

A Corporate Foundation for communities



Report and Accounts

2016

A Corporate Foundation for communities

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FOUNDATION BODIES

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Maurizio Carrara
Chairman
UniCredit Foundation

Dear Reader,

What is the purpose of a corporate foundation like ours within a large bank like UniCredit? And what benefits does it provide for the business itself and its employees? The figures, testimonies and stories of the numerous experiences that you will find in this publication offer the best possible answers to the question above. However I think that, in this regard, there are further considerations to be made in order to frame the context in which we operate.

For many businesses, a foundation can be a reliable means through which to demonstrate social commitment - a sort of operational branch that produces social change within a framework of good management practices and transparency. Although this alone would constitute a fundamental contribution, **we can do more: corporate foundations can become real change-makers, increasing the social impact of their activities through innovative approaches.**

On this subject, Porter and Kramer's Shared Value Theory ("Big Idea: Creating Shared Value" Harvard Business Review, 2011) marked a turning point: the model claims that high levels of efficacy can only be achieved by implementing a capitalist logic in the resolution of social and environmental problems. This is indeed a very interesting theory. In fact, according to Porter and Kramer, the creation of Shared Value can be regarded as the cornerstone of a renewed capitalism that considers social objectives at a strategic level, which would in turn be achieved through the business itself. In particular, thanks to this change in vision, the model allows companies to find solutions to social problems that occur in a given area as an opportunity for the business.

In this context, and here is the answer to our initial question, **the role of a corporate foundation is essential; not only to strengthen the reputational value of UniCredit, but also, and perhaps most importantly, to take on a protective role in certain new markets and to be a vehicle for employee engagement.**

Here I'd like to refer to some excerpts from our Guidelines for the three-year period 2015/2018, which I believe can accurately make our strategy consistent with the model proposed by Porter and Kramer. "Social innovation consists of new ideas which satisfy social needs, create social relationships and form new collaborations. These innovations may be products, services or models, which offer a better way to address unsatisfied needs". With this objective, "the Foundation favours and enhances the medium of social enterprise as a subject that is better suited than others to triggering sustainable socio-economic development among local communities. Social enterprise also possesses the tools to ensure a more effective dialogue with the for-profit world, honing the managerial skills and techniques that form the backbone of its organisational operation". The differences from the traditional philanthropic model are clear: "The Foundation can easily leverage company know-how to directly intervene in the organisation and management of partner entities, supporting their

professional development and the adoption of an economically sustainable model”. With a view to creating value for the business “while maintaining an operational connection with non profit organisations, the Foundation is able to focus its efforts on supporting entities seeking to create spin-offs of existing social enterprises or new start-up social enterprises by identifying target markets which may genuinely be considered as clients. At the same time, the Foundation is able to sustain its entrepreneurial backing of social enterprises having already opened up or which intend to open up to the market”.

Of course the creation of shared value cannot be achieved without employee engagement. As a Foundation, we can be proud of the great tradition we carry forward in this regard through projects such as the Gift Matching Program and Your Choice, Your Project. These types of initiative offer a three-fold advantage: for the employers, for the employees and for the community. As the European Union guide “The Employee Community Engagement Measurement Workbook” demonstrates, the benefits for employers include enhancing reputation, having more motivated personnel, and improving commercial productivity. Through their commitment to the community, employees develop skills and competencies alongside a series of personal benefits such as strengthening trust and empathy. As regards the non profit organizations, they can enlist the help of employees that, in our case, bring skills and expertise often not found in the world of the Third Sector and social entrepreneurship.

The pages you are about to read offer a concise and faithful picture of what our Foundation has put in place in 2016, through figures and first-hand accounts. However, as Denis Diderot taught us, it is **not enough to do good, one must also do it well** (a lesson that today can be applied to the broad debate on social impact and its measurement tools). With this in mind, the Foundation has decided to renew its collaboration agreement with Deloitte, aimed precisely at verifying the managerial and reporting aspects of completed projects.

Enjoy the reading!

Moni Courvoisier

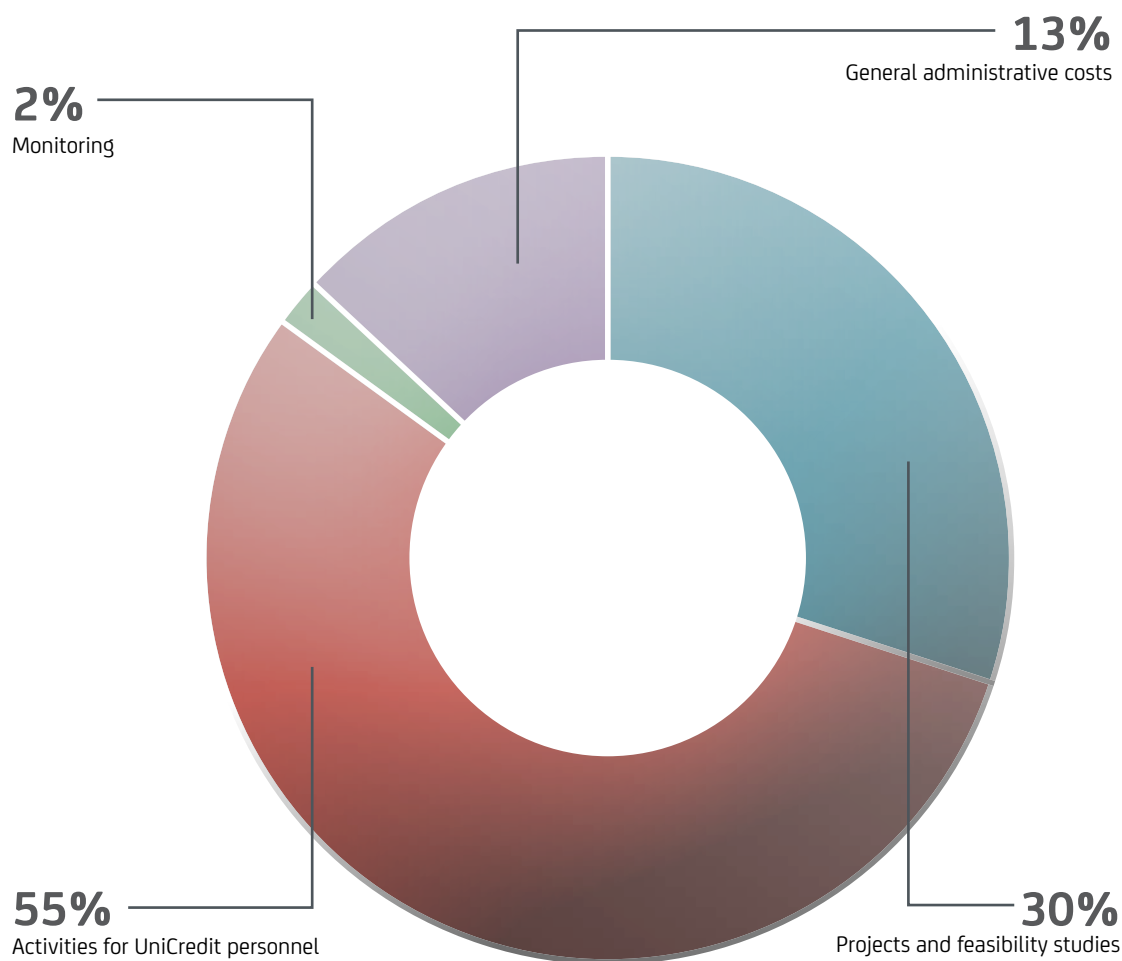
Synthesis of Data

The allocation of funds for the year 2016 shows that 30% of the resources were used for the design, implementation and management of UniCredit Foundation projects in Central and Eastern Europe, in Austria, Germany and Italy.

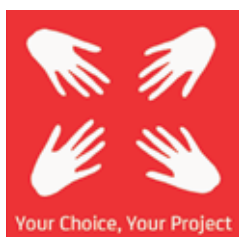
55% of funds were instead allocated to activities that the Foundation proposes to UniCredit employees through the initiatives of Employee Community Involvement.

13% of funds were used to cover general administration costs.

Finally, a specific item is recognised relative to costs incurred for the monitoring of the individual projects, accounting for 2% of the Foundation balance sheet.



Note to the reader



“Your Choice, Your Project”: projects accompanied by this symbol are those that UniCredit employees voted for as part of their involvement in the Foundation’s activities. The winning projects were assigned an additional grant by the Foundation.

A Corporate Foundation for communities

Our identity, our approach

The Foundation helps to strengthen the social capital and reputational value of UniCredit, in line with the sustainable paths taken by the Bank.

The Foundation is committed to promoting sustainable initiatives over time, striving for innovation in different fields of social intervention and building effective and lasting partnerships with non profit entities through the transfer of economic resources, a business culture and management-specific skills.

Finally, the Foundation assigns UniCredit personnel a central role within its operations and is committed to enhancing their contribution, with the aid of new tools for encouraging participation and motivation.

In line with the principles and directives of UniCredit and the characteristics typical of a corporate foundation, the Foundation strives to bring itself closer to its target regions and communities, operating on both a local and international level, consistent with the geographic and cultural scale of UniCredit which is currently present in 15 countries.



OUR INVESTMENTS

Financial resources and expertise



OUR GOAL

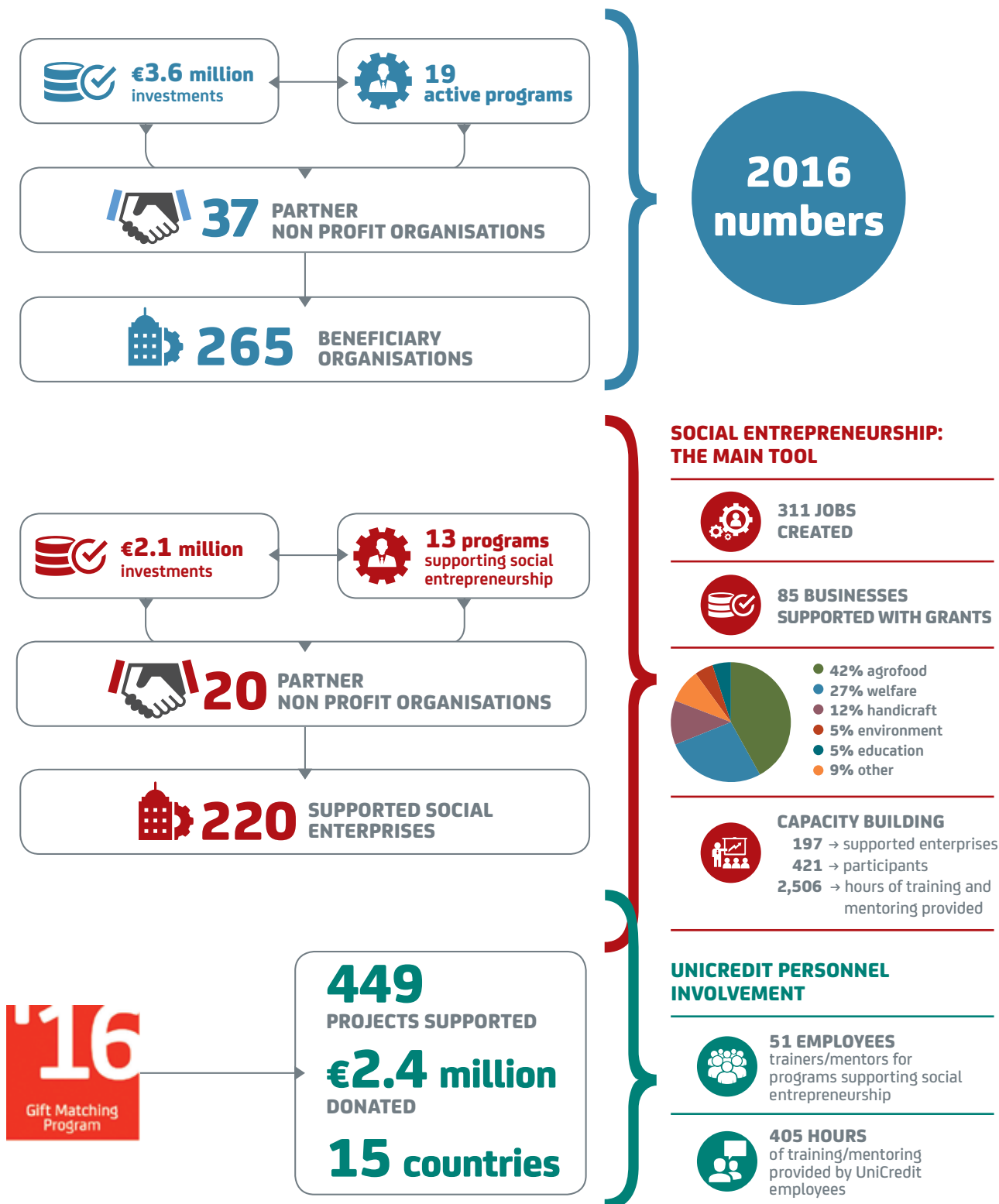
Added value for local communities

2015 - 2018 Guidelines

The guidelines described below are a continuation of that which the Foundation has done in the past three years as many assumptions from the previous guidelines have been tried and tested, resulting in a consolidation of the approach in two key areas: supporting the development of the communities in which UniCredit operates - primarily through the medium of social entrepreneurship, and promoting active solidarity among UniCredit employees. Additionally, efforts continue in raising awareness and disseminating information both within and outside of UniCredit on the concepts of philanthropy and solidarity. This is crucial to achieving increasingly satisfactory results and to keeping up with the group of grant-makers committed to promoting social innovation across Europe.

2016 Active programs

SUPPORT FOR SOCIAL INCLUSION
AND INVOLVEMENT OF UNICREDIT PERSONNEL



Activities in Europe

- Programs supporting
social entrepreneurship
- Programs involving
UniCredit personnel

● Austria

● ● Bosnia and Herzegovina

● ● Bulgaria

● ● Croatia

● ● Czech Republic

● ● Germany

● ● Hungary

● ● Italy

● ● Poland

● ● Romania

● Russia

● Serbia

● ● Slovakia

● Slovenia

● ● Turkey

For some years now, interest in new and innovative enterprises working to manage social services and projects has been on the rise, involving an ever greater number of countries and institutions. The rise in such enterprises, both publicly funded and otherwise, is in part due to the economic crisis and the difficulty for welfare systems to meet old and new needs. Terms that until very recently were used only by specialised experts, such as the “third sector”, “non profit sector” and “social and solidarity economy”, have slipped into common use. Among these, a term coined for the first time in Italy at the end of the 1980s has become particularly popular: “social enterprise”. In just a few years, this term entered into common use by professionals and policy makers alike, including almost all of the most important international institutions, from the ILO to the OECD, from the G7 to the European Commission.

Mapping Social Enterprise in Italy and Europe

BY CARLO BORZAGA

In particular, the European Commission – through the Delors’ Plan implemented at the start of the 1990s – has identified non profit organisations as subjects potentially able to provide specific and additional contributions both to the execution of its own economic and social model, the social market economy, and to the creation of new employment opportunities. In subsequent years, this recognition has been reiterated with dedicated documents on the subject, such as that on the social economy, and the Commission has concretely supported development in the sector, above all through structural funding, such as the Social Fund. Research on the topic widely upholds the idea that community support has been fundamental in promoting some of the most innovative experiences, above all in member states with a less developed non profit sector.

The most recent of these EU actions **is the the Social Business Initiative approved in the autumn of 2012, with the objective of establishing a series of measures to support the growth and consolidation of this type of enterprise**, both directly as a Commission - for example, through revising regulations on state aid and the creation of specific financing sources - and indirectly, by creating incentives for individual countries to take on responsibilities and allocate structural funds to these organisations. In order to develop a definition of social enterprise applicable in diverse legal and institutional situations, the Commission identified three requisite characteristics: an explicit social purpose for its activities, commitment to use profits towards achieving social objectives (not distributed to owners),

adoption of governance structures that are inclusive of all main stakeholders, in particular users and workers. The Expert Group on Social Entrepreneurship (GECEs) was subsequently set up to identify supplementary support measures and to produce a map of social enterprises in all member states and the Swiss Confederation.

However, this mapping was found to be much more complex than foreseen, not only due to a lack of reliable information from most countries, but above all due to the difficulty in identifying organisations that meet the European definition.

Shortfalls aside, it was nonetheless able to demonstrate that business structures with all, or at least the main features envisaged in the Commission’s definition, were present in all countries and notably so in a number of them. This led the European Commission to begin a second, more in depth mapping, starting with a smaller group of seven countries, specifically those which had indicated an interest in further studying their national situations. Completion of the second mapping was assigned to the first European network of social enterprise researchers, the Italian research institute “Euricse”. The seven countries mapped were Belgium, France, Ireland, Italy, Poland, Slovakia and Spain. Learning from the difficulties encountered in the initial research, much more attention was paid to clearly defining the various concepts used during the study, to ensure they applied to the various situations and were shared by all researchers.

In particular, a uniform definition of social enterprise was identified that could also apply to countries that lack specific legislation and where different definitions are used, for example social and solidarity economy. This definition was applied regardless of the legal forms used, so as to obtain a genuine understanding of the extent of the phenomenon.

The results confirm that social enterprises, even if defined in a fairly restrictive manner in line with the EU initiative, are present in all the countries examined and have become socially and economically significant in their range and importance in certain countries, with tens of thousands of organisations and several hundred thousand workers. In addition, it appears that these organisations have not suffered from the crisis in the same way as the rest of the business world, at least in the countries for which multiple years of data were available.

Most of the social enterprises identified distribute welfare services or help find employment for the unemployed and are largely financed by public administrations. However, the research also shows that the sector is widening to include non-social services to individuals and communities and hence relying on either private resources - sales of services rather than donations - or on public resources acquired through tenders. The legal forms used are still for the most part those typical

of the social economy, such as cooperatives and associations, but the presence of operational foundations and limited liability companies is increasing, above all in countries whose laws allow use of these forms for the establishment of social companies, provided there are limitations set on the distribution of profits.

From both the mappings, the second in particular, it appears that Italy has a clearer definition of social enterprise than the other European countries. Its laws are more advanced and easily applicable to those interested in beginning a business of this type, also thanks to the possibility of using several legal forms. Its statistical information is more precise - thanks also to two non profit institution censuses carried out by Istat, the Italian statistics institute - and the extent of the phenomenon is clearly significant, likely the most prominent among the countries examined.

In fact, applying the definition of social enterprise used for the mapping – **social organisations with at least 50% of market revenue deriving from sales of goods or services to private entities or public administrations – in 2011 there were over 94,000 social enterprises operating in Italy (associations, foundations, social cooperatives and religious entities), employing over 550,000 people and with hundreds of thousands of volunteers.** If the requirement of employing at least one person is added, the number of organisations that can be defined as a social enterprise falls to just under 20,000, still well distributed among the various legal forms, while the number of employees remains essentially unchanged. These figures have been reached after a decade of intense growth, decidedly greater than that seen in public institutions and in conventional businesses, which appears to have continued even during the economic crisis. This can be seen by analysing the trends of what can be considered as the most entrepreneurial component of the organisational structures used - social cooperatives. Between 2008 and 2014, over 12,000 social cooperatives saw total added value growth of 43%, increasing employees, calculated as equivalent full-time jobs, by 46,330 units (+21.9%).

Much of this can be explained by the ability of these enterprises to improve on or at least match public institutions and conventional businesses in terms of responding to changing needs and, increasingly, private demand for payment. If this is the case, we can expect this trend to continue. But this also depends on the presence of supporting policies that are consistent and innovative. Among these, the following will be particularly useful in the next few years: completion of the reform for the third sector to better regulate social enterprises and widen areas of action; definition of methods to externalise public demand that are less binding for organisations offering services and more attentive to the quality of the services and the organisations that provide them than to price; actions to support the establishment, capitalisation and investment in social enterprises that desire to undertake projects in areas ranging from conservation and enhancement of cultural assets, to development of sports and recreation, which require significant financial commitments.



CARLO BORZAGA

He is a graduate in Social Sciences and specialised in Economics. He became an Associate Professor of Economic Policy in the Faculty of Economics at the University of Trento in 1986, and a Full Professor in 2001.

From 2002 to 2003, he was Chairman of the Evaluation Committee at the University of Trento. From 2003 to 2006, he was the Dean of the Faculty of Economics. In 1996 he helped establish the Research Institute for Non profit Enterprises (ISSAN), and served as Chairman until 2009.

At present he is Chairman of Euricse – European Research Institute on Cooperative and Social Enterprises, based in Trento. He is also the coordinator for the Master's program on Management of Social Enterprises (GIS). He is a founding member and Director of the EMES Network (The Emergence of Social Enterprise in Europe). He is Chairman of the IRIS Network (Research Institute for Social Enterprise).

He is the editor of the journal *Impresa Sociale* and a member of the editorial committee for a number of journals, including *Economia e Lavoro*, *Revue des études coopératives mutualistes et associatives* and *Social Enterprise Journal*.

Empowering the breakthrough generation

COUNTRY **BOSNIA AND HERZEGOVINA** | REGION **NATIONAL** | DURATION **JUNE 2016 - JUNE 2017** | PARTNER **MOZAIK FOUNDATION**

120
CANDIDATE
IDEAS FOR THE
2016 SOCIAL
INNOVATION
TOURNAMENT

5
TEAMS OF
YOUNG SOCIAL
ENTREPRENEURS
SUPPORTED BY
THE UNICREDIT
FOUNDATION
GRANTS

The cooperation that began in 2012 between the UniCredit Foundation and the Mozaik Foundation continues. Specifically, in 2016 UniCredit Foundation supported the development of the ten-year strategy (2015-2025) "Empowering the breakthrough generation in Bosnia and Herzegovina", which the Bosnian foundation had begun with the aim of spreading good social enterprise practices, in particular among the youngest members of society. In this sense, the concept of social enterprise is promoted through a multi-step process (increasing awareness about social innovation, business planning and incubation), both as a means of individual activation and growth and, in particular in the current economic crisis, as an engine for local economic and social development. From 2015 to 2016, Mozaik tested its ten-year plan, starting with a careful analysis of the context and needs expressed by the population. In a country with one of the highest unemployment rates in Europe (43% on average; 62.8% for youth), to create jobs is clearly the most urgently felt need. The focus on the next generation of social entrepreneurs is an element that makes this project fit perfectly with UniCredit Foundation's approach to social inclusion and innovation which, in the first cycle of the project

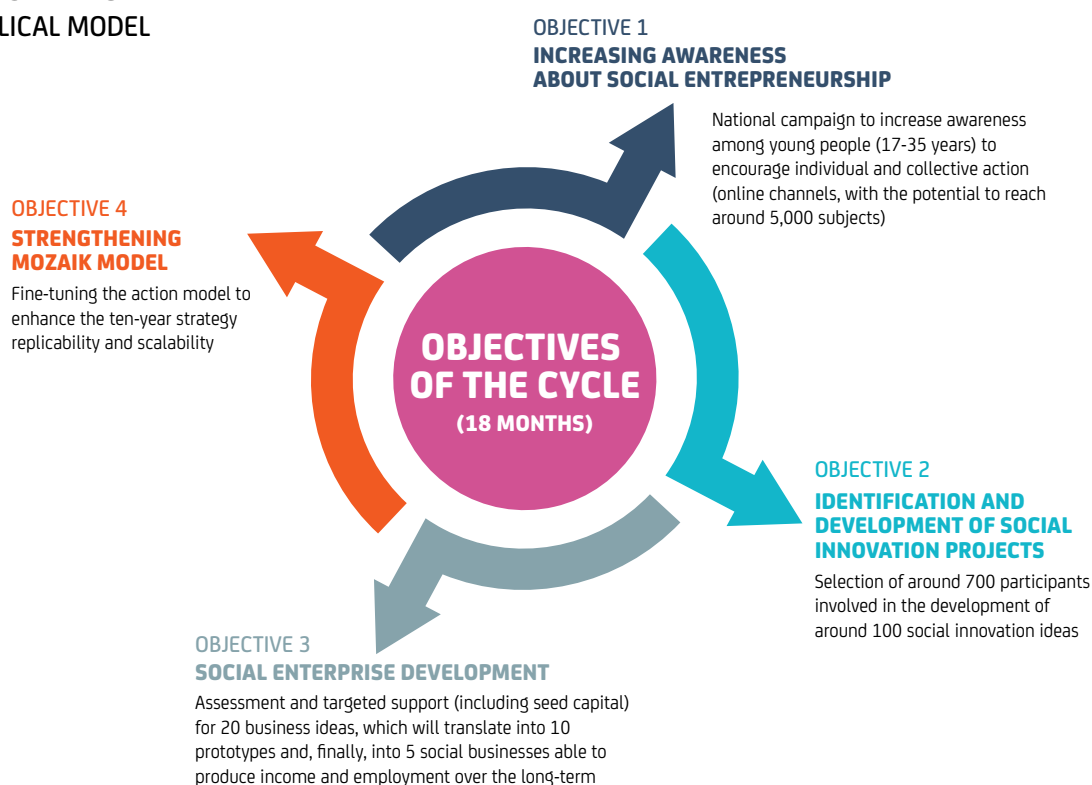
(by the end of 2017), will disburse 5 grants in favour of the same number of youth teams. They will work to develop their own social business proposals and will also receive non-financial support (training, mentoring and consulting) from experts of the Mozaik Foundation and the world of academics, non profits and local business. Employees of UniCredit Bank in Bosnia and Herzegovina may also be involved as mentors in supporting the start-up businesses. The teams will work for around 18 months to transform their ideas into social enterprises able to remain on the market and become part of the community of Mozaik alumni, benefiting from long-term assistance and monitoring. And there's more. During the training cycle, Mozaik will also assess the possibility of participating in the management of the enterprises with the greatest potential which, in turn, will be called on to develop solutions to identify alternative self-financing sources and synergies with the initiatives of the other teams, activating a virtuous cycle that helps achieve long-term sustainability. Together with UniCredit Foundation, the development of the Mozaik Foundation strategy will also be supported by local institutions and international foundations, including Bosch Foundation, Zeit Foundation and Charles Stewart Mott Foundation.



Samira Nuhanović-Ribić,
Social Business Incubator Director, Mozaik

"We aim to create a new breakthrough generation of young entrepreneurs over the next ten years, able to use the social business model to change the future of our country."

MOZAIK TEN-YEAR STRATEGY IS BASED ON A CYCLICAL MODEL



Business with a Mission

COUNTRY **BULGARIA** | REGION **NATIONAL** | DURATION **MAY 2016 - APRIL 2018**
PARTNER **BULGARIAN CENTER FOR NOT-FOR-PROFIT LAW (BCNL)**



17
NON PROFIT
ORGANISATIONS
RECEIVING
MANAGEMENT
AND MARKETING
ASSISTANCE TO
LAUNCH THEIR
START-UPS

5
GRANTS
ASSIGNED
TO SOCIAL
ENTERPRISES,
TOTTALLING
€17,500

Last May, the third phase of the “Social Entrepreneurship Program for NGOs” project was completed, in partnership with BCNL. The initiative, which was launched in July of 2012, involved three calls for tender (in 2013-2014, 2014-2015 and 2015-2016) to help develop social entrepreneurship, with the selection of 73 organisations that were able to make use of training courses, including the participation of UniCredit Bulbank employees, in order to maximise the effectiveness of the selected business plans. In each of the three years, the jury selected 7 organisations, 3 of which received a contribution of €5,000 each, to which was added a supplemental grant assigned by the votes of UniCredit Bulbank employees as part of the “Your Choice, Your Project” initiative.

Based on BCNL ability to sound out the local community, serving as a catalyst for the development of innovative and sustainable start-ups, and thanks to the involvement of UniCredit Bulbank employees in providing mentoring for beneficiary organisations, UniCredit Foundation chose to continue its cooperative relationship with BCNL by supporting a new two-year initiative. 17 organisations promoting initiatives with significant social impacts were selected through a call for tenders. Also in this case, a jury of experts, including representatives

from UniCredit Foundation and UniCredit Bulbank, selected 17 business plans, which their supporters were able to present at a national event held in February 2017. The grants were assigned to the 5 projects with the largest social impact and/or the greatest potential for development at the business level. A total of €17,500 was assigned. The project, which received the most votes within the YCYP initiative, also obtained an additional €3,000 grant.

There are two main changes with respect to the previous version of the program. The first is the structuring of a mentoring process in favour of the five selected organisations, which will be able to count on specific training relative to management and marketing aspects. In order to increase participation in the call for tender, 6 “information days” were held with voluntary participation from UniCredit Bulbank employees in the same number of regions throughout Bulgaria, aimed at offering concise training on entrepreneurship.

The project also attracted the attention of the largest Bulgarian public television station (Bulgarian National Television 1) which offered insight into the experiences of the most innovative Bulgarian and Italian social enterprises supported by UniCredit Foundation in a documentary.



Luben Panov,
Director, Bulgarian Center for Not-for-Profit Law
“The documentary we created with Bulgarian National Television helped to increase the public’s awareness of the importance of social entrepreneurship.”



Intro

ENTREPRE-
NEURSHIP
& SOCIAL
INNOVATION

Advocacy
& Social Inclusion

Employee
Community
Involvement

Culture
& Solidarity

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The Inkubator

COUNTRY **CROATIA** | REGION **NATIONAL** | DURATION **DECEMBER 2015 - SEPTEMBER 2016** | PARTNER **IMPACT HUB ZAGREB**



3
PROJECTS
SUPPORTED
THROUGH THE
TENDER IN
CROATIA

694
ZAGREBČKA
BANKAA
EMPLOYEES WHO
PARTICIPATED
IN THE "YOUR
CHOICE, YOUR
PROJECT"
PROGRAM



Strengthening support activities aimed at beneficiaries as well as a clear focus on improving the social services, employment and entrepreneurship: these are the main innovations introduced in the second edition of the project promoted by UniCredit Foundation together with Impact Hub Zagreb and Zagrebačka Banka.

In February 2016 a national competition was launched, with 10 finalist teams selected. These then benefited from a pre-incubation program lasting 3 months, with the aim of preparing business plans and selecting 3 winning projects. Finalists had access to a vast array of training, mentoring and support from the network of professionals associated with the Hub, as well as to physical co-working spaces. Three of the ten finalist business plans received €7,500 in financial contributions each, as well as the opportunity to participate in a post-incubation program for an additional 4 months, organised by Impact Hub Zagreb.

These are the 3 Croatian social start-up projects selected by the tender jury: Kliklop, Pričaj mi and STEMI.

- **Kliklop:** the first catering service in the country specialised in preparing and delivering meals for children, both for pre-schools and at home, prepared using fresh and locally grown products.

- **Pričaj mi:** the idea focuses on the emotional, relational and cognitive matrix of parent and child play, producing and selling thematic kits containing materials and instructions that allow families to make their own toys.

- **STEMI:** a project based on a STEM e-learning platform support knowledge in the STEM fields (Science, Technology, Engineering and Mathematics), able to promote the development of logic, problem solving, critical thinking and creativity, through play. The first small model sold by the team of young designers is a DIY robot that helps in learning the basics of robotics, science and mathematics.

The three social enterprises supported by UniCredit Foundation also received an additional 3 grants with a total value of €6,300, assigned by the votes of the 694 employees of Zagrebacka Banka that participated in the local edition of "Your Choice, Your Project".



Hermes Arriaga Serra,
Director, Impact HUB Zagreb

"The support from UniCredit Foundation for access to sources of seed capital fills a gap in the financing of initiatives that although not currently generating enough income, demonstrate excellent business potential."

buntkicktgut goes Franchise

From Social Project to Social Business

COUNTRY **GERMANY** ■ REGION **NATIONAL** ■ DURATION **JUNE 2015 - MAY 2016** ■ PARTNER **BUNTICKTGTUT**

40,000

APPROX. NUMBER OF YOUNG PEOPLE PARTICIPATING IN TOURNAMENTS SINCE 1997

5,450

TOTAL PARTICIPANTS IN SUMMER 2016 ACTIVITIES, THE RECORD SEASON FOR THE PROJECT

6

CITIES IN WHICH THE PROJECT IS CURRENTLY ACTIVE

Established in 1997 with the goal of supporting the integration of newly immigrated families in Germany through street games, the buntkicktgut project added a second focus in the second half of 2015, helping to support the refugee community in the light of the increase in the migration phenomenon to the country.

Since 1997, around 40,000 young people have benefited from the buntkicktgut initiative, which has been able to count on the support on various partners. UniCredit Foundation has been one of them since 2008.

The core business continues to focus on promoting the game of football as a vehicle for the emancipation and integration of children and adolescents in urban areas with problematic social dynamics and large immigrant communities. buntkicktgut achieves this objective through a real national football championship, in which various teams can play, learning the value of spending time together and finding more solid points of reference every day.

Between 2015 and 2016, the professionalisation process for buntkicktgut operators was substantially completed, which UniCredit Foundation had pushed

for since 2013, aimed at turning the project into a genuine social enterprise able to operate in economic and financial autonomy thanks to the franchising model and the development of income, generating activities.

There are a number of elements that have always been associated with the project that allow it to work well in an entrepreneurial context. For example, a series of regional agreements with local partners have allowed buntkicktgut for accessing new financing channels. Additionally, a manual was produced with procedures, rules and all the necessary information to spread the social business model through the opening of new buntkicktgut locations within the franchising structure. At the same time, the association increased the range of merchandising offers and its promotional and networking activity. And there's more. During the final stage of the project, an effort was made to codify the role and curriculum used by the Street Football educator, as well as launching interactive workshops at each project location. This allowed every participant to exchange knowledge and experiences with their colleagues, helping to refine the intervention models through real experiences.



Rüdiger Heid,
Director, buntkicktgut

"The partnership between buntkicktgut and UniCredit Foundation was crucial in transforming it from a social project into a social business: it allowed us to create appropriate facilities and increase our impact."



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Call for tender UniCredit Carta E 2016

Social cohesion strategies for the younger generation

COUNTRY **ITALY** | REGION **NATIONAL** | DURATION **24 - 36 MONTHS**



On page 35, in the Advocacy & Social Inclusion section you will find the information relative to the Call for Tender UniCredit Carta E 2015 - Social Cohesion Strategies for the Elderly

Last November, the 2016 edition of the UniCredit Carta E Call for tender was presented, supporting initiatives to increase employment and employability of young people between 15 and 29 years. The tender has the aim of supporting projects that are highly innovative, also with respect to the history of the organisation proposing them, and focused on the creation of genuine employment opportunities for the young people involved. To achieve this goal, UniCredit Foundation is making available, for the first time also in Italy, an incubation experience to strengthen the managerial skills of the organisations selected, offering tools to increase the sustainability of their projects.

Make a Cube (see box) is the partner in this challenge - the first incubator and accelerator in Italy, specialising in enterprises with significant social, environmental and cultural value.

The UniCredit Carta E tender can also count on support from Fondazione Italiana Accenture, which is the technical partner that offers the digital platform for candidate management.

The main criteria used to select candidates include: direct and/or indirect impacts of the proposed project; balanced relationship between cost/results and long-term sustainability of the project; project innovation relative to value and/or product-service provided; degree the project is replicable or scalable; quality, commitment and ability of the organisation and proposing team to meet the challenges and issues associated with the presented project; meeting the needs of vulnerable groups.

The new aspect of the 2016 tender is the support offered to the projects through pre-incubation and incubation activities and grants. Pre-incubation activities aim to assist teams in making their projects more solid. These will be provided to 20 finalists (selected by Make a Cube), through two three-day workshops, which will focus on various management issues. The teams will be asked to present a new and more complete dossier, that will then be assessed by a jury that will select 10 projects. Seven of these must have a direct impact - i.e. create employment. Another three projects may be selected for their ability to create indirect impacts through actions that improve the employment potential of young people, for example through training activities, school/work programs,

assistance for entrepreneurs, or the creation/development of networks.

The 10 projects selected will then begin the incubation stage, which will be carried out one-to-one with the objective of assisting teams in the initial project development stages and, at the same time, offer a guide for effectively making use of the grant.

The activity will take place over approximately 6 months, followed by another 18 months of follow-up, with checks every 6 months.

The grants, as well as the incubation activities, will be provided to the ten winning projects for a total amount of €445,000, distributed as follows: €42,500 to each winning project; additional €20,000 for the project with the greatest number of votes from UniCredit employees in the "Your Choice, Your Project" voting initiative.

The social enterprise projects for youth employment selected during the 2014 call for tenders are now fully operational; 7 organisations have been selected out of 166 candidates by a scientific committee coordinated by the UniCredit Foundation in cooperation with CERGAS at Bocconi University in Milan. These are their names:

- **Società Coop. Soc. Il Margine**
(Collegno, Druento, Castagneto Po, Pianezza (TO) - Project "SOL-IDEE");
- **Vesti Solidale Coop. Soc. Onlus**
(Milan - Project "SHARE" - Second HAndREuse);
- **Coop. Soc. Centro di Lavoro S. Giovanni Calabria**
(Verona - Project "La Bottega dello speciale");
- **Margherita + Coop. Soc. Onlus ex Al Plurale Coop Soc. Onlus**
(Arezzo - Project "B.I.O. - Building social Inclusion Opportunity in agribusiness");
- **Associazione Bambini + Diritti Onlus**
(Subiaco, Rome - Project "Re-Start");
- **Scurpiddu Coop. Soc.**
(Foggia - Project "C.O.E.S.I. - Costruzione di Opportunità Educative Sociali ed Imprenditoriali");
- **L'Arcolaio Coop. Soc.**
(Syracuse - Project "Sapori Cult").



Incubator for social enterprises



“Make a Cube is an incubator certified pursuant to the regulations for innovative start-ups that focusses on innovation in social, environmental and cultural sectors and operates throughout Italy offering pre-incubation and incubation programs” says Matteo Bartolomeo, Chief Executive Officer of Make a Cube. This year, the organisation joined the UniCredit Carta E Call for tender team so that it could support the selected projects during the pre-incubation and incubation phases.

The first helps teams to make the projects they present more solid, investigating motivations, intentions, economic sustainability and impacts,

helping to create a community and activating cooperative dynamics between equals. In other words, “this is the moment of realignment for organisations that are already solid but have presented projects that stray from their beaten path,” explains Bartolomeo. This process is developed through two workshops, “with the objective of discovering the nodal elements of the concept, the business model and any other particularly significant variables during the initial stages of the project.”

The true incubation phase, instead, supports the team in developing the project, providing a guide for effectively using the grant and is carried out one-to-one. “In contrast to the pre-incubation stage, it is carefully calibrated to the specific needs of the team in question.”

Both stages, pre-incubation and incubation, take place mainly in Milan, “even if during incubation we have plans for our structure to move to offer the service directly in the headquarters of the enterprises,” concludes Bartolomeo.



Matteo Bartolomeo,
Chief Executive Officer,
Make a Cube

Occupiamoci! 2015

COUNTRY **ITALY** | REGION **NATIONAL** | DURATION **18 - 24 MONTHS** | PARTNER **FOND. MISSION BAMBINI; FOND. CANALI; FOND. SAN ZENO**

8
TENDER
BENEFICIARY
ORGANISATIONS

13
JOBS CREATED

In 2016, the activities associated with the tender from the previous year continued. Funds were aimed at employment projects for youth from 16 to 29 years of age working with non profit organisations. The assessment led to the selection of these projects:

- **Caseificio solidale** (Cooperativa Sociale Solidarietà 90 di Laveno Mombello - VA): opening of a dairy to produce organic cheese and yoghurt.
- **È buono! United Ice Cream Lab** (Associazione Consulta Diocesana di Genova): creation of a lab to produce and sell artisan gelato.
- **DegustiBUS** (Associazione Le Fate Onlus di Verona): preparation and launch of a food truck.
- **PIADALAB - Un laboratorio per l'inclusione** (Cooperativa di Solidarietà Sociale Paolo Babini di Forlì): creation of a laboratory to produce and sell

dough and other items for the preparation of pizzas, piadinas and similar.

- **La Bottega dei Miracoli** (Associazione Italiana Persone Down sezione di Pisa): employment opportunities for young people with Down syndrome at the only shop open to the public in Piazza dei Miracoli.
- **Centro per l'infanzia Barbalbero** (Cooperativa Sociale Capitani Coraggiosi di San Benedetto del Tronto): management of a structure for children between 6 and 36 months.
- **Palermo non conventional tour** (Comitato Arcigay di Palermo): preparation, sales and execution of sustainable tourist services and routes primarily aimed at LGBTI tourists.
- **Bike Economy** (Associazione Caracol di Napoli): extension of the areas to which Bicycle House services are offered in Galleria Principe.



Alberto Barengi,
Head of National Programs Office, Fondazione Mission Bambini
"The projects are associated with productive sectors of great significance to our country (tourism, food and agriculture) and are notable for offering mentoring services to social enterprises provided by volunteer managers".

Chikù

COUNTRY **ITALY** | REGION **CAMPANIA** | DURATION **JANUARY 2014 - NOVEMBER 2016**
PARTNER **LA KUMPANIA IMPRESA SOCIALE; FONDAZIONE CON IL SUD; FONDAZIONE PEPPINO VISMARA**

8
ITALIAN
AND ROM
WOMEN
WORKING
IN CATERING
SERVICES,
SPECIALISED IN
FUSION CUISINE

The name Chikù comes from the combination of names from two different entities - the social promotion association "Chi rom e...Chi no" and the social enterprise La Kumpania, which in the Scampia neighbourhood in Naples imagined and gave life to an intercultural space known as "Chikù Gastronomia Cultura Tempo Libero" (Gastronomy, Culture, Free Time). Within this multi-purpose laboratory, 10 people supervise various activities: lunch and dinner service, events, catering and banquet service offered on-site and externally, cultural, laboratory and educational activities and management of a space for children. In particular, the gastronomic area, in which 8 Rom

and Italian women work, was prepared with a kitchen that can also offer a wide array of training provided by professionals, in particular chefs, bakers and pastry chefs. The food is notable for the careful selection of seasonal and organic products, prepared with respect for the cultural heritage of the workers and continuous intermingling of knowledge and flavours that makes the offerings ever varied and enticing. And in fact, it has been the intercultural gastronomy sector that has seen the most obvious growth for La Kumpania. The objective is to achieve full autonomy and sustainability by 2017/18, to continue to guarantee suitable pay for the entire working group.



Emma Ferulano,
Legal Representative, La Kumpania
"La Kumpania is a concrete example of peaceful co-existence through intercultural exchange and the activation of processes of emancipation and economic sustainability, with a clear impact on the local area."

Radici di memoria

COUNTRY **ITALY** | REGION **SICILY** | DURATION **FEBRUARY - JULY 2016** |

PARTNER **COOPERATIVA SOCIALE RITA ATRIA - LIBERA TERRA**

30
YOUNG PEOPLE WHO PARTICIPATED IN THE VOLUNTARY INITIATIVES ON THE AREA CONFISCATED FROM THE MAFIA, NOW MANAGED BY THE COOPERATIVE

2
YOUNG PEOPLE IN THE JUVENILE JUSTICE SYSTEM NOW WORKING AS INTERNS IN THE PROJECT

The project supported the development of entrepreneurial activities in the area of Castelvetro in the province of Trapani, in cooperation with the social cooperative Rita Atria-Libera Terra, which since 2014 has managed around 120 hectares of land confiscated from the Mafia, and cultivated organically, respecting the ecosystem and biodiversity and protecting the chemical, physical and biological fertility of the soil.

The land in the Belice valley is particularly suited for growing olives. The local variety is known as Nocellare del Belice and can be used both to produce oil and for eating.

Due to numerous fires suffered over the years, the pre-existing olive grove had been almost entirely eliminated. The objective of the project was therefore to support the business start-up of the social cooperative to restore cultivation through transplants, new planting and the creation of an irrigation system.

In this way, 236 plants per hectare were returned to cultivation. Additionally, two young people who had been tried in juvenile court were added to the work force, supported by juvenile offender social services. Other direct beneficiaries include the three shareholders of the cooperative and the labourer added to the staff.

The cultural message that the initiative has offered to an area with complex social issues is also of great importance. In fact, young people and the general population of the province of Trapani, together with around 30 volunteers who participated in the summer planting initiatives organised by the association, were able to literally see what it means to restore life to something taken from organised crime.

Sebastiano Mancuso,
Legal Representative, Coop. sociale Rita Atria

"The added value generated by the project involves a number of areas: from restoration of the land to the creation of a virtuous economic and employment cycle, to the social and employment inclusion of young people going out from the criminal justice system".

Belfiore 1

COUNTRY **ITALY** | REGION **LOMBARDY** | DURATION **JANUARY - DECEMBER 2017**

PARTNER **LA FABBRICA DI OLINDA COOPERATIVA SOCIALE**

The project aims to support the development of a social enterprise in a building confiscated from organised crime and located in Lecco, at via Belfiore 1. The project, called "Belfiore 1 - the flavours and knowledge of legality and social inclusion", has the objective of opening a pizzeria/restaurant.

In order to do so, the leading entity and UniCredit Foundation partner, La Fabbrica di Olinda, has established an ATS (temporary association) with Arci Lecco and Auser Filo d'Argento.

The new activity will become a place for culinary excellence, while still maintaining a simple and accessible approach, with fast and friendly service. Artisanal

wine and beer will be offered, as well as products approved by Slow Food, from the Libera network of cooperatives and from small local farms. Offerings will be seasonal and faithful to the principles of critical consumption. Belfiore 1 also intends to become a focal point for legality and social inclusion.

It will do so by structuring courses for training and entering the world of work, paying special attention to individuals with mental health problems and through the promotion of cultural events aimed at young people to bring issues of legality, social inclusion and active participation into focus.



Thomas Emmenegger,
Chairman, La Fabbrica di Olinda

"Our distinctive feature is the quality of service: the restaurant returns an asset sequestered from the Mafia to residents, employs people with mental health issues, and it uses top quality ingredients from local suppliers."

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Social StartUp

COUNTRY **POLAND** | REGION **NATIONAL** | DURATION **JUNE 2016 - MAY 2017** | PARTNER **ASHOKA POLAND**



14

BENEFICIARY
ORGANISATIONS
(2016/2017
TENDER)

90

PARTICIPANTS
IN TRAINING
AND MENTORING
SESSIONS
(2016/2017
TENDER)

Social StartUp was the first initiative run in support of social business promoted in Poland by UniCredit Foundation, in collaboration with Bank Pekao and Ashoka Poland. In Poland, where there is no specific local legislation that defines and regulates “social enterprises”, and the local Third Sector is distinguished by significant variety in the types of organisations operating, it is estimated that 20% of the over 100,000 non profit organisations operating in the country have undertaken income generating activities (2012). The inflow of EU funds from 2007-2013 (European Social Fund) notably favoured the expansion of local non profits.

Following the slowdown at the start of 2015, after the issue of new EU guidelines for the 2014-2020 period, the first edition of the UniCredit Foundation, Ashoka Poland and Bank Pekao project, launched in April 2015, doubtless represented a new opportunity.

In June 2016, a new tender was announced for the selection of five new social enterprises (either start-ups or in their initial stages), to be inserted in an incubation program, together with the ten organisations that won the first edition of the initiative. The program combines financial support, mentoring,

consulting and networking in the context of Ashoka's national and international network.

Below are the organisations selected in the 2016 tender from an initial group of 40 candidates:

- **Meadow Foundation:** this organisation helps integrate workers in the field of urban green areas protection and preservation of natural biodiversity.
- **Kitchen of Conflict Foundation:** the foundation helps to promote and disseminate ethnic cuisines, taking advantage of the skills of migrants and refugees.
- **Theater 21 Foundation:** the organisation integrates individuals with Down syndrome, who are trained and work as actors or scene writers.
- **HospiCare:** a smartphone application that allows relatives of terminally ill patients to have direct and constant contact with doctors.
- **Mum Go to Work Foundation:** the organisation promotes a digital platform that creates a shared environment for women returning to work after maternity leave and potential employers.

The main objective is to search for and support business ideas able to generative innovative solutions to various types of social problems, in the areas of economic development, welfare, education, and the environment, while supporting employment for groups at risk of marginalisation, with the aim of taking advantage of potential for development.

Again in the second edition, an extra grant of €5,000 will be assigned to one of the five new social enterprises based on the votes made by the employees of Bank Pekao through the “Your Choice, Your Project” program. In addition, a further grant, the “Progress Award”, will be assigned to the enterprise from among the ten that won the first tender in 2015/2016 who has demonstrated the best results from the start of the incubation period.



*Justyna Bendowska,
Program Coordinator, Ashoka Poland*

“We know that relying solely on resources coming from grants and donations is not ideal for creating an independent and consistent system to resolve the social problems we are facing.”

2016 Social StartUp program HIGHLIGHTS

The figures presented refer to the first edition of the program (2015/2016) and are the subject of the report “Knowledge Worth Millions”, available on the UniCredit Foundation website



10

ORGANISATIONS

supported through grants and capacity building



40

PRO-BONO CONSULTANTS

supporting the beneficiary organisations



€1

INVESTED IN THE PROGRAM

generates €6.30 for each participant



23

PARTICIPANTS

in mentoring and training sessions



80

JOBS

created by the organisations supported

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Support to Social Entrepreneurship



In October 2015, the second edition of the project was launched, with further development through two twin projects in the Czech Republic (Better Business) and Slovakia (Flying Fish). The two initiatives, in addition to meeting the objective of improving social impact in the target communities, offered new opportunities for involvement for UniCredit Bank employees in both countries through the provision of two additional grants in the context of the local edition of “Your Choice, Your Project”.

Better Business

COUNTRY **CZECH REPUBLIC** | REGION **NATIONAL** | DURATION **SEPTEMBER 2015 - SEPTEMBER 2016** | PARTNER **VIA FOUNDATION**

8
SOCIAL
ENTERPRISES
SUPPORTED

28
CONSULTANTS
AND
PROFESSIONALS
WHO OFFERED
SUPPORT TO THE
ORGANISATIONS

340
HOURS OF
SUPPORT
DEDICATED TO
THE PROJECT
TEAMS TO
DEVELOP THEIR
BUSINESS
MODELS

The 2015/2016 edition of the project done in cooperation with Via Foundation envisaged a public tender addressed to social businesses in the start-up phase. It aimed to identify organisations with innovative, replicable business models, involved in social and environmental matters. The capacity to create employment in the favour of disadvantaged groups and to attract the interest of investors to the local markets, were distinctive aspects of the preliminary assessment process. The program then ensured financial and operational support for 8 social enterprises. A total of around €64,000 was granted to them. Additionally, two more grants were made available: the “Best Progress Award”, given to the project which demonstrated the best results since the start of the incubation phase, and the “Your Choice, Your Project” grant, for an overall total of €10,000.

During the training process, 6 workshops were organised and the companies received 33 hours of training. A team of 8 consultants and 20 other experts offered around 340 hours of dedicated support to the project teams. Portus Praha received the Best Business Plan grant, awarded by the tender jury, and Metráž received the Your Choice, Your Project grant, after receiving the most votes from the UniCredit employees in the Czech Republic who participated in the program.

Here are the projects that were supported in the second edition of the program:

- **Metráž:** this social enterprise used the grant to grow its sales network for items created by women without a fixed residence in Prague.

- **Vrátká:** the grant obtained thanks to Better Business was used to renovate a bakery that employs disabled individuals in the city of Třebíč.

- **Green Island:** this social enterprise based in Dobřichovice, near Prague, employs deaf and hearing impaired in a laundry.

- **Fair & Bio:** in central Bohemia, this cooperative employs individuals with disabilities in coffee roasting and sales, mainly through online channels.

- **Hartenberg castle:** in the Sokolov district, the social enterprise made use of the grant to offer work to individuals undergoing difficulties (long-term unemployed, former prisoners, substance-abusing people) in renovation and maintenance of the local castle which is a tourist attraction.

- **První Férová:** at the restaurant/café Férovka, opened in a village in central Bohemia, this social enterprise offers employment to single mothers and unemployed people.

- **Pivovar Chříč:** in the Plzeň district this small artisanal brewery employs disabled individuals, while also serving as a meeting place and holding cultural events.

- **Portus Praha:** thanks to the contribution of UniCredit Foundation, this social enterprise in Davle, in central Bohemia began making preserves following local traditional recipes.



NADACE VIA
LEPŠÍ BYZNYS

Tereza Madlova,
Project Manager, Via Foundation

“All the projects saw significant progress, with a 22% average increase in revenue and a 10% increase in customers. Five-year forecasts show a clear trajectory towards sustainability and growth over time.”

Flying Fish

COUNTRY **SLOVAKIA** | REGION **NATIONAL** | DURATION **SEPTEMBER 2015 - OCTOBER 2016** | PARTNER **PROVIDA FOUNDATION**

200
HOURS OF
TRAINING AND
MENTORING
DEDICATED
TO THE
ORGANISATIONS

69,000
EURO OFFERED
IN GRANTS TO
THE 4 BEST
COMPANIES

6
JOBS CREATED
BY THE
ORGANISATIONS
SUPPORTED

As in 2013, the new edition of the project envisages a public call for tender, aimed at choosing four social businesses from the organisations that are already involved in social business activities or in the start-up phase. The selection was based on criteria aiming to identify businesses with a major innovation component, a measurable social impact, a good level of managerial capacity and staff motivation. The program in fact intended to concentrate financial and operative support offered by experts and staff of Provida, on businesses with high potential, so as to reinforce the potential impact, economic sustainability and replicability in other regions across the country.

These are the 4 projects that were supported, each one receiving a grant of €16,000. The additional €5,000 grant assigned through the Your Choice, Your Project program by UniCredit Bank employees was given to the Sarahs association project:

• **Sarahs:** thanks to the contribution received, Sarahs was able to develop a project dealing with tourism and rural tourism, in particular aimed at children.

• **Better Geography:** the project works to improve geography teaching methods in schools, by creating a series of dedicated material, available both on and off-line.

• **Darujme.sk** (online platform): this fundraising platform benefited 107 organisations which, also thanks to research to perfect the tool that was covered by the grant, saw the number of donor users double.

• **Analytic Incubator:** support for the tender was useful in promoting and intensifying communication and advocacy activities that VIA IURIS has been carrying out in the country with citizens, institutions and the business world, for a legislative system that is more inclusive and efficient, in particular relative to the non profit world.

The organisations supported also took part in a dedicated training and mentoring program, for a total of around 200 hours, including workshops and one-to-one meetings.



PROVIDA

Peter Mészáros,
Program Director, Provida

"Financial support is always part of the strategic development of the organisation and is aimed at strengthening financial and program sustainability over the long term, while simultaneously maximising social benefits."



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The Power of Social Enterprise

COUNTRY **ROMANIA** | REGION **NATIONAL** | DURATION **MARCH 2016 - MARCH 2017** | PARTNER **NESST ROMANIA**



35,000

EURO IN
GRANTS FOR
3 SOCIAL
ENTERPRISES
CREATING
JOBS AND
EMPLOYMENT
OVER THE
NEXT THREE
YEARS

738

UNICREDIT
EMPLOYEES
PARTICIPATING
IN "YOUR
CHOICE, YOUR
PROJECT"

While in Romania the concept of social enterprise is not yet fully defined nor unanimously understood, it is still quite clear that the local non profit sector is expanding. In fact, in 2014 there were around 125,000 non profit organisations operating in the country, which was essentially double the figure of 63,000 seen in 2009.

Recently, framework legislation relative to the social economy was approved, inspired by the same principles that have been promoted by the European Union for some time now.

Nonetheless, this law still lacks dedicated norms and specific tools (e.g. specific tax benefits for operators in the sector) that will progressively allow for concrete and effective application.

The project "The Power of Social Enterprise", launched at the beginning of 2016, is both a synthesis and evolution of previous collaboration experiences between NESsT, UniCredit Foundation, UniCredit Bank and UniCredit Business Integrated Solutions in the country, in a situation that is clearly complex and evolving, and in which the requirements of social enterprises continue to change, for example relative to the most effective type of financial support to help long-term sustainability.

The target of the initiative were social enterprises already active in Romania, with a presence on the market of at least one year and with a medium/high level of development (in the validation/scaling-up phase), already able to generate revenue and ready to create employment through innovative and sustainable business ideas, with significant social impact.

Selected through a national tender, the two best social enterprises chosen each received a grant of €12,500, as well as training, mentoring and dedicated consulting.

Additionally, together with the company ranked third, these two organisations also received "Your Choice, Your Project" grants: the three awarded extra-grants had a total value of €10,000, distributed on the basis of the votes cast by employees of UniCredit Bank and UniCredit Business Integrated Solutions. These are the organisations and projects selected in 2016:

- **Ghirbom Bakery:** the objective of this social enterprise operating in the Alba district is to create employment for women at risk of marginalisation, through the production of bread and other traditional products, using organic ingredients.
- **Meștешukar ButiQ (MBQ):** a network of social enterprises working to value Rom artisanal products. The network has the objective of developing new products and increasing production efficiency.
- **Remesh:** this is a project of Ateliere Fara Frontiere which works with both Ghirbom Bakery and Meștешukar ButiQ to reduce the exclusion of marginalised individuals from the labour market through workshops focused on the production of accessories from discarded materials.

In 2012, as part of the national tenders issued by partners, 51 project teams were assisted in preparing business plans through dedicated incubation paths. A total of 20 social enterprises were supported and included in the NESsT portfolio, which received not only financial support through grants, but long-term capacity building assistance (remaining for an average of 2-3 years in the portfolio). There were around 700 job opportunities created thanks to the activities of these enterprises, which reached over 5,000 direct and indirect beneficiaries.

In addition, around 3,000 employees of UniCredit Bank and UniCredit Business Integrated Solutions participated in the fourth edition of "Your Choice, Your Project", associated with the project, supporting 13 enterprises with additional grants for a total value of €75,000, distributed based on the number of votes received in each voting session.



Zoltan Bereczki,
Country Director, NESsT Romania

"With UniCredit Foundation we developed a unique program. We tested a more innovative method to work with already active businesses, not just through grants and capacity building, but also with patient capital."

2016 HIGHLIGHTS

The Power of Social Enterprise

The figures presented refer to the five years of cooperation between UniCredit Foundation, UniCredit Bank, UniCredit Business Integrated Solutions and NESsT in Romania. More information can be found in the report “From Challenges to Opportunities”, available on the UniCredit Foundation website



20
**ORGANISATIONS
SUPPORTED**
all still active



€180
THOUSAND
financial support provided to the
social enterprises



1,400
TRAINING HOURS
supporting the beneficiary
organisations



700
PEOPLE
benefiting from employment
opportunities and income



52%
AVERAGE INCREASE
in sales made by beneficiary
social enterprises



1,000
VOLUNTEER HOURS
made available by over 100 UniCredit
employees in Romania

Step with Us!

COUNTRY **HUNGARY** | REGION **NATIONAL** | DURATION **AUGUST 2015 - SEPTEMBER 2016** | PARTNER **NESsT HUNGARY**



60,000

EURO IN
GRANTS
SUPPORTING
4 SOCIAL
ENTERPRISES

624

UNICREDIT BANK
EMPLOYEES
IN HUNGARY
PARTICIPATING
IN THE "YOUR
CHOICE, YOUR
PROJECT"
INITIATIVE

With "Step with Us!" UniCredit Foundation continued its support of social innovation in Hungary, begun in September 2015 in partnership with NESsT Hungary. The tender had the goal of taking advantage of the best solutions developed in the non profit sector using entrepreneurial logic in Hungary, in which a third of the population lives in poverty or is at risk of the same (Eurostat, 2014). Local stakeholder awareness of the concept of "social enterprise" is growing (even if not yet well defined and there is no specific legislation on the matter). The four winning organisations were provided financial support to develop the candidate projects, in the form of grants totalling €60,000, as well as a detailed operational support program including meetings, workshops and seminars aimed at strengthening the business skills of the organisations and exchanging best practices, which also saw the involvement of UniCredit Bank employees in Hungary.

These are the projects selected and supported in 2016 through "Step With Us!":

- **FLY!** (Suhanj Foundation): in the sports centre of Budapest (Margaret Island), a well-equipped gym was inaugurated, offering services to both people with disabilities and those without and which, since August 2016, has registered around 200 users (35% disabled).
- **Freskófalú** (Hungarian Reformed Church Aid): tourism development and support plan for the village of Bódvalenke, with all frescos done by Rom artists, promoting a message against prejudices and was visited by over 3,800 people in 2016.



- **We Will Not Give Up Café:** opening of the first café in Budapest which employs 13 disabled individuals and also serves as a meeting point for all. In its first 7 months, the café hosted around 1,400 people.
- **The Work Experience** (Pearl Foundation): the pilot agriculture and food production project, which involves a small rural community in the Berettyóújfalú area (geographically disadvantaged area in the eastern part of the country), supported around 40 people, including 12 workers and their families. Pearl Foundation also received an additional "Your Choice, Your Project" grant, as it received the highest number of votes from the 624 employees of UniCredit Bank that participated in the local edition of the initiative.



Annamaria Horvath,
Portfolio Director, NESsT Ungheria

"UniCredit Foundation contributed uniquely by providing not only financial support, but also capacity building through a partner and pro bono advisory engaging also UniCredit Bank Hungary staff".

Change with Business

COUNTRY **TURKEY** | REGION **NATIONAL** | DURATION **AUGUST 2016 - AUGUST 2018**

PARTNER **KOÇ UNIVERSITY SOCIAL IMPACT FORUM (KUSIF); VEHBI KOÇ FOUNDATION**

The project was launched in 2016, thanks to cooperation between UniCredit Foundation, KUSIF (Social Impact Research Centre at the University of Koç), and Vehbi Koç Foundation (one of the most important private foundations in Turkey).

The challenge of Change with Business is to ensure the economic sustainability of social enterprises in Turkey while guaranteeing the largest social impact possible. To meet this objective, the partners established a task force of twenty experts in social finance, both individual and institutional, who will support the selected enterprises.

The five social enterprises that successfully complete the initial training stage will receive a grant of 10,000 Turkish lira (around €2,400) that will help develop their business. Professor İrşadi Aksun stated of the University of Koç describes the general sense of the project well, "Through our Social

Impact Forum we are working to improve social enterprise in Turkey, both from an academic point of view and in terms of practical application. And there's more. As a university, we are constructing alliances with important domestic and foreign partners in order to direct our resources to this sector." "Change with Business", continues İrşadi Aksun stated, "is an exemplary project. In addition to the two very important Foundations with which we have developed this type of action, we are also working with Yapı Kredi, one of the largest banks in our country and with other leading social entities in social business." This approach is wholly shared by Erdal Yıldırım, general manager of Vehbi Koç Foundation, who adds: "Our institution has set itself the general aim of generating social benefits through change-making processes and the development of scalable and replicable best practices."



Agata Fortuna,

Project Manager, Koç University Social Impact Forum / KUSIF

"This is the first Turkish program that focuses on the financial aspect of social business. The initiative includes experts from the private and public sector and from civil society."



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The EFC depends, above all, on the association of individuals who have decided to become part of it. Currently we have 220 active members from a wide array of sectors, including the environment, migration, arts and culture, health, research and several others. The diverse nature of our members is not limited solely to their projects, but also extends to all the aspects of their identities: origins, focus, size, governance, propensity and desire for change, and method of working. A combination of varying characteristics that are constantly evolving. UniCredit Foundation has been a member of EFC since 2004, when it was still known as Unidea, and as you can see on these pages, takes a very specific approach to the work it does, as do all of our members. Whether they are large or small, corporate or private, regardless of how they present themselves or how

Objective: support institutional philanthropy

BY GERRY SALOLE

they work, all the members of EFC are unique. Recently, **as part of our 2016-2022 Strategic Framework, we began to openly recognise the great diversity within our sector, no longer referring to the concept of “foundations”, but rather to “institutional philanthropy”**. With this term we can include foundations, financing companies and all the other operators that 1) have their own financial resources available for strategic use, 2) are managed independently and 3) use private resources for the public good. Regardless of the multiple forms they may take on, this type of organisation is specifically structured and developed with a long-term focus and is constrained by mechanisms of responsibility, relative to the public good and to legal requirements. The EFC therefore serves as a platform and stronghold for institutional philanthropy, with a special focus on Europe, but not ignoring the global philanthropic panorama. For us, this represents a genuine paradigm shift. We don't want to limit ourselves to representing foundations, but instead we have undertaken to strongly support the philanthropy model and the numerous advantages it offers society. To sum it up: we're not here just to increase numbers, but to move the sector forward.

This shift in perspective comes at the right time, because at present institutional philanthropy must deal with an increasing number of complex and interrelated problems that require new ideas and a continuous ability to evolve. For example, how can philanthropic organisations become innovative, creative and involving while still

remaining faithful to their traditions and origins? How can they deal with inappropriate expectations (from governments, beneficiaries and others) relative to what we can realistically achieve? How can they quickly adapt to changes in the situations in which we operate? How can they manage the narrowing of their area of action (so-called “narrowing of the area of civil society”) at a time when they require greater flexibility? **In a globalized society, there is also a growing need for institutional philanthropy to find a balance between its open and international tendencies and the need to keep its activities focussed on the local community.** Working with others while simultaneously preserving autonomy is another dual objective that is difficult to achieve. Similarly, with the spread of phenomena like populism, cynicism and anti-elitism, institutional philanthropy is suffering from greater pressure to justify, explain and demonstrate its exact role and the tangible impacts it creates. Given that the political, social and operational situation in which institutional philanthropy must work is increasingly hostile, it is more important than ever to make it clear just how essential our work is and how much it benefits all aspects of society. These are the issues that we will be concentrating on in the next stage of EFC work.

The term “promote philanthropy”, which represents the top priority of our framework, will be a concept that will be constantly referred to in the near future. This involves strengthening cooperation within the philanthropic infrastructure, in the broad sense, to contribute to the creation of an environment in which philanthropy itself can prosper. This is a concept with multiple facets but, to simplify, it involves creating better connections with the EU and other pan-European institutions and intensifying our efforts relative to advocacy and political pressure. This should lead to a faster and better coordinated response to the problems that are affecting institutional philanthropy and society in general. All too frequently, in this time that is so precarious in financial terms, when it is necessary to tighten our belts and every resource is carefully weighed, the philanthropic community is mistakenly asked to fill unreasonable gaps, to take the place of public financing. While the financial flows associated with philanthropy are certainly not negligible (total assets associated with just EFC members are estimated at €200 billion, with total spending of around €22 billion per year), its resources certainly cannot be compared with those of the state. Compensating for governmental deficiencies is not our sector's task, nor is it to take on their social responsibilities. Rather, we must serve as a catalyst, experimenting, facilitating new ideas and innovative solutions to deal with today's challenges. Nonetheless, as already noted, we must always be open to new methods of cooperating and public/private partnerships are certainly fertile ground, where philanthropic organisations and

governments can work together at the local level. While a “new welfare” system has still not been fully realised, we see encouraging trends in certain countries (for example in Belgium, Germany and the Netherlands), with governments entrusting philanthropy with resources to be invested in the common good. If there is a (more solid) bridge to be constructed, it is doubtless that between philanthropy and the state.

Similarly, as many foundations (especially in Italy) hold a crucial role within their communities, it is important that institutional philanthropy remain firmly rooted at the local level, while also turning its eyes to the international panorama. At the “Global Summit on Community Philanthropy” held last December in Johannesburg, attention was focused “transferring power” towards local individuals and communities, in the firm belief that locals comprehend their situation better than outsiders. Individuals coming from a given location understand their problems, their solutions and know what will and will not work in their environment. This strong awareness and faith in local philanthropy is in clear contrast to the mere declarations of intentions that have traditionally been made relative to the idea of local agency and local ownership. We hope that this new approach will last for a long time.

The complex balance between a global outlook and local roots is an aspect that EFC works on carefully. **We are mainly a “European” entity and most of our members are found in Europe. But we are not European in the sense used by the EU, as our organisation includes members from Russia, Norway, Switzerland, Turkey and the Ukraine (as well as the United Kingdom),** and we are very proud to promote this broader definition of Europe. Additionally, some of our members also come from the United States, Latin America, Africa and Asia, offering unique and distinct perspectives. We do not want to limit ourselves to “traditional European foundations” - if such a thing even exists. We have always welcomed diverse organisations interested in sharing know-how and experiences and learning from each other. We have obtained immense benefits from being able to involve these organisations in our occasional debates, learning their best practices, discussing and sharing problems that would otherwise remain limited to just our own experiences.

Finally, we want to take advantage of the opportunity we have to contribute to the annual report of one of our most eminent corporate foundations to make an appeal for the further development and support of corporate philanthropy in Europe. In truth, most of the countries of our continent are behind France, where we see the greatest growth in corporate philanthropy. Our organisation can boast of a prosperous Corporate Philanthropy Leaders Network. If you are reading these pages and are interested in participating, we would more than happy to speak with you.



GERRY SALOLE

Since 2005, Gerry Salole has been the Chief Executive of the European Foundation Centre (EFC), an association of over 230 public and private foundations active in philanthropy, both in Europe and globally.

Prior to this, he was the representative for the South African headquarters of the Ford Foundation, in Johannesburg and head of the Department of Program Documentation and Communication for Bernard van Leer Foundation, based in the Hague. He has also worked for the Save the Children Federation (USA) in Ethiopia and Zimbabwe and for Redd Barna (Norwegian Save the Children), as well as for OXFAM United Kingdom and the UNHCR in Ethiopia.

He is the founding chairman of TrustAfrica, an independent private foundation established in Dakar (Senegal) in 2006 to promote peace, economic prosperity and social justice throughout the continent.

Gerry Salole is a social anthropologist and development expert. He studied social anthropology and African history at the School of Oriental and African Studies at the University of London. In addition to a masters degree in economics, he also received a Ph.D. from the University of Manchester.

Social Award 2016

COUNTRY **AUSTRIA** | REGION **NATIONAL** | DURATION **APRIL - DECEMBER 2016**

85,000

EURO FOR
28 SOCIAL
PROJECTS

165

CANDIDATES
FOR THE
SOCIAL AWARD
TENDER

17,645

VOTES CAST
THROUGH
PUBLIC
ONLINE
VOTING

Again in 2016, the Social Award - promoted by Bank Austria in collaboration with UniCredit Foundation to facilitate local social inclusion projects - involved a call for tenders intended for each of the 9 regions of Austria. In 2016, an important addition was made to the Award formula. In fact, Bank Austria and UniCredit Foundation decided to revise the Social Award model originally launched in 2010, creating a new special category "Social Innovation Award", by integrating with the national competition of the same name promoted by the Bank and the Foundation from 2013 to 2015, to support social projects distinguished by innovation, area of action and methods proposed. In previous UniCredit Foundation reports, the Social Innovation Award was detailed separately from the Social Award, in the section on Entrepreneurship & Social Innovation. Thanks to the merging and evolution of the two awards, Bank Austria and UniCredit Foundation have confirmed their commitment to the local area and to promoting innovative solutions to respond to social problems identified with the assistance of experts and local stakeholders.

The new Social Award included a national call for tenders, launched in April 2016, which resulted

in a total of 165 candidates from throughout the country (Burgenland, Carinthia, Lower Austria, Upper Austria, Salzburg, Styria, Tyrol, Vorarlberg, and Vienna).

After evaluation by the regional juries, composed of operators and experts from the non profit world, from local institutions and Bank Austria representatives, the three best projects in each region were selected, for a total of 27 proposals. The candidates were then involved in an online public vote (with Bank Austria employees, customers and stakeholders in general), in order to determine the regional classifications and distribute 27 grants (to the top 3 projects in each region) to other local non profit organisations for a total amount of €81,000. The online voting campaign lasted around two months and 17,645 votes were cast.

The Social Innovation Award, associated with an additional grant of €4,000, was assigned by the national jury based in Vienna to the most innovative project selected from the top 9 in each region. The winner was amigo@work (Upper Austria), which helps migrants to integrate into the community, offering various employment opportunities.



Andrea Strohmayr,
Head of Corporate Sustainability, Bank Austria

"In 2016 we awarded the most innovative project among all the Social Award Winners with an additional Innovation Award. By doing so we motivated the applicants to be more innovative and - hopefully - triggered original solutions to today's social problems."



Call for tender UniCredit Carta E 2015 - Social cohesion strategies for the elderly

COUNTRY **ITALY** | REGION **NATIONAL** | DURATION **24 - 36 MONTHS** | PARTNERS **AZIMUT COOP. SOC. DI SOLIDARIETÀ; PICCOLA CASA FEDERICO OZANAM; CONSORZIO SOL.CO VERONA; AUSER VOLONTARIATO MARCHE; COOP. SOC. NUOVA ERA; FIGLI IN FAMIGLIA; ASSOCIAZIONE ALZHEIMER PATERNÒ**



On page 20, in the Entrepreneurship & Social Inclusion section you will find the information relative to the Call for tender UniCredit Carta E 2016 Social cohesion strategies for the younger generation

In the context of the Call for Tender UniCredit Carta E 2015: Social Cohesion Strategies for the Elderly, UniCredit Foundation awarded a total of €500,000 between the 7 non profit organisations that presented the best projects to support the elderly. €80,000 was divided proportionally, thanks to the "Your Choice, Your Project" initiative.

As for previous editions of the Call for tender UniCredit Carta E, the projects received were examined and selected by the Ethics Charter Committee within UniCredit, in collaboration with CERGAS - Center for Research on Healthcare Management of Bocconi University in Milan.

These were the 7 winning projects:

- **Resto a casa** (Azimut Cooperativa Sociale di Solidarietà di Novi Ligure): experiment involving the "caregiver for the condominium" formula.
- **Condominio solidale** (Piccola Casa Federico Ozanam di Como): improving the residential and relational context for a neighbourhood in Como,

through shared activities, services and relationship networks.

- **Housing sociale** (Consorzio Sol.Co. Verona): initial social housing experiment for low-income senior citizens.
- **Abitare solidale** (Auser Volontariato Marche di Osimo): pilot project for supportive co-habitation aimed at low-income senior citizens.
- **Nonni protagonisti** (Cooperativa Sociale Nuova Era Onlus di Latina): the elderly playing a leading role in volunteering initiatives that support intergenerational involvement.
- **Nonno è bello!** (Figli in famiglia Onlus di Napoli): involvement of non-self sufficient elderly people in Naples, promoting an active role in society.
- **Attivare la mente** (Associazione Alzheimer Paternò): support for elderly people affected by neurodegenerative diseases and for their families.

Alzheimer Caffè

COUNTRY **ITALY** | REGION **NATIONAL** | DURATION **24 MONTHS** | PARTNER **GRUPPO DI RICERCA GERIATRICA**

Since 2011, UniCredit Foundation has supported the initial start up and implementation of Alzheimer Cafés in Italy, giving life to a number of successes that have created roots in the local areas and developing significant expertise in providing assistance to those suffering from Alzheimer's. In this context, thanks to the assistance of GRG (Geriatric Research Group) in Brescia, last year UniCredit Foundation issued a tender to select twenty non profit entities to participate in the second theoretical/practical training course, free of charge, to develop the technical/management skills necessary for an Alzheimer Café. GRG is a non profit association. Its scientific

research is directed by Professor Marco Trabucchi. The organisation has worked since 1988 to translate the most recent results from scientific research into concrete clinical and organisational instructions to be used in the daily life of the elderly and those who work with them.

The course, which saw the participation of 20 organisations coming from all over Italy, was held in Milan in June and provided concrete skills and tools for the management of an Alzheimer Café, from a medical, psychological and therapeutic point of view, as well as covering administrative and financial aspects to ensure long-term sustainability.



Giovanna Di Soccio,
Director, Il Caffè d'Enrichetta

"The Alzheimer Café opened in Campobasso offers a response to the issues of regional services currently blocked by the healthcare deficit, which sees the Molise region currently dealing with a strict repayment plan."

4,900

YOUNG
PEOPLE
WHO HAVE
PARTICIPATED
IN THE
PROJECT
SINCE 2007

72%

AVERAGE
NUMBER OF
PARTICIPANTS
WHO FIND
EMPLOYMENT.
OF THESE,
80% ARE
STILL IN THE
JOB 6 MONTHS
AFTER THEY
LEAVE THE
PROGRAM

120

HVB
EMPLOYEES
WHO HAVE
PARTICIPATED
AS MENTORS
SINCE 2012



Starting in 2012, UniCredit Foundation, accompanied by HypoVereinsbank (HVB), and other partners in Germany, has supported the JOBLINGE association and the JOBLINGE - Jointly Against Youth Unemployment program, which helps to find employment for young people in Germany.

Since 2008, JOBLINGE has offered young people between 18 and 25, in particular those coming from difficult backgrounds, a program to help them enter the labour market, as well as a wide array of orientation and support activities. Training and internships help them try out their skills, with the objective of identifying their own strengths and capacities when searching for employment. The duration of each individual process generally lasts 6 months, during which participants work with trainers, mentors and coaches. Additionally, they continue to be supported for another 6/10 months after they complete the program, during the delicate transition into the world of work.

A fundamental requirement for the support offered to each participant is the preliminary selection and training of professional trainers (specialised staff hired by JOBLINGE) and mentors - external experts, as well as employees of Joblinge's various partner organisations, including HVB employees. During the initial part of the process, trainers and mentors participate in the onboarding program,

which aims to investigate aspects of managing relationships with the young people, especially given that many of the participants come from difficult backgrounds. This followed by mentoring of the trainers and mentors, with the goal of offering technical skills as well as offering the opportunity for discussion and the exchange of professional and personal experiences.

In particular in the current period which is affected by significant economic and social changes, JOBLINGE offers timely and concrete answers, adjusting the methods it uses to the situation and maintaining a high level of quality and efficacy. Among other things, in 2015, noting the extremely high number of refugees who have come to Germany and the various impacts this has had on the fabric of society, JOBLINGE began a special branch of the program: JOBLINGE KOMPASS, with a potential target of around 300,000 individuals in reception centers.

It is estimated that thanks to actions like JOBLINGE, for every stable job kept for at least 10 years, German welfare will save up to €117,000 (for example through subsidies not paid HessenChemie research for Joblinge, 2015).

In the 2016/2017 period, UniCredit Foundation is supporting JOBLINGE's activities with a specific focus on strengthening the expertise of

its staff and the spread of best practices in the organisation, promoting activities to research and set up the new internal training program (26 new courses will be provided to staff in 2017), as well as the organisation of the annual JOBLINGE conference (held in November 2016 in Berlin), dedicated to around 135 employees coming all around Germany.

JOBLINGE operates through a franchising system: the umbrella organisation (headquarters) allows local offices to make use of the brand and

the operating model. These offices are located in geographic areas identified by preliminary analysis, aimed at identifying concrete needs. Thanks to the cooperation with UniCredit Foundation, three offices out of the 25 active as of January 2017 were opened (Hamburg, Stuttgart and Darmstadt). HVB has also made its own contribution. Since 2011, over 120 employees have served as mentor for around 200 young people and, recently, have also worked as language teachers within JOBLINGE KOMPASS. Some workshops were carried out at local HVB branches.



JOBLINGE

**Ulrike Garanin,
Director, JOBLINGE**

“By supporting the training program for our workers, UniCredit Foundation has made a decisive contribution to JOBLINGE’s main objectives. In this way, every year we are able to continue to improve the quality of our services.”

**MONIKA BLAES, Administration Senior Expert,
Chief Security Office, Hypovereinsbank (Mentor):**

“Work is the key to self-determination and assuming responsibility. People need tasks and strong relations, to realize their potential. This is even more important for young people, like Ahmed, who prepare themselves for the future. As mentor, you learn a lot about other people and cultures, also about yourself and your own world”.

AHMED (Mentee): “Starting with a basic language training was important. I have learned a lot during this experience and together with my mentor we agreed on a common path and goals. This helped in building up a trust-based relation and, really, this made me feel at home.”



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In a long and deep recession like the current one we are living through, it would not be surprising to see companies and their employees taking a step backward in regards to social responsibility and civic activism. However, observing the actual situation is in some ways surprising - despite a fragile economic context, the most dynamic companies continue to believe that promoting social activities that help the community is an important positive that should not be eliminated.

Growth of the commitment to volunteer work and the awareness of the role that each of us can play within our community, even during our professional lives is the result of a new business culture that is becoming widespread on an international level. Mark Zuckerberg (Facebook), Bill Gates (Microsoft) or Reed Hastings (Netflix), with their increasingly frequent public displays of social commitment, are just some of the most famous international icons.

When employees lend a hand, everybody benefits

They are backed by important figures. 90% of the 500 largest American companies in terms of turnover boast solutions that involve their employees in community service activities. Instead, Deloitte's Volunteer Impact Survey makes it abundantly clear that "more than eight out of ten companies (84% to be precise) feel that company volunteer work is key to the success of non profit organisation projects in their area".

Reputation, increasing employee loyalty and increasing motivation in the workplace are frequently cited as the most clear advantages. But the opportunities generated by promoting Employee Community Engagement (ECE) have a wider scope, as is clearly explained in the Employee Community Engagement Measurement Workbook, developed by the European Union as part of the Volunteering Awards project.

The document starts by asking: what exactly does ECE mean? The European Commission defines it as an umbrella concept, which contains a wide range of activities that can be divided into seven broad types. Let's examine them.

1. Skills-based volunteering

Employees are asked to carry out activities based on their skills, abilities and preferences.

2. Personal volunteering

These refers to all pro bono activities independently organised and carried out by employees that, however, are supported by the company.

3. Workplace activities

These are activities promoted to support the local area, but that are carried out in the workplace, for example training provided to students or social entrepreneurs.

4. Mentoring

Training consulting provided at regular intervals, often one-to-one.

5. Management committee/fiduciary roles

This general involves senior members of companies or members of the Board of Directors, who commit to helping the beneficiary organisation select business strategies.

6. Volunteer team

In this case, a group of employees work together to achieve a specific benefit for the community, as in the case of environmental initiatives.

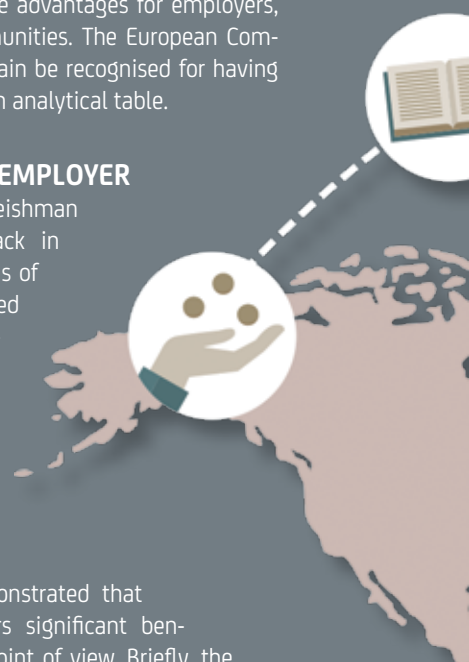
7. Fundraising

Collecting of funds for non profit organisations in the community, in which the employer also participates.

These are not types that must necessarily be implemented in every corporate culture. They are ideals that every responsible company examines, combines and uses as they hold suitable. In the case of UniCredit Foundation, it is natural that emphasis is placed on going beyond financial support of partner entities and offering training and mentoring in the area of social enterprise and the economic tools used for development in the local area and community, paying strong attention to young entrepreneurs. In fact, the business mentoring provided by the Foundation works to improve the internal management and organisation of the co-operatives and non profits supported. This goal is also pursued through the direct involvement of UniCredit experts who work hard for these projects, helping social entrepreneurs to create innovative products and services for the market. However, mobilising efforts is also important, as with the two long-term programs of Gift Matching and Your Choice, Your Project which stimulate interest within the company. Returning to more general thoughts, it can be stated that the array of ECE activities create win-to-win mechanisms able to generate advantages for employers, employees and target communities. The European Commission Workbook should again be recognised for having published these benefits in an analytical table.

ADVANTAGES FOR THE EMPLOYER

Research issued by the Fleishman Hillard agency certified, back in 1999, that 87% of employees of European companies involved in this type of program presented increased employee loyalty rates. This trend was again confirmed in a more recent study (March 2010) commissioned to Corporate Citizenship by the City of London, which demonstrated that corporate volunteering offers significant benefits, also from a business point of view. Briefly, the advantages for companies can be summarised as follows: improvement in employee abilities; good reputation on the labour market and relative to local communities; higher rates of employee loyalty; positive treatment by the media; greater consideration in local politics.



ADVANTAGES FOR THE WORKER

The already cited Volunteer Impact Survey published by Deloitte states that 86% of American employees interviewed believe that volunteering has had a positive impact on their career. This is because social activities develop skills and abilities that are difficult to otherwise acquire in different contexts. And there's more. There are also positive impacts on relationships between colleagues: working together for a good cause improves relationships and consequently makes the organisation more efficient.

BENEFITS FOR THE COMMUNITY

In this case, the advantages deriving from ECE programs depend in large part on the specific needs that beneficiaries indicate and the activities carried out to that end. In general, it can be stated that this type of program can develop the abilities of duly trained beneficiaries, creating positive change in the management of the social enterprise and creating a direct impact on the quality of life of the users and/or their environment. ECE programs can also be quite efficient in terms of generating employment and increasing the quality of life for beneficiaries. From the point of view of social organisations, which frequently work in partnerships with donor companies, other collateral advantages can be seen such as an increase in the number of volunteers and the integration of professional resources and skills that make it possible to increase their social impact.





Gift Matching Program

Launched for the first time in 2003, in 2016 the Gift Matching Program (GMP) was run for the 14th time, in 15 countries. This is the initiative that the UniCredit Foundation uses to support UniCredit employees in their approach to philanthropy, following the tradition of the most important Anglo-Saxon corporate foundations. GMP is a genuine “solidarity multiplier” which, in terms of grants made, is UniCredit Foundation’s largest solidarity program and in terms of numbers of participants is one of the most important European personnel involvement initiatives. In 2016, **449** projects were supported, **11,256** donations were made and almost **€2.4 million** was donated by employees and the Foundation. Since it first started, the Program has supported over **5,000** projects, with **€23.6 million** donated by employees and **€21.4 million** in additional funds from the Foundation, for a grand total of over **€45 million** donated.

The mechanism is simple: the Foundation adds to the donations made by employees for non profit organisations, matching donations until the funds are gone. Beneficiary organisations are selected by employees and donation groups are coordinated by colleagues, who also serve as promoters. The program regulations require a minimum number of participants and a minimum donation amount per group, based on the country. These aspects make the donations for beneficiaries more meaningful and also demonstrate the importance of the donation group coordinators who, due to the fundamental responsibility of promoting solidarity networks among their colleagues, are the most precious element of the GMP.

To increase the impact of their initiatives, last April UniCredit Foundation organised an award ceremony in Milan for the 13th edition of the program. Some of the participants who discussed the best practices used in their own countries in terms of involving employees included Camelia Dicu (UBIS, Romania) and Jana Voberova (UniCredit Bank, Slovakia), while the Italian Diego Sannino received first prize in the “Employees Involvement” category for having involved 81 employees in his donation group supporting Africa Tremila onlus. The People Engagement Award was given to Nikolina Simek-Novak, Gift Matching coordinator in Croatia, for having contributed to achieving the highest level of participation in the Program with respect to total employees, at 11%.

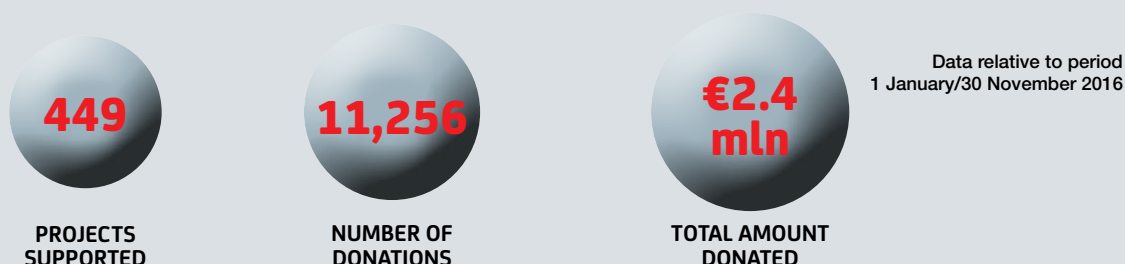
“Participating in this program has been really beneficial for me. Both in terms of inner life and in terms of relationships”, explained Camelia Dicu. “The greatest value associated with this experience, from my point of view, is the ability to work with people who are very different from me and discover how much you can do with limited resources: the satisfaction you get from being able to help people who are less fortunate is enormous.”

The words of Jana Voberova were also notable, “The GMP has meant adding value to my daily work. This is because it allows me to share a truly significant task with colleagues that I might not otherwise talk to, and because it gives me the possibility to do so while making the world around me better and helping people who are genuinely in need. This means we never feel like just bank employees, but people who truly take care of others.”

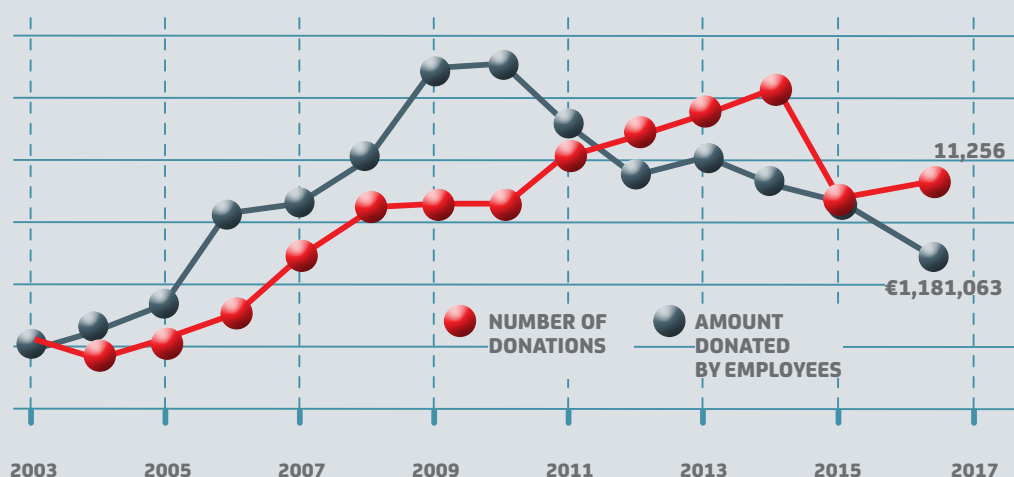
Diego Sannino was on the same wavelength, “Every year Africa Tremila, the Onlus in Bergamo that I support together with my wife, starts a new project that is directly supported by our volunteers until it is handed over to the local population”. In 2016, Sannino and his wife went to Madagascar where, in a tiny village in the forest, they began “a project to build a school for children, that will doubtless become a reference point for the entire zone. Seeing most of the village’s residents waiting on the river banks and singing to welcome our two representatives to start the project was an emotional experience, that fully compensates for the sacrifices and efforts that we make throughout the year to help others. The GMP initiative, that has allowed me to receive help from many colleagues and then doubled the amount collected was once again invaluable in consolidating our desire to be useful.”

“The GMP is a unique program, that allows everyone involved to benefit: the associations, the employees and the bank,” ended Nikolina Simek-Novak, “thanks to the drive that our coordinator gave us, we as colleagues were all fully involved in the initiative and we felt extremely proud to be part of this UniCredit Foundation program”.

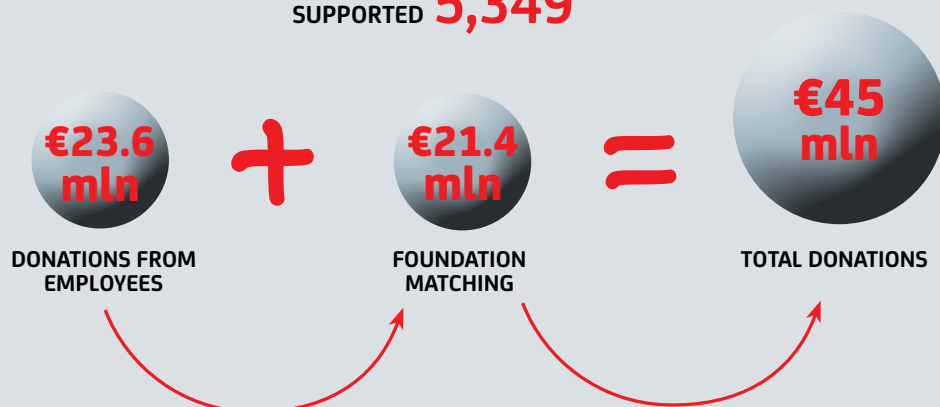
GMP 2016: key figures



GMP 2003 - 2016: participation/donation trends



PROJECTS SUPPORTED **5,349**



A REPORT IN TWO LANGUAGES

“Our Joint Efforts” (or “In prima persona” in the Italian version) is the title of the publication that UniCredit Foundation has been printing for the last five years to offer a complete overview of all the projects supported through the GMP. The edition relative to 2015 initiatives can be downloaded as a PDF on the Foundation’s website at www.unicreditfoundation.org/publications

Your Choice, Your Project



The reader will have realized while going through these pages that some of the descriptions of the projects have been marked with the “Your Choice, Your Project” logo (YCYP). The wording on the logo is the same as the name of the initiative designed to involve employees in the decision making process that was extended to include all of UniCredit Foundation’s activities. The mechanism is simple: after a nationwide competition or a preliminary scouting in different regions and an ensuing selection process, the projects that the Foundation will support in each individual country are presented to the employees of the UniCredit

Group. At this point, a click of the mouse is all that is required to express a preference and indicate to the Foundation which project should receive an additional donation. In this way employees can participate directly in the decision-making processes that direct the philanthropic activities of our Group. Moreover, some employees have gone further and have participated in person as volunteers in field projects. In 2016 “Your Choice, Your Project” celebrated five years of activity (2012-2016). Over the years, 31 voting sessions have been held in 11 different countries, for a total of 74,666 cast votes.

Intervention areas

Development of community-level initiatives, in particular for deprived areas, for minors and young people (informal and extra-curricular education, vocational training, activities to prevent social exclusion, and psycho-social help for minors and families)

Support and assistance for vulnerable groups, including the non self-sufficient elderly

Implementation of networks of volunteers with professional skills and setting-up of local care centres

Fostering of social enterprises capable of self sustainability over the medium term

Job opportunities for young people at risk of social exclusion

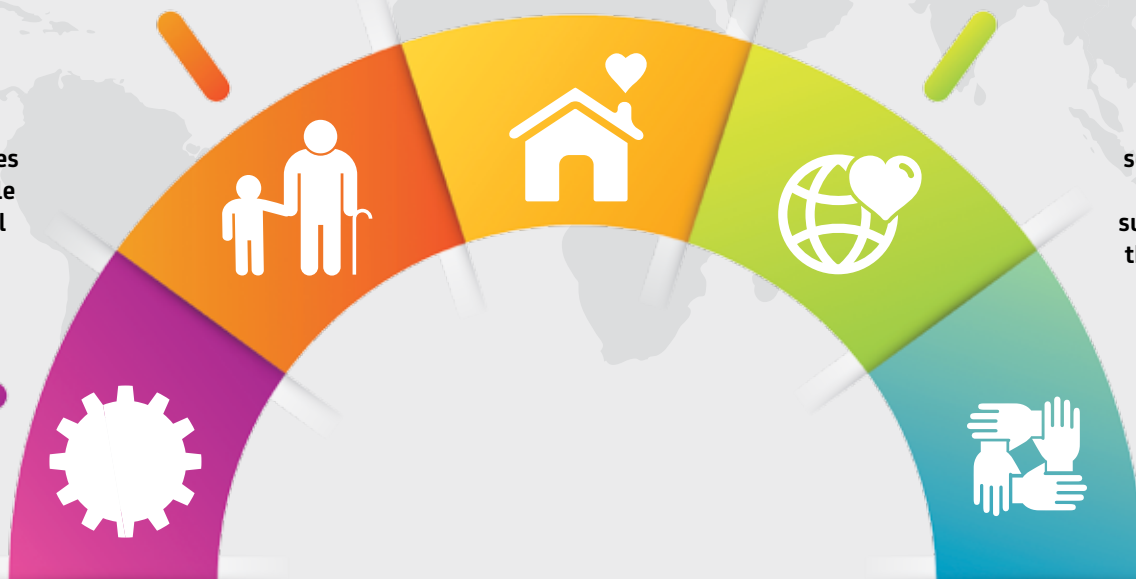
01

02

03

04

05



Rest-Cent-Initiative

COUNTRY **GERMANY** ■ REGION **NATIONAL** ■ DURATION **JANUARY 2016 - DECEMBER 2016**

4,700

AVERAGE
NUMBER OF
EMPLOYEES
PARTICIPATING
IN THE INITIATIVE
EACH YEAR

270,000

THE VALUE OF
DONATIONS
(INCLUDING
UNICREDIT
FOUNDATION
MATCHING) FROM
2012 TO 2016

16

ORGANISATIONS
SUPPORTED SINCE
2012

The Rest-Cent-Initiative allows HypoVereinsbank (HVB) employees in Germany to decide to make a monthly donation of a given percentage of their net salary to non profit organisations operating in the country. They have an active role and - on the basis of a preliminary selection made by HVB with the help of Phineo philanthropic advisory experts - choose the beneficiaries by means of the online voting mechanism "Your Choice, Your Project". The total sum collected during the year is then matched by UniCredit Foundation and the amount donated to the pre-selected organisations. In 2016, employees donated €27,141.53 which was then matched by the Foundation. The beneficiary organisations were: Atelier "La Silhouette" in Munich and

Zweikampfverhalten e.V which operates in Stuttgart and Hamburg. "La Silhouette" offers professional training and assistance to foreign women, many of whom are migrants and have suffered violence. The mentoring program includes mathematics and German language courses, as well as professional training through apprenticeships. The tailoring courses, for example, are often provided by former beneficiaries of the project which makes the overall environment more friendly and welcoming. Zweikampfverhalten e.V is a program aimed at young school-aged students and their families which, through targeted focus groups and sports in particular promotes respect and tolerance to strengthen the integration of participants.



Stefan Löbbert,
Head of Corporate Sustainability, HVB

"For years, HVB and UniCredit Foundation have had a very fruitful cooperation and promoted corporate citizenship activities. In this context we support HVB volunteers in territories. We promote such a social commitment within HVB, from which all - employees, the bank and society - benefit."

We for the Region Award

COUNTRY **GERMANY** ■ REGION **NATIONAL** ■ DURATION **JANUARY 2016 - DECEMBER 2016**

5,038

HOURS
DONATED BY
HVB EMPLOYEES
TO VOLUNTEER
PROJECTS

3

GRANTS
TOTTALLING €5,000
GIVEN TO THREE
NON PROFIT
ORGANISATIONS
SELECTED FROM
THOSE DIRECTLY
SUPPORTED BY
HVB EMPLOYEES

The new initiative launched by UniCredit Foundation in 2016 works to support the corporate volunteering program begun in 2011 by HVB, with the goal of supporting employees in making active commitments to social activities. In 2016 alone, over 120 HVB branches throughout Germany were involved in We for the Region, with over 586 employees participating. They donated around 5,000 hours in support of various non profit organisations active at the regional level. The mechanism used to assign the new Award by the Foundation involved coordination with various HVB departments: the central Corporate Social Responsibility department, the managers of the 6 business network regions (Regional Heads), and the regional Sustainability Coordinators, as well as reference people at the branches. Starting in 2016,

a short list of 6 projects (one for each region) was created, starting from all the projects indicated by the HVB volunteer groups throughout Germany. This was published on the HVB intranet, after validation by the individual regional heads. All the German employees were able to express their preferences through online voting and assign 3 grants to the same number of organisations, for a total of €5,000.

Through this initiative, the Foundation and HVB achieved various objectives: the dissemination of best practices for volunteering within the Bank and the recognition of the individual efforts of employees for good causes, as well as further strengthening the cooperation between UniCredit Foundation and HVB to support not only employees, but also local non profit organisations.



Ulrich Mönius,
Head of Region Munich Retail Banking, HVB

"We for the region" is part of HVB's social engagement themed participation. Hundreds of colleagues personally support less privileged people in the region where they live and work. All of them are very passionate about volunteering work as it enriches also their personal life.

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Open Rehearsals

COUNTRY **ITALY** | AREA **MILAN** | DURATION **OCTOBER 2016 - MAY 2017**

PARTNERS **LA STRADA ONLUS; LA LANTERNA ONLUS; AMICI DI EDOARDO ONLUS; AZIONE SOLIDALE ONLUS**

850,000

EURO
DISTRIBUTED TO
NON PROFITS
IN MILAN OVER
SEVEN YEARS OF
ACTIVITY

9,600

ATTENDEES FOR
THE 2015/2016
EDITION

With an increasingly faithful following, last October Open Rehearsals began its eighth season. Thanks to this project, coming from the cooperation of UniCredit, UniCredit Foundation and Filarmonica della Scala, every year four non profit organisations in Milan are supported, guaranteeing all music lovers a new method of accessing it. In fact, again in the 2016/2017 edition rehearsals for some concerts will be open to the public, and the profits will be entirely distributed to four highly qualified non profit organisations with strong roots in the Milan area. The notable success of the initiative is supported by the figures, which show a constant increase in attendance. The last edition saw every evening sold out, for a total of over 9,600 attendees, thanks in part to the season ticket option, which offers access to every appointment. 1,060 of these were purchased. Gross average takings per evening came to over €36,000, whilst the total amount donated to the beneficiary organisations came to more than €148,000. This year the initiative, with the traditional sponsorship of the Region of Lombardy, Metropolitan City of Milan and the Milan City Council, is focused on young people in the inner suburbs. Last year, the focus was on scientific research. These are the four partner associations for this year's edition.

La Strada Onlus (Scuola Bottega project): La

Strada is a non profit organisation launched in 1981 in the south-east suburbs of Milan, with the aim of meeting the needs of individuals experiencing difficulty. Over the decades it has grown, while still remaining rooted in the Corvetto neighbourhood and zone 4. It organises, structures and manages services and projects to welcome, treat and train minors and adults in difficulty, especially at-risk adolescents, minors who have been the victim of abuse, single mothers with children, the elderly and those with AIDS. The Scuola Bottega project, which is in its 11th year, works to ensure that at-risk children receive their middle school diploma.

La Lanterna Onlus (CicloContinuo project):

since 1993 this association for volunteers and family solidarity has provided educational support for minors in the areas of Affori and Zone 9 in the City of Milan. Over the years, La Lanterna has carried out various actions within the scholastic institutions in the area, with three basic objectives: promoting scholastic well-being and integration among students; preventing failure and drop-outs by providing scholastic and employment guidance; promoting volunteering and active citizenship among youth. The CicloContinuo project works to increase job skills among adolescents, young unemployed people or those in the "NEET" category (Not engaged in Education, Employment



Prove Aperte
LA FILARMONICA DELLA SCALA | INCONTRA LA CITTÀ



or Training”), giving them the opportunity to fully understand dynamics associated with the world of work. **Amici di Edoardo Onlus (Quattro Vie-Arti e Mestieri project):** in 1997 Associazione Amici di Edoardo Onlus created, in cooperation with Comunità Nuova di Don Gino Rigoldi, the youth center known as Barrio’s, located in Barona, an area on the outskirts of Milan where young people and children frequently live in difficult situations. Amici di Edoardo, in cooperation with Associazione Sviluppo e Promozione Onlus, began several training units in 2013, located throughout the area, to help with employment and professional skill building. The project, which at present has helped 80 young people, involves the establishment of several artisanal laboratories (woodworking, tailoring, construction work including plumbing and

electrical skills, bicycle repair, mechanic, sound technician, graphic arts), all led by senior artisans who serve as tutors, supported by volunteers. A basic IT course in open source is provided parallel to these laboratories, which those involved in the project can participate in free of charge. **Azione Solidale Onlus (Community Media Center Olmi project):** the social cooperative Azione Solidale has for years managed and designed services and projects in favour of young people, the disabled and families. In particular, it manages 3 youth centers (CAG) and a daytime educational center for minors (CDE). The Centers are located in the south-west suburbs of Milan, in the Giambellino-Lorenteggio, Baggio-Olmi and Creta neighbourhoods (zones 6 and 7), in which living conditions frequently involve economic, social and cultural issues. Open Rehearsals supports the Community Media Center Olmi project, which has the aim of promoting creativity and youth empowerment, offering space, equipment, guidance and consulting for the design, production and dissemination of multimedia content.

A dedicated website is online, **www.filarmonica.it/proveaperte** which, in addition to publishing the calendar of performances and an archive of news and information about previous editions, also gives a description of the social projects supported and the associations that have partnered the project in recent years.



An initiative that touches people’s hearts

By Renato Duca*

One of the main objectives of the Filarmonica is to touch people’s hearts. This is obviously true relative to music, but it goes well beyond that. La Filarmonica is always on the front lines when it is time to make a social commitment, which it does through numerous benefit concerts, initiatives for the city and younger generations, working to transfer its cultural capital to young people. Social commitment is very important to us. We believe that our artistic work can be a method for sharing a positive way of doing music. This is why we support, through Open Rehearsals, the entities that work with special people, not only as a lofty ideal but by supporting donations that can support concrete projects. The audience at Open Rehearsals is particularly enthusiastic. Beyond having now developed

a comfort level with the rehearsals and the orchestra, it has conviction in the beneficial value of the initiative, which makes it particularly loyal. It can truly take part of the process, and feel like it is part of a wider project, as well as monitoring and learning about the results. The involvement of local non profit associations also helps to make the project transparent and strengthen its power. This is likely because people are able to see the social workers at work every day, they can see the projects they have supported complete by walking down the street, visiting their local school or hospital. La Filarmonica has been a pioneer in uniting music, solidarity, collective participation, and the commitment of artists and musicians to support a higher goal. Every one of the directors and grand artists we host each season has been extremely enthusiastic and committed to requests to participate in the project. The model we have developed over the years has been so successful that many foreign institutions have made use of it for their own social sustainability projects. It is an achievement that we are very proud of.

* English horn and Vice President of Filarmonica della Scala

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A Foundation that serves socially responsible investors



In addition to the many projects it supports, UniCredit Foundation continues to fulfil its fundamental role as a knowledge center for the entire Group. This role has a well-defined objective: provide a specific professional contribution to the Bank that on the one hand supports the development of the non profit sector in the best and most innovative way and on the other, to raise awareness within and outside UniCredit of the importance of strategic philanthropy as a development tool within the communities that UniCredit serves.

This is a task that requires constant and continuous learning based on the changing nature and complexity of the needs coming from the local areas: **it is no longer possible to have a real impact on social fragility without fostering knowledge and awareness of the vital role modern philanthropic activities play.**

Along with traditional solidarity interventions, the Foundation together with the Bank has begun to plan and implement forms of assistance that make the ability to respond to a complex social demand compatible with the need for economic sustainability that allows partner entities working in the field to obtain a real perspective of self-sufficiency.

In this sense, one of the most significant actions is that carried out by the Foundation with the UniCredit Private Banking Division and the newly established Cordusio that offers a complete array of services to High Net Worth Individual clients who want to “invest” in beneficial initiatives. **This is the Philanthropy Advisory model which, starting with the desires and focus on specific social sensibilities, supports clients in establishing their personal philanthropic profile.** How? For example, by identifying the most effective tools to achieve the objectives set or, in the case of direct donations, helping the client to select the entities to be supported based on their effectiveness and social impact, which are frequently not facts known by the general public. The array of solutions also includes: the establishment of a foundation or the activation, through the philanthropic brokering tool, of a fund managed by the Foundation itself on the account of the philanthropist - known as a Donor Advised Fund (DAF).

The centre of expertise is also engaged in supporting the Bank's business activities aimed at the Third sector. In fact, the Foundation's decision to finance social enterprises, those already established as well as those in the start-up phase, places the Bank to better benefit from its role as a credit provider to the non profit system. Finally, UniCredit Foundation contributes to fostering best practices among the diverse countries where it operates, assisting local banks in their choice of social interventions.

Fondo Giancesini Call

COUNTRY **ITALY** | REGION **VENETO** | DURATION **JUNE 2014 - DECEMBER 2015** | PARTNER **UNIVERSITY OF VERONA**

For the third consecutive year, UniCredit Foundation and the University of Verona have awarded 4 scholarships, thanks to a donation from a private citizen, for recent graduates of higher education for a further experience (study or research) abroad, in the fields of economics and medicine. The scholarships, each one with a value of €25,000, are traditionally granted in pairs of two to the Department of Economic Science and to the School of Medicine and Surgery at the University of Verona. All candidates have submitted a research project, to be realized abroad, lasting between 9 and 12 months. Last December the winners were announced, after being selected by a Commission of university professors nominated by the University, and an external member nominated by UniCredit Foundation. These are their names: Marco Albori and Giovanni Covi (from the Department of Economic Science); Marco Cordani and Andrea Fagagnini (from the School of Medicine and Surgery). As announced in the last edition of this report, the donation made by the philanthropist from Verona has also allowed the two partners promoting the Giancesini Fund to launch another initiative - "2016 Giancesini Fund Research Award" - through which two young associate or assistant professors or researchers of any nationality at any European university can make use of a fund of €15,000 to develop two one-year research projects in Italy, one relative to economics/finance and the other in the field of medical science.



UNIVERSITÀ
di VERONA



We are thankful for the initiative of the UniCredit Foundation which in 2016 again financed research and study scholarships aimed at recent graduates of our institution, through the Giancesini Fund.

The continuation of these acts of generosity and faith in our young people is, for us, a tangible indication of quality philanthropy, and the University of Verona appreciates this commitment not only on a financial level, but also in terms of its ethical and cultural significance.

Nicola Sartor,
Rector, University of Verona

Ugo M. Gragnolati won the Giancesini Fund Research Award for the Department of Economic Science, while Melania Dovizio was awarded the Giancesini Fund Research Award for the School of Medicine and Surgery.

The assignees will both be invited to visit the University of Verona to share and discuss the results of their work and present their research during a workshop open to the public.



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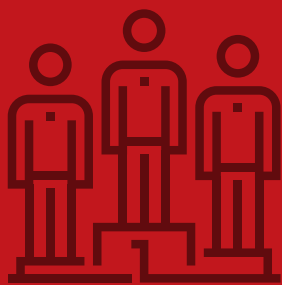
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Four projects for four European best practices

The 4 initiatives promoted by the Foundation presented on this page have been recognised as implementing best practices by either European institutions (as for Social StartUp in Poland, Raise in Serbia and Change with Business in Turkey), or nationally (Step with Us! in Hungary).

SOCIAL STARTUP (POLAND)

This program was identified as using best practices in the publication “Social enterprises and their eco-systems: A European mapping report” (see pg. 14). In the document prepared for the EU by the Group of Experts from the Commission on Social Entrepreneurship (GECES), Social StartUp was cited in these terms (see pg. 28/29): “In addition to financial instruments supported by the EU, there are also instruments developed at the national level. Among these are: Social StartUp (Społeczny StartUp), a program created thanks to the cooperation between Bank Pekao S.A., Ashoka Poland and UniCredit Foundation. The aim of the program is to support social enterprises by offering grants, training and mentoring.”

RAISE (SERBIA)

RAISE (Rural and Agricultural Integration within a Supportive Environment) is the social inclusion and employment project carried out by Ana and Vlade Divac Foundation and UniCredit Foundation between 2009 and 2013 (see previous editions of this annual report). The initiative was included by the European Commission on the list of the 200 best European social projects relative to the promotion and support of social entrepreneurship to support integration of migrants. All the best practices were collected in the publication “Evolution and Analysis of Good Practices in Promoting and Supporting Migrant Entrepreneurship - Guide book”.

STEP WITH US! (HUNGARY)

Thanks to this initiative (see pg. 30), UniCredit Bank Hungary obtained recognition as CSR Best Practice from the national association for workers in the public relations department, which every year recognises the best social responsibility initiatives promoted by companies. “Step with Us!” is the result of cooperation between UniCredit Foundation, UniCredit Bank and NESST Hungary. The program combines a business model with social innovation and is in its second edition. It works to support the inclusion of vulnerable groups through financial and non-financial support relative to activities that generate income and employment.

CHANGE WITH BUSINESS (TURKEY)

With this project (see pg. 31) last June KUSIF (Koç University Social Impact Forum), a Turkish partner of UniCredit Foundation, participated in a tender issued by the European Union for the distribution of funds foreseen in the EASI Program (Employment and Social Innovation, 2014-2020). The tender was successful and led to the assignment of €100,000 in financing to further implement project activities.



Note to the reader



Projects monitoring

All the Foundation's projects are regularly monitored in their implementation and execution. Additionally, in 2016 Deloitte & Touche S.p.A. carried out agreed verification procedures relative to accounting and administration for the following projects:

- Alzheimer Caffè Palermo (Associazione La Grande Famiglia)
- ArteMusiCaféAlzheimer (AIMA Napoli)
- Un caffè per tutti (Società Coop. Soc. Lancillotto TO)
- Orti solidali (ANTEAS Cosenza)
- Asili nido di comunità (Fondazione Aiutare i bambini, now Mission Bambini)
- Radici di Memoria (Rita Atria - Libera Terra Soc. Coop. Soc. Castelvetro - Trapani)
- Social Entrepreneurship Tender in BiH (Mozaik Community Development Foundation)
- Support to social entrepreneurship in Poland 2015/2016 - Social StartUp (Ashoka Poland)
- JOBLINGE - Jointly Against Youth Unemployment in Germany (Joblinge Association)
- buntkicktgut goes Franchise - From Social Project to Social Business (buntkicktgut)
- Social Innovation Tender and Capacity Building for Nonprofit Organizations 2015 - Step with Us! (NESsT Hungary)
- The Inkubator: Social Business in Croatia (Idea in Action - Impact HUB Zagreb)
- Better Business in Support to social entrepreneurship in Czech Republic and Slovakia 2015 (Via Foundation)
- Flying fish in Support to social entrepreneurship in Czech Republic and Slovakia 2015 (Provida Foundation)





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Dear Board Members,

We kindly ask you to approve the 2016 Financial Statements presented here which show an operating deficit of €430,724 to be covered by a reduction in the equity in the Operating Reserve.

The Chairman
Maurizio Carrara

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BALANCE SHEET AS AT 31 DECEMBER 2016 (AMOUNTS IN EURO)

ASSETS	31/12/2016	31/12/2015
C) Current assets	7,917,732	9,448,395
II - Receivables	22,907	17,855
5) Due from others	22,907	17,855
III – Financial assets not classified as fixed assets	5,711,544	4,230,594
2) Other securities	5,711,544	4,230,594
IV – Liquid assets	2,183,281	5,199,946
1) Bank deposits	2,144,767	5,171,975
2) Cash held at asset management companies	38,014	27,471
3) Cash and cash equivalents on hand	500	500
TOTAL ASSETS	7,917,732	9,448,395

MEMORANDUM ACCOUNTS	31/12/2016
Funds to be received from "Fondazione con il Sud" for specific projects	21,675

LIABILITIES	31/12/16	31/12/15
A) Net equity	3,727,677	4,158,401
I – Operating reserve	3,664,677	4,095,401
1) Surplus/Deficit on operations	-430,724	91,269
2) Surpluses of previous years	4,095,401	4,004,132
II – Endowment fund	63,000	63,000
D) Payables, with separate indication for each item of the amounts due after the following period	4,190,055	5,289,994
2) Payables for contributions to be disbursed	4,167,617	5,181,993
2.1) Projects in countries in which the Group is present	746,423	1,579,235
within the following period	646,423	1,264,703
after the following period	100,000	314,532
2.2) Projects involving personnel of the Group	2,120,759	2,394,482
within the following period	2,072,315	2,355,552
after the following period	48,444	38,930
2.3) Specific projects	1,300,435	1,208,276
within the following period	762,475	520,000
after the following period	537,960	688,276
6) Accounts payable	4,557	85,405
7) Taxes payable	17,881	19,554
12) Other payables	0	3,042
TOTAL LIABILITIES	7,917,732	9,448,395

REPORT ON OPERATIONS FOR FINANCIAL YEAR 2016 (AMOUNTS IN EURO)

EXPENSES	31/12/2016	31/12/2015
1) Expenses from ordinary operations	3,172,413	4,556,499
1.1) Projects in countries in which the Group is present	519,500	1,362,328
1.2) Projects involving personnel of the Group	2,015,000	2,116,683
1.3) Specific projects	540,000	990,575
1.4) Studies and expenses for feasibility, assessment and promotion of projects	27,516	13,138
1.6) Projects monitoring	70,397	73,775
6) General administrative costs	485,512	502,478
6.1) Employees	216,863	210,619
6.2) Other operating costs	268,649	291,859
TOTAL EXPENSES	3,657,925	5,058,977
OPERATING SURPLUS	0	91,269
TOTALS	3,657,925	5,150,246

REVENUES	31/12/2016	31/12/2015
1) Revenues from ordinary operations	2,680,200	4,945,699
1.1) Contributions received	2,680,200	4,945,699
4) Financial income and gains	2,400	14,714
4.1) From bank deposits	1,753	8,631
4.4) From other assets	647	6,083
7) Other income	544,601	189,833
7.1) Amounts recovered from projects completed or not implemented	544,601	189,833
TOTAL REVENUES	3,227,201	5,150,246
OPERATING DEFICIT	430,724	0
TOTALS	3,657,925	5,150,246

NOTES TO THE ACCOUNTS FOR FINANCIAL YEAR 2016

Preliminary Information

UniCredit Foundation was established on 5 March 2003, as Unidea – UniCredit Foundation, with an endowment of €63,000.

It is a non profit private foundation and is registered in the Registry of Entities of the Prefecture of Milan under number 414.

The purpose of the foundation is to promote, implement and manage support actions in the field of solidarity, assistance and charity, orienting its commitment in particular in countries where the UniCredit Group has a presence.

The Foundation's Bodies are: the Board of Directors, the Chairman and the Board of Auditors.

Contents and form of the Financial Statements

The Financial Statements were drawn up in accordance with the recommendations issued by the "Non profit Enterprises Commission" of the National Board of Chartered and Expert Accountants. The accounting principles and valuation criteria have been applied consistently over time and have not been changed unless otherwise noted.

The Financial Statements consist of the Balance Sheet, the Report on Operations and the Notes to the Accounts, and are accompanied by the Annual Report above.

The year ending at 31/12/2016 shows an operating deficit of €430,724, representing a negative balance for the financial year in question. This amount, in its entirety, will be covered through a reduction in net equity.

The statements are audited by the Board of Auditors.

Since the Foundation does not conduct commercial business, it is not subject to VAT or income tax, due to the nature of its income, but is only subject to IRAP (Regional Business Tax).

Accounting principles and valuation criteria

Income and expenses are reported on an accrual basis with the exception of contributions received, which are recorded on a cash basis. Accrual of the costs from ordinary activities is determined on the basis of the spending resolutions approved by the Board of Directors.

Assets

CURRENT ASSETS

Receivables are posted at their nominal value which is the same as their estimated realizable value.

The item **Financial assets not classified as fixed assets – Other securities** includes securities in the portfolio for asset management purposes, which the Foundation's reserves are invested in until they are used by the institution. These securities are all listed at market value understood as the price reported on the last trading day of the period, including any accrued income due.

Liquid assets are reported at nominal value.

Liabilities

NET EQUITY

The **Operating Reserve** consists of operating results for the current and previous periods.

The **Endowment Fund** is recognized at nominal value and represents the value of contributions made at the time the Foundation was established.

Payables, with separate indication for each item of the amounts due after the following period.

Payables are reported at their nominal value.

Payables for contributions to be disbursed represent the Foundation's commitment to projects that have been approved but not yet funded. They are broken down by the type of project supported.

Accounts payable include amounts owed with respect to invoices or bills received as well as the amount of any invoices/bills to be received for services received but not invoiced by the end of the year.

Taxes payable include the advanced withholding tax on the income of self-employed workers, taxes withheld from workers and the amount of IRAP tax due.

Social security payables reflect the amount of social security contributions accrued but not paid for people employed.

Other payables represent all remaining payables which, by their nature, are not included in the previous items, including the substitute tax on asset management earnings that have accrued and are owed to the asset management company, which acts as withholding agent.

Memorandum accounts

The Memorandum Accounts represent commitments from third parties to make donations to fund specific projects.

Expenses

Expenses from ordinary activities include all contributions and expenses for projects approved during the period by the Board of Directors.

General administrative costs reflect the costs incurred by the Foundation during the reporting period to conduct its operations.

Revenues

Revenues from ordinary operations represent the donations received during the period.

Financial income and gains represent bank interest and income from investments in asset management accounts. Income is reported net of expenses and taxes.

The item **Other Income** brings together the remaining revenues, which by nature cannot be included in the previous categories, including sums recovered due to restructuring of financial commitments relative to projects and surpluses recovered on projects completed or not implemented.

COMMENTS ON THE BALANCE SHEET AND ON THE REPORT ON OPERATIONS

(AMOUNTS IN EURO)

Assets

	31.12.2016	31.12.2015
C) Current assets	7,917,732	9,448,395
II - Receivables	22,907	17,855
5) Due from others	22,907	17,855

Receivables due from others include the balance of prepayments for IRAP (€15,164) and INAIL (€131) taxation, withholdings from income deriving from asset management (€6,112) and from prepaid credit cards provided to workers (€1,500).

	31.12.2016	31.12.2015
III – Financial assets not classified as fixed assets	5,711,544	4,230,594
2) Other securities	5,711,544	4,230,594

The item **Other securities 2016** increased in comparison to the amount stated for the previous year given that, due to the trend in rates and the completely conservative management profile, it was held appropriate to increase investments in asset management, favouring Italian and foreign government securities (BTP, CCT, OAT, BUNDES, etc.), mainly with short-term maturity dates. In fact, the modified duration of the portfolio is 0.65 years.

Asset management includes:

- Italian and European government securities of €5,423,633 measured at market value on the last business day of December 2016 and include accrued interest of €65,932. A breakdown of the securities portfolio as at 31/12/2016 is provided in the table in Annex A).
- European Bond Securities Funds for a total value of €287,911 measured on the basis of values of the units of those Funds at 31 December 2016. Annex B) provides information on the composition of and movements related to the aforementioned funds portfolio.

	31.12.2016	31.12.2015
IV – Liquid assets	2,183,281	5,199,946
1) Bank deposits	2,144,767	5,171,975
2) Cash held at asset management companies	38,014	27,471
3) Cash and cash equivalents on hand	500	500

Bank deposits represent the total of current account balances held at UniCredit S.p.A.

Cash held at asset management companies is the cash generated from the asset management relationship indicated under “Other securities”.

Cash and cash equivalents on hand is the balance of petty cash used for current expenses.

Memorandum

	31.12.2016
Commitment by Fondazione con il Sud to make donations to fund specific projects	21,675
<i>Total</i>	<i>21,675</i>

These represent commitments by third parties to fund specific projects.

The contribution from Fondazione con il Sud is the balance related to the amount allocated to the already existing project, approved on 6 June 2011, called "Innovazione Sociale per Napoli", and will presumably be paid in 2017.

Liabilities

	31.12.2016	31.12.2015
A) Net Equity	3,727,677	4,158,401

I – Operating reserve

The operating reserve amounts to **€3,664,677** and represents the algebraic sum of the operating deficit for the year of €430,724 and the surpluses from previous years of €4,095,401.

II – Endowment fund

This amount – totalling **€63,000** – was contributed when the Foundation was established.

Changes in Net Equity are indicated in the table below.

Statement of change to the items of the net equity for financial year 2016

	Operating reserve	Endowment fund	Total net equity
Start of year	4,095,401	63,000	4,158,401
Operating result for the period	-430,724		-430,724
Balance as at 31/12/2016	3,664,677	63,000	3,727,677

	31.12.2016	31.12.2015
D) Payables, with separate indication for each item of the amounts due after the following period	4,190,055	5,289,994

Payables, for contributions to be disbursed, totalling **€4,167,617**, represent the Foundation's commitment to projects that have been approved with disbursements to occur in future periods.

The following table provides a breakdown of projects by type and by disbursement period.

Payables Due	31/12/2016		
	within the following period	after the following period	Totals
Projects in countries in which the Group is present	646,423	100,000	746,423
Business with a Mission - Bulgaria	35,000	5,000	40,000
The Power of Social Enterprise - Romania 2016/2017	14,295	0	14,295
Support to Social Entrepreneurship - Czech Republic and Slovakia 2015	11,240	0	11,240
Call for tender for 2013 Occupiamoci! - Italy	16,654	0	16,654
Innovazione Sociale per Napoli	15,552	0	15,552
Grameen - Italy	14,654	0	14,654
Empowering the breakthrough generation Bosnia and Erzegovina 2016/17	3,513	0	3,513
Philanthropic activities	71,000	0	71,000
Call for tender for Establishment or Implementation of 2 Alzheimer Cafés	19,092	0	19,092
UniCredit Factoring for Alzheimer Café	18,317	0	18,317
Call for tender UniCredit Carta E 2013 Social Cohesion Strategies for the Elderly - Italy	84,237	0	84,237
Bank Austria Social Award 2016	3,000	0	3,000
Initiatives with European Foundation Center 2014	7,334	0	7,334
The Inkubator: Social Business - Croatia 2014/2015	10,003	0	10,003
Filarmonica della Scala - Open Rehearsals 2016 - 2017	39,000	0	39,000
Support to social entrepreneurship in Poland - 2015/2016	1,726	0	1,726
Support to social entrepreneurship in Poland - 2016/2017	65,830	0	65,830
Social Innovation Tender and Capacity Building for Non profit Organisations - Hungary 2015	2,148	0	2,148
Change with Business: Social Entrepreneurship Development Program - Turkey 2015/2016	14,908	0	14,908
Call for tender for 2015 Occupiamoci! - Italy	60,000	20,000	80,000
Radici di Memoria - Castelvetro 2016	10,000	0	10,000
JOBLINGE - Jointly Against Youth Unemployment 2016/2017	15,000	0	15,000
Contribution to Philanthropy Survey	8,920	0	8,920
Change with Business: Social Entrepreneurship Development Program - Turkey 2017/18	60,000	55,000	115,000
Belfiore 1 - The flavours and knowledge of legality and social inclusion - Lecco	45,000	20,000	65,000
Projects involving UniCredit employees	2,072,315	48,444	2,120,759
Gift Matching Program 2015	23,076	0	23,076
Gift Matching Program 2016	1,954,480	0	1,954,480
Rest-Cent-Initiative - Germany	586	0	586
Rest-Cent-Initiative - Germany 2016	26,556	48,444	75,000
ECI – Three-Year Program	59,127	0	59,127
Support for the Dissemination Activities of the Philanthropic Advisory	8,490	0	8,490
Specific Projects	762,475	537,960	1,300,435
Call for tender UniCredit Carta E 2014: Social cohesion strategies for young people - Italy	169,276	35,988	205,264
Call for tender UniCredit Carta E 2015: Social cohesion strategies for the elderly - Italy	258,252	167,365	425,617
Call for tender UniCredit Card Flexia Classic E 2016: Social cohesion strategies for young people - Italy	217,947	300,000	517,947
Fondo Ganesini initiatives	117,000	34,607	151,607
Total	3,481,213	686,404	4,167,617

Accounts payable amounted to **€4,557** and related to amounts due to UniCredit S.p.A., relative to the cost of personnel seconded to the Foundation and the amount due for premises leases.

Taxes payable totalling **€17,881** included the worker-related withholding tax, paid to the tax authorities in January 2017 (€2,537) and the balance of IRAP due for 2016 (€15,344).

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Expenses

	2016	2015
1) Expenses from ordinary operations	3,172,413	4,556,499
These can be broken down as follows:		
1.1) Projects in countries in which the Group is present	519,500	1,362,328
1.2) Projects involving personnel of the Group	2,015,000	2,116,683
1.3) Specific projects	540,000	990,575
1.5) Studies and expenses for feasibility, assessment and promotion of projects	27,516	13,138
1.6) Project monitoring	70,397	73,775

The following shows details grouped by the Foundation's main areas of activity: Social entrepreneurship and Social innovation (€222,000), and Social inclusion (€297,500) for a total of €519,500. Below are the details.

Social entrepreneurship and Social innovation	222,000
<i>Empowering the breakthrough generation in Bosnia and Herzegovina 2016/17</i>	<i>42,000</i>
<i>Change with Business: Social Entrep. Dev't Program Turkey 2017/18</i>	<i>115,000</i>
<i>Belfiore 1 - The flavours and knowledge of legality and social inclusion - Lecco</i>	<i>65,000</i>

Social inclusion	297,500
<i>Filarmonica della Scala Open Rehearsals 2016/2017</i>	<i>195,000</i>
<i>Training course to develop technical/management skills for an Alzheimer Café</i>	<i>14,500</i>
<i>Bank Austria Social Award 2016</i>	<i>53,000</i>
<i>JOBLINGE - Jointly Against Youth Unemployment 2016/2017</i>	<i>35,000</i>

Also during the financial year 2016, in support of the social initiatives of employees of the UniCredit Group, the amount of €1,960,000 was approved for the Gift Matching Program (GMP), which, as usual, consists of a contribution by the Foundation to supplement the donations made by employees of UniCredit in favour of non profit organisations.

This initiative, along with the others listed below, was recorded under the item Projects involving UniCredit employees, which totals €2,015,000.

Projects involving UniCredit employees	2,015,000
<i>Gift Matching Program 2016</i>	<i>1,960,000</i>
<i>Rest-Cent-Initiative in Germany 2016</i>	<i>40,000</i>
<i>Refugee and Migrant Emergency</i>	<i>10,000</i>
<i>We for the Region Award – Germany 2016</i>	<i>5,000</i>

Specific Projects

Disbursements in favour of "specific projects" in 2016 were exclusively limited to commitments relative to the call for tender UniCredit Card Flexia Classic E for €540,000.

Studies and expenses for feasibility, assessment and promotion of projects

The expenses accruing to this period totalled **€27,516**

The following table shows a breakdown by type of expense:

	2016	2015
Expenses for promotion activities:		
Expenses for seminars for project development	1,516	650
Research and publication expense	26,000	4,117
Preliminary expenses and feasibility studies for projects	0	8,371
TOTAL	27,516	13,138

Projects monitoring

Starting in the financial year 2015, it was decided that a specific item should be included for the costs of projects monitoring, which had previously been individually allocated to each project. The same criteria was maintained in 2016 and the total value of this item came to **€70,397**.

General administrative costs

	2016	2015
6) General administrative costs	485,512	502,478

These are the expenses incurred for the performance of activities aimed at achieving the Foundation's goals. They decreased from 2015 to 2016 by 3.37%.

The breakdown of this item is as follows:

	2016	2015
6.1) Employees	216,863	210,619
6.2) Other operating costs	268,649	291,859

Employees

The Foundation does not have its own employees and uses staff seconded from the UniCredit Group, for which it is charged by the parent company.

At the beginning of 2016, the number of workers within the Foundation was 5. One left in April, and an intern was added in November 2016.

Please note that, in keeping with the method used in 2015, a portion of personnel expenses incurred during the year, equivalent to €55,000, was charged to the "Employee Community Involvement" (ECI) three-year program, due to the fact that employee participation is an essential part of this program for the development of initiatives to promote employee involvement.

Other operating costs (€268,649) were composed of the following:

	2016	2015
Fees for professionals and professional services	200,269	210,724
Taxes and withholdings:	15,667	15,410
• <i>IRAP</i>	15,344	15,164
• <i>Revenue stamps and various indirect taxes</i>	323	246
Other:	52,713	65,725
• <i>Entertainment expenses</i>	1,770	3,651
• <i>Stationery, printing and office supplies</i>	1,721	2,692
• <i>Travel expenses</i>	424	3,282
• <i>Rent</i>	36,920	40,462
• <i>Postage and Telephone</i>	9,139	12,512
• <i>Various (subscriptions, publications, membership fees, etc.)</i>	2,739	3,126
Total	268,649	291,859

The item "Other" mainly refers to:

- travel and trip costs not directly attributable to individual projects (€-2,858);
- lease expense that also includes accessory expense such as utilities and condominium fees, reduced following the transfer during the year from the offices in via San Protaso to the UniCredit Tower in Piazza Gae Aulenti, both located in Milan (€-3,542);
- postal charges and telephone expenses following the revision of the telephony contract (€-3,373).

Below is the break down of the item "Fees for professionals and professional services" compared with the previous year:

	2016	2015
Project activity consulting	88,460	89,253
Communication	48,328	49,673
• <i>Website maintenance and updates</i>	2,882	4,397
• <i>Communication agencies and services</i>	41,969	41,968
• <i>Misc. - Communication</i>	3,477	3,308
Annual Report	7,989	9,591
External professionals/Notary fees	2,281	5,893
• <i>Misc. professionals (notary/attorney/labour consultant, etc.)</i>	2,281	1,501
• <i>Consulting for brand reg.</i>	0	4,392
Services from UBIS Group	50,630	50,630
Participation in courses and conventions	1,328	5,685
Interns	1,253	0
Total	200,269	210,724

Revenues

	2016	2015
1) Revenues from ordinary operations	2,680,200	4,945,699

Contributions received, totalling **€2,680,200** with a decrease of around 46% with respect to 2015, represent donations coming from various companies in the UniCredit Group (€2,180,200), as well as the contributions listed below destined for the execution of specific projects (€500,000), as described in the Annual Report.

Ordinary contributions	2,680,200
from Finecobank S.p.A.	1,000,000
from UniCredit Factoring S.p.A.	800,000
from Yapi Ve Kredi Bankasi A.S.	380,000
from others	200
Contributions for specific projects	
Call for tender UniCredit Card Flexia Classic E 2016	500,000

	2016	2015
4) Financial income and gains	2,400	14,714
4.1) From bank deposits	1,753	8,631
4.4) From other assets	647	6,083

The item **From bank deposits** totalling **€1,753**, consists entirely of interest accrued on current accounts. Income is reported net of taxes.

The item **From other assets** includes income derived from asset management plans with a special risk profile (Mixed Bond management line, with a predominant monetary component of 21% and a short/medium term bond component of 79%). The management line therefore has a very limited 'Modified Duration', totalling 0.65 years at 31 December 2016. Income is reported net of fees, expenses and taxes. A comparison with the previous financial year reveals a net decrease due to the reduction in the rates curve, which meant that during the year the yield on many bonds issued by European countries with medium/short term maturity dates became negative. This movement in the yield curve can be attributed to the expansive monetary policy of QE implemented by the ECB.

	2016	2015
7) Other income	544,601	189,833
7.1) Recovery of surpluses from projects completed or not implemented	544,601	189,833

The item **Other income** totalling **€544,601** represents the amounts recovered for the year on completed projects, as detailed below.

Projects in countries in which the Group is present	
Social entrepreneurship tender in BiH-Bosnia/Erzeg. 2014	1,855
Social Enterprise Countries EEC (BG-RO-RS-SI-HU) 24/07/2012	3,546
Social Award Austria 2015	2,500
Competition - Capacity Building Supp. to Social Enter.in Romania 2014/2015	5,826
Social entrepreneurship tender in Serbia 2014	484
Support to social entrepreneurship in Poland	6,291
The Inkubator: Social Business in Croatia 2014/2015	4,389
JOBLINGE-Jointly Against Youth Unemployment 16/12/2014	4,439
Social Innovation Award - Austria 2015	2,500
Buntkicktgut goes Franch.-From Soc.Proj.to Soci.Bus.16/12/2014	5,000
Innovazione Sociale per Napoli 06/06/11	72,730
Alzheimer Cafè Italy 27/06/11	2,553
Support for the Expofacile! project	5,000
Support for the Community Nurseries project 28/03/12	13,217
Total	130,330

Projects involving UniCredit employees	
Gift Matching Program 2014	131,053
Gift Matching Program 2015	283,218
Total	414,271

Grand Total	544,601
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Other information

As at 31 December 2016, the Foundation had no employees, but used the services of 4 individuals seconded from UniCredit and an intern.

The Foundation does not hold, nor did it acquire or sell during the year, any shares of the Founder or of any companies of the UniCredit Group.

Members of the Board of Directors and Board of Auditors receive no compensation.

Milan, 07 March 2017

The Chairman
Maurizio Carrara

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**A) Breakdown
of the Securities
Portfolio
held for asset
management as
at 31 December
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(Amounts in €)

Type of securities	Balance			Accrued Interest	Closing Balance
	Number of Units	Market Value	Exchange Value		
AUSTRIA 4.3 15092017	137,000	103.465	141,747	1,727	143,474
BEI FLOATER 27/01/2017	489,000	100.012	489,059	-	489,059
BTP ITALIA 2.15% 12/11/2017	118,000	102.257	120,663	343	121,006
BTP 2.25% 22 APR 2017	745,000	100.7158	750,332	3,219	753,551
BTP 3.75% 01/05/2021	19,000	113.97	21,654	118	21,772
BTP 3.75% 01/09/2024	50,000	116.71	58,355	627	58,982
BTP 5.5% 01/11/2022	17,000	125.81	21,388	155	21,543
BTP 23 APRIL 2020 1.65%	121,000	105.0943	127,164	378	127,542
BUNDES 0.75% 24/02/2017	523,000	100.204	524,067	3,333	527,400
CCT APRIL 2018	54,000	101.226	54,662	92	54,754
CCTEU 2.117% 01 NOV 2018	164,000	103.15	169,166	434	169,600
CCTS FLOAT 15/10/2017	504,000	100.734	507,699	643	508,342
EFSF 2.625% 02/05/2019	183,000	107.19	196,158	3,198	199,356
FRANCE 1% 25/11/2018	143,000	103.193	147,566	141	147,707
OAT 3.75% 25/04/2017	395,000	101.412	400,577	10,146	410,723
OAT 4% 25/04/2018	170,000	106.202	180,543	4,658	185,201
SPAGNA 2.10% 30/04/2017	403,000	100.825	406,325	5,680	412,005
SPAGNA 2.75% 30/04/2019	251,000	106.79	268,043	4,633	272,676
SPAGNA 3.8% 31/01/2017	456,000	100.31	457,414	15,860	473,274
SPAGNA 4.5% 31/01/2018	298,000	105.165	313,392	12,274	325,666
Totals				65,932	5,423,633

**B) Breakdown
of the Funds
Portfolio
held for asset
management as
at 31 December
2016**
(Amounts in €)

Type of securities	Balance			Accrued Interest	Closing Balance
	Nominal Value	Market Value	Exchange Value		
DB PORTFOLIO EURO LIQ	934.391	77.12	72,060	-	72,060
ING L LIQUID EURIBOR 3M A	61.636	1,028.21	63,375	-	63,375
LA FRANCAISE TRESORERIE I ACC	0.575	108,582.36	62,435	-	62,435
LYXOR BOT MTS EX BANK OF ITALY	378	101.30	38,291	-	38,291
PIMCO EURO SHORT SOURCE INC.	509	101.67	51,750	-	51,750
Totals					287,911

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REPORT OF THE BOARD OF AUDITORS ON THE 2016 FINANCIAL STATEMENTS

To the Board of Directors

The Financial Statements as at 31 December 2016, drafted by the Chairman and submitted for our attention, consist of the Balance Sheet, the Report on Operations and the Notes to the Accounts, and are accompanied by the Annual Report. They show the following results:

Balance Sheet

Assets	€7,917,732
Liabilities	€4,190,055
Net Equity	€3,727,677

Report on Operations

Expenses	€3,657,925
Revenues	€3,227,201
Operating Deficit	€430,724

The Notes to the Accounts include all the information considered relevant in order to present a true and accurate picture of the situation. The Report and Accounts describes in detail the activities carried out by the Foundation during this fourteenth year of operation.

During the year we have carried out the necessary audits in order to ensure compliance with the Law and with the Articles of Association as well as to check the financial operations of the Foundation, the accuracy of its accounting books and the integrity of the values of the Foundation, as required by the Articles of Association.

Our audit of the Financial Statements has been carried out in accordance with the auditing standards recommended by the National Council of Business Consultants and Chartered Accountants and, in accordance with these standards, we have made reference to the provisions of law regulating the Financial Statements, as detailed in the accounting standards issued by the above mentioned National Council.

We wish to emphasize that the Financial Statements are based on the accruals principles of accounting, except for contributions received, which are accounted on a cash basis. This exception to the general rule has been adopted, on which we agree, in accordance with the principle of prudence, to prevent use of funds that are not yet available.

On the basis of the audits carried out during the year and on these Financial Statements, we express a favourable opinion on the approval of these Financial Statements and on the proposal to cover the operating deficit from the Operating Reserve, as indicated by the Chairman.

Milan, 07 March 2017

The Board of Auditors

Giorgio Loli	Chairman
Elisabetta Magistretti	Regular Auditor
Michele Paolillo	Regular Auditor

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UniCredit Foundation

Registered offices:

Milan, Piazza Gae Aulenti, 3

UniCredit Tower A

Registered in the juridical persons

register of the Prefecture of Milan under

number 414 on 21 May 2003

Tax code: 97342960156

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