UniCredit - Climate Change 2018

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 CIB, delivering a unique Western, Central and Eastern European network to our extensive client franchise: 25 million clients.

UniCredit offers both local and international expertise to its clients, providing them with unparalleled access to leading banks in its 14 core markets as well as in 18 other countries worldwide. UniCredit's European banking network includes Italy, Germany, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Serbia, Slovakia, Slovenia and Turkey.

Emissions data for 2017 has been collected involving 33 Group legal entities (a full-time equivalent of more than 89,000) operating in Italy, Germany, Austria, Poland, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Serbia, Slovakia and Slovenia. During 2017 UniCredit divested Bank Pekao and Pioneer Global Asset Management and their subsidiaries. While Bank Pekao was not included in our CDP Climate Change reporting perimeter in previous years, the latter was. However, as Pioneer shared our premises, the impact on our latest carbon inventory is not detectable as it is diluted into the wider set of emission reduction activities.

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
Row 1	January 1 2017	December 31 2017	No	<Not Applicable>
Row 2	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 3	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 4	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

C0.3

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

Austria
Bosnia and Herzegovina
Bulgaria
Croatia
Czechia
Germany
Hungary
Italy
Poland
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 consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

Operational control

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) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Other, please specify (Board Committee)	At the end of 2016, we strengthened our corporate governance system by assigning responsibility for overseeing sustainability issues to the Corporate Governance, HR and Nomination Committee, subsequently renamed the Corporate Governance, Nomination and Sustainability Committee. This decision responds to the need to raise the level of responsibility on the topic and make it more effective and integrated into the overall corporate strategy. The Executive Management Committee (EMC), chaired by the CEO, is a managerial committee appointed by the Board which comprises representatives from key business functions and divisions. It 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 EMC thereby presides over, and is directly responsible for, climate change.

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	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues	Climate related issues are scheduled in the agenda of at least three meetings of the Corporate Governance, Nominations and Sustainability Committee every year. The head of Group Institutional Affairs and Sustainability presents specific topics to the Committee after sharing the contents with the CEO.

C1.2

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

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	Both assessing and managing climate-related risks and opportunities	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.

The Group Environmental and Social Council (GESC) proposes the Group Environmental and Social Strategy, annual objectives, as well as the related activities, to the Executive Management Committee and to the CEO for approval. Furthermore, the GESC oversees the implementation of UniCredit's environmental and social initiatives and commitments. The Head of Group Institutional Affairs and Sustainability chairs the GESC.

C1.3

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

Yes

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues.

Who is entitled to benefit from these incentives?

Chief Operating Officer (COO)

Types of incentives

Monetary reward

Activity incentivized
Emissions reduction project

Comment
Top managers are rewarded for sustainability goals achievement; the management of climate change related issues is a specific KPI within this context.

Who is entitled to benefit from these incentives?
Chief Operating Officer (COO)

Types of incentives
Monetary reward

Activity incentivized
Emissions reduction target

Comment
Top managers are rewarded for sustainability goals achievement; the management of climate change related issues is a specific KPI within this context.

Who is entitled to benefit from these incentives?
Chief Operating Officer (COO)

Types of incentives
Monetary reward

Activity incentivized
Energy reduction project

Comment
Top managers are rewarded for sustainability goals achievement; the management of climate change related issues is a specific KPI within this context.

Who is entitled to benefit from these incentives?
Chief Operating Officer (COO)

Types of incentives
Monetary reward

Activity incentivized
Energy reduction target

Comment
Top managers are rewarded for sustainability goals achievement; the management of climate change related issues is a specific KPI within this context.

Who is entitled to benefit from these incentives?
Chief Operating Officer (COO)

Types of incentives
Monetary reward

Activity incentivized
Efficiency project

Comment
Top managers are rewarded for sustainability goals achievement; the management of climate change related issues is a specific KPI within this context.

Who is entitled to benefit from these incentives?
Chief Operating Officer (COO)

Types of incentives
Monetary reward

Activity incentivized
Efficiency target

Comment
Top managers are rewarded for sustainability goals achievement; the management of climate change related issues is a specific KPI within this context.

Who is entitled to benefit from these incentives?
Energy manager

Types of incentives
Monetary reward

Activity incentivized
Emissions reduction project

Comment
Top managers are rewarded for sustainability goals achievement; the management of climate change related issues is a specific KPI within this context.

Who is entitled to benefit from these incentives?
Energy manager

Types of incentives
Monetary reward

Activity incentivized
Emissions reduction target

Comment
Top managers are rewarded for sustainability goals achievement; the management of climate change related issues is a specific KPI within this context.

Who is entitled to benefit from these incentives?
Energy manager

Types of incentives
Monetary reward

Activity incentivized
Energy reduction target

Comment
Top managers are rewarded for sustainability goals achievement; the management of climate change related issues is a specific KPI within this context.

Who is entitled to benefit from these incentives?
Energy manager

Types of incentives
Monetary reward

Activity incentivized
Energy reduction project

Comment
Top managers are rewarded for sustainability goals achievement; the management of climate change related issues is a specific KPI within this context.

Who is entitled to benefit from these incentives?
Energy manager

Types of incentives
Monetary reward

Activity incentivized
Efficiency project

Comment
Top managers are rewarded for sustainability goals achievement; the management of climate change related issues is a specific KPI within this context.

Who is entitled to benefit from these incentives?
Energy manager

Types of incentives
Monetary reward

Activity incentivized
Efficiency target

Comment
Top managers are rewarded for sustainability goals achievement; the management of climate change related issues is a specific KPI within this context.

Who is entitled to benefit from these incentives?
Environment/Sustainability manager

Types of incentives
Monetary reward

Activity incentivized
Emissions reduction project

Comment
Top managers are rewarded for sustainability goals achievement; the management of climate change related issues is a specific KPI within this context.

Who is entitled to benefit from these incentives?
Environment/Sustainability manager

Types of incentives
Monetary reward

Activity incentivized
Behavior change related indicator

Comment
Top managers are rewarded for sustainability goals achievement; the management of climate change related issues is a specific KPI within this context.

Who is entitled to benefit from these incentives?
Environment/Sustainability manager

Types of incentives
Monetary reward

Activity incentivized
Other, please specify (New lending policy for sensitive sectors)

Comment
Top managers are rewarded for sustainability goals achievement; the management of climate change related issues is a specific KPI within this context. The Environment/Sustainability manager carries out continuous review of sustainability criteria for company lending policies regarding sectors sensitive to environmental and social risks.

Who is entitled to benefit from these incentives?
Facilities manager

Types of incentives
Monetary reward

Activity incentivized
Emissions reduction project

Comment

Top managers are rewarded for sustainability goals achievement; the management of climate change related issues is a specific KPI within this context.

Who is entitled to benefit from these incentives?
Facilities manager

Types of incentives
Monetary reward

Activity incentivized
Emissions reduction target

Comment
Top managers are rewarded for sustainability goals achievement; the management of climate change related issues is a specific KPI within this context.

Who is entitled to benefit from these incentives?
Facilities manager

Types of incentives
Monetary reward

Activity incentivized
Energy reduction project

Comment
Top managers are rewarded for sustainability goals achievement; the management of climate change related issues is a specific KPI within this context.

Who is entitled to benefit from these incentives?
Facilities manager

Types of incentives
Monetary reward

Activity incentivized
Energy reduction target

Comment
Top managers are rewarded for sustainability goals achievement; the management of climate change related issues is a specific KPI within this context.

Who is entitled to benefit from these incentives?
Facilities manager

Types of incentives
Monetary reward

Activity incentivized
Efficiency project

Comment
Top managers are rewarded for sustainability goals achievement; the management of climate change related issues is a specific KPI within this context.

Who is entitled to benefit from these incentives?
Facilities manager

Types of incentives
Monetary reward

Activity incentivized
Efficiency target

Comment
Top managers are rewarded for sustainability goals achievement; the management of climate change related issues is a specific KPI within this context.

Who is entitled to benefit from these incentives?
Chief Sustainability Officer (CSO)

Types of incentives
Monetary reward

Activity incentivized
Behavior change related indicator

Comment
Top managers are rewarded for sustainability goals achievement; the management of climate change related issues is a specific KPI within this context.

Who is entitled to benefit from these incentives?
Chief Sustainability Officer (CSO)

Types of incentives
Monetary reward

Activity incentivized
Other, please specify (New lending policy for sensitive sectors)

Comment
Top managers are rewarded for sustainability goals achievement; the management of climate change related issues is a specific KPI within this context. The Environment/Sustainability manager carries out continuous review of sustainability criteria for company lending policies regarding sectors sensitive to environmental and social risks.

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term 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. For this reason we consider short-term the time horizon for the repayment of a short-term loan (18 months).
Medium-term	1	5	Medium-term is what is usually regarded as such in the treasury market.
Long-term	5	10	Long-term is anything beyond 5 years.

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.
Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Annually	Up to 1 year	Group Sustainability and Foundation cooperates with Risk Management functions to identify and assess climate related risks which are consolidated through the internal risk management process. Climate change related risks are also part of a broader set of inputs from our Research Department which are considered within our Group Risk Appetite Framework (RAF), by defining industries' perspective. The RAF defines the level of risk that UniCredit Group is willing to take in pursuit of its strategic objectives and business plan.

C2.2b

(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

Group Sustainability and Foundation provides climate related information, and qualitative and quantitative assessment of environmental and social issues to management, inclusive of environmental impact analysis of its portfolio, carbon price scenario analysis and the like. Our Research Department provides regular updates on the industry perspective and macroeconomic scenarios. The Group Environmental and Social Council assesses the potential size and scope of any identified climate related risks and applies its wider knowledge to gauge the significance of these risks in relation to other risks. The outcome of this assessment is brought to the Executive Management Committee and eventually to the Board Committee. The Risk Appetite Framework provides qualitative statements concerning unquantifiable risks (e.g. strategic, reputational, compliance) in order to strategically guide the relevant processes and the internal control system for the approval of the Board of Directors. At asset level, we have two distinct approaches, that is ,company owned assets whose relevant risks are assessed within our contingency plans, or in case of clients' assets we are financing, we abide by the internal processes compliant with the Equator Principles in Project finance or our Coal Policy for other contract types. A substantive financial impact, given the nature of our business, this is expressed by the modification of the Probability of Default, Loss Given Default and Exposure at Default, the main indicators of risk associated with a lending portfolio. Revenues in the financial industry must be properly weighted with the risk associated with the relevant asset.

C2.2c

(C2.2c) Which of the following 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. The legal framework’s implication is 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 Institutional Affairs and Sustainability 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.
Technology	Relevant, sometimes included	Our Research Department and Risk Management are constantly monitoring the potential impact of technological innovation on clients’ economic perspective, inclusive of climate change. This assessment takes place on an ad hoc basis and is not part of a regular monitoring.
Legal	Not relevant, explanation provided	Legal risks are only considered relevant with regard to potential liabilities of our customers and as a financial institution we do not regard these risks as relevant for our business.
Market	Relevant, always included	Market risks are regularly taken into account in our climate analysis: We produce regular market analysis on the ETS market and green bonds, in order to monitor not only business opportunities but also potential market risks arising in the climate related markets.
Reputation	Relevant, always included	Climate change under a reputational perspective is regularly taken into account within the operational and reputational assessment and management process.
Acute physical	Relevant, sometimes included	Our business continuity program is coordinated by UniCredit Services, the 100% subsidiary of UniCredit S.p.A. Climate related acute physical events are dealt with together with natural disasters and implies an integrated approach from infrastructure design to emergency management.
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 changes.
Upstream	Not relevant, explanation provided	Upstream climate risks are not relevant for the financial industry. They represent a small portion of total costs and none of the products purchased from our business are subject to availability stress.
Downstream	Not relevant, explanation provided	We consider downstream as an ill-fitting definition when applied to the banking industry. Few types of our operations potentially fit the definition and in any case they represent an extremely tiny portion of our business.

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

Our Group environmental impacts are managed at operational level and within UniCredit's financing procedures according to strategic pillars: i) operations management; ii) a multifaceted risk management approach addressing E&S risks associated with products and services; iii) opportunity management, including developing environment-friendly products; iv) coordinated monitoring and transparency of our environmental performance through our EMS (over 3,200 EMAS registered sites in Italy; ISO 14001 certifications held in Austria, Czech Republic and Slovakia, and in Germany). Accordingly, climate change risks and opportunities are identified and managed via specific governance rules and structures that assign guidance, support and control roles, which involve strategic and operating committees at Group level. The EMC steers the strategy concerning the key areas, while the Group Environmental and Social Council (GESC) oversees its implementation. At asset level, specific procedures and policies are put in place in order to leverage opportunities and mitigate risks based on the particular features of each single asset class. For example, for project finance transactions and advisory, along with certain project-related corporate loans (incl. export structured finance loans), the standards established by the Equator Principles for determining, assessing and managing environmental (incl. climate change) and social risks apply. For Export Credit Agencies (ECA) supporting Corporate Loans, the OECD Common Approaches environmental and social due diligence process applies. 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 and hydro.

Moreover, climate change risks and opportunities are prioritized in UniCredit through the definition and review of our Environmental strategy. In particular, the Group Environmental and Social Council, involving a synergic team of more than 15 functions across our divisions and countries with different stakes in terms of environmental risks and opportunities (e.g. CIB, CRO, Procurement, Cost Management, Organization, Planning, etc), select the areas of activity considered more sensitive to climate change among the ones identified: i) Efficient operations: company carbon footprint management; ii) Climate related business opportunities; iii) Environmental risk assessment; iv) Environmental Governance. The Group's Environmental Commitment aims to define a reliable approach for UniCredit, leveraging on the identification and management of environmental risks and by taking advantage of environmental opportunities. At UniCredit we are currently assessing the relevance of transition risks. We have, for example, stressed our carbon intensive portfolio against several carbon prices in order to check portfolio resilience. Physical risks are mainly a concern for our data centers which are built in areas where water supply is always available and free of risk of flooding.

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?

Customer

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Mandates on and regulation of existing products and services

Type of financial impact driver

Policy and legal: Write-offs, asset impairment, and early retirement of existing assets due to policy changes

Company- specific description

In the aftermath of COP 21 in Paris, 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 the Paris Agreement and the specific NDCs will translate into national binding regulations.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Medium

Potential financial impact

Explanation of financial impact
We have not made a quantitative assessment of financial impacts. This would imply a complex exercise on the portfolio, based on metrics whose reliability is questionable. We instead rely on available macro scenario 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.

Management method
In order to be aware of risks and opportunities in climate change, our Group Sustainability department keeps the Group aware of all the major sustainability issues that could have an impact on society, including climate change. Our Research Department provides regular analysis of industry evolution.

Cost of management
900000

Comment
Costs for supporting UniCredit 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?
Customer

Risk type
Transition risk

Primary climate-related risk driver
Market: Increased cost of raw materials

Type of financial impact driver
Market: Increased production costs due to changing input prices (e.g., energy, water) and output requirements (e.g., waste treatement)

Company- specific description
UniCredit is exposed to carbon risks through the financing of carbon intensive sectors like coal mining, cement companies, utilities, oil and gas and other carbon intensive industries. Carbon, fuel or energy taxes will raise production cost and increase the likelihood of a switch towards renewables, which would leave some of our customers behind. Similarly, an increase in raw materials has the potential to affect transformation industries. These risks mainly depend on the ability of the sectors affected, and of the bank, 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' difficulties in these terms could cascade on us, financially, in the event they are not able to abide by their contractual agreements.

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
Medium

Potential financial impact

Explanation of financial impact
A tighter regulation on energy and carbon taxes or a climate-induced raw material scarcity will have an indirect impact, in terms of a limited financial capacity of our customers to respond to increased costs of fuel and other commodities subject to these regulations. 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 the P&L.

Management method
In order to mitigate indirect risks deriving from our business operations in this area, 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. A coal policy that aims to provide standards and guidelines that address the risks associated with financing the coal fired power industry has been passed. 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.

Cost of management
400000

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
Physical risk

Primary climate-related risk driver
Acute: Increased severity of extreme weather events such as cyclones and floods

Type of financial impact driver
Increased capital costs (e.g., damage to facilities)

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, considering worst case scenarios, extreme events could lead to disruptions of our business operations. In case of damages to facilities and staff, these could have an impact in terms of non-productive periods and potentially also to employees' health (e.g. severe heat waves).

Time horizon
Short-term

Likelihood
Exceptionally unlikely

Magnitude of impact
High

Potential financial impact

Explanation of financial impact
High 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).

Management method
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 an assessment of the vulnerability of the sites. This plan covers most

operational risks, including those related to extreme weather events.

Cost of management

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.

Identifier
Risk 4

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

Risk type
Transition risk

Primary climate-related risk driver
Reputation: Increased stakeholder concern or negative stakeholder feedback

Type of financial impact driver
Reputation: Reduced revenue from decreased demand for goods/services

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 environmental disclosed targets, or other comparison with its peers. Indirect risks are instead related to our lending, project, and investment activities. As climate-related issues will have a growing impact on our stakeholders, we believe that we have to reduce our exposure to reputational risk. In this context, a distinction is made between operational risks, i.e. risks resulting directly from business activities, and reputational risks with potential effects on brand value (for example, the financing of environmentally critical activities).

Time horizon
Medium-term

Likelihood
Likely

Magnitude of impact
Medium

Potential financial impact

Explanation of financial impact
Financial implications could derive from direct risks (e.g. loss of credibility) and indirect risks (i.e. actions undertaken by our customers, e.g. from climate sensitive sectors, coal fired power generation sector, mining sector, nuclear 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 reputational constraints.

Management method
Our Group Operational and Reputational Risk Committee meets to discuss and approve new policies (including environmental sensitive sectors policies), methodologies and practices for monitoring and controlling our reputational risk across divisions, business units and legal entities. In order to support and coordinate the maintenance and improvement of our environmental and social strategy, the Group Environmental and Social Council has been established and meets monthly to discuss and propose improvements to our environmental and social strategies, objectives and targets. In addition to various efforts to anticipate and prevent reputational risk, in 2017, we continued our Industry Reputational Risk Analysis projects. 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 by the Group Operational and Reputational Risk Committee (GORRIC). This process raises the level of reputational risk awareness within our Group and helps us to achieve our objective to be a leading bank for risk culture in every country in which we operate.

Cost of management
200000

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, including those undertaken by the GORRIC.

Identifier
Risk 5

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

Risk type
Transition risk

Primary climate-related risk driver
Technology: Costs to transition to lower emissions technology

Type of financial impact driver
Technology: Costs to adopt/deploy new practices and processes

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 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. 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

Potential financial impact

Explanation of financial impact
Financial impact is related to several factors, affecting our clients simultaneously. Additional investments are needed to deploy new technologies, production activities might become less cost effective and the product could result less competitive or not matching the evolved market’s preferences. Both on the cost side and the revenue side, the cashflow structure may undergo a radical change which could potentially eventually affect the ability of the company to meet its debt obligations. UniCredit has addressed the issue by simulating the impact on clients of a 2° scenario and by stressing carbon price for carbon intensive industries. The methodology is not reliable enough to quantify the overall impact for the whole portfolio.

Management method
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.

Cost of management

Comment
The cost is embedded into the ordinary budget allocated to risk management functions, our Research and 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

Type of financial impact driver
Reduced operating costs (e.g., through efficiency gains and cost reductions)

Note for 'Primary climate-related opportunity driver' column: Other - Use of supportive policy incentives.

Company- specific description
Incentives provided by climate policies may reduce the cost of refurbishment and restructuring to use less carbon emitting energies. This implies reduced cost of operations. UniCredit is currently exploiting energy efficiency regulation based on partial tax exemption.

Time horizon
Current

Likelihood
Virtually certain

Magnitude of impact
Low

Potential financial impact
87843

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

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

Cost to realize opportunity
1446201

Comment

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

Type of financial impact driver
Reduced operating costs (e.g., through efficiency gains and cost reductions)

Company- specific description
More efficient buildings provide a better working environment, increase labour productivity, and reduce energy demand and operating costs. UniCredit has almost completed an over 700,000 sq meters space optimization.

Time horizon
Current

Likelihood
Virtually certain

Magnitude of impact

Low

Potential financial impact
51000000

Explanation of financial impact
Consolidation of several buildings into more efficient ones reduces the energy consumption per person and consequently the operating cost.

Strategy to realize opportunity
Through the extension of smart working and flexible working solutions, not only can UniCredit achieve a better work-life balance, but also reduce the cost of energy and building maintenance .

Cost to realize opportunity
45300000

Comment

Identifier
Opp3

Where in the value chain does the opportunity occur?
Customer

Opportunity type
Products and services

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

Type of financial impact driver
Increased revenue through demand for lower emissions 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.

Time horizon
Current

Likelihood
Virtually certain

Magnitude of impact
Medium

Potential financial impact

Explanation of financial impact
Demand for low carbon products requires increasing funding need. The recent EU Action Plan will likely increase demand for financing low carbon products. Once a proper taxonomy will be complete, the magnitude of 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.

Strategy to realize opportunity
UniCredit established a carbon trading desk upon inception of the EU ETS market. In 2017, UniCredit traded over 730 million tons of CO_2e valued at almost €4.5 billion in the EU ETS market. Also, UniCredit partners with multilateral development banks and government-subsidized lenders such as KfW, a German development bank, to promote energy efficiency. In 2017, our loans to SMEs through these institutions' programs amounted to over €1.3 billion. UniCredit, the first-ever lead manager of a green bond issuance, continues to invest in these instruments. We joined the European Investment Bank in the 10 year celebration of its Climate Awareness Bond, hosting the event in Italy. In 2017 we served as joint bookrunner or joint arranger of 11 issues for a total placement of over €7 billion. Over the year, we also saw growing demand for green loans, and UniCredit served as lead arranger for 2 deals totaling an issued amount of €104 million. Furthermore, we continue to support renewable energy sources, with an investment portfolio in renewable energy projects valued at €8.2 billion at end 2017.

Cost to realize opportunity

Comment
Costs are embedded in several units, from front office to middle and back office in trading and various administrative tasks. Difficult,

and not extremely relevant, to assess.

C2.5

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Impacted for some suppliers, facilities, or product lines	In recent years fossil fuel based facilities are under severe scrutiny from regulators and the public at large. Also, investors are increasingly demanding that banks withdraw from financing lock-in of emissions represented by new coal fired power plants. The Portfolio Decarbonization coalition is one of the initiatives that proves investors are more aware of climate risks.
Supply chain and/or value chain	We have not identified any risks or opportunities	As a financial service provider we are not exposed to major risks arising in the supply chains.
Adaptation and mitigation activities	Impacted for some suppliers, facilities, or product lines	Mitigation activities in the EU, where most of our business is located, have already developed through a number of dedicated regulatory initiatives such as the EU ETS and are likely to see an upscale in the coming years as a consequence of the EU Action Plan on sustainable finance. At the same time, adaptation efforts are not yet at such an advanced stage. Therefore, our understanding of risks is more concentrated on mitigation activities and their impact on our customers, and indirectly on our assets.
Investment in R&D	We have not identified any risks or opportunities	Our R&D activity is mainly focused on providing our clients with a thorough understanding of economic dynamics potentially affecting markets behavior in the short term. We also have a technology development perspective, mainly focusing on improving customer experience and less on climate change impacts.
Operations	Not impacted	Although we carefully monitor any risk arising from climate related disruptive extreme events on our facilities, our business continuity plans and infrastructure design make the event of massive operations interruption extremely unlikely to occur.
Other, please specify	Please select	

C2.6

(C2.6) Describe where and how the identified risks and opportunities have factored into your financial planning process.

	Relevance	Description
Revenues	Impacted for some suppliers, facilities, or product lines	Major shifts in business related to climate change are not yet visible. Only in specific sectors, namely energy production and distribution, have arising opportunities produced revenue impacts. As a green bond lead manager in several issuances, we have increased fees coming from placing new bonds on the market. Similarly, EU ETS trading activity is bringing additional revenues.
Operating costs	Impacted for some suppliers, facilities, or product lines	Positive financial impacts in operating costs is attributable to energy costs related to space optimization and energy efficiency measures.
Capital expenditures / capital allocation	Not impacted	We have not detected any climate related impact on our capital expenditures. Capital allocation remains stable. In the financial industry, human capital is particularly relevant. UniCredit continues to invest in solutions apt to further promote a positive working environment for colleagues, supporting work-life balance and to enhance diversity and inclusion initiatives.
Acquisitions and divestments	We have not identified any risks or opportunities	As a financial institution, acquisitions and divestments are unlikely to modify the climate related risk profile of our assets.
Access to capital	Not impacted	Access to capital is not related to climate change as it is not an important driver of investors' interest in the banking industry. Certainly, in the long run, it is likely that banks must reshape their exposure to the various industries based on their climate related impacts and resilience. Similarly, in a slightly shorter timeframe, it is likely that consumers' behavior will be driven by the reputation of corporates based on how they address climate change and our Group is closely monitoring the evolution of these phenomena.
Assets	Not impacted	Impact on our assets have not been detected. However, we expect climate related financial impacts to affect our assets in the medium term. We are thus closely watching the potential links between climate change, and natural capital at large, and our business. Notably, UniCredit is member of the Natural Capital Finance Alliance, supports the 2° Investing Initiative, whose mission is to align financial institutions' portfolio to a 2° compliant world, and our efforts to understand how climate change may affect our portfolio have been included in Cambridge University's review of global best practices.
Liabilities	Not impacted	Potential impacts on our liabilities is extremely low in the short term. Only a combination of a dramatic shift in consumers' behavior and a lack of response to climate related market dynamics could trigger impacts on liabilities, in the sense of difficult access to households savings.
Other	Please select	

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

No, but we anticipate doing so in the next two years

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

At UniCredit environmental impacts, including climate change, are managed via specific governance rules and structures. The EMC (Executive Management Committee), appointed by the Board approves the strategy, receives regular updates about Group positions and performance on environmental topics; the Corporate Governance, Nomination and Sustainability Committee endorsed the formal integration of environmental and social issues in business and lending strategy; the Group Environmental and Social Council (GESC) oversees the implementation of UniCredit's environment-related initiatives and commitments. The GESC also proposes the Group environmental strategy, annual objectives and targets, as well as the related activities submitted to the EMC for approval.

I) In order to integrate climate considerations into our business strategy, the GESC regularly collects information on our carbon exposure in order to adapt the strategy to a changing environment, for instance investors' appetite for carbon intensive assets, as well as monitoring potential regulatory shifts related to climate change;

II) The strategy has been influenced firstly by opportunities to develop green business arising in the market. UniCredit has been leader of the Italian table of the EEMAP Project, a multi-stakeholder initiative aiming to create a standardized 'energy efficient mortgage', according to which building owners are incentivized to improve the energy efficiency of their buildings or acquire an already energy efficient property by way of preferential financing conditions linked to the mortgage.

III) Although regulatory changes are likely to have an increasing impact over the next few years, so far the arising of business opportunities driven by climate change have influenced our strategy more than other aspects;

IV) The most important component of the short-term strategy is seizing green business opportunities; like feed in tariffs and other subsidized business, it is mostly based on a short term perspective, quick to seize and easy to revert;

V) The most important component of our long-term strategy is the understanding of how climate change may affect the long term stability and credit worthiness of our customers;

VI) Responding rapidly is likely to give advantages over competitors, particularly when looking at risk appetite. However, timing is still crucial and acting too fast may result in the loss of business opportunities. As it is currently extremely difficult to gage specific industries' resilience to climate impacts and climate driven regulations, the only real competitive advantage lies in understanding financial implications;

VII) No particular business decision taken over the reporting year is specifically influenced by climate change;

VIII) The Paris Agreement has triggered a number of initiatives which we are looking at very closely and, despite announcement from the US to withdraw, the Agreement does not seem to be at risk. As NDC's are not yet fully implemented, we expect more changes to come, however in practical terms we have not yet seen a clear sign that businesses feel they should preference green investments rather than brown ones;

IX) At UniCredit we began to test scenario analysis more than ten years ago. This includes a comprehensive 2° compliant scenario, broken down across industries and countries where we operate, eventually drilled down at corporate level, as well as carbon price stress testing. We have applied a 2° compliant pathway to see how different customers would have reacted to the new emission limits, in terms of revenues and cash-flow analysis. We have also performed a carbon price stress test based on EPA Social cost of carbon in what we consider more an experiment than a standard business practice. Methodologies still need to be refined so as to include understanding of low probability and high impact scenarios. In order to do so, a complex flow of consequent implications must be taken into account rather than only one variable, otherwise the complexity of consequent impacts is missed.

C3.1g

(C3.1g) Why does your organization not use climate-related scenario analysis to inform your business strategy?

UniCredit's first climate related scenario analysis dates back to 2009. 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° 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. At the moment we are planning to produce a 2° alignment exercise to highlight positive and negative gaps as a first measure of risks, based on capital expenditure. We are also closely following a UNEP FI-led initiative in order to learn from the outcome of the project.

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

Scope

Scope 1+2 (location-based)

% emissions in Scope

100

% reduction from base year

60

Base year

2008

Start year

2015

Base year emissions covered by target (metric tons CO2e)

491448

Target year

2020

Is this a science-based target?

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

% achieved (emissions)

68.33

Target status

Underway

Please explain
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 2017 response. The progress made reflects a 3.7% reduction yoy of our 2017 combined Scope 1 and Scope 2 emissions of 290,778 tC02e vs our combined 2016 Scope 1 and Scope 2 emissions of 301,935 tC02e, as per our latest revised data in early 2018. Our 2017 emissions figure marks a 41% decline in our combined Scope 1 and 2 emissions versus our 2008 base year.

Target reference number
Abs 2

Scope
Scope 1+2 (location-based)

% emissions in Scope
100

% reduction from base year
80

Base year
2008

Start year
2015

Base year emissions covered by target (metric tons CO2e)
491448

Target year
2030

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

% achieved (emissions)
51.25

Target status
Underway

Please explain
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 2017 response. The progress made reflects a 3.7% reduction yoy of our 2017 combined Scope 1 and Scope 2 emissions of 290,778 tC02e vs our combined 2016 Scope 1 and Scope 2 emissions of 301,935 tC02e, as per our latest revised data in early 2018. Our 2017 emissions figure marks a 41% decline in our combined Scope 1 and 2 emissions versus our 2008 base year.

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

Target
Other, please specify (N/A)

KPI – Metric numerator
N/A

KPI – Metric denominator (intensity targets only)
N/A

Base year

Start year

Target year

KPI in baseline year

KPI in target year

% achieved in reporting year

Target Status
Please select

Please explain

Part of emissions target

Is this target part of an overarching initiative?
Please select

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 projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	1	
To be implemented*	0	0
Implementation commenced*	4	7959
Implemented*	7	13900
Not to be implemented	0	

C4.3b

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

Activity type
Energy efficiency: Building fabric

Description of activity

Other, please specify (Reduction of heating demand)

Estimated annual CO2e savings (metric tonnes CO2e)
22

Scope
Scope 1
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)
12199

Investment required (unit currency – as specified in CC0.4)
196453

Payback period
16-20 years

Estimated lifetime of the initiative
16-20 years

Comment
At three of our premises in Italy we carried out measures to reduce energy demand for internal heating. The investment reported is net of tax relief.

Activity type
Energy efficiency: Building fabric

Description of activity
Insulation

Estimated annual CO2e savings (metric tonnes CO2e)
47

Scope
Scope 1
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)
26014

Investment required (unit currency – as specified in CC0.4)
103822

Payback period
4 - 10 years

Estimated lifetime of the initiative
6-10 years

Comment
We carried out a number of measures focused on improving insulation at 10 of our buildings in Italy. The investment reported is net of tax relief.

Activity type
Energy efficiency: Building services

Description of activity
HVAC

Estimated annual CO2e savings (metric tonnes CO2e)
90

Scope

Scope 1
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)
49630

Investment required (unit currency – as specified in CC0.4)
299135

Payback period
4 - 10 years

Estimated lifetime of the initiative
11-15 years

Comment
At over 20 of our premises in Italy we carried out replacements and improvements to our internal temperature and thermal comfort devices and systems so as to achieve greater energy efficiency.

Activity type
Energy efficiency: Building fabric

Description of activity
Insulation

Estimated annual CO2e savings (metric tonnes CO2e)
460

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)
205000

Investment required (unit currency – as specified in CC0.4)
3800000

Payback period
16-20 years

Estimated lifetime of the initiative
21-30 years

Comment
At a number of our premises in Germany we improved insulation as part of various measures implemented in order to achieve greater energy efficiency.

Activity type
Energy efficiency: Processes

Description of activity
Cooling technology

Estimated annual CO2e savings (metric tonnes CO2e)
300

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)
120000

Investment required (unit currency – as specified in CC0.4)
464000

Payback period
4 - 10 years

Estimated lifetime of the initiative
3-5 years

Comment
With our operations and services becoming increasingly digitally driven, the efficiency of our data centers plays an important part in our continued efforts to reduce our carbon footprint. At one of our data centers located in Germany, we replaced the chiller with a more energy efficient model.

Activity type
Other, please specify (Retail network optimization)

Description of activity
<Not Applicable>

Estimated annual CO2e savings (metric tonnes CO2e)
7789

Scope
Scope 1
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)
2558759

Investment required (unit currency – as specified in CC0.4)
36500000

Payback period
11-15 years

Estimated lifetime of the initiative
Ongoing

Comment
We continue to maximise 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 Transform 2019 strategic plan, the evolution of our network and services included a substantial reduction of our branches in Italy. The investment reported generates additional savings not related to emissions abatement which are thus not included in the annual monetary savings and payback columns.

Activity type
Other, please specify (Headquarters and offices optimization)

Description of activity
<Not Applicable>

Estimated annual CO2e savings (metric tonnes CO2e)
5192

Scope
Scope 1
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)
1705839

Investment required (unit currency – as specified in CC0.4)

8800000

Payback period
4 - 10 years

Estimated lifetime of the initiative
Ongoing

Comment
As part of our Transform 2019 strategic plan, we carried out space reduction and optimization measures at our headquarters and some of our offices in Italy, including introducing smart working occupancy and energy efficiency solutions. The investment reported generates additional savings not related to emissions abatement and are thus not included in the annual monetary savings and payback columns.

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 legislation. Since 2014, at UniCredit S.p.A, the holding company, the Environmental Management System, registered according to EMAS regulation and spanning more than 3,200 sites, serves 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.) all the sites are certified ISO14001. A number of sites in Germany (UniCredit Bank AG) are also ISO14001 certified. 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?
Low-carbon product

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Low-Carbon Investment (LCI) Registry Taxonomy

% revenue from low carbon product(s) in the reporting year
1

Comment
UniCredit's renewable energy portfolio had an exposure of €8.2 billion by the end of 2017. Our portfolio in renewable energy financing provides funding for photovoltaic plants, wind and other renewable sources projects. UniCredit is also the current owner of Bard Offshore 1 (Ocean Breeze Energy), a 400-megawatt offshore wind park situated in the German North Sea.

Level of aggregation
Product

Description of product/Group of products
Green bonds

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

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Low-Carbon Investment (LCI) Registry Taxonomy

% revenue from low carbon product(s) in the reporting year
1

Comment
UniCredit, the first-ever lead manager of a Green Bond issuance, continues to invest in this instrument. In 2017 we acted as joint book runner or joint arranger of 11 issues for a total placement of over €7 billion.

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
Low-Carbon Investment (LCI) Registry Taxonomy

% revenue from low carbon product(s) in the reporting year
1

Comment
UniCredit has maintained a carbon trading desk since 2005. In 2017 the desk traded over 730 milion tons of carbon valued almost €4.5 billion in the EU ETS market.

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

Scope 2 (location-based)

Base year start
January 1 2008

Base year end
December 31 2008

Base year emissions (metric tons CO2e)
391969

Comment

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 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 Scope 1 and Scope 2 emissions.
ISO 14064-1
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

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

Row 1

Gross global Scope 1 emissions (metric tons CO2e)
63310

End-year of reporting period
<Not Applicable>

Comment
Our 2017 Scope 1 emissions of 63,310 tC02e represent an 11.27% reduction yoy vs our 2016 Scope 1 emissions of 71,349 tC02e, as per our latest data revised in early 2018.

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?

Row 1

Scope 2, location-based
227467

Scope 2, market-based (if applicable)
82808

End-year of reporting period
<Not Applicable>

Comment
Our 2017 location-based method Scope 2 emissions of 227,467 tC02e represent a 1.35% reduction yoy vs our 2016 location-based method Scope 2 emissions of 230,587 tC02e, as per our latest data revised in early 2018.

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?
Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source
Greenhouse gases other than C02

Relevance of Scope 1 emissions from this source
Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source
Emissions are not relevant

Relevance of market-based Scope 2 emissions from this source (if applicable)
Emissions are not relevant

Explain why the source is excluded
We do not include greenhouse gases other than CO2 due to the fact that for all of our activities we consider CO2e which captures the equivalent of greenhouse gases generated by all of our emission sources.

Source
Refrigerents

Relevance of Scope 1 emissions from this source
Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source
Emissions are not relevant

Relevance of market-based Scope 2 emissions from this source (if applicable)
Emissions are not relevant

Explain why the source is excluded
We do not include greenhouse gases other than CO2 due to the fact that for all of our activities we consider CO2e which captures the equivalent of greenhouse gases generated by all of our emission sources.

C6.5

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

Purchased goods and services

Evaluation status
Relevant, calculated

Metric tonnes CO2e
1894

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 a proxy as it allows for more accurate monitoring. The emission factor applied is sourced on the basis of CEPI, CEPI statistics (2016), emission data.

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

Explanation

Capital goods

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation
We have evaluated that such goods do not constitute a relevant source of emissions for inclusion in 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

Emissions calculation methodology

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

Explanation
These sources 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

Emissions calculation methodology

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

Explanation
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
2092

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 (2017).

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

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

Business travel

Evaluation status
Relevant, calculated

Metric tonnes CO2e
5820

Emissions calculation methodology
Our Scope 3 emissions include rail and air travel. Air travel data has been categorized in long (more than 1600 km), medium (more than 500 km - less than 1600 km) and short (less than 500 km) distance. We apply emission factors sourced from DEFRA, UK Government GHG Conversion Factors for Company Reporting (2017).

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

Explanation
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

Emissions calculation methodology

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

Explanation
While relevant, this source has not yet been included in our GHG Inventory due to the limited availability and reliability of data currently collectable, which in part is a reflection of the complexity of our operations spanning thousands of sites. We are analyzing potential improvements to make to our data collection process.

Upstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation
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

Emissions calculation methodology

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

Explanation
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

Emissions calculation methodology

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

Explanation

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

Emissions calculation methodology

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

Explanation

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 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.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation

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

Emissions calculation methodology

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

Explanation

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

Emissions calculation methodology

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

Explanation

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.

Investments

Evaluation status

Relevant, calculated

Metric tonnes CO2e

26274000

Emissions calculation methodology

A combination of life cycle assessment (LCA) data, Scope 3 GHG reporting data, and company financials. To avoid multiple counting, we apply phase emissions at point of potential regulation: Oil: Refining Gas: Distribution Automotive/Aerospace: Ultimate assembler. The analysis applies to a subset of UniCredit's portfolio: general financing, leasing, factoring, bonds and equity for at risk sectors in Italy: pulp and paper, oil and gas, iron and steel, energy, building, automotive, aluminium, aerospace. The approach used is the GHG Protocol Scope 3 GHG (for Category 15).

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

Explanation

Other (upstream)

Evaluation status

Please select

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation

Other (downstream)

Evaluation status

Please select

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

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
0.0000166822

Metric numerator (Gross global combined Scope 1 and 2 emissions)
290777

Metric denominator
unit total revenue

Metric denominator: Unit total
17430446000

Scope 2 figure used
Location-based

% change from previous year
7.23

Direction of change
Decreased

Reason for change
Our 2017 combined scope 1 and 2 emissions figure of 290,778 tCO2e marks a 3.7% decrease vs our 2016 combined scope 1 and 2 emissions figure of 301,935 tC02e, as per our latest data revised in early 2018, achieved principally thanks to the impact of our emission reduction activities, such as our space optimization and energy efficiency measures. The decline in emissions is reflected in our 2017 revenue-based intensity figure which has decreased by 7.23% versus 2016. It is acknowledged that our 2017 revenue figure for our reporting perimeter, which has increased by 3.81% versus our 2016 revenue figure of €16.79 billion, has also contributed to the decline in our 2017 revenue-based intensity figure.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization have greenhouse gas emissions other than carbon dioxide?
Don't know

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Austria	2721
Bosnia and Herzegovina	590
Bulgaria	1338
Croatia	3087
Czechia	774
Germany	19622
Hungary	1460
Italy	27488
Poland	0
Romania	3835
Russian Federation	667
Serbia	169
Slovakia	1420
Slovenia	140

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By activity

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Energy consumption	36230
Road travels	27080

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Austria	16589	8831	93191	54282
Bosnia and Herzegovina	5346	5346	6751	0
Bulgaria	9283	9130	20392	0
Croatia	5126	10341	22192	0
Czechia	4183	4919	10392	0
Germany	65843	11281	169413	112389
Hungary	2346	3223	8125	0
Italy	95729	5687	280864	266367
Poland	1120	1234	2201	0
Romania	6178	6755	18064	0
Russian Federation	11505	11505	33768	0
Serbia	3037	3037	4576	0
Slovakia	771	836	4343	0
Slovenia	410	683	1284	0

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By activity

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Business operations, such as lighting and running of electrical office equipment	184709	75994
Data centers	42759	6814

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		<Not Applicable>		
Other emissions reduction activities	12858	Decreased	4.26	In 2017 we recorded an overall decrease in our combined Scope 1 and 2 emissions of 12,858 tCO2e which marks a reduction of 4.26% versus our 2016 combined Scope 1 and 2 emissions of 301,936 tCO2e as per our latest data revised in early 2018. During the same year, we noted an increment in our road business travel data which led to an increase of 0.56% of our combined Scope 1 and 2 emissions versus 2016, equal to 1,700 tCO2e. However, thanks to a combined set of emission reduction activities, notably our space optimization drive and energy efficiency measures, we ultimately reduced our combined Scope 1 and 2 emissions by 3.7%, that is by 11,158 tCO2e.
Divestment	0	No change	0	During 2017 UniCredit divested Bank Pekao and Pioneer Global Asset Management and their subsidiaries. While Bank Pekao was not included in our CDP climate change reporting perimeter in previous years, the latter was. However, as Pioneer shared our premises, the impact on our 2017 carbon inventory is not detectable as it is diluted into the wider set of emission reduction activities.
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	1700	Increased	0.56	In 2017 our combined Scope 1 and 2 emissions from emissions arising from road business travel increased by 1,700 tons from 25,381 tons in 2016 to 27,081 tC02e, as per our latest data revised in early 2018. We attribute this mainly to improved activity data arising from non-financial reporting compliance requirements. The incremented figure accounted for a 0.56% increase in our 2017 combined Scope 1 and Scope 2 emissions versus our 2016 result of 301,936 tCO2e.

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 undertakes this energy-related activity
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 MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	158749	158749
Consumption of purchased or acquired electricity	<Not Applicable>	433038	120602	553640
Consumption of purchased or acquired heat	<Not Applicable>	0	121805	121805
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>	277	<Not Applicable>	277
Total energy consumption	<Not Applicable>	433315	401156	834471

C8.2b

(C8.2b) Select the applications of your organization’s consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)
Natural Gas

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization

151184

MWh fuel consumed for the self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Fuels (excluding feedstocks)
Petroleum Products

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
3448

MWh fuel consumed for the self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Fuels (excluding feedstocks)
Diesel

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
4117

MWh fuel consumed for the self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Diesel

Emission factor
3.19

Unit
kg CO2e per metric ton

Emission factor source
DEFRA, UK Government GHG Conversion Factors for Company reporting (2017).

Comment

Natural Gas

Emission factor
2.814

Unit
kg CO2e per metric ton

Emission factor source
DEFRA, UK Government GHG Conversion Factors for Company reporting (2017).

Comment

Petroleum Products

Emission factor
3.349

Unit
kg CO2e per metric ton

Emission factor source
DEFRA, UK Government GHG Conversion Factors for Company reporting (2017).

Comment
The emission factor applied is an average of the emission factors of fuel oil and gas oil.

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	6926	277	6926	277
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

Basis for applying a low-carbon emission factor
Energy attribute certificates, Guarantees of Origin

Low-carbon technology type
Hydropower

MWh consumed associated with low-carbon electricity, heat, steam or cooling
266367

Emission factor (in units of metric tons CO2e per MWh)
0

Comment
Our GO certified renewable energy purchases for our Italian operations cover 96.27% of local electricity consumption.

Basis for applying a low-carbon emission factor
Energy attribute certificates, Guarantees of Origin

Low-carbon technology type
Hydropower

MWh consumed associated with low-carbon electricity, heat, steam or cooling
54282

Emission factor (in units of metric tons CO2e per MWh)
0

Comment
Our GO certified renewable energy purchases for our Austrian operations cover 94.33% of local electricity consumption.

Basis for applying a low-carbon emission factor
Energy attribute certificates, Guarantees of Origin

Low-carbon technology type
Hydropower

MWh consumed associated with low-carbon electricity, heat, steam or cooling
112389

Emission factor (in units of metric tons CO2e per MWh)
0

Comment
Our GO certified renewable energy purchases for our German operations cover 100% of local electricity consumption.

C9. Additional metrics

C9.1

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

Description
Energy use

Metric value
33.61

Metric numerator
GJ

Metric denominator (intensity metric only)
FTE

% change from previous year
1.79

Direction of change
Decreased

Please explain

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 and/or Scope 2 emissions and attach the relevant statements.

Scope
Scope 1

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
UniCredit Integrated Report and Supplement 2017_en.pdf

Page/ section reference
See Deloitte's Independent Auditor's statement at p. 73, 74 and 75 of the UniCredit 2017 Integrated Report attached (the page number of the Auditor statement is not written, but the relevant pages appear immediately after p. 72). Also, see p. 2 ('Report Structure') of the UniCredit 2017 Integrated Report which contains details regarding GHG reporting to which Deloitte's statement is directly linked. Please refer to document, not screen, page numbers if viewing the document on screen.

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

Scope
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
UniCredit Integrated Report and Supplement 2017_en.pdf

Page/ section reference
See Deloitte’s Independent Auditor’s statement at p. 73, 74 and 75 of the UniCredit 2017 Integrated Report attached (the page number of the Auditor statement is not written, but the relevant pages appear immediately after p. 72). Also, see p. 2 (‘Report Structure’) of the UniCredit 2017 Integrated Report which contains details regarding GHG reporting to which Deloitte’s statement is directly linked. Please refer to document, not screen, page numbers if viewing the document on screen.

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

Scope
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
UniCredit Integrated Report and Supplement 2017_en.pdf

Page/ section reference
See Deloitte’s Independent Auditor’s statement at p. 73, 74 and 75 of the UniCredit 2017 Integrated Report attached (the page number of the Auditor statement is not written, but the relevant pages appear immediately after p. 72). Also, see p. 2 (‘Report Structure’) of the UniCredit 2017 Integrated Report which contains details regarding GHG reporting to which Deloitte’s statement is directly linked. Please refer to document, not screen, 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 3 emissions and attach the relevant statements.

Scope
Scope 3- at least one applicable category

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Attach the statement
UniCredit Integrated Report and Supplement 2017_en.pdf

Page/section reference
See Deloitte's Independent Auditor's statement at p. 73, 74 and 75 of the UniCredit 2017 Integrated Report attached (the page number of the Auditor statement is not written, but the relevant pages appear immediately after p. 72). Also, see p. 2 ('Report Structure') of the UniCredit 2017 Integrated Report which contains details regarding GHG reporting to which Deloitte's statement is directly linked. Please refer to document, not screen, page numbers if viewing the document on screen.

Relevant standard
ISAE3000

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)	ISAE3000	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 2017 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.
C6. Emissions data	Year on year change in emissions (Scope 2)	ISAE3000	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 2017 Integrated Report assurance statement which includes GHG emission figures. Year on year change in our Scope 2 location-based emissions is reported in the present document at question no. C6.3 Please note that our most recently reported Scope 2 market-based emissions regards our performance in 2017 only.
C4. Targets and performance	Year on year change in emissions (Scope 1 and 2)	ISAE3000	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 2017 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.
C4. Targets and performance	Progress against emissions reduction target	ISAE3000	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 2017 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 Integrated Report and Supplement 2017_en.pdf

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

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
Wind

Project identification
Düzova 30 MW Wind Power Project, Turkey

Verified to which standard
Gold Standard

Number of credits (metric tonnes CO2e)
12322

Number of credits (metric tonnes CO2e): Risk adjusted volume
12322

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

Credit origination or credit purchase
Credit purchase

Project type
Wind

Project identification
Guanyin 43.7 MW Wind Power Project,Taiwan China

Verified to which standard
Gold Standard

Number of credits (metric tonnes CO2e)
18089

Number of credits (metric tonnes CO2e): Risk adjusted volume
18089

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, other partners in the value chain

C12.1c

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

Engaged colleagues are fundamental to our viability. They make our enterprise more successful and contribute to overall and individual wellbeing, both inside and outside of our Group. We monitor employee sentiment regularly through channels such as our annual People Survey, and strive to create opportunities for dialogue and to respond employees' concerns. In this regard we communicate regularly with employees on climate change and natural capital issues, raising awareness and encouraging accountability.

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. Our Transform 2019 plan calls for a significant branch footprint optimization. and represents an unique opportunity to rethink the workspace. A clear example is 'Smart Working', a workspace model supported by technology allowing. desk sharing and activity based work settings. Connecting 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, by the end of 2017 ca. 7,800 employees in a number of locations across our Group were involved in Smart Working.

Smart working is complemented in some countries by Flexible Working which allows employees in certain locations to work one 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. By the end of 2017, in Italy alone, well over 44,000 flexible work-days where logged in the year, of which 97% spent working from home. According to our estimates, this brought about a potential saving of ca. 90 tCO_2e when attributing saved home-office commuting kilometres to car travel. Expansion of the Flexible Working solution to further employees is ongoing.

Furthermore, we also run local initiatives to encourage low-impact commuting choices, such as in Austria where through an internal news article employees were invited to participate in an annual event to travel to work by bicycle. In the 2017 edition, in just one month over 19,900 km were travelled by bicycle, which according to our estimates equates to a saving of ca. 1.8 tCO_2e versus if half of the kilometres were instead travelled by car.

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
Funding research organizations
Other

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	Direct relationship with Government officials. UniCredit joined The Italian Ministry of Environment's project to deliver the most suitable policy recommendations to foster the development of climate finance. By contributing its experience and best practice, UniCredit provides the Ministry with a full set of information on green finance perspectives and shortcomings.	UniCredit supports any regime potentially apt to improve economic performance of green investments in the short term.

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 association recommends better voluntary disclosures, focused on materiality, to improve investment decisions through the industry-led FSB TCFD's work and the Non-Financial Reporting Directive. It also encourages policymakers to promote green labelling without constraining the development of this nascent market. It recognizes the valuable work undertaken under the ICMA Green Bond Principles. AFME maintains that any proposal should be fully aligned at international level. Finally, it strongly encourages policymakers to assess potential measures to support the soft and steady transition of the EU into a low-carbon economy, including with the CMU. AFME supports the development of sustainable finance in Europe and is reviewing the merits of a green supporting factor. A green supporting factor provides a clear incentive for institutions and may lead to quick change, but it should be recognized that capital requirements are there to mitigate risk and green investments could also contain risks that may then not be fully represented in capital requirements. Even where there is strong support for immediate implementation of a green supporting factor, there should be recognition that further work is needed in the EU to allow effective implementation, such as the need to develop a clear EU definition of green assets and a clear taxonomy.

How have you, or are you attempting to, influence the position?

UniCredit participates in the AFME Sustainable Finance Working Group where all the topics are discussed, and sits on the Board of the Association.

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?

No

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

UniCredit also supports the activities of the Stati Generali della Green Economy (SGGE), a strategic-planning multi stakeholder open process. The SGGE aims at promoting an economic shift of the Italian system towards the green economy to give way to sustainable and durable economic opportunities in Italy. UniCredit, as a member of the Global Compact Network Italia Environment working group, is contributing to the promotion of the use of the Natural Capital concept. By lending its expertise in the calculation of externalities and its role within the Natural Capital Declaration, UniCredit is helping the SGGE to promote a general framework to ultimately be used to advocate for mandatory accounting and legal recognition of Natural Capital.

Within its engagement activity, UniCredit has contributed to the implementation of Italian legislation in accordance with the EU energy efficiency directive. Indeed, as a member of the Italian bankers' association, ABI, UniCredit joined a dedicated working group on energy efficiency, bringing its expertise and experience in conducting energy audits under its Environmental Management System, with the aim of emphasizing the merit of voluntary instruments of environmental management in complying with the legislation.

UniCredit is an active member of UNEP FI, the largest sustainability association in the financial domain, contributing to the development of an industry position vis à vis regulators and public authorities at large.

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 and does not need to be aligned. Our position on climate change is to advocate for climate action while protecting the profitability of our business to in turn protect our customers' investments. More broadly, our activities with policy makers on climate change are the outcome of a joint effort of our Group Institutional and Regulatory Affairs, directly reporting to the CEO and the owners of the formal institutional positioning vis à vis regulators and public institutions, and Group Sustainability and Foundation, the knowledge point on climate change. Besides this, Group Sustainability and Foundation, including and not limited to climate change, acts as secretariat of our Group Environmental and Social Council where climate change related topics are discussed for formal approval by the Executive Management Committee.

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
UniCredit Integrated Report and Supplement 2017_en.pdf

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

C14. 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.

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chairman	Board chair

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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

Please confirm below

I have read and accept the applicable Terms