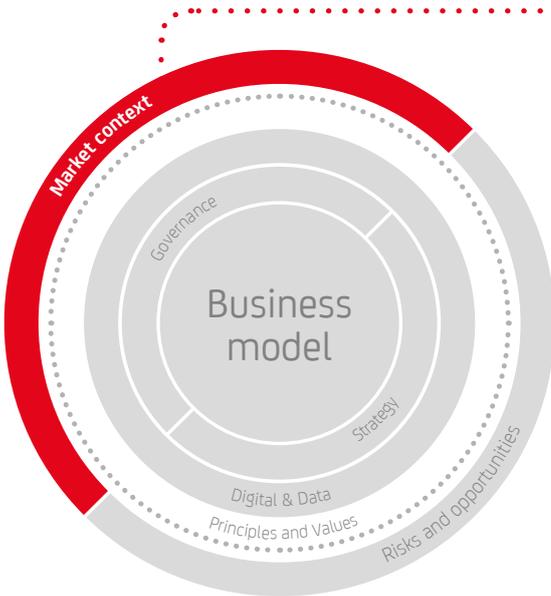


Our Sustainable Business Model



In a context where regulators, investors, consumers and market behaviours were already evolving rapidly, the Covid-19 pandemic delivered the biggest and broadest economic shock in recent years. By leading social and environmental transition, banks can concretely help bolster the economy and become purpose-driven global leaders.

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



Macroeconomic context^A

2021 GDP rebound after measures adopted to limit the spread of Covid-19.

^A Refer to Our Strategy chapter for more information.
^B UniCredit Unlocked scenario based on latest available actual data (GDP at December 2021).

Euro Area Growth^B

Real GDP growth y/y, %



Stakeholders

Changing stakeholder behaviour must not only be immediately recognised, but also anticipated. Remote channels have undergone further acceleration due to the digitalisation boost of Covid-19.

^C Source: Digital around the world 2022 report, by We Are Social.

Global digital snapshot^C

% of world population



Investors

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

PRI signatory growth

Assets under management (AUM) (US\$ trillion)

N° Signatories



Regulators

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



Industry Trends

The growth of our business depends on the **competitiveness** of companies and the **well-being** of individuals within each country. Focusing on industry trends, we offer tailored solutions to our clients and invest in initiatives for:



Financial inclusion



Social inclusion



Support to community growth and countries' prosperity

HOW MARKET CONTEXT IS DRIVING BANKS IN CAPTURING ESG BUSINESS OPPORTUNITIES

SNAPSHOT OF COP26^D

COP26 represented a key moment in 2021, with **science** and communities calling governments to accelerate the **speed** and scale of **change**

 **c.90%** of the world is now committed to **net zero and the Paris Rulebook** is now completed, yet 2030 commitments are still insufficient

 **141** governments pledge to **reverse deforestation**

 **Phasing out from coal and fossil fuels highlighted** for the first time in a COP final agreement

^D Source: Inside COP26 - Kickstarting a decade of delivery, by BCG.

EMERGING ESG STAKEHOLDER TRENDS

 **57%** of **consumers** pledged to shop at stores with a strong fair trade commitment^E

 **81%** of **companies** have witnessed an increased demand for ESG data over the 2020-2021 period^F

 **20%** of **electric vehicle buyers** would go back to a fossil fuel car due to a lack of public charging infrastructure and no suitable charging facility at home^E

^E Source: Looking ahead - ESG 2030 Predictions, by McKinsey.

^F Source: How ESG Data is Going Mainstream, July 2021, by Bloomberg.

A SELECTION OF KEY INVESTORS' EXPECTATIONS ON ESG MATTERS^G

ESG **Strong Governance** approach needed to boost ESG commitment, also among SMEs

ESG Commitment to **Net Zero** considered as viable and expected, with credible plans to be put in place

ESG Support **fragile categories** (e.g. young people, women, micro-enterprises), being proactive in pursuing a **positive impact**

ESG Be a **protagonist** and **reliable partner** in **transition** financing, phasing out companies not on the same ESG path

^G Refer to Stakeholder Engagement chapter for more information.

EU FRAMEWORK FOR SUSTAINABLE GROWTH



EMERGING ESG INDUSTRY TRENDS

 Almost **290 gigawatts (GW)** of new renewable power commissioned in 2021, **3% higher than 2020's** already exceptional growth^H

 Top Five groups of technologies - Electrification, agriculture, power grid, hydrogen and carbon capture - to potentially attract up to **\$2 trillion** per year by 2025 and abate **40% of GHG emissions** by 2050^I

^H Source: Renewables 2021, by International Energy Agency.

^I Source: Innovating to net zero - An executive's guide to climate technology, by McKinsey Sustainability.

ESG Products

LENDING

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

CAPITAL MARKETS

Green bonds
Social/Sustainable/
Transition bonds

INSURANCE

Carbon neutral home/
auto insurance
Ad hoc for renewable
projects

ASSET MGMT

SRI funds
ESG ETFs and Indexes