


# Rischi climatici e sistema di governance

**Giuseppe Zammarchi**

**Head of Group Sustainability and Foundation**

**Sviluppo sostenibile, finanza e rischio climatico**

Roma, 3 luglio, 2019

Banking that matters. |  **UniCredit**

# UniCredit approach to ESG (Environmental, Social and Governance) topics

E

Environmental

- UniCredit believes the the use of clean energy is vital for tackling climate change: this is all part of our wider strategy towards more sustainable banking

Key principles

S

Social




- UniCredit believes that the viability of our business depends on our ability to:
  - sustain strong relationships with customers and communities
  - promote an engaging and positive working environment




G


Governance

- UniCredit believes that a transparent and clear approach to governance is fundamental, in line with external stakeholders expectations (in particular regulators and institutional investors)

Our commitment

-  Strong support to industry allowing for lower energy consumption and for sustainable energy sectors
-  Reduction of our direct impacts e.g., emissions of greenhouse gases and paper consumption
-  Reduction of indirect impacts e.g., integration of ESG topics into Risk management

-  Launch of Social Impact Banking in 2017
-  Promotion of values “ethics and respect” and our principle “do the right thing” with all our stakeholders – clients, communities, staff, shareholders
-  Equality, inclusion, respect, right and obligation to speak up and work-life balance are the key pillars of our actions, towards our staff

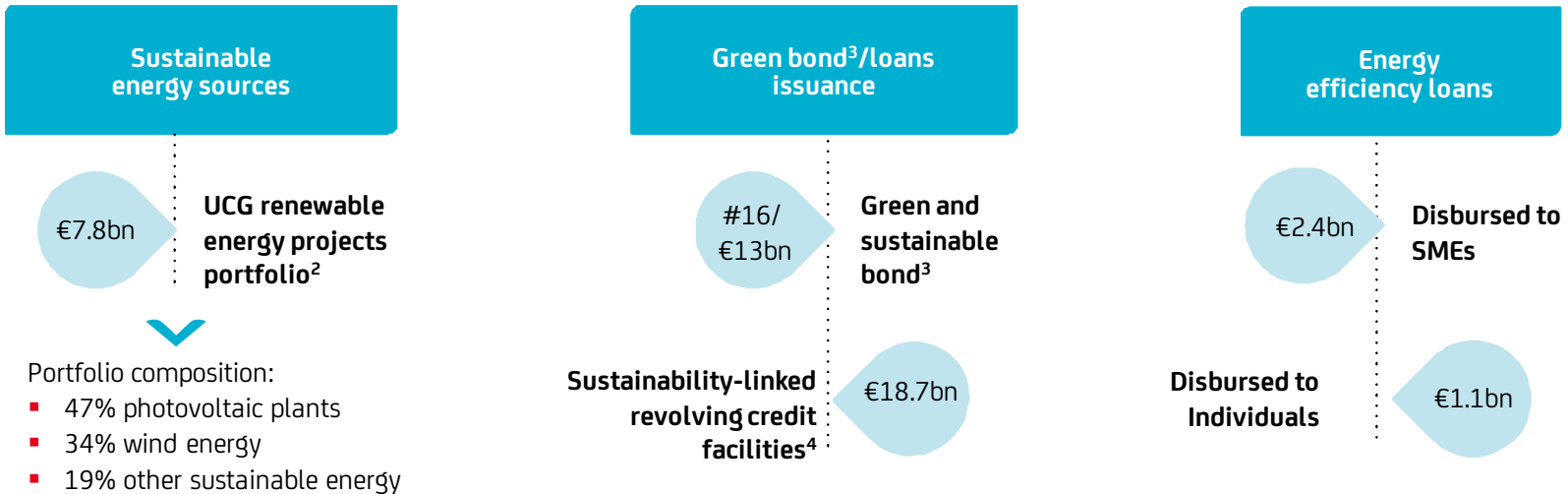
-  Establishment of Corporate Governance, Nomination and Sustainability Committee (CGN&SC), responsible for overseeing, among others, ESG topics with advisory and proposal-making powers



# Our support for a sustainable energy sector

E G

- In 2018, nearly all of the electricity that we used in Italy, Germany and Austria came from renewable energy sources: 97% in Italy, 100% in Germany and 86% in Austria. At Group level this accounts for 78% of total electricity consumption
- In March 2019, UniCredit ranks #29 out 33 in the "Banking on Fossil Fuels" report<sup>1</sup>, resulting as one of the banks that finance the least in the sector



Data as of December 2018 unless otherwise specified

1. Source: Banking on Climate Change – Fossil Fuel Finance Report Card 2019

2. Expressed in terms of Exposure at Default

3. Issuances for which UniCredit acted as joint bookrunner or joint arranger

4. 7 facilities and 11 transactions

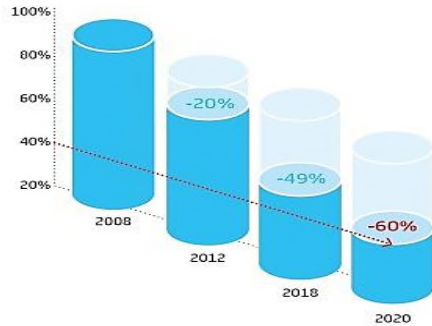


# Our commitment in tackling climate change issues

E G

## Greenhouse gases ("GHG") emissions reduction

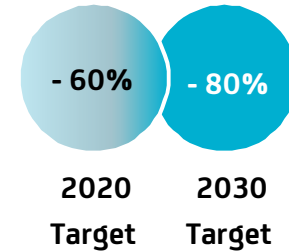
GHG emissions trend




- -49% in total GHG emissions since 2008
- Original 2020 target of 30% reduction achieved already in 2015



## Review of short-medium term targets towards more challenging goals

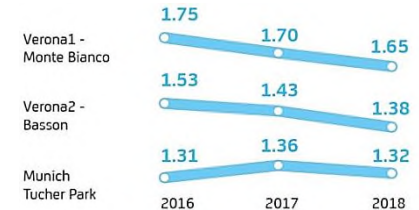


## Operational optimization: some examples

- **(EMAS –ISO) Environmental Management Systems**  – IT, AU, DE, CZ, SK
- **Improving Power Usage Effectiveness (PUE) of our datacenters, as shown by their PUE ratios<sup>1</sup>**
- **Minimizing Paper Consumption** – 573 tons of paper saved in 2018 through *Firma mia* in Italy



## Datacenters - PUE ratios



1. The PUE ratio is the ratio of total power used by the data centre to the power used for IT processing.



# Key activities of CGN&SC and Group Sustainability & Foundation

E G

Chairman

BoD

CGN&SC<sup>1</sup>

CEO

Executive  
Management  
Committee

Group  
Institutional  
Affairs &  
Sustainability  
("GIAS")

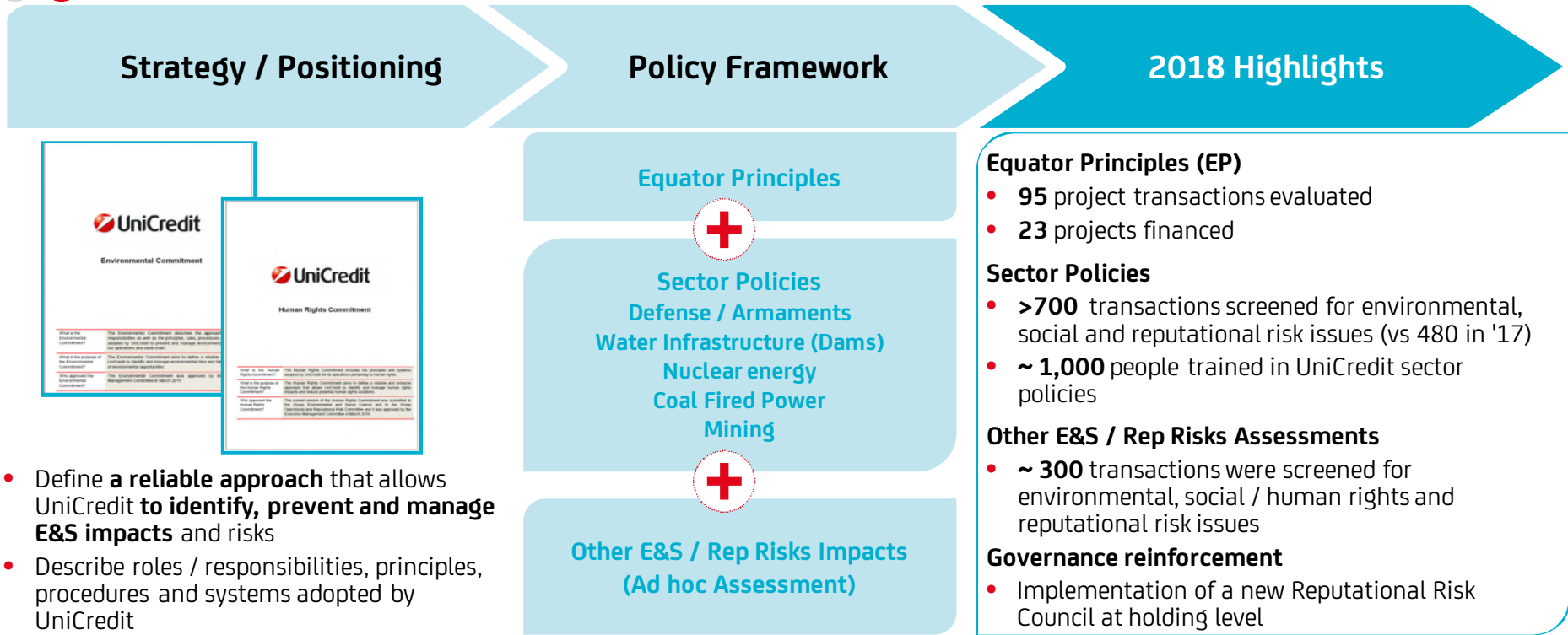
- In 2018, the CGN&SC focused on sustainability issues, in particular to:
  - discuss and evaluate UniCredit's latest materiality matrix with the objective of increasing the integration of sustainability issues in our business strategy
  - review progress in the field of business ethics
  - participate in specific training

- The **Group Sustainability & Foundation** unit, part of the GIAS department:
  - Supports the CGN&SC in performing its activities
  - Drafts the annual Group Integrated Report, which discloses the Group's sustainability performance
  - Guides the ESG reputational risk prevention process and utilizes relevant tools to monitor environmental and social trends and related risks
  - Dialogues with institutional investors interested in ESG topics (including Socially Responsible Investors), specialized rating agencies and analysts
  - Represents the Group in national and international working groups focusing on Sustainable Finance and evolutions on sustainability topics (ABI, EBF, IIF, GFMA, etc.)



# Our current governance of climate change is based on our commitments and policy framework...

E G



# ... with a clear evolution already underway and a number of priorities starting from 2019

E G

## Portfolio mapping & scenario analysis

- Analysis of the lending portfolio for the most carbon intensive sectors, with the aim of running a scenario analysis in line with TCFD recommendations. The initiative will include a wide number of international banks

## Updating / Issuing of policies

- The coal policy is under review and will be released in 2019. We are assessing the possibility of enlarging the coverage of policies to other carbon sensitive sectors

## Inclusion in risk management framework

- Assessment of the required evolution of risk management framework in order to consider climate change risk not only in terms of reputational risk but also in terms of impacts on financial risks

## Evolution of regulatory and supervisory framework

- Careful scrutiny of the evolving regulatory and supervisory framework, with participation in the relevant working groups at national and international level that are following the developments and participating in the discussions to shape the environment

