

Empowering future

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We know that leading by example is the right thing to do: ESG is embedded throughout our business. It is a collective mindset that we all take responsibility for. UniCredit's ESG strategy reflects our ambition to position ourselves as a bank of reference on ESG issues. Our strategy is based on 3 guiding principles:

- › hold ourselves to the highest possible standards in order to do the right thing both for our clients and society
- › be fully committed to supporting our clients in a just and fair transition
- › reflect and respect the views of our stakeholders in our business and decision-making processes.

FIONA MELROSE
HEAD OF GROUP STRATEGY & ESG



At UniCredit, ESG considerations are fundamental to every decision we make and every action we execute. They are a central part of how we do business. We know that fulfilling our purpose of empowering communities to progress would not be possible without the highest standards of ESG across our bank.

Our business is governed by ESG principles for two reasons. The first is simple: it is the right thing to do, and it will equate to fulfilling our purpose in the long term. The second is because we believe the ESG transformation is the greatest business opportunity of decades. Reaching the Net Zero goal by 2050 will cost Europe €28tn for transportation, construction, infrastructure, energy and agriculture sectors.

While the opportunity is immense, any transition is a journey and this one is particularly complex. There is no doubt that we will encounter difficulties and obstacles. This is untrodden ground for institutions, individuals, governments and regulators alike, and we must work together to forge the most beneficial path for all stakeholders.

ESG will provide as much challenge as it does potential. We will constantly be required to evaluate the trade-off between environmental impacts and social repercussions. These are equally important for UniCredit, but we are realistic about their interaction and where we can add most value.

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.

At UniCredit, we are focused on delivering a positive and sustainable transition to green energy which does as little harm to the planet and its people as possible. In order to make this a fair transition for all, we work consistently towards increasing our own positive social impact in line with our role and responsibilities as a social actor. Our Social Impact Banking (SIB) programme, UniCredit Foundation and Banking Academy are but a few examples of this.

Sustainability is a critical part of UniCredit's new 2022-2024 Strategic Plan, UniCredit Unlocked. This is both in reference to those we choose to work with and also within our own bank. We believe it is essential to lead by example. We adhere to the highest standards and expect our partners and clients to do the same.

In 2021 we reduced our direct CO₂ emissions by 32% compared to 2017 and made a commitment to reach Net Zero by 2030 (by 2050 for financed emissions). We have provided financial education and financial awareness initiatives to approximately 330,000 beneficiaries. In terms of

ENVIRONMENT

- Our Greenhouse Gas Emissions**
32% reduction vs. 2017, market based  Net Zero by 2030^A
- Electricity from renewables**
80% in 2021 use on our premises  100%  100%  98%
- Plastic-free**
 No single use plastic items in UniCredit buildings by end of 2022
- Sustainable bonds origination**
€12bn apportioned ESG-related League Table credit^B

SOCIAL

- Corporate Citizenship and Philanthropic Initiatives**
€36m contribution to communities^C
- Education and Awareness**
123k financial education beneficiaries
206k financial and ESG awareness beneficiaries
- Social Impact Banking**
€0.4bn microcredit and impact financing cumulated loans
3.7m direct and indirect beneficiaries of social financing

GOVERNANCE

- Global Policies**
 - > **ESG** policies, statements and commitments
 - > **Human capital** policies and joint declarations
 - > **Compliance** key policies
- Strong Diversity and Inclusion Framework**
 - 46%** female BoD
 - 33%** female leadership team
 - 38%** international presence in BoD
 - 14** employee resource groups
 - 40%** female GEC
 -  Actions on gender pay gap
 - 53%** international presence in GEC

LGBTI, gender, disability, culture, generations

^A 2030 target on own emission.

^B From Green, Social, Sustainability and Sustainability-linked Bonds. All regions, all currencies. FY 2021. Source: Dealogic.

^C Measured by the former London Benchmarking Group (LBG), now Business for Societal Impact (B4SI) reporting framework.

gender diversity, we can claim undisputed leadership in the European financial system and have established solid policies in all ESG areas.

What we embody ourselves, we demand from those we work with 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 and provide them with information, tools and education on innovations that can help their business evolve. We are committed to delivering €150 bn in ESG finance in the form of lending, DCM and investments over 2022-2024.

With a clear multi-stakeholder approach, in recent years we have been making a great effort to integrate all ESG factors into the bank's governance, business, risk and credit management, metrics and operations. With a best-in-class corporate governance, UniCredit is one of the few groups in Europe to have a dedicated ESG Committee, created in April 2021, on its board. The purpose of the new Committee, which took over the sustainability responsibilities previously assigned to the Corporate Governance, Nomination and Sustainability Committee, is to supervise all the activities carried out in this field.

From an operational point of view, the ESG Strategy Roadmap encompasses more than 20 streams across the entire organisation, including national ESG plans, business approach, advisory and products, credit policies, ESG risk management and agenda, Net Zero plan and other commitments, ESG ICT and data strategy.

As well as having an important role in supporting clients in their transition plans, banks are also responsible for driving and encouraging further industry collaboration and innovation. That is why UniCredit engages in specific sector initiatives, such as the Steel Climate-Aligned Working Group and the European Clean Hydrogen Alliance, and supports innovative start-ups with its UniCredit Start Lab platform.

Banks have an important social function which goes far beyond lending. We have a huge responsibility in supporting clients in their own business transformation and guiding financing in the right direction. Our role is to assist our clients and communities in making meaningful progress towards a more sustainable, inclusive and equitable society in the long term.

Any transformation has a cost and, as with any investment, the return is spread over time. We spend today to collect tomorrow. With a multiplier effect, finance and private savings flank the extraordinary booster of public spending and become the main agents of change in social and business models. This is what banks can facilitate and what UniCredit will work to achieve.

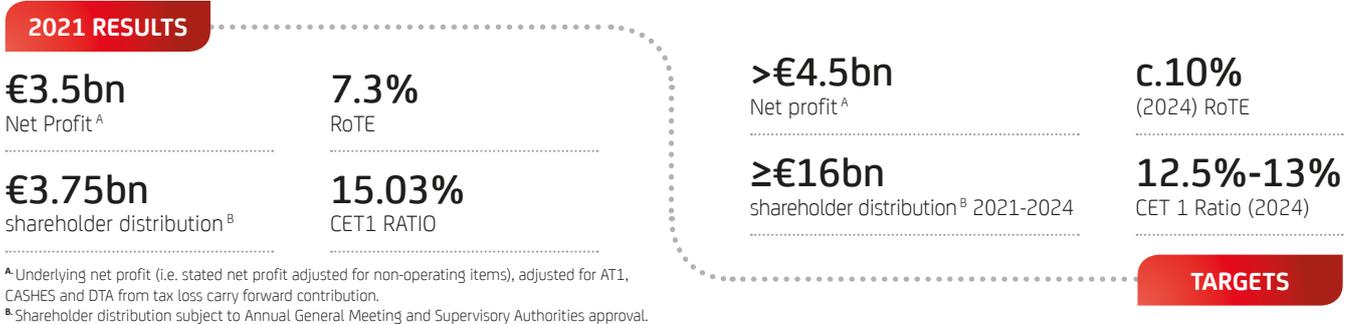
We will continue to play our part in doing so: cultivating stakeholders' trust, supporting impactful social initiatives and consistently measuring our results to ensure we are held accountable. This will ensure ESG is at the heart of all our activity as we build a bank for the long-term; a bank for Europe's future.

How we unlock our potential



FINANCIAL CAPITAL

We exceeded our full year targets for revenue, cost and net profit,¹ delivering a RoTE of 7.3 per cent and generating substantial organic capital. Our commitment to significantly increase shareholder returns without impacting our robust capital was reconfirmed. This performance is the blueprint for what our new target model can deliver in 2022 and beyond for the benefit of all our stakeholders.



HUMAN CAPITAL

We are committed to creating a positive environment based on respect, where our employees feel fully engaged at work and in their private lives. Our people are our greatest asset and we invest in their professional development. We are also committed to ensuring an equal opportunity workplace and a positive and inclusive environment for all our people, promoting diversity, equity and inclusion.



SOCIAL AND RELATIONSHIP CAPITAL

We are committed to act as engines of individual and collective growth, empowering communities to progress and help people, communities, and countries in unlocking their potential. We provide clients with high-quality service beginning with actively listening and absorbing feedback and interacting with key stakeholders to build a sound banking environment based on transparency and mutual understanding. We also promote stronger economic participation for everyone and foster financial inclusion helping people and businesses improve their financial skills.





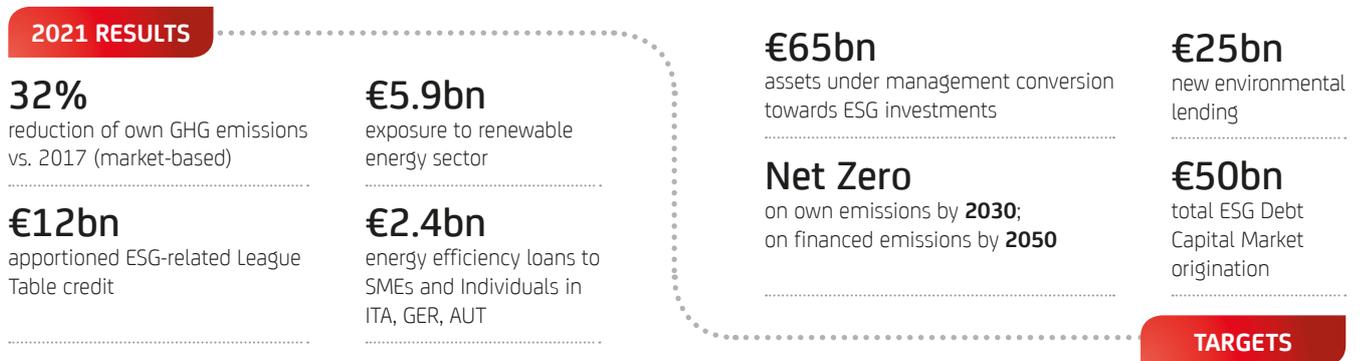
INTELLECTUAL CAPITAL

Digitalisation and data are at the heart of our new Group strategy and key to our new lean operating model. Indeed, 2021 marks a turning point in our Digital & Data strategy, of which a fundamental component is the creation of a new Group Digital & Information Division reporting directly to the CEO. In the next three years significant investments, both financial and in terms of human capital, will be dedicated to meeting our strategic objectives, including the internalisation of core competencies which were previously outsourced. At the same time, cyber security remains a priority in everything we do. Through our cyber security strategy based on a continuous improvement model, we act to protect our colleagues, systems, and data, and that of our clients.



NATURAL CAPITAL

We are committed to protecting natural capital by delivering sustainable financing solutions to clients and reducing the environmental impacts of our direct operations. Sustainable finance is a means to lead the green transition: we play a strategic role in supporting our clients in their journey, in particular through our Sustainable Finance Advisory team. Within UniCredit Unlocked we set new targets of €150 billion cumulative ESG volumes, of which €25 billion of new environmental lending. We also joined the Net-Zero Banking Alliance committing to achieve Net Zero emissions from our operation by 2030 and from our financing portfolio by 2050. We strongly believe in the effectiveness of the sustainable finance market and its ability to channel investments to projects and activities with environmental and social benefits. In this context, we published our Sustainability Bond Framework (SBF) as an important tool for the implementation of UniCredit's ESG Strategy and already issued successfully several green bonds. We started mapping Group initiatives linked to circular economy to identify gaps to be filled.



UNICREDIT STORIES

In line with our purpose of **empowering communities to progress**, we are putting **our clients and communities at the heart of all that we do** with a constant commitment to always serve their needs and be the **bank for Europe's future**. To showcase how environmental, social and governance (ESG) values are **embedded in our business and culture**, this year's report includes a series of stories about our clients and people across the different countries of the Group, working together to **empower our communities and unlock their potential**. These are published at the end of selected chapters and reflect our **strong ESG ambitions** and continued focus on **supporting the transition to a more sustainable, better society for all**.

We are proud of the dedication of our teams in supporting and financing **initiatives with a positive impact** and we look to the future determined to continuously **do more for our people, clients and communities**.