Do the right thing!

2020

TCFD Report

Task Force on Climate-related Financial Disclosures

Banking that matters. | UniCredit

Task Force on Climate-related Financial Disclosures [1]

TCFD FRAMEWORK

[1] Our report represents the second disclosure aligned to the TCFD recommendations published in 2017 (https://www.fsb-tcfd.org/wp-content/uploads/2020/03/TCFD_Booklet_FNL_Digital_March-2020.pdf). Starting from next disclosure, we will take into account the new TCFD Guidance on Metrics, Targets and Transition plans as well as the changes to TCFD's implementation guidance issued in October 2021, in order to publish a TCFD report fully aligned to the new guidelines.

"UniCredit is proud to have signed up last October 2021 to the Net-Zero Banking Alliance and is committing to aligning our lending and investment portfolios with net-zero emissions by 2050. This is an important moment in our journey to a more sustainable future and is a necessary action to focus attention and ultimately make significant progress in this area.

We exist to support our clients through any challenges they face and this includes helping industries adapt to a changing world. In the short-term, this will mean working with companies who may only be at the start of their path to sustainability. We will do so if - and only if - we believe this path is both realistic and ultimately beneficial for all stakeholders, including the environment. To do otherwise would be irresponsible and would work against the customers and clients we serve and our commitment to empowering societies across Europe.

We are focused on delivering a positive and sustainable transition to green energy which does as little harm to both the planet and its people as possible. Our signing of the Net-Zero Banking Alliance is a commitment to helping society make this change. It will not be an overnight process, but I believe 2050 is the right target for our industry to commit to and I am looking forward to the changes that will come."

Andrea Orcel
CEO of UniCredit

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Enabling the Future. In a different way

"As for the future, your task is not to foresee it, but to enable it".

More than eighty years have passed since Antoine de Saint-Exupéry wrote these few words in his "The Wisdom of the Sands", and this quotation couldn't be more meaningful today. In an era of multiple changes both in society and in the economy, the way of doing business is also undergoing a radical transformation.

It has taken quite some time, but Sustainability has finally entered the everyday lives of individuals, organisations, governments and media, and has become an essential part of our customers' and stakeholders' agendas. The ESG acronym, almost unheard of until a few years ago, has gone mainstream and is indeed the new password and the new way of acting and performing in the corporate world.

As financial sector player as well as a bank, we are both part of the game and part of the solution; enabling the future is our usual role, but this time we can - and must - do it differently: by financing the change and changing finance.

In the aftermath of COP 21, the role of financial institutions in the transition to a low-carbon and climate-resilient economy has been clearly highlighted in Article 2 of the Paris Agreement, which stresses the importance of "making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development". Banks need to invest in new clean energy technologies such as renewables, electric vehicles and energy-efficient building retrofits. This can potentially have an impact on employment, global economic growth, access to electricity and clean cooking worldwide. In its Roadmap to Net Zero by 2050, the International Energy Agency (IEA) outlines that a clean energy world will rely on the singular, unwavering focus from all governments, working closely with businesses, investors and citizens. An accelerated delivery of international public and private finance is critical to reach the goal.

Changing finance is the other side of the coin. Integrating ESG factors into banking activities is key to ensuring the sustainability of our business and leading the green and social transition, also supporting all stakeholders along this path. The TCFD approach, based on four pillars, represents the reading key demonstrating that actions speak louder than words. That is why at UniCredit we remain committed to pursuing our concrete initiatives on climate change and ESG alongside our customers and for the benefit of all our stakeholders. Together we can make a difference, together we matter!

During recent years we have been making a great effort to further integrate all ESG factors into the bank's governance, strategy, risk management and metrics and targets, taking into account both risks and market opportunities and with a clear multi-stakeholder approach.

UniCredit, whose corporate governance is best in class, is the only Italian bank and one of the few groups in Europe to have a dedicated ESG Committee on its board, created last April 2021. The purpose of the new Committee, which takes over the sustainability responsibilities previously assigned to the Corporate Governance, Nomination and Sustainability Committee, is to supervise all the activities carried out in this field. Such an approach has allowed us to improve the way we make financing and organisational decisions while positively affecting the world we live in.

With the certainty that sustainability is a key priority for the Group, we have worked on designing and implementing the journey towards the redefinition of the ESG strategic plan.
In order to help us develop a new ESG Strategy Roadmap, 20 high-priority initiatives have been selected to be rolled out in the short term. The conclusion of this path is a new ESG Strategy, that is integral part of the Group's new strategic plan which will be presented at the Strategy Day on the 9th of December.

We wish to be at the forefront of green transition, drafting a long-term sustainability strategy, embedding ESG factors in our risk framework and improving transparency.

In 2020, our evolving risk management approach was further strengthened with a specific focus on climate-related risks. The progress in this area was confirmed by the positive score we received during the review conducted by the European Central Bank in 2021, which assessed our status of evaluation and implementation of climate risk and our perspective plan. This is strong proof of the strategic importance we give to environmental factors in our risk approach.

On the business side, during 2020 we granted sustainability-linked loans and issued green bonds for our clients, for a total amount of €120 billion. UniCredit is already playing an important role in the ESG global framework and, as a leader in the sustainable finance sector, aims at guiding capital reallocation towards economic activities which generate a positive impact on society.

We are proud to be a signatory of the Net Zero Banking Alliance and have been named one of "Europe's Climate Leaders" in the first edition of the Financial Times report, a global recognition of our commitment to reduce greenhouse gas emissions. The report mentions 300 companies that achieved the greatest reduction in their greenhouse gas emissions between 2014 and 2019. In 2020 we indeed cut our emissions by 60% and aim to reach -80% by 2030 versus 2008 level. In the global climate scenario of today, we know there is still much work to be done and will continue to act with a sense of urgency to help our people, customers and communities in the transition towards a low-carbon economy.

Our commitment is also reflected in the support provided to the programme of events of All4Climate - Italy 2021 Pre-COP26 week held in Milan from 28 September to 2 October. We aim to work together with all relevant stakeholders to raise awareness and act on climate change, ensuring we make a resilient recovery from the global pandemic towards a more sustainable and inclusive world.

Our way of doing business implies cultivating stakeholders' trust, supporting impactful social initiatives and consistently measuring our results to achieve growth. As building a sustainable future represents an important challenge, we are constantly evolving and searching for new ways to widen our strategy.

Together, not only will we enable the Future, we will design it in a way that benefits business, the environment and our communities.

Roberta Marracino

Roberta Marracino
Head of Group ESG
Strategy & Impact Banking

Introduction

We are a simple, successful, Pan-European commercial bank, with a fully plugged-in Corporate and Investment Bank (CIB). We aim to continue building on our existing competitive advantage characterised by the unique Western, Central and Eastern European network, a strong position as the go-to bank for Small and Medium Enterprises (SMEs) and an extensive and growing customer franchise.

We are proactive in **capturing commercial opportunities** whilst keeping a tight rein on risk, execution and cost control. *Ethics and Respect: Do the right thing!* is the statement that perfectly represents the values and principles on which our banking activity is based and which leads to the concrete results achieved. Our people's enormous effort has been essential for these achievements and is a constant proof of belonging to *One Team, One UniCredit.*

PAN-EUROPEAN FOOTPRINT

A WELL-DIVERSIFIED BUSINESS:
OUR LENDING ACTIVITY [A]

WE ARE THE
GO-TO BANK
FOR THE EUROPEAN MITTELSTAND

THE MID-MARKET CORPORATE CLIENTS
IN EUROPE ARE THE BACKBONE OF THE EUROPEAN ECONOMY

WE ARE THE
THIRD LARGEST CORPORATE LENDER
IN CONTINENTAL EUROPE

PAN-EUROPEAN WINNER WITH
16 M
CUSTOMERS ACROSS EUROPE

WE ARE
AMONG THE TOP 3 BANKS IN ITALY, GERMANY, CENTRAL AND EASTERN EUROPE BY ASSETS [B]

FULLY PLUGGED-IN CIB
WITH A GREAT ABILITY TO DELIVER SIGNIFICANT SYNERGIES ACROSS THE BANK

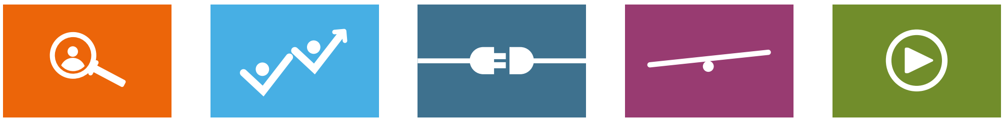
[A] Commercial/gross loans by country.
[B] Ranking by total assets. Germany only Private Banks. Italian and German Peers last available update as at 2Q21.

Ethics and Respect, these two values unite us and define our Group culture - how we make decisions and how we act on them. **Do the right thing!** is a simple, guiding principle to help us live these values every day, everywhere.

Applying these values will help us become the bank we want to be because "Ethics and Respect":

- guide interaction between all colleagues;
- promote diversity and a correct work-life balance;
- strengthen our "speak-up culture" and protect against retaliation;
- apply to all Group business policies on sustainability and customer interaction;
- mean fairness towards all stakeholders, at all times, to achieve sustainable results.

Ethics & Respect Do the right thing!



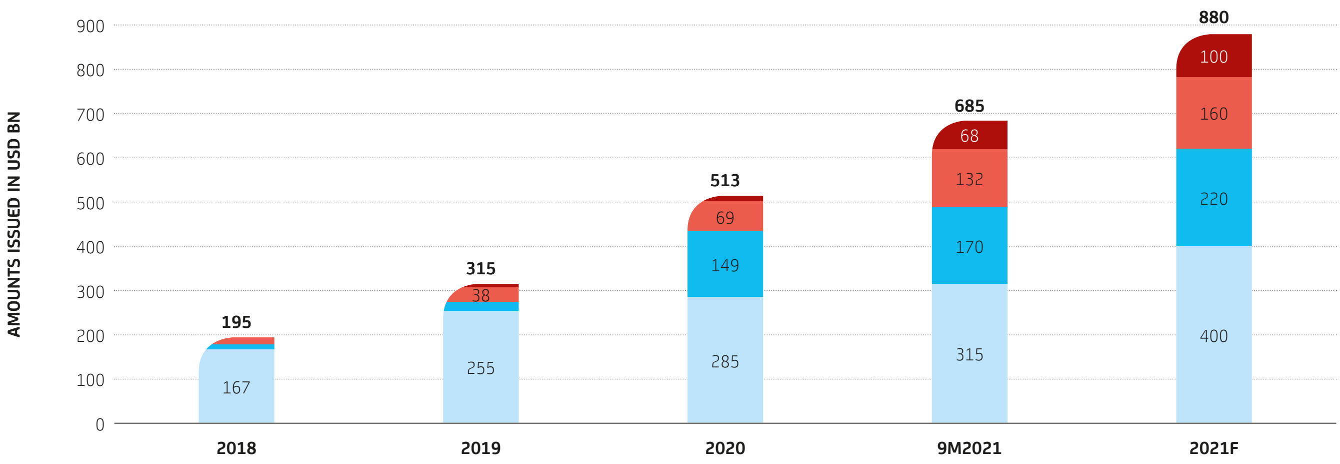
Customers First	People Development	Cooperation & Synergies	Risk Management	Execution & Discipline
Customers are our lifeblood and the reason why the bank exists	Each and every one of us needs to feel motivated by and engaged in the success of the bank	This is what will drive the bank towards stronger and more profitable business	Managing risk is at the core of our business and needs to be applied to everything we do	Discipline and focus is what makes us successful; not only do we say what we do, we do what we say

"Ethics and Respect: Do the right thing!" clarifies expectations on how to work as One Bank, One UniCredit and **supports us in the fulfilment of the five fundamentals** which guide our daily operations and actions

The evolving market context

During recent years we have witnessed the growing importance that ESG factors are acquiring for all stakeholders. In this context, in which Covid-19 has acted as a catalyst, certain pre-existing trends have contributed to accelerating the sustainability momentum: sustainability materiality and ESG factors have gained intensity. In the aftermath of COP 21 and the Paris Agreement, of the role of financial institutions in the transition to a low-carbon and climate-resilient economy gained attention, particularly as this role is clearly highlighted in the Article 2 of the Agreement.

GREEN, SOCIAL, SUSTAINABILITY AND SUSTAINABILITY-LINKED BONDS (FORECAST 2021)



Source: Climate Bonds Initiative, Bloomberg, UniCredit Research

Green bonds | Social bonds | Sustainability bonds | Sustainability-linked bonds

As highlighted by the IEA in its report "Net Zero by 2050", the pathway to net zero is narrow but still achievable. We need to invest in new clean energy technologies such as renewables, EVs and energy-efficient building retrofits while proactively phasing out carbon-intensive assets.

ANNUAL CLEAN ENERGY INVESTMENT WORLDWIDE WILL NEED TO MORE THAN TRIPLE BY 2030 TO AROUND

$4 TRILLION

This will create millions of new jobs, significantly lift global economic growth and achieve universal access to electricity worldwide by the end of the decade.

In October 2021, in line with our commitment to a climate-positive future, UniCredit joined the Net-Zero Banking Alliance (NZBA), which as of October 2021 includes:

OVER
84 MEMBERS

FROM
36 COUNTRIES

$64 TRILLION
IN TOTAL ASSETS

European institutions and regulators are playing a strategic role in addressing a sustainable recovery, from climate change risk to a new approach to finance, in line with a new model of society and business which is visible in several fields, such as:

- an increasing demand from investors for climate and more broadly ESG related disclosure;
- the shift in consumer preference towards sustainable products;
- the market dynamics factoring in sustainability profiles of listed companies.

UniCredit has been a supporter of the All4Climate Pre-COP26 events in Milan, a week of dedicated events with the aim to raise awareness and engage youth in Italy on climate change under the umbrella of the All4Climate - Italy 2021 programme launched by the Ministry of Ecological Transition and Connect4Climate - World Bank Group.

> Actions speak louder than words, this is why at UniCredit we are committed to continuing our concrete initiatives on climate change and ESG alongside our customers and for the benefit of all our stakeholders. We know that together we can make a difference, together we matter!

In a context where regulators, investors, consumers and market behaviours were already evolving rapidly, the Covid-19 pandemic delivered the biggest and broadest economic shock in recent years. By leading social and environmental transition, banks can concretely help bolster the economy and become purpose-driven global leaders.

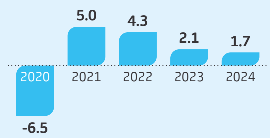
Sustainability is part of UniCredit's DNA and we continue to take concrete actions to further integrate ESG in the core activities of our bank, reinforcing our leadership position in the ESG global framework.

MACROECONOMIC CONTEXT

2020 GDP Decrease due to the containment measures adopted to limit the spread of Covid-19.

[A] UniCredit scenario for 2021, 2022, 2023 and 2024.

Euro area Growth[A]
Real GDP growth y/y, %

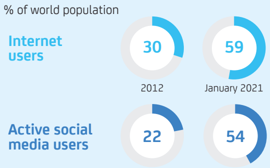


STAKEHOLDERS

[B] Source: Digital around the world 2021 report, by We Are Social.

Changing stakeholder behaviour must not only be immediately recognised but also anticipated. Remote channels have undergone further acceleration due to the digitalisation boost of Covid-19.

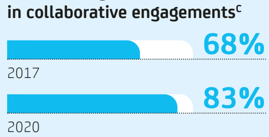
Global digital snapshot[B]
% of world population



INVESTORS

Investors are increasing their **engagement** and **voting activities** with underlying companies especially on ESG matters, in order to influence the potential outcomes of entities.

Asset managers involved in collaborative engagements[C]



[C] Source: PRI Listed equity snapshot 2017-2020.

REGULATORS

The **banking regulatory framework** is rapidly **changing**.
Regulators' attention to sustainability trends has significantly increased owing to the introduction of regulation on sustainable finance and to the incorporation of ESG factors into risk management.

INDUSTRY TRENDS

The growth of our business depends on the **competitiveness** of companies and the **well-being** of individuals within each country. Focusing on industry trends, we offer tailored solutions to our customers and invest in initiatives for:

- Financial inclusion
- Social inclusion
- Support to community growth and countries' prosperity

HOW MARKET CONTEXT IS DRIVING BANKS IN CAPTURING ESG BUSINESS OPPORTUNITIES

EU RECOVERY STRATEGY

To help repair the pandemic damages, the EU has agreed on a **recovery plan**, for a total long-term budget coupled with NextGenerationEU, of **€1.8 trillion** aimed at building a **modern** and more **sustainable** Europe.

Snapshot of NextGenerationEU

€672.5 bn from Recovery and Resilience Facility for **Green and digital transitions**

€10 bn from Just Transition Fund for **Climate Neutrality**

EMERGING ESG STAKEHOLDER TRENDS

Approximately **80% of consumers** changing their **purchase preferences** based on **E or S grounds**[D]

63% of organisations feeling pressure to improve their sustainability from stakeholders, **24% of which are customers**[E]

[D] Source: Consumer Products and Retail: How sustainability is fundamentally changing consumer preferences, by Capgemini Research Institute.
[E] Source: Circular Economy Global Survey 2020 Report, by Bureau Veritas.

A SELECTION OF KEY INVESTORS' EXPECTATIONS ON ESG MATTERS

- **ES** Enhanced **disclosure** on **S** (talent pipeline and pay gap) and **E** dimensions, consistent with Task-Force on Climate-related Financial Disclosure (TCFD)
- **E** Steering of financing/portfolio and clear targets around **climate risk** considered advanced
- **ESG** **Risk management** practices embedding ESG considerations

EU FRAMEWORK FOR SUSTAINABLE GROWTH

- **2018** – **EU Sustainable Finance Action Plan**: Green Taxonomy defining sustainable investment activities from end 2021
- **2019** – **EU Green Deal**: EU to be climate neutral by 2050
- **2020** – **ECB** final guide on **climate-related and environmental risks** for banks; EBA: Voluntary **Sensitivity analysis** for climate risks
- **2021** – EU Proposal regarding the Review of **Non-Financial Reporting Directive**; Final report on incorporation of **ESG** into **risk management**
- **2025** – Final report on **classification** and **prudential treatment of assets** from a sustainability perspective

EMERGING ESG INDUSTRY TRENDS

Share of **renewable energy** in gross electricity in EU-28 from 19% in 2010 up to **34%** in 2019

Energy poverty for **34 m** Europeans. Renovation Wave is part of the EU Green Deal

ESG Products

LENDING
- Green mortgages
- Green Project Finance
- Social Impact Banking
- SDG-linked loans

CAPITAL MARKETS
- Green bonds
- Social/Sustainable/ Transition bonds

INSURANCE
- Carbon neutral home/ auto insurance
- Ad-hoc for renewable projects

ASSET MGMT
- SRI funds
- ESG ETFs and Indexes

In this context, there are massive opportunities for banks: the transition to a low or net-zero carbon economy requires additional climate change-related investments. As specified in TEG report "the OECD estimates that, globally, EUR 6.35 trillion a year will be required to meet Paris Agreement goals by 2030. Public sector resources will not be adequate to meet this challenge, and mobilisation of institutional and private capital will be necessary[1]". According to a recent study, this will probably result in a combined new wallet for banks of €280 bn of new lending for the next 10 years as a preliminary high-level estimation at European level.

The key question for banks in this transition challenge are:

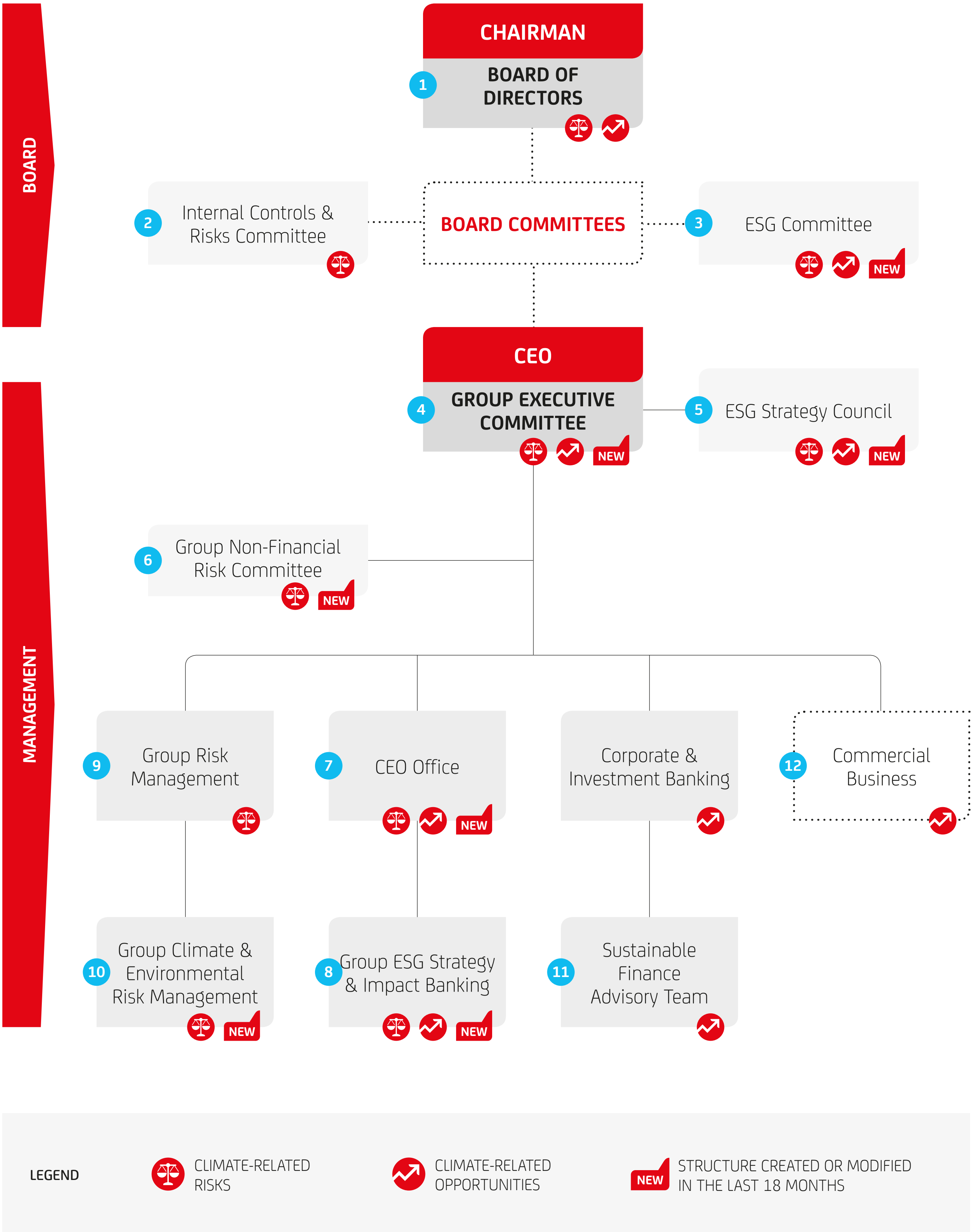
- Which KPIs can help identify potential business/financing objects?
- What information is relevant? Who can provide necessary and reliable data?
- How can existing ESG offerings be adjusted? What is the right pricing?

By leading social and environmental transition, banks can concretely help bolster the economy and become purpose-driven global leaders.

[1] https://www.oecd.org/environment/cc/climate-futures/policy-highlights-financing-climate-futures.pdf

Governance

GOVERNANCE OF CLIMATE-RELATED RISKS AND OPPORTUNITIES



Governance of the Organisation in relation to Climate-related Risks and Opportunities [1]

Driven mainly by the desire for an ever-increasing integration of ESG criteria into the Group's overall industrial strategy, UniCredit's sustainability governance has undergone a profound evolution over the past year which has particularly accelerated in the course of recent months. The changes concern both the Board and the managerial levels of our governance.

BOARD OVERSIGHT

1 The UniCredit **Board of Directors** defines the overall strategy of the Bank, which incorporates the Group's ESG Strategy, and oversees its implementation over time. The Board approves the bank's Risk Appetite Framework which establishes the desired risk profile vis-à-vis our short and long-term strategic objectives and business plan. **Focusing primarily on environmental topics related to climate change, in 2020 the Board integrated the overall risk management framework with Environmental, Social and Governance (ESG) factors by:**

- increasing support to the renewable energy sector;
- entering the Top #5 positioning for combined EMEA Green Bonds & ESG-linked loans;
- increasing the existing stock of energy efficiency loans to SMEs and individuals in Western Europe;
- originating new energy efficiency loans to individuals and SMEs among the total CEE loans originated. [2]

These new indicators are monitored and reported to the Board on a quarterly basis.

In April 2021, the Shareholders Meeting appointed the new UniCredit Board of Directors. In the relevant framework for the Board of Directors' renewal process, "Sustainability" was one of the core competencies recommended within the qualitative and quantitative Board of Directors' profile. [3]

IN THE NEWLY APPOINTED BOARD

77%

OF MEMBERS

HAVE GAINED SUSTAINABILITY [4] COMPETENCIES IN CONTEXTS WHICH FOCUSSED STRONGLY ON ESG ISSUES AS SUBSTANTIAL ELEMENTS IN THE LONG-TERM STRATEGY OF CORPORATE BUSINESS.

Board Induction Initiatives

UniCredit provides Board members with a permanent **induction programme** constructed with the support of an external consultant. Sessions aim both at fostering the integration of new Directors while recurrent training guarantees the preservation of expertise over time, necessary for the correct fulfilment of duties.

31 In 2020 training sessions and in-depth study initiatives focused on topics of strategic relevance such as **business and ESG strategies which also** covered the issue of climate change-related risks and opportunities for the Bank.

[1] For more information on the Governance of UniCredit Group see https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/governance/governance-system-and-policies/corporate-governance-report/2021/2020-Report-on-corporate-governance.pdf.

[2] In line with the commitments and targets set in our *Team 23 Plan*, four quantitative indicators have been integrated into the Risk Appetite Framework (RAF): - Increase of the renewable energy sector EAD to more than €9 bn (+25% vs 2018) - Top #5 positioning for combined EMEA Green Bonds & ESG-linked loans - Increase in existing stock of energy efficiency loans to SMEs and individuals in Western Europe (SME +34%; Individuals +25% vs 2018) - Origination of new energy efficiency loans to individuals and SMEs in the total CEE loans originated (>6% vs 2018)

[3] For more information on the qualitative and quantitative composition of the UniCredit S.p.A. Board of Directors see https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/it/governance/consiglio-di-amministrazione/profilio-qualitativo-e-quantitativo-degli-amministratori/Board-of-Directors-Slate_March-2021.pdf

[4] For more information on the composition of the new Board see https://www.unicreditgroup.eu/en/governance/governance-bodies/selection-and-composition.html

COMMITTEES SUPPORTING THE BOARD ON CLIMATE-RELATED MATTERS

Among the various internal Board Committees, the Internal Controls & Risks Committee and the ESG Committee play a specific role by supporting the Board in overseeing climate-related risks and opportunities.

2 The **Internal Controls & Risks Committee (ICRC) supports the Board of Directors in risk management** and control-related issues. In particular the Committee supports the Board of Directors in defining and approving strategic guidelines and risk management policies with specific reference to risk appetite and risk tolerance as well as in verifying that risk strategies, management policies and the Risk Appetite Framework (RAF) are correctly implemented.

3 A new **ESG Committee** was created in April 2021.[5] The purpose of the new Committee, which takes over the sustainability responsibilities previously assigned to the Corporate Governance, Nomination and Sustainability Committee, is to support the Board of Directors in fulfilling its responsibilities with respect to the ESG integral components on the Group's business strategy and sustainability.
The ESG Committee shall provide opinions and support to the other Board Committees to ensure the alignment of the Group's policies to UniCredit's ESG principles and objectives. The Committee also oversees the ESG and sustainability-related developments also considering international guidelines and principles and market developments, monitoring the positioning of the Group with respect to national and international best practices in the ESG field.

31

During 2020 the Corporate Governance, Nomination and Sustainability Committee monitored the implementation of the Group ESG targets (including several climate-related ones) announced in November 2019 and discussed the definition of the Group's new ESG Strategy in which climate change is one of the main drivers.

MANAGEMENT ROLE

At management level, dedicated committees and specialised functions ensure the execution of the Group strategy, correctly managing climate-related risks in the line with the agreed RAF while taking advantage of the business opportunities arising from the transition to a low-carbon economy.

4 The **Group Executive Committee (GEC)** was created in May 2021 and replaces the former Executive Management Committee. The GEC is the Group's most senior executive committee and is chaired by the CEO, it is a tight team with great proximity to the CEO, thus ensuring the effective steering, coordination and control of the Group business as well as the successful alignment of the parent company with the different businesses and geographies regarding strategic topics, including ESG issues concerning the Group. The GEC also meets in dedicated Risk sessions with the aim of supporting the CEO in coordinating and monitoring all categories of risks as well as discussing and approving strategic risk topics, thus including responsibility over climate change matters.[6]

DECISION-MAKING MEMBERS

FORMER EXECUTIVE MANAGEMENT COMMITTEE (EMC)	27
NEW GROUP EXECUTIVE COMMITTEE (GEC)	15

5 A subgroup of the GEC members forms a dedicated **ESG Strategy Council.** This new Council takes over the responsibility of the ESG Strategy Task Force created in 2020 and engages selected members of the C suites to provide oversight and strategic guidance across business units, regions and functions on the definition and implementation of ESG Strategy.

6 The **Group Non-Financial Risks and Controls Committee (GNFRCC)** supports the CEO in the role of steering and monitoring Non Financial Risks.

[5] See press release https://www.unicreditgroup.eu/en/press-media/press-releases-price-sensitive/2021/pietro-carlo-padoan-e-andrea-orcel-nominati-rispettivamente-pres.html
[6] For more information on the new organisational structure and management team see https://www.unicreditgroup.eu/en/press-media/press-releases/2021/unicredit-annuncia-la-nuova-struttura-organizzativa-e-riorganizz.html

7 **CEO Office** comprises Group Strategy and Optimisation and Stakeholders Engagement functions. It deals with all critical initiatives for the CEO, such as Strategy and M&A, Group Transformation Office, the further integration of ESG into our business, Group Investor Relations, Group Identity and Communications, Group Institutional Affairs and Group Regulatory Affairs.

8 The **Group ESG Strategy & Impact Banking** function ensures the integration of ESG priorities, including climate change, in the strategy of the Bank. It is part of the CEO Office. Group ESG Strategy & Impact Banking presents proposals and reports the status and achievement of the ESG strategy to the ESG Committee, prepares the Group Integrated Report and ensures coordination in the implementation of the Principles for Responsible Banking - UNEP FI.
Group ESG Strategy and Impact Banking, in collaboration with all the relevant functions of the Bank, is in charge of the production of UniCredit climate-related financial reporting in accordance with the TCFD Recommendations.

9 The **Group Risk Management** function supports the CEO in defining the Group Risk Appetite proposal, to be shared with the Group Executive Committee (GEC) and Internal Controls & Risks Committee and submitted for approval to the Board of Directors in parallel and coherently with the yearly and multi-yearly budget plan pertaining to the Group Planning, Finance, Shareholding and Investor Relations structure.

10 In the Group Management Risk Department, a dedicated Global Unit has been created to oversee climate-related and environmental risks and climate-related topics. The **Group Climate & Environmental Risk Management** structure defines assessment methodologies aimed at measuring the impacts related to climate change and environmental risks and monitors the credit risk in the portfolio. In this framework:

- it supports the analysis of the **impacts of climate change and environmental risks** on existing risk categories (credit risk, market risk, liquidity risk and operational risk);
- it defines and applies a **methodology for quantifying climate change-related transition risk** regarding credit counterparties;
- it monitors **portfolio credit risks** leveraging the analysis of sector/geographic concentration, exposure limits, deleveraging strategies, scenario analysis and stress testing;
- it assesses **physical risk related to climatic aspects,** with a specific focus on the potential impact on the valuation of mortgage collateral;
- it supports regular reporting internally and to **supervisory authorities** on issues related to climate and environmental risk.

11 On the opportunity side, a **Sustainable Finance Advisory Team** (part of UniCredit Corporate & Investment Banking) has been operating since 2019 with the aim of more effectively advising customers on ESG-related topics and facilitate their access to Europe's sustainable finance market.

The team also advises on **brown-to-green transition strategies** and supports all steps of an ESG finance procedure. The group of clients comprises corporates, financials, sovereigns, supranationals and agencies.

The Sustainable Finance Advisory Team is also responsible for **ensuring that relevant transactions** in the Group **comply with the Equator Principles,** the financial industry benchmark for determining, assessing and managing environmental and social risk in projects.

12 **Commercial Business**. In order to support our clients in seizing opportunities deriving from the ecological transition, in all our major countries we have dedicated teams in charge of developing and offering new ESG related products and services for corporates and individuals in line with our targets and ambitions.

ESG REFERENCE NETWORK

COMPREHENSIVE ESG NETWORK IDENTIFIED ACROSS FUNCTIONS TO SUPPORT THE IMPLEMENTATION OF THE ESG STRATEGY

ESG REFERENCE POINTS

> ENTRY POINT FOR THE FUNCTION ON ALL ESG-RELATED TOPICS
> RESPONSIBLE FOR KEEPING TRACK OF THE EXECUTION OF THE ESG ROADMAP

ESG EXPERT CONTRIBUTORS

> COLLEAGUES SPREAD IN ALL FUNCTIONS / LEGAL ENTITIES OF THE GROUP WITH EXPERTISE ON SPECIFIC ESG TOPICS (E.G. SIB, SFA, CLIMATE RISK,...)
> EXECUTING ESG ACTIVITIES

Training for Employees

Several training initiatives focused on climate change-related risks and opportunities have been put in place in the past year.

31

A dedicated **Climate Environmental Risk Assessment Training Programme** has been developed in accordance with the recent recommendations of regulators (ECB/EBA) regarding climate-related and environmental risk topics. The training consists of three webinars aimed at both guiding colleagues in understanding the regulatory context and the new overall climate and environmental methodological approach and providing the guidelines for the completion of the new Environmental Questionnaire on the impact of climate change, which has to be completed for all credit procedures going to the deliberative committees starting from January 2021.

31

In 2020 the **ESG Inside Out** training programme was launched. It comprised six modules, focused particularly on the opportunities related to climate change, and aimed at developing and strengthening the knowledge and skills of a selected group of employees from our Corporate and Investment Banking (CIB ESG Ambassadors) in several ESG areas: from regulation, rating and reporting, to the numerous ESG financing solutions active in different countries, for the various products and customer segments, to UniCredit's overall approach to sustainability.

Remuneration [7]

The remuneration policy contributes to the UniCredit strategy in the pursuit of long-term interests and sustainability over time.

The approach to compensation for UniCredit's top managers, as detailed in the Group Remuneration Policy, is performance based, market-aware and aligned with UniCredit's business strategy and shareholders' interests. The variable remuneration for the CEO is entirely based on the 2020-2023 Long Term Incentive Plan, supporting the achievement of the strategic plan targets and sustainability over time.

The *LTI Plan*, aligned with the *Team 23 Strategic Plan*, has a sustainability lever weighting 10% of the overall Scorecard to increase the alignment of business goals with sustainable conduct.

The goal setting structure considers both economic and non-economic goals. Starting from this year, among these is a specific KPI on the environment.

More details on the compensation for top management leaders and for members of the administrative and auditing bodies of UniCredit are reported in the Group Remuneration Policy.

[7] For more information on Group Remuneration Policy and Report see https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/governance/compensation/group-compensation-policy/2021/2021_Group_Remuneration_Policy_and_Report.pdf

Strategy

Our sustainability strategy

In November 2019 UniCredit announced a set of sustainability targets embedding several commitments on climate change. Moreover, in line with our aim for a continuous further integration of several sustainability topics in the business strategies of our Group, a long-term journey aimed at defining our new ESG strategy was launched in 2020 and represents a key component of a wider ongoing strategic review. The milestone of the journey was represented by the creation of a structure fully dedicated to ESG Strategy and Impact Banking, previously included in the sustainability function. The governance of ESG aspects was also enhanced and these elements were further embedded in the Group strategy.

Our underlying goal is to integrate all ESG factors in the bank's strategy, core business and processes, taking into account both risks and market opportunities and with a clear multi-stakeholder approach: this is UniCredit's mandate and the main aim of the journey.

PARIS AGREEMENT CAPITAL TRANSITION ASSESSMENT (PACTA)

IN 2020 WE COMPLETED THE ROAD TESTING OF THE PARIS AGREEMENT CAPITAL TRANSITION ASSESSMENT (PACTA) METHODOLOGY DEVELOPED BY 2° INVESTING INITIATIVE (2°II). BY COMPLETING THE TEST LAST DECEMBER, WE ACHIEVED A FIRST SET OF PRELIMINARY RESULTS REGARDING OUR LENDING PORTFOLIO ALIGNMENT TO CLIMATE SCENARIO AND MARKETS. [1]

We recognise that our role of promoting and preserving natural capital has two key aspects:

- **DIRECT IMPACTS.** We commit to containing our own environmental footprint; [2]
- **INDIRECT IMPACTS.** We offer support to businesses respectful of the environment while accompanying customers operating in high environmental impact industries in their journey along the transition path. [3]

DIRECT IMPACTS

To contain our environmental footprint, we operate in several directions, such as electricity procurement, energy efficiency of our premises and our data centres, sustainable mobility solutions and environmentally friendly supply chain.

We are committed to review our position towards controversial sectors, taking into consideration all the most recent developments in the market and giving priority to environmental risks.

FOCUS

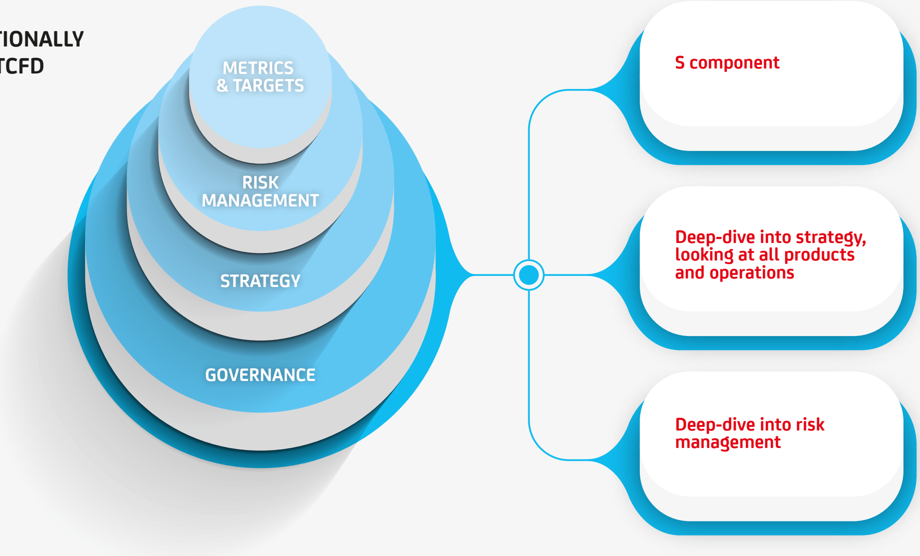
ESG JOURNEY

Certain that sustainability represents a key priority for the Group and the underlying pillar of our strategy, we have embarked on a journey towards the redefinition of the ESG strategic plan with an aim to strengthening our sustainability performance. The framework of the project has been primarily based on the Task Force on Climate-related Financial Disclosures (TCFD) which has been enhanced to cover the Social pillar (S component) and adapted to reflect UniCredit's specificity elements, with deep-dives into its strategy and risk management.

[1] Refer to Risk Management chapter for more information.
[2] Refer to Metrics & Targets chapter for more information.
[3] Refer to Risk Management and Metrics & Targets chapters for more information.

TCFD FRAMEWORK ENHANCEMENT

THE INTERNATIONALLY RECOGNISED TCFD FRAMEWORK



3 KEY ELEMENTS OF ENHANCEMENT

THE PROJECT HAS BEEN STRUCTURED ALONG FIVE STEPS

1. **Mapping UniCredit practices** to obtain a complete picture of the Group on ESG topics
2. Understand UniCredit **positioning** in the current environment and identify improvements and enhancement potential
3. **Prioritisation of initiatives** to become a leading player in the next 3 years
4. Definition of a **detailed roadmap**
5. Stakeholders listening and **ESG strategy finishing in the new strategic plan**

3 As a result of the prioritisation exercise, 20 high-priority initiatives have been selected and will therefore be rolled out in the short term.

In the graph below the initiatives are linked to the elements of our enhanced TCFD framework. This will help us create a detailed roadmap for the successful implementation of the plan.

OUR 20 PRIORITY INITIATIVES

GOVERNANCE		Interaction with ESG Governance bodies	Teams and management roles	Incentive system
STRATEGY	Products	Retail and small businesses	Corporate and SME	Wealth management & AM
	Engagement	Customer engagement		
	Own operations	People initiatives		
RISK & CREDIT	Scenario analysis	Climate scenario analysis	ESG portfolio transparency	Paris alignment
	ESG integration into risk	RAF KPIs and limits	Customer questionnaire	Data vendors
		EU taxonomy		
	ESG integration into credit	Credit policies	Underwriting	
METRICS & TARGETS		E commitments	S commitments	Reporting standards and communication strategy

4

Step 4 of the project was the definition of a detailed roadmap with an efficient and effective governance. This required the setting up of working groups with owners from all the functions and legal entities involved across countries.
Based on the priority initiatives mapped, we have built an ESG monitoring framework consisting of:

- a tableau with a set of measurable KPIs: each of the 20 initiatives resulting from the Step 3 prioritisation was linked to one or more indicators in order to ensure that progress of the implementation could be appropriately measured;
- a suite of dashboards and reports which, along with a punctual and reliable datapoints map, should safeguard the correct development of the process across regions and business units.

The tableau includes a large number of metrics related to the climate change topic, further demonstration of the strategic importance that this matter has for the Group.

OUR SUSTAINABILITY STRATEGY CURRENTLY INCLUDES SPECIFIC TARGETS WITH REGARD TO BOTH DIRECT AND INDIRECT IMPACTS [4]

80%
REDUCTION OF OUR GREEN HOUSE GAS EMISSIONS BY 2030 VS. BASE YEAR 2008

34%
INCREASE VS. 2019 IN ENERGY EFFICIENCY LOANS TO WESTERN EUROPE SMES BY 2023

25%
INCREASE VS. 2019 IN ENERGY EFFICIENCY LOANS TO WESTERN EUROPE INDIVIDUALS BY 2023

>6%
OF NEW ORIGINATION OF ENERGY EFFICIENCY LOANS ON TOTAL LOANS IN CEE, % TOTAL LOANS [5]

25%
INCREASE VS. 2019 IN EXPOSURE TO RENEWABLE ENERGY SECTOR (TO MORE THAN €9 BN) BY 2023 [6]

The above targets were defined in 2019, covering the timeframe of our multi-year plan Team 23. In April this year UniCredit renewed its board of directors and appointed a new CEO whose revised multi-year plan will be presented later this year. As a consequence, the ESG targets and target years in this document will be updated, in line with the overall strategy and coherently with Group ambition level and market trends.

INDIRECT IMPACTS

With regard to the support to businesses, we are partnering with our customers in the shift to a low-carbon, climate-resilient economy, in particular by setting a more stringent framework for fossil fuel financing as well as by increasing renewable energy sector exposure and energy efficiency loans to counterparties. Furthermore, we strive to reinforce our leadership in the sustainable finance sector, accompanying customers along the transition path and guiding capital reallocation towards economic activities which generate a positive impact on society.

In this respect, within the Corporate and Investment Banking Division, the **Sustainable Finance Advisory Team** is in charge of:

- increase customer engagement on ESG related topics and facilitate their access to Europe's sustainable financing market, combining sustainability expertise with capital markets capabilities;
- support the origination of ESG finance mandates with corporates, financials and Sovereigns, Supranationals and Agencies (SSAs) across the value chain;
- ensure that relevant transactions in the Group comply with the Equator Principles, [7] the financial industry benchmark for determining, assessing and managing environmental and social risk in projects.

[4] Refer to Metrics & Targets chapter for more information.
[5] Including Individuals and SME.
[6] Including: biomass, hydro, photovoltaic, wind, CHP (combined heat and power) plants, battery storage, energy from waste and other renewables as well as corporates predominantly operating renewable energy assets.
[7] Refer to Integrated Report 2020 for more information.

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. In this context, we implemented our Sustainability Bond Framework (SBF) as a key milestone of UniCredit's ESG Strategy, issuing an inaugural **Green Bond** in June. In addition we have recently issued our first **retail Social Bond**, a bond offered to the public with the aim of financing projects with social aims and impacts carried out by Social Impact Banking.

IN JUNE 2021, ISSUE OF FIRST GREEN BOND FOR
EUR 1.0 BILLION

DEMAND FOR MORE THAN
EUR 3.25 BILLION
FROM MORE THAN 200 INVESTORS GLOBALLY OF WHICH 87% ESG/SRI/GREEN INVESTORS

IN SEPTEMBER 2021, UNICREDIT BANK AG ISSUES GREEN MORTGAGE COVERED BOND FOR
EUR 500 MILLION

DEMAND WAS 5-TIMES OVERSUBSCRIBED
72% OF THE ALLOCATION
WENT TO DEDICATED ESG INVESTORS

FOCUS

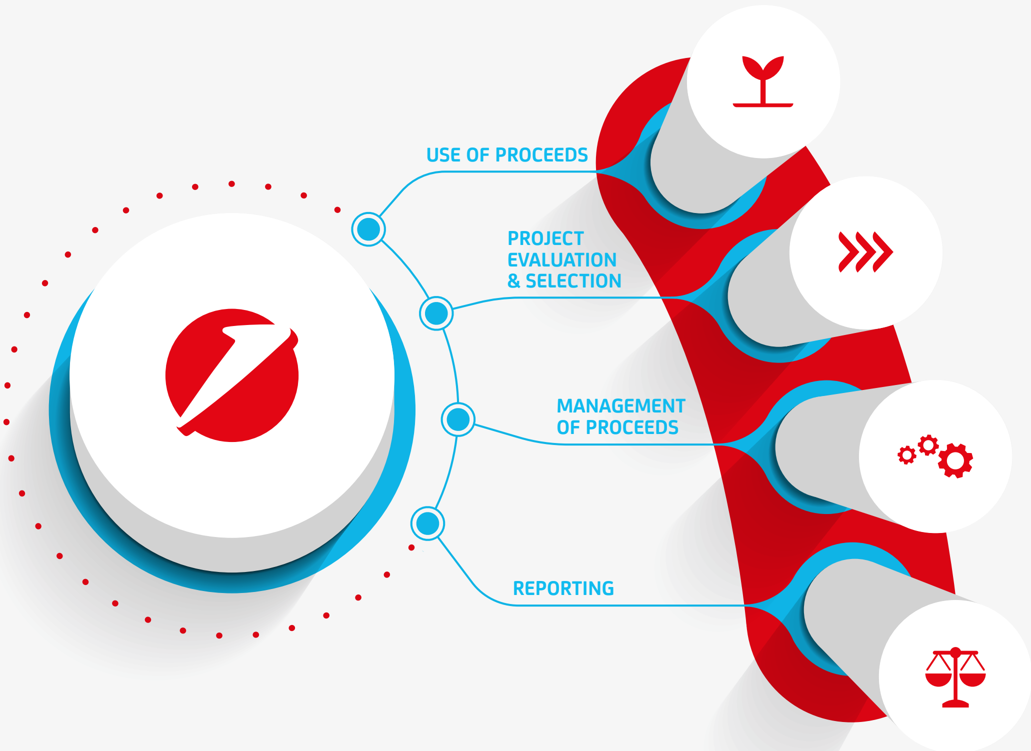
SUSTAINABILITY BOND FRAMEWORK

The Sustainability Bond Framework aims to support UniCredit's ambition to align its business strategy to be consistent with and contribute to individuals' need and society's goals, as expressed in the United Nations Sustainable Development Goals (SDGs) and the Paris Climate Agreement.

The Sustainability Bond Framework will apply 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".

The Green Bond Principles
The Sustainability Bond Guidelines
The Social Bond Principles

THE FOUR COMPONENTS OF THE SUSTAINABILITY BOND FRAMEWORK FOR THE ISSUANCE OF GREEN, SOCIAL & SUSTAINABILITY BONDS



UNICREDIT GROUP ELIGIBLE ESG ASSETS BREAKDOWN

SOCIAL

Healthcare

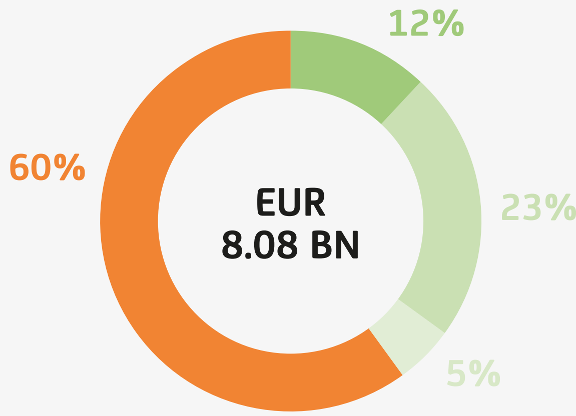
Social Assistance

Affordable Housing

Support to Disadvantaged Areas

Education

Social Impact Banking products



● Social ● Renewable energy ● Green building ● Clean transportation

GREEN

Renewable energy

Clean transportation

Green buildings

Pollution provention and control

Sustainable water and wastewater management

GREEN ELIGIBLE CATEGORIES	MAIN SDGs IMPACTED	EXAMPLES OF ELIGIBLE PROJECTS
RENEWABLE ENERGY	7 AFFORDABLE AND CLEAN ENERGY	> Renewable energy production: i) onshore and offshore wind, ii) Solar, iii) Biogas from biowaste and low-carbon gases (Hydrogen), iv) hydroelectric, v) energy storage (batteries) and vi) products and services related to renewable energy production
CLEAN TRANSPORTATION	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 11 SUSTAINABLE CITIES AND COMMUNITIES	> low-carbon passenger cars and commercial vehicles (electric, hybrid, etc) and relevant infrastructure > Enhancement of rail transport and relevant infrastructure > Improvement of public electricity-based / sustainable transportation and relevant infrastructure
GREEN BUILDINGS	11 SUSTAINABLE CITIES AND COMMUNITIES	> Construction / acquisition of green buildings meeting one of the following criteria: i) with LEED gold / higher, or BREEAM very good / higher, ii) with Energy Performance Certificate (EPC) class "A", iii) the energy performance within the top 15% of the national or regional buildings and iv) with other regional / national standards / certifications related to energy efficiency > Implementation of energy efficiency solutions or renovations in buildings, which lead to a 30% increase in the building energy efficiency or at least two step improvement in EPC compared to the baseline before the renovation
POLLUTION PREVENTION AND CONTROL	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	> Waste collection, process, disposal and recycling (including related technologies and infrastructure)
SUSTAINABLE WATER AND WASTEWATER MANAGEMENT	6 CLEAN WATER AND SANITATION	> Water management > Waste water treatments

SOCIAL ELIGIBLE CATEGORIES	MAIN SDGs IMPACTED	EXAMPLES OF ELIGIBLE PROJECTS
HEALTHCARE	3 Good health and well-being	> Construction of Hospitals and healthcare facilities > R&D and construction of medical equipment / healthcare technology
SOCIAL ASSISTANCE	10 Reduced inequalities	> Construction of kindergartens, homes, for the elderly, for disabled or for vulnerable people
AFFORDABLE HOUSING	10 Reduced inequalities	> Access to affordable housing
SUPPORT TO DISADVANTAGED AREAS	8 Decent work and economic growth	> Financing small and medium-sized enterprises (SMEs) in deprived areas or affected by natural disasters
EDUCATION	4 Quality education	> Construction of schools, universities, campuses
SOCIAL IMPACT BANKING PRODUCTS	1 No poverty, 5 Gender equality, 8 Decent work and economic growth, 10 Reduced inequalities	> Impact financing: Projects and initiative that, in addition to generating economic returns, have objectives of social, tangible, and measurable impacts > Microcredit loans to individual and small companies with limited or no access to credit

ESG ratings and indices

The Group Sustainability unit, together with the Investor Relations team, interact continuously with ESG raters in order to monitor our sustainability performance through their assessments and identify opportunities to increase disclosure and improve the positioning of the Group. Our sustainable performance is reflected in the key external ratings we received in 2020 and 2021.

MSCI	CCC · B · BB · BBB · **A** · AA · AAA	> Ahead of most international peers (pay practices and board structure) in terms of governance > Included in the Bloomberg MSCI Green Bond Index
SUSTAINALYTICS	Severe (100-40) · High (40-30) · **Med (30-20)** · Low (20-10) · Neg (10-0)	> ESG Risk Rating at to "20.7" as of Oct 21 > Medium exposure to and strong management of material ESG issues
CDP	Disclosure: D- · D; Awareness: C- · C; Management: B- · B; **Leadership: A-** · A	> Now positioned within Leadership band, thanks to rating upgraded to "A-" from "B" > Average rating for Financial services is "B", for Europe is "C" and for Global Average is "C"
ISS ESG	D- · D · D+ · C- · **C** · C+ · B- · B · B+ · A- · A · A+	> Ranked among the 10% of companies within the sector with the highest relative ESG performance

Rating agency	Score	Comments
S&P Global	0 – **49** – 100	> Percentile ranking improved to 67 from 63 despite score drop to 49 from 53 > Score as of November 20, assessment based on public sources without any active participation from UniCredit
V.E	0-29 (Weak) – 30-49 (Limited) – 50-59 (Robust) – **60-100 (Advanced)**	> Environment score 64 (Advanced); Social score 62 (Advanced); Governance score 53 (Robust) > Included in the Euronext MIB ESG index
standard ethics	F – FF – FFF – E – **EE+** – EEE	> Top rated Italian bank, with an EE+ rating. Regarded as an example of European excellence in terms of sustainability > Included in the following Standard Ethics indices: European Best in Class, European 100, European Banks, Italian, Italian Banks
INTEGRATED GOVERNANCE INDEX	0 – **69.2** [8] – 100	> First bank in the Top 10 ranking, 8th out of 80 > Included in the Top 3 in the financial sector
FTSE4Good	0 – **4.3** [9] – 5	> Ranked in the 89th percentile of banks as of Sep 2021 > ESG rating: 5.0 (Environmental); 3.7 (Social); 4.4 (Governance), higher than sector averages > Included in the FTSE4Good Index Series and the FTSE ESG Index Series
REFINITIV	0 – **86** – 100	> ESG Score improved to 86 from 84 with ranking improved at 14/966 from 23/930 > ESG scores: 94 (Environment); 87 (Social); 83 (Governance) > Score >75 indicates excellent relative ESG performance and high degree of transparency
Bloomberg	0 – **53.51** – 100	> ESG disclosure score as of FY19: 48.21 (Environmental); 55.0 (Social); 62.5 (Governance)
Bloomberg Gender-Equality Index 2021	0 – **77.4%** – 100	> GEI score improved from last years' 69.2% to 77.4% (global avg. score at 66.4%, financial sector avg at 68.2% and Italian avg at 66.7%)

[8] Score downgraded to 69.2 from 71.7 mainly due to changes in the assessment process (UniCredit ranking stable at 8/80 from 8/74) - covering Italian companies only.
[9] Rating downgraded to 4.3 from 4.6 only due to changes in FTSE4Good assessment methodology.

Risk Management

In line with a new model of society and business, European institutions and regulators are playing a strategic role in addressing a sustainable recovery, from managing the climate change risk to introducing a totally new approach to finance.

UniCredit already plays an important role in the ESG global framework and, as a leader in the sustainable finance sector, wishes to be at the forefront of green transition, drafting a long-term sustainability strategy and embedding ESG factors in its risk framework.

It remains committed to assessing and managing climate and environmental risk in order to achieve **three main objectives**:

- **meeting** regulatory expectations on banks business strategy and risk management processes;
- **mitigating** climate-related and environmental risks;
- **identifying** potential opportunities for financing the climate and environmental transition.

In 2020, our evolving risk management approach was further strengthened with a specific focus on climate-related risks as shown in the infographic below.

Transition Risk Model

We have submitted a **Climate & Environmental (C&E) Risk Assessment Questionnaire** to our customers to determine their position on the transition pathway.

269 GROUPS

WERE ASSESSED DURING THE FIRST 9 MONTHS OF APPLICATION OF THE C&E QUESTIONNAIRE, REPRESENTING

~60 BN EAD

Moreover, we are following the European Central Bank Guide on climate-related and environmental risks in order to integrate these risks in our business strategy and include them in the risk appetite framework, analysing environmental risk at all stages of the credit-grant process and monitoring this risk in our credit portfolio.

In so doing, UniCredit considers several topics that can lead to an increased credit risk. An example is counterparties' revenues and asset value which are subject to transitioning to a low-carbon economy, or production processes that are subject to significant changes in order to minimise non-atmospheric pollution. **Climate change scenarios can also impact banks' market risk and future investments.**

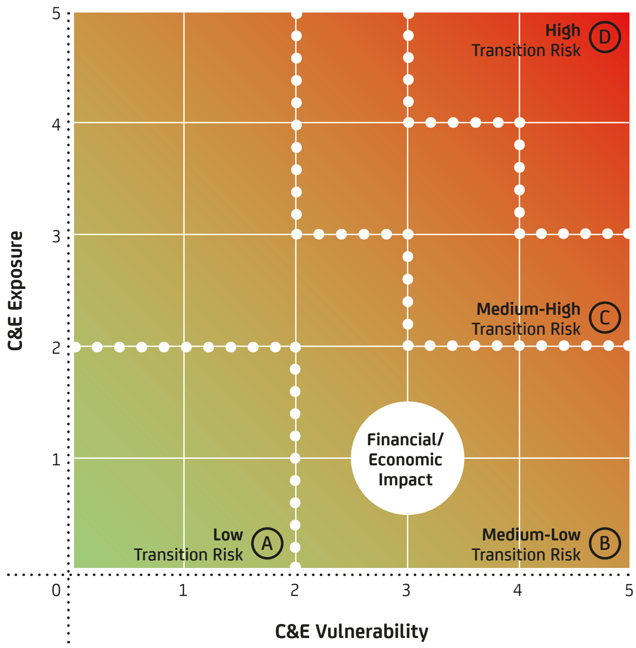
We are simultaneously looking to seize opportunities to finance the transition of our counterparties, assessing those industries that require very high investments to meet both climate change goals and the emission targets set out in the EU Green Deal roadmap.

In order to achieve the above-mentioned goals, **UniCredit is embedding climate-related and environmental risks and opportunities in its credit assessment.** This required the definition of a dedicated methodology and the design of a specific process to identify the scope, collect data, execute the assessment and validate results.

This methodology comprises:

- the filling in of the above-mentioned questionnaire addressing both high and low emissive customers in line with regulatory expectations;
- the generation of a C&E Risk Scorecard summarising the main KPIs and identifying the counterparty's positioning in one of the four risk areas (low, medium-low, medium-high, high) of the Transition Assessment matrix;
- the inclusion of the environmental scoring in the credit valuation process.

MATRIX SCORING METHODOLOGY



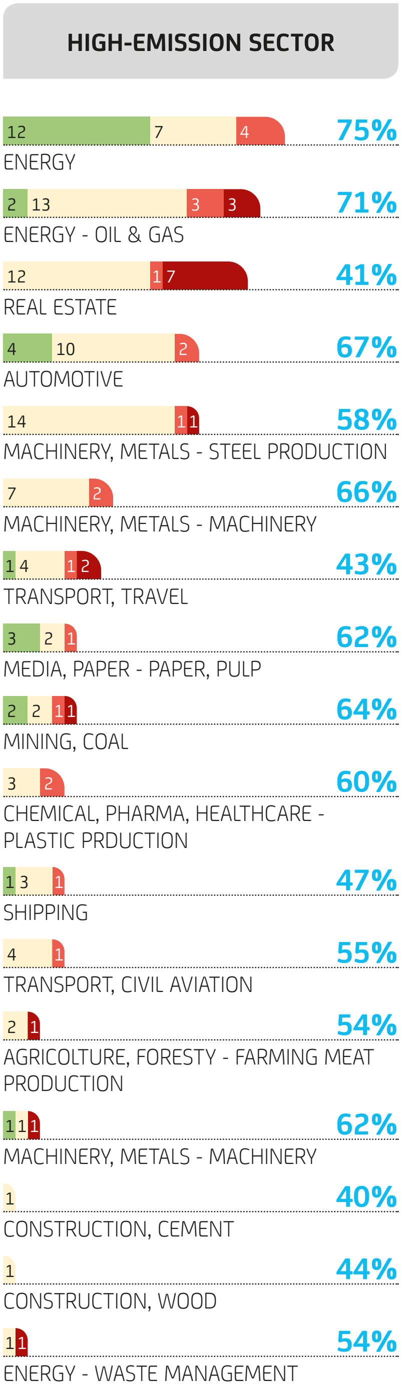
High C&E Transition Risk
Risk counterparts

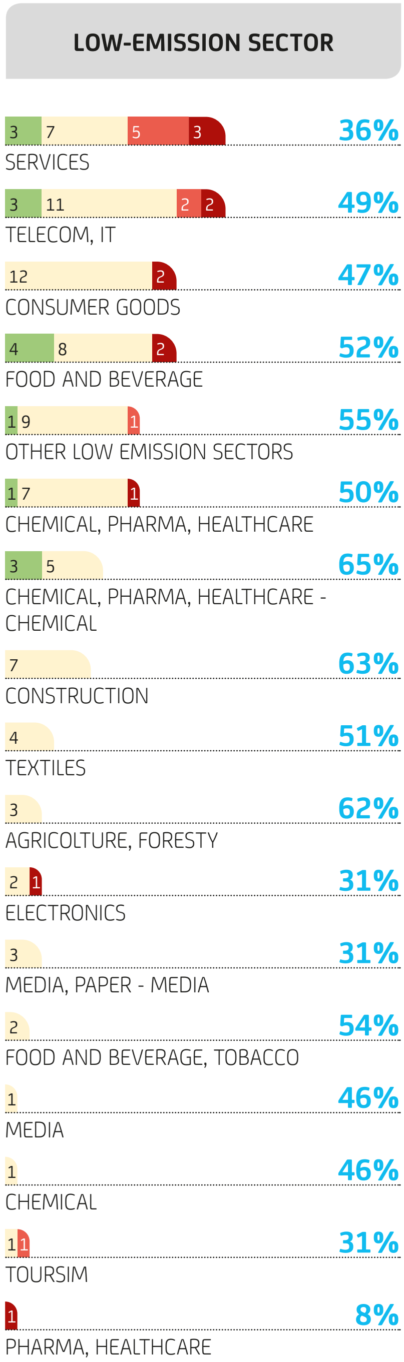
A	**Low**	Customer with no/limited Climate and Environmental Transition risk
B	**Medium-Low**	Customer with presence of Climate and Environmental Transition risk
C	**Medium-High**	Customer with tangible Climate and Environmental Transition risk > Customer in this area **will be assigned into High Risk Area** if the Economic Impact is higher than 4
D	**High**	Customer with important level of Climate and Environmental Transition risk

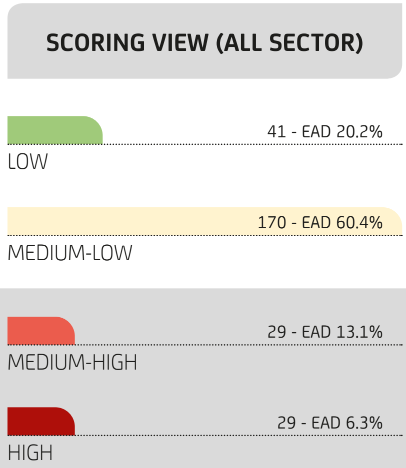
Our C&E assessment methodology is based on 3 key dimensions:

1. the **climate and environmental exposure** considers the actual level of GHG emissions of corporate customers as well as other environmental metrics such as water and energy consumption, waste production and recycling;
2. the **climate and environmental vulnerability** evaluates the climate change management maturity level of corporate customers, considering the company's plan to shift to a lower emission level business model, the transition investment plan, the GHG emissions reduction target as well as products and services associated with positive climate impact. This dimension considers cross-industry emission targets and ESG ratings together with management and industry specific environmental strategy;
3. the **economic impact** on corporate customers' financial and industrial performance takes into account the effects on stranded assets, the decrease in market shares or revenues due to market shift, the increase in investment costs, constraints in accessing financing and indirect effects related to their supply chain or partner industries.

C&E ASSESSMENT RESULTS

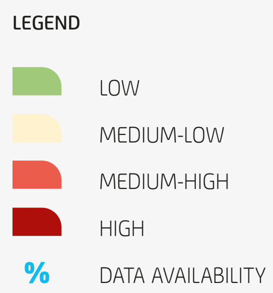






58 customers with Medium-High & High C&E Transition risk:

- **50 customers** with low level of data availability **(<60%).**
- **8 customers** with adequate level of data but resulted in higher Risk level due to High GHG Emission, weak ESG Rating, and/ or Low level of Green Capex.



78% of the portfolio belongs to low or medium-low clusters while only 3% was rated as high-risk and medium-high risk (excluding those penalised by a low level of data availability). These higher risk customers are attentively assessed during credit approval discussion in Holding Credit Committees, although no automatic decision based on questionnaire results is currently in place. An extension of this methodology to those counterparties subject to the Local Credit Committee is expected in 2022.

Pacta

PACTA RESULTS

Sector	Portfolio exposure[A]	Positioning vs global Mkt[B]	Our Approach
Power generation	€9.3 bn (~40%)	Better than market	› further increase internal **focus on Renewables** and follow **Coal Policy** prescriptions, together with strong client engagement
Oil & gas	€4.2 bn (18%)	*Metrics under evaluation*	› follow guidance of the **Oil & Gas policy** on Artic and non-convential activities, combined with in-depth analysis to define the most suitable metrics and targets for the sector.
Automotive	€5.4 bn (24%)	Better than market	› active **support of clients' transition** to **Electric** and **Hybrid** vehicle production.
Steel	€2.9 bn (13%)	Better than market	› support clients in the **extensive challenge** to enable deep **reduction in emissions**
Cement	€1 bn (4%)	Aligned with the market	› accompany clients in the transition to **lower CO_2 from Cement production** and support clients in the **development journey of new novel cement**

[A] Credit Limit under the PACTA NACE codes, as of December 2020
[B] Positions compared to the sectoral global markets

UNICREDIT IS AMONG THE
17 BANKS
WHO **ROAD-TESTED THE PACTA** FOR BANKS METHODOLOGY DEVELOPED BY 2DII

PACTA for banks allows financial institutions to measure the alignment of their lending portfolio against a set of climate scenarios which imply several levels of ambition measured in relation to the increase in global temperature.
The methodology covers six industries, representing approximately 80% of global emissions. UniCredit applies the methodology covering the scope of five industries (data refers to December 2020 portfolio and considers Credit Limit as a key metric). An analysis of the alignment results and of the production and technology mixture details available assists UniCredit in further enhancing engagement with customers thus improving support in their transition.

SECTOR RESULTS

POWER GENERATION

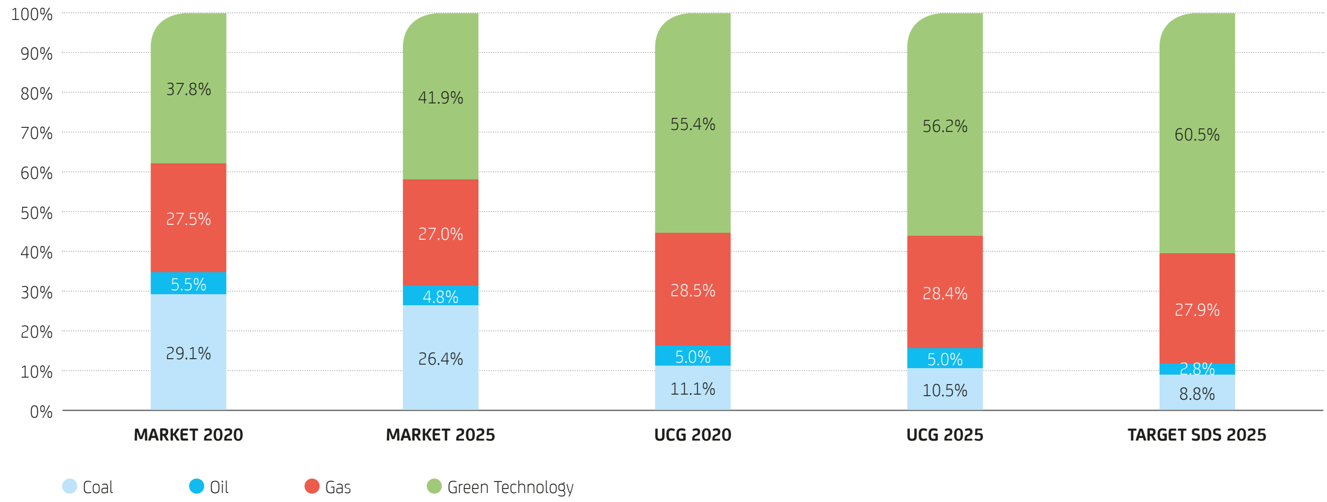
SECTOR FRAMEWORK

According to the EU, the production and use of energy account for more than 75% of the EU's GHG emissions. Against this background, renewables-based electrification of energy consumption is key for the EU in achieving its target to reduce emissions by 55% by 2030 and become climate-neutral by 2050.
The share of electricity in the final energy demand is expected to at least double, bringing it up to 53%. At the same time, **more than 80% of electricity will come from renewable sources and around 15% from nuclear power.** This will form the backbone of a carbon-free European power system. **Green hydrogen is also expected to play an important role** as a storage technology and for use in industries that cannot easily make the switch from fossil fuels to electricity (e.g. long-haul road transport and maritime shipping).

These goals will place particularly high demands on electricity producers and transmission service operators (TSOs) responsible for the integration of new renewable sources into the EU's electricity networks. On the one hand, utilities that employ a higher share of non-renewable generation will be adversely affected by coal or nuclear phase-out commitments in the individual EU member states. On the other, **many utilities have set their own targets to reduce GHG emissions by 2030 and to become climate-neutral by 2050.** These developments and commitments result in high CapEx requirements as well as strong earnings growth opportunities for generators and TSOs. The substantial investment programmes will weigh on these companies' credit metrics and involve execution risks. In their competitive environment, generators may face declining subsidies and an increasing share of merchant-based projects. A major transition risk for regulated network operators will be their ability to pass on grid expansion costs to end customers through tariff adjustments.

PACTA ASSESSMENT

The total amount of the UniCredit credit limit for utilities considered in the PACTA exercise is €9.3 bn which focuses only on power generation. The overall technology mixture of customers included in our financing portfolio and the UniCredit Loan Book is illustrated in the graph below:



The UniCredit Portfolio outperforms the market, where market indicates the overall global market in the corresponding sector under assessment, and is very close to the Sustainable Development Scenario (SDS) composition.

UNTIL 2025
56% OF OUR LENDING PORTFOLIO
WILL BE DEDICATED TO **GREEN TECHNOLOGY** (RENEWABLES, HYDRO, NUCLEAR) COMPARED TO 38% AND 60% OF THE MARKET AND SDS RESPECTIVELY

Nevertheless, due to the limited use of nuclear technology in several countries in Europe, **in order to reduce the level of brown technology (43%) and align with the SDS (40%), counterparties will need to increase green technology by 3%.** This result does not, however, embed the expected mitigation effect of the coal policy in place (for further details to our updated coal policies, refer to the Strategy chapter of this document). Moreover, UniCredit has further raised internal focus on renewables in addition to customer engagement and policy issuing.

ACTIONS TAKEN

PACTA SECTORS	TECHNOLOGIES	SELECTED UNICREDIT DEALS TO SUPPORT CUSTOMERS' TRANSITION
UTILITIES	Renewable	> On 1 April 2020 we assisted the transition of **Iberdrola**, a Spanish multinational electric utility, by acting as bookrunner in the EUR 750 m Green Bond (5y) issued. The proceeds are used to fund projects related to smart grids, renewable energy, energy efficiency, and electric mobility. > We assisted **Nordex**, a designer, seller and manufacturer of wind turbines in sustaining its business model by acting as sustainability coordinator, documentation agent and bookrunner in both their EUR 1.2 bn Sustainability-linked Loan (3y) signed on 9 April 2020 and in their EUR 350 m Sustainability-linked Loan (1y) signed on 7 August 2020. > On 29 May 2020 we assisted the development of **Fécamp offshore wind farm**, a French company, by acting as mandated lead arranger in the EUR 2.4 bn Green Loan. Funding is used to develop wind farms on France's northern coast.
	Gas	> On 10 June 2020 **Snam**, an energy infrastructure company, issued a EUR 500 m Transition Bond (10y) in which we acted as bookrunner. Proceeds are used to fund projects in the energy transition as defined in their Transition Bond Framework.

OIL & GAS

SECTOR FRAMEWORK

According to the Earth System Science Data Global Carbon Budget 2020, oil is the second largest contributor to the world's carbon emissions (34% in 2019), preceded by coal (39%) and followed by natural gas (21%). According to Carbon Tracker, **the world's listed oil and gas majors need to cut combined production by 35% on average by 2040** in order to meet CO_2 emission reduction targets. Within the broader oil and gas sector, oil production, refining, oilfield services and liquid transportation (oil pipelines, storage and associated infrastructure assets) are the most vulnerable sub-sectors to the target to limit global warming by 2 degrees Celsius.
Oil majors have set ambitious targets to reduce net carbon emissions and achieve net-zero carbon emissions by 2050 (or before) with near-term initiatives mainly focused on scope 1 and 2 emissions. However, tougher environmental regulation and peaking oil demand constitute medium to long-term threats to the sector.

Consequently, the industry faces continued pressure to diversify from traditional, core, upstream oil and gas production and to invest, organically but also through M&A, in renewable power generation and adjacent businesses as well as in carbon storage technology and/or downstream activities focused on a sustainable/circular economy. Given the increased scrutiny of regulators and investors globally, the sector's necessary transition is likely to accelerate post Covid-19.

PACTA ASSESSMENT

Our preliminary results on the Oil & Gas Lending portfolio show a low level of growth in both Oil and Gas until 2025. Due to the importance of maintaining a certain level of financing for the Oil & Gas sector so as to avoid a severe disruption to the economy and guarantee a sustainable transition, **UniCredit is carrying out a more in-depth analysis to define the most suitable metrics and targets for the sector.** With regard to this sector, it is important to note the Oil & Gas policy on Arctic and non-conventional activities.

ACTIONS TAKEN

PACTA SECTORS	SELECTED UNICREDIT DEALS TO SUPPORT CUSTOMERS' TRANSITION
OIL & GAS	> We assisted **Gunvor**, a commodity trading company, in sustaining its business model by acting as sole bookrunner and sustainability coordinator in the EUR 450 m Sustainability-linked Loan signed on 18 June 2020. The pricing of the loan is linked to its ESG performance. > On 10 December 2020 we accompanied **Eni**, an Italian multinational oil and gas company, in its transition by acting as mandated lead arranger in their EUR 3.9 bn Sustainability-linked Loan. The pricing of the loan is linked to Eni's commitment to increase its performance regarding SDG 7 "Affordable and clean energy" and to SDG 13 "Climate action". > On 14 December 2020 we supported the transition of **Lundin Energy**, an oil and gas exploration and production company, by acting as bookrunner in their USD 5 bn Sustainability-linked Loan. The pricing of this loan is linked to Lundin Energy's commitment to reduce its carbon intensity per barrel and increase its own electricity consumption derived from self-generated renewable electricity.

AUTOMOTIVE

SECTOR FRAMEWORK

The transport sector (including the passenger cars and vans, trucks and buses subsectors) **represents a large part of greenhouse gas emissions and is a major cause of air pollution in cities.** Within the transport sector, road transport is by far the biggest emitter according to data by the European Commission and European Environment Agency. As a result, the reduction of transport emissions remains key to achieving global climate targets and the shift to a low-carbon and circular economy. Auto manufacturers need to meet the increasingly tightening regional emission reduction requirements for the products they sell, particularly in terms of CO_2 emissions, e. g. to avoid penalty payments. In this connection, **many auto manufacturers and auto parts suppliers have already committed themselves to reducing their greenhouse gas (GHG) emissions by 2030** consistent with reductions required to keep global warming to 1.5 °C or well below 2 °C. This is also important given increasing litigation risks regarding CO_2 reduction. In addition to automotive sector transformation trends such as connected, shared and autonomous vehicles, the most important climate transition risk for the automotive sector companies is electrification and the transition to CO_2-neutral mobility and automotive production. Auto parts suppliers are indirectly exposed to climate transition risks through their auto manufacturer customers, in particular if they produce auto parts for combustion engines. **This leads to sizeable levels of capital investment, R&D expenditure and M&A needs** for the companies in the sector irrespective of the cyclical volatility of automotive product demand.

PACTA ASSESSMENT

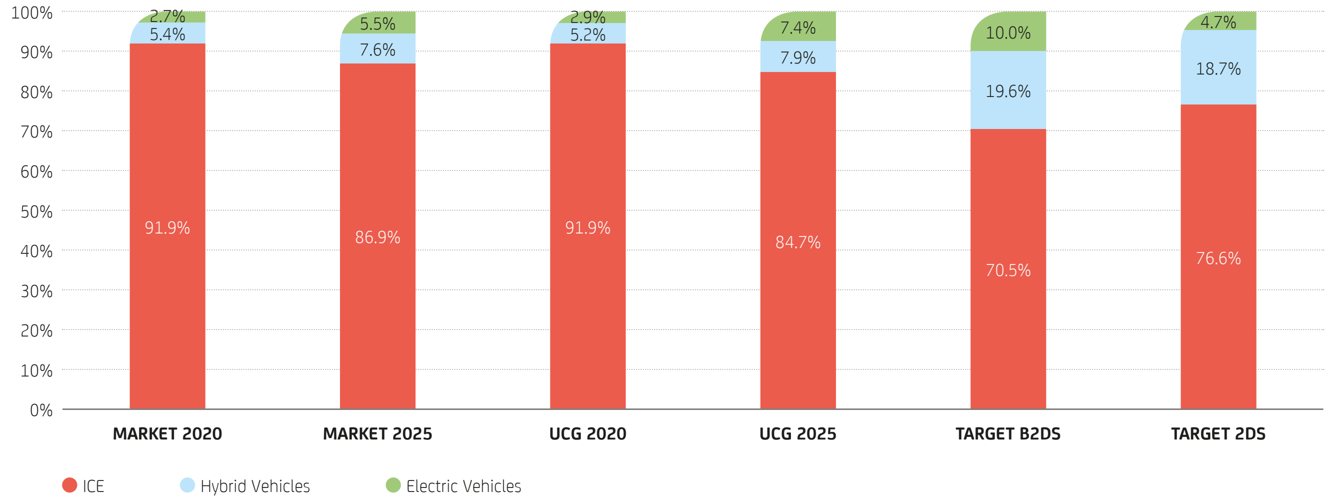
€5.4 BN

TOTAL LENDING CREDIT TO THE MANUFACTURING OF **LIGHT VEHICLES**. THIS INCLUDES 3 MAIN TECHNOLOGIES: INTERNAL COMBUSTION ENGINES (USING FUEL), ELECTRIC ENGINES AND HYBRIDS

92%

OF THE UNICREDIT AUTOMOTIVE MANUFACTURING LENDING CREDIT COVERS INTERNAL COMBUSTION ENGINES (ICE), THE REMAINING SHARE IS DIVIDED BETWEEN HYBRIDS (5%) AND ELECTRIC (3%)

To reach an alignment with the Beyond 2 Degrees Scenario (B2DS) in 2025, a shift from the ICE to the other two technologies is necessary. However, the overall automotive market is still at the low transition stage. Aligned with the policies' focus on a sustainable recovery, we remain committed to strengthening engagement with customers in providing the necessary support for transition in the automotive sector.



ACTIONS TAKEN

PACTA SECTORS	TECHNOLOGIES	SELECTED UNICREDIT DEALS TO SUPPORT CUSTOMERS' TRANSITION
AUTOMOTIVE	Electric Vehicle	> We helped **Gestamp**, a Spanish multinational automotive engineering company, to sustain their business model by acting as mandated lead arranger on the EUR 1.1 bn Sustainability-linked Loan they signed on 23 January 2020. The pricing of the loan is linked to the ESG performance of Gestamp. This performance will be calculated and delivered each year by Vigeo Eiris.
	Internal Combustion Engine	> On 29 July 2020 we supported **Traton**, a vehicle manufacturing company, in its transition by acting as bookrunner in their EUR 3.75 bn Sustainability-linked Loan (3y). The pricing of the loan is linked to the ESG performance of Traton.
	Hybrid Vehicle	> On 3 September 2020 we supported **Daimler**, a multinational automotive corporation, in its transition by acting as Co-Manager in their EUR 1 bn Green Bond (10y). Proceeds are used to fund the development and production of emission-free vehicles with battery electric drive and fuel cell electric drive as well as projects related to clean transportation, energy efficiency, renewable energy and pollution prevention and control. > We helped **Johnson Controls International**, a manufacturer of automotive interior products and batteries, to sustain their business model by acting as bookrunner on their inaugural USD 625 mn Green Bond (10y) issued on 8 September 2020. Proceeds are used to fund projects related to eco-efficient and circular economy adapted products and other green categories as defined in their Green Finance Framework. > On 21 September 2020 we supported **CIE Automotive**, an industrial group specialised in supplying components and subassemblies for the automotive market, in its transition by acting as bookrunner in their EUR 690 mn Sustainability-linked Loan (4y). The pricing of the loan is linked to the ESG performance of CIE Automotive. Such performance will be calculated and delivered each year by Vigeo Eiris.

STEEL

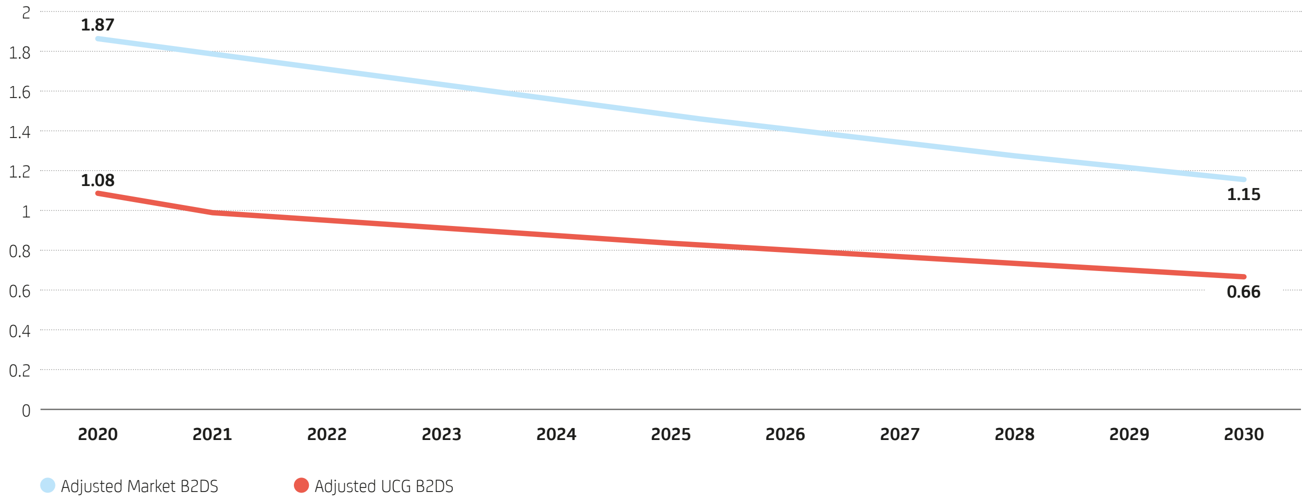
SECTOR FRAMEWORK

Compared to other industries, the steel industry is among the most exposed to environmental risks as the production of steel is energy and CO_2 intensive. In particular, **production by blast furnace** (about 72% of total steel production worldwide according to the World Steel Association) **is extremely carbon-intensive. Emissions are generally lower in the production of steel from scrap using electric-arc furnaces.** Overall, **the production of steel accounts for about 7-9% of global carbon emissions** and the IEA estimates that the CO_2 intensity of crude steel needs to fall by 2.5% annually on average between 2018 and 2030 in order to contribute to the goal of limiting the global temperature increase to below 2 degrees Celsius.

Many decarbonising strategies are currently being developed by the steel industry and industry players are working intensively on new technologies to spur the reduction of CO_2 emissions. However, the implementation of such strategies **faces significant challenges, including technological risks and the limited availability of large quantities of green energy and hydrogen.** In addition, such strategies require significant investment and will lead to higher operating costs and, therefore, probably higher steel prices. Besides improvements in the steel production process, **the shift towards a circular economy** (i.e. reuse, sharing and recycling) **could also reduce demand for new steel.** With Europe at the forefront in terms of climate protection goals, political support has been requested to ensure that European players remain competitive.
In addition to support on the financing side, a level playing field with regard to carbon versus non-EU importers is required to stimulate low-carbon investment and support CO_2 reduction worldwide. This issue has become even more important owing to the significant increase in carbon prices since mid-2020. In mid-July 2021, **the European Commission launched its Fit for 55 proposals to bring EU policies into line for reducing net greenhouse gas emissions by 55% by 2030.** The proposals included a broadening of scope to cover more sectors, and a tightening of the existing EU Emissions Trading System (ETS) including a steeper annual emissions reduction. This is complemented by the introduction of a carbon border adjustment mechanism (CBAM) which equalises the price of carbon for domestic products and imports, through the introduction of CBAM certificates based on embedded emissions intensity of imported products and a gradual phasing-out of free allowances for CBAM sectors. A CBAM could reduce competitive pressure on EU steel producers although concerns surrounding its implementation remain high.

PACTA ASSESSMENT

The total amount of the UniCredit Loan Book for steel considered in the PACTA exercise is €2.9 bn which focuses only on the manufacturing of steel.



The current CO_2 intensity aggregated at UniCredit Loan Book level is in a significantly better position compared to the market level.

THE UCG STEEL PORTFOLIO HAS A
CO_2 INTENSITY OF 1.08
WHICH IS 43% LOWER THAN THE MARKET LEVEL (1.87 TONS CO_2/TON OF STEEL)

However, to align with the B2DS our customers need to decrease by 40% their current emission level by 2030. This requirement can impose a **massive challenge** not only for UniCredit customers but also **for the steel market in general due to the fact that technologies enabling a steep reduction in emissions are still at comparatively early stages of development.**
With the high demand for infrastructure, particularly in emerging economies, acceleration to achieve an affordable

clean technology is fundamental to reducing CO_2 intensity in the steel industry. UniCredit is fully committed to further increasing engagement with and support to our customers in their transition and in 2021 formed, together with other 6 global banks the Steel Climate-Aligned Finance Working Group.[1]

ACTIONS TAKEN

PACTA SECTORS	SELECTED UNICREDIT DEALS TO SUPPORT CUSTOMERS' TRANSITION
STEEL	> We helped **NLMK**, a Russian steel company, to sustain their business model by acting as bookrunner on their EUR 250 mn Sustainability-linked Loan signed on 22 January 2020. The pricing of the loan is linked to the ESG performance of NLMK. This performance will be calculated and delivered each year by Sustainalytics. > We accompanied **MetalloInvest**, a mining and metallurgy company specialising in the manufacture of steel, in its transition by acting as mandated lead arranger in the EUR 200 mn Sustainability-Linked Loan (5y) they signed on 22 December 2020. The pricing of this loan is linked to MetalloInvest's commitment to develop and implement a climate action plan aimed at reducing greenhouse gas emissions, to reduce their atmospheric air emissions and to increase their share of recycled technological waste. > On 2 December 2020 we supported **Arvedi**, a steelmaking company, in its transition by acting as mandated lead arranger in their EUR 240 mn Green Loan (6y). The funding is used for an environmental renovation project for Arvedi.

CEMENT

SECTOR FRAMEWORK

The cement industry is the third largest industrial energy consumer and the second largest industrial CO_2 emitter globally according to the Institute of Applied Energy (IAE). **It accounts for about 7% of global CO_2 emissions.** About 60% of CO_2 emissions in cement production are generated and released in the chemical conversion process used in the production of clinker, where limestone is converted to lime, while the remaining 40% arises from the fuels used to reach the high temperatures required in the kilns. The rising global population, urbanisation and infrastructure development needs are **forecast to drive a growth in cement demand in the coming years, particularly in developing countries.** In order to achieve the goal to limit the increase of global temperatures to below 2 °C, global direct CO_2 emissions from cement manufacturing need to be reduced by 24% compared to 2014 levels by 2050 according to the IAE, assuming that global cement production grows by 12-23% over the same timeframe.

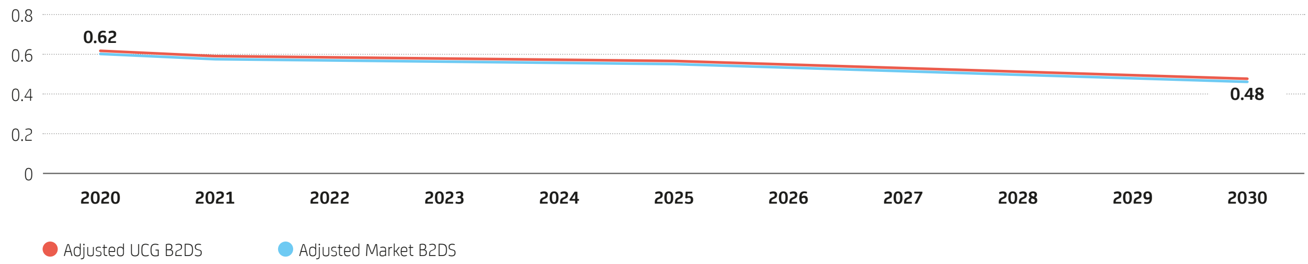
Hence, **the cement industry needs to step up its efforts to reduce its carbon footprint** in order to meet the emission targets set forth in the Paris Agreement. The main areas in which to cut carbon emissions in cement production and support the sustainable transition of the sector are as follows:

1. improving energy efficiency;
2. switching to lower-carbon fuels (i.e. a higher share of biomass and waste materials);
3. reducing the clinker-to-cement ratio (i.e. increasing the use of blended materials and the market deployment of blended cements);
4. advancing process and technology innovations (such as the integration of carbon capture in cement production).

Furthermore, carbon pricing schemes represent a key tool for promoting the reduction of CO_2 emissions and could put increasing pressure on cement companies' profitability. The EU ETS Proposals are likely to affect the Cement sector mostly the same way as already highlighted for the steel industry.

PACTA ASSESSMENT

Unicredit's lending portfolio for Cement manufacturing is €1 bn and our customers' position in the cement sector is aligned with the market position at 0.62 tons of CO_2 for 1 ton of cement.



[1] Refer to the Metrics & Targets section.

IN ORDER TO REACH THE B2DS TARGETS, THE CEMENT MARKET HAS TO

REDUCE ITS CURRENT CO_2 INTENSITY LEVEL BY 22%

OVER THE NEXT 10 YEARS

Given that the 2 main sources of emission in cement manufacturing is from the raw materials and fuel consumption, the industry is accelerating research both on a substitution for clinker and on the use of an alternative fuel. However, the development of a novel cement is still at an early stage and will require more time before its safety and durability can be ensured. UniCredit remains fully committed to supporting customers in their transition.

ACTIONS TAKEN

PACTA SECTORS	SELECTED UNICREDIT DEALS TO SUPPORT CUSTOMERS' TRANSITION
CEMENT	> On 17 November 2020 we accompanied **LafargeHolcim**, a building materials manufacturer, in its transition by acting as bookrunner in the EUR 850 mn Sustainability-Linked Bond (10.5y) issued by its subsidiary Holcim Finance. The pricing of this bond is linked to LafargeHolcim's commitment to reduce their CO_2 emissions to 475 kg net CO_2 per ton of cementitious material by 2030.

Sector Policies

Environmental and social risk assessments are guided by our environmental, social, operational and reputational risk sector policies as well as by our human rights commitment and, when applicable, by the Equator Principles (EP). The following policies/commitments are in place:

- COAL SECTOR
- DEFENCE/ARMAMENTS
- ARCTIC AND NON-CONVENTIONAL OIL & GAS INDUSTRY
- MINING SECTOR
- NUCLEAR ENERGY
- WATER INFRASTRUCTURE
- HUMAN RIGHTS COMMITMENT
- DEFORESTATION COMMITMENT

Physical risk assessment

Physical risk typically affects credit risk and operational risk. More specifically:

CREDIT RISK

Is mainly related to the potential losses in our mortgage portfolio or in a deterioration of counterparties' financial solidity. **Whether chronic or acute, physical climate-related risk could result in a modification of collaterals and counterparties' physical assets,** e.g. production sites, thus eroding the value of related assets or the capacity of the borrower to meet its obligation.

At the end of 2021 the Group will have collected information on the key physical risks to which our geographies are exposed, and will continuously implement a road map envisaging a more comprehensive picture.

Our ongoing efforts aim at **understanding the potential impact of physical risk events** in order to correctly identify the portion of portfolio at risk, taking into account also the expected damages, mitigation actions and characteristics of the underlying loan.

OPERATIONAL RISKS

Are also taken into account, mainly in relation to data centre operations and business continuity plans. In recent years a great effort has been made to **reduce the energy consumption of data centres and to strengthen the resilience to different sources** of potential adverse events, chiefly cybercrime, by preventing data leakage and ensuring business continuity. Data centres are built with reinforced redundancy and in areas not subject to extreme events, therefore representing a very low risk even if high security standard controls are required.

Our business continuity programme groups potential acute, climate-related, physical events under natural disasters, implying an integrated approach from infrastructure design to emergency management. As facility construction is not a frequent activity, the related risk analysis does not follow the yearly assessment process.

We are currently beginning to assess implications for our portfolio resulting from customers' physical risks.

As a financial institution, we are not affected by physical change in weather patterns or other chronic, climate-related, environmental changes.

UniCredit's EBA Sensitivity Pilot Project

The European Banking Authority 2020 voluntary pilot sensitivity exercise aims at:

i. measuring the greenness of the EU banking sector;

ii. performing a scenario analysis based on a joint EBA/ECB tool regarding impacts from climate risk scenario on banks' balance sheets.

THE PERIMETER COVERS NON-SME CORPORATE EXPOSURES TO NON-FINANCIAL OBLIGORS DOMICILED IN EU COUNTRIES. DATA WERE COLLECTED FROM A SAMPLE OF

29 BANKS

FROM 10 COUNTRIES REPRESENTING 50% OF THE EU BANKING SECTOR'S TOTAL ASSET AND 47% OF TOTAL EU RWA

From the Green Taxonomy classification, it emerged than more than half of banks' exposures (58%) are allocated to sectors that could be sensitive to transition risk. For UCG this amounts to 57% of total non-SME corporate exposures. **UniCredit Group has an average Green Asset Ratio (GAR) aligned with the system** (between 7% and 8% - calculated using the Taxonomy Aligned Coefficient estimate that considers overall alignment of different NACE codes to allow comparison between different institutions).

Two scenarios were considered in the analysis:

- **a 'disorderly' scenario** - associated with relatively high costs from a delayed and/or ineffective implementation of climate policies. This scenario also assumes that climate policies are relatively effective in limiting global warming in the long run and are thus accompanied by limited physical risk;
- **a 'hothouse earth' scenario** in which no new policies are implemented, therefore the costs associated to the transition are very limited while those from physical risk are extremely high.

Whether transition is orderly or disorderly, the outcomes show that default probabilities would always increase more under the hothouse earth scenario. The results also highlight that **companies with a higher than average vulnerability to physical risk may be subject to much greater increases in their default probability than companies with an average vulnerability.** This means that natural catastrophes work as amplifiers of tail risk. Additional expected loss ranges across banks from 58 bps to 321 bps in the disorderly scenario and from 65 bps to 343 bps in the hothouse earth scenario (between 160 and 175 bps at EU level). The electricity and real estate sectors will be the more negatively impacted.

Metrics & Targets

In 2019 we embarked on the journey towards a further integration of sustainability topics in the business strategies of our Group. The initiative was greatly encouraged by the former Corporate Governance, Nomination & Sustainability (CGN&S) Committee and the Board of Directors. [1 2]
The graph below illustrates our sustainability performance against our environmental commitments and targets. Some have already been achieved while those remaining are well on track, demonstrating once again just how important ESG issues are for UniCredit and its employees, all working as One Team, One UniCredit towards the success of our Group.

We are continuously assessing the climate-related financial risk of our portfolio, also observing the development of industry methodologies which define synthetic metrics to measure portfolio decarbonisation in alignment with the Paris Agreement goals.
However, since the targets, defined with a preliminary approach, do not represent a safe haven portfolio composition, we continue to track our progress in this field in alignment with best practices, industry standards and on the basis of requests and inputs from investors, NGOs and raters.

UNICREDIT ON TRACK FOR 2023 SUSTAINABILITY TARGETS

2023 KEY ESG TARGETS	2019	2020	3Q21	2023 TARGET	STATUS
Thermal coal mining and coal-fired power plant projects exposure,[A] %	Coal policy	Revised Coal policy	As of 2020	0	
Exposure to renewable energy sector,[B] bn	7.2		6.9	>9	On Track
New origination of energy efficiency loans in CEE,[C] % total loans			9	>6	**Achieved**
Energy efficiency loans to Italy, Germany and Austria segment Individuals, % increase			+100	+25	**Achieved**
Energy efficiency loans to Italy, Germany and Austria SMEs, % increase			+50	+34	**Achieved**
Reduction of our Greenhouse Gas emissions by 2030,[D] %	55	60		80	On Track
Use of renewable energy in UniCredit buildings in Germany and Austria SMEs,[E] %	99	99		100	On Track
Position in EMEA combined Green Bonds & ESG-linked loans [F]	#5		#5	Top 5	On Track

[A] Based on New Coal Policy issued in 2Q20:
- Zero general financing in all cases of expansion of coal operations (i.e. Coal-fired Power Plants acquisition or opening) by 2028
- Zero exposure to thermal coal mining and coal-fired power plant projects by 2023.

[B] Including: biomass, hydro, photovoltaic, wind, CHP (combined heat and power) plants, battery storage, energy from waste and other renewables as well as corporates predominantly operating renewable energy assets.
[C] Including Individuals and SME.
[D] Vs. base year 2008.
[E] 100% use of renewable electricity in our buildings in Italy, Germany and Austria.
[F] Green/ESG linked Loans include syndicated loans which are green, KPI linked or ESG score linked and where UniCredit was involved as Bookrunner, MLA, or Lender.

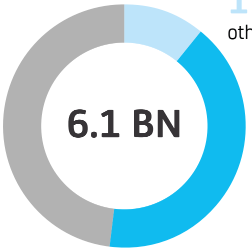
LEGEND
DIRECT IMPACTS
INDIRECT IMPACTS

Further KPIs and metrics

Our effort in shifting to a low-carbon economy and containing our environmental footprint was based on a number of specific initiatives which are highlighted in the infographics on the next page.
The main initiatives aimed at fostering the green transition are described in the Risk Management chapter. Several measures have been taken in order to further contain our environmental footprint such as procuring our electricity from renewable sources, improving the energy efficiency of our premises and data centres, supporting our people with more sustainable mobility solutions and sourcing from environmentally friendly suppliers.

[1] Refer to the 2019 Integrated Report for more information.
[2] Starting from April 2021, the CGN&S has been split into the Corporate Governance and Nomination Committee and the ESG Committee, fully dedicated to environmental, social and governance topics. Refer to Governance chapter for more information.

Supporting renewable energy sources[A]



Business results

104.8 BN
OF GREEN/ESG-LINKED LOANS
FOR OUR CUSTOMERS, **75 DEALS IN 9M21**

41.8 BN
OF GREEN/SUSTAINABILITY AND
SUSTAINABILITY-LINKED BONDS AND SCHULDSCHEIN[B]
FOR OUR CUSTOMERS, **60 DEALS IN 9M21**

Raising awareness

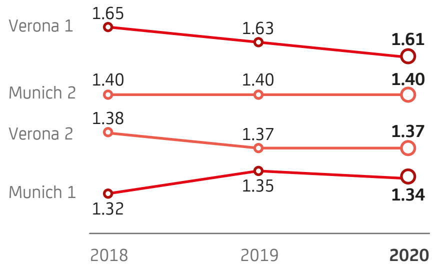
No single-use plastic items from break areas and canteens in UniCredit buildings by 2023

1ST EDITION OF REAL ESTATE BEST PRACTICE SHARING TO COLLECT AND PROMOTE SHARING OF BEST PRACTICE ENVIRONMENTAL INITIATIVES:

37 project replications during 2020
17 projects planned for 2021
14 countries covered

Data centre efficiency

Data Centre power use effectiveness (PUE) ratios



UniCredit CDP rating[C]

CDP DRIVING SUSTAINABLE ECONOMIES A-

D- D C- C B- B A- A
Disclosure Awareness Management **Leadership**

Managing mobility

8 welfare employee **agreements** activated for the purchase of bicycles, e-scooters, kick-scooters, etc.

4 (Italy) 1 (Germany) 3 CEE

Pilot project in Italy to increase company bicycle parking

-76%
travel costs further reduced due to Covid-19 national/international lockdowns

IN 2020 IN ITALY ALONE
> 50 M KM
IN EMPLOYEE COMMUTER TRAVEL WERE ESTIMATED TO HAVE BEEN SAVED

Energy efficiency and space optimisation

79%
of Group average electricity consumption was from renewable sources

FOCUS ON WEU

(Italy) **100%** (Germany) **100%** (Austria) **97%**

SPACE OPTIMISATION PROJECTS IN WEU

182
BRANCHES CLOSED

-2,300 m²
OF OFFICE SPACE
(HEAD OFFICES)

Cutting paper consumption

PAPERLESS PROGRAM[D]

> 31 M
DOCUMENTS DIGITALLY STORED SINCE 2017[E]

20 M
DOCUMENTS DIGITALLY SIGNED

21 M
DIGITALLY COMPLETED CASHIER DESK TRANSACTIONS

100 M
SHEETS OF PAPER SAVED

A. As of FY2020.

B. Sustainability Bonds are Bonds which are Social and Green at the same time. Sustainability-linked Bonds (not part of Green/Sustainability Bonds) are forward-looking performance based instruments with financial or structural characteristics being adjusted depending on the achievement of pre-defined sustainability targets. Schuldschein is a privately placed, typically unsecured medium to long-term debt obligation governed by German law, which comprises of a loan agreement and a certificate of indebtedness evidencing such loan agreement.

C. Refer to the Strategy chapter for more information.

D. Include all WEU countries as well as CEE countries with solution in-place. Data are calculated based on annualised 9 months data.

E. Paper-based documents, scanned and centrally stored, related to Italian retail network.

International and institutional initiatives

To strengthen and manifest our commitment to the green transition, we have decided over the years to adhere to key international and institutional initiatives:

Task Force on Climate-Related Financial Disclosures (TCFD)	> **2019** Endorsement of Task Force on Climate-Related Financial Disclosures (TCFD) > **2020** Separate document with disclosure aligned with TCFD recommendations issued in the second half of 2021
Paris Agreement Capital Transition Assessment (PACTA)	> **2019** We joined the Paris Agreement Capital Transition Assessment (PACTA) methodology developed by 2°Investing Initiative (2°ii) > **2020** Completion of PACTA road-testing
UNEP FI Principles for Responsible Banking (PRB)	> **2019** We signed the UNEP FI Principles for Responsible Banking (PRB) aimed at supporting banks in aligning their business strategy with society's goals > **2020** We joined several working groups organised by UNEP FI in support of PRB implementation. UNEP FI PRB reporting was disclosed
UN Sustainable Development Goals (SDGs)	> **2015** The UN Sustainable Development Goals (SDGs) have been published. We contribute since then to their achievement by monitoring our progress via measurable KPIs, resulting from the management of material topics and related risks and opportunities
European Banking Authority (EBA)	> **2020** We voluntarily joined the European Banking Authority (EBA) first pilot sensitivity exercise held by banks which aimed at providing a preliminary estimate of sustainable exposures based on EU green taxonomy. Results published during 2Q21
Steel Climate-Aligned Finance Working Group	> **2021** We are among the 6 global banks that have formed the Steel Climate-Aligned Finance Working Group facilitated by RMI's Center for Climate-Aligned Finance
European Hydrogen Forum	> **2021** We became a member of the European Clean Hydrogen Alliance. The Alliance aims at the deployment of hydrogen technologies by 2030
Net-Zero Banking Alliance	> **2021** We adhered to the Net Zero Banking Alliance, the banking element of the Glasgow Financial Alliance for Net-Zero (GFANZ).

FOCUS

UNICREDIT IN SUPPORT OF STEEL SECTOR DECARBONISATION

The steel sector is currently responsible for 7% of global energy emissions. Compared to other more advanced industries, its commercially viable alternatives are still at an early stage.

The sector's high carbon intensity signals the need for financial institutions to concretely support its decarbonisation. However, to date, common tools to support customers effectively in this regard are lacking.

In May 2021, we joined the newly formed **Steel Climate-Aligned Finance Working Group**, a new global framework to support steel sector decarbonisation.
The Working Group, facilitated by RMI's Center for Climate-Aligned Finance, aims at creating an industry-backed agreement before the United Nations Climate Change Conference in November 2021 (COP26) and, more broadly speaking, a level playing field for measuring progress against climate targets in the steel sector.

"UniCredit is strongly committed to supporting its customers in achieving their ESG targets as a core part of our efforts to drive the transition to a low-carbon and more inclusive world economy. With close cooperation between the industry and regulators, combined with technical innovation and support from banks like ours, we can jointly establish a competitive, digitalised and decarbonised steel industry."

Frank Biburger
UNICREDIT'S GLOBAL HEAD OF PRODUCER FINANCE

FOCUS

UNICREDIT JOINS THE EUROPEAN CLEAN HYDROGEN ALLIANCE

In July 2021, UniCredit joined the **European Clean Hydrogen Alliance**, established by the European Commission, which brings together key industrial and financial players with the aim of developing and deploying clean hydrogen technologies to support Europe's energy transition. The Alliance currently counts almost 1,500 members operating in different fields (public and private sectors, research institutions, civil society, NGOs).

The European Clean Hydrogen Alliance allows UniCredit to successfully contribute to the deployment of renewable and low-carbon energy across Europe through close cooperation with industry players and regulators, including a focus on the necessary technological innovations.

Renewable and low-carbon hydrogen is indeed expected to play a key role in helping to accomplish the objectives of the European Green Deal and in facilitating Europe's clean energy drive. It currently holds only a small share of the global energy market but is emerging as a potential solution in particular for decarbonising the hard-to-abate industrial sectors and to support the EU's commitment to reach carbon neutrality by 2050.

NET ZERO BANKING ALLIANCE

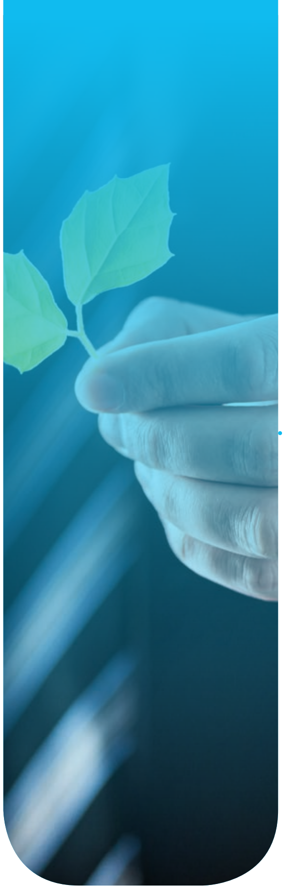
The Net-Zero Banking Alliance (NZBA) is convened by the United Nations Environment Programme Finance Initiative and is the banking element of the Glasgow Financial Alliance for Net Zero, chaired by Mark Carney, UN Special Envoy on Climate Action and Finance ahead of COP 26.

Representing more than a third of global banking assets, with over 84 members from 36 countries and $64 trillion in total assets,[3] the Alliance is a critical step in the mobilisation of the financial sector for climate. It recognises the vital role of banks in supporting the global transition of the real economy to net-zero emissions, encompassing both operational and attributable emissions, including Scope 3 emissions.

In October 2021, in line with our commitment to a climate-positive future, UniCredit joined the NZBA, aiming at aligning our lending and investment portfolios with net-zero emissions by 2050 or sooner, in line with the most ambitious targets set by the Paris Climate Agreement.

Alliance members commit to:

- Set scenario-based interim targets for 2030 or sooner for priority sectors
- Prioritise areas of most significant impact, i.e. the most greenhouse gas-intensive and emitting sectors
- Annually publish emissions and emissions intensity
- Take into account the best available scientific knowledge
- Set first target(s) within 18 months of signing and report annually thereafter
- Disclose progress against a board-level reviewed transition strategy



"We are focused on delivering a positive and sustainable transition to green energy which does as little harm to both the planet and its people as possible. Our signing of the Net-Zero Banking Alliance is a commitment to helping society make this change. It will not be an overnight process, but I believe 2050 is the right target for our industry to commit to and I am looking forward to the changes that will come."

Andrea Orcel
CEO OF UNICREDIT

[3] As of October 2021.

UniCredit S.p.A.

A joint stock company
Registered Office and Head Office in Milan: Piazza Gae Aulenti 3 - Tower A - 20154 Milano
Share capital Euro €21,059,536,950.48 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