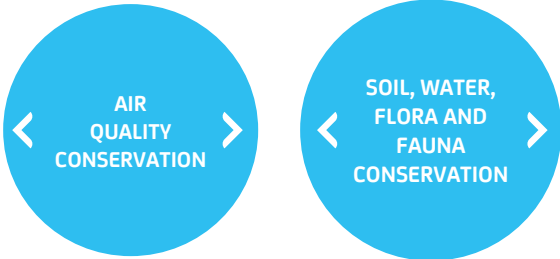


Natural Capital

Earth's natural resources and the countless services that are drawn from them make human life possible. The bank's activities have an impact on natural capital that must be monitored and limited.

OUR STOCKS OF CAPITAL



RESULTS

- **€8.2 billion** exposure to the renewable energy sector
- **-41%** in Scope 1 and 2 emissions since the base year
- **>€270 million** energy efficiency loans to individuals

COMMUNITY IMPACTS



PRIORITIES 2018

- Continued reduction of GHG emissions
- Promotion of green sensitive practices in the workplace

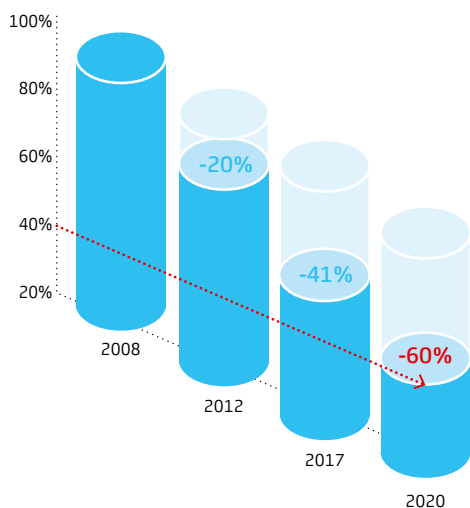
Execute an effective environmental strategy

UniCredit's solid system of governance guides its behavior to conserve natural capital, coherently with its commitment to prevent and mitigate any environmental impact of our operations and lending¹ activities, as set forth in our Environmental Policy.² The Group established the policy in 2000 and updated it in 2012. Several UniCredit legal entities use environmental management systems to provide an operational framework for the implementation of the policy. As we implement this environmental strategy, our Group holds ISO 14001 certification through UniCredit Bank Austria AG, UniCredit Bank AG and UniCredit Bank Czech Republic and Slovakia, as. Furthermore, UniCredit SpA is registered under EMAS Regulation.

Reduce our environmental impacts

The UniCredit climate strategy calls for a major reduction in our operational emissions of greenhouse gases. Our medium-term target is to reduce our carbon emissions by 60 percent by 2020, and our long-term target is a reduction of 80 percent by 2030. In 2017, we achieved an overall reduction of 41 percent versus our 2008 Scope 1 and 2 emissions. We accomplished this by enhancing energy efficiency, by finding smarter ways to use our workspaces, and by increasing the digitization of our banking operations.

GHG emissions trend



1. Refer to the Risk Management and Compliance Chapter and to the 2016 Integrated Report for more information.

2. Refer to https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/sustainability/environmental-management-system/UniCredit-Environmental-Policy_last.pdf for more information.

3. The ratio of total power used by the data center to the power used for IT processing.

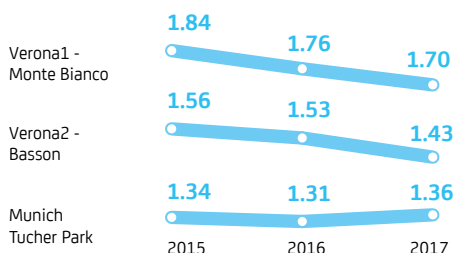
Enhancing energy efficiency

At the forefront of our initiatives to reduce energy consumption, we are making UniCredit's premises more energy-efficient. This begins with energy audits, which we are conducting above and beyond legal compliance requirements. So far, we have audited the energy efficiency of 43 large UniCredit buildings and 30 branches, by identifying and correcting several anomalies and devising energy-efficiency measures. Among the various methods used to monitor UniCredit's energy consumption, we have installed centralized, remote-controlled energy measurement systems in more than 1,000 branches. These controls, which we began installing in 2007, enable optimized timing and limits for branch temperature control systems.

We continue to utilize new technologies to reduce the environmental footprint of our operations. In 2017, we further reduced our office space in Western Europe by nearly 120,000 square meters and closed 409 retail branches in the same perimeter. This effort to reduce our footprint, part of the UniCredit *Transform 2019* plan, will result in a total reduction of 332,000 square meters of office space and the closing of 944 retail branches, by the end of 2019.

We continue to invest in making our data centers more energy-efficient. Although they are subject to annual increases in use for IT-related activities, their cooling systems, new uninterruptible power supplies (UPSs) and overall engineering are designed to avoid any increase in energy consumption even as they meet heavier demand. In 2017, the recorded power consumption at our two data centers in Verona was 24 million kWh and 15 million kWh, respectively, which puts the performance of our new UPSs at the top of the efficiency curve. In effect, we registered a flat rate of power consumption in 2017 versus 2016, while the projected increase, based solely on the higher IT load, would otherwise have been around 1.7 million kWh. The saving was due to our energy-efficiency measures, as the new UPSs reduce energy leakage. This is reflected in the Italian data centers' power usage effectiveness (PUE) ratios,³ which were reduced further in 2017, as shown below.

PUE ratios



MATERIAL TOPICS



By the end of 2019, we will complete the migration of our data from less efficient small data centers to our most efficient facilities. This consolidation will bring an estimated saving of 23 percent in energy consumption as of 2019.

UniCredit believes the use of **renewable energy** is vital to tackling global climate change. We do our part by procuring the vast majority of our electricity from renewable sources for our networks. In 2017, nearly all of the electricity that we used in Italy, Germany and Austria came from renewable energy sources: 96 percent in Italy, 100 percent in Germany and 94 percent in Austria. At the Group level, this accounted for 78 percent of the total electricity consumption.

FOCUS **Mobility management**

Groupwide, we continue to promote smart solutions that enable remote meetings. Desktop video communication tools are available for all branch managers and, in some countries, such as Austria and Russia, for all staff. Every employee at UniCredit headquarters has access to video conference facilities, and state-of-the-art video technology has been widely adopted for online meetings. Our Group travel policy encourages the use of public transport and, since 2016, the Group has prohibited non-customer-related travel for one week each month. In Germany, this measure has been taken one step further, with the prohibition of all non-customer-related travel.

According to our data, the widespread adoption of flexible working solutions in Italy has saved in excess of 350,000 km in employee commuter travel over the first three quarters of 2017.⁴ In 2017, employees in Austria collectively bicycled over 100,000 km to and from work under a bank initiative promoting commuting by bicycle or public transport rather than car or motorcycle.

Cutting consumption

By reducing our consumption of materials, we can increase the sustainability of our Group. The use of paper can be limited by means of greater use of technology.

In this context, we are working to further position our Group as a data-driven bank. In 2017, we implemented more new technologies, including *Omnichannel Cockpit*, a tool that uses big data to improve the efficiency of business analysis related to customer clusters and our network's footprint. The launch of *Omnichannel Cockpit* is enabling us to decommission obsolete internal databases and create a common working platform to record branch transactions and digital products. It will further increase energy efficiency by reducing mobility, reporting needs and paper consumption.

Our *Centralized Document Dematerialization (CDD)* project in Italy aims to make the handling of branch documents more efficient and secure by developing a management process based on a new IT platform. The project is based on scanning and digitally storing contract documents and transaction confirmations to create a highly automated data system. This process began with a pilot phase in January 2017. It is now in place for all branch finance documents (e.g., deposit forms and government bonds purchases). In 2017, the CDD securely stored nearly 4 million documents. It is forecast to extend to a number of other documents by the end of 2018, including those related to current accounts. The CDD is further supported by *FirmaMia*⁵, which our customers can now use to digitally sign their routine in-branch transactions and contracts.

FirmaMia 2017

7.4 million contracts digitally signed
445 tons of paper saved
12.3 million in-branch digital transactions

Sourcing responsibly

UniCredit's procurement model adheres to the precepts of sustainability. Suppliers must meet certain minimum sustainability requirements and are selected according to the standards of the International Labour Organization relating to fundamental human rights, child labor, freedom of association, working conditions, equal pay, health, safety and business ethics. Suppliers must also comply with the standards set forth in our Environmental Policy. In addition to sourcing

4. Refer to the Human Capital chapter of the 2016 Integrated Report for more information on flexible working.
5. Refer to the 2015 Integrated Report for more information.

environmentally certified products, we prefer to use providers with an Environmental Management System (EMS) certified under EMAS and ISO 14001 standards.

UniCredit Bank Austria's Procurement Policy, which makes it mandatory to purchase electricity from renewable sources, is a prime example of how UniCredit's commitment to responsible action and sustainable practices includes its suppliers. Another example of this commitment can be seen in Italy, where we have completed audits of 19 external service providers since 2015 to ensure they comply with applicable laws, understand the environmental impacts of their activities, and take all necessary steps to satisfy UniCredit's approach to environmental management.

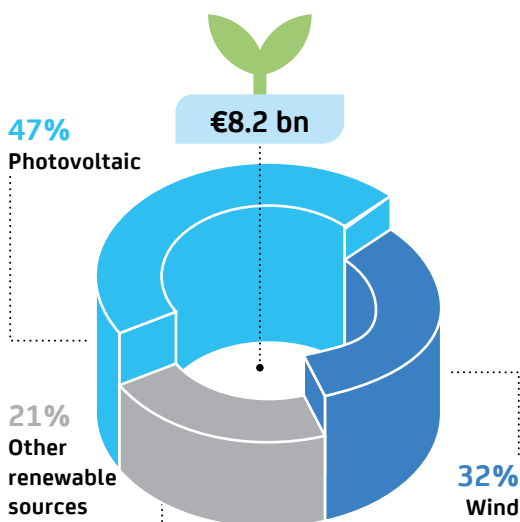
Promote business that supports natural capital

At UniCredit, we are always open to business opportunities that arise from the need to address environmental challenges.

Supporting renewable energy sources

We continue to invest in renewable energy sources. As of December 2017, our portfolio of renewable energy projects was valued at €8.2 billion.⁶ Overall, the largest portion of our financing for renewable projects goes to photovoltaic plants, with a share of 47 percent. Wind energy comprises 32 percent of the portfolio, with other renewable energy sources making up the remaining 21 percent.

Renewable energy portfolio, 2017



6. Expressed in terms of Exposure at Default (EAD); the perimeter includes roughly €1 billion attributable to Yapi Kredi.
7. Refer to <http://www.wwf.it/mediterraneanew.cfm> for more information.

Promoting green bonds

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.

Financing energy efficiency

We also continue to partner 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. Additionally, we provided over €270 million in energy-efficiency loans to individuals in 2017.

UniCredit's commitment to EU energy-efficiency targets is also demonstrated by its engagement with industry initiatives like the green tagging working group promoted by UNEP Inquiry and by Climate Strategy & Partners, and the EeMap project promoted by the European Covered Bond Council. Both initiatives promote solutions that enhance green mortgages and other ad hoc instruments that channel funding toward greater energy efficiency in residential buildings. This is a key means to successfully achieving Europe's targets.

• In 2017, UniCredit traded over 730 million tons of CO₂e valued almost €4.5 billion in the EU ETS market.

FOCUS Working with WWF

We continued to support WWF initiatives by donating nearly €520,000 to the WWF Italy Oasis System in 2017. These donations were part of a sponsorship that, since its inception, has raised more than €2.3 million for WWF. UniCredit provided further support to WWF in 2017 for the launch of their Campagna #GenerAzioneMare.⁷

MATERIAL TOPICS

