UniCredit - Climate Change 2021

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

UniCredit is a simple successful Pan European Commercial Bank, with a fully plugged in Corporate & Investment Banking, delivering a unique Western, Central and Eastern European network to its extensive and growing client franchise.

We meet real client needs with real solutions which harness synergies between our businesses: Corporate & Investment Banking, Commercial Banking and Wealth Management. The way in which these solutions are developed and provided is as important as the solutions themselves, which is why everything we do is based on our two core values: ethics and respect.

UniCredit's solid governance system guides its behaviour in favour of conserving natural capital, which is consistent with our commitment to prevent and mitigate any environmental impact of our operations and lending activities, as set out in our Environmental Policy. Our climate strategy thus encompasses a broad set of conservation and management measures including, amongst others: advancing environmental risk management; aligning our portfolio to UN climate goals; supporting our clients in their shift to a low-carbon economy.

We have committed to cutting our operational GHG emissions by setting reduction targets for our Scope 1 and 2 combined emissions of 60 percent by 2020 and 80 percent by 2030 versus our 2008 base year. Operational emissions derive from direct and indirect energy consumption, refrigerant gas dispersion, business travel, paper consumption and waste disposal.

In 2019 we announced further ESG targets as part of our long-term commitment to sustainability and the management of climate change issues.

Emissions data for 2020 has been collected involving 35 Group legal entities (a full-time equivalent of more than 82,000) operating in Italy, Germany, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czechia , Hungary, Romania, Russia Federation, Serbia, Slovakia and Slovenia.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2020	December 31 2020	No	<Not Applicable>

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

Austria
Bosnia & Herzegovina
Bulgaria
Croatia
Czechia
Germany
Hungary
Italy
Romania
Russian Federation
Serbia
Slovakia
Slovenia

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

EUR

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C-FS0.7

(C-FS0.7) Which organizational activities does your organization undertake?

Bank lending (Bank)

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	The Board of Directors assigned responsibility for overseeing sustainability issues to the newly created (April 2021) ESG Committee which takes over the responsibility of the previous Corporate Governance, Nomination and Sustainability Committee (CGN&S). The decision to create a new Board Committee focused exclusively on ESG issues, responds to the need to further raise the level of responsibility on the topic and make it more effective and integrated into the overall corporate strategy. During 2020 the CGN&S followed the implementation of the Group ESG targets (including several climate related ones) announced in November 2019 and discussed the definition of the new ESG Strategy of the Group in which the climate change is one of the main driver.
Board-level committee	The Internal Control & Risk Committee (ICRC) supports the Board of Directors in risk management and control-related issues and, among other tasks, supports the Board of Directors in defining and approving strategic guidelines and risk management policies with specific reference to risk appetite and risk tolerance and in verifying that risk strategies, management policies and the Risk Appetite Framework (RAF) have been correctly implemented. Focusing primarily on environmental topics related to climate change, in 2020 the BoD integrated the overall risk management framework with Environmental, Social and Governance (ESG) factors.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues	Climate-related risks and opportunities to our bank lending activities The impact of our own operations on the climate The impact of our bank lending activities on the climate	Climate-related issues are scheduled in the agenda of at least three meetings of the ESG Committee every year. The head of Group ESG Strategy and Impact Banking presents specific topics to the Committee after sharing the contents with the CEO, and reports on implementation progress.
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding risk management policies Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues	Climate-related risks and opportunities to our own operations The impact of our own operations on the climate The impact of our bank lending activities on the climate	On a quarterly basis, Risk Management function submits to the Board a report monitoring the Group Risk Appetite Framework (RAF) including Climate-change related indicators.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Other committee, please specify (Group Executive Committee (GEC))	CEO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our investing activities Risks and opportunities related to our other products and services Risks and opportunities related to our own operations	More frequently than quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

The Group Executive Committee (GEC) was created in May 2021 and replaces the former Executive Management Committee. This new committee, chaired by the CEO, is a managerial Committee which comprises representatives from key business functions and divisions. The GEC is a tight team (15 executives) with great proximity to the CEO, thus ensures the effective steering, coordination and control of Group business, as well as the successful alignment of the parent company with the different businesses and geographies regarding strategic topics, which include environmental issues concerning the Group. The GEC thereby presides over, and is directly responsible for, climate change issues.

A subgroup of the GEC forms a dedicated ESG Strategy Council. This new Council engages selected members of the C suites to provide oversight and strategic guidance across business units, regions and functions on definition and implementation of ESG Strategy.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	Recognition for sustainability goals achievement includes the management of climate-related issues.

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity inventivized	Comment
Chief Operating Officer (COO)	Monetary reward	Emissions reduction project Emissions reduction target Energy reduction project Energy reduction target Efficiency project Efficiency target	Top managers are rewarded for sustainability goals achievement; the management of climate change related issues is a specific KPI within this context.
Energy manager	Monetary reward	Emissions reduction project Emissions reduction target Energy reduction project Energy reduction target Efficiency project Efficiency target	The energy managers is rewarded for sustainability goals achievement; the management of climate change related issues is a specific KPI within this context.
Environment/Sustainability manager	Monetary reward	Emissions reduction project Behavior change related indicator Company performance against a climate-related sustainability index Other (please specify) (The Environment/Sustainability manager, reporting to the Chief Sustainability Officer, carries out continuous review of sustainability criteria for company lending policies regarding sectors sensitive to environmental and social risks.)	Top managers are rewarded for sustainability goals achievement; the management of climate change related issues is a specific KPI within this context.
Facilities manager	Monetary reward	Emissions reduction project Emissions reduction target Energy reduction project Energy reduction target Efficiency project Efficiency target	The Facilities managers are rewarded for sustainability goals achievement; the management of climate change related issues is a specific KPI within this context.
Chief Sustainability Officer (CSO)	Monetary reward	Behavior change related indicator Company performance against a climate-related sustainability index Other (please specify) (The CSO ensures continuous review of sustainability criteria for company lending policies regarding sectors sensitive to environmental and social risks.)	Top managers are rewarded for sustainability goals achievement; the management of climate change related issues is a specific KPI within this context.
Chief Financial Officer (CFO)	Monetary reward	Portfolio/fund alignment to climate-related objectives	Top managers are rewarded for sustainability goals achievement; the management of climate change related issues is a specific KPI within this context.
Chief Risk Officer (CRO)	Monetary reward	Company performance against a climate-related sustainability index Portfolio/fund alignment to climate-related objectives	Top managers are rewarded for sustainability goals achievement; the management of climate change related issues is a specific KPI within this context.
Management group	Monetary reward	Efficiency project Behavior change related indicator	Top managers are rewarded for sustainability goals achievement; the management of climate change related issues is a specific KPI within this context.

C-FS1.4

(C-FS1.4) Does your organization offer its employees an employment-based retirement scheme that incorporates ESG principles, including climate change?

	We offer an employment-based retirement scheme that incorporates ESG principles, including climate change.	Comment
Row 1	Yes, as the default investment option for some plans offered	An example is a pension fund within our Italian perimeter which is a signatory to the Principles for Responsible Investment (PRI) and bases its investments on ESG principles.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	1	As a bank we tend to align the strategic horizon with the tenor of our lending activities. Thus, we consider short-term the time horizon for the repayment of a short-term loan (up to18 months).
Medium-term	1	5	Medium-term is what is usually regarded as such in the treasury market.
Long-term	5	30	Long-term is anything beyond 5 years.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

Banking business relies on an accurate assessment of a diverse range of risks in its lending activity. This must be complemented by the ability to generate sufficient income and strict cost management in order to generate profit and increase shareholders' value over time. Failure to correctly assess such risks and to reward shareholders' investments may cause substantive financial or strategic impact. For these reasons we define a substantive financial or strategic impact as one which may require additional regulatory capital expressed in terms of CET1 in the order of 80-100 basis points. Similarly, a percentage change in Loan Loss Provisions of 30-40% on an annual basis represents a substantive financial impact. We also regard the value of Risk Weighted Assets as an indicator of strategic impact when a yoy variation of 5-7% is recorded. Likewise we regard a 6-7% yoy shift in revenues as a substantive financial or strategic impact. Finally, a non-HR cost increase of 6-8% versus the previous year is also considered a substantive financial impact.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered
Direct operations
Upstream
Downstream

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
More than once a year

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
Upstream risks are dealt with by ensuring suppliers' compliance with our environmental minimum requirements and also through the application of exclusion policies for certain product categories. Risks related to our direct operations are mainly those associated with our data centers which are built in flooding risk-free zones and are regulated by redundancy systems and business continuity plans. The most important source of risk is of course downstream, relating to our financing. We have set up a dedicated Group Climate & Environmental Risk Management unit. Furthermore, a subgroup of the Group Executive Committee forms a dedicated ESG Strategy Council. This new Council engages selected members of the C suites to provide oversight and strategic guidance across business units, regions and functions on definition and implementation of ESG Strategy. We have also integrated counterparts' climate change related risks into the credit approval process. Additionally we have: - Adopted a new restrictive policy defining the Group's financing strategy towards financing the Coal-Fired Power Generation sector. The policy launched in November 2019 was furtherly updated in September 2020. - Adopted a new policy to define principles and rules for financing activities in the Oil & Gas Sector in the Arctic Region and for Non-Conventional Oil & Gas related activities. For Export Credit Agencies (ECA) supporting corporate loans, the OECD Common Approaches environmental and social due diligence process applies. The Equator Principles and the OECD Common Approaches are built upon the same foundation, i.e. the IFC Performance Standards on Environmental and Social Sustainability and the Word Bank Group Environmental, Health and Safety Guidelines, together commonly referred to as the World Bank Standards. Within this framework we have developed detailed policies for sectors relevant to UniCredit that are susceptible to environmental and social risks. These apply to lending and other forms of financial assistance in sectors such as mining, coal power, nuclear power and hydro power. At asset level the Group has responded to climate-related opportunities by establishing a dedicated Sustainable Finance Advisory Team which assists clients in their efforts in identifying and executing sustainable financing solutions that are aligned with their respective sustainability strategies and are compliant with current best practice. Potential solutions are actively proposed to the Group's clients as part of the financial structuring process where appropriate, as well as embraced in a situation where clients themselves seek climate-related financing opportunities to underscore their ambitions in this regard. Furthermore, a Task-force on Sustainable Finance Business Opportunities to develop product scope, sales approach and educational training for employees has been set up. It is a bank-wide working group from all business divisions, including Risk Management, HR and Communication/Marketing.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Not relevant, explanation provided	Current regulation is not considered a risk driver. Although recently we see an increase in disclosure requirements, according to our assessment, this is not relevant in terms of additional climate risks. In fact, the implications of the current legal framework are already factored in, both in terms of direct and indirect risks. The current organizational structure is shaped according to the regulatory framework and so is the lending process.
Emerging regulation	Relevant, always included	Group Regulatory Affairs and Group ESG Strategy and Impact Banking are constantly monitoring perspective regulatory evolutions. Through the activity of these departments, UniCredit participates in most industry associations and working groups to understand the evolution and bring industry specific topics to the regulatory table. The recently passed EU regulations on disclosure requirements and the EU Taxonomy will affect our risk process once effective. In order to address the potential business risk arising from change in regulation, we rely on Group Regulatory Affairs reports to understand the likelihood and timing of new regulations, and consequently take action by engaging all potentially involved functions.
Technology	Relevant, sometimes included	Our Research Department and Risk Management are constantly monitoring the potential impact of technological innovation on clients' economic outlook. The assessment of climate change implications takes is also part of this process, although it takes place on an ad hoc basis. However, we are increasing our activities in this regard, for example we are closely monitoring the evolution of the digital economy which may have a crowd-out effect on many industries, not intuitively related to climate change.
Legal	Not relevant, explanation provided	Legal risks are only considered relevant regarding to our customers' potential liabilities and as a financial institution we do not regard these risks as relevant for our business.
Market	Relevant, always included	Market risks are regularly considered in our climate analysis: we produce regular market analysis on the ETS market and green bonds market, in order to monitor not only business opportunities but also potential market risks arising in climate-related markets. For example, a price signal in these markets is taken as a warning sign that the relevant industry might face liquidity problems and is thus regarded as an indicator of a shift in the risk perspective of some customers.
Reputation	Relevant, always included	Climate change under a reputational perspective is regularly taken into account within the operational and reputational assessment and management process. For example, we constantly monitor surveys and analysis from investors and civil society which may resonate in the media and impact the Group's reputational profile. In these cases the topic is brought to the attention of the highest decision-making level, the Group Executive Committee, for its intervention, having first been reviewed by the Group Reputational Risk Committee.
Acute physical	Relevant, sometimes included	Physical risk affects credit risk and operational risk. Credit risk is mainly related to the potential losses in our mortgage portfolio. Either chronic or acute, physical climate related risk might result in a modification of collaterals, thus eroding the value of related assets. Although we have already a road map, a comprehensive picture is likely to be achieved within the end of 2022 or first half 2023. This is related to vast distribution of assets throughout our geographies and the difficulties in assessing a georeferenced accurate mapping of risks. During 2020, a global one-off assessment considering the most important impacts connected to climate change has been performed. In terms of risk assessment, it results mainly in impairment in value of collateral located in high climate risk zones subjected to chronic risk and acute risks. The preliminary analysis conducted signals a very limited impact. The approach followed will be further consolidated and will represent the basis to evaluate physical risk drivers. We are also defining a methodology to assess Physical Risk impacts on lending and mortgage portfolio (e.g. on collaterals and counterparties' assets) leveraging on expertise developed during the one-off assessment conducted and on an external provider to measure to what extent the Bank's geographies are exposed to the different types of acute and chronic risks. Operational risks are also taken into account, mainly related to data center operations and business continuity plans. In recent years a great effort has been undertaken to reduce energy consumption from data centers and enhance resilience to different sources of potential adverse events. Chief among them cybercrime to prevent data leakage and ensure business continuity. Data centers are built with reinforced redundancy in areas which are considered safe from extreme event and thus, albeit subject to high security standard controls, represent a very low risk. Our business continuity program is coordinated by UniCredit business continuity and resilience. In our business continuity program potential climate related acute physical events are dealt together with natural disasters and imply an integrated approach, from infrastructure design to emergency management. As facilities are not frequently built, the risk analysis does not follow the yearly assessment process. We are currently beginning to assess implications for our portfolio resulting from customers' physical risks.
Chronic physical	Not relevant, explanation provided	As a financial institution we are not affected by physical change in weather patterns or other climate related environmental chronic changes. We are also defining a methodology to assess Physical Risk impacts on lending and mortgage portfolio (e.g. on collaterals and counterparties' assets) leveraging on expertise developed during the one-off assessment conducted and on an external provider to measure to what extent the Bank's geographies are exposed to the different types of acute and chronic risks

C-FS2.2b

(C-FS2.2b) Do you assess your portfolio's exposure to climate-related risks and opportunities?

	We assess the portfolio's exposure	Please explain
Bank lending (Bank)	Yes	While opportunities are more easily detected via research and analysis of technological development, we are currently undertaking methodology tests to assess climate-related risks. Notably when it comes to credit risks, UniCredit has undertaken two major dedicated initiatives to assess, and once completed in all details, steer the portfolio in order to minimize the risks. One is aimed at assessing the overall portfolio risk level, on a qualitative basis. The other initiative is an alignment exercise which we are regularly running using the 2dii PACTA methodology.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Yes	Given the nature of the activity, in project finance we are already in a position to assess exposure to climate risks for the specific asset class, also in compliance with the new Equator Principles 4, which became effective as of 1 October 2020.

C-FS2.2c

(C-FS2.2c) Describe how you assess your portfolio's exposure to climate-related risks and opportunities.

	Portfolio coverage	Assessment type	Description
Bank lending (Bank)	Minority of the portfolio	Qualitative and quantitative	UniCredit is committed to assess and manage climate and environmental risk to achieve three main objectives: to meet regulatory expectations on banks business strategy and risk management processes, to mitigate climate-related and environmental risks, and to identify potential opportunities to finance the Climate and Environmental Transition. At counterpart level, a Transition Risk program has been launched aimed at integrating climate change considerations into the credit approval process, performing a climate risk assessment at a counterpart level. This initiative, which is progressively being expanded to all corporate counterparts, aims to provide a preliminary assessment of the transition risk-related performance of counterparts. The initiative consists in completing a dedicated questionnaire for each corporate counterpart, based on a sub-set of both cross-industry and industry-specific questions. The outcome of the exercise is a score for each counterpart which considers a set of current and forward-looking climate-related key indicators, calibrated according to different weights. The methodology is based on 3 key dimensions: firstly, the climate and environmental exposure, which considers as main drivers transition risk and opportunities and the level of GHG emissions of corporate clients, as well as other environmental metrics such as water and energy consumption, waste production and recycling. Secondly, the climate and environmental vulnerability values the climate change management maturity level of corporate clients considering for example the company's plan to shift to a lower emission level business model, the transition investment plan, GHG emission reduction target, as well as products and services associated with positive climate impact. This dimension considers cross-industry emission targets and ESG ratings, the management and industry specific environmental strategy. Lastly, the economic impact on corporate clients' financial and industrial performance considers for example the effects on stranded assets, the decrease of market shares or revenues due to market shift. The resulting assessment as a combination of the 3 above mentioned categories will indicate to what extent we are exposed to climate/carbon risks or financing opportunities at counterpart level. Physical risk assessments have been performed on Italian mortgages collateral and are being extended to all Group geographies.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	All of the portfolio	Qualitative and quantitative	In project finance transactions, project finance advisory, project-related corporate loans (including structured export finance loans) and related bridge loans, the standards established by the Equator Principles must be applied. The obligation to determine, assess and manage environmental (including climate change) and social risks according to the Equator Principles is defined in all relevant policies and regulations of the Group. Mandatory process steps begin with the structuring of relevant finance transactions, through to final repayment of the loans.

C-FS2.2d

(C-FS2.2d) Do you assess your portfolio's exposure to water-related risks and opportunities?

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	No, but we plan to do so in the next two years	<Not Applicable>	We are following the ECB Guide on environmental risks in order to integrate these risks in our business strategy, to include them in the risk appetite framework, to consider environmental risk at all stages of the credit-grant process and to monitor this kind of risks in our credit portfolio. However they, as too other environmental stress related risks and opportunities, are currently not easily measurable. As member of the Natural Capital Finance Alliance we were active in developing tools for such a purpose, such as the ENCORE tool, and we will take into account natural capital risks as soon as transmission mechanisms and dependencies will be more reliable in quantitative terms.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Yes	All of the portfolio	As part of the process to determine, assess and manage environmental and social risks according to the Equator Principles, water-related risks are taken into account. In fact, water related risks have a considerable significance in many transactions which are financed according to the Equator Principles.

C-FS2.2e

(C-FS2.2e) Do you assess your portfolio's exposure to forests-related risks and opportunities?

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	Yes	Minority of the portfolio	As we have a new commitment on deforestation, we are constantly measuring exposure, even though this does not apply to the majority of our portfolio but only to the portion which represents businesses clearly involved in deforestation.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Yes	All of the portfolio	As part of the process to determine, assess and manage environmental and social risks according to the Equator Principles, forest-related risks are taken into account. In less developed countries such risks are reviewed in the wider context of Biodiversity Conservation and Sustainable Management of Living Natural Resources, in line with the International Finance Corporation's Performance Standard 6. Developed countries are deemed to have robust environmental and social governance, legislation systems and institutional capacity to protect their citizens and the natural environment. Host country laws, regulations and permits that pertain to environmental and social issues in developed countries are presumed to be at least as strict as the World Bank Standards.

C-FS2.2f

(C-FS2.2f) Do you request climate-related information from your clients/investees as part of your due diligence and/or risk assessment practices?

	We request climate-related information	Please explain
Bank lending (Bank)	Yes	A Transition Risk program has been launched aimed at integrating climate change considerations into the credit approval process by performing a climate risk assessment at a counterpart level. We have submitted a Climate and Environmental Risk Assessment Questionnaire to our clients to determine their position on the transition pathway. The Questionnaire was designed to assess the transition risk exposure along three dimensions: level of exposure, level of vulnerability, and economic impact and resulting into a Climate & Environmental Score, which is integrated into the credit process Physical risk assessments have been performed on Italian mortgages collateral and are being extended to all Group geographies. Furthermore, we assess publicly available information, e.g. sustainability reports and/or strategy. In the event of identified climate-related risks, a cross-check with the client (i.e. a discussion with the client and further documents requested) is performed.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Yes	Equator Principles Financial Institutions recognize the importance of climate change and believe negative impacts on the climate should be avoided where possible. If these impacts are unavoidable, they should be minimized, mitigated and/or offset. According to the Equator Principles, for all projects in all locations, when Scope 1 and Scope 2 emissions are expected to be more than 100,000 tonnes of CO2 equivalent annually, an alternative analysis must be conducted to evaluate less greenhouse gas-intensive alternatives. climate-related requirements are even more extensive, under the revised version 4 of the Equator Principles ,

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Emerging regulation	Mandates on and regulation of existing products and services

Primary potential financial impact

Increased credit risk

Climate risk type mapped to traditional financial services industry risk classification

Credit risk

Company-specific description

In the aftermath of COP 21 in Paris, and further to the announcement of the EU's legislative proposals to implement the EU Commission’s Action Plan on Sustainable Finance, the expectation for regulatory developments that can have deep implications on risk assessment, notably for carbon intensive industries, has increased. UniCredit is currently undertaking an effort to understand how, further to the Paris Agreement and the specific NDCs, the EU Action Plan and the new regulations on taxonomy and disclosure will be complemented by potentially restrictive national regulations, and eventually into a specific risk for our customers' assets. Notably the Next Generation EU package will be a guidance to such a scope. For this reason we believe that this sort of risk is likely to materialize sooner than previously expected. Severe regulations on carbon intensive industries or incentivization schemes on taxonomy aligned economic activities could provide a strong signal which might affect the financial profile of our customers and their ability to repay loans, with potential consequences on our asset quality.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

A quantitative assessment of financial impacts would imply a complex exercise on the portfolio, based on metrics whose reliability is still questionable. We instead rely on available macro scenarios provided by research organizations to gauge the potential impact of stranded assets in the oil and gas sector and other climate sensitive industries. This could give us a quantifiable measure of the increased risk associated with lending to climate sensitive industries.

Cost of response to risk

1500000

Description of response and explanation of cost calculation

In order to be aware of risks and opportunities in climate change, Group Sustainability keeps the Group aware of all the major sustainability issues that could have an impact on society, including climate change. To keep the organization up to date with best practices within the financial industry, Group Sustainability joins sustainability associations in the finance space and involves other relevant departments. Our Research Department provides regular analysis of the industry's evolution.

Comment

Costs for supporting Group Sustainability and other business functions involved in bringing forward all initiatives is already embedded in the team's budget as part of the core business management costs. To these costs additional expenses must be considered for other activities (such as the analysis of the development of technologies and the evaluation of new regulatory markets).

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Market	Increased cost of raw materials

Primary potential financial impact

Increased credit risk

Climate risk type mapped to traditional financial services industry risk classification

Credit risk

Company-specific description

UniCredit is exposed to carbon risks through the financing of sectors like coal mining, automotive, cement, utilities, oil and gas and other carbon intensive industries, and non carbon intensive industries affected in the global supply chain. Carbon, fuel or energy taxes will raise production costs and increase the likelihood of a switch towards renewables, which would leave some of our customers behind, notably when they are not able to pass the increased cost on to their customers. Similarly, an increase in the price of raw materials has the potential to affect transformation industries. These risks mainly depend on the ability of the sectors affected, and that of banks, to cope with new operational costs and taxes in order to guarantee a sufficient level of compliance, but also on the possibility to remain competitive in the market. Our clients' failure to do so could result in a financial stress, in the event they are not able to abide by their contractual agreements, thus implying a potential deterioration of customers' ability to repay loans. Furthermore, climate change could directly impact the availability of certain materials and therefore their price.

Time horizon

Medium-term

Likelihood

Very likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

A tighter regulation on energy and carbon taxes or a climate-induced raw material scarcity will have an indirect impact on our Group, in terms of a limited financial capacity of our customers to respond to increased costs of fuel and other commodities. The financial implications of these impacts have not been quantified yet. Should the affected company not be able to pass through tax costs, the P&L will be directly affected. In case of total or partial pass through, there still remains the risk of a decrease in demand, affecting the revenue side of their P&L.

Cost of response to risk

600000

Description of response and explanation of cost calculation

In order to mitigate indirect risks for our business, country-level lending activities and policies relating to all of our business lines are also included in the scope of the holding company's EMS. We have also issued a coal policy that aims to provide standards and guidelines that address the risks associated with financing the coal-fired power industry. This policy is the result of an extensive, in-depth analysis across 10 key countries within our network: in 2013 we in fact engaged internal and external stakeholders on issues including local energy strategies, the impact of emissions, and country-specific technological and regulatory developments. Among the management methods to address this risk we also include our engagement with UNEP FI and the development of a carbon model aimed at calculating the externalities of our coal and utilities portfolio in relation to climate change, ecosystems, biodiversity and human health. A new coal policy was approved and published in November 2020 which prohibits new projects in thermal coal mining and coal-fired power generation and imposes strict commitments in terms of reducing reliance on funds deriving from coal-fired power generation for corporate customers.

Comment

Management costs in this area include the registration, management and maintenance costs for the Group Holding's EMS.

Identifier
Risk 3

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Increased severity and frequency of extreme weather events such as cyclones and floods

Primary potential financial impact
Increased capital expenditures

Climate risk type mapped to traditional financial services industry risk classification
Capital adequacy and risk-weighted assets

Company-specific description
Extreme weather events can result in physical risks that refer to both direct and indirect impacts. Notably, direct risks are related to extreme adverse weather events due to climate change. Floods and storms have become increasingly common in all regions, including Europe. In this case our main exposure is related to: IT services, facilities, staff health and productivity. In relation to IT services, in worst case scenarios, extreme events could lead to disruptions of our business operations. In the event of damages to facilities (e.g. due to severe heat waves), this could have an impact in terms of non-productive periods and potentially also to employees' health.

Time horizon
Short-term

Likelihood
Exceptionally unlikely

Magnitude of impact
High

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Extreme weather events could lead to an interruption of our operations and substantial direct losses. This risk is material for our facilities (data centers, owned buildings and subsidiaries' buildings), data and employees. It would result in huge damage of our clients' data. Damages could require specific interventions and result in increased operational costs (e.g. relocation of employees, renovation and reconstruction of facilities) and insurance costs (insurance premiums).

Cost of response to risk

Description of response and explanation of cost calculation
In order to mitigate the risks related to the direct impacts of physical change associated with climate change, UniCredit has implemented a Business Continuity Plan (BCP) which entails risk management procedures to guarantee the security of our IT system in case of severe damage to the Group's facilities or data loss. Through this plan the bank has multiple locations where it houses its servers, having selected the areas based on the low vulnerability of the sites. This plan covers most operational risks, including those related to extreme weather events.

Comment
The costs associated with our activities to manage this risk are integrated into UniCredit's operational costs within the various lines of business, especially those related to the BCP's implementation activities and maintenance. The actual cost range is 1,000,000 - 1,500,000; we have indicated the mid-range value.

Identifier
Risk 4

Where in the value chain does the risk driver occur?
Downstream

Risk type & Primary climate-related risk driver

Market	Changing customer behavior

Primary potential financial impact
Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification
Capital adequacy and risk-weighted assets

Company-specific description
This risk can be related to both direct and indirect impacts. Direct risks refer to the risks of not being able to meet the company's commitments in relation to climate change or other disclosed environmental targets, or other comparison with its peers. Reputational risks with potential effects on brand value (for example, the financing of environmentally critical activities) are an increasing concern for the industry as a whole. Notably, our Group's reputation could be deteriorated by a negative public perception of our climate action and drive customers away. Indirect risks are instead related to our lending, project, and investment activities, in the event that a substantial shift in consumers' preference occurs. In this case our financed companies might face a reduction in revenues, thus affecting their credit worthiness and eventually the quality of our portfolio, potentially triggering a negative loop. As climate-related issues will have a growing impact on our stakeholders, we believe that we have to reduce our exposure to reputational risk.

Time horizon
Medium-term

Likelihood
More likely than not

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Financial implications could derive from direct risks (e.g. loss of credibility) and indirect risks (i.e. actions undertaken by our customers, for example with regard to climate-sensitive sectors, such as the coal-fired power generation sector, mining sector, nuclear power generation and others such as oil sands, hydraulic fracturing and deforestation). Financial implications could derive from: 1. costs for the development of a recovery plan. 2. loss of business opportunities with clients affected by climate-related reputational implications.

Cost of response to risk
600000

Description of response and explanation of cost calculation
In addition to various efforts to anticipate and prevent reputational risks, we continue our industry reputational risk analysis. The process outlines the potential impacts for UniCredit by involving key subject matter specialists (e.g., Investor Relations, Compliance) that address the perspectives of different stakeholders. Trend analysis and potential impacts are regularly considered and discussed. Furthermore, we have worked to reinforce our reputational risk governance through the implementation of a new Group Reputational Risk Committee. The Committee involves the proposing Business function together with Group Risk Management, Group Lending Officer, Group Compliance, Group ESG Strategy and Impact Banking and the participation of other relevant functions on a case-by-case basis.

Comment
In this context we include costs related to the budget assigned to Group Sustainability for carrying out all activities that will eventually result in maintaining a high reputation with all key stakeholders and monitoring international standards. Furthermore the figure includes also cost of Compliance controls to prevent miscommunication and green washing in product development.

Identifier
Risk 5

Where in the value chain does the risk driver occur?
Downstream

Risk type & Primary climate-related risk driver

Market	Uncertainty in market signals

Primary potential financial impact
Increased credit risk

Climate risk type mapped to traditional financial services industry risk classification
Credit risk

Company-specific description
Climate action is likely to trigger a widespread and diversified technological shift in many industries. Our Group is aware that our customers need to make investments to allow for transition to climate-friendly products and processes. The cost of these investments is not always clear as long as a carbon price is not available worldwide. Thus, we acknowledge the risk of stranded assets, but we are not yet able to quantify them for a proper risk management assessment. UniCredit is a player in the EU ETS market so as to provide liquidity to the carbon trading scheme and facilitate the transition at the lowest possible cost.

Time horizon
Medium-term

Likelihood
Virtually certain

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Financial impact is related to several factors simultaneously affecting our clients. Additional investments are needed to deploy new technologies, without which production activities might become less cost effective and relevant products could result less competitive or not match the evolved market’s preferences. Both on the cost side and on

the revenue side, the cashflow structure may undergo a radical change which could ultimately potentially affect the ability of the company to meet its debt obligations. A Transition Risk program has been launched aimed at integrating climate change considerations into the credit approval process by performing a climate risk assessment at a counterpart level. We have submitted a Climate and Environmental Risk Assessment Questionnaire to our clients to determine their position on the transition pathway. The Questionnaire was designed to assess the transition risk exposure along three dimensions: level of exposure, level of vulnerability, and economic impact and resulting into a Climate & Environmental Score, which is integrated into the credit process

Cost of response to risk
1000000

Description of response and explanation of cost calculation
UniCredit's Risk Appetite Framework addresses, among other things, the risks arising from technology shifts. These are not only related to climate change. However, some of the new technologies deployed in recent years are likely to be, and to some extent already are, useful to address climate-related issues. We have also launched a Transition Risk programme to integrate climate change considerations into the credit approval process, performing a climate risk assessment at counterpart level. This initiative aims to provide a preliminary assessment of the transition risk related performance of counterparts.

Comment
The cost is embedded into the ordinary budget allocated to Risk Management, and our Research and Group Sustainability departments. A specific budget is not allocated for this substantially ordinary activity.

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Opp1

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Resource efficiency

Primary climate-related opportunity driver
Other, please specify (State incentivized energy efficiency measures)

Primary potential financial impact
Reduced direct costs

Company-specific description
Incentives provided by climate policies may reduce the cost of refurbishment and restructuring to use less carbon intensive technologies, resulting in improved cash flows. UniCredit is currently exploiting energy efficiency regulation based on partial tax exemption.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
1000000

Potential financial impact figure – maximum (currency)
2000000

Explanation of financial impact figure
Financial impact is measured by annual monetary saving of the initiatives.

Cost to realize opportunity
6000000

Strategy to realize opportunity and explanation of cost calculation
Where applicable, investments are made in energy efficiency and alternative energy sources to improve efficiency.

Comment
N/A

Identifier
Opp2

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Resource efficiency

Primary climate-related opportunity driver
Move to more efficient buildings

Primary potential financial impact
Reduced direct costs

Company-specific description
More efficient buildings provide a better working environment, increase labour productivity, and reduce energy demand and operating costs. UniCredit has completed an over 700,000 square meters space optimization, refurbishment of headquarters in Munich, and new projects such as our Austria Campus in Vienna. We are likely to further explore similar solutions in the future.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
3000000

Potential financial impact figure – maximum (currency)
5000000

Explanation of financial impact figure
Optimization and consolidation of several buildings into more efficient ones reduces the energy consumption and consequently the operating cost. The savings are related to energy savings. Energy cost savings are the outcome of dedicated efficiency measures as well as a more rational use of space which lowers overall space occupancy, thus providing additional savings. However, this sort of saving is not considered in this calculation. The examples mentioned are three specific projects which have been completed in recent years. As they are different in type and dimensions, we prefer to define a range for the type of measure, irrespective of peculiar features of each measure, in terms of efficiency and dimension. Our calculation is based on projects already implemented, notably our Austria Campus in Vienna, normalized to take into account different features and technology innovation.

Cost to realize opportunity
45000000

Strategy to realize opportunity and explanation of cost calculation
Cost calculation is based on the portion of the overall investment which can be directly attributed to energy efficiency. Where the detail is not available, we rely on estimates based on premises rental or the average cost for commercial buildings in the same or similar area. The savings are instead measured by either actual cost savings registered for similar measures or by comparing the average energy consumption for square meter for the specific building's energy class.

Comment
By virtue of their nature, similar measures are only possible in limited number.

Identifier
Opp3

Where in the value chain does the opportunity occur?
Downstream

Opportunity type
Products and services

Primary climate-related opportunity driver
Development and/or expansion of low emission goods and services

Primary potential financial impact
Increased revenues resulting from increased demand for products and services

Company-specific description
In recent years UniCredit has exploited a number of climate-related opportunities such as the carbon market, energy efficiency loans and green bonds. Increasing demand from customers for these low carbon products is likely to push the Group towards new products. The EU Taxonomy will speed up this process by favoring the packaging of new investment products. We are currently looking at the Taxonomy regulation features in order to improve our green product offer to customers.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Demand for low carbon products implies increasing funding needs. The EU Commission's legislative proposals will likely increase demand for financing low carbon products. As the EU Taxonomy is entering into force, the magnitude of the impact is likely to become more relevant. Also, providing services like EU ETS trading is currently generating revenues which are likely to increase in the future.

Cost to realize opportunity
2000000

Strategy to realize opportunity and explanation of cost calculation
UniCredit established a carbon trading desk upon inception of the EU ETS market. In 2020, UniCredit traded almost 300 million tons of CO2 valued at roughly €7.1 billion in the EU Emission Trading System market. In 2020 we raised some €120 bn through 97 deals in sustainable finance instruments. As at December 31 2020, our energy efficiency outstanding loans to SMEs and individuals in Western Europe (WEU) amounted to €2.2 billion, while new retail energy efficiency loans in CEE amounted to € 55 million

Comment
As a financial institution we do not have a specific investment aimed at generating revenues of this kind. It is in fact implicit in the nature of our core business, thus costs are embedded in several units, from front office to middle and back office in trading and various administrative tasks. Difficult, and not relevant, to assess. The figure we have indicated is a very wide approximation of the area in which we reasonably believe the bulk of the actual cost may lie.

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization’s strategy and/or financial planning?
Yes, and we have developed a low-carbon transition plan

C3.1a

(C3.1a) Is your organization’s low-carbon transition plan a scheduled resolution item at Annual General Meetings (AGMs)?

	Is your low-carbon transition plan a scheduled resolution item at AGMs?	Comment
Row 1	No, and we do not intend it to become a scheduled resolution item within the next two years	

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?
No, but we anticipate using qualitative and/or quantitative analysis in the next two years

C3.2b

(C3.2b) Why does your organization not use climate-related scenario analysis to inform its strategy?

UniCredit’s first climate-related scenario analysis dates back to 2010. With the cooperation of WWF and Ecofys, we designed a carbon-based rating model to understand the carbon component of our portfolio and see whether a 2 degree compliant world would have affected, and in which measure, the cashflows of our carbon intensive industry clients. The project was based on a methodology which allowed us to split the global carbon budget into industries and geographies. Our conclusions were mixed, and we never actually implemented the model into ongoing rating processes, even though it allowed us to achieve a good understanding of how to build a scenario analysis. We have also simulated a carbon price stress test with limited impacts on our portfolio. Our current understanding of links between climate-related scenarios and business strategy is that, whatever climate scenario is used, signals are very weak. In fact, for a financial institution, business strategy means risk management and the current risk management timeframe receives no signals from potential changes of a much longer tenor. In 2020 we have conducted a 2 degree alignment exercise to highlight positive and negative gaps as a first measure of risks, based on capital expenditure, using the Paris Agreement Capital Transition Assessment (PACTA) methodology developed by 2° Investing Initiative

The Bank run the methodology over the perimeter in scope (Power, Upstream Oil & Gas, Automotive, Steel and Cement) resulting in an overall well positioning and alignment to Global market with very few exceptions with some cases already in line with “green” scenarios e.g., power generation from Coal and Gas. The exercise run will be used as a starting point to help the business to further steer the lending portfolio versus more sustainable targets

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	Climate change may significantly affect the sales of products and services, also in the financial industry. In order to understand the future evolution of customers' business practices and support them in their transition, the Group has established a dedicated Sustainable Finance Advisory team to enable a detailed and comprehensive dialogue with clients about their sustainability strategies, and to partner with clients in their efforts in identifying and executing sustainable financing solutions that are aligned with their respective sustainability strategies and compliant with current best practice. This allows the bank to better understand clients' needs and develop new products and services aligned with climate goals. This allows the bank to better understand clients' needs and develop new products and services aligned with climate goals.
Supply chain and/or value chain	Yes	Through our supplier qualification system, we safeguard UniCredit from working with suppliers that are not sufficiently aware and committed to environment and climate-related matters, as too to social matters.
Investment in R&D	Evaluation in progress	R&D is difficult to define for a commercial bank, as we do not sell physical products. However, we are committed to understanding how our products and services can have their carbon footprint minimized, through comprehensive LCA analysis.
Operations	Yes	Our GHG reduction targets call for ambitious efforts to reduce the carbon footprint of our operations. For example, we are continuing to make our data centres more energy-efficient. Although they are subject to annual increases in use for IT-related activities, their cooling systems, new uninterruptible power supplies (UPSs) and overall engineering are designed to avoid any increase in energy consumption even as they meet heavier demand.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Capital allocation Assets	Influence on financial planning is mainly driven by inclusion of risk considerations into credit decisions and ratings which of course directly and indirectly drive our capital allocation. With regards to climate change, both scientific evidence and an increasing stakeholder awareness of climate issues make UniCredit's action a priority. As a bank we are exposed to both physical and transition risk. These risks can take the form of significant credit, market, operational and reputational risks. We are in the initial phase of our process to develop and test quantitative models to correctly measure climate risk and consequently embed it within our wider financial risk assessment. Asset quality may be affected by risk indicators when adjusted to take into account additional risks of default related to the integration of climate risk. Additional costs for compliance with emerging stricter emissions regulation, and also a shift in consumer behaviour, may negatively affect companies' cash-flows and increase their probability of default and exposure at default. Emerging business opportunities are driven by considerations related to remuneration of capital allocated to relevant investments, expressed in terms of risk-weighted assets, thus significantly affecting revenues. More broadly, a significant impact is our Multi-Year Plan provision for dedicated credit lines to support customers and ensure a smooth transition to a low carbon economy.

C3.4a

(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

N/A

C-FS3.6

(C-FS3.6) Are climate-related issues considered in the policy framework of your organization?

Yes, we have exclusion policies for industries and/or activities exposed or contributing to climate-related risks

C-FS3.6b

(C-FS3.6b) Describe your exclusion policies related to industries and/or activities exposed or contributing to climate-related risks.

Type of exclusion policy	Portfolio	Application	Description

Type of exclusion policy	Portfolio	Application	Description
Coal	Bank lending Other products and services, please specify (Advisory services, Debt Capital Markets (DCM), M&A and Equity Capital Markets (ECM).)	New business/investment for new projects	Our coal sector policy launched in November 2019 was furtherly updated in September 2020. The policy is implemented groupwide. New business/investment related to projects (new or existing) in thermal coal mining and coal-fired power generation is forbidden. A pre-requisite for a coal-related subject (All the companies/subjects who operate in the Coal-Fired Power Generation area/Thermal coal area) to operate with UniCredit Group is to: - have a credible plan for phasing out from the coal business by 2028; - have a capped current involvement in the coal business (in terms of percentage of revenues < 25%); - avoid any increase in the coal business (e.g. by enlarging existing coal capacity or acquiring or building new production sites). Our 2023 target: phase out of existing thermal coal mining and coal-fired power plants (CFPP) projects. With the last review of September 2020, the Group committed to completely phase-out financing of the Coal sector by 2028. We are requesting customers to be aligned with our plans as a pre-requisite to continue general financing (i.e. phase-out of their coal-related activities by the same date). We will give customers until the end of 2021 to present their plans. If these are aligned with our 2028 phase-out, we will continue our relationship with them. If they do not present a 2028 plan, or if their plan is not credible, we will exit the relationship in 2022. A further pre-requisite is that less than 25% of customers' revenues must derive from the thermal coal sector. If they are below 25%, we can continue the relationship, provided the customer has an exit plan as described above. If a customer expands their coal operations (e.g. acquisition of a coal-fired power plant or a thermal coal mine, building or opening of a new plant or mine, etc.), we will stop our relationship with them and phase-out, regardless of if less than 25% of their revenues derive from the thermal coal sector and if they have a credible plan to exit the activity by 2028.
Coal	Bank lending Other products and services, please specify (Advisory services, Debt Capital Markets (DCM), M&A and Equity Capital Markets (ECM).)	Existing business/investment for existing projects	Our coal sector policy launched in November 2019 was furtherly updated in September 2020. The policy is implemented groupwide. New business/investment related to projects (new or existing) in thermal coal mining and coal-fired power generation is forbidden. A pre-requisite for a coal-related subject (All the companies/subjects who operate in the Coal-Fired Power Generation area/Thermal coal area) to operate with UniCredit Group is to: - have a credible plan for phasing out from the coal business by 2028; - have a capped current involvement in the coal business (in terms of percentage of revenues < 25%); - avoid any increase in the coal business (e.g. by enlarging existing coal capacity or acquiring or building new production sites). Our 2023 target: phase out of existing thermal coal mining and coal-fired power plants (CFPP) projects. With the last review of September 2020, the Group committed to completely phase-out financing of the Coal sector by 2028. We are requesting customers to be aligned with our plans as a pre-requisite to continue general financing (i.e. phase-out of their coal-related activities by the same date). We will give customers until the end of 2021 to present their plans. If these are aligned with our 2028 phase-out, we will continue our relationship with them. If they do not present a 2028 plan, or if their plan is not credible, we will exit the relationship in 2022. A further pre-requisite is that less than 25% of customers' revenues must derive from the thermal coal sector. If they are below 25%, we can continue the relationship, provided the customer has an exit plan as described above. If a customer expands their coal operations (e.g. acquisition of a coal-fired power plant or a thermal coal mine, building or opening of a new plant or mine, etc.), we will stop our relationship with them and phase-out, regardless of if less than 25% of their revenues derive from the thermal coal sector and if they have a credible plan to exit the activity by 2028.
Oil & gas	Bank lending Other products and services, please specify (Advisory services, Debt Capital Markets (DCM), M&A and Equity Capital Markets (ECM).)	New business/investment for new projects	The policy was approved in November 2019 and applies groupwide. Scope of application: applies to Arctic and Non-Conventional Oil & Gas (NCO&G) industry for projects (existing or new) and for any forms of financial support to companies involved in this sector. Definition of NCO&G: extraction of Oil and/or Gas performed through Tar sands; Ultra-Deep Water Oil & Gas extraction (more than 1500 metres/5000 feet); Shale Oil & Gas (and also fracking, only when in combination with Shale Oil & Gas). Forbidden projects: extraction of Oil & Gas as per the above defined 'critical Arctic' activities and NCO&G extraction activities, pipelines and other infrastructure solely related to such 'critical Arctic' activities and NCO&G sector, related to production of Liquefied Natural Gas when solely related to the above mentioned 'critical Arctic' activities and NCO&G sector. General Financing (Advisory services, or other forms of financial support to companies) allowed only as follows:- New clients: if the above defined NCO&G related activities provide up to a maximum of 25% of the total revenues recorded in the year by the company, and the above defined 'critical Arctic' activities provide up to a maximum of 25% of the total revenues recorded in the year by the company. Our 2023 target: No exposure to Tar sands projects, Shale O&G and related fracking projects, Ultra-deep water, O&G projects, Liquified natural Gas from non-conventional gas projects. Our 2023 target: No exposure to Oil projects in the Arctic Circle, Offshore gas projects in the Arctic Circle, Tar sands projects, Shale O&G and related fracking projects, Ultra-deep water O&G projects, Liquified natural gas from non-conventional gas projects.
Oil & gas	Bank lending Other products and services, please specify (Advisory services, Debt Capital Markets (DCM), M&A and Equity Capital Markets (ECM).)	Existing business/investment for existing projects	The policy was approved in November 2019 and applies groupwide. Scope of application: applies to Arctic and Non-Conventional Oil & Gas (NCO&G) industry for projects (existing or new) and for any forms of financial support to companies involved in this sector. Definition of NCO&G: extraction of Oil and/or Gas performed through Tar sands; Ultra-Deep Water Oil & Gas extraction (more than 1500 metres/5000 feet); Shale Oil & Gas (and also fracking, only when in combination with Shale Oil & Gas). Forbidden projects: extraction of Oil & Gas as per the above defined 'critical Arctic' activities and NCO&G extraction activities, pipelines and other infrastructure solely related to such 'critical Arctic' activities and NCO&G sector, related to production of Liquefied Natural Gas when solely related to the above mentioned 'critical Arctic' activities and NCO&G sector. General Financing (Advisory services, or other forms of financial support to companies) allowed only as follows:- New clients: if the above defined NCO&G related activities provide up to a maximum of 25% of the total revenues recorded in the year by the company, and the above defined 'critical Arctic' activities provide up to a maximum of 25% of the total revenues recorded in the year by the company. Our 2023 target: No exposure to Tar sands projects, Shale O&G and related fracking projects, Ultra-deep water, O&G projects, Liquified natural Gas from non-conventional gas projects. Our 2023 target: No exposure to Oil projects in the Arctic Circle, Offshore gas projects in the Arctic Circle, Tar sands projects, Shale O&G and related fracking projects, Ultra-deep water O&G projects, Liquified natural gas from non-conventional gas projects.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number
Abs 1

Year target was set
2015

Target coverage
Company-wide

Scope(s) (or Scope 3 category)
Scope 1+2 (location-based)

Base year
2008

Covered emissions in base year (metric tons CO2e)
491448

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)
100

Target year
2020

Targeted reduction from base year (%)
60

Covered emissions in target year (metric tons CO2e) [auto-calculated]
196579.2

Covered emissions in reporting year (metric tons CO2e)
195777

% of target achieved [auto-calculated]
100.272053197897

Target status in reporting year
Achieved

Is this a science-based target?
Yes, we consider this a science-based target, but it has not been approved by the Science-Based Targets initiative

Target ambition
Well-below 2°C aligned

Please explain (including target coverage)
Our emission reduction targets are above those envisaged in a 2 / 1.5 degree-compliant scenario. We have therefore self-assessed our targets to be science-based. We are reporting progress on our Abs 1 target, previously reported in our CDP Climate Change questionnaire 2020 response. The progress made reflects the reduction of our 2020 Scope 1 and Scope 2 combined emissions of 195,777 tC02e versus our 2019 Scope 1 and Scope 2 combined emissions of 213,089 tC02e, as per our latest data revised in early 2021, which represents a 8.1% reduction yoy. Our 2020 emissions figure marks a 60% reduction in our combined Scope 1 and Scope 2 emissions versus our 2008 base year.

Target reference number
Abs 2

Year target was set
2015

Target coverage
Company-wide

Scope(s) (or Scope 3 category)
Scope 1+2 (location-based)

Base year
2008

Covered emissions in base year (metric tons CO2e)
491448

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)
100

Target year
2030

Targeted reduction from base year (%)
80

Covered emissions in target year (metric tons CO2e) [auto-calculated]
98289.6

Covered emissions in reporting year (metric tons CO2e)
195777

% of target achieved [auto-calculated]
75.2040398984226

Target status in reporting year
Achieved

Is this a science-based target?
Yes, we consider this a science-based target, but it has not been approved by the Science-Based Targets initiative

Target ambition
Well-below 2°C aligned

Please explain (including target coverage)
Our emission reduction targets are above those envisaged in a 2 / 1.5 degree-compliant scenario. We have therefore self-assessed our targets to be science-based. We are reporting progress on our Abs 2 target, previously reported in our CDP Climate Change questionnaire 2020 response. The progress made reflects the reduction of our 2020 Scope 1 and Scope 2 combined emissions of 195,777 tC02e versus our 2019 Scope 1 and Scope 2 combined emissions of 213,089 tC02e, as per our latest data revised in early 2021, which represents a 8.1% reduction yoy. Our 2020 emissions figure marks a 60% reduction in our combined Scope 1 and Scope 2 emissions versus our 2008 base year.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?
Target(s) to increase low-carbon energy consumption or production
Other climate-related target(s)

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number
Low 1

Year target was set
2019

Target coverage
Country/region

Target type: absolute or intensity
Absolute

Target type: energy carrier
Electricity

Target type: activity
Consumption

Target type: energy source
Renewable energy source(s) only

Metric (target numerator if reporting an intensity target)
Percentage

Target denominator (intensity targets only)
<Not Applicable>

Base year
2018

Figure or percentage in base year
96.4007

Target year
2023

Figure or percentage in target year
100

Figure or percentage in reporting year
99.8

% of target achieved [auto-calculated]
94.4433639874419

Target status in reporting year
Underway

Is this target part of an emissions target?
No, our emission reduction targets are based on our location-based method emissions. The increase in renewable energy consumption is a separate target.

Is this target part of an overarching initiative?
No, it's not part of an overarching initiative

Please explain (including target coverage)
In line with its established attention to ESG matters, in November 2019 UniCredit announced a set of sustainability targets and commitments, several of which relating to climate change. This target applies to the consumption of electricity from renewable sources within our buildings in the Western Europe (WEU) region.

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number
Oth 1

Year target was set
2019

Target coverage
Product level

Target type: absolute or intensity
Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Green finance	Percentage of green investments

Target denominator (intensity targets only)
<Not Applicable>

Base year
2018

Figure or percentage in base year
100

Target year
2023

Figure or percentage in target year
134

Figure or percentage in reporting year
120

% of target achieved [auto-calculated]
58.8235294117647

Target status in reporting year
Underway

Is this target part of an emissions target?
No

Is this target part of an overarching initiative?
No, it's not part of an overarching initiative

Please explain (including target coverage)
In line with its established attention to ESG matters, in November 2019 UniCredit announced a set of sustainability targets and commitments, several of which relating to climate change. These include the target to increase energy efficiency loans to small-medium enterprises (SMEs) within the Western Europe (WEU) region of our client base by 34% versus the 2018 base year.

Target reference number
Oth 2

Year target was set
2019

Target coverage
Product level

Target type: absolute or intensity
Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Green finance	Percentage of green investments

Target denominator (intensity targets only)
<Not Applicable>

Base year
2018

Figure or percentage in base year
100

Target year
2023

Figure or percentage in target year
125

Figure or percentage in reporting year
167

% of target achieved [auto-calculated]
268

Target status in reporting year
Achieved

Is this target part of an emissions target?
No

Is this target part of an overarching initiative?
No, it's not part of an overarching initiative

Please explain (including target coverage)
In line with its established attention to ESG matters, in November 2019 UniCredit announced a set of sustainability targets and commitments, several of which relating to climate change. This includes the target to increase energy efficiency loans to Individuals within the Western Europe (WEU) region of our client base by 25% versus our 2018 base year.

Target reference number
Oth 3

Year target was set
2019

Target coverage
Product level

Target type: absolute or intensity
Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Green finance	Percentage of green investments

Target denominator (intensity targets only)
<Not Applicable>

Base year
2019

Figure or percentage in base year
100

Target year
2023

Figure or percentage in target year
125

Figure or percentage in reporting year
88.4

% of target achieved [auto-calculated]
-46.4

Target status in reporting year
Underway

Is this target part of an emissions target?
No

Is this target part of an overarching initiative?
No, it's not part of an overarching initiative

Please explain (including target coverage)
In line with its established attention to ESG matters, in November 2019 UniCredit announced a set of sustainability targets and commitments, several of which relating to climate change. This includes the target to increase investments in the renewable energy sector by 25% versus our intra annual 2019 base year figure in order to facilitate the transition to a lower carbon economy (expressed in terms of Exposure at Default). Portfolios considered 'Renewable Energy' include biomass, hydro, photovoltaic, wind, CHP, battery storage, energy from waste and other renewables as well as corporates predominantly operating renewable energy assets. Please note that the intra annual 2019 base year figure of our target is not comparable with the FY2019 renewable energy portfolio figure reported in our 2019 Integrated Report, which is in fact our performance figure for the 2019 reporting year.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.
Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	1	
To be implemented*	1	11595
Implementation commenced*	1	524
Implemented*	6	6265
Not to be implemented	0	

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in buildings	Insulation

Estimated annual CO2e savings (metric tonnes CO2e)
34

Scope(s)

Scope 1
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
22483

Investment required (unit currency – as specified in C0.4)
217299

Payback period
4-10 years

Estimated lifetime of the initiative
6-10 years

Comment
We invested in measures focusing on improving insulation at 8 of our buildings in Italy. The investment reported is net of tax relief. The emissions reductions reported include also Scope 2 location-based emissions.

Initiative category & Initiative type

Company policy or behavioral change	Site consolidation/closure

Estimated annual CO2e savings (metric tonnes CO2e)
1232

Scope(s)
Scope 1
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
850000

Investment required (unit currency – as specified in C0.4)
4460738

Payback period
4-10 years

Estimated lifetime of the initiative
Ongoing

Comment
We are committed to maximizing the potential of new technologies to reduce the environmental footprint of our services and operations. In line with the deployment of an enhanced digital service model and the space optimization efforts included in our strategic plan, the evolution of our network and of our services included a reduction of our branches in Italy, amounting to 158 branches and about 57,000 square meters.

Initiative category & Initiative type

Company policy or behavioral change	Site consolidation/closure

Estimated annual CO2e savings (metric tonnes CO2e)
524

Scope(s)
Scope 1
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
350000

Investment required (unit currency – as specified in C0.4)
271523

Payback period
<1 year

Estimated lifetime of the initiative
>30 years

Comment
We carried out space reduction and optimization measures at our headquarters and offices in Italy in line with our strategic plan. This included the application of energy efficiency solutions and smart working occupancy solutions. Investment and savings reported are related to energy measures.

Initiative category & Initiative type

Transportation	Company fleet vehicle efficiency

Estimated annual CO2e savings (metric tonnes CO2e)
120

Scope(s)
Scope 1

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
214600

Investment required (unit currency – as specified in C0.4)
154937

Payback period
1-3 years

Estimated lifetime of the initiative
1-2 years

Comment
The Car Sharing project, is a multi-year project aimed at reducing the environmental impact of the company car fleet. From 2017 to 2020 we reduced our car fleet of 241 cars, also recording a decrease of about 500 of tCO2 emissions. The figures reported are related to 2020 savings and investments.

Initiative category & Initiative type

Energy efficiency in buildings	Other, please specify (Building Energy Management)

Estimated annual CO2e savings (metric tonnes CO2e)
299

Scope(s)
Scope 1
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
200000

Investment required (unit currency – as specified in C0.4)
250000

Payback period
1-3 years

Estimated lifetime of the initiative
6-10 years

Comment
In one of our Head Office we installed a new BMS (Building Management Systems) to optimize both the energy consumption and building operation and comfort. In addition, we replaced old lightnings with new led ones embedded with sensors.

Initiative category & Initiative type

Energy efficiency in buildings	Other, please specify (Energy consumption optimization via monitoring and energy management)

Estimated annual CO2e savings (metric tonnes CO2e)
4056

Scope(s)
Scope 1
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
2700000

Investment required (unit currency – as specified in C0.4)
0

Payback period
No payback

Estimated lifetime of the initiative
6-10 years

Comment
Across our Italian premises, since 2015, we have installed energy monitoring systems to control in real time and optimize energy consumption and operating hours of the

equipment. In addition, during the pandemic lock-down, whenever possible, we adapted our building operation based on the reduced building occupancy.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	UniCredit abides by all relevant legislations. Since 2014, at UniCredit S.p.A, the holding company, the Environmental Management System, registered according to EMAS regulation and spanning more than 2,600 sites, is the methodological framework which Group Sustainability applies in its function as supervisory body on behalf of Group Compliance in order to meet the following requirements: a) defining and updating an inventory detailing all applicable environmental legislation and regulation, b) carrying out an assessment of UniCredit S.p.A's environmental risk exposure in relation to applicable environmental legislation and regulation requirements, c) regularly monitoring and auditing its sites in conformity with relevant regulation, and subsequently ensuring any necessary mitigating actions are carried out by the relevant reference departments/persons.
Dedicated budget for energy efficiency	Enhancing energy efficiency in operations, facility management and processes is UniCredit's favorite approach. It allows cost savings and performance improvement. Organization and facility management are allocated a dedicated budget for energy efficiency, including for energy audits.
Employee engagement	UniCredit operates several Environmental Management Systems across its legal entities. All the Italian sites of UniCredit S.p.A are registered under the EMAS regulation, while in Austria (UniCredit Bank Austria AG) and in Czech Republic and Slovakia (UniCredit Bank Czech Republic and Slovakia a.s.) sites are certified ISO14001. Within this framework employee awareness is a key priority, achieved through dedicated sections within internal communication tools, including the promotion of energy saving tips and training sessions.
Financial optimization calculations	Energy efficiency measures undertaken are assessed from both an environmental and financial point of view, in order to validate the investments at source (calculation of ROI and payback time are provided to support the decision making process).

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Product

Description of product/Group of products

Financing of renewable energy sources

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

The EU Taxonomy for environmentally sustainable economic activities

% revenue from low carbon product(s) in the reporting year

% of total portfolio value

1

Asset classes/ product types

Bank lending	Other, please specify (Several target customers receive funding to finance renewable energy sources, encompassing several asset classes, including corporate lending, retail lending and project financing.)

Comment

UniCredit's renewable energy portfolio had an exposure of €6.1 billion by the end of 2020. Our portfolio in renewable energy financing provides funding for photovoltaic plants, wind and other renewable sources projects.

Level of aggregation

Group of products

Description of product/Group of products

Sustainability and green bonds and loans

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Climate Bonds Taxonomy

% revenue from low carbon product(s) in the reporting year

% of total portfolio value

1

Asset classes/ product types

Investing	Fixed Income

Comment
UniCredit, lead manager of the first ever green bond, continues to play a central role in this fast-developing market. In 2020, we raised over 46 green and social bonds an overall placement of €53.8 billion. Over the year, we also saw growing demand for green and sustainability-linked loans and credit facilities. UniCredit played a bookrunner role in a total of 97 deals for an overall amount of €120 billion. As clearly stated in our new strategic plan Team 23, we aim to achieve a top 5 league table position in EMEA (Europe, Middle East, and Africa) combined Green Bonds and ESG-linked loans.

Level of aggregation
Product

Description of product/Group of products
Energy efficiency loans

Are these low-carbon product(s) or do they enable avoided emissions?
Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Climate Bonds Taxonomy

% revenue from low carbon product(s) in the reporting year

% of total portfolio value
1

Asset classes/ product types

Bank lending	Retail Loans

Comment
As of December 2020, our outstanding loans to SMEs and individuals in Western Europe (WEU) amounted to €2.2 billion, while the retail energy efficiency loans in CEE amounted to €55 million.

Level of aggregation
Product

Description of product/Group of products
Carbon trading

Are these low-carbon product(s) or do they enable avoided emissions?
Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Climate Bonds Taxonomy

% revenue from low carbon product(s) in the reporting year

% of total portfolio value
1

Asset classes/ product types

Investing	Commodities

Comment
In 2020, UniCredit traded more than 300 million tons of CO_2 for €7.1 billion exchanged in the EU Emission Trading System market.

Level of aggregation
Product

Description of product/Group of products
UC MSCI European Green Bond EUR UCITS ETF (Exchange-traded funds) tracks the performance of a Green Bond Index (Bloomberg Barclays MSCI European Green Bond Issuer Capped EUR Index).

Are these low-carbon product(s) or do they enable avoided emissions?
Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Green Bond Principles (ICMA)

% revenue from low carbon product(s) in the reporting year

% of total portfolio value
1

Asset classes/ product types

Investing	Mutual funds

Comment
The ETF tracks the performance of a Green Bond Index, reflecting the increasing demand for ESG and SRI investments and the current lack of fixed income ETFs in this segment. It represents an efficient way to allow retail customers and institutional investors to invest into the green bond segment in which UniCredit operates as lead and co-lead manager.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start
January 1 2008

Base year end
December 31 2008

Base year emissions (metric tons CO2e)
99479

Comment
Our 2008 base year Scope 1 emissions figure is 99,479 tCO2e.

Scope 2 (location-based)

Base year start
January 1 2008

Base year end
December 31 2008

Base year emissions (metric tons CO2e)
391969

Comment
Our 2008 base year Scope 2 location-based emissions figure is 391,969 tCO2e.

Scope 2 (market-based)

Base year start
January 1 2008

Base year end
December 31 2008

Base year emissions (metric tons CO2e)
391969

Comment
Please note that the Scope 2 location-based base year figure of 391,969 tCO2e has been used as a proxy for the Scope 2 market-based base year figure.

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.
ISO 14064-1
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
The Greenhouse Gas Protocol: Scope 2 Guidance
Other, please specify (International Energy Agency (IEA) 2020 v1.1 (AR4 Applied); DEFRA, UK Government GHG Conversion Factors for Company Reporting (2020); CEPI, CEPI statistics (2019); Association of Issuing Bodies (AIB), 2019 European Residual Mixes, V.1.2 (2020))

C5.2a

(C5.2a) Provide details of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.
- IEA (2020), Emission Factors www.iea.org/statistics (all rights reserved; as modified by UniCredit SpA), for electricity consumption - Location Based method
- DEFRA, UK Government GHG Conversion Factors for Company Reporting (2020), for district heating, business travel and waste disposal
- Association of Issuing Bodies (AIB), 2019 European Residual Mixes, V.1.2 (2020), for electricity consumption - Market Based method
- CEPI, CEPI statistics (2019), for copy paper use.

C6. Emissions data

C6.1

(C6.1) What were your organization’s gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
41211

Start date
<Not Applicable>

End date
<Not Applicable>

Comment
Our 2020 Scope 1 emissions of 41,211 tCO2e represent a 8.4% reduction YoY vs our 2019 Scope 1 emissions of 44,966 tCO2e, as per our latest data revised in early 2021.

C6.2

(C6.2) Describe your organization’s approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We are reporting a Scope 2, market-based figure

Comment
While we publicly report on both our Scope 2 location-based figure and our market-based figure, location-based reporting remains our favorite method as our emission reduction targets have been established according to the location-based method.

C6.3

(C6.3) What were your organization’s gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based
154566

Scope 2, market-based (if applicable)
54.144

Start date
<Not Applicable>

End date
<Not Applicable>

Comment
Our 2020 location-based method Scope 2 emissions of 154,566 tCO2e represent a 8.1% reduction YoY vs our 2019 location-based method Scope 2 emissions of 168,123 tCO2e, as per our latest data revised in early 2021. Our 2020 market-based method Scope 2 emissions of 54,144 tCO2e represent a 18.1% reduction YoY vs our 2019 market-based method Scope 2 emissions of 66,073 tCO2e, as per our latest data revised in early 2021.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?
No

C6.5

(C6.5) Account for your organization’s gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status
Relevant, calculated

Metric tonnes CO2e
1145

Emissions calculation methodology
As a financial institution, paper consumption is the main resource used within our operational activities. We therefore monitor our annual consumption and related emissions. Consumption is calculated by using purchasing data as proxy as it allows for more accurate monitoring. The emission factor applied is sourced on the basis of CEPI, CEPI Key Statistics (2019), emission data.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Please explain
Emissions arising from paper consumption are constantly monitored and reported annually within our GHG Inventory

Capital goods

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
We have evaluated that such goods do not constitute a relevant source of emissions for inclusion on our GHG inventory considering that they are not pertinent to the financial sector in which we operate.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
These source are not applicable to the financial sector in which UniCredit operates. All of our relevant fuel and energy activities are included in our Scope 1 and Scope 2 emissions.

Upstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
This source is not applicable to the financial sector in which UniCredit operates. It is therefore not included in our GHG Inventory.

Waste generated in operations

Evaluation status
Relevant, calculated

Metric tonnes CO2e
252

Emissions calculation methodology
Emissions arising from waste disposal. Only paper, plastic and glass are considered within the scope of our GHG inventory. The emission factors applied to our calculations are sourced from DEFRA, UK Government GHG Conversion Factors for Company Reporting (2020)

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Please explain
Emissions from waste management are constantly monitored and reported annually within our GHG Inventory.

Business travel

Evaluation status
Relevant, calculated

Metric tonnes CO2e
1127

Emissions calculation methodology
Our Scope 3 emissions include rail and air travel. Air travel data has been categorized in long (more than 3,700km), medium (more than 1,000km - less than 3,700km) and short (less than 1,000 km) distance. We apply emission factors sourced from DEFRA, UK Government GHG Conversion Factors for Company Reporting (2020).

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Please explain
Road travel is excluded as emissions arising from our road vehicles are included in our Scope 1 emissions.

Employee commuting

Evaluation status
Relevant, not yet calculated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
While relevant, this source has not yet been included in our GHG Inventory due to the limited availability and reliability of data currently collectable. This is in part a reflection of the complexity of our operations spanning thousands of sites distributed across various geographies. We are analysing potential improvements to make to our data collection process. At the same time, in recognition of the importance of this topic, we have implemented measures to reduce commuter emissions, such as investing in remote working solutions and facilities for bicycles at our premises at the disposal of employees.

Upstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
While UniCredit makes use of leased cars, the limited related data means that for ease of reporting we currently include emissions arising from this source in our Scope 1 data.

Downstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
This source is not applicable to the financial sector in which UniCredit operates. It is therefore not included in our GHG Inventory.

Processing of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
This source is not applicable to UniCredit as financial products and services do not undergo processing. It is therefore not included in our GHG Inventory.

Use of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
We have assessed this source of emissions as not relevant for the financial sector in which UniCredit operates. In fact, in 2012, at UniCredit S.p.A, the holding of the Group, an ad-hoc carbon management team made up of UniCredit staff and specialists from the Italian Ministry of Environment was created in order to develop a methodology to determine the carbon footprint of a financial product such as a bank account. The result of the analysis undertaken shows that emissions arising from this source (product) are not significant. This said, we are constantly looking at ways to calculate the carbon footprint of our products so as to allow customers to choose the least carbon intensive solution.

End of life treatment of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
We consider this source as not relevant considering that financial products rarely derive from resources requiring particular waste management processes or other kinds of end of life treatment. The source is therefore not included in our GHG Inventory.

Downstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As a financial institution, this does not represent a relevant source of emissions for our GHG Inventory and is thus not included.

Franchises

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
UniCredit does not operate through franchises. As such, they do not represent a relevant source of emissions for our GHG Inventory and are thus not included.

Other (upstream)

Evaluation status

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

Other (downstream)

Evaluation status

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
0.0000119642

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
195777

Metric denominator
unit total revenue

Metric denominator: Unit total
16363597000

Scope 2 figure used
Location-based

% change from previous year
1.4

Direction of change
Decreased

Reason for change
Our 2020 combined scope 1 and 2 emissions figure of 195,777 tCO2e marks a 8.13% decrease vs our 2019 combined scope 1 and 2 emissions figure of 213,093 tC02e, as per our latest data revised in early 2021, achieved thanks to the significant impact of our emission reduction activities such as our space optimization and energy efficiency measures reported in C4.3b which impact both our scope 1 and scope 2 emissions. The decline in emissions is reflected in our 2020 revenue-based intensity figure which has decreased by 1.4% versus 2019. This result has been achieved despite the fact that our 2019 revenue figure for our reporting perimeter has decreased by 6.76% versus our previously reported 2019 revenue figure of €17.55 billion.

C7. Emissions breakdowns

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?
Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change	0	The majority of the electricity we consume is from renewable energy sources. In fact, in 2020 nearly all of the electricity purchased in Italy, Germany and Austria came from renewable energy sources: respectively 100, 100 and 97 percent. However, our emissions abatement targets are based on the location-based method, as we believe that Scope 1 and 2 emission reduction ambitions should place reducing energy consumption at the forefront. Accordingly, although we additionally carry out a market-based calculation of our Scope 2 emissions, renewable energy consumption is not a factor considered in our location-based emissions performance assessment to which the present analysis refers.
Other emissions reduction activities	17124	Decreased	8.04	In 2020, we recorded an overall decrease in our combined Scope 1 and 2 emissions of 17,316 tCO2e. This marks a reduction of 8.13% versus our 2019 combined Scope 1 and 2 emissions of 213,093 tCO2e to 195,777 tCO2e, as per our latest data revised in early 2021. The lion's share of this result is attributable to a combined set of emission reduction activities, such as: our space optimization drive; energy efficiency initiatives; measures to reduce recourse to business travel such as video conferencing alternatives, the evolution of our car fleet. Due to COVID-19, we extended the adoption of remote and flexible working solutions to the majority of our employees and allowing a reduction of our business road travels. With regards to road travel, we recorded a decrease of 7,848 tCO2e from diesel vehicles and 349 tCO2e from gasoline vehicles. It's very important to underline the increase of the use of electric and hybrid vehicles, respectively +16,24% and +8.85% in terms of km of road travels. The above mentioned combined set of emission reduction activities accounted for a decrease of 17,124 tCO2e of our combined Scope 1 and 2 emissions, equal to a 8.04% reduction, i.e. (-17,124 / 213,093) * 100 = -8.04%.
Divestment		<Not Applicable>		
Acquisitions		<Not Applicable>		
Mergers		<Not Applicable>		
Change in output		<Not Applicable>		
Change in methodology		<Not Applicable>		
Change in boundary		<Not Applicable>		
Change in physical operating conditions		<Not Applicable>		
Unidentified		<Not Applicable>		
Other	191	Decreased	0.09	In 2020 we recorded a decrease in the dispersion of refrigerant gases from 622 tCO2e in 2019 to 430 tCO2e. Emissions from this source can vary from year to year depending on usage, replacement and maintenance activities. This accounted for a decrease of 191 tCO2e of our combined Scope 1 and 2 emissions, equal to a 0.09 % decrement, when considering that in 2020 our combined Scope 1 and 2 emissions declined from 213,093 tCO2e in 2019 to 195,777 tCO2e, as per our latest data revised in early 2020.

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	Yes
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	144122	144122
Consumption of purchased or acquired electricity	<Not Applicable>	328507	86916	415423
Consumption of purchased or acquired heat	<Not Applicable>	0	88835	88835
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	125	<Not Applicable>	125
Total energy consumption	<Not Applicable>	328632	319873	648505

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description
Energy usage

Metric value
28.88

Metric numerator
GJ

Metric denominator (intensity metric only)
FTE

% change from previous year
0

Direction of change
No change

Please explain
The reduction of our overall energy -FTE intensity (-2.60% versus 2019) is in line with the reduction of our 2020 FTE perimeter of 2.60%.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
UC_INTEGRATO_2020_ENG.pdf

Page/ section reference
See Deloitte's Independent Auditor's statement at pp. 100, 101 and 102 of the UniCredit 2020 Integrated Report attached (the page number of the Auditor statement is not written, but the relevant pages appear immediately after p. 99). Also, see p.2 ('Report structure') of the UniCredit 2020 Integrated Report which contains details regarding GHG reporting to which Deloitte's statement is directly linked. Please refer to document page numbers if viewing the document on screen.

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
UC_INTEGRATO_2020_ENG.pdf

Page/ section reference
See Deloitte's Independent Auditor's statement at pp. 100, 101 and 102 of the UniCredit 2020 Integrated Report attached (the page number of the Auditor statement is not written, but the relevant pages appear immediately after p. 99). Also, see p.2 ('Report structure') of the UniCredit 2020 Integrated Report which contains details regarding GHG reporting to which Deloitte's statement is directly linked. Please refer to document page numbers if viewing the document on screen.

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

Scope 2 approach
Scope 2 market-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
UC_INTEGRATO_2020_ENG.pdf

Page/ section reference
See Deloitte's Independent Auditor's statement at pp. 100, 101 and 102 of the UniCredit 2020 Integrated Report attached (the page number of the Auditor statement is not written, but the relevant pages appear immediately after p. 99). Also, see p.2 ('Report structure') of the UniCredit 2020 Integrated Report which contains details regarding GHG reporting to which Deloitte's statement is directly linked. Please refer to document page numbers if viewing the document on screen.

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category
Scope 3: Purchased goods and services

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
UC_INTEGRATO_2020_ENG.pdf

Page/section reference
See Deloitte's Independent Auditor's statement at pp. 100, 101 and 102 of the UniCredit 2020 Integrated Report attached (the page number of the Auditor statement is not written, but the relevant pages appear immediately after p. 99). Also, see p.2 ('Report structure') of the UniCredit 2020 Integrated Report which contains details regarding GHG reporting to which Deloitte's statement is directly linked. Please refer to document page numbers if viewing the document on screen.

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Waste generated in operations

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
UC_INTEGRATO_2020_ENG.pdf

Page/section reference
See Deloitte's Independent Auditor's statement at pp. 100, 101 and 102 of the UniCredit 2020 Integrated Report attached (the page number of the Auditor statement is not written, but the relevant pages appear immediately after p. 99). Also, see p.2 ('Report structure') of the UniCredit 2020 Integrated Report which contains details regarding GHG reporting to which Deloitte's statement is directly linked. Please refer to document page numbers if viewing the document on screen.

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Business travel

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
UC_INTEGRATO_2020_ENG.pdf

Page/section reference
See Deloitte's Independent Auditor's statement at pp. 100, 101 and 102 of the UniCredit 2020 Integrated Report attached (the page number of the Auditor statement is not written, but the relevant pages appear immediately after p. 99). Also, see p.2 ('Report structure') of the UniCredit 2020 Integrated Report which contains details regarding GHG reporting to which Deloitte's statement is directly linked. Please refer to document page numbers if viewing the document on screen.

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?
Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C6. Emissions data	Year on year change in emissions (Scope 1)	Limited assurance, ISAE 3000	Assessing year on year change in our Scope 1 emissions is integral to our annual organization-wide GHG inventory accounting which has been verified by Deloitte as the accredited external third party, as reported in the UniCredit 2020 Integrated Report assurance statement which includes GHG emission figures. Year on year change in our Scope 1 emissions is reported in the present document at question no. C6.1. UniCredit 2020 Integrated Report.pdf UC_INTEGRATO_2020_ENG.pdf
C6. Emissions data	Year on year change in emissions (Scope 2)	Limited assurance, ISAE 3000	Assessing year on year change in our Scope 2 emissions is integral to our annual organization-wide GHG inventory accounting which has been verified by Deloitte as the accredited external third party, as reported in the UniCredit 2020 Integrated Report assurance statement which includes GHG emission figures. Year on year change in our Scope 2 location-based emissions and in our market-based emissions is reported in the present document at question no. C6.3. UniCredit 2020 Integrated Report.pdf UC_INTEGRATO_2020_ENG.pdf
C4. Targets and performance	Year on year change in emissions (Scope 1 and 2)	Limited assurance, ISAE 3000	Assessing year on year change in our combined Scope 1 and 2 emissions is integral to our annual organization-wide GHG inventory accounting which has been verified by Deloitte as the accredited external third party, as reported in the UniCredit 2020 Integrated Report assurance statement which includes GHG emission figures. Year on year change in our Scope 1 and 2 emissions is reported in the present document at question no. C4.1a. Please note that year on year change in our Scope 1 and 2 emissions refers to the location-based method. UniCredit 2020 Integrated Report.pdf UC_INTEGRATO_2020_ENG.pdf
C4. Targets and performance	Progress against emissions reduction target	Limited assurance, ISAE 3000	Assessing progress against our announced emission reduction targets is integral to our annual organization-wide GHG inventory accounting which has been verified by Deloitte as the accredited external third party, as reported in the UniCredit 2020 Integrated Report assurance statement which includes GHG emission figures. Please note that our emission reduction targets consider our Scope 2 emissions under the location-based method. Progress against our emission reduction targets is reported in the present document at question no. C4.1a. UniCredit 2020 Integrated Report.pdf UC_INTEGRATO_2020_ENG.pdf

C11. Carbon pricing

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.

Credit origination or credit purchase
Credit purchase

Project type
Other, please specify (The development of a landfill gas capture project)

Project identification
The development of a landfill gas capture project in China

Verified to which standard
Gold Standard

Number of credits (metric tonnes CO2e)
2

Number of credits (metric tonnes CO2e): Risk adjusted volume
2

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, and we do not currently anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers

Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Compliance & onboarding

Details of engagement

Climate change is integrated into supplier evaluation processes

% of suppliers by number

73

% total procurement spend (direct and indirect)

88

% of supplier-related Scope 3 emissions as reported in C6.5

45

Rationale for the coverage of your engagement

At UniCredit supplier engagement is a core part of our centralised supplier qualification process. While our overall supplier pool is wider, centralised procurement qualification activities within Italy, Germany and Austria represent the perimeter which we can best technically assess and address such engagement to. This perimeter accounts for approximately 73% of our overall pool . In this process suppliers are screened via a dedicated tool which includes completing a sustainability questionnaire containing a set of mandatory minimum sustainability requirements. The questionnaire seeks to assess suppliers' suitability in terms of awareness of, and commitment to, environmental and social criteria, including climate-related matters. The questionnaire has been formulated in line with UniCredit's Environmental Policy which, amongst other principles, recognises that climate change, conservation of biodiversity and efficient use of natural resources are challenges which business must address. The requirements included regard issues such as suppliers' willingness to provide details of environmentally relevant aspects of their products or services, and possession of an environmental policy which is in line with UniCredit's Environmental Policy or, alternatively, commitment to respecting the fundamental principles included therein. We are currently in the process of broadening the scope of the engagement to include procurement activities in other geographies within our Group perimeter. Furthermore, assessment of environmental and climate-related criteria also takes place at the product sourcing level, such as procuring paper which is Forest Stewardship Council-certified (approximately 98 percent of copy paper used Groupwide holds an environmental label, in particular, 80 percent of copy paper used Groupwide is Forest Stewardship Council or Programme for the Endorsement of Forest Certification) .

Impact of engagement, including measures of success

As a large company with a pan-european presence, at UniCredit we are aware that we stand to influence others through both our actions and our choices. In making our sustainability questionnaire a core component of our centralised supplier qualification process, we safeguard UniCredit from working with suppliers that are not sufficiently aware and committed to environment and climate-related matters, as too to social matters. Moreover, our qualification process is one of the ways in which we contribute to mainstreaming ESG matters within a business context. We do not currently have a specific metric against which to measure the impact of the engagement. In 2020 , 226 second-level assessments in the Group were finalized on social, labor-law and environmental issues. Our most recent assessment indicates that of the suppliers rejected during the qualification process, about 36% were rejected on the grounds that they did not meet sustainability requirements.

Comment

N/A

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement
Engagement & incentivization (changing customer behavior)

Details of engagement
Encourage better climate-related disclosure practices

% of customers by number
100

% of customer - related Scope 3 emissions as reported in C6.5
0

Portfolio coverage (total or outstanding)
All of the portfolio

Please explain the rationale for selecting this group of customers and scope of engagement
At UniCredit, climate-related customer engagement activities are principally focused on those clients we consider most relevant in terms of climate risk. The scope of these activities therefore covers all of the portfolio, which is composed of corporate entities, financial institutions, sovereign and supranationals when demanding sustainable finance products. Retail customers are considered low climate risk and are therefore out of scope. Through our engagement activities, which are overseen by our Sustainable Finance Advisory team, we establish detailed and comprehensive dialogue with clients regarding sustainability strategies, ESG risks including climate-related risk, and work with them to identify and execute sustainable financing solutions that are aligned with their strategies and compliant with current best practice. Encouraging our clients to adopt high quality environmental disclosure practices is part and parcel of this activity.

Impact of engagement, including measures of success
The measures of success of our engagement activity are not based on a specific metric. However, by fostering greater awareness of ESG and climate-related risks and best management strategies therein and, moreover, by enabling our clients to be better placed in disclosing their environmental impacts, both UniCredit's and our clients' risk profiles are consequently reduced. When engaging with a client on the potential structuring and arranging of a sustainable finance instrument, such as a green/social/sustainability bond or loan, we review and discuss the client’s sustainability strategy, management systems, governance, past and expected future environmental and social performances. For example, we helped a publicly listed Italian energy company, to sustain their business model by acting as bookrunner on both their EUR 500mn Green Bond (7y) issued on September, 2020 and on their EUR 100mn Green Bond (7y) issued on December, 2020. Proceeds of both bonds are used to finance projects related to wind and solar plants . We also helped, a multinational electric utility company, to sustain their business model by acting as bookrunner on their EUR 850mn Green Hybrid Bond issued on November, 2020. Proceeds are used to fund projects related to renewable energy, energy storage, transmission and distribution infrastructure, carbon capture, clean transportation, energy efficiency and green buildings as defined in their Green Financing Framework. On September 2020, we supported a multinational automotive corporation, in its transition by acting as Co-Manager in their EUR 1bn Green Bond (10y). Proceeds are used to fund the development and production of emission-free vehicles with battery electric drive (BEV) and fuel cell electric drive (FCEV) but also projects related to clean transportation, energy efficiency, renewable energy and pollution prevention and control.

Type of engagement
Education/information sharing

Details of engagement
Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services

% of customers by number
100

% of customer - related Scope 3 emissions as reported in C6.5
0

Portfolio coverage (total or outstanding)
All of the portfolio

Please explain the rationale for selecting this group of customers and scope of engagement
At UniCredit, climate-related customer engagement activities are principally focused on those clients we consider most relevant in terms of climate risk. The scope of these activities therefore covers all of the portfolio, which is composed of corporate entities, financial institutions, sovereign and supranationals when demanding sustainable finance products. Retail customers are considered low climate risk and are therefore out of scope. Through our engagement activities, which are overseen by our Sustainable Finance Advisory team, we establish detailed and comprehensive dialogue with clients regarding sustainability strategies, ESG risks including climate-related risk, and work with them to identify and execute sustainable financing solutions that are aligned with their strategies and compliant with current best practice. Encouraging our clients to adopt high quality environmental disclosure practices is part and parcel of this activity

Impact of engagement, including measures of success
The measures of success of our education and information sharing activities are not based on a specific metric. By running educational and information sharing campaign, aimed at delivering to the costumers expert insights and to present opportunities of sustainable financing from regulations to rating and reporting to the range of sustainable financing solution, we support our clients in taking advantage of the business opportunities raising from the energy transition. In 2020 the Sustainable Finance Advisory team of UniCredit launched “ESG on the road – Sustainability and Corporate Financing” a series of client events scheduled in Italy, Germany, Austria and CEE. “ESG on the road” is Pan-European events program featured both internal and external experts delivering experienced insights from top-ranking representatives including the European Investment Bank (EIB), rating agencies Standard&Poors and Sustainalytics alongside corporate issuers and investors. Discussion focused on the impact of ESG on the future of corporate financing and practical issues relating to green financing, including regulation, ratings and reporting. More than 1100 participants attended the fully digital events held in Italy, Germany, Austria and the CEE

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

Engaged colleagues make our enterprise more successful and contribute to wellbeing, both inside and outside of our Group. We monitor employee sentiment and strive to create opportunities for dialogue. In this regard we communicate regularly with employees on climate change and natural capital issues, raising awareness and encouraging accountability via internal channels such as our Group Intranet and through dedicated trainings and events.

An example is the dedicated awareness campaign, launched in 2020 to promote employee engagement on environmental sustainability, with a series of six video pills broadcast on the Group Intranet, ranging from various areas such as recycling, waste management, mobility, energy efficiency, thermal comfort and rational use of water.

Within the campaign, one pill was dedicated to providing general guidance on sustainable behaviours to be adopted also from home, as remote working adoption has increased significantly due to the current pandemic.

Another example is the creation of a dedicated ESG community within the company social network at beginning of 2021 at a Group level. The Community was aimed at promoting knowledge sharing on ESG-related and sustainability topics. In order to boost employee engagement, a set of differentiated contents was designed and published with various frequency (from daily to weekly to monthly) including video pills, podcast interviews with internal guests, call to actions (e.g. special gamification post on the Earth Hour and Day) and dedicated posts.

We regard employees as part of our value chain on GHG emissions and climate change strategies, including in terms of their commuting choices, not least considering the potential impact we represent as a large, multinational company. A clear example is 'Smart Working', a workspace model supported by technology allowing desk sharing and activity based work settings. The initiative connects space optimization, our GHG abatement efforts, and fostering the possibility for our employees to become active players in reducing their individual carbon footprint through commuting and workspace choices. Smart Working is complemented in a number of geographies by Flexible Working which, in its standard format, gives employees the option to work two day a week 'remotely', either from home or from one of our 'Hubs', thus permitting a reduction in commuting time and distance, partially or altogether. Working from a Hub can also afford a change in transport means to more environmentally sound solutions, such as a public tram rather than a single occupancy car. Employees are thus in a position to make more conscientious choices about individual commuting needs in terms of resource consumption and related environmental impact. Since March 2020 Flexible Working has been extended in light of COVID 19 measures to more than 60% of Group Employees. As a result of the widespread adoption of flexible working solutions in 2020 the environmental impact of the Group has reduced. For example, in Italy alone more than 50M km in employee's commuter travels where estimated to have been saved. Furthermore, with special regard to premises in Italy, the air exchange ratios of the Heating, Ventilation, and Air Conditioning (HVAC) systems were reviewed in accordance with pandemic risk-specific technical guidelines and with respect for energy efficiency. Where possible during the first phase of the lockdown, operation of the HVAC systems was optimised based on the real building occupancy thanks to our remote control systems (e.g., systems were switched off for temporarily closed branches) avoiding approximately 1,800 GJ of unnecessary energy consumption, equal to approximately 170 tons of CO2 emissions compared to 2019. Moreover, UniCredit temporarily closed 5 main Italian buildings for at least 4 months starting on November 30th, relocating all the sensitive functions to the nearest buildings thus avoiding unnecessary energy waste amounting to a saving of approximately 115 tons of CO2 emissions per month.

At the same time, we have invested in supporting lower environmental impact modes of commuter transport for when employees work from our premises.

For example in 2020, a pilot project, launched the previous year, for electric recharging stations in a number of Italian locations, continued involving the gradual replacement of cars running on traditional fuel with new electric and hybrid vehicles and the installation of recharging stations to be used for company cars.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers

Trade associations

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Climate finance	Support	Taxonomy Regulation and relevant Delegated Acts; Incorporation of climate-related risks into risk management and prudential frameworks; corporate disclosure of ESG risks; Sustainable corporate governance disclosure (directors duties and due diligence on supply value chain)	UniCredit supports the development of coherent and holistic EU strategy to direct private capital to sustainable investment. We advocate for: A) the finalization of EU Taxonomy, which would fully reflect the need and capacity for the economy to transition to a low carbon imperative. B) the introduction of a sustainable finance supporting factor linked to the EU taxonomy to incentivize the lending and redirect private capital flow towards low-carbon economic activities, provided that this should be done using a balanced, quantitative and risk-based approach that is supported by strong evidence. C) the alignment among different disclosure requirements

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association
Association for Financial Markets in Europe (AFME)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The key areas of focus for AFME on Sustainable Finance include: Development of coherent and holistic EU strategy to direct private capital to sustainable investment; Enhancement of ESG Reporting and Disclosure at the EU and globally (in the context of planned review by the EC of the Non-Financial Reporting Directive (NFRD); Finalisation of the EU Taxonomy for green activities at the legislative level and development of its usability for capital markets transactions; Pragmatic and risk-sensitive integration of ESG considerations into banking prudential and supervisory frameworks (in the context of the EBA mandates to the European Commission); Support incorporation of ESG and Sustainable Finance considerations across various capital markets product areas and business functions.

How have you influenced, or are you attempting to influence their position?
UniCredit sits on the Board of the Association and participates in the AFME Sustainable Finance Steering Committee where all the relevant topics are discussed.

Trade association
Institute of International Finance (IIF)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
IIF promotes the capital markets solutions supporting the development and growth of green finance. In addition, the IIF calls for convergence among ESG disclosure requirements.

How have you influenced, or are you attempting to influence their position?
UniCredit sits on the Board of the Association and participates in the IIF Sustainable Finance Working Group where all the relevant topics are discussed.

Trade association
Associazione Bancaria Italiana (ABI)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
ABI supports a Sustainable Finance Supporting Factor (SFFSF) that can only be applied to eligible activities consistent with the requirements of the Taxonomy Regulation, provided that it takes into account the necessary risk considerations and is a temporary measure for the integration of the best prospective risk positioning of sustainable activities in their current assessment.

How have you influenced, or are you attempting to influence their position?
UniCredit sits on the Board of the Association and participates in a number of ABI work streams on Sustainable Finance.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Our public positioning is the outcome of a structured internal process that starts with a bottom-up analysis of rules and regulation performed by relevant company structures involved in providing technical support to the advocacy activities, defined business activities and goals, followed by a top-down alignment with the overall Group guidelines. Our position on climate change is to advocate for balanced approach that takes into account our customers' financing needs to transition to a net zero carbon economy, on one side, and protecting the fundamentals of banking sectors, on the other. More broadly, our activities with policy makers on climate change are the outcome of a joint effort between our Group Regulatory Affairs department, which is the owners of the formal institutional positioning vis à vis regulators and public institutions, and Group Sustainability, the knowledge point on climate change.

C12.4

(C12.4) Have you published information about your organization’s response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In mainstream reports

Status
Complete

Attach the document
UC_INTEGRATO_2020_ENG.pdf

Page/Section reference
Reference to the issue of climate change and related matters, including our GHG emissions performance, is made throughout the Report. However, the principle pages are as follows (printed page numbers): 26, 27, 43, 48-52, 78-81, 89-92, S.16-S-19, S.52-S.53

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment
While in the past year the report on TCFD recommendations was a chapter of our Integrated Report, this year we will publish a stand-alone report exclusively focused on our implementation of the Recommendation of the Task Force. The publication is due by end of Q3 2021.

C-FS12.5

(C-FS12.5) Are you a signatory of any climate-related collaborative industry frameworks, initiatives and/or commitments?

	Industry collaboration	Comment
Reporting framework	Equator Principles Task Force on Climate-related Financial Disclosures (TCFD) UNEP FI Principles for Responsible Banking	In 2019 UniCredit joined the group of TCFD supporters. In 2019 UniCredit signed the UNEP FI - PRB UniCredit is a founding member of the Equator Principles
Industry initiative	UNEP FI Principles for Responsible Banking Climate Bonds Initiative Partner Programme Natural Capital Finance Alliance UNEP FI	
Commitment	Other, please specify (The UNEP Statement of Commitment by Financial Institutions on Sustainable Development)	UniCredit is signatory of the UNEP FI Statement on sustainable development and is among the first group of signatories of the Natural Capital Declaration which subsequently gathered into the Natural Capital Finance Alliance.

C14. Portfolio Impact

C-FS14.1

(C-FS14.1) Do you conduct analysis to understand how your portfolio impacts the climate? (Scope 3 portfolio impact)

	We conduct analysis on our portfolio's impact on the climate	Disclosure metric	Comment
Bank lending (Bank)	No, but we plan to do so in the next two years	<Not Applicable>	We are currently engaging in understanding a reliable impact measurement which is not related to Scope 3. We believe investee companies' emissions are more relevant to gauge real economy impact.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	No, but we plan to do so in the next two years	<Not Applicable>	Regarding project finance, at the moment we do not calculate the impact of climate change on our project finance portfolio, however we are considering to do so. All transactions under the Equator Principles 4 require, under certain conditions, to conduct a Climate Change Risk Assessment. Under the previously valid Equator Principles 3, an Alternatives Analysis is to be conducted if Scope 1 and 2 emissions exceed 100,000 tCO2e/pa.

C-FS14.1c

(C-FS14.1c) Why do you not conduct analysis to understand how your portfolio impacts the climate? (Scope 3 Category 15 "Investments" emissions or alternative carbon footprinting and/or exposure metrics)

In the past we have conducted analysis of our portfolio impact on the climate, using scope 3 as a metric. We do not however continue to do this on a recurrent basis because we believe that presently the metric: is yet to be demonstrated as an accurate proxy for such impact; does not give clear strategic steering signals to management; is based on a methodology whose robustness is still debatable. We are currently engaged in a 2°Investing Initiative driven multi-stakeholder working group to evaluate evidence of impact. The general objective of the project is to discuss key challenges surrounding the definition, measurement and management of the impact of climate actions by financial institutions, and to create the means (actions template, simulator, etc.) to move towards measuring real world impact. This is a key step in order to correctly assess the issue and develop our own impact assessment methodology.

C-FS14.3

(C-FS14.3) Are you taking actions to align your portfolio to a well below 2-degree world?

	We are taking actions to align our portfolio to a well below 2-degree world	Please explain
Bank lending (Bank)	Yes	In 2019 UniCredit joined the group of banks undergoing a pilot test of the Paris Agreement Capital Transition Assessment (PACTA) methodology developed by 2°Investing Initiative. It is a methodology to assess portfolio alignment to a 2 degree world, based on reference scenarios. We currently use the methodology on a regular basis. This is, in our view, a first step for a proper stress test. We also participated in an EBA pilot sensitivity exercise on climate risks.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Yes	Regarding investment products and services, we are currently exploring opportunities to leverage the newly established EU Taxonomy to package dedicated investment products to customers and we are constantly looking at ways to calculate the carbon footprint of our products so as to allow customers to choose the least carbon intensive solution.

C-FS14.3a

(C-FS14.3a) Do you assess if your clients/investees' business strategies are aligned to a well below 2-degree world?

	We assess alignment	Please explain
Bank lending (Bank)	No, but we plan to do so in the next two years	UniCredit is currently testing alignment methodologies for its portfolio. Once the tests are complete, we are planning to conduct proper alignment exercises for our customers with whom we engage on the topic of 2 degree alignment but we are not currently able to assess whether they are or not aligned to a 2 degree or below-compliant trajectory.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	No, but we plan to do so in the next two years	Regarding project finance, UniCredit is currently testing alignment methodologies for its portfolio. Once the tests are complete, we plan to conduct proper alignment exercises for products and services for which it is possible to conduct such an exercise. Notably, we plan to do so for our project financing activity.

C-FS14.3b

(C-FS14.3b) Do you encourage your clients/investees to set a science-based target?

	We encourage clients/investees to set a science-based target	Please explain
Bank lending (Bank)	No	We have self-assessed our emission abatement targets to be science based in view of the fact that they are above those envisaged in a 2 or 1.5 degree-compliant scenario. However, we have not adopted the SBTi methodology. Coherently, we do not specifically indicate that clients consider setting such targets. Rather, we encourage clients to evaluate climate risk and establish robust strategies for the management of climate-related matters including setting relevant KPIs.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	No	We have self-assessed our emission abatement targets to be science based in view of the fact that they are above those envisaged in a 2 or 1.5 degree-compliant scenario. However, we have not adopted the SBTi methodology. Coherently, we do not specifically indicate that clients consider setting such targets. Rather, we encourage clients to evaluate climate risk and establish robust strategies for the management of climate-related matters including setting relevant KPIs. Regarding our project financing activity, we are likely to adopt impact measures in the future but it is uncertain whether this will translate into the use of science -based targets in the Equator Principles climate assessment.

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chairman of the Board of Directors	Board chair

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms