

The Italian law 185/90 regulates all the import, export and transit activities referred to the defense sector and the related banking activities. The Italian Parliament publishes an annual report, which includes a table summarizing the activities of financial institutions related to operations which are subject to this law.

**Summary of notifications of permanent export as per the Italian Parliament
Annual Report (2018-2019)**

€ Million	2018	2019
Total notifications of export – UniCredit Group	3.310	1.715 ¹

The 2019 Annual Report cites notifications for export by UniCredit totaling €1.715 million. This amount also includes financial flows referring to operations authorised in previous years, financial flows for intergovernmental programs related to European Union and NATO stipulated agreements, as well as those regarding political and military international alliances.

It also includes operations where UniCredit supported Italian companies active in the defense sector, covering the role of Agent in previous years. Under this role, UniCredit manages all the collections of the contracts on behalf of the pool of banks and therefore reports all connected notifications for export.

To be noticed that the defense sector does not constitute one of the main areas of our business. At the end of 2019, the incidence of credits granted by UniCredit in Italy to companies handling a part of their capacity deriving from arms / defense sector compared to overall credits in the country has been 0.4%. This demonstrates the marginality of the sector compared to the overall investments of UniCredit in Italy.

At the end of 2019 UniCredit revised its defense Group policy, established since 2007, which regulates all the financial operations in this sector and grants UniCredit exposure is in line with such principles. Being a Group Policy, the defense policy has been transmitted to all Group's Legal Entities for implementation. The update of the Group policy was aimed to make it even stronger in order to support and guarantee that the bank pursues only transactions authorised by the local competent authority (e.g. Italian Foreign Minister for Italy), and that they are aligned with our ethic, reputational and sustainability principles. To this extent, an internal in-depth analysis is conducted by three different functions of the bank, as well as, in the most relevant transactions, after evaluation by a specific committee including the Group's top management representatives.

These assessments are carried out preliminarily and independently by any other commercial or economic consideration and are related to every aspect of the operation that may have a reputational and sustainability value, including the supply, the profile and the geopolitical situation of the destination country, the end user and of course the profile of the exporter.

The Group has an “*a priori*” and absolutely uncompromising position towards all operations involving controversial and / or unconventional weapons and towards countries subject to sanctions and also

¹ 2019 does not include all the accessory amounts. As disclosed in the Italian Parliament Annual Report, this is the only amount which fairly represents banks' operations in this sector.



does not have relations with subjects operating in these market sectors. Furthermore, the Group does not even support operations concerning conventional supplies, but which can be used in ongoing conflict scenarios with other countries or in repression operations against the civilian population.

The Group checks and authorizes only transactions addressed to Governmental Organizations, State-owned Entities or Supranational Organizations and subjects able to guarantee that arms are not transferred to third parties or to other countries.