

Unlock your potential

UNEP FI Principles for Responsible Banking reporting 2021



Reporting and self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/link(s) to bank's full response/relevant information
 Principle 1: Alignment We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.		
<p>1.1 Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities and, where relevant, the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>UniCredit's integrated and sustainable business model is based on local excellence and is organised in 4 regions supported by central structures, with 2 product factories and a lean competence centre embedding Digital and Data. We are organised across 4 regions, Italy, Germany, Central Europe and Eastern Europe, and powered by two new client agnostic product factories, Corporate Solutions and Retail Solutions, which deliver best-in-class products and services to all clients in all geographies.</p> <p>We have more than 15m clients spread across the European communities - 14m retail clients with a value accretive affluent sector in which we particularly excel, and 1m corporate clients with a notable strength in SMEs. We are the third largest corporate lender by assets in Europe where our 13 banks are embedded in the fabric: we rank first in Eastern Europe, second in Central Europe, second in Italy and third in Germany. We are among the 29 financial institutions identified world-wide as Global Systemically Important Banks (G-SIBs).</p>	<p>2021 Integrated Report</p> <ul style="list-style-type: none"> • Our Strategy, page 19 • Our Sustainable Business Model, pag 46
<p>1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>UniCredit has long been committed to aligning its practices to society's goals and strongly supports the United Nations 2030 Agenda for Sustainable Development. An attentive assessment of our initiatives and their positive impacts on society has allowed us over the years to actively contribute to the achievement of the UN SDGs and the Paris Agreement goals.</p> <p>Group-wide, we have established an ESG advisory model for companies and individuals to finance innovation for the environmental transition, partnering with key players to enrich and improve the ESG offering across sectors. In 2021, we successfully issued our first senior green bond for €1bn. The bond proceeds are dedicated to funding renewable energy, clean transportation and green buildings, with the aim of supporting SDGs 7 (Affordable & Clean Energy), 9 (Industry, Innovation & Infrastructure) and 11 (Sustainable Cities & Communities).</p> <p>We have also developed strategic projects with key partners for specific social challenges. These cover job inclusion and female empowerment, financial literacy, entrepreneurial skills and basic education for vulnerable categories. In 2021, our first senior social bond of €155m was issued to finance social projects able to foster the development of our communities.</p> <p>Our ESG strategy is a key component of the new Group strategic plan UniCredit Unlocked, launched and communicated to our stakeholders in December 2021. Embedding sustainability in all that we do is one of the five strategic imperatives of the plan. Our principles and beliefs regarding Environmental, Social and Governance aspects are the foundations on which our new ESG Strategy was built and are based on clear business goals and key strategic actions across the following four building blocks:</p> <ul style="list-style-type: none"> • partnering with our clients for a just transition: leveraging products and services for the transition, a dedicated ESG advisory model and an ESG ecosystem to foster innovation • supporting communities and society: thanks to our social financing, support to society beyond financing and UniCredit Foundation • steering our behaviour with clear commitments: enhancing our sector policy framework and undertaking clear strategic commitments. To this purpose, in 2021 we joined the Net Zero Banking Alliance, the CEO Champion Commitment towards the Zero Gender Gap and the Commitment to Financial Health and Inclusion developed in the framework of the Principles for Responsible Banking • enriching our risk and lending approach: leveraging an evolving risk management approach and the integration of climate and environmental factors in our risk framework. <p>Our success as a global sustainability leader is the result of a strong commitment that urges us to set challenging targets against which our performance must continuously be monitored. We have therefore decided to boost our agenda by reviewing the ESG targets set in 2019 and adopting new ones, such as delivering €150bn in ESG finance in the form of lending, DCM and investments by 2024.</p>	<p>2021 Integrated Report</p> <ul style="list-style-type: none"> • Our strategy, page 19 • Stakeholder Engagement chapter, page 38



Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis:

Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:

- a) **Scope:** The bank's core business areas, products/services across the main geographies that the bank operates in as described under 1.1. have been considered in the scope of the analysis.
- b) **Scale of Exposure:** In identifying its areas of most significant impact, the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.
- c) **Context and Relevance:** Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.
- d) **Scale and intensity/salience of impact:** In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services. (your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d)).

Show that building on this analysis, the bank has:

- identified and disclosed its areas of most significant (potential) positive and negative impact
- identified strategic business opportunities in relation to the increase of positive impacts/reduction of negative impacts.

Impact Analysis

We are aware of the importance of the analysis of the most significant impacts of our banks' products and services on society, the environment and the economy. The identification of areas where we can realise the greatest positive impacts and reduce significant negative impacts is also a key activity to empower our communities to progress.

We are conducting an in-depth impact analysis in order to define where we have significant, positive and negative impacts on society, the environment and the economy, and to understand the impacts of our business activities and investment portfolio.

To perform the analysis we are using the Portfolio Impact Analysis Tool for Banks developed by UNEP FI Positive Impact Initiative. Due to the complexity of bank operations in different countries, the data collection required for the impact analysis is a major challenge. We are currently focusing on our most important markets (Italy and Germany) and the core business segments (retail and corporate). In order to gather the required data, several functions of the bank, such as Group Data Office, Group Planning & Control and Group Finance have been involved in a working group.

We are leveraging data already available for other types of regulatory reporting, such as the Annual Report and FINREP reporting, and have also made use of dedicated extractions requested to Data Office colleagues. We are now proceeding with the analysis whilst awaiting the remaining input data in order to have a complete and consolidated picture demonstrating the results of our higher impact areas. Based on a preliminary analysis, the areas of climate change and financial inclusion are among the most significant ones.

Net Zero Banking Alliance

In order to improve our assessment on the prioritisation of our impacts, in October 2021 UniCredit joined the Net Zero Banking Alliance, the industry-led, UN-convened group of banks which are committed to aligning their lending and investment portfolios with Net Zero emissions by 2050.

As a member of the alliance we 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 total emissions and their intensities
- 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.

Task Force on Climate-Related Financial Disclosure (TCFD)

Shifting to a low-carbon and climate-resilient economy includes actions such as the endorsement to the Task Force on Climate-Related Financial Disclosure (TCFD) recommendations. We committed to them in 2019 and started reporting in the 2019 Integrated Report.

In 2021 we published our first stand-alone TCFD report representing our second disclosure aligned to the recommendations.

PACTA (Paris Agreement Capital Transition Assessment)

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 PACTA methodology covering the scope of five industries (data refers to the December 2021 portfolio and considers credit limit 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 clients, thus improving support in their transition.

2021 Integrated Report

- Natural Capital: building our tomorrow today, page 100

2020 UniCredit TCFD Report

- https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/sustainability/sustainability-reports/2020/UC_TCFD_2020_ENG_FINAL.pdf

2021 Integrated Report

- Applying a balanced approach: Risk management and Compliance, page 56

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	<p>Climate & Environmental (C&E) Risk Assessment Questionnaire</p> <p>We have submitted a C&E Risk Assessment Questionnaire to our clients to determine their position on the transition pathway. In 2021 530 companies were assessed, representing c.30% of our Corporate 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 order to achieve the above-mentioned goals, UniCredit is embedding climate-related and environmental risks and opportunities in its credit assessment. A dedicated methodology has therefore been defined and a specific process designed to identify the scope, collect data, execute the assessment and validate results.</p> <p>This methodology comprises:</p> <ul style="list-style-type: none"> • 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. <p>Building a circular economy</p> <p>UniCredit plays a strategic role in fostering the transition towards a circular economy, a building block of the European Green Deal and one of the six objectives of the EU Taxonomy. There are several ways in which we can contribute to the circular transition: through finance/lending, advisory, synergies and partnerships, and internal initiatives in terms of resource efficiency and recycling. In 2021 we started mapping Group initiatives linked to the circular economy to better understand our positioning and identify any gaps to be filled. In particular, we were able to provide a picture of the most relevant initiatives aimed at fostering circular transition, based on the main categories of circular economy identified in the Eurostat categorisation system for the circular economy:</p> <ul style="list-style-type: none"> • Circular design and production • Circular use • Circular value recovery • Circular support. 	<p>2020 UniCredit TCFD Report</p> <ul style="list-style-type: none"> • Risk management, page 27 <p>2021 Integrated Report</p> <ul style="list-style-type: none"> • Applying a balanced approach: Risk management and Compliance, page 56 <p>2021 Integrated Report</p> <ul style="list-style-type: none"> • Natural Capital: building our tomorrow today, page 100
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.</p> <p>We have made further progress on the implementation of the PRB and we continue to work to analyse all the impacts of Group activities.</p>		

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<p>2.2 Target Setting</p> <p><i>Show</i> that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets which address at least two of the identified "areas of most significant impact" resulting from the bank's activities and provision of products and services.</p> <p><i>Show</i> that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p> <p><i>Show</i> that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximise the net positive impact of the set targets.</p>	<p>In setting our targets, we considered our important social function as a bank, which goes far beyond lending. Helping our clients and communities make meaningful long-term progress towards a more sustainable, inclusive and equitable society requires a holistic view that examines all aspects of the transition, in particular the effect on people, communities and employment. UniCredit is focused on delivering a positive and sustainable transition to green energy which does the least possible harm to the planet and its people.</p> <p>With regard to investment products, we expect a conversion towards sustainable products leading more than 40% of managed assets being invested in ESG.</p> <p>We are expanding the scope of our social lending to activities with a high positive impact on society and disadvantaged areas.</p> <p>For the next three years we are targeting ESG volumes of over €150bn cumulative funding. This commitment is key if we are to fulfil our ambition of being the bank for the future of Europe. A bank focused on empowering communities to progress.</p> <p>Another initiative included in our plan is a further strengthening of ESG advisory capabilities by partnering with our clients in their green transition.</p> <p>To develop the ESG target of our strategic plan, all geographies have been taken into account in order to establish the country-specific priorities to be considered in setting targets, thus resulting in a country-by-country ESG plan.</p> <p>Our ESG vision sees:</p> <ul style="list-style-type: none"> • Italy as an ESG company, with a leading position in transition financing and in social factors for communities and small enterprises • Germany acting as partner for our clients in all ESG matters to contribute economically to a sustainable and fair society, engaging with all relevant stakeholders • Central Europe as a benchmark for ESG products and deals, top player in transition financing and focusing on third-party collaboration on the social side • Eastern Europe focused mainly on ESG advisory services on the green transition and proactively engaged in supporting social inclusion. <p>Commitment to Financial Health and Inclusion</p> <p>In December 2021 we were one of the founding signatories and the first Italian bank to subscribe a new collective commitment to Financial Health and Inclusion under the Principles for Responsible Banking.</p>	<p>2021 Integrated Report</p> <ul style="list-style-type: none"> • Our Strategy, page 19 <p>2021 Integrated Report</p> <ul style="list-style-type: none"> • Social and relationship Capital: doing the right thing is doing it together, page 80
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.</p>		
<p>As announced in December 2021, UniCredit has set several ESG targets fully integrated in the Group business strategy.</p>		
<p>2.3 Plans for Target Implementation and Monitoring</p> <p><i>Show</i> that your bank has defined actions and milestones to meet the set targets.</p> <p><i>Show</i> that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</p>	<p>Our path towards a reliable ESG monitoring entails important cross-functional activities and ICT investments.</p> <p>Our path to target implementation and monitoring involves 4 steps:</p> <ol style="list-style-type: none"> 1. Definition of ESG MYP targets 2. Launch of transition monitoring 3. ESG global architecture 4. EU taxonomy. <p>We strive to invest in the deployment of an ESG IT Global architecture to manage all relevant ESG data. With this architecture, ESG data will be gathered for several monitoring purposes: multi-year plan of ESG targets, green transition financing, EU taxonomy and pillar III.</p>	<p>2021 Integrated Report</p> <ul style="list-style-type: none"> • Our Strategy, page 19
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</p>		
<p>We have a specific project in place for the purpose of implementing our ESG strategic objectives and we are constantly monitoring the achievement of our targets.</p>		

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<p>2.4 Progress on Implementing Targets</p> <p><u>For each target separately:</u></p> <p>Show that your bank has implemented the actions it had previously defined to meet the set target.</p> <p><i>Or explain</i> why actions could not be implemented/needed to be changed and how your bank is adapting its plan to meet its set target.</p> <p>Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures).</p>	<p>The new ESG Strategy represents a step forward in embedding ESG factors at the heart of what we do. A disruptive approach has driven us to set new and more ambitious targets on ESG. We have therefore decided to boost our agenda, reviewing the ESG targets set in 2019 and adopting new ones.</p>	<p>2021 Integrated Report</p> <ul style="list-style-type: none"> • Our Strategy, page 19
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets.</p>		
<p>This year we have decided to boost our agenda, reviewing the ESG targets set in 2019 and adopting new ones. In our 2021 Integrated Report we show the progress of our sustainability performance against our ESG commitments and targets.</p>		

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<p> Principle 3: Clients and Customers We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</p>		
<p>3.1 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its clients. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p>UniCredit's ESG strategy reflects our ambition to position ourselves as a bank of reference on ESG issues. We hold ourselves to the highest possible standards in order to do the right thing for our clients and are fully committed to supporting them in a just and equitable transition. We have set ourselves clear objectives to support our clients in their social and environmental transition path. We are committed to delivering €150bn in ESG finance in the form of lending, DCM and investments by 2024. Our approach is guided by our policy framework with regard to our clients' transition in controversial sectors. We have reviewed our coal sector and oil and gas sector policies, and intend to review and, if necessary, set up policies in other sensitive ESG sectors. This will be done on the basis of our portfolio analysis and with the support of scientific experts in order to address these topics from a factual and impact-based perspective. In December 2021 we were one of the founding signatories and the first Italian bank to subscribe a new collective commitment to financial health and inclusion under the Principles for Responsible Banking. This is further proof of the bank's responsible social approach and of its dedication to building an inclusive economy. Our Group remains committed to strengthening consumer protection and improving awareness. In Italy, our longstanding partnership with national consumer associations, Noi&UniCredit, includes 14 different associations. Many information and awareness campaigns were developed under this partnership in 2021 for the benefit of consumers. Among the other initiatives undertaken in 2021 to promote an accurate awareness of ESG principles was a Compliance Customer Protection Workshop on ESG: a live webinar for all Group colleagues in which experts provided an overview of the evolving regulatory framework of the ESG landscape and the related risks and main challenges associated with the introduction of the sustainability concept in the world of investments.</p>	<p>2021 Integrated Report</p> <ul style="list-style-type: none"> • Our Strategy, page 19 • Applying a balanced approach: Risk management and Compliance, page 56 • Social and relationship Capital: doing the right thing is doing it together, page 80
<p>3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>UniCredit is focused on delivering a positive and sustainable transition which does the least possible harm to the planet and its people. This means actively engaging with clients in our daily commitment to support their energy transition plans and working closely together to accelerate climate action. We aim to raise awareness and provide them with the information, tools and education on innovations able to help their business evolve. With our Climate & Environmental (C&E) Risk Assessment Questionnaires, we assess our clients to determine their position on the transition pathway and support them in the best possible way. We are among the leaders in ESG corporate financing, providing sustainable finance advisory services to corporate clients, financial institutions and the public sector. We are a credible partner with certified ESG experts on the commercial banking network, as well as regional ESG competence centres and a 360° ESG advisory approach for mid-caps. Our results in 2021 include €2.4bn energy efficiency loans to SMEs and individuals in Italy, Germany and Austria. Thanks to our Start Lab platform, in Italy in 2021 we supported start-ups with innovative projects characterised by high sustainability traits. Among all the supported new companies, 50 are linked to the main categories of circular economy. In order to make this a fair transition for all, we adopt a holistic approach and work consistently towards increasing our own positive social impact in line with our role and responsibilities as a social actor. Our Social Impact Bank acts as an incubator of high-impact products such as microcredit, impact financing and social bonds, providing an inclusive offer to vulnerable enterprises and individuals.</p>	<p>2021 Integrated Report</p> <ul style="list-style-type: none"> • Our Strategy, page 19 • Applying a balanced approach: Risk management and Compliance, page 56 • Social and relationship Capital: doing the right thing is doing it together, page 80 • Natural Capital: building our tomorrow today, page 100


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Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

<p>4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p>Stakeholder engagement has always been a valuable activity for us, even more so this year as it represents a key step in the definition of our new ESG Strategy, a part of UniCredit Unlocked.</p> <p>In order to obtain opinions on our ESG ambitions, in September 2021 we met with the following key stakeholder groups:</p> <ul style="list-style-type: none"> • Business Heads • Institutional Investors • Corporate clients • Civil society • NGOs. <p>We held 40 interviews covering all our geographies and all ESG pillars.</p> <p>During the meetings our stakeholders focused on the following elements in relation to UniCredit:</p> <ul style="list-style-type: none"> • playing a central role in financing, supporting fragile clients, and pursuing a positive impact on society • Net Zero commitment • a dedicated service model for our corporate clients with ESG products integrating innovative schemes • a strong link between ESG strategy, goals and commitments, actions and disclosure. <p>By remaining steadfast to our commitment and taking decisive actions, we strive to understand our stakeholders' expectations. They contribute to much more than financial success, providing our clients with support during the transition, enhancing corporate citizenship and, in line with our role as a bank, integrating social purpose into everyday business and offers.</p> <p>We have also set up mechanisms to ensure that all stakeholders have the right opportunity and proper channels to engage with the Group. We are committed to continuously evolving these tools to ensure their capability to adapt to different needs and contexts and preserve long-lasting relationships. Moreover, engagement with stakeholders has led us to enhance our materiality matrix even further by underlining the actual and tangible needs to be taken into account.</p> <p>Our analysis is based on information sourced externally by the Datamaran tool and internally during engagement with stakeholders and top management.</p> <p>During the year we also started to highlight the concept of financial materiality: this perspective encompasses all sustainability risks and opportunities that may positively or negatively affect the reporting entity's development, performance and position (over the short, medium or long term) and therefore create or erode its enterprise value.</p> <p>To develop financial materiality we applied information sourced by the Datamaran tool which leverages the annual financial reports from industry peers, mandatory regulations, voluntary initiatives from financial markets and SASB standards as capital providers.</p>	<p>2021 Integrated Report</p> <ul style="list-style-type: none"> • Stakeholder Engagement, page 38
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 Principle 5: Governance & Culture We will implement our commitment to these Principles through effective governance and a culture of responsible banking.		
<p>5.1 Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p>	<p>Governance Structures The UniCredit Board of Directors defines the overall strategy of the Bank, which incorporates the Group's ESG strategy, overseeing its implementation over time. The recently established ESG Committee supports the Board of Directors in fulfilling its responsibilities with respect to the ESG components integral to the Group's business strategy and sustainability over time. The Group Executive Committee (GEC) replaces the former Executive Management Committee. The GEC is the Group's most senior executive committee, comprising top managers and chaired by the CEO. It ensures the effective steering, coordination and control of the Group business, including ESG issues concerning the Bank. Moreover, it supports the CEO in coordinating and monitoring all categories of risks and approving strategic risk topics, including ESG-related matters. A subgroup of the GEC members and other top managers form a dedicated ESG Strategy Council which provides oversight and strategic guidance across the Group on the definition and implementation of the ESG Strategy. The Group ESG Strategy & Impact Banking - part of the Group Strategy and Optimisation function (which together with the Group Stakeholder Engagement function serve as a CEO Office) makes proposals for the definition of the Group's ESG strategy to the ESG Strategy Council and subsequently to the ESG Committee and reports its status of accomplishment.</p> <p>The PRB are part of the overall ESG Strategy of the Group and their implementation is ensured by the sustainability governance of the Bank.</p> <p>Policies UniCredit has adopted detailed special policies regarding sectors that present significant environmental and social risks.</p> <p>Since 2017, UniCredit's code of conduct promotes a culture of compliance, providing a description of rules, standards, professional ethics and a commitment to sustainability.</p> <p>Procedures Our Group Non-Financial Risks and Controls Committee (GNFRC) - Reputational Risk Session - assesses the reputational risks on the sensitive sectors of initiatives, bank transactions, projects, clients and other business activities. In 2021, the GNFRC (or delegated competent bodies) held 58 meetings; over 120 transactions were sent on to Committee for decisions and 6% of transactions were declined. The Group ESG Strategy & Impact Banking contributes to this assessment.</p> <p>Since 2003, UniCredit has adopted the Equator Principles (EP) as a financial industry benchmark for determining, assessing and managing environmental and social risk in projects.</p>	<p>2021 Integrated Report</p> <ul style="list-style-type: none"> Realising the opportunities with our strong Governance, page 52 Applying a balanced approach: Risk management and Compliance, page 80 <p>2020 UniCredit TCFD Report</p> <ul style="list-style-type: none"> Governance, page 14 <p>For the complete list of the special policies please refer to: https://www.unicreditgroup.eu/en/a-sustainable-bank/sustainability-governance.html?topmenu=INT-TM_SUS02_en097</p> <p>For the Code of Conduct please refer to: https://www.unicreditgroup.eu/en/governance/our-governance-system/articles-association-code-ethics.html</p> <p>2021 Integrated Report</p> <ul style="list-style-type: none"> Applying a balanced approach: Risk management and Compliance, page 80

Reporting and self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/link(s) to bank's full response/relevant information
<p>5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>In line with our recent UniCredit Unlocked strategy, the values of integrity, ownership and care remain at the heart of everything we do. Employee engagement (through dedicated internal communication channels) and training continue to be our priorities. A new remuneration structure has been defined to support the accomplishment of the UniCredit Unlocked plan of which the ESG strategy is a key component.</p> <p>Capacity building We continued to deliver training initiatives aimed at fostering a sustainability culture among colleagues, and developed an ESG training catalogue covering basic to specialist courses targeting specific employees. The following are the main results:</p> <ul style="list-style-type: none"> • 40,000 people involved in group-wide training on the basic knowledge of ESG topics • over 13,500 people trained in human rights with almost 12,000 hours provided • 275 relationship managers trained in a 2-week seminar on sustainable finance in cooperation with a leading German business school • 140 certified ESG advisors in Austria • 37 certified ESG specialists in Bulgaria in partnership with Sofia University. <p>Remuneration structures and performance management A core set of our ESG targets will be embedded in the CEO's performance scorecard so as to foster the alignment of the management with the Group's ESG ambitions. These include:</p> <ul style="list-style-type: none"> • €140bn in environmental volumes (environmental lending, ESG investment products, sustainable bonds) by 2024 • €10bn in social volumes (social lending) by 2024 • gender parity across our organisation, in accordance with the Italy G20 Women's Forum CEO Champion Commitment, Towards the Zero Gender Gap • €100m dedicated to ensuring equal pay for equal work by 2024. <p>These ESG commitments, together with criteria included in the Strategic Priorities & Culture values set, will have a weighting of 30% in the CEO's overall performance evaluation. In order to align the Group's management structure and reinforce the managerial commitment to our ESG strategy, these objectives will be cascaded to the CEO's reporting line and below in accordance with the respective areas of responsibility.</p> <p>Leadership communication on PRB The public announcement of the signature of the UNEP FI commitment to Financial Health and Inclusion was made by the CEO.</p>	<p>2021 Integrated Report</p> <ul style="list-style-type: none"> • Human Capital: nurturing skills to make wellbeing flourish, page 70 • Applying a balanced approach: Risk management and Compliance, page 56 <p>2021 Integrated Report</p> <ul style="list-style-type: none"> • Realising the opportunities with our strong Governance, page 52 <p>2022 Group Remuneration Policy and Report https://www.unicreditgroup.eu/en/governance/compensation.html?topmenu=INT-TM_GOV9_en031</p> <p>https://www.unicreditgroup.eu/en/one-unicredit/commitments/2021/dec/our-commitment-to-financial-health-and-inclusion.html</p>
<p>5.3 Governance Structure for Implementation of the Principles Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <ol style="list-style-type: none"> target-setting and actions to achieve targets set remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected. 	<p>The PRB are fully embedded in the overall ESG strategy of the Group, designed, monitored and implemented by the sustainability governance defined in point 5.1. The Group ESG Strategy & Impact Banking Service Line, through the ESG Metrics, Policies and Disclosure Unit, coordinates the implementation of the PRB and engages other relevant competent functions of the bank when required. It ensures the timely implementation of the commitments related to the PRB and defines remedial action if any targets or milestones are not being achieved. The ESG Metrics, Policies and Disclosure Unit is responsible for the periodic reporting on PRB implementation.</p> <p>After joining the NET ZERO BANKING ALLIANCE (NZBA) in October 2021, we have set up a dedicated task force to achieve these goals, bringing together all the relevant skills and competencies in the Group.</p> <p>After signing the Commitment to Financial Health and Inclusion in December 2021, we have been working with the relevant functions of the Bank to define the related targets in order to ensure the implementation of the commitment.</p>	<p>2021 Integrated Report</p> <ul style="list-style-type: none"> • Our strategy, page 19 • Realising the opportunities with our strong Governance, page 52 <p>2020 UniCredit TCFD Report</p> <ul style="list-style-type: none"> • Governance, page 14
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</p> <p>We have further progressed in fulfilling this requirement. UniCredit has an effective and clear sustainability governance in place which was further reinforced in 2021.</p>		

Reporting and self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/link(s) to bank's full response/relevant information
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Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

<p>6.1 Progress on Implementing the Principles</p> <p><i>Show</i> that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</p> <p><i>Show</i> that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.</p> <p><i>Show</i> that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.</p>	<p>The 2021 Integrated Report shows how the Bank has progressed over the past year on its journey towards full PRB implementation. This was also made possible by consolidating existing international good practices relevant for the implementation of the Principles and by adopting new emerging ones. Below we list some international good practices/initiatives in which the Group is actively involved and for which substantial results were achieved in 2021 in relation to areas of major impact of the Bank's activity.</p> <p>Equator Principles UniCredit has adopted the Equator Principles (EP) as a financial industry benchmark for determining, assessing and managing environmental and social risk in projects. In the past year, we have evaluated 61 projects under the EP, 15 of which were financed. In 2021, we confirmed our engagement in the promotion of the EP and the reinforcement of our internal and external commitment. In particular, we actively participated in reviewing the optimal legal and management structure of the association as well as its governance rules.</p> <p>Task Force on Climate-Related Financial Disclosure (TCFD) Recommendations. We committed to the TCFD recommendations in 2019 and promptly started reporting in the 2019 Integrated Report. In 2021, we published our first stand-alone TCFD report representing our second disclosure aligned to the recommendations.</p> <p>Risk Management Framework A group-wide climate risk management framework has been put in place to assess and monitor all activities related to climate change and environmental risk.</p> <p>Controversial Sector Policies Our approach to sensitive sectors is under constant review. UniCredit has adopted detailed special policies regarding sectors that present significant environmental and social risks. In particular, in 2021 we reviewed our coal sector and oil & gas sector policies and published a new commitment on Tobacco.</p> <p>Labour Organisation's Fundamental Human Rights Conventions We are committed to fighting modern slavery and human trafficking in our business and supply chains. In this regard, UniCredit is also compliant with section 54 of the 2015 United Kingdom's Modern Slavery Act. There has been continued support of a constructive dialogue with stakeholders by participating in working groups and forums such as the Thun Group, an informal group of bank representatives and experts on environmental and social/human rights topics working together on further understanding the United Nations Guiding Principles for managing human rights impacts in the activities of banks.</p> <p>European Clean Hydrogen Alliance In 2021 we became a member of the European Clean Hydrogen Alliance. The Alliance aims at the deployment of hydrogen technologies by 2030.</p> <p>Steel Climate-Aligned Finance Working Group We are among the 6 global banks that have formed the Steel Climate-Aligned Finance Working Group facilitated by RMI's Centre for Climate-Aligned Finance.</p>	<p>2021 Integrated Report</p> <ul style="list-style-type: none"> Risk Management and Compliance supplements, page S.19 <p>2020 UniCredit TCFD Report</p> <p>2021 Integrated Report</p> <ul style="list-style-type: none"> Applying a balanced approach: Risk management and Compliance, page 56 <p>For the complete list of the special policies please refer to: https://www.unicreditgroup.eu/en/a-sustainablebank/sustainabilitygovernance.html?topmenu=INTTM_SUS02_en097</p> <p>For more information please refer to: https://www.unicreditgroup.eu/en/a-sustainablebank/sustainabilitygovernance.html</p> <p>2021 Integrated Report</p> <ul style="list-style-type: none"> Our Strategy, page 19 <p>2021 Integrated Report</p> <ul style="list-style-type: none"> Our Strategy, page 19
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Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking.

In the past year UniCredit has progressed in its journey towards responsible banking and the implementation of the PRB. A particularly important development was the signature of new significant and challenging commitments.

Annex: Definitions

a) impact: An impact is commonly understood as being a change in outcome for a stakeholder. In the context of these Principles this means (aligned with GRI definition) the effect a bank has on people/the society, the economy and the environment and with that on sustainable development. Impacts may be positive or negative, direct or indirect, actual or potential, intended or unintended, short-term or long-term.

b) significant Impact: Impact that in terms of scale and/or intensity/salience results in a particularly strong/relevant change in outcome for a stakeholder. In the context of these Principles, the concept of significant impact is used to ensure banks focus where their actions/business (can) matter most for people, economy and environment and to provide a reasonable and practical threshold for what issues need to be considered/included, similar to the concept of materiality.

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