

# Unlocking...

A better bank

**A better world**

A better future

**2022  
UNEP FI  
Principles  
for Responsible  
Banking Report**

Empowering  
Communities to Progress.



# Introduction

The Principles for Responsible Banking (hereinafter also referred to as “PRB”) established in 2019 by the UNEP Finance Initiative (“UNEP FI”), represent the sustainable banking framework meant to align portfolio banking strategies with the UN Sustainable Development Goals (UN SDGs) and the 2015 Paris Climate Agreement.

Specifically, the PRB consist of six Principles, focusing on the following issues:

1. the alignment of business strategies with the needs of society and individuals;
2. identification of positive and negative impacts generated by the bank’s activities, and related targets in order to increase positive impacts and mitigate and reduce negative ones, as well as monitoring progress over time;
3. supporting clients that promote sustainability;
4. stakeholder engagement;
5. governance and a responsible banking culture;
6. transparency on the results achieved.

The PRB reached their third anniversary in 2022, becoming one of the leading sustainability-related banking initiatives globally, endorsed by more than 300 banks in 80 countries, representing almost 50 per cent of the global banking sector. By adhering to the Principles, banks make ambitious commitments and build alliances to accelerate action on priority issues, such as financial health and inclusion and climate change.

In 2019, UniCredit Group took part in the launch of the Principles for Responsible Banking, becoming a Founding Signatory, a status that applies to banks that first confirmed their adherence. The reporting on the bank’s commitment and progress made in implementing the principles is in the form of a specific report (“Principles for Responsible Banking Report”) that is based on the UNEP FI Reporting and Self-Assessment Template. The Principles for Responsible Banking Report has been prepared in accordance with the UNEP-FI Principles for Responsible Banking and “Principles for Responsible Banking - Guidance Document”.

# Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

## Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services.

Response	Links and references																																						
<p>At UniCredit our integrated and sustainable business model is based on local excellence, organised in <b>4 regions supported by</b> central structures, with <b>2 Product Factories</b> and a lean competence centre embedding <b>Digital &amp; Data</b>, all inspired by our <b>Principles and Values</b>.</p> <p>UniCredit is among the 29 financial institutions identified world-wide as <b>Global Systemically Important Banks (G-SIBs)</b>.</p> <p>We are the <b>third largest corporate lender by assets in Europe</b> where our <b>13 banks</b> are embedded in the fabric: we rank first in Eastern Europe, second in Central Europe, second in Italy and third in Germany. We have more than <b>15m clients</b> spread across the European communities:</p> <ul style="list-style-type: none"> <li>• <b>14m retail clients</b> with a value accretive affluent sector in which we particularly excel, and</li> <li>• <b>1m corporate clients</b> with a notable strength in SMEs.</li> </ul>	<p><b>2022 Integrated Report</b><sup>2</sup></p> <ul style="list-style-type: none"> <li>• Sustainable Business Model, page 60</li> </ul> <p><b>2022 Annual Reports and Accounts</b><sup>3</sup></p> <ul style="list-style-type: none"> <li>• Our Strategy, page 31</li> </ul> <p><b>2022 Integrated Report</b><sup>4</sup></p> <ul style="list-style-type: none"> <li>• Sustainable Business Model, page 60</li> </ul>																																						
<h3>CUSTOMER DISTRIBUTION</h3> <h4>NUMBER OF CUSTOMERS BY DIVISION AND COUNTRY<sup>1</sup></h4> <table> <tr> <th>Division and Country</th><th>Number</th></tr> <tr> <td><b>Italy</b></td><td></td></tr> <tr> <td>Retail</td><td>7,030,947</td></tr> <tr> <td>Corporate</td><td>184,107</td></tr> <tr> <td><b>Germany</b></td><td></td></tr> <tr> <td>Retail</td><td>1,441,505</td></tr> <tr> <td>Corporate</td><td>62,228</td></tr> <tr> <td><b>Central Europe - Retail</b></td><td></td></tr> <tr> <td>Austria</td><td>1,133,940</td></tr> <tr> <td>Czech Republic and Slovakia</td><td>628,886</td></tr> <tr> <td>Hungary</td><td>271,342</td></tr> <tr> <td>Slovenia</td><td>60,250</td></tr> <tr> <td><b>Eastern Europe - Retail</b></td><td></td></tr> <tr> <td>Bosnia and Herzegovina</td><td>607,144</td></tr> <tr> <td>Bulgaria</td><td>1,010,195</td></tr> <tr> <td>Croatia</td><td>1,009,361</td></tr> <tr> <td>Romania</td><td>718,046</td></tr> <tr> <td>Russia</td><td>408,491</td></tr> <tr> <td>Serbia</td><td>328,563</td></tr> </table>		Division and Country	Number	<b>Italy</b>		Retail	7,030,947	Corporate	184,107	<b>Germany</b>		Retail	1,441,505	Corporate	62,228	<b>Central Europe - Retail</b>		Austria	1,133,940	Czech Republic and Slovakia	628,886	Hungary	271,342	Slovenia	60,250	<b>Eastern Europe - Retail</b>		Bosnia and Herzegovina	607,144	Bulgaria	1,010,195	Croatia	1,009,361	Romania	718,046	Russia	408,491	Serbia	328,563
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<sup>1</sup> As at 31 December 2022.

<sup>2</sup> The 2022 Integrated Report is available at UC\_INTEGRATO\_2022\_ENG.pdf (unicreditgroup.eu).

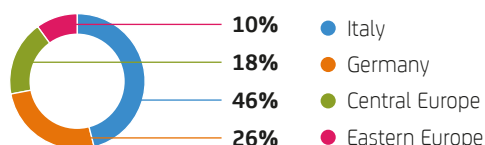
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Central Europe - Corporate	
Austria	12,955
Czech Republic and Slovakia	21,364
Hungary	9,712
Slovenia	2,591
Eastern Europe - Corporate	
Bosnia and Herzegovina	3,573
Bulgaria	13,731
Croatia	8,180
Romania	11,680
Russia	12,102
Serbia	4,118

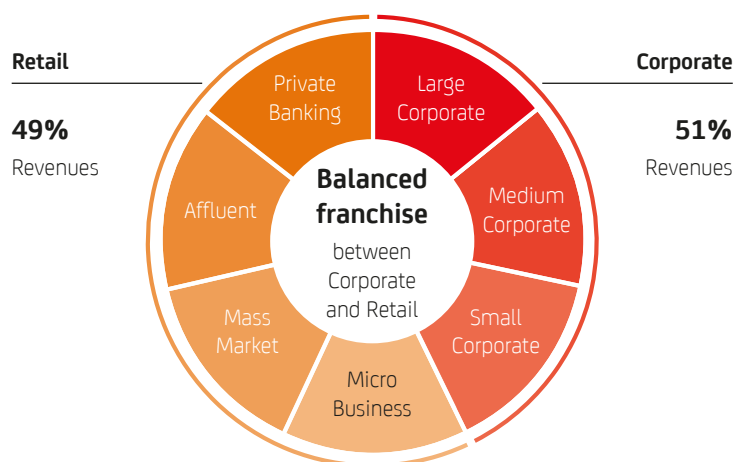
## TOTAL REVENUES BY DIVISION (%)



UniCredit Company Profile <sup>5</sup>

• page 6

## TOTAL REVENUES SPLIT BETWEEN CORPORATE AND RETAIL AS AT 1Q23



## Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

- ☒ Yes  
☐ No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- ☒ UN Guiding Principles on Business and Human Rights  
☒ International Labour Organization fundamental conventions  
☒ UN Global Compact  
☐ UN Declaration on the Rights of Indigenous Peoples

<sup>5</sup> The 2022 Company Profile is available at PowerPoint Presentation (unicreditgroup.eu).



# Principle 2: Impact and Target Setting



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

## 2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements (a-d):

- a) Scope:** What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Response	Links and references
<p>Starting from the impact analysis performed last year by applying the Portfolio Impact Analysis Tool for Banks developed by UNEP FI, and focusing on our most important markets (Italy and Germany) and the core business segments (retail and corporate), this year we have improved our impact analysis by implementing a new impact management and measurement (IMM) framework based on a unique, holistic and integrated approach which considers all current practices and international standards and enables us to measure and disclose our impact on environment and communities, integrating both direct and indirect impacts on E (Environmental) and S (Social) dimensions, also considering the negative ones.</p> <p>In order to outline causality links between outcomes and banking activities, the new IMM model builds upon the Theory of Change (ToC) and is the prime methodology used at Group level. The ToC methodology is extensively used by most development banks, international organisations, impact investors and social enterprises worldwide, such as the World Bank, KfW, CDP spa, Bridges Venture, ABN Amro and many others.</p> <p>The IMM is also aligned with international principles and standards, i.e. the UN SDGs, the EU Taxonomy, the Impact Management Project (IMP) norms, UNEP FI Principles for Responsible Banking, B4SI framework, Integrated Reporting framework. These principles and standards have already been adopted by our Group as illustrated by our internal ESG Guidelines.</p> <p>The model is still under development and it will take some months to complete and make operational in the bank systems and processes.</p>	

- b) Portfolio composition:** Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

- by sectors & industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or;
- by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

Response	Links and references
<p>Defining the flexible perimeter that represents the scope of the model, 5 selection criteria have been applied to identify all the activities to be considered related to different kinds of intervention. The criteria that define the scope of the model are key to ensure an accurate inclusion of UC's most material and impactful activities, as well as the identification of the stakeholder groups most affected by the Bank's activities.</p> <p>In summary, the criteria that inform the scope definition are:</p> <ol style="list-style-type: none"> <li>1. Level of strategic importance, i.e. activities that are considered more strategic need to be included.</li> <li>2. Level of maturity of the activity, i.e. activities that are consolidated will be included whereas brand new activities may be excluded</li> <li>3. Quantitative dimension of the activity (€), i.e. the larger the activities are the more material changes are expected for the Bank and its stakeholders</li> <li>4. Relation the Group has with the activity (direct vs indirect control), i.e. for activities under direct control the Bank holds more capacity for impact management.</li> <li>5. Potential impact (both positive and negative), i.e. the IMM model has to include both positive and negative impacts to exploit all the opportunities of impact maximisation.</li> </ol> <p>Before proceeding with the stakeholder mapping, we decided to define a prioritisation of the activities in scope on which we are focusing first in developing the model.</p> <p>The prioritisation of activities is based on a scoring from the Group perspective representing a weighted average of the selection criteria that have been associated to different weights based on their relevance.</p> <p>According to the scoring analysis, we identified three categories of activity:</p> <ul style="list-style-type: none"> <li>• High priority</li> <li>• Medium priority</li> <li>• Low priority</li> </ul> <p>The stakeholder analysis, which will allow us to understand potential impacts (both positive and negative) of the activities for different groups of relevant stakeholders, was developed by focusing first on the activities with a high priority score from a Group's perspective, and at a later stage on the remaining ones.</p> <p>Based on the 5 selection criteria defined, we have prioritised the following high strategic priority activities:</p> <ul style="list-style-type: none"> <li>• Digital initiatives &amp; investment (for clients' safety)</li> <li>• Climate risk</li> <li>• Net Zero</li> <li>• Compliance with rules and regulations, including ESG principles</li> <li>• UNEP FI PRB Financial Health &amp; Inclusion Commitment</li> <li>• Social lending</li> <li>• Well-being and people caring initiatives (included training)</li> <li>• Financial Education &amp; ESG Awareness initiatives</li> <li>• UniCredit Foundation initiatives</li> <li>• Diversity, equity and inclusion initiatives</li> <li>• Reduction of direct environmental impact</li> <li>• Environmental lending</li> <li>• Sustainable bonds with DCMO</li> </ul> <p>To perform the stakeholder analysis, we built a heatmap matrix analysing the following relevant categories of stakeholders:</p> <ul style="list-style-type: none"> <li>• Clients</li> <li>• Colleagues</li> <li>• Communities</li> <li>• Suppliers</li> <li>• Planet</li> </ul>	

Response	Links and references
<p>In the first 3 categories (clients, colleagues, communities) we have also included vulnerable groups such as women, young people, fragile individuals (i.e. people at risk of poverty, at risk or victims of violence, affected by disability, invalidity or illness, the unemployed, the elderly, immigrants, former prisoners and other minorities).</p> <p>We mapped all prioritised activities in the stakeholders' matrix evaluating from their perspective the impact that the activities could have in terms of:</p> <ul style="list-style-type: none"> <li>• Expected positive vs unexpected negative impact</li> <li>• The impact magnitude (high, medium, low)</li> <li>• The rationale underlying the activities' positioning in the matrix</li> </ul> <p>The next steps of the project foresee:</p> <ul style="list-style-type: none"> <li>• conducting a risk analysis to develop a tool for negative impact</li> <li>• defining processes and tools needed to feed the model and related theory of change at activity level, also involving the relevant functions to ensure full commitment, feasibility and implementation of the IMM model at Group level.</li> </ul>	

**c) Context:** What are the main challenges and priorities related to sustainable development in the main countries/ regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

Response	Links and references
<p>The IMM model is consistent with the analyses of country priorities that were carried out to define our Group strategy and in particular our ESG strategy.</p> <p>In 2022, we reshaped our targeted country approach, embedding it into our four strategic actions.</p> <p>Countries have indeed defined their priorities for 2023 and prepared country ESG plans detailing their local strategic actions.</p> <p>Moreover, most Countries will focus on Social Contribution projects mainly aiming to support the young or to develop educational programmes for fragile categories. The IMM model is fully aligned to this strategy and is based on a double materiality approach.</p> <p>For example, the 3 practical levers to meet strategic social goals are fully in scope of the model and are all considered as high priority activities:</p> <ol style="list-style-type: none"> <li>1. Social finance: offer suitable, accessible, fair and equitable (SAFE) financial products and services;</li> <li>2. Own social contribution: support communities through education initiatives, social projects and donations;</li> <li>3. Support to our own employees: grant flexibility, well-being and people caring, also promoting diversity, equity and inclusion.</li> </ol>	

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritise to pursue your target setting strategy? Please disclose.

Response	Links and references
<p>As we communicated last year, and based on our current impact analysis project that considers the 5 above-mentioned criteria for the scope definition, we identified and prioritised the following two impact areas:</p> <ul style="list-style-type: none"> <li>• Climate change mitigation</li> <li>• Financial health and inclusion</li> </ul>	<p><b>2021 PRB Report<sup>6</sup></b></p>

<sup>6</sup> [https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/sustainability/sustainability-reports/2021/UC\\_INTEGRATO\\_2021\\_UNEP\\_ENG.pdf](https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/sustainability/sustainability-reports/2021/UC_INTEGRATO_2021_UNEP_ENG.pdf)



- d) For these: **Performance measurement:** Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

Response	Links and references
<p>Regarding <b>Climate change mitigation</b>, in October 2021 UniCredit signed up to the Net-Zero Banking Alliance. The three priority sectors (Oil &amp; Gas, Power Generation, Automotive) for which UniCredit disclosed the emission baseline of lending portfolio and the interim decarbonisation targets at 2030 have been selected according to:</p> <ul style="list-style-type: none"> <li>• Materiality (Sectors responsible for majority of global GHG emissions and with a significant share of the Group lending exposure);</li> <li>• Availability and maturity of guidelines and standards;</li> <li>• Market practices</li> </ul> <p>The target setting and performance measurement considers the emissions profile of the bank's lending portfolio (drawn amount), focusing on SME and Large Corporates. Clients have been segmented based on the Nomenclature of Economic Activities (NACE) and for each sector we selected the value chain segments where emissions are most material and where data is available.</p> <p>For each sector, clients' direct emissions (scope 1) and indirect emissions (scope 2 and 3) were analysed. The decision to ultimately include them in the final metric was based on the materiality of emissions, data, methodology and scenario benchmark availability.</p> <p>The primary metric for emission baseline computation and target setting was selected for each sector considering sector peculiarities, available guidelines, and market practices.</p> <p>Regarding <b>financial health and inclusion</b>, we are aware that our countries face different social challenges, with their social priorities reflected in EU programmes. EU social taxonomy represents a first attempt to define a full framework which we can take into account to build our social offer. Our purpose, Empowering communities to progress, entails the enhancement of our approach to social factors by leveraging the solid position and strong synergies already built with Social Impact Banking and UniCredit Foundation.</p> <p>One of our strategic social goals is to ensure communities' sustainable progress, with a focus on Youth and Education. Social contribution is one of our levers:</p> <ul style="list-style-type: none"> <li>• Increase our contribution, focusing more on specific projects related to youth, education and a just transition</li> <li>• Reinforce the key role of the UniCredit Foundation to increase our distinctiveness in support to Youth and Education.</li> </ul>	<p><b>2022 Integrated Report</b></p> <ul style="list-style-type: none"> <li>• Our Strategy, pages 31-45</li> </ul>

## SELF-ASSESSMENT SUMMARY

**Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?**

Scope:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No

**Which most significant impact areas have you identified for your bank, as a result of the impact analysis?**

Climate change mitigation, financial health & inclusion.

**How recent is the data used for and disclosed in the impact analysis?**

- ☐ Up to 6 months prior to publication
- ☒ Up to 12 months prior to publication
- ☐ Up to 18 months prior to publication
- ☐ Longer than 18 months prior to publication

## 2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

**a) Alignment:** which international, regional or national policy frameworks to align your bank's portfolio with have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

Response	Links and references
<p>Regarding <b>Climate change mitigation</b>, UniCredit selected the International Energy Agency (IEA) Net Zero 2050 Scenario as benchmark scenario for all three priority sectors, widely accepted science-based decarbonisation scenarios that are aligned with the temperature goals of the Paris Agreement. 2030 has been selected as the reference year for intermediate targets.</p> <p>For <b>Oil &amp; Gas sector</b>, to calculate the baseline and target on emission Scope 3 Category 11, the absolute financed emissions metric was used (MtCO<sub>2</sub>e). We decided to align our 2030 target with the IEA Net Zero Emissions (NZE) scenario including oil and gas.</p> <p>For <b>Power Generation sector</b>, exposure-weighted physical intensity of carbon emissions per unit of energy (gCO<sub>2</sub>e/kWh) was used as key metric to calculate the baseline and set a target on emission Scope 1. 2030 targets are aligned with the IEA Net Zero Emissions (NZE) scenario. The share of Europe for production and emissions data were used because the majority of the bank's portfolio is based in Europe.</p> <p>For <b>Automotive sector</b>, the primary metric for the Automotive sector was an exposure weighted, physical intensity metric (gCO<sub>2</sub>/vkm), measuring Scope 3 Category 11 TTW emission intensity of new Light Duty Vehicles produced. The IEA NZE 2050 scenario was selected as the benchmark to measure portfolio alignment due to the availability of a dedicated pathway for the automotive sector, its credibility, and alignment with NZBA guidelines.</p> <p>As a signatory bank of the PRB Commitment on <b>Financial Health and Inclusion</b>, from the beginning of April to the beginning of September 2022 we participated in the UNEP FI working group for setting common indicators to measure financial health and financial inclusion.</p> <p>In October 2022, we started to involve all our countries in the process of context analysis, baseline measurement and target setting in order to:</p> <ul style="list-style-type: none"> <li>• share the core set of indicators and relative guidance for Banks (published by UNEP FI)</li> <li>• define the approach for their selection at country level based on their respective strategic priorities</li> <li>• define baseline and target for selected indicators both at country level and Group level (aggregated view) as well as an action plan in order to achieve progresses vs targets</li> <li>• implement a monitoring and reporting process at Group level and identify the proper reporting tools</li> </ul> <p>According to the feedback received by our countries, we selected the following 2 core indicators to set targets of financial inclusion in line with the PRB Commitment we signed.</p> <p>Both indicators, which are based on transactional data, will focus on the financial inclusion of the prioritised group of clients identified as the most relevant strategic target, represented by young people (meaning people aged 17 to 30).</p> <p>The 2 indicators are the following:</p> <ol style="list-style-type: none"> <li>1. CS028 - % of young clients with 2 or more active financial products, from different categories, with the bank</li> <li>2. CS036 - % of new young clients, per month.</li> </ol> <p>For both indicators, we measured baseline 2022 and SMART targets to be met by 3 years from the baseline year (i.e. 2025), first at country level, and then consolidated at Group level, also defining the trend year by year.</p>	<p><b>2022 Integrated Report</b></p> <ul style="list-style-type: none"> <li>• Our Strategy, pages 31-45</li> </ul>

- b) Baseline:** Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

Response	Links and references																														
<p>Regarding <b>Climate change mitigation</b>:</p> <p>To compute emission baseline, we selected for each sector the best primary metric, considering sector peculiarities, available guidelines, and market practices. For Oil &amp; Gas absolute financed emission metric (MtCO<sub>2</sub>e) was selected while sector-specific physical intensity metric was used for Power Generation (gCO<sub>2</sub>e/kWh) and Automotive (gCO<sub>2</sub>/vkm).</p> <p>For all three Net Zero sectors, the baseline was calculated on the on-balance sheet lending drawn exposure at 31 December 2021.</p> <div> <div> <p><b>OIL &amp; GAS</b></p> <p><b>Overview of key design choice</b></p> <table> <tr> <th colspan="2">Key Design Choice</th></tr> <tr> <td><b>Activities</b></td><td>Upstream, midstream, &amp; downstream, and integrated companies</td></tr> <tr> <td><b>Emission Scope</b></td><td>Scope 3 Category 11 (leveraging on production and emission factors)</td></tr> <tr> <td><b>Metric</b></td><td>Financed Emissions</td></tr> <tr> <td><b>Financing Activities</b></td><td>Corporate lending book: drawn exposure</td></tr> <tr> <td><b>PCAF Score</b></td><td>3.2</td></tr> <tr> <td><b>Scenario</b></td><td>IEA NZ 2050 (World) oil and gas</td></tr> </table> </div> <div> <p><b>2021</b></p> <p><b>Baseline estimation</b></p> <table> <tr> <th>Input</th><th>Data source</th></tr> <tr> <td><b>Financials (incl. exposure, revenue, company value)</b></td><td>Internal</td></tr> <tr> <td><b>TO Emissions</b></td><td>Scope 3 - Computed Using production and emission factors</td></tr> <tr> <td><b>Production (by tech type)</b></td><td>External data providers</td></tr> <tr> <td><b>Emission factors (baseline estimation)</b></td><td>IEA</td></tr> <tr> <td><b>Baseline financed emissions</b></td><td>21.4Mt CO<sub>2</sub>e.</td></tr> <tr> <td><b>On balance sheet lending (drawn exposure)</b></td><td>EUR 7.8bn</td></tr> </table> </div> </div>	Key Design Choice		<b>Activities</b>	Upstream, midstream, & downstream, and integrated companies	<b>Emission Scope</b>	Scope 3 Category 11 (leveraging on production and emission factors)	<b>Metric</b>	Financed Emissions	<b>Financing Activities</b>	Corporate lending book: drawn exposure	<b>PCAF Score</b>	3.2	<b>Scenario</b>	IEA NZ 2050 (World) oil and gas	Input	Data source	<b>Financials (incl. exposure, revenue, company value)</b>	Internal	<b>TO Emissions</b>	Scope 3 - Computed Using production and emission factors	<b>Production (by tech type)</b>	External data providers	<b>Emission factors (baseline estimation)</b>	IEA	<b>Baseline financed emissions</b>	21.4Mt CO <sub>2</sub> e.	<b>On balance sheet lending (drawn exposure)</b>	EUR 7.8bn			
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**c) SMART targets** (incl. key performance indicators (KPIs): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

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<p>Regarding <b>Climate Change Mitigation</b>:</p> <p>For monitoring progress towards disclosed Net Zero targets on the selected perimeter, we will use absolute financed emission metric for Oil &amp; Gas (MtCO<sub>2</sub>e) and sector-specific physical intensity metrics for Power Generation (gCO<sub>2</sub>e/kWh) and Automotive (gCO<sub>2</sub>/vkm).</p> <table><tr><th>Sector</th><th>Scope</th><th>Value Chain</th><th>Metric</th><th>2021 Baseline</th><th>2030 Target</th><th>Scenario Benchmark</th></tr><tr><td>Oil &amp; Gas</td><td>Scope 3 Category 11</td><td>Upstream, Midstream, Downstream</td><td>Financed Emissions</td><td>21.4 MtCO<sub>2</sub>e</td><td><b>-29% reduction (15.2 MtCO<sub>2</sub>e)</b></td><td>IEA NZ 2050 (World)</td></tr><tr><td>Power generation</td><td>Scope 1</td><td>Power Generation</td><td>Emission Intensity</td><td>208 gCO<sub>2</sub>e/kWh</td><td><b>111 gCO<sub>2</sub>e/kWh</b></td><td>IEA NZ 2050 (Europe)</td></tr><tr><td>Automotive</td><td>Scope 3 Category 11 Tank-to-wheel</td><td>Automotive manufacturers (Light-duty Vehicles)</td><td>Emission Intensity</td><td>161 gCO<sub>2</sub>/vkm</td><td><b>95 gCO<sub>2</sub>/vkm</b></td><td>JEA NZ 2050 (World)</td></tr></table>	Sector	Scope	Value Chain	Metric	2021 Baseline	2030 Target	Scenario Benchmark	Oil & Gas	Scope 3 Category 11	Upstream, Midstream, Downstream	Financed Emissions	21.4 MtCO <sub>2</sub> e	<b>-29% reduction (15.2 MtCO<sub>2</sub>e)</b>	IEA NZ 2050 (World)	Power generation	Scope 1	Power Generation	Emission Intensity	208 gCO <sub>2</sub> e/kWh	<b>111 gCO<sub>2</sub>e/kWh</b>	IEA NZ 2050 (Europe)	Automotive	Scope 3 Category 11 Tank-to-wheel	Automotive manufacturers (Light-duty Vehicles)	Emission Intensity	161 gCO <sub>2</sub> /vkm	<b>95 gCO<sub>2</sub>/vkm</b>	JEA NZ 2050 (World)	
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<p>For both indicators that have been selected within our <b>Financial Health and Inclusion</b> Commitment, we set SMART targets to be met within 3 years from the baseline year (i.e. 2025) at country level, which have been consolidated at Group level.</p> <table><tr><th>Targets for Financial Health and Inclusion</th></tr><tr><td>1. CS028 - % of young clients with 2 or more active financial products, from different categories, with the bank = 14.7% 2023, 14.8% 2024, 14.9% 2025</td></tr><tr><td>2. CS036 - % of new clients from young people, per month = 36.3% 2023, 36.9% 2024, 37.6% 2025</td></tr></table>	Targets for Financial Health and Inclusion	1. CS028 - % of young clients with 2 or more active financial products, from different categories, with the bank = 14.7% 2023, 14.8% 2024, 14.9% 2025	2. CS036 - % of new clients from young people, per month = 36.3% 2023, 36.9% 2024, 37.6% 2025																										
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**d) Action plan:** which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

Response	Links and references
<p>Regarding <b>Climate Change Mitigation</b>: to support the achievement of Net Zero targets, dedicated initiatives are being developed focusing on:</p> <ul style="list-style-type: none"> <li>• Strengthening of advisory services for corporate clients in high emitting sectors.</li> <li>• Significantly boosting our sustainable lending (green loans and sustainability-linked loans) to support our clients in their journey to decarbonise their operations and diversify away from carbon intensive sectors.</li> <li>• Support to clients in the development and scaling up of innovative climate solutions.</li> <li>• Targeted partnerships with companies specialised in sustainability for specific sectors.</li> </ul> <p>All the above actions are complemented by our sector policies, including for Oil &amp; Gas and Coal. These ensure we constantly reinforce our responsible and sustainable approach to the phase-out from hard-to-abate sectors with a clear focus on accelerating the energy transition through green financing.</p> <p>We are working to define our Transition plan to achieve Net Zero targets that will be published by April 2024, in line with Net Zero Banking Alliance requirements. Different streams are already ongoing in the Bank to operationalise Net Zero into the organisation.</p> <p>Regarding <b>Financial Health and Inclusion</b>, in order to ensure that we will meet our financial inclusion targets focusing on young customers, we defined a business action plan at country level.</p>	

## SELF-ASSESSMENT SUMMARY

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: Climate change mitigation	... second area of most significant impact: Financial Health and Inclusion	If you are setting targets in more impact areas) ... your third (and subsequent) area(s) of impact: ... (please name it)
<b>Alignment</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
<b>Baseline</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
<b>SMART targets</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
<b>Action plan</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No



## 2.3 Target implementation and monitoring (Key Step 2)

**For each target separately:**

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank’s progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

**Or, in case of changes to implementation plans:** describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Response	Links and references
<p>Regarding <b>Climate Change Mitigation</b>, the Bank is working to define the Net Zero transition plan with actions to achieve the defined targets. We are setting up the process to closely monitor the Bank's progress in achieving the disclosed targets and by April 2024 the first progress report will be published in line with Net Zero Banking Alliance requirements.</p> <p>Regarding <b>Financial Health and Inclusion</b>, in the next months of this year, we will implement a monitoring and reporting cycle, always involving all our countries, in order to be able to consolidate and report our progress towards the financial inclusion targets on which we have committed as a Group.</p>	

# Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

## 3.1 Client engagement

Does your bank have a policy or engagement process in place with clients and customers to encourage sustainable practices?

☒ Yes ☐ In progress ☐ No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

☒ Yes ☐ In progress ☐ No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved. This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank.

Response	Links and references
<p>UniCredit's ESG strategy reflects our ambition to position ourselves as a bank of reference on ESG issues and is based on 3 guiding principles:</p> <ul style="list-style-type: none"><li>• hold ourselves to the highest possible standards in order to do the right thing both for our clients and society</li><li>• be fully committed to supporting our clients in a just and fair transition</li><li>• reflect and respect the views of our stakeholders in our business and decision-making processes.</li></ul> <p>We are well aware that fulfilling our common Purpose of empowering communities to progress would not be possible without the highest ESG standards across our bank.</p> <p>Providing our clients and communities with the tools, support and knowledge they need, no matter where they are along their journey, proves just how committed we are to shaping a future for them that is fairer, greener and more sustainable.</p> <p>We expect those we work with to embody the same values and have set clear objectives to support our clients in their transition. This means actively engaging with clients in our daily commitment to support their energy transition plans and working closely together to accelerate climate action. We aim to raise awareness by providing them with information, tools and education on innovations that can help their business evolve.</p>	<p><b>2022 Integrated Report</b></p> <ul style="list-style-type: none"><li>• Letter from Head of Group Strategy &amp; ESG, page 18</li><li>• Natural Capital, page 114</li><li>• Governance, page 63</li><li>• Social and relationship capital, page 101</li></ul>

In doing this, since 2019 we have launched our ESG advisory team combining sustainability expertise with capital markets execution in order to deepen client dialogue around ESG-related topics and facilitate access to Europe's green financing market. This team advises clients on the just and fair transition strategies whilst supporting the origination of ESG finance mandates across the entire value chain. The team works alongside UniCredit's existing Equator Principles Advisory Team. In 2003, UniCredit was among the world's first adopters of the ten principles that constitute the Equator Principles - a risk management framework for determining, assessing and managing environmental and social risk in projects. Since then, the Group has actively contributed to the framework's development. Both teams work in alignment to define eligible project categories.

Moreover, ESG matters are increasingly embedded across our Group through other dedicated teams and experts in several Group functions which manage specific ESG aspects according to the area of competency. Examples include ESG offices supporting business divisions in the main Group geographies, and the recently established ESG Digital and Group Real Estate ESG, Innovation Projects & Monitoring functions. The Compliance and Regulatory Affairs functions also have resources dedicated to ESG-related issues. Additionally, an important role is played by UniCredit Foundation, the corporate foundation of UniCredit Group. Its new purpose is to unlock the potential of Europe's next generation. The Foundation's mission is to empower young people across Europe by providing equal opportunities in education and supporting their personal and professional development.

In the transition process we work alongside industries that need large investments to combat climate change and achieve the objectives set by the EU Green Deal roadmap. The integration of climate and environmental risks and opportunities in our credit risk management is a necessary step of the journey in this direction. A specific methodology and process have thereupon been developed to identify scope, collect data, carry out assessments and validate results. In order to integrate such 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, we have designed a Climate and Environmental Risk Assessment Questionnaire to determine our clients' position on the transition pathway. The results of the climate and environmental assessments integrate the files submitted to Credit Committees, enabling them to correctly consider climate and environmental factors when granting decisions during the underwriting phase. In addition, transition risk scores (retrieved by external providers) are translated into ad hoc steering signals and are fully embedded in the Industry Credit Risk Strategies framework.

Another initiative for our clients is the Start Lab programme in Italy. This programme offers comprehensive support to selected start-ups, working alongside teams at all stages of the business life-cycle with specific initiatives.

It is a Business Platform for the very best innovative projects: we have supported over 500 startups through our dedicated team of professional experts since 2009.

We operate across multiple industries and we welcome all highly innovative start-ups founded in the last five years, as well as highly innovative business projects with a specific goals including clean tech (renewable energy, energy efficiency, sustainable mobility, waste treatment) and impact innovation (services and products capable of generating a social or environmental benefit).

The programme offers:

- Assessment: One-to-one meetings with the UniCredit Start Lab team to discuss the project
- Mentoring: Expert mentors from our network are specifically assigned to help you with key decisions
- Specific offer: Selected start-ups receive grants of €10,000 and banking support from our Relationship Managers and tailored products

## 3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages - climate, social bonds - financial inclusion, etc.).

Response	Links and references
<p>As Europe is facing the enduring energy crisis and the conflict in Ukraine, we have an opportunity to improve our economies and societies. The financial industry plays a vital role in this process. We believe that banks should be closely tied to their local communities, acting as drivers of growth to enable individuals, groups and countries to reach their potential. Central to all our actions is the shared purpose of our people who are working together to empower communities to progress.</p> <p>One year ago, we targeted €150bn euros of new ESG volumes over 2022-2024 across Environmental Lending, ESG Investment Products, Sustainable Bonds and Social Lending (€10bn more than the previous €1bn target) and we have been progressing well towards achieving these goals, mobilising in 2022 €11.4bn of Environmental Lending, €28.7bn of ESG Investment Products, €12.8bn of Sustainable Bonds and €4.8bn of Social Lending (compared to the Group's cumulative ESG volume goal of €150bn over 2022-2024).</p> <p>We are committed to reach the Net Zero goal on financed emissions by 2050.</p> <p>We recently published our targets for the three most on the first carbon intensive sectors, Oil &amp; Gas, Power Generation and Automotive, calculated according to the International Energy Agency (IEA) Net Zero 2050 pathway as the benchmark scenario. We will ensure tangible progress with dedicated initiatives focusing on:</p> <ul style="list-style-type: none"> <li>• Strengthening of advisory services for corporate companies in high-emitting sectors</li> <li>• Significantly boosting our sustainable lending (green loans and sustainability-linked loans) to support our clients in their journey to decarbonise their operations and move away from carbon-intensive sectors</li> <li>• Support to clients in the development and scaling up of innovative climate solutions</li> <li>• Targeted partnerships with companies specialised in sustainability for specific sectors.</li> </ul> <p>All the above actions are complemented by our sector policies, including for Oil &amp; Gas and Coal.</p> <p>As a further demonstration of how ESG topics are embedded in everything we do, we are also part of the Ellen MacArthur Foundation network committed to Circular Economy and have signed up to the Steel principles and Finance for Biodiversity Pledge as the first bank from Italy at COP15. Moreover, UniCredit is the only bank in the CEO Alliance Action Tank focused on accelerating Europe's decarbonisation and digitalisation.</p> <p>We are likely to be required to evaluate the trade-off between environmental impacts and social repercussions. These are equally important for us, but we are realistic about their interaction and where we can add most value.</p> <p>Compromises will be necessary if we are to deliver on our goals for both, but we will make these with our ultimate purpose in mind, focusing our energies on where we can have most impact.</p> <p>Banks have an important social function which goes far beyond lending, they have a huge responsibility in supporting clients in their own business transformation.</p> <p>To this end, and given its importance, the social component of the ESG pillars has been further enhanced. The social component has been spread across the relevant ESG functions also at governance level in order to ensure it is treated with the same engagement.</p> <p>Therefore, in 2022 our Social Strategy has been further enhanced with initiatives, pursuing the five strategic goals addressed to specific beneficiaries, in line with EU directives:</p> <ol style="list-style-type: none"> <li>1. Foster financial inclusion and health of vulnerable people and enterprises</li> <li>2. Support corporate companies in becoming more socially-oriented</li> <li>3. Ensure communities, sustainable progress, with a focus on youth and education</li> <li>4. Protect categories at higher risk of being negatively affected by the transition</li> <li>5. Ensure positive work conditions for employees.</li> </ol>	<p><b>2022 Integrated Report</b></p> <ul style="list-style-type: none"> <li>• Our Strategy, page 31</li> <li>• Social and Relationship Capital, page 90</li> </ul>

Moreover, the UniCredit Foundation has launched its new strategy, actively engaging in projects aimed at combating school dropouts, enhancing employability, encouraging university attainment and promoting the study and research of our young people to empower Europe's next generation to unlock their full potential.

Education and training are fundamental to the Culture of our bank and to our Values of Integrity, Ownership and Caring. It is a core area we continue to work on, both internally and externally.

As an example, externally in 2022 we reached more than 289 thousand beneficiaries, including young people, women and vulnerable individuals, through financial education and financial and ESG awareness initiatives. Internally, last year we launched our ESG University which has dedicated learning resources and training programmes for all colleagues across the Group, including online ESG courses available to all staff and aimed at stepping up general ESG awareness and knowledge across the Group. More targeted courses for specific roles that are increasingly engaged in ESG topics in their daily work are also available and have been developed together with experts from universities. For our Group executives we are also providing dedicated ESG programmes which include in-person workshops, webinars and online resources.

ESG education and training is also a key area where we support Teach For All across seven of our markets in Europe (Austria, Bulgaria, Germany, Italy, Romania, Slovakia and Serbia) - sharing our expertise to train teachers in disadvantaged areas thus ensuring equal access to quality education for all.

## **2022 Integrated Report**

- Letter from Head of Group Strategy & ESG, page 18
- Natural Capital, page 114
- Governance, page 63
- Social and Relationship Capital, page 101



# Principle 4: Stakeholders



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

## 4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders you have identified as relevant in relation to the impact analysis and target-setting process?

☒ Yes ☐ In progress ☐ No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Response	Links and references
<p>At UniCredit, we place a high value on actively listening to our stakeholders. This has always been a fundamental principle for us and is the reason why we make a consistent effort to invest in mutual feedback opportunities with all our stakeholders. Taking a strategic approach, we carefully gather and analyse the views and concerns shared by our stakeholders and promptly address their observations. Indeed, the creation of long-lasting value depends not only on an awareness of our own business impact but also on a clear insight into our stakeholders' needs. This provides us with the necessary support to successfully manage risks and opportunities and achieve long-term sustainability. During the year we continued to leverage our usual stakeholder engagement tools. The materiality analysis remains a fundamental tool for listening to our stakeholders, supporting our business strategy and helping value creation over the long term. It takes a dynamic and forward-looking view of ESG topics, allowing us to take regular action on emerging risks and relevant issues. What may be immaterial to a company or industry today could become material tomorrow. Every year, we carry out our materiality analysis by taking into consideration a variety of sources to ensure that we are encompassing all the material topics in the banking industry for our stakeholders. We apply information sourced both externally, by the Datamaran tool, and internally, by listening to our stakeholders. Connecting with stakeholders on a deeper level represents a crucial building block for a relationship based on trust.</p> <p><b>Engaging with our customers</b></p> <p>While capturing new business opportunities and facilitating stakeholder engagement, the service we provide is measured by identifying and prioritising interventions in areas where improvement is required. Moreover, Group-wide, our complaint management system allows us to identify sources of concern and promptly resolve them to the satisfaction of our clients.</p> <p><b>Interacting with institutional and regulatory bodies</b></p> <p>We continue to be committed to managing relations with EU authorities and carry out advocacy based on the highest standards of integrity, transparency, professionalism and cooperation. In order to facilitate the transition to a low-carbon economy, in 2022 we continued to proactively communicate and engage with regulators at national, European and international levels regarding the enhancement of the EU sustainable finance framework.</p>	<p><b>2022 Integrated Report</b></p> <ul style="list-style-type: none"><li>• Stakeholder Engagement, page 48 and Supplement page 5.34</li><li>• Social and Relationship Capital, pages 90-103</li></ul>

## Engaging with Investors

Investors are increasingly integrating ESG factors in their investment decisions. ESG ratings and scores are therefore becoming more and more relevant, triggering sustainable investor and fund decisions and strategies. For this reason we have strengthened our relationships with external stakeholders such as ESG investors and analysts and ESG rating agencies.

While we are well on our way along this path, further initiatives to strengthen our approach will follow in 2023.

In particular, we will set up a strategic collaboration with two significant stakeholders that will advise and drive us in developing a new impact measurement model combining both environmental and social dimensions:

- Human Foundation Do&Think Tank for Social Innovation, an important partner who has already supported us in the development of our own method for measuring social impact in the Social Impact Banking perimeter
- Mrs. Lisa Hehenberger, professor at Esade Business School of Barcelona and one of the most authoritative figures at an international level on impact measurement topics.

Following our strengthened engagement with NGOs and civil society at large, we have planned dedicated initiatives with the most significant organisations in order to assess any gaps identified by them in our ESG strategic positioning and to highlight the Group's improvements in areas of sustainability, focusing on material topics such as the just and fair transition, Net Zero, Biodiversity and policy updates (e.g. weapons).

Recently we also established a new partnership with Eni around Open-es, an ecosystem initiative seeking to enhance cross-business collaboration and support companies in measuring and improving their ESG performance.

Finally, as a further demonstration of how ESG topics are a priority of our collaboration with relevant stakeholders, in December 2022:

- we became a member of the Ellen McArthur Foundation international charity network in order to further support an acceleration of the circular economy transition across our countries
- we signed up to the Steel principles and Finance for Biodiversity Pledge as the first bank from Italy at COP15.

# Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

## 5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

☒ Yes ☐ In progress ☐ No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to)
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Response	Links and references
<p>The PRB are part of the ESG Strategy of the Group and their governance, oversight and implementation are ensured by the overall ESG governance of the Bank.</p> <p>UniCredit's ESG governance has been significantly strengthened in recent years, underpinning the drive to further integrate ESG criteria into the Group's overall business strategy</p> <p>Several structures are involved in ESG governance and management at three main levels: <b>corporate bodies oversight, steering and coordination and implementation and execution.</b></p> <p>Below is a summary of the principal functions involved</p> <ul style="list-style-type: none"><li>• the <b>Board of Directors</b> defines the overall strategy of the Bank, which incorporates the Group's ESG strategy, overseeing its implementation over time;</li><li>• the <b>ESG Committee (ESGC)</b> supports the Board of Directors in fulfilling its responsibilities with respect to ESG components. In 2022 the ESGC held 10 meetings, reviewing 22 ESG items (some of them were discussed in multiple meetings) in 4 main thematic work areas (Regulatory and Voluntary ESG Disclosures, Policies on controversial sectors and ESG Commitments, ESG Risk &amp; Compliance, ESG Strategy &amp; Targets). ESG targets (e.g. Net Zero targets) are discussed within the ESGC and presented to the BoD. The PRB Report, approved by the CEO, is presented to the ESGC;</li><li>• the <b>Group Executive Committee (GEC)</b> is the Group's most senior managerial committee, chaired by the CEO. Its mission includes the definition of the overall ESG strategy. It ensures the effective steering, coordination and control of Group business regarding strategic topics such as ESG-related matters;</li><li>• the <b>Group Non-Financial Risks and Controls Committee (GNFRCC)</b> supports the CEO in steering and monitoring non-financial risks (including ESG risks);</li><li>• the <b>Group Strategy &amp; ESG and Group Stakeholder Engagement</b> functions together serve as a CEO Office which deals with any initiatives considered critical for the CEO, such as strategy, M&amp;A, further integration of ESG criteria in the business of the company, stakeholder management and regulatory affairs;</li></ul>	<p><b>2022 Integrated Report</b></p> <ul style="list-style-type: none"><li>• ESG Governance, page 62</li></ul> <p><b>2022 Annual report and accounts</b></p> <ul style="list-style-type: none"><li>• page 511</li></ul>

- the **Group ESG** function, part of the Group Strategy & ESG function, steers the definition and implementation of the Group's ESG strategy. It ensures the ESG framework is consistent with the Group's principles and Purpose and with relevant international standards and practices. It is also tasked with, inter alia, monitoring and disclosing the Group's ESG impacts and results, and with overseeing the adoption of relevant policies and standards. Its activities are divided into three offices: ESG Strategy and Implementation; ESG Service Excellence; ESG Metrics, Policies and Disclosure; The latter prepares the Group Integrated Report and ensures coordination among the different functions of the bank in the implementation of the Principles for Responsible Banking - UNEP FI and it is responsible for the preparation of the yearly PRB Report;
- the **Group Risk Management** function supports the CEO in defining the Group Risk Appetite proposal which is to be shared with the GEC, the Internal Controls & Risks Committee (IC&RC) and the Board of Directors. It also interacts with the IC&RC and the ESGC on ESG risk matters;
- within Group Risk Management, the **Group Climate Risk and Risk Governance** function oversees climate related and environmental risks, and the newly established **Climate & Environmental Credit Analysis** function manages the integration of climate and environmental factors in the various phases of the credit risk cycle.

## 5.2 Promoting a culture of responsible banking

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g. capacity building, e-learning, sustainability training for client-facing roles, inclusion in remuneration structures and performance management and leadership communication).

Response	Links and references
<p><b>CAPACITY BUILDING</b></p> <p>To foster our sustainability Culture, Group ESG and People &amp; Culture teams have designed a global ESG learning offer covering basic to specialist needs targeting different employees with specific initiatives dedicated to commercial and specialised roles also at country level.</p> <p>Below are some selected key ESG training initiatives:</p> <ul style="list-style-type: none"> <li>• ESG Programme (in partnership with PoliMi Graduate School of Management) dedicated to the Executives of the Group;</li> <li>• Specialist Track for ESG Experts certification (in partnership with SDA Bocconi University) for selected ESG Experts across the Group;</li> <li>• ESG Fundamentals, for all the employees of the Group with a cumulative completion rate of 77%;</li> <li>• ESG Corporate Advising Certification (in partnership with Polimi Business School) dedicated to 230 business colleagues in Italy;</li> <li>• Sustainable Finance Certification, dedicated to 500 business colleagues in Austria;</li> <li>• Sustainable Finance Expert Certification (in partnership with European Business School) for approximately 300 business colleagues in Germany.</li> </ul>	<p><b>2022 Integrated Report</b></p> <ul style="list-style-type: none"> <li>• Human Capital, page 85</li> </ul>
<p><b>REMUNERATION</b></p> <p>Our new remuneration policy has been developed to support the accomplishment of the UniCredit Unlocked plan of which the Group ESG strategy is a key component. A core set of our ESG targets will be embedded in the CEO's long-term performance objectives so as to foster the alignment of management with the Group's ESG ambitions. These include:</p> <ul style="list-style-type: none"> <li>• €140bn in environmental volumes (environmental lending, ESG investment products, sustainable bonds) by 2024</li> <li>• €10bn in social volumes (social lending) by 2024</li> <li>• Gender parity across our organisation, in accordance with the Women's Forum G20 Italy CEO Champions Commitment <i>Towards the Zero Gender Gap</i></li> <li>• €100m dedicated to ensuring equal pay for equal work by 2024.</li> </ul> <p>These ESG commitments, together with other climate risk related goals (e.g. our Net Zero commitments) have a weighting of 20% in the CEO's overall long-term performance evaluation. In order to align the Group's management structure and reinforce managerial commitment to our ESG strategy, these objectives will be cascaded to the CEO's reporting line and below in accordance with the respective areas of responsibility.</p>	<p><b>2023 Group Remuneration Policy and Report <sup>7</sup></b></p> <ul style="list-style-type: none"> <li>• page 35</li> </ul> <p><b>2022 Integrated Report</b></p> <ul style="list-style-type: none"> <li>• ESG Governance, page 62</li> </ul>

<sup>7</sup> The 2023 Group Remuneration Policy and Report is available at [2023\\_Group\\_Remuneration\\_Policy\\_and\\_Report.pdf](#) (unicreditgroup.eu).

**LEADERSHIP COMMUNICATION**

The public announcement of the signature of the Finance for Biodiversity Pledge was made by Andrea Orcel, CEO of the Bank.

UniCredit is the first Italian bank to sign the Finance for Biodiversity Pledge - UniCredit (unicreditgroup.eu)

The Announcement of the Net Zero Target was made by the Fiona Melrose, Head of Group Strategy & ESG at UniCredit.

UniCredit sets Net Zero targets for carbon intensive sectors - UniCredit (unicreditgroup.eu)

Linkedin message by the CEO on UniCredit's first Sustainability Bond Report.

[https://www.linkedin.com/posts/andrea-orcel\\_our-first-sustainability-bond-report-activity-6952892548713455616-ORDc?utm\\_source=share&utm\\_medium=member\\_desktop](https://www.linkedin.com/posts/andrea-orcel_our-first-sustainability-bond-report-activity-6952892548713455616-ORDc?utm_source=share&utm_medium=member_desktop)

## 5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio? Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Response	Links and references
<p>UniCredit has a <b>Code of Conduct</b> which has been written in line with our Group's values - integrity, ownership and caring - that guide all our actions and behaviour. Such values are driven by our purpose to deliver outstanding performance and have a positive impact on all our stakeholders.</p> <p>The <b>Code of Conduct</b> was reviewed last year and approved by the Board of Directors in <b>July 2022</b>. It sets out the principles of acceptable and unacceptable behaviour with which all employees and partnering third parties of UniCredit must comply in order to ensure high standards of professional conduct and integrity related to their own activity or on behalf of UniCredit. <b>ESG principles</b> have been introduced as <b>fundamentals to every decision made and every action taken</b>, being a central part of how our Group does business.</p>	<p><b>Code of Conduct</b><sup>8</sup></p> <ul style="list-style-type: none"> <li>• page 7</li> </ul> <p><b>2022 Integrated Report</b></p> <ul style="list-style-type: none"> <li>• Compliance, page 72</li> </ul>
<p><b>POLICIES</b></p> <p>UniCredit has adopted detailed special policies/commitments regarding sectors that present significant environmental and social risks. In addition to the Mining sector and the Defence sector policies which were reviewed in 2022, the following policies and commitments addressing environmental and social risks are in place: coal sector, nuclear energy, oil &amp; gas sector, water infrastructure, human rights commitment, deforestation commitment, tobacco commitment. Whistle-blowing and anti-bribery and corruption policies are also in place and available on our website.</p> <p>UniCredit has published its statement on the UK Modern Slavery Act and Human Traffic since 2016.</p>	<p><b>2022 Integrated Report</b></p> <ul style="list-style-type: none"> <li>• Risk Management, page 68</li> </ul> <p><b>Institutional Group web site</b></p> <ul style="list-style-type: none"> <li>• ESG Sustainability Policies and Ratings - UniCredit (unicreditgroup.eu)</li> <li>• Articles of Association and Code of Ethics - UniCredit (unicreditgroup.eu)</li> </ul>

<sup>8</sup> The Code of Conduct is available at UC-Code-of-Conduct-brochure\_21\_07\_2022\_def\_EN.pdf (unicreditgroup.eu).



<p><b>PROCEDURES</b></p> <ul style="list-style-type: none"> <li>• <b>64 meetings</b> were held in 2022 by our <b>Group Non-Financial Risks and Controls</b> Committee (GNFRC) - Reputational Risk Session - (or delegated competent bodies), which supports the CEO in steering and monitoring non-financial risks including ESG risks.</li> <li>• <b>86 transactions</b> were sent to the Committee for decisions and 6% of transactions were declined.</li> <li>• <b>64 large</b> project transactions were evaluated under the Equator Principles framework for determining, assessing and managing environmental and social risk.</li> </ul> <p>In the framework of our sector-specific standards/guidelines for sensitive sectors (see above), in <b>2022</b> approximately <b>1,500</b> transactions were screened for environmental, social and reputational risk issues.</p>	<p><b>2022 Integrated Report</b></p> <ul style="list-style-type: none"> <li>• Risk Management and Compliance Supplement, page 5.22</li> </ul>
<p><b>RISK MANAGEMENT</b></p> <p>For monitoring purposes, dedicated climate risk KPIs have been included in the 2023 Risk Appetite Framework, enabling the Bank to oversee the evolution of transition and physical risks it is exposed to:</p> <ul style="list-style-type: none"> <li>i. <b>exposure to Fossil Fuel sectors (FF);</b></li> <li>ii. <b>% of High Transition Risk (HTR);</b></li> <li>iii. <b>mortgage portfolio exposed to physical risk.</b></li> </ul> <p>These new indicators are monitored and reported to the Board on a quarterly basis.</p>	<p><b>2022 Annual report and accounts</b></p> <ul style="list-style-type: none"> <li>• page 511</li> </ul>

## SELF-ASSESSMENT SUMMARY

**Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?**

☒ Yes

☐ No

**Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/ milestones are not achieved or unexpected neg. impacts are detected)?**

☒ Yes

☐ No

**Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?**

☒ Yes

☐ In progress

☐ No

# Principle 6: Transparency & Accountability



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

## 6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

☒ Yes      ☐ Partially      ☐ No

If applicable, please include the link or description of the assurance statement.

Response	Links and references
The Principles for Responsible Banking (PRB) Report and Self-assessment is reviewed by KPMG Ltd in line with PRB guidance. Responses for questions under 2.1, 2.2, 2.3 and 5.1 are within the scope of KPMG assurance. Read the Assurance Statement for further details on the scope, responsibilities, work performed, limitations and conclusion.	Assurance Statement at the end of this document

## 6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- ☒ GRI
- ☒ SASB
- ☒ CDP
- ☐ IFRS Sustainability Disclosure Standards (to be published)
- ☒ TCFD
- ☒ Other: EMAS, Pillar III

Response	Links and references
<ul style="list-style-type: none"> <li>Our Integrated Report is prepared in accordance with the <b>GRI Standards</b>;</li> <li>The principles contained in the International Framework, published by the International Integrated Reporting Council (IIRC), were also used as the reporting framework;</li> <li>From this year, our Integrated Report includes an <b>SASB</b> content Index which contains all the indicators of the standard covered by the Report;</li> <li>We have been completing the <b>CDP questionnaire</b> since 2013. In 2022 we registered a B rate;</li> <li>We annually publish a stand-alone <b>TCFD</b> report;</li> <li>Figures and information relating to the Scope 1, Scope 2 and Scope 3 classes of greenhouse gas emissions have been prepared in accordance with The Greenhouse Gas Protocol: A Corporate, Accounting and Reporting Standard (Revised Edition, 2004) as well as the GRI Sustainability Reporting Standards;</li> <li>The 2022 Integrated Report also includes the Simplified Disclosure in accordance with art. 10 of the Delegated Act supplementing EU Taxonomy Regulation (2020/852);</li> <li>In the framework of our <b>EMAS</b> registration for the Italian perimeter, we annually publish our Environmental Declaration.</li> </ul>	<p><b>2022 Integrated Report</b></p> <ul style="list-style-type: none"> <li>page 2</li> </ul> <p><b>2021 TCFD Report</b><sup>9</sup></p> <p><b>Institutional Group web site</b></p> <ul style="list-style-type: none"> <li>ESG Sustainability Policies and Ratings - UniCredit (unicreditgroup.eu)</li> </ul> <p><b>EMAS - Environmental Declaration</b></p> <ul style="list-style-type: none"> <li><a href="https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/it/sustainability/dichiarazioni-ambientali/Dichiarazione-Ambientale-2022.pdf">https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/it/sustainability/dichiarazioni-ambientali/Dichiarazione-Ambientale-2022.pdf</a></li> </ul>

## 6.3 Outlook

What steps will your bank take in next 12 month-reporting period (particularly regarding impact analysis, target setting and governance structure for implementing the PRB)? Please describe briefly.

Response	Links and references
<p>Over the next 12 months UniCredit will work towards achieving the targets defined for the highest impact sectors (e.g. climate change mitigation and financial health &amp; inclusion).</p> <p>Net Zero activity will consider new industry sectors in order to define the relevant targets. Ongoing monitoring will be put in place to ensure that the defined targets are met.</p> <p>We are participating in the new UNEP FI working group for setting a common approach on financial health and inclusion for businesses (particularly small and micro enterprises and start ups), in accordance with the Commitment we signed.</p> <p>Furthermore, we are going to set processes and tools in order to ensure a running monitoring and reporting on target of financial health and inclusion of young clients, accordingly to the core indicators we selected at Group Level.</p>	

<sup>9</sup> The TCFD Report is available at UC\_TCFD\_2021\_ENG.pdf (unicreditgroup.eu).

## 6.4 Challenges

Here is a short section to find out about the challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges will you prioritise when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritised in the last 12 months (optional question).

- |  |   |
|--|---|
| <input type="checkbox"/> Embedding PRB oversight into governance                               | <input type="checkbox"/> Customer engagement          |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank                           | <input type="checkbox"/> Stakeholder engagement       |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> Data availability |
| <input checked="" type="checkbox"/> Conducting an impact analysis                              | <input type="checkbox"/> Data quality                 |
| <input type="checkbox"/> Assessing negative environmental and social impacts                   | <input type="checkbox"/> Access to resources          |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies            | <input type="checkbox"/> Reporting                    |
| <input checked="" type="checkbox"/> Setting targets  | <input type="checkbox"/> Assurance                    |
| <input type="checkbox"/> Prioritising actions internally                                       | <input type="checkbox"/> Other: ...                   |

If desired, you can elaborate on challenges and how you are tackling these:

To measure the impact of our ESG activities, we are developing a framework which integrates both the environmental and social components.

Our goal is to define an integrated measurement method that, starting from our ESG strategy, allows us to measure the results achieved (meaning baseline vs targets) on the main social and environmental dimensions relevant to all our interventions, both those related to our financial activity (products and services within our commercial offer) and those deriving from other non-financial initiatives. For further details see section on Principle 2: Impact and Target Setting.



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## **Independent auditors' report on the key areas reported in the Principle for Responsible Banking Report of the UniCredit Group for the year ended 31 December 2022**

*To the board of directors of  
UniCredit S.p.A.*

We have been engaged to perform a limited assurance engagement on the key areas "2.1 Impact Analysis", "2.2 Target Setting", "2.3 Target implementation and monitoring", "5.1 Governance Structure for Implementation of the Principles" (the "Subject Matter") included in the Principle for Responsible Banking Report (the "PRB Report") of the UniCredit Group for the year ended 31 December 2022.

The Subject Matter has been prepared in accordance with the "Principles for Responsible Banking" and the "Principle for Responsible Banking – Guidance Document" issued by the United Nations Environment Programme Finance Initiative ("UNEP FI") as defined in the paragraph "Introduction" of the PRB Report.

### **Responsibilities of the Head of Group Strategy & ESG and board of statutory auditors ("Collegio Sindacale") of UniCredit S.p.A. (the "Bank") for the PRB Report**

The Head of Group Strategy & ESG is responsible for the preparation of the PRB Report in accordance with the "Principles for Responsible Banking" and the "Principle for Responsible Banking – Guidance Document" issued by the UNEP FI and for the reliability and completeness of the information and data contained therein.

The Head of Group Strategy & ESG is also responsible for the internal control that he determines is necessary to enable the preparation of a PRB Report that is free from material misstatement, whether due to fraud or error.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the compliance with the Italian law's provisions.

### **Auditors' independence and quality control**

We are independent in compliance with the independence and all other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards, the IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our company applies International Standard on Quality Management 1 which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Limited, società di diritto inglese.

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**UniCredit Group**  
Independent auditors' report  
31 December 2022

### **Auditors' responsibility**

Our responsibility is to express a conclusion, based on the procedures performed, that the Subject Matter for the year ended 31 December 2022 of the UniCredit Group has been prepared, in all material respects, in accordance with the "Principles for Responsible Banking" and the "Principle for Responsible Banking – Guidance Document". We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the Subject Matter is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed are based on our professional judgement and include inquiries, primarily of the bank's personnel responsible for the preparation of the information presented in the Subject Matter, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we performed the following procedures:

1. understanding of the internal rules underlying the preparation of the Subject Matter through acquisition and analysis of the relevant internal documentation (policies, procedures, process guides and methodologies);
2. interviews and discussions with Bank's management to gather information on the reporting and technology systems used in preparing the Subject Matter and on the processes and internal control procedures used to gather, combine, process and transfer data and information for the preparation of the Subject Matter;
3. sample-based analyses of documentation supporting the preparation of the Subject Matter to obtain evidence of the application of the processes put in place to prepare the data and information presented therein;
4. analysis of the consistency of the information reported in the Subject Matter with the relevant disclosures reported in the 2022 consolidated non-financial statement of the UniCredit Group, which is included in the integrated report drawn up also to comply with the requirements of articles 3 and 4 of the decree, approved by the Board of Directors of the Bank on 24 February 2023;
5. obtaining a representation letter from the Head of Group Strategy & ESG attesting that the Subject Matter has been prepared in accordance with the "Principle for Responsible Banking" and the "Principle for Responsible Banking – Guidance Document" issued by the UNEP FI and the reliability and completeness of the information and data contained therein.


### **Conclusion**

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter for the year ended 31 December 2022 of the UniCredit Group has not been prepared, in all material respects, in accordance with the "Principles for Responsible Banking" and the "Principle for Responsible Banking – Guidance Document".

Milan, 29 June 2023

KPMG S.p.A.

Domenico Donato  
Director of Audit

Empowering  
Communities to Progress. |  **UniCredit**

[unicreditgroup.eu](https://unicreditgroup.eu)