

Sustainability Bond Report 2022

Empowering
Communities to Progress.



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As the bank for Europe's future, Environmental, Social, and Governance considerations are at the heart of everything we do.

ANDREA ORCEL
GROUP CHIEF EXECUTIVE OFFICER
UNICREDIT SPA

This document is the annual Sustainability Bond Report on the allocation and impact of UniCredit's Green and Social Bonds issued to date. This report was prepared in line with UniCredit Group's Sustainability Bond Framework published in June 2021 (hereafter: "Framework").



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ESG Strategy

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

Sustainability at UniCredit

In 2020 we embarked on a journey to further integrate all ESG factors in the bank's strategy, core business and processes, looking at both risks and market opportunities and with a clear multi-stakeholder approach.

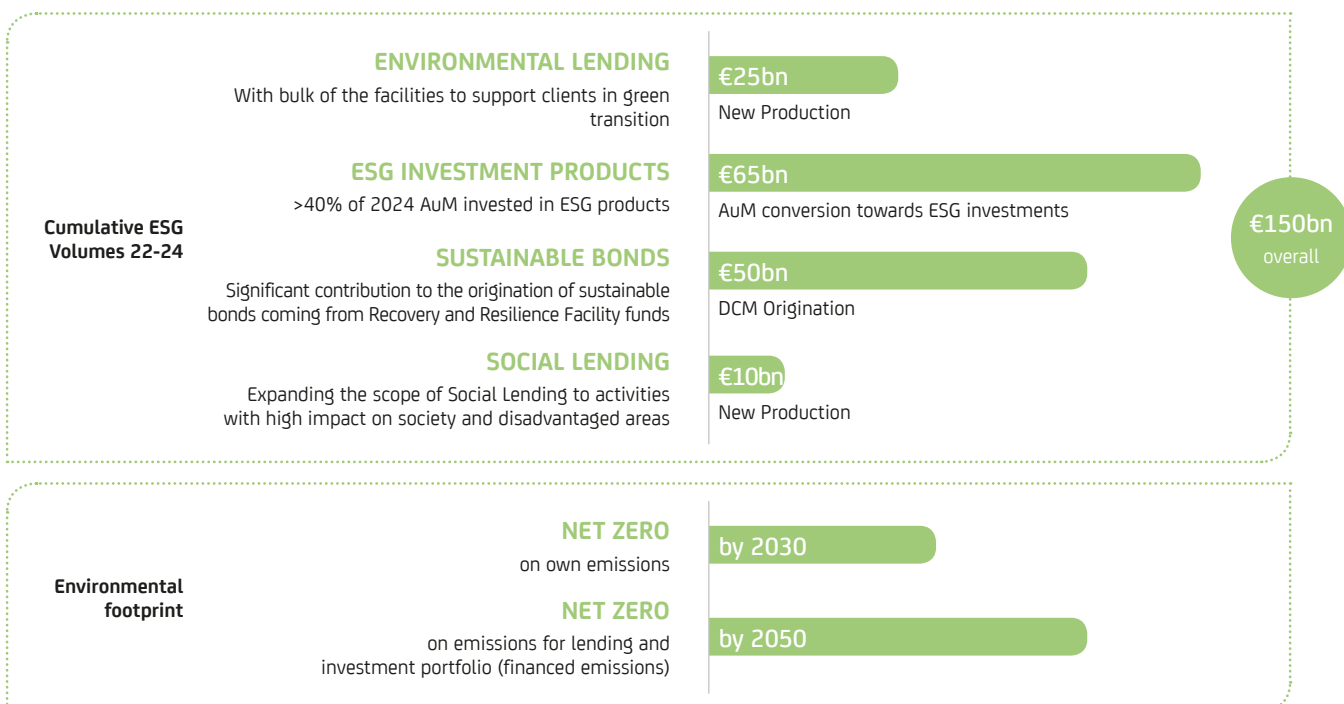
ESG considerations are fundamental to every decision we make and every action we execute. They are a central part of how we do business. Fulfilling our purpose of empowering communities to progress would not be possible without the highest ESG standards across our bank.

Embedding sustainability in all that we do is one of the five strategic imperatives of our 2022-2024 Strategic Plan, **UniCredit Unlocked** approved on 9th Dec 2021, which includes a new financial ambition to deliver sustainable performance and profitable growth over the cycle.

Our ESG strategy is built around four fundamentals:

- > **leading by example**, striving for the same high standards that we seek from those we do business with
- > setting **ambitious ESG goals** to support our clients' need for change
- > equipping ourselves with tools to assist clients and communities in navigating the **environmental and social transition** through strategic actions across our building blocks
- > **embracing and investing the resources** needed to deliver and reach medium and long-term commitments (Net Zero, same salary for same role, Financial Health and Inclusion) to enable a more equal and sustainable society.

OUR ESG GOALS AND TARGETS



Overview of UniCredit Group's Sustainability Bond Framework

Rationale for Sustainable Financing

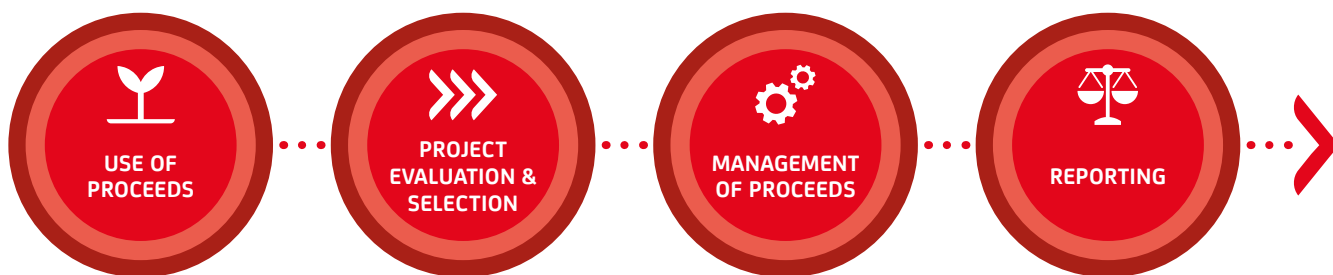
UniCredit strongly believes in the effectiveness of the sustainable finance market and its ability to channel investments to projects and activities with environmental and social benefits.

The Sustainability Bond Framework¹ aims to support our ambition to align our business strategy with the needs of individuals and the goals of society as expressed in the United Nations Sustainable Development Goals and the Paris Climate Agreement.

The framework obtained a Second Party Opinion issued by ISS ESG which is the opinion that UniCredit's framework is aligned with ICMA guidelines and principles, is consistent with UniCredit Sustainability Strategy and the overall sustainability quality of the selection criteria is good.

UNICREDIT'S SUSTAINABILITY BOND FRAMEWORK: FOUR COMPONENTS

The four components of the Sustainability Bond Framework for the Issuance of Green, Social & Sustainability Bonds



Alignment with ICMA's Green and Social Bond Principles

UniCredit's bond Issuances under the Sustainability Bond Framework are based on principles and guidelines introduced by the Green Bond Principles (GBP) 2021 version, the Social Bond Principles (SBP) 2021 version and the Sustainability Bond Guidelines (SBG) 2021 version as administered by the International Capital Markets Association (ICMA), collectively the Principles.

The UniCredit Sustainability Bond Framework applies to any Green, Social or Sustainability bond issued by UniCredit SpA, UniCredit Bank AG, UniCredit Bank Austria and all subsidiaries of the UniCredit Group (jointly UniCredit) and will remain in force as long as any of those instruments are outstanding.

GREEN AND SOCIAL ELIGIBLE CATEGORIES

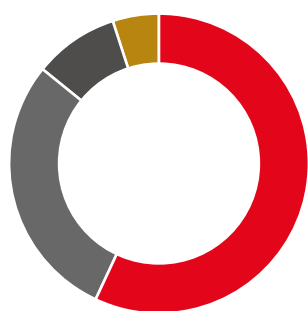


¹ https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/investors/ESG-investors/Sustainability-Bonds/UniCredit_Sustainability_Bond_Framework_18_6_21.pdf

UniCredit SpA Inaugural Senior Preferred Green Bond

ISSUER	UNICREDIT SPA
Issue Rating	Baa1 (Moody's) / BBB (S&P) / BBB (Fitch)
Format	RegS Bearer NGN, Compliance Category 2, TEFRA D
Status	Fixed to Floating Rate Senior Preferred Callable Notes
Launch date	28 June 2021
Settlement date	5 July 2021 (T+5)
Maturity / Call date	5 July 2029 / 5 July 2028 at par
Issue size	EUR 1bn
Coupon	0.80% Fixed, Annual
Re-offer Price / Spread	99.953% / MS + 90 bps
Use of Proceeds	UniCredit SpA will use an amount equal to the bond's net proceeds to finance or refinance, in whole or in part, specific projects that have been selected in accordance with UniCredit' Sustainability Bond Framework
Law	Italian Law
ISIN	XS2360310044
UniCredit Role	Sustainability Bond Structurer and Sole Bookrunner

INVESTOR AND GEOGRAPHICAL DISTRIBUTION (ALLOCATED)



- 57% Funds
- 29% Insurances & Provident Funds
- 9% Banks & Private Banks
- 5% Official Institutions & Central Banks



- 30% France
- 13% UK
- 7% Iberia
- 6% Nordics
- 3% Others
- 20% Germany/Austria
- 9% Benelux
- 7% Italy
- 5% Swiss



87%

of the bonds were placed with investors with an ESG/SRI/Green focus



88%

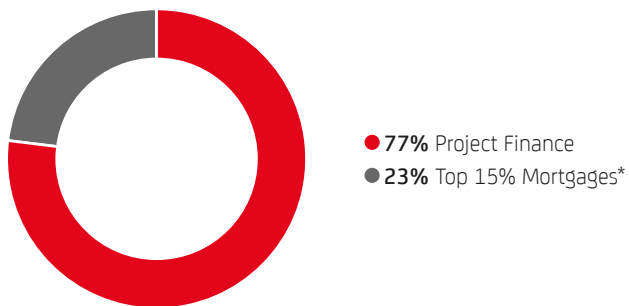
of the bonds were allocated to real money accounts

UniCredit SpA Green Allocation Reporting

During the Green Bond's life, UniCredit has fully allocated (1 Billion of Euro) the proceeds collected during the issuance.

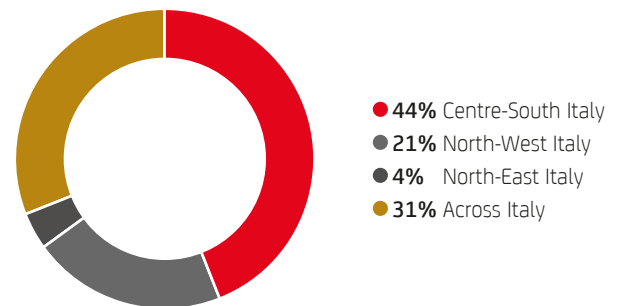
Figures quoted in this paragraph are as of 31st Mar 2022 (except for Top 15% Mortgages - 30th Apr 2022). Considering the date of issue, the 73.7% refers to projects refinanced, while 26.3% to new Lending.

BREAKDOWN BY SEGMENTS



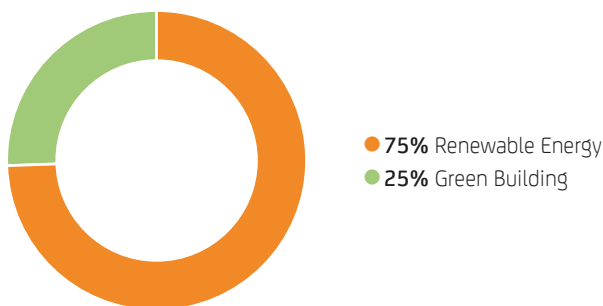
The total amount in Million of Euro is: 772 for Project Finance and 228 for Top 15% Mortgages. The proceeds are allocated to green projects such as Renewable Energy and Real Estate.

BREAKDOWN BY REGIONS



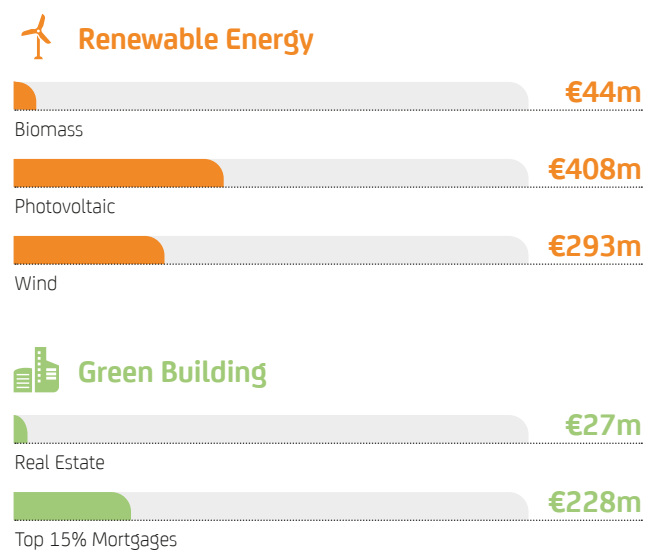
Nearly 44% of the portfolio is based in Centre-South Italy, mainly Project Finance. The remaining part is split between: North-West Italy (21%), North-East Italy (4%) and Across Italy (31% - Project Finance only).

BREAKDOWN BY ELIGIBLE CATEGORIES



Renewable Energy is the largest asset category (75%) followed by Green Building (25%)

FOCUS ON ELIGIBLE SUBCATEGORIES



* For more details on this segment please refer to Methodological Notes in page 13 and 14.

Example of Eligible Green Assets



COUNTRY
ITALY



RENEWABLE ENERGY

GALILEO

ENERGY TRANSITION LARGE PHOTOVOLTAIC FINANCING

Asset: Portfolio of 52* photovoltaic power plants (113.7MW*)

A photovoltaic plants portfolio owned by Sonnedix Power Holdings Limited, a global Independent Power Producer owned by institutional investors, with more than 2.4GW photovoltaic capacity.

This Italian brownfield photovoltaic portfolio will cover the **needs of ca 70,000 households** with significant saving of about **83,750* tons of CO₂ per year**.

On 16 December 2021 UniCredit, in the role of structuring mandate lead arranger, successfully closed a €358.8m Green Loan project financing of 113.7MW.



COUNTRY
ITALY



GREEN BUILDINGS

HOTEL BRITANNIQUE

IMPLEMENTATION OF ENERGY EFFICIENCY SOLUTIONS IN BUILDINGS

The hotel is located in an area overlooking the Bay of Naples. The asset remained in operation until 2016 when the sponsors took over the property in order to build a new hotel, consisting of 72 keys, restaurants (one gourmet and one a la carte restaurant), conference rooms and fitness area.

Hotel Britannique has been the subject of an important Refurbishment Plan able to place it in line with the best standards of the Neapolitan 5-star hotel.

The refurbishment allowed to improve the **energy efficiency class of the building from F to A1** with **68 tons of CO₂ per year**.

* Figures referring to the overall project.

UniCredit SpA Green Impact Reporting

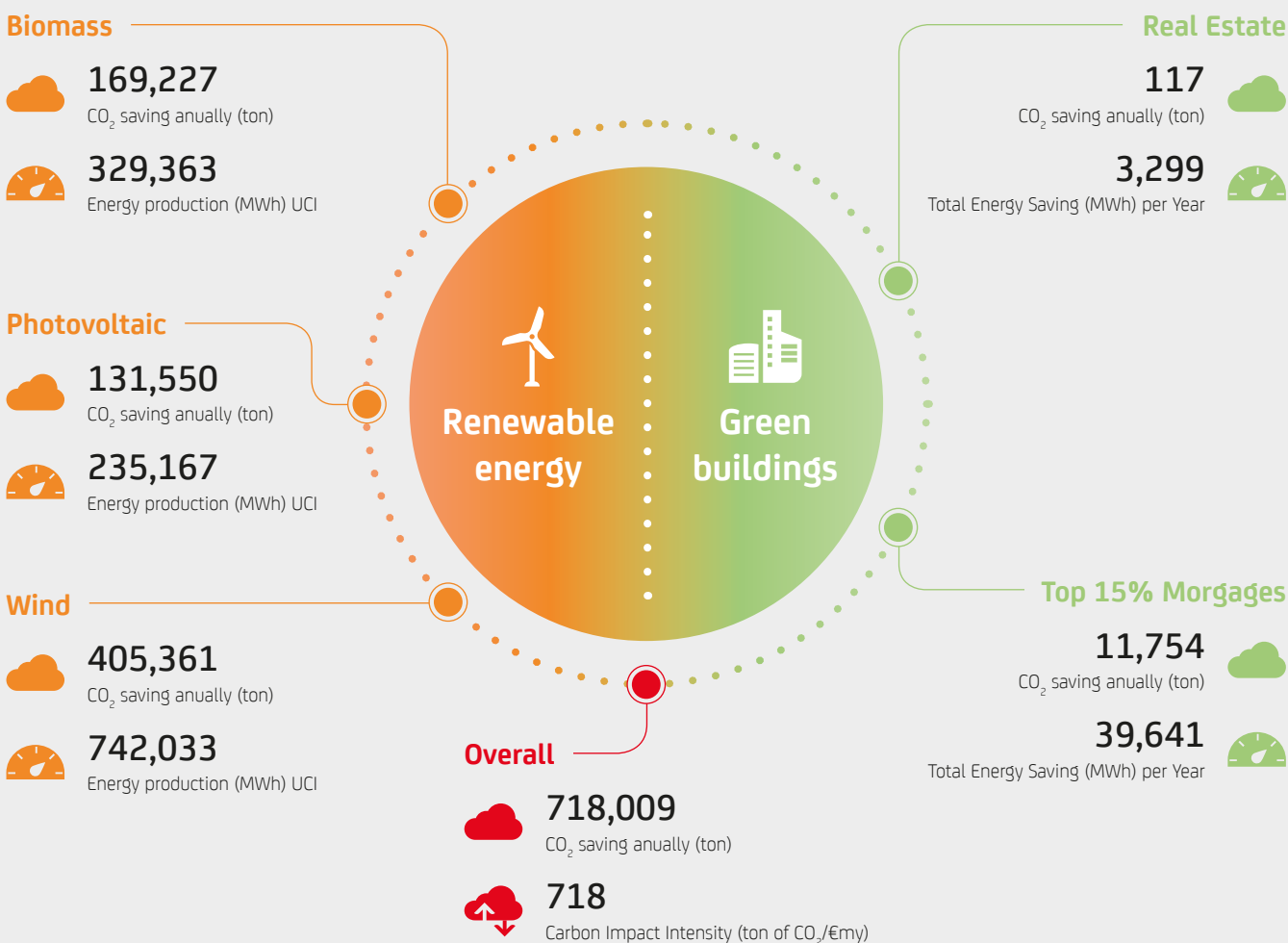
This Section summarizes the main key environmental impact indicators associated with the eligible categories.

The choice of indicators was guided by the Sustainability Bond Framework as well as the "The Green Bond Principles - ICMA (Handbook_Harmonized Framework for Impact reporting)".

Furthermore, this impact reporting is in line with the work that UniCredit is carrying out on the European Taxonomy. Indeed, UniCredit focused this impact reporting on the assessment of Eligible Green Asset contributions to climate change mitigation (expressed in tonnes of annual avoided eq.CO₂ emissions, Energy production (MWh) and Total Energy Saving (MWh) per Year).

UniCredit used two different sets of information to calculate the environmental impact:

1. For Renewable energy projects the impact is based on Renewable Energy production (MWh) per Year;
2. For Green Building Projects the impact is based on Total Energy Saving (MWh) per Year.



Categories	CO ₂ saving annually (ton)	Outstanding Amount (€)	Carbon Impact Intensity (ton of CO ₂ /€my)
Biomass	169,227	43,702,403	3,872
Photovoltaic	131,550	408,367,381	322
Wind	405,361	293,199,150	1,383
Real Estate	117	26,641,553	4
Top 15% Mortgages	11,754	228,089,513	52
Overall	718,009	1,000,000,000	718

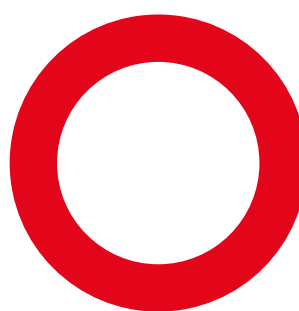
UniCredit SpA Inaugural Retail Social Bond

ISSUER	UNICREDIT SPA
Issue Rating	Baa1 (Moody's) / BBB (S&P) / BBB (Fitch)
Format	RegS Bearer NGN, Compliance Category 2, TEFRA D
Status	Fixed to Floating Rate Senior Preferred Notes
Launch date	17 September 2021
Settlement date	22 October 2021
Maturity	22 October 2031
Issue size	EUR 155 m
Coupon	Floating Ci = min[2.00%; max[0.65; Euribor 3m + 0.35%]], Quarterly
Issue price	100%
Use of Proceeds	UniCredit Spa will apply an amount equivalent to the net proceeds from the issue of the Notes specifically for financing and/or re-financing of specified social projects and activities in accordance with certain prescribed eligibility criteria as further described in UniCredit's Sustainability Bond Framework
Law	Italian Law
ISIN	XS2390849664
UniCredit Role	Sustainability Bond Structurer and Sole Bookrunner

INVESTOR AND GEOGRAPHICAL DISTRIBUTION (ALLOCATED)



● 82% Individuals
● 18% Corporate



● 100% Italy



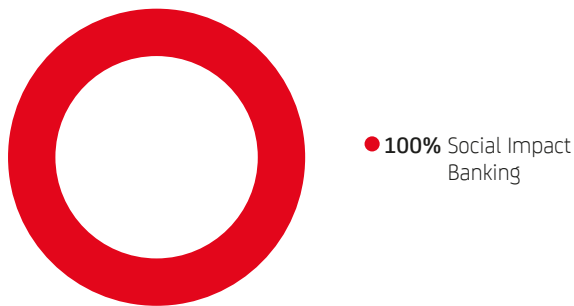
The bond

was offered to all clients through **UniCredit SpA** and **Cordusio SIM SpA** distribution networks in **Italy**

UniCredit SpA Social Allocation Reporting

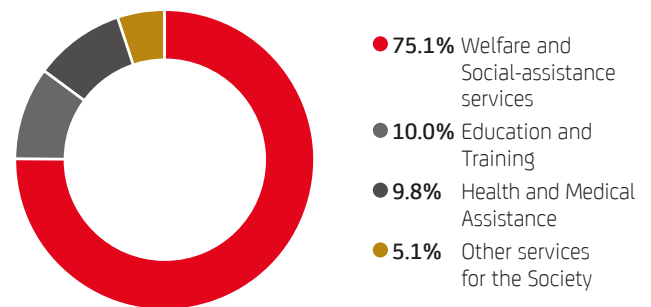
During the first 10 months of Social Bond's life, UniCredit SpA has reached the allocation of 32.5 million of Euro (21%). In next months, it is committed to allocate the left proceeds. Figures quoted in this paragraph are as of 31st Dec 2021 and entirely refer to projects refinanced at the date of issue.

BREAKDOWN BY ELIGIBLE CATEGORIES



The allocation of the Inaugural Social Bond proceeds is based on Social Impact Banking and in particular on the Group-wide program Social Impact Financing.

BREAKDOWN BY INVESTMENT TYPE



Approximately 75.1% of the allocations financed so far are aiming at providing aid to more vulnerable groups of the society (e.g. with disabilities, in fragile conditions, in poverty), 10.0% for training activities, 9.8% for healthcare sectors and the left 5.1% for other Social sectors.

Example of Eligible Social Assets



LA CASA DEL CUORE

SOCIAL ASSISTANCE FOR DISADVANTAGED CATEGORIES

The Anfass Sibillini Onlus operates in Unione Montana dei Monti Azzurri (Macerata) from May 2013. It carries out initiatives to protect the rights of people with intellectual and/or relational disabilities and to support their families.

The Onlus started the construction of "La Casa del Cuore", a wooden building (2 floors of 200 m² each) with easy access to start laboratories and protected-work activities.

In particular, the project foresees to extend the laboratories to the afternoon and increase the overall number in next years.

Besides, the upper floor aims at creating two apartments to assist people with severe disabilities and a good degree of autonomy within a building that makes its guests feel welcomed and loved.

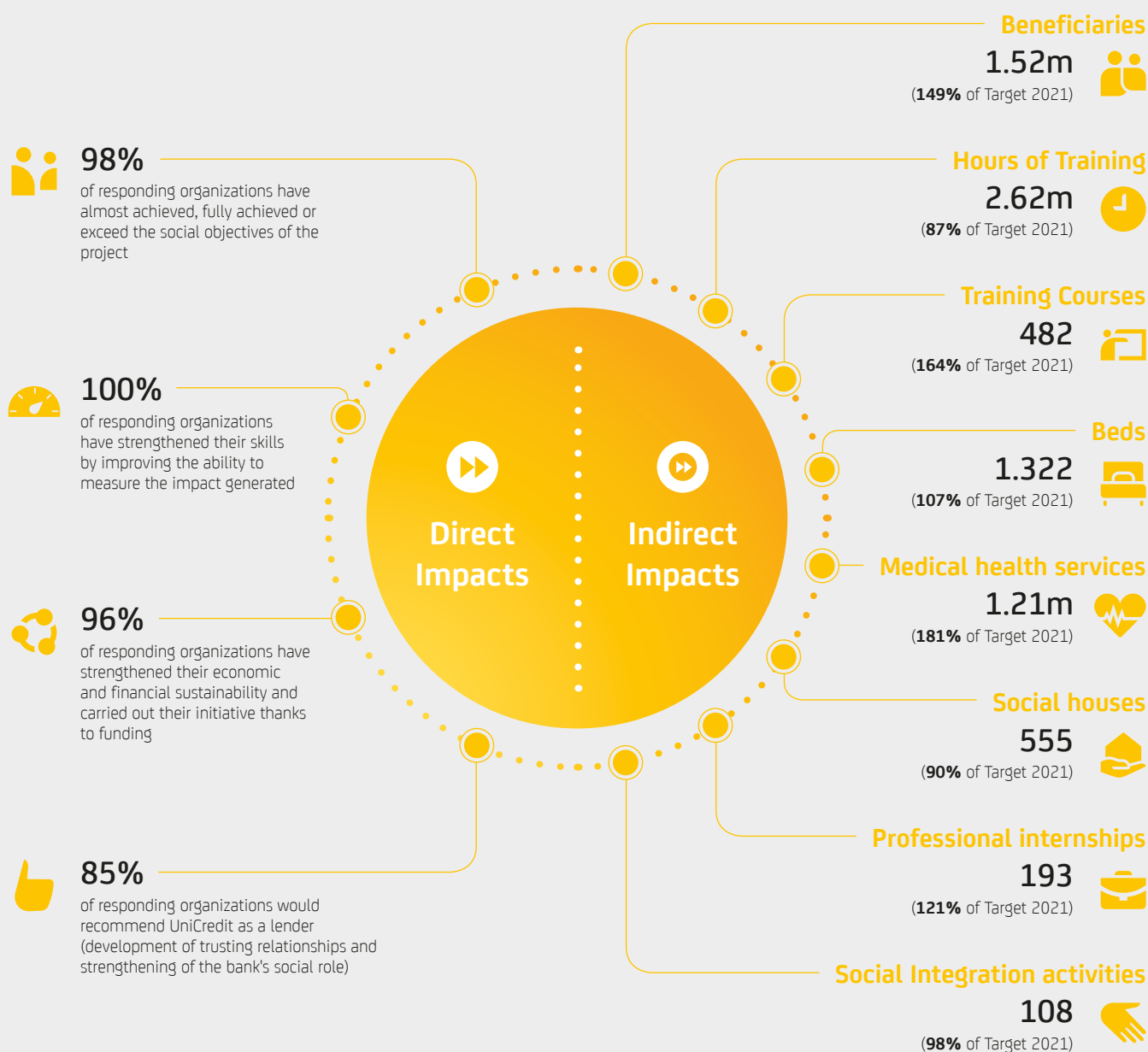
UniCredit Spa Social Impact Reporting

DIRECT IMPACTS

Here, we are displaying the first ex post results related to 51 initiatives financed within 2021. Below we are showing the changes we generate directly for the financed organizations:

INDIRECT IMPACTS

All main achievements (outputs) by the financed projects or initiatives in the first reporting year reached or exceeded the target (exception five project due to Covid Pandemic).



Methodological Notes

General Remarks

UniCredit developed the two-level methodological approach depending on the size and the data available:

- > A project-based approach:
 - For Renewable energy and Real Estate projects. UniCredit evaluates the projects by analyzing the technical documentations collected through the rigid lending policies and processes;
 - For Social Impact banking projects. UniCredit monitors and evaluates through a set of standardized output and outcome indicators, whose information is collected over time by the social ventures.
- > A Portfolio-based approach for Top 15% Mortgages. UniCredit identified the Top 15% green assets on Italian mortgage portfolio through an ESG Data Remediation project conducted with RE Valuta over the course of 2021 and 2022.

Calculation of Impacts

The following section shows detailed information about the KPI used in this report, for different eligible category:



RENEWABLE ENERGY

According to the EIB guidelines, the carbon impact of renewable energy projects is assessed against country-specific baselines.

The formula applies 0.5138 tonnes of CO₂ saved for each produced MWh as suggested by the Istituto Superiore per la Protezione e la Ricerca Ambientale (ISPRA).

- > Energy Production: Using documentation available in the business plan or technical report from third part.
- > CO₂ saving annually: Energy Production (MWh) x 0.5138

- > Carbon Impact Intensity: $\left(\frac{\text{CO}_{2 \text{ saving}}}{\text{Outstanding Amount(UCI)}} \right)$



> Real Estate:

The total energy saved by UniCredit’s Real Estate was calculated as difference between the Total Energy consumption per year post and pre intervention.

While, the total CO₂ saved was calculated as difference between the Total CO₂ emissions per year post and pre intervention.

- Total Energy Saving per year: $\left(EP_{gl,nren_post} \left(\frac{kWh}{mq} \right) \times BuildingArea(mq) \right) - \left(EP_{gl,nren_pre} \left(\frac{kWh}{mq} \right) \times BuildingArea(mq) \right)$
- CO₂ saving annually: $\left(CO2emission_{post} \left(\frac{kgCO2}{mq} \right) \times BuildingArea(mq) \right) - \left(CO2emission_{pre} \left(\frac{kgCO2}{mq} \right) \times BuildingArea(mq) \right)$
- Carbon Impact Intensity: $\left(\frac{CO_{2_saving}}{OutstandingAmount(UCI)} \right)$

> Top 15% Morgages:

After retrieving all EPC data available on the target assets, RE Valuta statistically determined the energy performance of the remaining buildings and compared results with province level average energy performance data from the SIAPE database (ENEA). The calculations are based on loan data as of 31 December 2021 and the provincial benchmarks are updated to 31/01/2022 on the SIAPE website.

Starting from the Top 15% green assets we identify a sub-portfolio of assets with these characteristics:

EPC >= A and EPC data available.

The total energy saved by UniCredit’s green buildings, by calculating the difference in carbon emissions between the sub-portfolio identify above and the national building stock reference benchmarks from SIAPE.

- Total Energy Saving per year: $\left(EP_{gl,nren_building} \left(\frac{kWh}{mq} \right) \times BuildingArea(mq) \right) - \left(EP_{gl,nren_SIAPE} \left(\frac{kWh}{mq} \right) \times BuildingArea(mq) \right)$
- CO₂ saving annually: $\left(CO2emission_{building} \left(\frac{kgCO2}{mq} \right) \times BuildingArea(mq) \right) - \left(CO2emission_{SIAPE} \left(\frac{kgCO2}{mq} \right) \times BuildingArea(mq) \right)$
- Carbon Impact Intensity: $\left(\frac{CO_{2_saving}}{OutstandingAmount(UCI)} \right)$



These indicators are accompanied by specific metrics, developed by the social enterprises, in order to collect specific data in relation to the depth and duration of change. At the due diligence phase, social enterprises commit to identifying and measuring a minimum set of outputs and outcomes, based on the indicators provided by the logframe.

Each enterprise agrees with SOCIAL IMPACT BANKING the metrics, which will feed the selected indicators, along with the baseline and target values. During the monitoring phase, actual values are periodically compared to target values, estimating the enterprise’s social performance.

This allows the introduction of a Pay for Success (P4S) mechanism in the funding structure of impact finance operations. The P4S mechanism links the social performance of a project in terms of outcome or output achievements to pre-agreed extra financial benefits for the enterprise, for instance discounted interest rates or donations. Those additional funds, sometimes doubled by the client firm, are then re-invested to generate additional impact that increase positive change for the firm’s beneficiaries.

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UniCredit SpA

A joint stock company


Registered Office and Head Office in Milan: Piazza Gae Aulenti 3 - Tower A - 20154 Milan

Share capital Euro € 21,220,169,840.48 fully paid in, Fiscal Code, VAT number and Registration number with the Company Register of Milan-Monza-Brianza-Lodi:00348170101

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

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

Stamp duty paid virtually, if due - Auth. Agenzia delle Entrate, Ufficio di Roma 1, no. 143106/07 of 21.12.2007

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Communities to Progress. |  **UniCredit**

unicreditgroup.eu

INDEPENDENT AUDITOR'S REPORT ON SUSTAINABILITY BOND REPORT

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

We have been engaged to perform a limited assurance engagement of the sections “UniCredit SpA Green Allocation Reporting” and “UniCredit SpA Social Allocation Reporting” (together the “Allocation Reports”), included in the Sustainability Bond Report 2022 (the “Report”). The Report has been prepared by UniCredit S.p.A. (the “Bank”), on the basis of the Sustainability Bond Framework (the “Framework”) issued in June 2021 and developed in accordance with the Green Bond Principles 2021 version, the Social Bond Principles 2021 version and the Sustainability Bond Guidelines 2021 version, as published by the International Capital Markets Association (the “Principles”). The Report is related to both the Green Bond issued in July 2021 and Social Bond issued in October 2021.

Directors' Responsibility

The Directors of UniCredit S.p.A. are responsible for the preparation of the Report in accordance with the Framework developed by the Bank in accordance with the Principles. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of the Report that is free from material misstatement, whether due to fraud or error.

Independence and quality control policies

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibility

Our responsibility is to express a conclusion on Allocation Reports, included in the Report, based on the procedures performed. We conducted our engagement in accordance with *International Standards on Assurance Engagements - Assurance Engagements other than Audits or Reviews of Historical Information* ("ISAE 3000 revised") issued by International Auditing and Assurance Standards Board for limited assurance engagements. This standard requires that we plan and perform the review to obtain limited assurance as to whether the Allocation Reports, included in the Report, are free of material misstatement.

The procedures performed have been based on our professional judgment and have included inquiries primarily of Bank personnel responsible for the preparation of information included in the Report, analysis of documents, recalculations, comparisons, reconciliations with the accounting records and other procedures to obtain supporting evidence.

In detail, we have performed the following procedures:

- Analysis of the second party opinion which addresses the compliance with ICMA guidelines and include an assessment of the categories of green, social and sustainability bonds, used in the preparation of the Allocation Reports and the environmental and social impacts;
- Understanding of the reporting process regarding the Allocation Reports;
- Interviews with the Bank's management in order to understand criteria and processes underlying the generation, the detection and management of relevant qualitative and quantitative information included in the Report;
- Reconciliation and verification of consistency of quantitative data included in the Allocation Reports, with internal reporting prepared by the Bank;
- Sample analysis performed through the internal and external documentation gathering and analysis, in order to verify the coherence of the information included in the Allocation Reports of the green and social bonds to the Sustainability Bond Framework;
- Obtain the representation letter, signed by the Bank's legal representative, on the correctness and completeness of the information indicated in the Report and of the information supplied to us for the purposes of our work.

The procedures performed are less in extent than for a reasonable assurance engagement conducted in accordance with *ISAE 3000 revised* and, consequently, do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the sections “UniCredit SpA Green Allocation Reporting” and “UniCredit SpA Social Allocation Reporting”, included in the Sustainability Bond Report 2022 of UniCredit S.p.A. are not prepared, in all material respects, in accordance with the Sustainability Bond Framework.

DELOITTE & TOUCHE S.p.A.



Monica Palumbo
Partner

Milan, Italy
July 8, 2022