

Natural Capital

The Earth's natural resources and the countless services they provide make human life possible. The bank's activities have an impact on natural capital which must be monitored and limited over time.

THE RESOURCES WE HAVE

- > soil, water, flora and fauna
- > ecosystem services.

COMMUNITY IMPACTS

- > air quality conservation
- > pollution reduction
- > awareness raising.

HOW WE CONTRIBUTE TO A MORE SUSTAINABLE WORLD

- > we offer support to businesses respectful of the environment
- > we contain our own environmental footprint.

2021 RESULTS

32%

reduction of own GHG emissions vs. 2017 (market-based)

€5.9bn

exposure to renewable energy sector

€12bn

apportioned ESG-related League Table credit from Green, Social, Sustainability and Sustainability-linked Bonds

€2.4bn

energy efficiency loans to SMEs and individuals in ITA, GER, AUT

€65bn

assets under Management conversion towards ESG investments

€25bn

new environmental lending

Net Zero

on own emissions by 2030;
on total emissions by 2050

€50bn

total ESG Debt Capital Market origination

TARGETS

Our Client Solutions will accompany clients in their **transition to a sustainable future.**

Richard Burton
Head of Client Solutions



Our operations are designed to sustainably minimise the **environmental footprint.**

Ranieri De Marchis
Group Operating Officer



Execute an effective environmental strategy

We are committed to **protecting natural** capital as part of our strategy presented in December 2021. The Group wishes to do so both by **delivering sustainable financing**

solutions to clients and reducing the environmental impacts of our direct operations.



Being a leader in the green transition

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

The recently approved strategy resulting from the multiyear plan towards 2024 calls for new targets which encompass several ESG objectives. Among these, we are refining our environmental lending definition to align it to the EU taxonomy.

During 2022 we will also set an additional target in terms of limiting the maximum exposure to carbon intensive industries. Furthermore, UniCredit has published its Sustainability Bond Framework, allowing the Group's main issuers to issue green, social, and sustainability bonds, which will be a recurring part of the Group's funding activity going forward.

UniCredit sees sustainable finance as a means to achieving the transition to a more sustainable economy.

OUR 2022-2024 TARGET



€25bn

new environmental lending with bulk of the facilities to support clients in the green transition



€65bn

assets under Management conversion towards ESG investments, with >40% of 2024 AuM invested in ESG products^A



€50bn^B

total ESG Debt Capital Market origination (significant contribution to the origination of sustainable bonds coming from Recovery and Resilience Facility funds)

^A Based on Art. 8 and 9 of the Sustainable Finance Disclosure Regulation.

^B Apportioned ESG-related League Table credit (from Green, Social, Sustainability, and Sustainability-linked Bonds).

TRANSITION TO A MORE SUSTAINABLE ECONOMY: THE ROLE OF THE SUSTAINABLE FINANCE ADVISORY TEAM^A



^A Refer to the Natural Capital chapter of the 2019 Integrated Report for more information.

^B Refer to the Supplement - Risk Management and Compliance section and to Risk Management and Compliance chapter for more information.



**DIRECTION CARBON NEUTRALITY:
JOINING THE NET ZERO BANKING ALLIANCE (NZBA)**

In October 2021, UniCredit joined the Net Zero Banking

Alliance, the industry-led, UN-convened group of banks which are committed to aligning their lending and investment portfolios with net-zero emissions by 2050.

OUR PATH TOWARDS 2050 NET ZERO TARGETS



Our commitment to natural capital

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

- INDIRECT IMPACTS.** We offer **support to businesses** respectful of the environment while accompanying clients operating in climate-sensitive industries in their journey along the transition path
- DIRECT IMPACTS.** We **contain our own environmental footprint.**

▶ To **contain our environmental footprint**, we procure most of our electricity from renewable sources, improve the energy efficiency of premises and data centres, adopt circular solutions in resources management, and promote more sustainable mobility solutions.

⚠ **During 2021, UniCredit adopted safety measures to face the pandemic emergency. Our buildings in Italy are provided with the correct air exchange ratios. When possible, we adapted the energy consumption of Italian premises to the effective occupancy of the buildings. 5 headquarters in Italy have been temporary closed avoiding more than 300 tCO₂ emissions in 2021.**

Our actions to preserve natural capital

▶ **Shifting to a low-carbon economy and containing environmental footprint** requires actions detailed in the infographics on the following pages. UniCredit embeds climate-related and environmental risks and opportunities in its credit assessment, and discloses according to the Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations.¹ We apply the Paris Agreement Capital Transition Assessment (PACTA) which allows financial institutions to measure the alignment of their lending portfolio against climate scenarios. We released new versions of our Coal and Oil & Gas policies, and adhered to the Tobacco-Free Finance Pledge.²

¹ Refer to TCFD Report 2020 for more information: https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/sustainability/sustainability-reports/2020/UC_TCFD_2020_ENG_FINAL.pdf.
² Refer to the Risk Management chapter for more information.



THE EMAS CERTIFICATION

Since 2002 UniCredit is registered according to the eco-management and audit scheme (EMAS), regulation currently covering all activities in Italy, with nearly 2,400 sites. EMAS registration is a voluntary certification scheme, created by the European Commission, for



organisations who identify significant aspects of their activities and progressively reduce their impacts and improve environmental performance. The Group also holds ISO 14001 environmental management system certification for UniCredit Bank AG, UniCredit Bank Austria and UniCredit Bank Czech Republic and Slovakia.



BUILDING A CIRCULAR ECONOMY

UniCredit plays a strategic role in fostering the **transition towards a circular economy**, a building block of the European Green Deal and one of the six objectives of the EU Taxonomy. There are several ways in which we can contribute to the circular transition: through finance/ lending, advisory, synergies and partnerships, and internal initiatives in terms of resource efficiency and recycling. During 2021 we started **mapping Group initiatives linked to the circular economy** to better understand our positioning and identify any gaps to be filled.

The infographic below provides a picture of our most relevant initiatives on our operations to foster the circular transition.

MAPPING OUR CIRCULAR INITIATIVES^A



Area	Initiatives	Scope	Main achievements / targets
Circular design & production	Our cards UniCreditCard Flexia BIO and MyOne BIO are produced in PLA (polylactic acid), a compostable material. Furthermore, My Genius Green is a completely paper-free account	ITA	
	We are fostering mobile token vs. physical to reduce plastic consumption	ITA	

Area	Initiatives	Scope	Main achievements / targets
Circular use	Plastic-free projects: review of canteens/cafes/vending machines contracts to ban single use plastic items	Group	100% single use plastic ban by 2022
	In our contracts for furniture we always require resistance and durability. Moreover we require certain information like share of recycled or certified timber, and the possibility of disassembly in the technical specification	ITA	
	Paper-less program ^B	Group	
	Recycled or labeled paper with environmental certifications for printers	Group	c.94% purchased paper for printers labeled with environmental certification (FSC, Ecolabel, others)

Area	Initiatives	Scope	Main achievements / targets
Circular value recovery	Donation to Charity organisations of dismissed furniture	ITA-AT	
	In Italy, our service supplier ensures an adequate end-life management of our IT equipments, favouring reconditioning and recycling	ITA	In 2021, we dismissed 40.000 IT devices: - 84% sent to materials recovery -> 96% of materials recovered - 16% reconditioned
	Reducing waste by maximizing recycling	Group ITA	Separation and recycling of valuable materials at 98% in ITA and at 60% at Group level
	In Italy waste separation in main buildings extended, replacing single bins with new dedicated recycling areas (for plastic, aluminum, paper, toner, organic waste)	ITA	100% of paper recycled Almost 100% of toner recycled

Area	Initiatives	Scope	Main achievements / targets
Circular support	Informative and educational initiatives to engage colleagues both through Group main communication channels and local initiatives	Group	Real estate best practice sharing platform: - 37 projects submitted during 2020 with an environmental focus; - 41 projects in 2021, focusing on branch transformation and digital real estate. 6 Group video pills on Group intranet to share Sustainable practices

^A The initiatives are linked to the main categories of circular economy identified in the Categorisation System for the Circular Economy by Eurostat (https://ec.europa.eu/info/publications/categorisation-system-circular-economy_en).

^B The program was terminated at 1H21. The project boosted digital signature adoption through enhancement of private clients behavior and engagement initiatives. Refer to Integrated Report 2020 for more information.

How did we preserve natural capital during 2021?

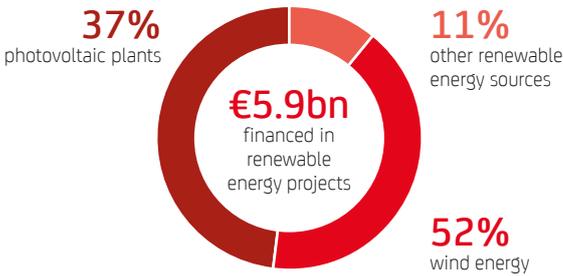
Shifting to a low-carbon economy

2021:

- > First stand-alone 2020 TCFD report published in October
- > We began to regularly use PACTA for banks to measure the alignment of our lending portfolio against a set of climate scenarios
- > UniCredit joined the Net Zero Banking Alliance

Supporting renewable energy sources

As at December 2021:



Promoting sustainable financial instruments

2
Green Bonds issued ^A

€1.5bn
of total amount

Financing energy efficiency

c.€0.6bn
energy-efficiency loans to SMEs ^B

c.€1.8bn
energy-efficiency loans to individuals ^B

- > In Italy, continuing bridge funding for clients who use the 110% bonus on energy-efficient refurbishment promoted by government: - € 300 million of credits purchased and € 290 million of loans granted in 2021
- > A diversified range of sustainable investment products including pension funds integrating ESG criteria.^C



^A 1 Senior Green Bond issued in June for €1 bn and 1 Green mortgage covered Bond issued in September for €0.5 bn. Refer to TCFD Report 2020 for more information: https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/sustainability/sustainability-reports/2020/UC_TCFD_2020_ENG_FINAL.pdf

^B In Italy, Germany and Austria.

^C Refer to the Supplement - Social & Relationship Capital section for more information.

^D From Green, Social, Sustainability and Sustainability-linked Bonds. All currency, all regions. Source: Dealogic.

^E Refer to the info-graphic in the previous page for further information and figures.

^F Blue Angel is an environmental label in Germany that has been awarded to particularly environmentally friendly products and services since 1978; Energy Star is a programme run by the U.S. Environmental Protection Agency and U.S. Department of Energy which provides certification to buildings and consumer products which meet certain standards of energy efficiency.

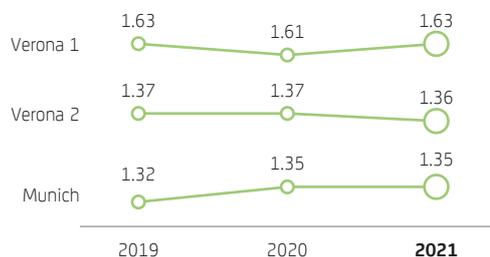
DIRECT IMPACTS

REDUCE OUR ENVIRONMENTAL IMPACT

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

UniCredit's premises energy-efficiency

Data Center power usage effectiveness (PUE) ratios



Raising awareness on environmental impact

- > **SURE (Sustainable Real Estate) Ambassadors:** 39 colleagues in Italy entitled as Real Estate ESG Ambassadors, becoming a pivot point with the aim at spreading ESG culture in all Italian Real Estate teams
- > Sustainable initiatives and topics are spread through several channels, including Yammer, to reinforce the colleague awareness on ESG
- 2 main Calls to Action organised during the year through Yammer:**
 - > During WWF Earth Hour, calling employees to turn off the lights at 8.30 pm of their local time
 - > During Earth Day, asking colleagues to share how they contribute to our ecosystems defense

Managing mobility

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

MOBILITY INITIATIVES FOR EMPLOYEES (BICYCLES AND E-BICYCLES)



In 2021 additional bike stations implemented in our main buildings in Italy, Bulgaria, and Russia. In Italy additional 320 bike parking are under installation in 10 of our main buildings

Life Cycle Management of IT equipment

Partnership for reconditioning of equipments and materials recovery performed by a third sector organisation [€]

Electricity procurement and space optimisation

ELECTRICITY PROCUREMENT

80%
of total electricity consumption was from renewable sources



SPACE OPTIMISATION PROJECTS

170 branches in Italy, with a space saving of 49.000 sqm HQ optimisation allowed a space saving of 4.800 sqm

Sourcing responsibly

Our suppliers are required to comply with the standards of the International Labour Organisation and our Environmental Policy

c.100%
of centrally purchased toners and IT equipments is Blue Angel or Energy Star certified ^f

26 completed audits of external service providers since 2014



COUNTRY
ITALY



OUR
CLIENTS

PLT ENERGIA

SECTOR: RENEWABLE ENERGY
ESG FOCUS

The price of gas skyrocketed in the fourth quarter of 2021, leading to a substantial rise in electricity and gas bills for both households and energy-intensive manufacturing sectors. This demonstrates once more how urgent it is to transition to **the production of energy using renewable sources.**

PLT energia aims to answer this need. The company designs, develops, and manages **wind and photovoltaic plants**, with facilities in Spain and Italy. In 2016 PLT energia established its subsidiary company PLT puregreen, **Italy's first company to produce and sell only green energy.**

The group is continuously enhancing its technical and financial know-how to hit new milestones in sustainable energy production.

To become a leading green utility in Italy, the company could rely on a long-standing partner as UniCredit. The bank stepped in to make these ambitions a reality.

In 2018, UniCredit structured a hybrid financing operation for the PLT group, consisting of a bond issue and a bank loan for a total amount of over **€162,000,000, which aimed, among other things, at refinancing a portfolio of 9 wind farms.** **In 2019**, PLT energia signed a project financing contract with UniCredit with an EIB guarantee for over €34,000,000 to construct wind farms with a total capacity of 37 MW in Calabria and Basilicata.

In 2020, SEF signed a loan agreement with UniCredit for a total of €60,000,000 for the refinancing of a portfolio of 16 photovoltaic plants for a total of 13.5 MWp.

In 2021, with the help of UniCredit and the continuous stream of investments, the PLT group reached a major milestone as it produced approximately 470 GWh of clean energy from wind power generated by its 44 wind farms. In addition, SEF produced approximately 60 GWh from photovoltaic sources in its 37 power plants. **This astonishing achievement avoided the emission of more than 247,000 tons of CO₂ into the atmosphere and met the energy needs of 240,000 households.**

In this year, UniCredit also joined leading public financial institutions supporting the PLT Group with a loan agreement for a total of €92,300,000. This will go towards the construction of greenfield wind projects which will have a capacity of 95 MW. The bank also allowed a further loan of €43,950,000 to refinance several companies in the PLT Group that own a wind operating portfolio of 74 MW.

President of the PLT group Pierluigi Tortora professed that having UniCredit as a partner over the years, in addition to the credit support the bank has provided, "has allowed the group to identify and structure in the market the best financial solutions to make important investments both in Italy and abroad." In this way, UniCredit has played a vital role in the group's ongoing quest to combat climate change.





UNICREDIT STORIES



COUNTRY
GERMANY



OUR
CLIENTS

STEINICKE

SECTOR: FOOD
ESG FOCUS

Steinicke is one of the **world's leading manufacturers of dried vegetables and herbs**, supplying major food groups such as Nestlé and Unilever.

A family-run company with a rich history, founded over 100 years ago, Steinicke has three production sites across Germany growing and processing vegetables and herbs such as parsley, dill, coriander, carrots, cauliflower and asparagus. Sustainability is of the utmost importance to the company and sustainability education is key to Steinicke's work practices, with regular training provided to employees and suppliers.

The company also allows elementary schools access to its production facilities to engage young people in topics such as biodiversity and resource conservation.

Steinicke also employs environmentally conscious innovations in its production process, such as a watering system it developed with a customer that implements GPS to help farmers reduce water consumption.

Proving what is possible with a sustainable working model, Steinicke achieved sales of €29,000,000 in 2020.

The company has no intention of resting on its laurels, as it has set itself the goal of being climate-neutral by 2030.

Recently, Steinicke decided to make **two major investments** that will help it to continue its work in the sustainability area, while also remaining competitive. One of these is a major innovation: Steinicke is one of the first ever companies in Germany to have built an agrophotovoltaic plant at its headquarters in Lüchow, Lower Saxony.

This system generates solar power in the same fields where crops are grown, which will be used for the energy-intensive process of drying herbs and vegetables.

The second investment is a combined heat and power plant with a wood chip system, which is being built at Steinicke's headquarters.

Valuable as these investments are, they required a great deal of capital. UniCredit HypoVereinsbank has been Steinicke's house bank for over 30 years, providing financing as well as strategic advice on day-to-day business and significant issues such as working capital management.

When the bank learned what the company hoped to achieve with these investments, it was ready to lend support.

UniCredit HypoVereinsbank financed the investments of €1,300,000 for the photovoltaic system and approximately €8,000,000 for the combined heat and power plant.

The expertise of the bank's funding specialists was invaluable when Steinicke explored funding programs from the German government's development bank, KfW. The specialists, using their high level of industry knowledge from a wide range of sectors, advised the company to apply for product no. 270, "Renewable Energies," in addition to a grant from the Federal Environment Agency to fund the agrophotovoltaic system. For the woodchip heating system, the specialists found that Steinicke was eligible for program no. 295: "Federal support for energy efficiency in the economy."

This program provides for a repayment subsidy of up to 55%, provided that the system meets certain criteria. These must be confirmed by an independent energy consultant after a certain period of operation.

Michael Lettenbichler, one of Steinicke's three **Managing Directors and responsible for purchasing and sales**, human resources and public relations, is very satisfied with the advice he receives. "When it comes to money, you need a good bank that finds clever solutions just as UniCredit HypoVereinsbank," he said commenting on the cooperation with the bank.