usage of energy produced from renewal sources to nearly 70% of the Group's total requirements.

Parent Company energy sources



In addition, since 2002 UniCredit has participated in the Carbon Disclosure Project. This initiative of the Rockefeller Philanthropy Advisors foundation was created with the support of UNEP FI to assist institutional investors with carrying out an appropriate in-depth study of any environmental impact from climatic changes on the value of their portfolios and to encourage companies to place a greater emphasis on their CO₂ emissions. After agreeing to the project, data were published on greenhouse gas emissions that were calculated using the guide prepared by the World Business Council for Sustainable Development (GHG Protocol Initiative). The data are for the direct combustion of methane and fuel oil and the use of electricity; at the moment, emissions produced from work-related moves have not been quantified.

Parent Company CO₂ emissions



YEARS	EQUIVALENT TONNES OF CO ₂	CHANGE
1999	21,831.40	
2000	21,109.33	-3%
2001	14,719.00	-30%
2002	12,959.83	-12%
2003	6,274.28	-52%

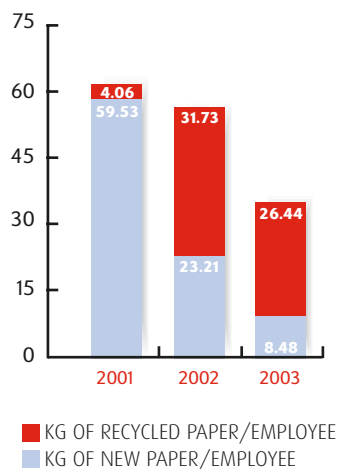
As regards the paper consumption, it can be notice a reduction in paper for office use (A3 and A4 size) due to the greater use of computers in corporate activities and a continually declining use of newly produced paper as well as an increased use of recycled paper, thereby reducing the reliance on raw materials in favour of recycled materials.

Paper consumption

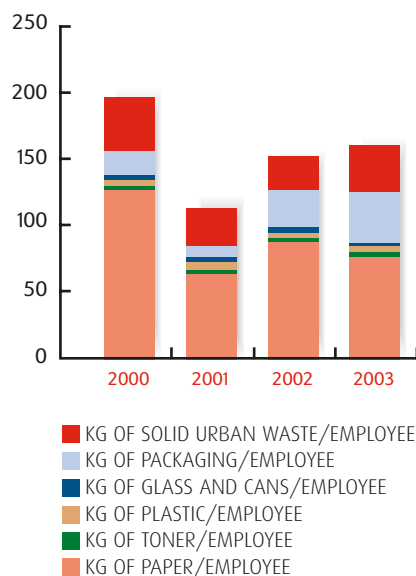
YEAR	RECYCLED	CHANGE IN TOTAL PAPER CONSUMPTION
2001	6%	-
2002	58%	-14%
2003	76%	-36%

Environmental protection

Paper consumption per capita



Production of waste per employee



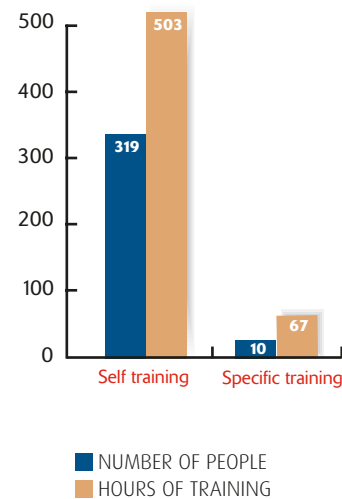
TRAINING

Environmental training is one of the most important management methods. Its aim is to increase the sensitivity, motivation, awareness and skills of all employees in the area of environmentally related topics and their proper management as a part of each person's responsibilities.

In particular, training involves:

- all employees, through an individual training course that offers a basic framework for information and a programme that indicates the specific contribution of each person. The course is provided over the Intranet through the e-Learning platform.
- the corporate areas that are primarily affected by the Management System through specific courses aimed at creating particular skills and expertise.

Training data



INDIRECT ASPECTS

Credit policies

UniCredit has already taken the initiative to factor in the environmental element in the normal assessment of the credit standing of customer businesses, among others through the use of qualitative analysis of customers that make it possible to determine the existence of a potential environmental risk.

With due regard for what has already been implemented, amendments have been made that had an impact on corporate customers.

To be specific, for customers in the corporate and large corporate sectors, the variables indicated until now concern the impact of environmental rules and regulations on companies and their level of competitiveness in the market place in which they operate, as well as the presence of a potential specific risk and legal and tax disputes tied to environmental factors.

However, in consideration of the growing importance of social and environmental issues, several amendments were made in 2003 to the qualitative questionnaire that concerned the number of questions related to environmental risks, and the application of the questionnaire to businesses other than manufacturing, such as companies in the property and financial sectors (holding companies, leasing companies, etc.).

In addition, questions were added to provide an assessment of the clarity and quality of information communicated in accounts from the standpoint of the completeness and accuracy of data presented and the transparency and prudential nature of accounting information.

There was also a request to provide specific critical information attributable to management (e.g., pending proceedings against directors) and to financial transactions and accounting entries contained in the accounts (e.g., speculative or risky transactions, potential tax liabilities, the projection of investments in risky equity investments, etc.).

As a part of the assessment of smaller customers, there was a specific new focus on environmental regulations, and in particular, on whether the company had an ISO 14001 certified environmental management programme and/or an environmental management programme registered in accordance with the European EMAS.

In addition, to monitor the loan portfolio ("productive assets") distribution for the Group's Italian banks in sectors with high environmental risk, a statistic is calculated each quarter that classifies these loans as productive assets with a high, medium or low potential environmental risk. The level of environmental risk is determined based on the classification of productive assets of the EBRD (European Bank for Reconstruction and Development) in its manual for environmental risk management.

In December 2003, assets that could be classified with a potentially high environmental risk level represented 10.1% of UniCredit loans included in productive assets compared to 10.4% in December 2002.

As in the past, the Parent Company also issued specific credit policy guidelines for incorporating environmental risk in the assessment of credit standing for all types of customers. In this regard, restrictive credit policies for companies with a high environmental impact were also adopted by banks in New Europe.

Offer of financial services and instruments

In 2003 UniCredit supplemented its traditional range of bank products for companies with a range of non-financial services through UniCredit ServiceLab. Several of these were in full compliance with the Group's policy of environmental and socially sustainable development:

- a consulting and design service for implementing measures to reduce energy consumption connected with the refurbishment of equipment. The service ranges from the performance of individual activities to providing a complete package.

- an environmental consulting service, which has been operational since November 2003, and which includes the analysis and assessment of corporate activities that could result in various types of impact (environmental and safety audits; due diligence; assessment of environmental risks; analysis of the economic value generated by environmental management; environmental and safety management systems; training, information and instruction), and measures to define the best internal and external methods for socio-environmental communication. Business customers were selected on the basis of their inclusion in sectors that are potentially more sensitive to ecological issues (e.g., those with a high environmental impact, with an indication of sectors subject to the most restrictive regulations) and have been contacted in order to propose the potentially interesting service.

- an information service on innovations in the environmental and safety sector with online consulting support provided by an industry expert. Updating occurred daily and responses to questions were sent within 48 hours of receipt.

* THIS CALCULATION IS FOR PERFORMING LOANS INCLUDED IN THE PRODUCTIVE ASSETS OF THE ITALIAN BANKS - MATRIX SOURCE OF ACCOUNTS.

Environmental protection



In 2003, in anticipation of the entry into force of the Kyoto Protocol and the European Directive on Emission Trading, UniCredit set up an internal task force made up of UniCredit Banca Mobiliare and UniCredit Banca d'Impresa.

Their activities focused primarily on an in-depth study of topics connected with climatic changes in order to acquire the expertise necessary to define an active role in the management of these problems.

The agricultural sector has been the subject of considerable attention due to size issues (a high number of small and very small operators) and its typically close relationship to the area and environment. In addition to its special line of Lineagricoltura products, which were conceived as part of an innovative service that facilitates communication between the bank and companies, UniCredit Banca signed an agreement with the General Federation of Agriculture for Emilia Romagna to support investment requests and promote the development of agricultural businesses in the region according to the terms and conditions set forth in regional law 33/2002. The purpose of the agreement is to ensure a high level of product quality for end users through a system that tracks product availability in the agricultural and food production chain from the certification of all production and distribution phases to environmental considerations (ISO14001 and EMAS).

The Group is also active in the area of project finance through UniCredit Banca MedioCredito and carries out structured finance transactions for investments in industrial and infrastructural projects.

The Group has been involved in several sectors including the environmental sector, water resources, healthcare, transport and logistics, energy, oil and gas and major urban renewal projects. The environmental and landscape impact of various projects to be financed is assessed during the due diligence period, a crucial phase in the structuring of a project finance transaction.

Significant projects financed in 2003 include the acquisition and upgrading of the Maritza East III 840-megawatt electric power plant, which uses lignite fuel and is located in Stara Zagora in south central Bulgaria. This is the first project in the electricity sector sponsored by private entities with a total investment of €650 million and is the largest foreign direct investment in Bulgaria to date. One of the main goals of the project, which required bank

financing of € 348 million, was to allow the power plant to continue production by achieving greater efficiency and a lower environmental impact due to better emission controls and improved handling and disposal of waste and residual ash. Qualified independent consultants conducted an environmental impact assessment study, which also included lengthy consultation with the government. The study was conducted in accordance with the requirements of Bulgarian environmental regulations and to meet the standards set by the World Bank, EBRD and the European directive on large plant combustion.

The project also represents an important example of collaboration with the Group's foreign banks (in this case, Bulbank), which may be repeated in other similar projects that are currently being researched and developed.

In 2003 the focus on the development of a range of socially responsible investment products led to the launch of a new ethical fund under Italian law called UniCredit Obbligazionario Euro Corporate Etico.

The unique features of the management process of the new fund can be summarised as follows:

- securities are selected on the basis of rigorous socio-environmental criteria;

- operating support provided to manager by the Ethical and Environmental Committee of Pioneer Investments;

- ethical advisory support by Ethical Capital Partners, an independent financial consulting company.

The fund makes it possible to take advantage of investment opportunities in the corporate securities market and distributes income annually.

These features resulted in the fund's favourable acceptance by investors. From its launch at the end of September, € 230 million has been raised.

The introduction of UniCredit Obbligazionario Euro Corporate Etico is in addition to the existing international stock fund, Pioneer Global Environmental & Ethical Fund, which was up by 6% in 2003 as a result of its exposure to the raw material, telecommunications and energy sectors, and decisions made in the banking area.

Being fully aware that there are no sectors without critical environmental issues, the Ethical and Environmental Committee

analysed specific indicators to identify companies that employ corporate practices that minimise critical problems. If, however, the sector being analysed shows signs of general critical problems that are deemed to be excessive, it is excluded from the fund's potential target investments.

During the year, the Ethical and Environmental Committee arrived at a favourable assessment of the paper, energy and petroleum sectors. The assessment of the indicators selected made it possible to establish new positions in UPM Kymmene in the paper sector, and South Energy and ENI in the energy sector. In addition, the fund took an overweight position in the pharmaceutical industry with the addition of Celesio (one of the largest European companies) in the portfolio. During the last quarter the fund took profit on part of its investments in the Asian area, and reinvested the proceeds in the American market.

SECTOR	INDICATORS IDENTIFIED
PAPER	<ul style="list-style-type: none"> % of environmental management system certified % of wood coming from certified forests % use of TCF (total chlorine free) milling processes
ENERGY	<ul style="list-style-type: none"> % of energy produced from fossil fuels % of energy produced from renewable sources investments in nuclear-related research and development emissions (absolute level and trend) of CO₂, NO_x and SO₂ investments in R&D as a % of revenues location of plants and geopolitical situation existence of an ethical code
PETROLEUM	<ul style="list-style-type: none"> emissions of greenhouse gases leaks of gas associated with extraction processes existence of a division engaged in research and development in the area of alternative energy sources dumped volume trends emissions of SO₂, NO_x, CO_v consultation with stakeholders procedures for implementing principles and policies that specifically cover the safeguarding of human rights and prevention of corruption.

Environmental protection

UNICREDIT AND THE CERAMIC DISTRICT

UniCredit participated in the project called "EMAS applied to the ceramics district in Modena and Reggio Emilia" in order to promote the dissemination of proper environmental management and the adoption of management systems that have been certified in accordance with recognised standards. The purpose of the project is to facilitate the access of companies in the district to the regional environmental analysis and the environmental improvement programme

that was already defined and jointly approved by local government agencies and trade associations. This eases the initial phases of the environmental certification process and allowing small and medium-sized companies to focus on the application of the management system and amelioration projects consistent with the area's real needs.

UniCredit and its banks operating in the area (UniCredit Banca and UniCredit

Banca d'Impresa) participated in a task force established by an EMAS-accredited environmental auditor and other local banks, in order to validate the district's environmental programme. UniCredit's efforts were focused on analysing the economic feasibility of the programme, but its participation in the project was made driven by a desire to spread EMAS registration and to share the aims of this voluntary tool.



Relationship with suppliers

Actions with an indirect impact include the selection of suppliers and increasing their environmental awareness. Since last year, all suppliers of the Parent Company are qualified using environmental and safety criteria. In 2003 this procedure was also applied to supply arrangements with Group banks and companies.

	GROUP	PARENT COMPANY
Questionnaires sent	438	229
Suppliers evaluated	225	150

The selection method has now been enhanced to include specific environmental requirements, such as ISO14001 certification, for companies participating in competitive bids and for tenders related to products or services with a high environmental relevance.

In addition, preventative environmental audits have been planned for companies participating in the bids; the results of the audits are assessed using the traditional methods for awarding contracts. This approach was used for the first time in 2003 for awarding the contract for nationwide waste sorting with audits of the administrative offices of the selection, recovery and disposal plants of competing companies.



Our vision of the concept of “corporate citizenship” is based upon two fundamental elements: the commitment to spread the culture of social responsibility and the support of social cohesion policies. The Group’s contribution is developed around these key elements and confirms its desire to be an “active citizen” by caring passionately about problems in the general interest.

In 2003, the Group made progress on several projects in these two areas, both directly, through its dialogue and partnership with various entities at national and international levels, and indirectly through the Unidea Foundation, which was established in March to promote social assistance initiatives and projects.

In 2003 the Group allocated € 15,069,000 to support these initiatives, of which € 10,000,000 was designated for the Unidea Foundation.

THE COMMITMENT TO SPREADING THE CULTURE OF BEST PRACTICES

In 2003, UniCredit’s actions were based on several fundamental strategies described below.

Partnerships

As a part of its collaboration with Cittadinanzattiva, a civic movement that promotes the protection of rights and citizens, the “Transparent Contract” project was carried out. This project was created to review the various aspects of contractual relationships between the bank and its customers by critically analysing transparency and quality of service. The results and areas for improvement identified, which were already described in the

In 2003, the Active Citizen Network (www.activecitizenship.net), the European network of Cittadinanzattiva created to promote the establishment of a European citizenship, conducted an extensive study to provide a complete overview on public policies concerning civic activism in 28 countries in New Europe.

The initial results of the study were presented and discussed at a conference held in Warsaw on 7-8 November. This initiative was supported by **Bank Pekao**.

section “Focus on customers” in this report, were presented in Milan during a press conference.

UniCredito promoted a campaign called “Objective Barriers”. This is a programme aimed at reducing those obstacles that prevent people with temporary or permanent mobility restrictions, from having full access, this is a significant and timely topic for credit institutions.

It has been also supported the initiative called “Euro-American Talks on Citizenship”, sponsored together with Fondazione per la Cittadinanza Attiva, organising meetings to discuss differences

between American and European citizenship but also to identify and strengthen the next possible common challenges. The meetings were held in New York, Washington and Rome.

In 2003 the partnership continued with Legambiente to promote environmental protection through the campaign called “Let’s clean the world”. This programme consisted of three days dedicated to cleaning parks, squares, streets, rivers and seabeds.

Restoring and managing Italian treasures of art, nature and culture are the objectives of working together with the Italian Environmental Fund.

Frascati Group for “social responsibility”

This Group, which is made up of UniCredit and other companies, was established at the behest of Cittadinanzattiva in 1999 to create a new business culture aimed at combining market needs with the protection of community assets and the general interest.

The regular international meeting took place once again in Frascati on 10 and 11 October; the focus was on assessing joint efforts between companies and citizen organisations. The meeting ended with a reflection on the prospects of corporate social responsibility in light of the change in the social realities of industrialised countries.



Corporate Citizenship



In 2003 a project was sponsored to restore the nineteenth century Villa Gregoriana in Tivoli. The restoration will be completed in the autumn of 2004 after which it will once more be possible to use the villa and its park.

In addition, UniCredit carried on its participation in OSIGA (Observatory for Integrated Environmental Management Systems), which was established in 1997 by the Institute of Energy and Environment Economics and Policy (IEFE) at Bocconi University, to discuss and study topics related to environmental management and offer regular updates on changes in environmental policy at national and international levels.

To investigate the procedures for reducing greenhouse gas emissions adopted under the Kyoto protocol a study has been financed and promoted by the Kyoto Club, to focus on the economic and financial implications of applying the European directive on emission trading for Italian companies.

Relationship with Universities

The Group has taken on a specific role in relationships with universities in order to promote corporate social responsibility and related topics as a subject to be studied and a pre-requisite for students' preparation for a career in this field. In 2003 the following projects were implemented:

- the creation of a university chair called "UniCredit Chair on Economic Ethics and Corporate Social Responsibility" at the University of Trento. The degree programme will be supplemented by two research centres: the "Observatory for ethics, rational decisions and corporate social responsibility" and the "Observatory for corporate social responsibility". The aim is to create an integrated training and research programme aimed at investigating certain corporate aspects and policies;
- the agreement with the University of Verona to set up a masters degree in "Corporate Governance and Corporate Social

Of particular significance is the partnership formed between **Koç Financial Services** and the TEMA Foundation (the Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats), which was founded in 1992 to create a general awareness of the environment and address several problems that could potentially cause serious damage in Turkey in the future: erosion, deforestation, threats to biodiversity, and loss of productivity of farm lands.

The foundation will also develop models and demonstration projects to protect the surrounding environment.

Responsibility" which aims to integrate basic university training and working experience. The objective of the masters programme is to train professionals to manage corporate governance by seeking maximum agreement by understanding and satisfying the needs of different entities that come into contact with the company;

- participation in the "Q-RES" Project at the University of Castellanza in order to define a new quality control system aimed at promoting the creation of a corporate governance model based on the idea of a corporate agreement with stakeholders;

- sponsoring of a scholarship for a masters degree in "Corporate responsibility for the environment" at the Law Department at the University of Milan.

Honorary loans

UniCredit Banca has, in collaboration with universities, developed a new form of financing to provide assistance to all those who are obtaining satisfactory results in their studies and may have difficulties obtaining a loan. The lending criterion favours students who have demonstrated an ongoing commitment to university studies and who have already achieved an intermediate level (at least a first level degree). Loans are provided at below-market interest rates to finance the future development of students while it also holds students responsible for repayment of the loan.

Young people and the work reality

PRIMIMPIEGO DAYS – This is an orientation programme created by UniCredit Banca in collaboration with UnImpiego, the service that recruits and selects human resources and that was formed at the behest of a number of member associations belonging to Confindustria.

INFO-STAGE – UniCredit Banca is a participant in the project to bring companies and universities together in order to provide training and suggestions and advice on how to get around in the working environment. This project was established in collaboration with LEONARDO, the non-profit organisation created to support young students in their educational programmes until they find employment.

Giovanna Crivelli Scholarship

UniCredit once again offered two scholarships in the memory of a colleague who strove for equal opportunities in the business world. These scholarships were created to offer young degree holders the opportunity to further their training. Young Italian university graduates were sent abroad to pursue their studies in the fields of political economy, the economics of financial markets and economic policy.

The unique feature of this programme is that one of the two scholarships is awarded to a woman.



In 2003 the Group decided to join Global Compact, the UN-sponsored programme that asks companies to adopt nine universal principles regarding human rights, working conditions and the environment in their strategies.

The Global Compact principles have been implicitly incorporated in the Group's mission statement and corporate values; they will serve as a further incentive to supervise compliance and to define more effectively an identity and operating and behavioural models. The goal is to contribute to provide a framework for promoting sustainable growth and to instil a sense of citizenship through corporate initiatives that can translate principles into concrete actions.

This confirms the Group's commitment to take greater responsibility with respect to the environment and the communities in which it operates.



Participation in national and international networks

There is an ongoing policy to promote relationships and collaboration with entities active in the area of corporate social responsibility:

- **CSR Europe**, European network created to promote the acceptance of responsible policies by companies.
- **Sodalitas**, the association that promotes the development of social entrepreneurship and fosters a socially responsible culture
- **Forum for Sustainable Finance**. The Forum is the Italian representative on the European Forum for Sustainable and Responsible Investment (EuroSIF), a continental network sponsored by the European Commission.
- **OSIF** – Observatory for Sustainable Development in Business and Finance promoted, in 2003, by Luiss University, SAM – Sustainable Asset Management and Forum Permanente per il Terzo Settore and Socially Responsible Italia SpA.

SOLIDARITY INITIATIVES

The support for social assistance activities and projects in Italy, developing countries and Central and Eastern Europe falls primarily under the responsibility of the Unidea Foundation. In addition, UniCredit Group's banks and companies have made several significant efforts.

Unidea Foundation

Below is a description of the main projects carried out and/or undertaken in 2003. Specific details can be found in the Foundation's first "Mission Report".



■ Basic health care and regional development programme in the Hauts Bassins and Cascades regions in Burkina Faso.

The goal of this three-year program is to improve the living standards of the rural population by enhancing and developing the healthcare system and small local businesses. It is being carried out in collaboration with the Latin American Laity Movement (MLAL), Progettomondo.

■ "Sidi Bouhmedi" Project: integrated social and healthcare programme for the people of the Beni Klough district in Morocco. The main goal of this programme is to improve basic healthcare services. Healthcare services will be provided by hospitals, healthcare centres and medical clinics. This project is being carried out in collaboration with Soleterre – Strategie di Pace Onlus Peace.

■ The "YSC – Youth Support Centre" project for technical and professional training and small loans in the Pomerania region in Poland.

The objective of this programme is to reduce unemployment among young people, encourage small businesses, and improve the quality of human capital in small and medium-sized businesses. The project is being carried out with the support of the Polish Agriculture Development Foundation (FDPA) in Warsaw.

■ Technical and professional training project in the textile industry, and incentives for the development of independent businesses for young women in the Gabrovo region in Bulgaria.

The aim of this project, which was launched through the VEDA association in Gabrovo, is to improve the professional skills of young women who live in the region through training

programmes. The programmes strive for achieve immediate employment, and are aimed at those manufacturing and service sectors with the greatest growth potential: the textile industry and tourism.

■ The "Gratosoglio Project": regional experiment to help young people with difficulties in Milan.

The project's co-ordinated actions are aimed at helping young people in difficulties, with a special focus on the problem of educational drop-out and the re-integration into social life and the work place of so-called young people "at risk". The goal of this Unidea programme, in collaboration with the San Martino Social Cooperative, is to limit youth-related problems in suburban neighbourhoods with a high risk of social disintegration by working with regional government agencies and associations that are able to support such a major joint programme.

In addition to its own projects, the Foundation has financed projects conceived and carried out by other entities and institutions with which the Group has strong links:

■ "D.R.E.A.M. (Drug Resources Enhancement against AIDS in Mozambique) Project".

This programme, which was initiated in 2002, was carried out in collaboration with the San Egidio Community; it is aimed at preventing and treating AIDS in Mozambique by introducing a network of social and healthcare services with a comprehensive approach linking prevention, healthcare education and rehabilitation of the national healthcare system, support and nutritional advice, specialist training and therapy.

■ Shelter, education and professional training for street children. The purpose of the project is to improve living standards in Ethiopia, especially for street children. The specific objective is to foster the human and social development of vulnerable minors who are at risk of social exclusion through prevention and recovery programmes that provide access to education and basic healthcare services and to professional training, and help young people find jobs. The programme is being carried out in conjunction with VIS – International Voluntary Service for Development.

■ From traditional and preventive medicine to the social role of women in Tshimbulu in the Western Kasai province in the Democratic Republic of the Congo.

This programme, which was developed by COE, the Educational

Orientation Centre, is to instil a culture of health, hygiene and prevention based on the proper use of natural resources. The main purpose is to train those people who are capable of providing value to their traditional culture and spreading best practices.

■ Support of rural communities in the Mangochi District in Malawi. Together with Movimondo, the aim is to promote and enhance procedures to prevent HIV/AIDS and modify behaviour through awareness-building campaigns. These primarily involve the most heavily affected groups (women and young people), and will also be able to address the entire community and contribute to a better quality of life of the most vulnerable groups by promoting income-generating activities.

■ Support of social organisations and cooperatives in Bosnia Herzegovina provided by Arci Cultura e Sviluppo (ARCS).

This project strives to strengthen and promote cooperatives and associations. Given the fragile Bosnian economic and democratic situation, these offer concrete assistance for entrepreneurial, and especially agricultural and social development, which is currently devastated by fragmentation, scarce resources, weak institutions and the lack of international attention.

■ "Charity House" Project.

This project involves the remodelling of a school in the Crescenzago neighbourhood in Milan that will be set up as a social assistance service centre in collaboration with Caritas Ambrosiana.



Corporate Citizenship

"Gift-Matching" Project

Unidea was one of the first foundations in Italy to adopt and promote the innovative "gift-matching" tool to promote a non-profit and volunteer culture among UniCredit Group employees. The foundation matches contributions made by employees or a group of employees to support a fund-raising project carried out by entities that operate in accordance with the social and humanitarian goals pursued by the Foundation.

The first gift-matching campaign, which started on 1 October and ended on 30 November, involved 3,500 Group employees and raised over €500,000.

Most employees joined the programme in groups; this often made it possible to finance an entire project and resulted in greater involvement of participants. Overall, more than half the contributions were donated to associations operating in developing countries to support healthcare and educational projects. This programme involved all employees in the Group's various banks and companies in Italy and New Europe.

The programme will be repeated in 2004, but only for groups of employees. The intent is to promote staff cohesion through fund-raising projects with a preference for mixed groups of people belonging to the Group's different banks.

Again in 2004, the "employee volunteering" programme will begin. This programme will reshape the Gift Matching project by modifying the purpose of the donation made by employees. The Foundation has agreed to make a financial contribution to non-profit entities at which employees do volunteer work after office hours.



SOLIDARITY INITIATIVES

- Support of fund-raising campaign sponsored by the Italian Cancer Research Association (AIRC) as part of the National Cancer Research Day. The funds raised will allow 60 fund recipients to continue and complete research initiated in 2001. The Group raised over € 1,300,000 in 2003.
- Support for the national information project called ASM Handbook for Safe Maternity developed by the Italian Association for the Study of Deformities to help women have a safe pregnancy.
- Participation in the programmes promoted by the Family for Family Committee, an initiative of the Forum of Family Associations to deal with the problem of disintegrating families in eastern countries by providing direct support.
- Support for the development of a stand at the Book Fair backing the production of books in Eastern European countries. This initiative demonstrates that the Group is not only interested in the economic and financial development of these countries, but also in their social and cultural development, and wishes to confirm this by backing publishers in these countries, who used the Fair as an opportunity to meet Italian publishers and contact visitors.
- Bank Pekao's promotion of the Affair Institute Foundation to promote education and provide in-depth coverage of topics related to Poland's imminent entry into the European Union. In addition, a European Programme was implemented to coordinate the various aspects of the expansion of the European Community to the east.
- Zivnostenska Banka's support of the Kapka Nadeje Fund to help infants suffering from haematological problems. The goal of this fund is to provide ongoing support to the paediatrics department of the Prague-Motol Hospital in the Czech Republic.
- UniBanka's cooperation with the Anti-Drug Fund in Slovakia to advance projects involving drug prevention and the rehabilitation of young people with drug-related problems.
- Implementation of the "You at my table" project to encourage the continuing joint effort with the non-governmental organisation, Amani. This organisation was created last year in order to support various programmes, such as the improvement of water supply at the Mthunzi Centre in Zambia and the construction of a dormitory and classrooms for a school preparing for working life in Kenya. The project was advanced by UPA with a contribution from the Unidea Foundation, which doubled the contribution made by employees.

Our partners

