Unlock your potential

TCFD Report
2021

Task Force on Climate-related Financial Disclosures

Empowering Communities to Progress.

UniCredit

Index

Letter from the Chief Executive Officer

We publish our annual TCFD report in unprecedented circumstances. The unfolding war in Europe, the cost-of living crisis, the after-effects of the pandemic and the continuing climate emergency are impacting individuals across the world and will continue to do so.

Europe's efforts to work toward a more sustainable future has become an even greater task since the outbreak of Ukraine war. Energy supply has been squeezed, global commodities as well as food prices have increased, and green plans have been derailed.

But in challenge there is possibility. The war has shown us the urgency of resolving the question of energy security. It should give us greater motivation and focus in our work towards a greener future.

UniCredit has always been committed to a fair and just energy transition. We recognise that the longer-term global threat of climate change remains unchanged and ever more pressing. We only need to look at the 30 million people recently displaced in Pakistan, or the devastating effects of the floods in Germany and Italy to see this.

We are committed to supporting our clients through any challenges they face in this transition. This includes helping them adapt to a rapidly-changing energy landscape. This year we joined the Net-Zero Banking Alliance, which means we have committed to achieve Net Zero emissions from our operations by 2030 and from our financing portfolio by 2050. This is just one of many steps taken.

Throughout all of this, we must remain conscious that the journey to a green future does not exist in isolation. For every decision we make to be more environmental, we must consider how this impacts our Social agenda. We must find a way through that serves both agendas, and leaves no one behind.

UniCredit's purpose of empowering communities to progress means taking every aspect of ESG into account and finding solutions that help all the individuals and communities we serve at every stage. This is about being more sustainable, but it is also about giving them what they need to succeed through this transition.

ANDREA ORCEL
CHIEF EXECUTIVE OFFICER UNICREDIT SPA

Message from Head of Group Strategy & ESG

The context in which we publish our TCFD report is one of a world beset by mounting crises of global importance. We are faced with a strained global economy already suffering from the effects of the pandemic as well as supply chains under significant stress, all compounded by ever constricted energy markets and escalating global commodity prices. The war in Ukraine has only exacerbated these adverse trends and the economic and humanitarian repercussions of rising costs of energy and food are intensifying.

These disruptions occur in the broader and ongoing context of an ever-present climate crisis, whose effective mitigation will require a global transition to a low-carbon economy. If we are to limit global warming below 1.5 degrees Celsius and stay on track to meet the ambitious goals set out in the Paris Agreement, we need to make a collective effort to accelerate the transition of the global economy.

However, in amongst the adversity we can find opportunity, and it is more important than ever that we see the possibilities in this transition; the required economic transformation will not only create immediate commercial opportunities but also open up the prospect of a fundamentally transformed global economy with lower energy costs being one of numerous benefits, including improved health outcomes and enhanced conservation of natural capital. The transition will also bring new growth opportunities, as decarbonization creates efficiencies and opens markets for low-emissions products and services.

Effective actions to accelerate decarbonization include shifting the energy mix away from fossil fuels, increasing energy efficiency and managing demand for energy. In the short term it is clear that the war will complicate the transition's path; in Europe we are already seeing the fallout from the rise in energy prices; this poses an immediate economic and political crisis that must be addressed.

Whilst in the near term we may see a resulting increase in fossil-fuel production and a revival of recently decommissioned generation assets, in the long term, energy-security concerns should drive investment into energy efficiency and renewable energy as a key tool for energy independence and price management. In addition, current utility prices could make the business case for hard-to-abate industry decarbonization more attractive.

The EU has already drawn the conclusion from this war that they need to accelerate the transition. The latest proposed RePowerEU plan put forth by the EU Commission outlines a series of measures to mitigate the impact of rising energy prices and accelerate the clean energy transition; in the medium term, this means an increase to the EU's 2030 energy efficiency and renewable energy targets.

In the current scenario, the role of finance will continue to be critical. In a world where emissions could well increase in the short term, strategies that were designed to see a linear and constant decrease in financed emissions are likely to be untenable meaning we need to think through - at least initially - more complex decarbonization paths for companies and provide the right support and incentives to companies on these paths. It will be imperative that we continue to refine our ability to understand our clients financed emissions and work closely with them on an orderly and gradual path of decarbonization.

As fossil-fuel prices rise and renewable prices continue to fall, new decarbonization solutions along the marginal-abatement cost curve become cost-effective and we need to build on our capability to identify and capitalize on the opportunity to finance these emerging opportunities.

Financing the transition to a low-carbon future is completely aligned with UniCredit's purpose of empowering communities to progress. Our ESG strategy is designed with the purpose to help us see past the immediate bottom line and short-term financial goals. UniCredit's unparalleled positioning across Europe will enable us to play a critical role in our whole continent's transition to a more sustainable future. We do not want to merely support the green transition; we want to lead it. We have set ambitious targets to reduce the environmental impacts of both our operations and Net Zero financed emissions, assuming the key principle that, as an organisation, we should lead by example in the green transition.

We undoubtedly have a huge responsibility in supporting clients in their own business transformation and guiding financing in the right direction. We already knew that this transition would not be an overnight process; it would be complex, involving challenges and compromises between climate change and societal developments to be addressed in a holistic framework by institutions, individuals, governments and regulators alike. We will continue to play our part as the bank for Europe's future, working together to forge the most beneficial path for all stakeholders towards a greener future.

Our 2021 progress on each of the pillars of the TCFD approach, are shown in the summary table on page 5.

FIONA MELROSE
HEAD OF GROUP STRATEGY & ESG

TCFD Framework[A]	Summary of progress	Reference
GOVERNANCE	**OVERSIGHT OF CLIMATE RELATED ISSUES:** > climate-related issues discussed on a regular basis by the Board of Directors and by the ESG Committee of the Board. **REMUNERATION:** > developed a new Remuneration Policy. Comprehensive scorecards, including financial and ESG targets aligned to the new Strategic Plan, have been formulated for the CEO and top management. **TRAINING:** > put in place training initiatives focused on ESG and climate change-related risks and opportunities at all levels of the Bank addressing different needs.	Page 10-14
STRATEGY	**UNICREDIT'S NEW ESG STRATEGY:** > defined a new UniCredit ESG strategy as a key component of the new Group Strategic Plan, aimed at embedding sustainability at the heart of what we do. **PRODUCTS AND SERVICES FOR TRANSITION:** > released our Sustainability Bond Framework (SBF) as an important tool for the implementation of our ESG Strategy; > published our first Sustainability Bond Report detailing the allocation and impact of UniCredit Green Bonds. **STEERING OUR BEHAVIOUR WITH CLEAR COMMITMENTS:** > released new versions of our Coal and Oil & Gas policies and adhered to the Tobacco-Free Finance Pledge; > joined the Net-Zero Banking Alliance committing to achieve Net Zero emissions from our operations by 2030 and from our financing portfolio by 2050: a working group has been set up to disclose first-round targets by April 2023 and monitor our trajectory; > committed to a corporate PPA (Power Purchase Agreement) with a specialist green power producer in Italy for the supply of electricity totally produced from renewable sources.	Page 15-22
RISK MANAGEMENT	**TRANSITION RISK:** > overview of Corporate EAD covered by C&E Questionnaire screened since 2021 and related portion of high-risk scoring; > exposure toward NACE sectors of TOP5 Countries with highest GHG Intensity; > update of PACTA results on Dec 2021 portfolio. **PHYSICAL RISK:** > potential damage of mortgage portfolio collaterals at Group level due to extreme acute physical risk events; > high level insight on forward looking physical risk impacts on the overall fair value. **DATA RETRIEVAL STRATEGY:** > first insights of the global framework for ESG information that will be key enabler for Regulatory Disclosure and Risk Management and Business Steering.	Page 23-33
METRICS & TARGETS	**PROMOTION OF BUSINESS THAT SUPPORTS NATURAL CAPITAL:** > set new targets of €150bn cumulative ESG volumes (2022-2024), of which €25bn of new environmental lending; > achieved €36.6bn of cumulative ESG volumes in 1H22; > issued 4 own Green Bonds aligned with the UniCredit Sustainability Bond Framework. **REDUCTION OF OUR ENVIRONMENTAL IMPACT:** > reduced own greenhouse gas (GHG) emissions by 32% in 2021 against 2017, aiming at achieving Net Zero by 2030; > procured most of the electricity in the bank's buildings from renewable sources in 2021 (100% in Italy and Germany, Austria close to reaching the same level); > disclosed consumption intensity metrics to monitor and manage our environmental footprint.	Page 34-36

[A] This year, we have 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, and aligned to the new guidelines where applicable.

Introduction

UniCredit is a pan-European commercial bank with a unique service offering in Italy, Germany and central and eastern Europe. We serve over 15 million clients worldwide who are at the heart of what we do in all our markets. UniCredit is organised into four regions and two product factories - Corporate and Individual Solutions.
This allows us to be close to our clients and use the scale of the entire Group for developing and offering the best products across all our markets.
Our commitment to ESG principles is a key enabler for our service. It helps us deliver excellence to our stakeholders and create a sustainable future for our clients, our communities and our people.

13 LEADING BANKS WITH UNRIVALLED DISTRIBUTION POWER

Connecting
15m clients
across Europe

14m
Retail clients

1m
Corporate clients

Cross border payments market share:
c.**2**x intra country

86k
people

1
leaner Corporate Centre embedding Digital & Data

2
product factories serving all regions

13 Banks Embedded in the **fabric of Europe**

4
Coverage regions

#2
Italy

#3
Germany

#2
Central Europe

#1
Eastern Europe

Our purpose: empowering communities to progress

We are driven by our purpose: to unlock the full potential of individuals and businesses across Europe and empower communities to progress.
Our daily actions are guided by our ambition to become the Bank for Europe's future. We at UniCredit are creating something that is built to last, beneficial to all our stakeholders and greater than the mere sum of its parts.
We put the values of integrity, ownership and caring at the heart of our decision-making and actions, as one team of people acting as true partners to our clients.
Winning the right way together.

OUR CORE VALUES

Integrity

We act in the best interest of our clients.

We are **honest, straightforward** and **transparent**.

We do the right thing - even when no-one is watching.

Ownership

We deliver on our promises and take **accountability** for our actions and commitments.

We are **empowered** to make decisions and learn from failure.

We **speak up** - to express an idea, an opinion or when we see something wrong.

Caring

We **care** about our clients, communities and each other.

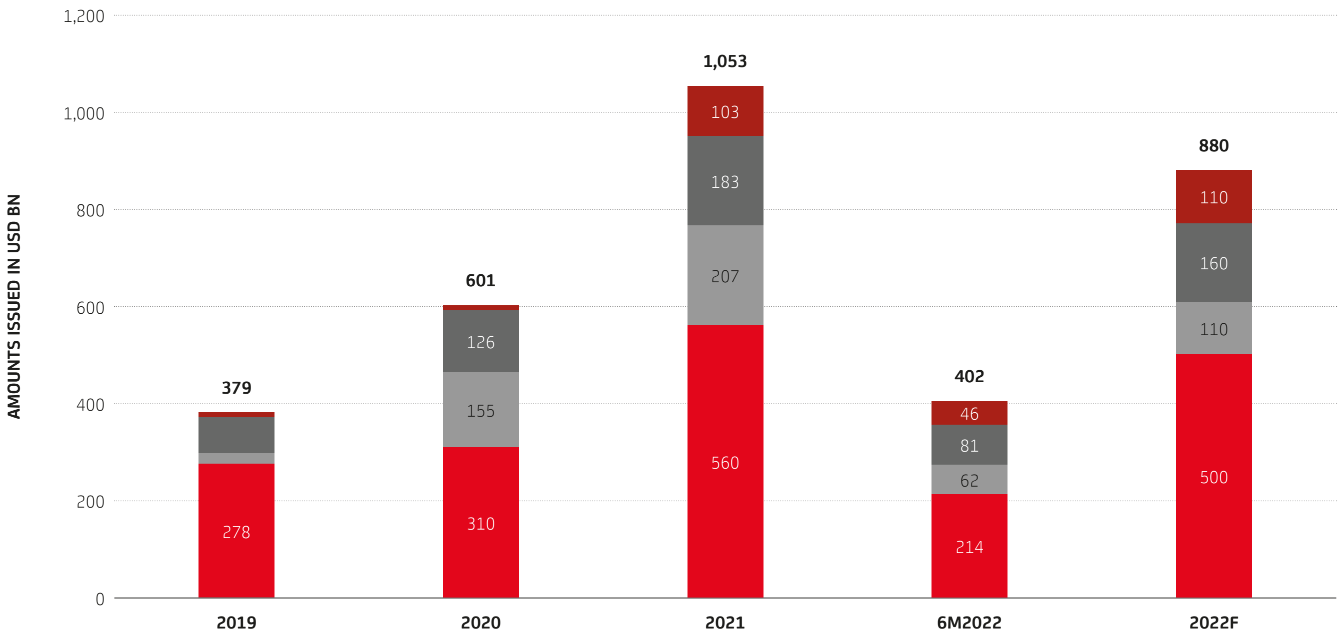
We are eager to help one another and for our people to thrive.

We treat each other with **respect** and **value our differences**.

The evolving market context

ESG factors and sustainability materiality have become increasingly more important for all stakeholders over recent years, driven also by the evolution in the context of the pandemic.

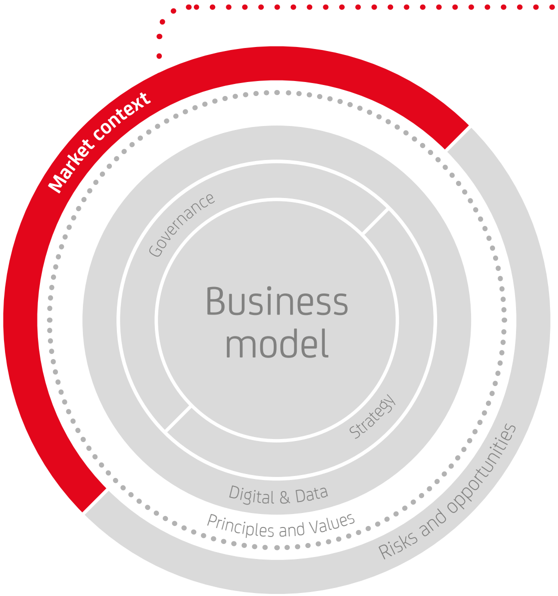
GREEN, SOCIAL, SUSTAINABILITY AND SUSTAINABILITY-LINKED BONDS (FORECAST 2022)



Source: Climate Bonds Initiative, Bloomberg, UniCredit Research.

An abundant supply of green, social, sustainability and sustainability-linked bonds were on offer in 2021 and a new record was set in January 2022. Nevertheless, inflation risk and geopolitical circumstances have weighed on issuance since then.
The first half of 2022 was characterised by a number of stress factors for the economy and financial markets, such as persistently high inflation and the war in Ukraine. The key channel through which this conflict is affecting the economy is further increases in energy and commodity costs and, in particular, concerns about energy supply disruptions for Europe.
At the same time, the pressure for urgent climate action has only grown. Just this year, reports from Working Groups II and III of the United Nations' Intergovernmental Panel on Climate Change (IPCC) outline the critical milestones that the global community must achieve to curtail the most severe effects of climate change.
As the conflict in Ukraine continues, the European Commission has outlined a plan, RePowerEU, to mitigate the impact of rising energy prices, accelerate the clean energy transition and, in the medium term, increase EU's 2030 energy efficiency and renewable energy targets.

At this time of uncertainty, the Net-Zero Banking Alliance - of which UniCredit became a member last year - marks its first anniversary. The critical state of geopolitics in Ukraine and its repercussions on the global fossil fuel market further support the critical need for an ambitious and expedient Net-Zero transition. The Alliance recommits to its Net-Zero ambitions, bringing greater focus, innovation, collaboration and dedication to the transition.



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

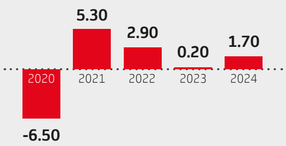
To fulfil our purpose of empowering communities to progress, **we must ensure that sustainability is at the heart of all we do**. Creating a more sustainable and equitable future will inform all our choices: who we partner with, how we mobilise capital and the projects we operate to support the individuals and communities we serve.

Macroeconomic context

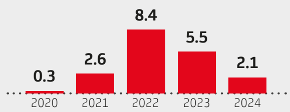
2022 GDP will be impacted by the spillover effects of the ongoing conflict between Russia and Ukraine.

Inflation in Eurozone **in 2022** reflects ongoing development of energy prices and related spillover effects.

Euro Area Growth [A] (Real GDP growth y/y, %)



HICP Eurozone (%)



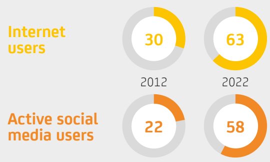
[A] UniCredit research. Data as of September 2022.

Stakeholders

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.

[B] Source: Digital around the world 2022 report, by We Are Social.

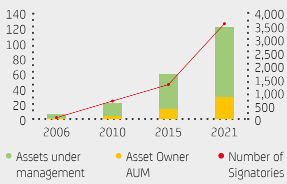
Global digital snapshot [B]
% of world population



Investors

ESG investing is becoming mainstream. Asset managers are no longer questioning ESG integration, rather how they can differentiate themselves through increasingly **sophisticated ESG investment approaches**.

PRI signatory growth
Assets under management (AUM) (US$ trillion)
N° Signatories



Regulators

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

Industry Trends

Our aim is to have a positive impact on the **competitiveness** of companies and the **well-being** of individuals within each country. Focusing on industry trends, we offer tailored solutions to our clients 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

SNAPSHOT ON ENERGY CRISIS

The current energy crisis offers a glimpse of a future where a transition to a low-carbon economy that is not properly managed or stress-tested against scarcity and volatility might produce recurrent market disruption and hinder the decarbonisation trajectory.

- **RePowerEU,** published in March 2022, as first reaction from EU Union to secure short-term energy supply in 2022 and a robust diversification strategy for 2030
- Situation is rapidly escalating with Russia cutting off gas supplies and **EU working to reduce its energy dependency**
- **EU Countries** started to disclose details on their emergency plans: Germany activated Phase II (Warning) plan, while Italy and Austria both in Stage I (Early warning) of their emergency plans

EMERGING ESG STAKEHOLDER TRENDS

66% of **Europeans** feel that climate change will still be a serious issue by 2050[C]

93% of **UK workers** said tackling climate change was key to their motivation and wellbeing, with 78% ready to tackle the climate crisis at work[D]

[C] Source: EIB - The EIB Climate Survey 2021-2022 - Citizens call for green recovery - April 2022.
[D] Source: HR Magazine - Majority of UK workers motivated by climate change - July 2022.

CLIMATE SURVEY ON INVESTORS[E]

For **75%** of investors, **climate change is now central** to or a significant factor in their investment policy, a steep increase from only 34% two years ago

70% of investors are currently **implementing thematic investing**

Investor awareness of biodiversity is rapidly increasing and more than doubled, today **41%** of investors saying that biodiversity was a significant factor of their investment policy

[E] Source: Robeco's climate survey on Investors - March 2022.

EU FRAMEWORK FOR SUSTAINABLE GROWTH

- **2018** – **EU Sustainable Finance Action Plan**: Green Taxonomy defining sustainable investment activities from the end of 2021
- **2019** – **EU Green Deal**: EU to be climate neutral by 2050
- **2021** – EU adopted a proposal of **Corporate Sustainability Reporting Directive (CSRD)**, aimed at modifying the current reporting requirements of Non-Financial Reporting Directive
- **2022** – Disclosure on environmentally sustainable activities **(eligibility)** based on the **Taxonomy Regulation** (Art. 8 - Reg. 2020/852)
- **2023** – Disclosure on first set of KPIs for **EBA Pillar 3** regarding climate risks, mitigation actions and institutions' strategy, governance and risk management framework
- **2024** – Disclosure on environmentally sustainable activities (**Green Asset Ratio**) based on the **Taxonomy Regulation** (Art. 8)

EMERGING ESG INDUSTRY TRENDS

$1.5tn potential size of carbon offset market by 2050[F]

Social issues will rise in prominence over the next years, gaining investors', regulators' and stakehol-ders' attention in capital markets[G]

[F] Source: Barclays Research - March 2022.
[G] Source: 2022 ESG credit trends by Sustainable Fitch, December 2021.

ESG Products

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

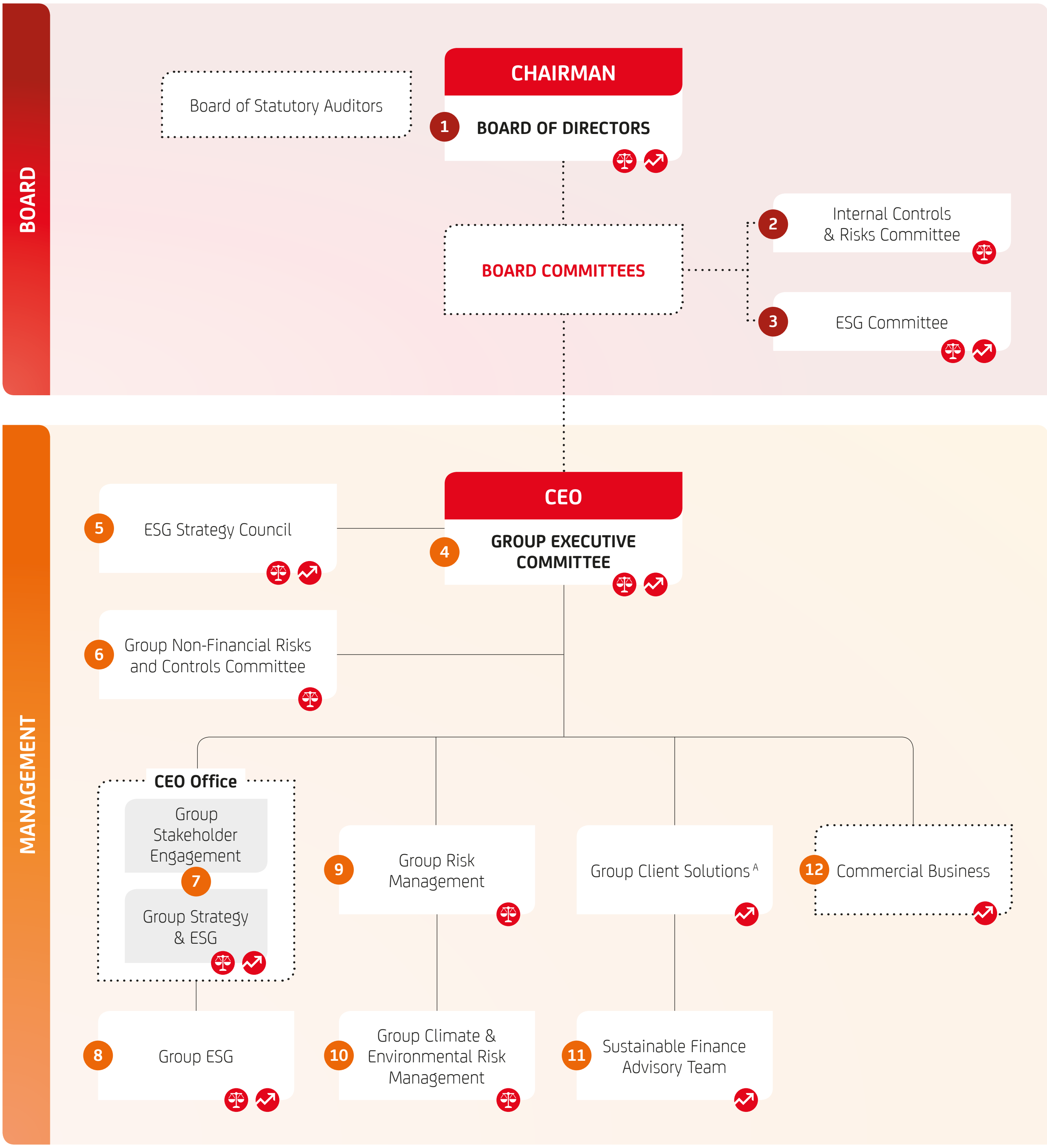
CAPITAL MARKETS
- Green bonds
- Social/Sustainable/ Transition bonds

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

ASSET MGMT
- SRI funds
- ESG ETFs and Indexes

Governance

GOVERNANCE OF CLIMATE-RELATED RISKS AND OPPORTUNITIES



LEGEND — Climate-related risks — Climate-related opportunities

A. Formerly 'Corporate & Investment Banking'.

Governance of the organisation in relation to climate-related risks and opportunities

In order to reach the objective of further embedding ESG criteria in the Group strategy, UniCredit's sustainability governance has undergone a profound evolution over the past years. The changes concern both the Board and the managerial levels of its governance.[1]

CORPORATE BODIES 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 (RAF) which establishes the desired risk profile vis-à-vis its short and long-term strategic objectives and business plan. For monitoring purposes, dedicated Climate Risk KPIs have been included in the 2022 Risk Appetite Framework, enabling the Bank to oversee the evolution of transition and physical risks it is exposed to;

- exposure to Fossil fuel sectors (FF);
- % of High Transition Risk (HTR);
- mortgage portfolio exposed to physical risk.

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

2 The **Internal Controls & Risks Committee (ICRC)** supports the Board of Directors in risk management and control-related issues: 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 are correctly implemented.

3 The **ESG Committee** supports 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 provides opinions and supports 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.

The **Board of Statutory Auditors** exercises oversight of ESG governance and related topics.

COMPETENCES

77%

of the Directors in office (i.e., 10 out of 13) has **expertise in Sustainability (ESG)**

The Chair of the ESG Committee is **Financial Sector Hub Leader for the Climate Governance Initiative**

CORPORATE BODIES OVERSIGHT[A]

Board of Directors

Meetings in which climate related items were discussed: **12**

Items discussed: **8**[B]

ESG Committee

Meetings in which climate related items were discussed: **11**

Items discussed: **7**[B]

TOPICS DISCUSSED BY THE BOD AND/OR BY THE ESG COMMITTEE INCLUDE[A]

- Group ESG Strategy Framework;
- ECB climate and environmental risks (self-assessment, stress test and thematic review);
- Net Zero commitment (approach and plan);
- Task Force on Climate-Related Financial Disclosure (TCFD);
- Risk Appetite Framework: climate-related KPIs;
- Integrated Report 2021;
- Group Policies for controversial sectors (incl. exceptions).

A. From October 2021 to September 2022.
B. Some items were discussed in multiple meetings.

1. Refer to the annual Report on corporate governance and ownership structure, available in the Governance section of our website (www.unicreditgroup.eu) for more information.

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)** is the Group's most senior executive committee, chaired by the CEO. It ensures the effective steering, coordination, and control of the Group business as well as the alignment of the parent company with the different businesses and geographies regarding strategic topics, such as ESG issues. In dedicated Risk sessions, it supports the CEO in coordinating and monitoring all categories of risks and approves strategic risk topics, including ESG-related matters.

5 A subgroup of the GEC members and other top managers forms a dedicated **ESG Strategy Council** which provides 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.

7 The **Group Strategy & ESG** and the **Group Stakeholder Engagement** functions together serve as a **CEO Office**, dealing with all initiatives which are critical for the CEO, such as strategy, M&A, the further integration of ESG criteria in our business, stakeholder management, and regulatory affairs.

8 The **Group ESG**, part of Group Strategy & ESG function, makes proposals towards the definition of the Group's ESG strategy to the ESG Strategy Council and the ESG Committee, and oversees its implementation by leading the ESG Roadmap, measuring results and reporting its status of accomplishment. It prepares the Group Integrated Report and ensures coordination in the implementation of the Principles for Responsible Banking - UNEP FI. Group ESG, in collaboration with all the relevant functions of the Bank, is part of the Net Zero Governance[2], and 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 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 structures.

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.

[2] Refer to the Strategy chapter for more information.

11 On the opportunity side the **Sustainable Finance Advisory Team** (part of Group Client Solutions [3]) has the role of:

- increasing client engagement of ESG-related topics and facilitate their **access to Europe's growing sustainable finance market**, combining sustainability expertise with capital markets and loan markets capabilities;
- providing our clients with targeted advice regarding the implementation of **sustainable finance instruments**;
- offering a holistic and comprehensive **ESG advisory** approach that is a sustainable alternative to traditional finance advisory services;
- ensuring that relevant transaction in the Group comply with the **Equator Principles**, the financial industry benchmark for determining, assessing and managing environmental and social risk in projects.

12 Finally in order to support customers in seizing opportunities deriving from the ecological transition, in all the major countries in which the Group operate, dedicated teams in charge of developing and offering new ESG related products and services for corporates and individuals in line with Group's targets and ambitions, have been set up.

As an example, in 2021 the **ESG Italy** department was established with the aim of implementing the Group's Environmental, Social & Governance strategy in the Italian market. It's main goal is to support companies willing to tackle the energy transition and facilitating the allocation of capital toward economic activities that generate a positive and inclusive impact for society.

TRAINING [A]

Several training initiatives focused on ESG and climate change-related risks and opportunities have been put in place in the past year at all the levels of the Bank addressing different needs:

Board of Directors	Training sessions for the **Board of Directors**, or members of each Board Committee covering their competence area, have focused on topics of strategic relevance including **ESG strategies and risks**, "deep-dive" sessions were dedicated to **ECB self-assessment on climate and environmental risks, ESG Regulatory Framework** and **Mobilising capital and the financing of transition.**
ESG advisors	**140 certified** ESG advisors in Austria, and **37** in Bulgaria in partnership with Sofia University.
Relationship managers	**275 relationship managers** trained as **Sustainable Finance Experts** in cooperation with a leading German business school.
Global Account Managers, Relationship Managers	A dedicated **Climate & Environmental Risk Assessment Training** aimed at both guiding colleagues in understanding the regulatory context and the new overall Climate & Environmental methodological approach and providing the guidelines for the completion of the new Environmental Questionnaire on impact of climate change, which have to be done for all credit procedures going to the deliberative committees.
All UniCredit employees	More than **40,000 colleagues** involved in training on **basic knowledge of ESG topics** introducing also Climate Change issues.

A. Figures as of end 2021.

3. Former UniCredit Corporate & Investment Banking.

Remuneration

Our new Remuneration Policy has been developed to support the accomplishment of the UniCredit Unlocked plan, of which the ESG strategy of the Group is a key component.[4]

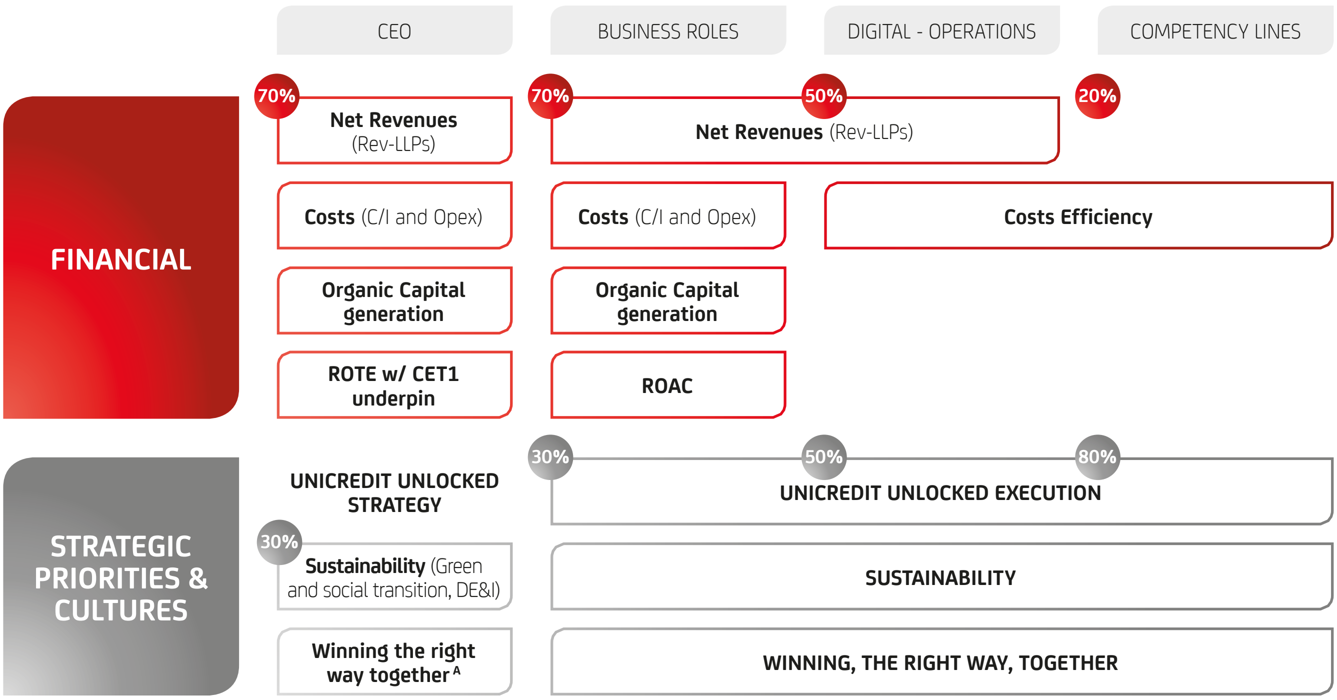
Comprehensive scorecards, including, among others, financial and ESG targets aligned to the new Strategic Plan, have been formulated for the CEO and top management.

The inclusion of such KPIs fosters the alignment of management's interests with those of shareholders.

The overall 2022 variable remuneration of the Executives with Strategic Responsibilities will depend on the degree of achievement of the below short-term performance scorecard.

OVERVIEW ON 2022 GOAL SETTING FOR EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

Objectives under the same cluster are equally weighted



A. **Winning, the right way, together:** fostering of corporate values and expected conduct and behaviours aligned with corporate culture, with a balanced approach across sustainable growth and risk management for all stakeholders.

In particular the **KPI "Sustainability" refers to the support of our clients' green and social transition** and promotion of people diversity, equity & inclusion. This is a commitment to a key lever for the Bank's future business strategies and a critical component of success.

The CEO's targets for this KPI are the following:

140bn
by 2024 on **"Environmental"** volumes

10bn
by 2024 on **"Social"** volumes (social lending)

Gender parity
ambition across organization

100m
by 2024 to ensure **equal pay** for equal work

So as to align the Group's management structure and reinforce managerial commitment to our ESG strategy, such objectives are cascaded to the CEO's reporting line and below involving all the Group Material Risk Taker population (i.e. those categories of staff whose professional activities have a material impact on an institution's risk profile).

The **Group Material Risk Taker (GMRT)** population in UniCredit, according to the latest identification process, is composed of **1,121** employees of which approximately 450 belong to the Business Functions.

All GMRT scorecards for the assessment of short-term performance include at least one ESG goal. ESG goals can be selected among a cluster of ESG KPIs included in the "KPI Bluebook", a catalogue of performance indicators annually certified by relevant Group key functions.
Among the ESG KPI defined in the BlueBook catalogue there are ESG Strategy and Net-Zero Project.

4. Refer to the 2022 Group Remuneration Policy and Report available in the Governance section of our website (www.unicreditgroup.eu) for more information.

Strategy

The UniCredit ESG strategy shows that embedding sustainability in all that we do is one of the five strategic imperatives of our 2022-2024 Strategic Plan, UniCredit Unlocked, announced on 9 December 2021.

ESG Strategy

Our ESG strategy is built around four fundamentals:

- **leading by example**, striving for the same high standards that the Group seeks from those it does business with;
- setting **ambitious ESG goals** to support its clients' need for change;
- equipping the Group with tools to assist clients and communities in navigating the **environmental and social transition** through strategic actions across the relevant building blocks;
- **embracing and investing the resources** needed to deliver and reach medium and long-term commitments (Net-Zero, same salary for same role, financial health and inclusion) to enable a more equal and sustainable society.

The ESG Strategy is rooted in the Group's principles and beliefs across the Environmental, Social and Governance dimensions, based on clear business goals and key strategic actions across four building blocks, ensuring deliverables through transparent enablers.

OUR CLIMATE STRATEGY

Our constant attention has led us to develop a climate strategy with a two-pronged approach to promoting and preserving natural capital:

DIRECT IMPACTS
We **commit to containing our own environmental footprint:**

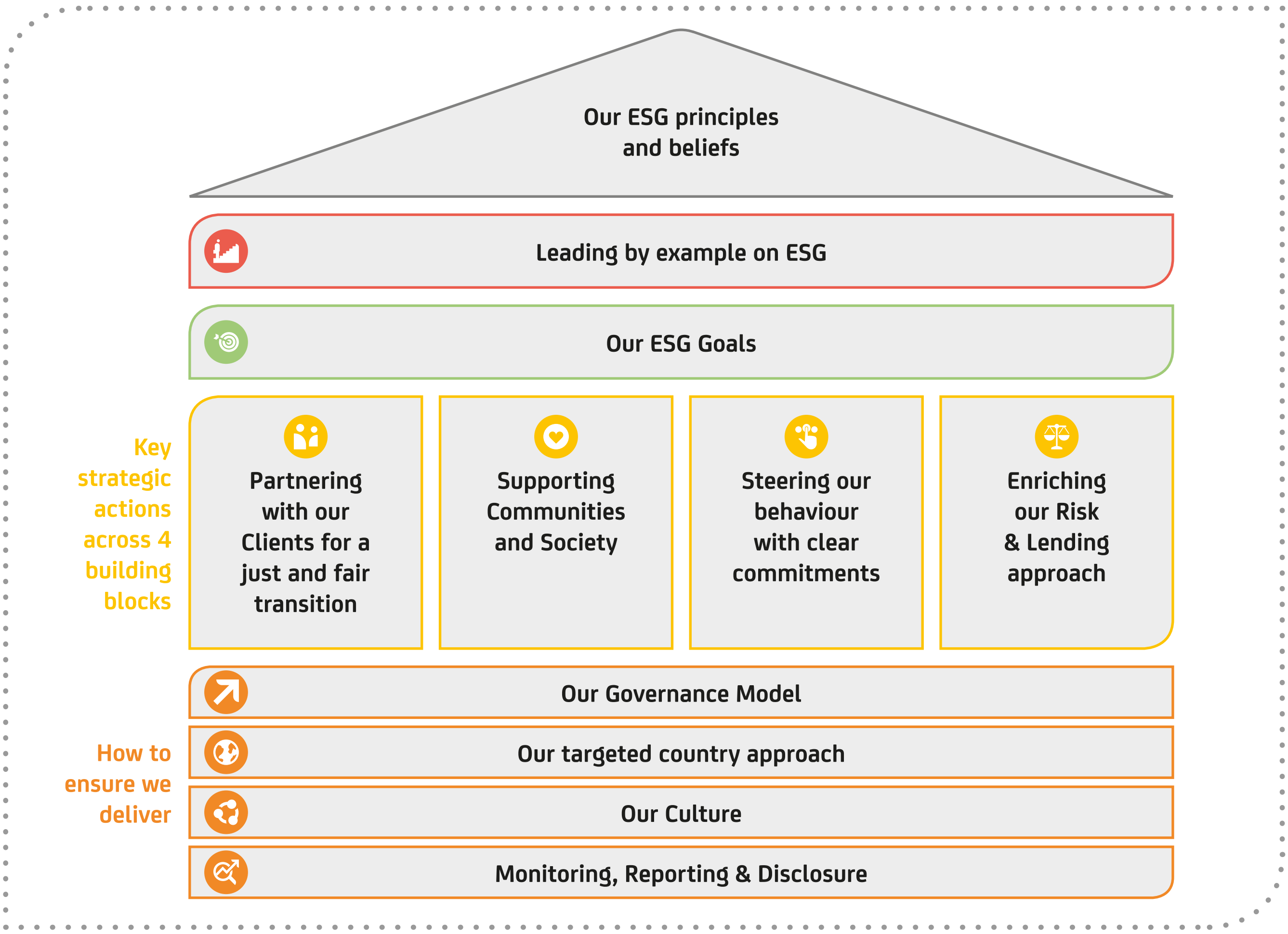
- **lowering our direct emissions towards Net Zero**, procuring most of our electricity from renewable sources and improving the energy efficiency of premises and data centres;
- **adopting circular solutions** in resources management, with the commitment to remove single use plastic items in UniCredit buildings by end of 2022.

INDIRECT IMPACTS
We offer **support to businesses** respectful of the environment while accompanying clients operating in climate-sensitive industries in their journey along the transition path:

- **adopting a sector policy framework** which takes into account both environmental and social aspects;
- **defining** our journey towards **Net Zero on financed emissions.**

These two different types of impacts are taken up in the following pages of the Strategy and Metrics & Targets chapters to highlight the initiatives put in place to promote and preserve natural capital.

OUR ESG STRATEGY: BUILDING ON STRONG FUNDAMENTALS TO DELIVER VALUE



LEADING BY EXAMPLE ON ESG

We want to maintain our leadership position in the ESG global landscape, assuming the key principle that, as an organisation, we should lead by example in the green transition. Below we represent a snapshot of our main achievements, while a full picture of our environmental performance is included in the Metrics & Targets chapter.

ENVIRONMENT

Our greenhouse gas emissions

32%
2021 reduction vs. 2017, market based

Electricity from renewables

80%
use on our premises in 2021

100% | 100% | 98% | 67%

Plastic-free

No single use plastic items in UniCredit buildings by end of 2022

Promoting sustainable financial instruments

€36.6bn
ESG volumes during 1H22 [A]

[A] Refer to Metrics & Targets chapter for more information.

OUR ESG GOALS

Our success as a sustainability leader is a result of our strong commitment and requires us to set challenging targets against which our performance must continuously be monitored.

The targets defined in our ESG Strategy are fully described in the Metrics & Targets chapter.

KEY STRATEGIC ACTIONS ACROSS 4 BUILDING BLOCKS

Partnering with our Clients for a just and fair transition

Partnering with our Clients for a just and fair transition is implemented in three main strategic actions:

- **products & services for transition** Deep-dive
- **dedicated ESG Advisory model**
- **ESG Ecosystems.**

In order to even better focus our actions we are developing adequate partnerships both at global and local level and we are constantly looking into innovation within the ESG area.

DEEP-DIVE

PRODUCTS & SERVICES FOR TRANSITION

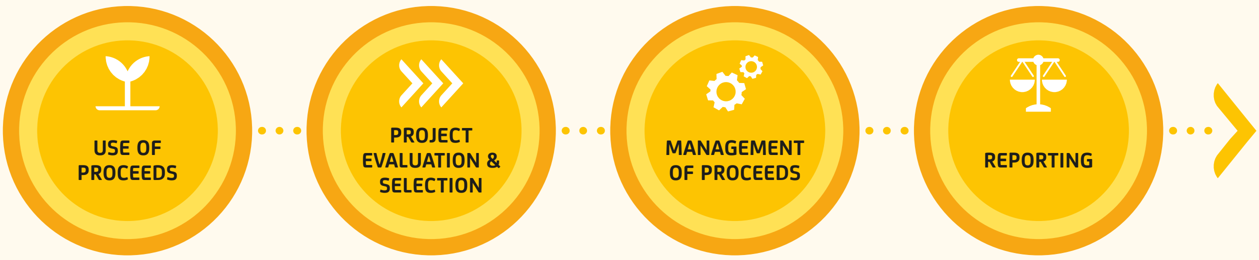
We strive to reinforce our leadership in the sustainable finance sector, accompanying clients along the transition path and guiding capital reallocation towards economic activities which generate a positive impact on society. In this respect, the **Sustainable Finance Advisory team** within the Group Client Solutions Division plays a key role in supporting clients' transition to a more sustainable economy.[A]

SUSTAINABILITY BOND FRAMEWORK

UniCredit strongly believes in the effectiveness of the sustainable finance market and its ability to channel investments into projects and activities with environmental and social benefits.
The Sustainability Bond Framework[B] aims to support our ambition to align our business strategy with the needs of individuals and the goals of society as expressed in the United Nations Sustainable Development Goals and the Paris Climate Agreement.
The UniCredit framework obtained a Second Party Opinion issued by ISS ESG which found it to be aligned with ICMA guidelines and principles and consistent with the UniCredit Sustainability Strategy, with a good overall sustainability quality of the selection criteria.

UNICREDIT'S SUSTAINABILITY BOND FRAMEWORK: FOUR COMPONENTS

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



[A] Refer to the Governance chapter for more information.
[B] https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/investors/ESG-investors/Sustainability-Bonds/UniCredit_Sustainability_Bond_Framework_18_6_21.pdf

UNICREDIT'S INAUGURAL SENIOR PREFERRED GREEN BOND SUPPORTS RENEWABLE ENERGY AND GREEN BUILDINGS IN ITALY

UniCredit S.p.A. published its first Sustainability Bond Report in July 2022[B], detailing how it allocated funds from the Group's first ever own Green Bond issued in 2021, helping to finance and boost renewable energy.

UniCredit focused this impact reporting on the assessment of Eligible Green Asset contributions to climate change mitigation (expressed in tonnes of annual avoided eq.CO_2 emissions, Energy production (MWh) and Total Energy Saving (MWh) per Year).

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

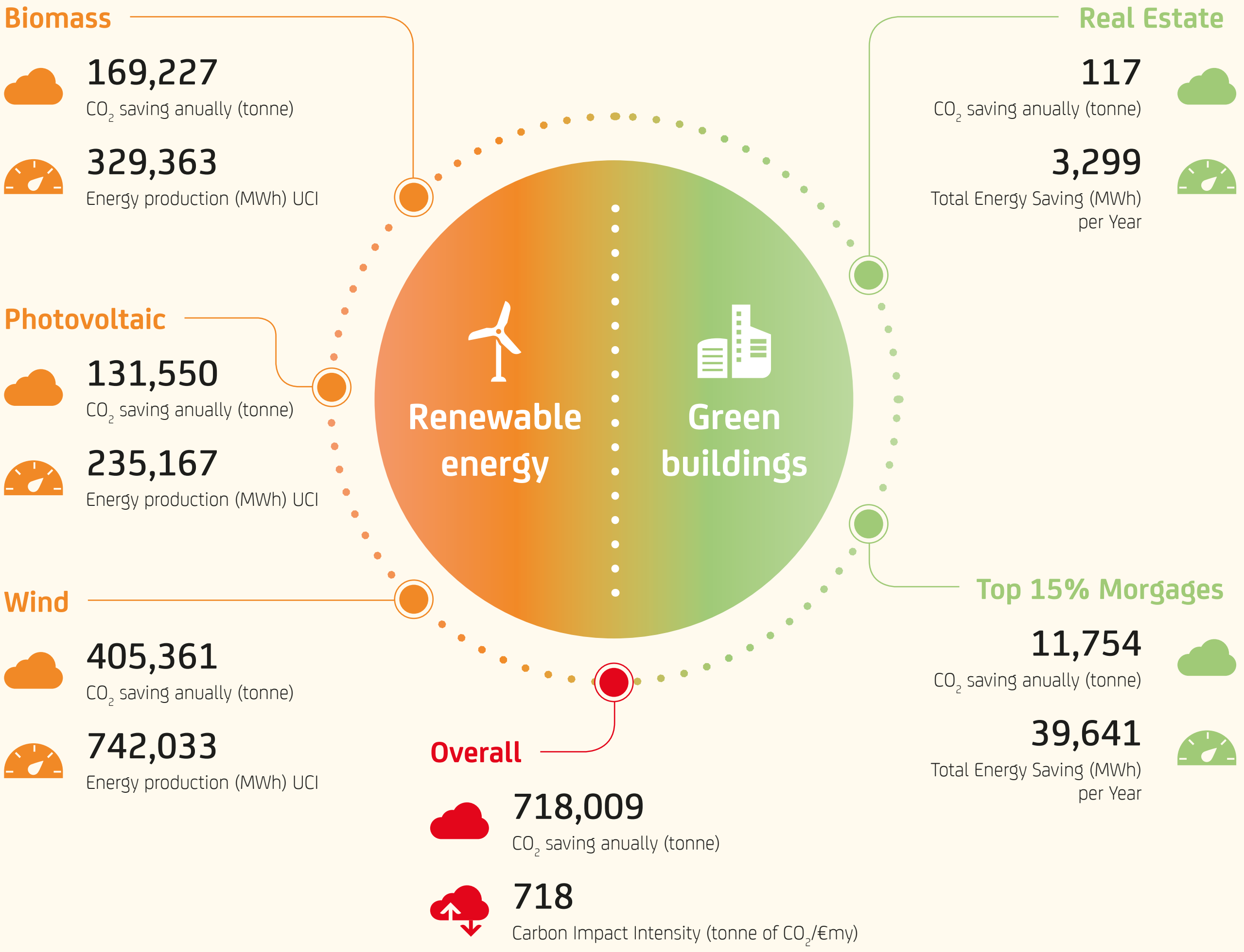
1. for Renewable energy projects the impact is based on Renewable Energy production (MWh) per Year;
2. for Green Building Projects the impact is based on Total Energy Saving (MWh) per Year.

100% of the Senior Preferred Green Bond proceeds have been allocated with 75% targeting renewable energy and 25% allocated to green buildings.
The overall annual CO_2 saving so far amounts to 718,009 tonnes, reducing carbon impact intensity by 718 tonnes of CO_2 saving per year per each million allocated (tCO_2/€m.y).

Example assets include the Galileo photovoltaic plants portfolio, covering the needs of approximately 70,000 households in Italy with a significant CO_2 saving of around 83,750 tons per year. Another example is the refurbishment of the Hotel Britannique in Naples which improved the energy efficiency class of the building from "F" to "A1" with a CO_2 saving of 68 tonnes per year.

A. https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/investors/ESG-investors/Sustainability-Bonds/UC-SpA-Sustainability-Bond-Report-2022.pdf

ANNUAL CARBON IMPACT REPORTING OF UNICREDIT S.P.A. INAUGURAL GREEN BOND



KEY STRATEGIC ACTIONS ACROSS 4 BUILDING BLOCKS

Supporting Communities and Society

We are aware that we need to adopt an holistic approach in dealing with ESG topics, in order to achieve our aim of **empowering communities to progress**. Positive and negative impacts both on environment and social sides must be taken into account when we define our strategy and implement our actions. For this reason, we are working to **design an internal framework to measure our impact**, ensuring that communities and society needs are satisfied adequately.

KEY STRATEGIC ACTIONS ACROSS 4 BUILDING BLOCKS

Steering our behaviour with clear commitments

In light of the external context developments and considering our Purpose and Values, we aim to empower communities to progress steering our behaviour through two levers:

- **enhancing our sector policies framework**
- **undertaking strategic commitments.** Deep-dive

Our policies framework guides our approach towards controversial sectors relevant to UniCredit that are susceptible to special environmental and social risks. The policies are regularly reviewed in order to keep the framework up-to-date: Coal Sector and Oil & Gas Sector policies were updated in 2021, while the Free-Tobacco Finance Pledge was signed at the beginning of 2022.

DEEP-DIVE

UNDERTAKING STRATEGIC COMMITMENTS: TOWARDS CARBON NEUTRALITY OF OUR PORTFOLIO

BACKGROUND

In October 2021 UniCredit signed up to the Net-Zero Banking Alliance.
In line with UNEP FI Guidelines, signatories must respect several commitments on target setting and progress reporting.
In particular, signatories commit to transition all operational and attributable GHG emissions from lending and investment portfolios to align with pathways to Net-Zero at the latest by 2050 or sooner, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100.

The Alliance foresees an 18-month period to set the first targets and another 18 months to complete the exercise. The Alliance has identified 9 high emission sectors: agriculture; aluminium; cement; coal; commercial and residential real estate; iron and steel; oil and gas; power generation and transport.

UniCredit has established a working group to address responsibilities, processes and tasks to successfully start the path towards Net-Zero and disclose first-round targets by April 2023.
In September 2022, UniCredit also signed the Sustainable Steel Principles (SSP), the first Climate-Aligned Finance agreement for lenders to the steel industry. The Principles were carefully designed over the course of a year by a working group composed of five banks, including UniCredit.[A] The resulting framework positions lenders to facilitate the Net-Zero transition of the steel industry, providing the necessary tools for client engagement and advocacy.

[A] Refer to TCFD 2020 for further information.

NET ZERO PROJECT GOVERNANCE

Steering Council	Composed of the CEO's reporting line, it has the following responsibilities: > Give overall guidelines on project > Have ultimate responsibility on deliverables achievement within deadlines and decisions on escalated topics > Ensure project staffing and budget allocation	Frequency: **Monthly**
Coordinator	Group Transformation Office > Ensure coordination and act as PMO	
Operating Council	Composed of the CEO second line managers, it has the following responsibilities: > Oversee overall project status and progress > Validate project deliverables > Address potential issues and take decisions on escalated topics	Frequency: **Monthly**
Project Leaders	4 project leaders belonging to Group Strategy & ESG, Group Risk Management and Group Portfolio and Pricing Management with the following responsibilities: > Ensure the progress and deliverables > Steer activities, validate deliverables and manage communication towards main stakeholders > Escalate issues and key decisions, when needed	Frequency: Ongoing activity with status update meeting **every week**
Working team	Members belonging to different areas: > Group Strategy & ESG > Group Risk Mgmt > Group Finance > IT department > Group Data & Intell. > Italy > Germany > CE&EE > Client Solutions	

PRIORITY SECTORS

According to NZBA guidelines, targets for the **priority sectors should be disclosed within 18 months of the commitment**. Target-setting for all carbon intensive sectors should be completed after a further 18 months.

The priority sectors for which UniCredit will disclose the financed emission baseline and the decarbonisation targets at 2030 and 2050 will be selected according to:

- materiality (sectors account for a large part of the Group lending exposure and with high CO_2 emission intensity);
- limited complexity (relative high concentration and high portion of players subject to non-financial disclosure duties);
- maturity of financed emissions accounting standard;
- peer benchmarking.

DATA RETRIEVAL STRATEGY

Data published by clients will be retrieved thanks to the support of an external data provider and collected directly from the clients.

However, we are aware that most of companies (especially SMEs) are not subject to non-financial disclosure duties and do not publish emissions and production data.
For these entities it is necessary to produce estimations. We are planning to leverage models developed by the external providers.

We will rate the quality of the data on the basis of an **international framework and methodology** (e.g. PCAF) assigning scores according to the data source and estimation drivers with the aim of improving data quality over time.

DEEP-DIVE

UNDERTAKING STRATEGIC COMMITMENTS: ACHIEVE NET-ZERO GOAL ON OWN EMISSIONS

We look forward to engaging with our clients to support them in their transition plans and accelerate action on climate. Moreover, we are raising awareness on this fundamental goal among our employees, for example by organising dedicated workshops on Net-Zero on own emissions, involving Group Real Estate and Group Strategy & ESG. This gathering offers colleagues an excellent opportunity to gain knowledge and insights on how to contribute, all together, to the achievement of the Net-Zero goal, both for the Group and the planet.

CORPORATE POWER PURCHASE AGREEMENT (PPA)

We are assessing all the levers we can implement to reach the Net-Zero goal on our own emissions and relying on renewable energy sources is of the utmost importance in this journey. In July 2022 we have signed a partnership with Compagnia Valdostana delle Acque (CVA) for the supply of electricity produced from renewable sources.

For the first time in Italy, a financial institution has committed to a corporate PPA (Power Purchase Agreement) with a specialist green power producer. The collaboration with CVA, the historic green power company based in Aosta Valley, will result in the construction of three new solar plants in Piedmont, Lombardy and Sicily. The new solar plants for a total capacity of 25 MW will be operational from 2023, providing 35 GWh per year to supply the energy demand of UniCredit data centers in Verona, covering around 20% of the bank's total electricity consumption in Italy. CVA will sell green energy to UniCredit at a set price, optimising the risk profile of the investment in its assets.

The partnership with CVA strengthens UniCredit's groupwide Green Energy Procurement strategy, serving as a best practice example across its markets. It will also support the de-carbonisation of Italy's energy system by increasing the country's renewable energy capacity and self-sufficiency while decreasing dependence on imported energy.

KEY STRATEGIC ACTIONS ACROSS 4 BUILDING BLOCKS

Enriching our Risk & Lending approach [A]

In 2021 we set up a long-term sustainability strategy with a specific focus on climate-related risks, leveraging on:

- **an evolving risk management approach**
- **the integration of climate and environmental factors in our risk framework.**

[A] Refer to Risk Management chapter for more information.

OUR FOUR UNDERLYING DRIVERS

Monitoring, reporting & disclosure

Our path towards reliable ESG monitoring entails important cross-functional activities and ICT investments.

OUR PATH TOWARDS A STRUCTURED AND RELIABLE MONITORING SYSTEM

1. **Definition of ESG MYP targets**
2. **Launch of Transition Monitoring**
3. **ESG Global architecture**
4. **EU Taxonomy [A]**

We strive to invest in the deployment of an ESG Global IT architecture to manage all relevant ESG data. Under this architecture, ESG data will be gathered for several monitoring purposes: Multi-Year Plan ESG targets, Green Transition Financing, EU Taxonomy and Pillar III. Our data retrieval strategy proposal, which leverages both on external provider and customer interviews, represents a key element of our ESG Global IT architecture.[B]

[A] Our disclosure aligned with the requirements of the Article 8 of the EU Taxonomy Regulation is available in the Supplement - Section EU Taxonomy regulation section.
[B] Refer to Risk Management chapter for more information.

ESG ratings and indices

The Group Investor Relations team, with the support of the ESG team, proactively and reactively interacts with the ESG rating agencies with the aim of communicating and monitoring the Group sustainability strategy and improving the positioning and disclosure of the Group.
Our sustainable performance is reflected in the key external ratings.

MSCI	CCC · B · BB · BBB · **A** · AA · AAA	> Ahead of most international peers 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 "22.0" > Medium exposure to and strong management of material ESG issues
CDP	D- · D (Disclosure) · C- · C (Awareness) · B- · B (Management) · **A-** · A (**Leadership**)	> Positioned within the Leadership band with "A-" score > Avg. rating for Financial services is "B", for Europe is "B" and the Global Average is "B-"
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 > Prime companies are sustainability leaders in their industry
S&P Global	0 · **64** · 100	> Sustainability score improved to 64 from 49 (percentile up to 81 from 67) > Included in the Dow Jones sustainability diversified indices > Included in the S&P Global Sustainability Yearbook 2022
V.E	0-29 (Weak) · 30-49 (Limited) · 50-59 (Robust) · **60-100 (Advanced)**	> ESG scores: 64 Advanced (Environment); 62 Advanced (Social), 59 Robust (Governance) > Included in the Euronext MIB ESG index
standard ethics	F · FF · FFF · E · **EE+** · EEE	> Top rated Italian bank, with an EE+ rating. Example of EU excellence in sustainability > Included in the following Standard Ethics indices: European Best in Class, European 100, European Banks, Italian, Italian Banks
INTEGRATED GOVERNANCE INDEX	0 · **71.9** · 100	> First bank in the Top 10 ranking, 8th out of 86 > Included in the Top performer level and in the Top 3 in the financial sector
FTSE4Good	0 · **3.9** · 5	> Ranked in the 82nd percentile of banks > Ratings: 3.0 (Environmental); 3.7 (Social); 5.0 (Governance), higher than sector avg. > Included in the FTSE4Good Index Series and the FTSE ESG Index Series
REFINITIV	0 · **87** · 100	> ESG Score improved to 87 from 86 with ranking at 14/1090 from 15/982 > ESG scores: 94 (Environment); 86 (Social); 86 (Governance) > Score >75 indicates excellent ESG performance and high degree of transparency
Bloomberg	0 · **63.0** · 100	> 2020 ESG disclosure score: 52.9 (Environmental); 39.9 (Social); 96.1 (Governance)
Bloomberg Gender-Equality Index 2022	0 · **83.9%** · 100	> 2022 GEI score improved from last years' 77.4% to 83.9% (global avg. score at 71.0%, financial sector avg. at 72.6% and Italian avg. at 74.9%%)
GLOBAL100	D- · D · D+ · C- · C · **C+** · B- · B · B+ · A- · A · A+	> Included in the Corporate Knights' Global 100 Index for the first time in January 22 > Ranked first in Italy within World's Most Sustainable Corporations and second within our industry

Risk Management

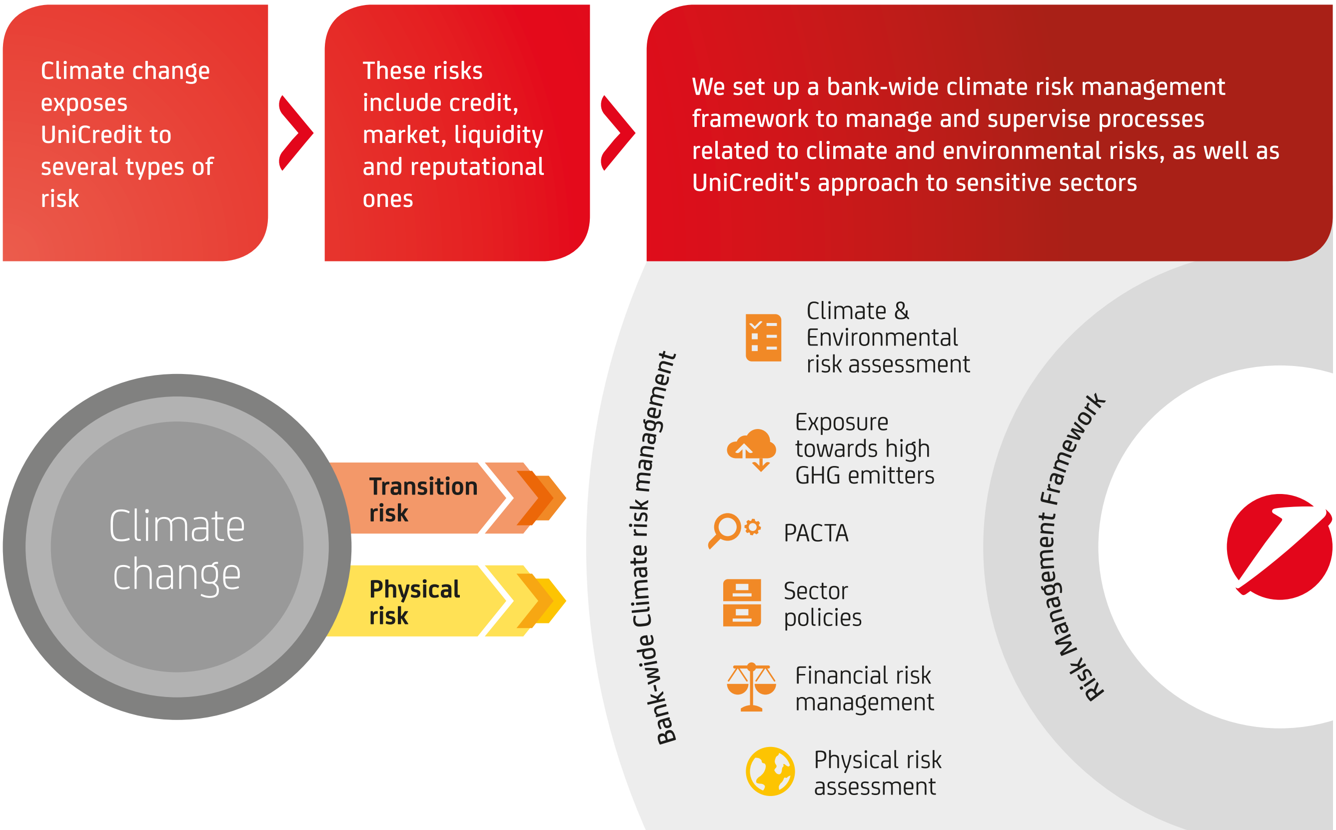
2021 has been another important year in the evolution of the Risk Management function, the further steps taken in the assessment process of transition and physical risks having now been completed.

UniCredit already plays a significant 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.

The risk management approach and the experience gained so far confirms the completeness of the approach as shown in the infographic below.



As already communicated, UniCredit has undertaken several concrete initiatives.

Regarding **Transition Risk**:

- the first is aimed at evaluating the climate and environmental risks of the single counterpart through a detailed assessment at client level when the credit files are submitted to holding and local credit committees;
- moreover, leveraging the ECB climate stress test has enabled us to identify exposure towards high GHG emitters;
- the PACTA methodology on December 2021 portfolio has been updated with projections up to 2026.

Regarding **Physical risk**, the Group completed an analysis of the potential damage to mortgage portfolio collaterals at Group level due to extreme and acute climate-related events. A first, forward-looking and high-level assessment of how physical risk can impact on the overall Fair Value (focus on acute river flood and chronic sea-level rise hazards).

Finally, it should be noted that some of the above-mentioned measurements have been **included in the RAF and credit strategies processes** with the aim of further strengthening the integration of climate and environmental factors in the Risk Management Framework and underwriting processes as well as improving portfolio monitoring.

Climate & Environmental risk assessment

In order to integrate climate and environmental risks in our business strategy, correctly take them into account through all stages of the credit-granting process and monitor this kind of risk in our credit portfolio (as stated by the European Central Bank Guide on climate-related and environmental risks), the Group has designed a **Climate and Environmental Risk Assessment Questionnaire** to determine our clients' position on the transition pathway. The questionnaire has been designed to assess transition risk exposure along **three key dimensions:** level of current exposure, level of future vulnerability and economic impact.

In so doing, UniCredit considered several topics that can lead to an increased credit risk, for example counterparties' revenues and asset value which is subject to transitioning to a low-carbon economy or production processes that are subject to significant changes to minimise non-atmospheric pollution.

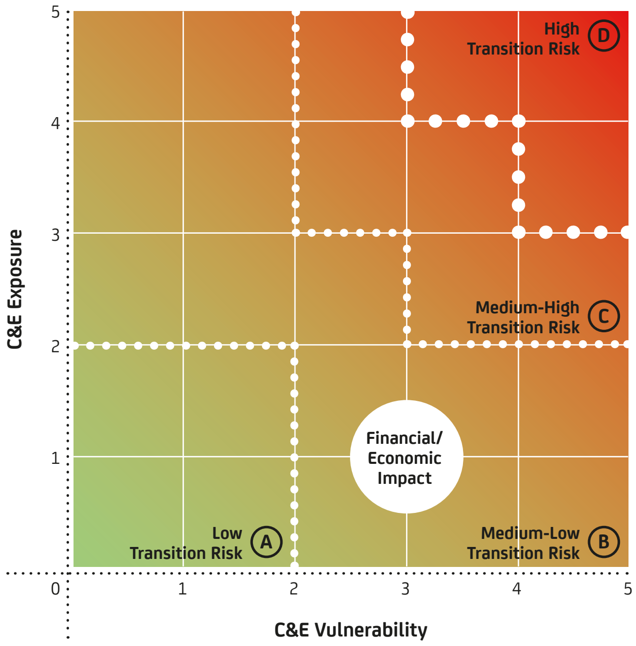
Simultaneously, we are looking to seize opportunities to finance the transition of our counterparties, taking into consideration the industries that require very high investments to meet **climate change goals** and the **EU Green Deal roadmap** to meet emission targets.

Operatively, the inclusion of climate-related and environmental risks and opportunities in our credit assessment meant the definition of a dedicated methodology to quantify risks, as well as the design of a dedicated process to identify the scope, collect data, execute the assessment and validate the results.

This methodology foresees:

- the filling in of a **questionnaire** addressing both high and low emissive clients in line with regulatory expectations;
- the generation of a **Climate and Environmental Risk Scorecard** summarising the main KPIs and identifying the counterpart's positioning in one of the four Risk areas (Low, Medium-Low, Medium-High, High) of the Transition Assessment matrix;
- the inclusion of this **environmental scoring** within the credit valuation process.

MATRIX SCORING METHODOLOGY



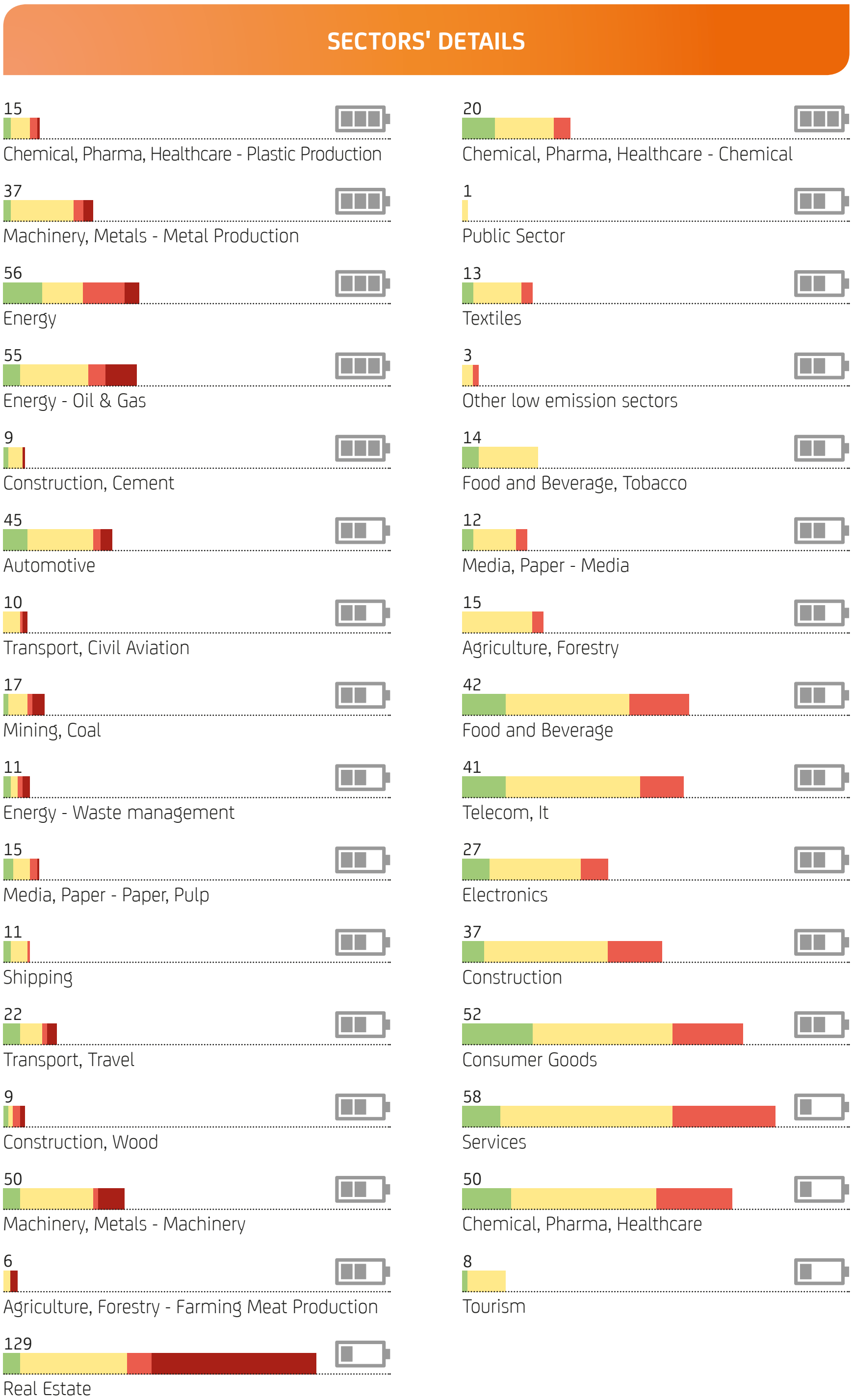
High C&E Transition Risk
Risk counterparts

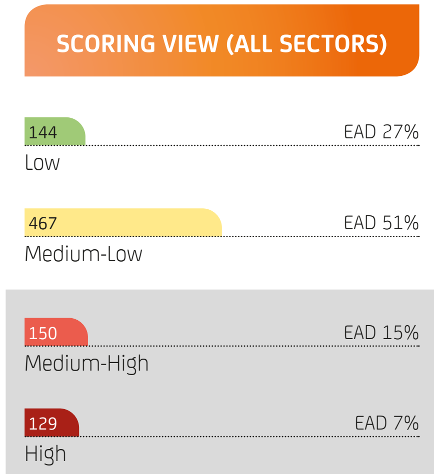
A	**Low**	Clients with no/limited Climate and Environmental Transition risk
B	**Medium-Low**	Clients with presence of Climate and Environmental Transition risk
C	**Medium-High**	Clients with tangible Climate and Environmental Transition risk
D	**High**	Clients with important level of Climate and Environmental Transition risk

The Environmental Assessment methodology is based on 3 key dimensions:

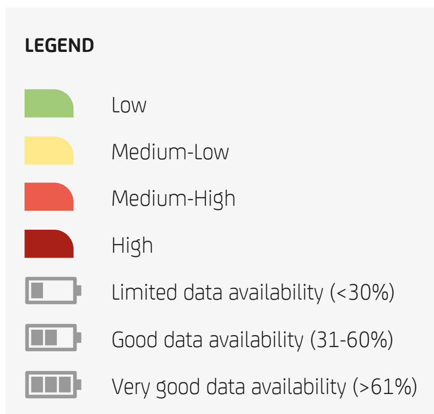
1. the **climate and environmental exposure** considers the level of GHG emissions of corporate clients as well as other environmental metrics such as water and energy consumption, waste production and recycling;
2. the **climate and environmental vulnerability** evaluates the climate change management maturity level of corporate clients, 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 clients' 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





UniCredit assessed around **900 counterparties** covering an **EAD of approximately 35%** of the entire corporate portfolio since January 2020. Within this perimeter **approximately 7.5% has been rated as high risk.** These clients are assessed with particular attention during the credit approval discussion (no automatic decision based on questionnaire results is in place).



Exposure towards high GHG emitters

Exposure toward NACE sectors of TOP 5 Countries selected for the ECB Climate Stress Test as having the highest GHG Intensity (> 1000 tCO_2e/m€) represents:

~14%

of Top 5 Countries Corporate portfolio

Exposures are well differentiated among industries with relatively higher concentration in Electricity & Gas supply and manufacturing of basic metals.

The UniCredit ESG Strategy is to evaluate and **support the climate transition of counterparties with reliable plans.**

NACE Code (2-digit)	NACE Description	% on Non Financial Corporate exposure [A]
A01	Crop and animal production, hunting and related service activities	1%
B05-B09	Mining and quarrying	<1%
C19	Manufacture of coke and refined petroleum products	1%
C20	Manufacture of chemicals and chemical products	1%
C23	Manufacture of other non-metallic mineral products	1%
C24-C25	Manufacture of basic metals; Manufacture of fabricated metal products, except machinery and equipment	3%
D35	Electricity, gas, steam and air conditioning supply	5%
H50	Water transport	<1%
Total		**~14%**

[A] Exposure equal to €261.7bn as at 31 December 2021. Exposure referred to top 5 countries (Italy, Germany, Austria, Czech Republic, Russia) as reported to ECB in the Climate Stress Test exercise.

PACTA

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 with a set of climate scenarios which imply several levels of ambition measured in relation to the increase in global temperature.

UniCredit applies the methodology **covering six industries** in scope (data refers to the December 2021 portfolio and considers Credit Limit a key metric). Based on the alignment results, with the available production and tech mix details, UniCredit is able to further enhance the engagement and the constructive discussion with clients in order to improve support for their transition.

The latest results highlight a **portfolio generally better positioned than or aligned to the market.**

Sector	Portfolio [A]	Positioning vs global [B]
Power generation	€9.6bn (~45%)	**Better than market**
Oil & gas	€3.9bn (18%)	*Under evaluation in light of new commitments for Net Zero*
Automotive	€4.2bn (20%)	**Better than market**
Steel	€2.3bn (11%)	**Better than market**
Cement	€1bn (5%)	**Aligned with market**
Aviation	€0.3bn (1.5%)	**Aligned with market**

[A] Credit Limit under the PACTA NACE codes, as of December 2021.
[B] Positions compared to the sectorial global markets.

SECTOR RESULTS

POWER GENERATION

SECTOR FRAMEWORK

Energy production currently accounts for
around 75%
of **Europe's GHG emissions. According to EU Climate Law**, these are to decline by 55% by 2030 and to reach
climate neutrality by 2050

The goal of energy production via a carbon-free system requires a major transformation involving substantial investments to upgrade the current electricity grid.

The **share of electrification of the energy system** will need to
increase from the current 20% to closer to 50%

In order to accomplish this in a climate-neutral way, the share of renewable energy consumed will need to rise from around 22% in 2020 to more than 80% by 2050 with nuclear power amounting to around 15% according to the European Commission. The challenge of bolstering the EU's energy security comes on top of this. Even before the Ukraine-Russian conflict, **Europe had the target of lowering its energy imports from 55% in 2020 to 20% by 2050.** Achieving this goal therefore has increased urgency in the current environment.

The pressure to complete this energy transformation ahead of time raises the near-term capex required from the utilities and support from governments. BP estimates that this requires an increase in annual investment of two to three times the current levels. The International Energy Agency forecasts that solar would become the largest source of power, accounting for one fifth of the energy supply after a 20-fold increase in capacity by 2050, with wind capacity increasing 11-fold in the same time period. The utilities that have a greater share of non-renewable energy in their production mix are likely to be disproportionately affected by this need to transform their networks. The increase in investment will strain the utilities' credit metrics and consumers' budgets, assuming that some of the additional expense is passed on via higher prices. While governments and regulators should be supportive given the environmental and strategic importance of reaching climate neutrality on schedule, the enormity of the societal challenge is also clear.

ACTIONS TAKEN

PACTA sectors	Selected UniCredit deals to support clients' transition
RENEWABLES	> In November 2021 we supported the Italian Renewable Energy Sources (RES) operator, **PLT ENERGIA**, in its efforts to pursue the envisaged 2019-2022 industrial plan targets (i.e. improving its RES installed capacity by 200MW) through the financing of the construction of 95MW greenfield wind portfolio plus the refinancing of 74MW brownfield wind plants spread across several Italian regions. In particular, in our debt advisor/structuring MLA/lender role, and with the involvement of Europaen Investment Bank (EIB) and Cassa Depositi e Prestiti (CDP) acting as lenders, we advised the sponsor in structuring a €136m project financing which enhanced PLT Energia's long-term sustainable growth of PLT Energia in RES sectors. This initiative has allowed a significant yearly saving of CO_2 production, approximately 140,480 tonnes of CO_2, covering the annual electric demand of about 125,222 households; > in December 2021 we supported the German developer **IB VOGT** as sole book runner and financial advisor in its efforts to set up the investment platform focusing on a 1.4 GW PV portfolio across Europe. In our financial advisor capacity, we supported the sponsor in the structuring and placement of €120m subordinated debt. The facility is an integral element in IB VOGT's strategic objective of building a leading independent power producer platform (IPP), owning and operating solar photovoltaics (PV) and battery storage projects based on projects from the companies' Development, Engineering, Procurement and Construction (EPC) and Operation and maintenance (O&M) activities. This diversification will provide IB VOGT with future value-adding opportunities including access to benefits from new revenue streams, cross-selling, margin compression and asset optimisation; > in November 2021 **RWE** successfully issued a further green bond with a total volume of €1.35bn. The issuance met with keen interest from investors. In June this year, RWE had already issued its first green bond with a volume of €0.5bn. As stated in the RWE green bond framework, only wind and solar projects are eligible for green bond funding. This is in line with the United Nations' Suatainable Development Goal number 7 which aims to increase the share of renewable energies in the worldwide electricity mix. RWE's framework is based on the internationally recognised green bond principles of the International Capital Market Association (ICMA). Furthermore, a second-party opinion (SPO) has been issued from the internationally renowned sustainability agency Sustainalytics. UniCredit acted as joint global coordinator and active book runner.

OIL & GAS

SECTOR FRAMEWORK

The target of achieving Net Zero GHG emissions has major implications for the future of the oil & gas industry. The International Energy Agency expects this goal to be achieved by reducing the use of fossil fuels for energy from around four fifths of the current energy supply to around one fifth by 2050. **Following coal, oil is the commodity expected to be most impacted by this transformation as industry and buildings shift toward lower-carbon fuels.** Gas, being a relatively clean fuel, should play a different role in the energy transformation and could see an increase in utilisation before declining after 2030. However, the Russian-Ukrainian conflict is likely to shift some of the targets on gas as a transitional fuel in the medium term.

Some heavy industry and transport segments are still likely to rely on oil as an energy source (namely marine and aviation) beyond 2050 although an increase in the use of biofuel and hydrogen should also lower demand in these segments. In addition, increasing demand from emerging economies, in particular for automobiles, is likely to lead to an increase in oil demand by 2030 before eventually declining by 2050. Similarly, in order to meet the target of the Paris Agreement to limit global warming to well below 2 degrees Celsius, demand for natural gas is expected to increase initially before declining by 35-60% by 2050, according to BP forecasts. **Increasing regulatory oversight and declining demand should lead oil majors to increasingly invest in diversified energy production, notably in renewables, during this transition.**

ACTIONS TAKEN

PACTA sectors	Selected UniCredit deals to support clients' transition
OIL & GAS	> UniCredit acted as joint book runner for the €500m 0.625% coupon, a 10-year Transition Bond for **Snam** in June 2021. The proceeds of the offering will be used to finance projects in the energy transition, as outlined in the Framework dated June 2021. Snam's commitment towards sustainable finance is a key pillar in its strategy which includes the goal of carbon neutrality by 2040 and further developments in the energy transition business; > UniCredit was joint global coordinator and a joint book runner for a €500m debut green offering for **PKN Orlen**, one of the largest and most advanced multi-utility groups in Central and Eastern Europe. PKN Orlen's green finance framework is aligned with the four core components of the green bond principles and green loan principles as certified by V.E. Furthermore, the debut issue was certified by the Climate Bonds Initiative and the renewable energy and clean transportation categories comply with the screening criteria of the EU Taxonomy. Use of proceeds include projects financing renewable energy, clean transportation and pollution prevention and control; > UniCredit acted as joint book runner for the €500m 0.45% coupon, an 8-year inaugural green bond for **Czech Gas Networks Investments** in September 2021. Bond proceeds were used for the financing or refinancing of new or existing eligible green projects under the green finance framework to support the transition to a sustainable and low-carbon economy. Eligible projects include those related to transmission and distribution networks for renewable and low-carbon gases and energy efficiency measures aimed at improving the general level of efficiency in buildings.

AUTOMOTIVE

SECTOR FRAMEWORK

According to the International Energy Agency (IEA), transport accounts for

around 24%

of **CO_2 emissions from energy globally.**
Cars and buses represent **45%** of this amount while **trucks** carrying freight represent **29%**

As a result, reducing transport emissions remains vital to reaching future GHG reduction targets. The most immediate improvements to reducing emissions in the sector are expected to come from enhanced vehicle efficiency and tighter emission standards. Since the transport sector is one of the major consumers of oil, further electrification of the industry will be essential in order to reach Net-Zero emissions targets. Significant progress has been made here, especially with passenger cars, thanks to a significant drop in battery costs and an improvement in driving ranges. Heavy trucks are likely to lag behind in this transformation given the higher power requirements for battery charging although fuel-cell technology could play an increasingly significant role in lowering emissions in this segment.

Electric cars amounted to around 10% of global car sales in 2021, an increase of nearly four times as much since 2019. Public subsidies and tighter environmental regulations provide important support for this growth, but technological advances remain crucial for reaching Net-Zero emissions targets by 2050. **The IEA forecasts that the share of electric vehicles in new vehicle sales needs to rise to 25 -40% by 2030 and to 90% by 2050 in order to reach the Net Zero emissions target.** These growth prospects provide car manufacturers with a major incentive to continue focusing research investments on this growing sector and invest in new innovations to make electric cars even more attractive to consumers than internal combustion vehicles.

ACTIONS TAKEN

PACTA sectors	Selected UniCredit deals to support clients' transition
AUTOMOTIVE Electric Vehicle	> UniCredit acted as joint book runner for the inaugural green bond for **Leasys**, a €500m 0.00% coupon due in July 2024 (3-year tenor). The transaction shortly followed the Stellantis electrification strategy presentation and was executed in accordance with the company's recently established green bond framework, representing the first ESG trade out of the Stellantis Group. Leasys green bond framework is aligned with the four core components of the ICMA green bond principles 2021. Proceeds were planned to be allocated to the financing or refinancing of eligible vehicles and eligible infrastructure (the eligible green portfolio). Eligible Vehicles means a selected pool of vehicles that are purchased by the Leasys Group and that comply with the following criteria: (i) vehicles with zero tailpipe emissions (i.e. electric vehicles, fuel cell vehicles, hydrogen vehicles); (ii) vehicles with an emission intensity lower than 50g CO_2e/km until 2025 and 0g CO_2e/km from 2026 onwards. Eligible infrastructure means the investment made by the Leasys Group to develop a network of charging points for electric vehicles. The Second Party Opinion (SPO) was provided by Sustainalytics.

STEEL

SECTOR FRAMEWORK

The steel industry is one of the most challenging to decarbonise but is also crucial for virtually all infrastructure projects.

The World Steel Association (WSA) reports that the industry is responsible for
7-9%
of **global CO_2 emissions**

Steel production is still highly reliant on coal which accounts for 75% of the industry's energy demand and has changed little in recent years according to the IEA. While electric arc furnaces, which can use up to 100% of scrap steel, produce lower emissions than traditional blast furnaces, high rates of industrialisation - especially in emerging markets - are likely to keep demand high for primary steel in the coming years. With the current recycling rates of around 85%, the WSA sees limited prospects for improvement until the next decade when more of China's steel production should increasingly rely on scrap steel as a resource.

In the meantime, the steel industry needs to begin transitioning now to a lower carbon future. An industry-wide efficiency review by the WSA found that introducing industry-leading practices can reduce emissions by up to 20% at ore-based steelmaking sites and up to 50% at scrap-based sites. Investments in new technologies also hold promise for reining in the carbon intensity of steel production. **Hydrogen** is likely to become a more prominent feedstock as well as **natural gas** using carbon capture and storage technology. Modern blast furnaces are also under development that could limit the industry's reliance on fossil fuels. Researching and implementing these new technologies will be essential for the sector to meet targets for a Net Zero emitting future. In addition, considering that 70% of steel is produced in Asia, reducing these steel-related emissions will be crucial for European companies to lower their Scope 3 emissions.

ACTIONS TAKEN

PACTA sectors	Selected UniCredit deals to support clients' transition
STEEL	> UniCredit supported **IXM SA**, a Swiss based metal commodity trading company, in its efforts to contribute to achieving the global energy transition target. In December 2021 UniCredit acted as book runner and mandated lead arranger for a $444.15m ESG-linked Revolving Credit Facility.

CEMENT

SECTOR FRAMEWORK

Cement production currently lacks convincing options for decarbonising production but - like steel - remains central to urbanisation trends.

Cement is one of three heavy industries, together with steel and chemicals, which accounts for
60% of all industrial energy consumption
and
around 70% of CO_2 emissions,
according to the IEA

Asian producers dominate global production with China and India in the lead. Using blended cement with alternative materials helps reduce the share of clinker which is the most energy-intensive ingredient in cement production. Producers are also lowering their carbon intensity by improving energy efficiency and switching to lower carbon fuels, for example from coal to more natural gas.

After 2030, the IEA expects a further reduction in carbon emissions from cement production, accomplished by the increased use of new technologies that are already under development. The most important of these is carbon capture and storage, which could lower emissions by 55% relative to today's levels. Biomass, hydrogen and non-renewable waste should increasingly drive thermal energy needs in cement kilns and can lead to the most significant emission reductions in the production of cement. However, private companies will need to partner with governments to develop these technologies in order to sufficiently reduce emission levels and be consistent with a zero-emission outlook by 2050.

ACTIONS TAKEN

PACTA sectors	Selected UniCredit deals to support clients' transition
CEMENT	> In August 2021, UniCredit acted as book runner and mandated lead arranger for a €3bn ESG-Linked Multicurrency Revolving Credit Facility for **Holcim**. The facility is linked to the achievement of certain sustainability targets within Holcim's broader goal of rolling out green products.

AVIATION

SECTOR FRAMEWORK

Although aviation currently accounts for only approximately 2.5% of CO_2 emissions, it is a particularly challenging sector to decarbonise over the long term. The reason for this low share of emissions in relation to other transportation segments is due to the lower passenger and freight transport volumes compared to road transport. However, unlike the automotive sector, battery-based propulsion is unlikely to be the transformative technology for reducing CO_2 emissions in aviation, even after rapid developments. Aviation is therefore expected to remain a leading consumer of oil-based products also in the coming decades.

Despite the challenges, the aviation industry is also expected to reduce its carbon footprint significantly in the near future. Although these changes are expected to be more gradual than in other industries, there is a clear path towards a meaningful emission reduction. The key to this transformation appears to be the development of sustainable aviation fuel (SAF) to replace oil for a significant share of flights. In the IEA's Net Zero scenario, SAF consumption will rise to 15% by 2030 from the current negligible amount and to 45% by 2050.

A further 30%
of **fuel could come from synthetic hydrogen-based fuels**. By 2050, these innovations would contribute to a
50% reduction in CO_2 emissions
from the airline industry

The airline industry will therefore need to continually invest in new technologies that allow their fleets to make the greatest possible use of these new fuels.

Sector Polices [5]

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. When possible, the Equator Principles (EP) also apply. The following polices/commitments are in place:

Coal sector UPDATED

Oil & Gas sector UPDATED

POLICIES IN PLACE

Mining sector

Human rights commitment

Nuclear energy

Deforestation commitment

Defense/Armaments

Tobacco commitment

- UniCredit signed the Free-Tobacco Finance Pledge NEW

Water infrastructure

We 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 such topics from a factual and impact-based perspective.

FOCUS

UNICREDIT COAL AND OIL&GAS POLICIES

Among the sectors that present significant environmental and social risks, UniCredit is well aware of the increasing adverse effects that coal related activities (coal-fired power plants, known as CFPPs, and thermal coal mining) and Oil&Gas related activities (in particular Unconventional and Arctic ones) have on the climate system and environmental preservation, as well as human health and pollution.

The Group outlines its position toward the Coal and Oil&Gas sectors in dedicated Global Policies, with the aim to assess the potential environmental and social impacts of the Group's involvement in Coal and Oil sector projects/transactions and to limit associated risks for UniCredit Group. In this context, the Group wants to support and accelerate the sector's energy transition and the related improvement of its environmental/social footprint.

In our policies we define criteria for identifying the customers, the activities and the financial products and services in the scope of the policy, as well as process, roles and responsibilities for performing the requested reputational and ESG risk assessment.

5. For more information refer to https://www.unicreditgroup.eu/en/a-sustainable-bank/sustainability-governance.html.

Financial risk management

With regard to **Market Risk, Liquidity Risk and Counterparty Credit Risk**, financial risk management practices are being progressively enhanced with the aim of fully integrating Climate & Environmental risk drivers in monitoring, reporting, stress testing and limit frameworks.

As of December 2021, the Financial Risk department monthly monitors and reports to competent corporate governing bodies the **concentration towards Climate Policy Relevant Sectors** [6] with reference to equity risk and corporate bonds in the trading book, corporate bonds in the investment portfolio, counterparty credit risk exposures and counterbalancing capacity.

In addition, since April 2022, the Market Risk stress testing programme has been enhanced with a **dedicated Climate Risk scenario** which extends the ECB short-term **disorderly transition scenario** in terms of scope of risk factors and perimeter.

Although preliminary and subject to further enhancement plans, the outcomes of concentration analyses and stress scenarios, combined with qualitative considerations on the UniCredit trading business model, suggest a **limited materiality of climate & environmental drivers on market risk exposures.**

Physical risk assessment

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

CREDIT RISK

Credit risk impact is mainly related to the potential losses in our mortgage portfolio or in a deterioration of counterparts' financial solidity. Whether chronic or acute, physical climate-related risk might result in a modification of collaterals and counterparts' physical assets (e.g. production sites) thus eroding the value of related assets or the capacity of the borrower to meet its obligation.

UniCredit has already developed a methodology to estimate the **potential actual annual deterioration of the fair value (FV) of the collaterals behind the mortgage portfolio.** The approach envisages:

I. the **identification** of key acute physical risks impacting the Bank's geographies at postal code/ municipalities level;

II. the **quantification** of the potential damage of the collaterals located in critical sites (i.e. high physical risk areas);

III. the **evaluation** of the percentage of fair value potentially damaged by the event.

Current estimates highlight **limited impact at approximately 0.1% of FV.** It should be noted that, in the context of forward-looking physical risk events that are expected to occur as a result of climate change, the Group preliminarily estimated the impact of river flood and sea level rise hazards on the UCG collateral portfolio.[7]
With regard to **river floods** (acute events), the worst scenario analysed, a warming at the end of the 21st century of more than 2°C relative to the pre-industrial period (1850-1900), would at most affect 13% [8] of the total portfolio fair value compared to the current 9% [8] (assuming the same distribution of collateral).
On the other hand, rises in **sea level** (chronic events) will have a low future impact on the Group's mortgage portfolio due to the fact that few geographical areas are subject to this hazard. Indeed, it would at most affect 2% [8] of the total current portfolio FV, considering a scenario that leads to a warming at the end of the 21st century of probably more than 4°C (assuming the same distribution of collateral).

6. Climate Policy Relevant Sectors (CPRS) methodology provides a standardized and actionable classification of activities whose revenues could be affected positively or negatively in a disorderly low-carbon transition, based on their energy technology. For this reason, the CPRS classification is regarded as a reference for climate financial risk assessment and has been used by several international financial institutions to assess investors' exposure to climate transition risk. CPRS include fossil fuel, utility, energy intensive, buildings, transportation, agriculture, identified considering the direct and indirect contribution to Green House Gas (GHG) emissions, and their relevance for climate policy implementation.
7. Data as of 31st March 2022.
8. Portion of Fair Value in high risk zones over total Fair Value.

OPERATIONAL RISKS

Operational risks, regarding for the most part data centre operations and business continuity plans, must also be considered. We have endeavoured over the past years to decrease energy consumption in data centres and build resilience by anticipating and preparing for any adverse events, mainly cybercrime, by preventing data leakage and guaranteeing business continuity. Our data centres have reinforced redundancy and are located in areas not subject to extreme events. They can therefore be considered low-risk while simultaneously being protected by the necessary high standards of security controls. Our business continuity programme foresees an integrated approach, from infrastructure design to emergency management, regarding any potential acute, climate-related and physical events which are catalogued as natural disasters. No yearly risk analysis is foreseen for facility construction which is an infrequent activity.

Therefore, we can conclude that, our business continuity processes are not affected by physical change in weather patterns or other chronic, climate related, environmental changes.

FOCUS

DATA RETRIEVAL STRATEGY

UniCredit is designing a **global framework for ESG information** that will be a key enabler for compliance to Regulatory Disclosure needs as well as for accelerating Risk Management and Business Steering, with a view to doing everything necessary to collect the following information:

1. **EU Taxonomy Information:** all environmental information needed to determine whether a counterparty/transaction is EU taxonomy eligible/aligned;
2. **Other KPIs:** all other environmental KPIs required by the regulator related to disclosure requirements and useful also for business/risk needs (GHG emissions, energy efficiency data, top 20 polluters, transition risk and physical risk score).

In particular, in order to determine whether a transaction/counterparty is EU Taxonomy eligible and aligned, a careful assessment has to be made, starting from all the technical screening criteria of the EU taxonomy to the study of Delegated Acts. Approaching the issue in a granular way is however very onerous since the necessary information is not available at this moment and should be requested from clients, which would have a considerable impact on the network and lending processes. In order to find a balance between a granular approach and an impact on origination processes, we have defined a data recovery strategy that mixes the different approaches.

The data retrieval strategy proposal leverages both external providers and client interviews, taking into account the trade-off between accuracy on ESG KPIs vs impact on origination processes. It is therefore necessary to define a feasible approach (external provider or questionnaire to collect information from the client at origination phase) to information retrieval that considers the following drivers: stock and flow exposure, loan purpose, economic sector, counterparty sizing.

It has to be flexible over time, taking into account the evolution of both regulations and bank experience.

Three possible types of data strategy have been designed:

1. **Customer Survey at transaction level:** Granular KPIs to be requested from clients through specific questionnaires at origination;
2. **NFRD Disclosure at counterparty level:** Quota of client's KPIs (CapEx, OpEx and Turnover) aligned with the EU Taxonomy as reported in the non-financial information disclosure (NFRD) gathered by providers and then to be applied to compute counterparty's sustainable exposure to UniCredit;
3. **Algorithm at cluster level:** Cluster data retrieved and/or elaborated by providers leveraging geographical and/or sectorial logics and algorithm, then to be applied to compute the counterparty's sustainable exposure to UniCredit.

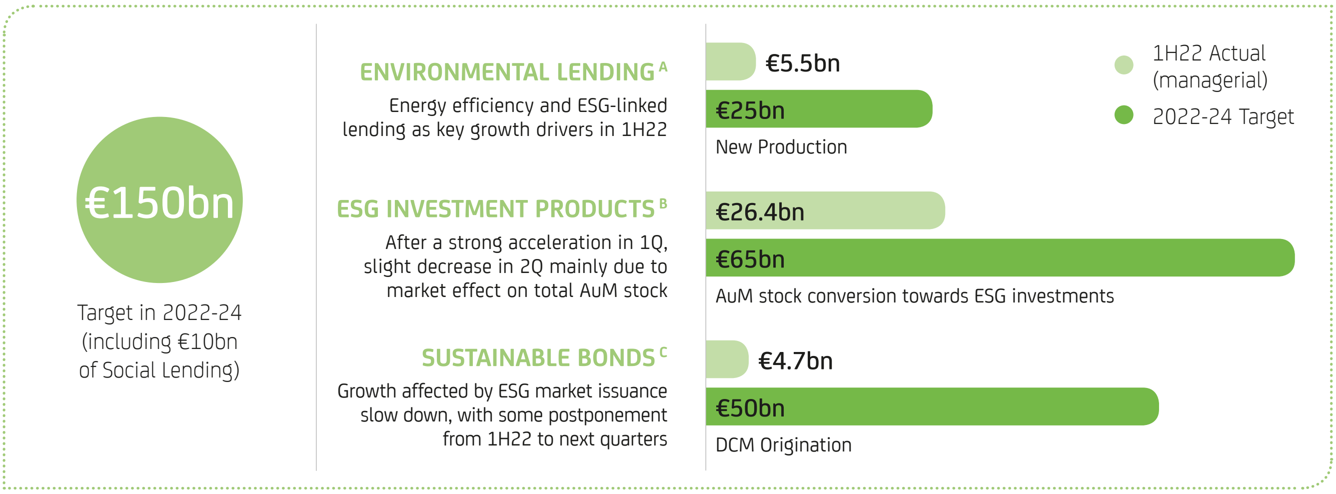
Metrics & Targets

Our 2022-2024 Strategic Plan, UniCredit Unlocked, calls for new targets which encompass several ESG objectives: we strive to hold ourselves to the same high standards we seek from those we do business with.

We have set ambitious targets to reduce the environmental impacts of both our operations and lending activities, assuming the key principle that, as an organisation, we should lead by example and by being a leader in the green transition.

We continue to track our progresses and we disclose our results and achievements to all relevant stakeholders on a quarterly basis.

2022-2024 TARGETS: SUPPORTING OUR CLIENTS' GREEN TRANSITION



A. Including ESG-linked lending.
B. Based on Art. 8 and 9 SFDR regulation.
C. All regions, including sustainability linked bonds, 1H 2022.
D. Refer to the Strategy chapter for more information.

Further KPIs and metrics

Our effort in promoting business that supports natural capital and in reducing our environmental impact is based on a number of specific initiatives which are highlighted in the following infographic.

Promoting sustainable financial instruments

4
own Green Bonds issued

€2.06bn
of total amount

1 Senior Green Bond issued in June 2021 for **€1bn**

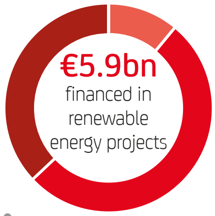
1 Green Mortgage Covered Bond issued in September 2021 for **€0.5bn**

1 Green Mortgage Covered Bond issued in October 2021 for **€0.06bn**

1 Green Mortgage Covered Bond issued in May 2022 for **€0.5bn**

Supporting renewable energy sources

As at December 2021:



37% photovoltaic plants

11% other renewable energy sources

52% wind energy

INDIRECT IMPACTS

Promote business that supports natural capital

€36.6bn
of cumulative ESG volumes in 1H22

94,915 tons CO_2e
Scope 1 + 2 emissions in 2021

-32%
reduction in own GHG emissions (Scope 1 and 2, market-based) 2021 vs 2017

Reduce our environmental impact

DIRECT IMPACTS

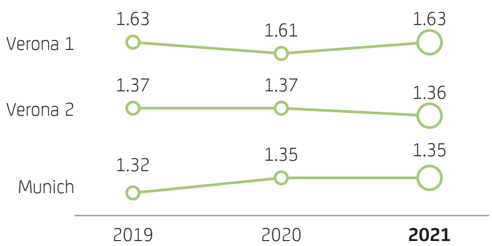
Raising awareness on environmental impact

A workshop has been organized on Net-Zero on own emissions, involving Group Real Estate and Group Strategy & ESG.

Almost 80 colleagues participated from from all countries, including ESG reference points.

UniCredit premises energy-efficiency

Data Centre power usage effectiveness (PUE) ratios



Managing mobility

-85%
Travel costs reduction due to pandemic (2021 vs 2019)

MOBILITY INITIATIVES FOR EMPLOYEES (BICYCLES AND E-BICYCLES)

In 2021 additional bike stations have been implemented in our main buildings in Italy, Bulgaria, and Russia. In Italy additional 320 bike parking spaces are being installed in 10 of our main buildings.

Intensity metrics[A]

2021	Italy	Germany	Central Europe	Eastern Europe
Energy consumption per employee (GJ/capita)	30	48	20	21
Copy paper consumption per employee (Kg/capita)	30	10	19	34
Water usage per employee (m^3/capita)	21	25	8	8

A. Refer to Natural Capital chapter of Integrated Report 2021 for more information.

Electricity procurement

ELECTRICITY PROCUREMENT

80%
of total electricity consumption in 2021 was from renewable sources

Italy	Germany	Austria	Hungary
100%	100%	98%	67%

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:

TCFD	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
PACTA	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
UN environment programme finance initiative	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 > **2021** We signed UNEP-FI commitment to Financial Health and Inclusion
SUSTAINABLE DEVELOPMENT GOALS	UN Sustainable Development Goals (SDGs)	> **2015** The UN Sustainable Development Goals (SDGs) were published. We have contributed since then by their achievement by monitoring our progress via measurable KPIs, resulting from the management of material topics and related risks and opportunities
EBA European Banking Authority	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
Center Climate Aligned Finance	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	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
GFANZ	Net-Zero Banking Alliance	> **2021** We joined the Net-Zero Banking Alliance, the banking element of the Glasgow Financial Alliance for Net-Zero (GFANZ)
WOMEN'S FORUM FOR THE ECONOMY & SOCIETY	Women's Forum	> **2021** Our CEO signed the CEO Champion Commitment Towards the Zero Gender Gap

UniCredit SpA

A joint stock company
Registered Office and Head Office in Milan: Piazza Gae Aulenti 3 - Tower A - 20154 Milano
Share capital Euro € 21,133,469,082.48 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

Empowering
Communities to Progress.

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