


UniCredit – Committed to sustainability

J.P. Mustier, Chief Executive Officer

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Banking that matters. |  **UniCredit**

Sustainability is increasingly integrated into Group strategy

Sustainability is part of our Group's DNA and a key component of our business model

Fully committed to the shift to a low carbon economy:
increase exposure to renewable energy sector and adopt new policies on fossil fuels

Support financial access and inclusion

UniCredit announces new ESG targets
as part of a long-term commitment to sustainability: **Do the right thing!**



A firm commitment to sustainability with clear targets for 2023

Commitment	Targets 2023 ¹
Increase support for renewable energy sector ² to facilitate the transition to a lower carbon economy	25% Increase renewable energy sector EAD, to more than €9bn
Be a strong partner for our customers in financing their environmentally sustainable projects	Top 5 Position in EMEA combined Green Bonds & ESG-linked loans ³
No support for thermal coal ⁴ mining and coal fired power plants ("CFPP") projects. Already exited thermal coal commodity trade finance ("CTF") transactions	Phase out Existing thermal coal ⁴ mining and CFPP projects
Strict limitations on corporate financing of thermal coal mining clients	New clients New corporate clients only if thermal coal revenues <25%
Strict limitations on corporate financing of coal fired power generation ("CFPG") clients	New clients New corporate clients only if installed coal capacity ≤30% and <5% by 2025
No support for Arctic Oil and offshore ⁵ Arctic Gas projects. Corporate financing only if revenues from such activities are <25%	No exposure to <ul style="list-style-type: none"> – Oil projects in the Arctic Circle – Offshore gas projects in the Arctic Circle

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1. Targets for 2023, unless stated otherwise

2. Portfolios considered "Renewable Energy": biomass, hydro, photovoltaic, wind, combined heat and power, battery storage, energy from waste and other renewables as well as corporates predominantly operating renewable energy assets

3. ESG Linked Loans = Green Loans, KPI-Linked loans, ESG-score Linked loans. Green Bonds = Green, Social and Sustainability bonds. Positioning to be assessed by looking at Loan Radar and Dealogic League Tables

4. Thermal coal is a grade of coal mainly used for power and heat generation, as opposed to metallurgical coal which is mainly used in steel production

5. Offshore: above water. Onshore: on ground



A firm commitment to sustainability with clear targets for 2023 (cont'd)

Commitment	Targets 2023 ¹
Strong global limitations on non-conventional Oil & Gas (O&G) projects. Allow corporate financing only if revenues from such activities are <25%	<p>No exposure to</p> <ul style="list-style-type: none"> – Tar sands projects – Shale O&G and related fracking projects – Ultra-deep water² O&G projects – LNG³ from non-conventional gas⁴ projects
No support for clients involved in the deforestation of rainforest	<p>No exposure to</p> <p>Deforestation of rainforest</p>
Energy efficiency loans to SMEs and to individuals in Western Europe	<p>34% 25%</p> <p>Increase of existing stock in Western Europe</p>
New origination of energy efficiency loans to individuals and SMEs in CEE	<p>>6%</p> <p>Of CEE total loans originated</p>
Increase support for our Social Impact Banking initiative - microcredit and impact financing	<p>€1bn</p> <p>Support projects with a positive social impact</p>
Reduce the direct impact of UniCredit	<p>60% 100%</p> <ul style="list-style-type: none"> – Reduction of our greenhouse gas emissions⁵ by 2020; 80% by 2030 – Usage of renewable electrical energy in our buildings in Italy, Germany, Austria

4 1. Targets for 2023, unless stated otherwise
 2. >1,500 meters below sea level
 3. Liquefied natural gas
 4. Offshore Arctic gas, shale gas and Ultra-deep water gas
 5. Versus base year 2008. Reduction as of 2018 equal to 49%



Adoption of key institutional and international initiatives

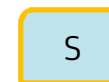
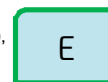
Initiative	Description of the initiative
Task Force on Climate Related Financial Disclosures ("TCFD")	Signed up to an endorsement covering: governance, strategy, risk management, metrics and targets
Paris Agreement Capital Transition Assessment ("PACTA")	Signed up to developing a methodology to align bank's lending portfolios to the Paris Agreement targets
Principles for Responsible Banking ("PRB")	Signed up to a programme launched by the United Nations Environment Programme to help banks to align their business strategy with society's goals
OECD – Business for Inclusive Growth Coalition (B4IG)	Signed up to an initiative launched at G7 in Biarritz in which UniCredit will make a concrete contribution



Internal ESG initiatives will continue to yield results

Initiative	Description of the initiative
Social Impact Banking	Ongoing initiative started in December 2017 in Italy, which will be extended to a further 11 countries, aimed at supporting social entrepreneurship and provide micro-lending in economically deprived areas
Plastic free	Reusable bottles distributed in all Italian headquarters, eliminating plastic bottles by 2020. Single-use plastic items to be removed from canteens
Reduction of paper use	Significant reduction of paper use, for example through the paperless branch programme, and increased share of recycled paper
Climate action week	Internal campaign promoted by Millennial Board ¹ . Employees volunteered >1,200 ideas on how to protect the environment
Energy awareness	Ongoing campaign in order to help employees understand the impact of their behaviour and adopt more conscious actions

6 1. Consists of employees ranging from 22-32 years of age, working to challenge pre-conceived patterns and raise awareness on the views of new generations (on banking topics), proposing innovative ideas and solutions



Sustainability embedded in the new senior management LTIP for Team 23

- Benchmarking of UniCredit's ranking within a peer group composed of 15 international banks¹
- Initial UniCredit ranking is 5th
- LTIP incentivises an improved ranking while penalising a worse ranking
- Monitoring of the evolution throughout plan period; measurement for LTIP purposes at the end of Team 23

External rating by an independent provider ensures unbiased approach and reliability of data for the assessment to be made by the Remuneration Committee of the Board of Directors



Sustainability as an integral part of UniCredit's strategy to generate long-term results

