



Natural Capital

We all have a role to play in protecting the Earth's natural resources and the countless ways in which they make human life possible. It is therefore vital that we monitor the impacts the Bank's activities have on Natural Capital.

Material topics

- Digitalisation and innovation
- Value to clients
- Climate and environmental impacts
- Political and societal changes
- Diversity, inclusion and employee engagement
- Positive impact on society

Page **5.83** Read more in the Natural Capital supplement

2023 Results

c.€19bn

environmental lending volumes since beginning of 2022¹

28%

reduction in own GHG emissions (scope 1 and 2, market-based) vs 2021

90.4%

electricity consumption from renewable energy³

Targets

15%

ESG lending penetration at 2024²

Net Zero

own emissions by 2030

Net Zero

portfolio emissions by 2050

1. Data includes ESG-linked lending.
2. KPI calculated as ESG new production including environmental, social and sustainability linked lending, divided by MLT loans new production in given year.
3. Data refers only to buildings where energy consumption invoices are in UniCredit's name.

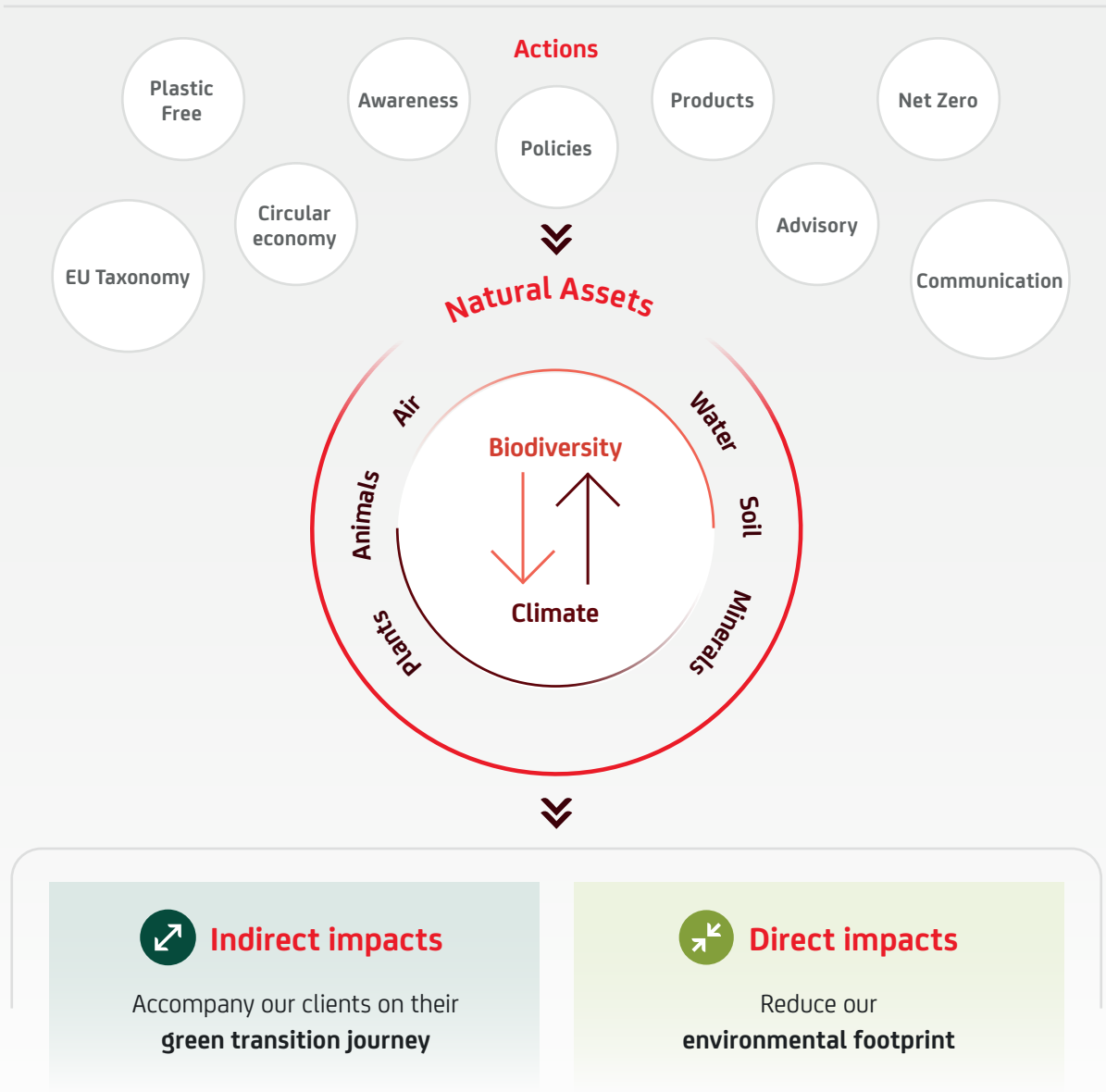
Embedding Natural Capital within our strategy

Plants, animals, air, water, soils, minerals: these six components of **Natural Capital** are interconnected. In line with our strategic approach, we integrate biodiversity considerations into our

business operations, in addition to climate-related initiatives, to ensure we are taking tangible actions to preserve Natural Capital.

Natural Capital Framework

UniCredit’s approach to Natural Capital preservation is based on tangible actions which generate direct and indirect impacts. We are committed to limiting negative and generating positive impacts to preserve Natural Capital to the benefit of the communities in which we operate and ourselves.

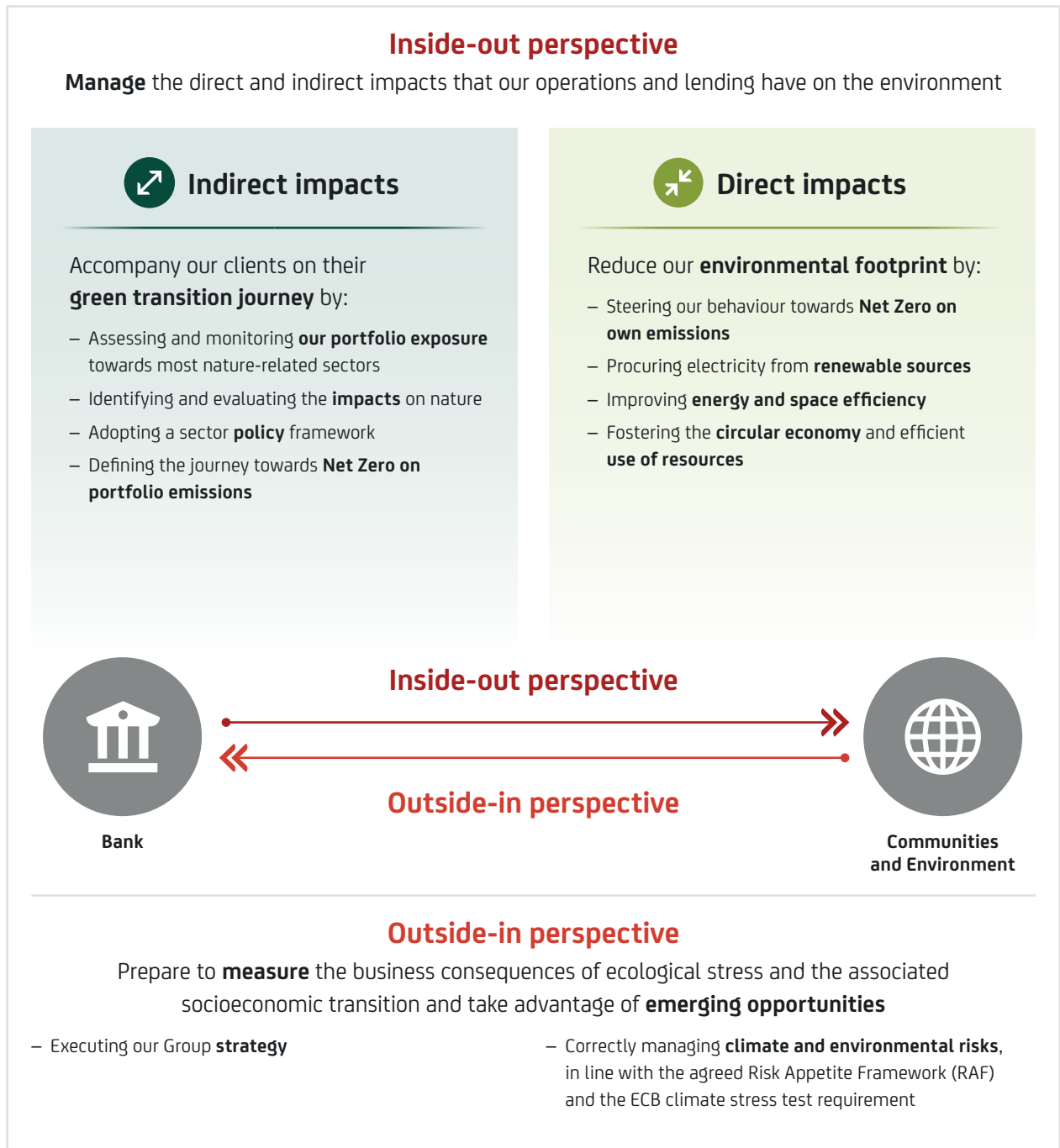


Double materiality

Our strategic approach is based on **the double materiality** concept which considers both an **inside-out** and an **outside-in** perspective.

Page **26** Read more in the Stakeholder Engagement chapter

We recognise that our activities can have both positive and negative impacts on natural resources and the environment. This understanding enables us to manage and contain potential negative impacts that can harm the planet and communities while also influencing the market towards the necessary transition to more sustainable practices.



Our approach

Indirect impacts

UniCredit's strategy incorporates identifying and understanding **climate and environmental risks (C&E)** and **opportunities** that the Bank may encounter. C&E factors are related to the quality and functioning of the natural environment and its systems (Natural Capital) and include factors such as climate change, biodiversity, energy consumption, pollution, and waste management.

Risk

Within the Bank's Risk Management function, the management of C&E risks has become increasingly significant and strategically important, undergoing a substantial transformation in recent years aimed at considering factors other than climate, such as biodiversity and circular economy. This is embedded across the three main risk management pillars, **credit, financial and non-financial risks**, with the aim of identifying, measuring, monitoring and managing C&E risk impacts, for both **transition and physical risks**.

Policies and Net Zero

UniCredit adopts policies and procedures relating to direct and indirect engagement with new or existing counterparties taking into account their strategies to mitigate and reduce environmental risks.

Over the last few years, we have introduced sector-specific policies that commit us to stop financing controversial carbon-intensive activities, such as energy production from thermal coal and the most impactful Oil & Gas operations. In 2023, also in line with our Net Zero commitment, we updated our Oil & Gas sector policy to enable the prudential and progressive adoption of the Net Zero provisions.

Moreover, in line with our commitment to the Net Zero Banking Alliance, we progressed with our path towards Net Zero on portfolio emissions: i. complementing our first set of Net Zero targets with the addition of the Steel sector, ii. monitoring our progress on target achievement for the Oil & Gas, Power Generation and Automotive sectors, and iii. defining and announcing our inaugural transition plan.

Advisory and opportunities

Alongside safeguarding our portfolios and assets from climate-related risks, we actively engage and support corporate clients in **transitioning to a lower-carbon business model**, fully exploiting **green business opportunities**. We aim to help our clients achieve a just transition, ensuring fairness throughout the process.

Our ESG Advisory Team is a multi-disciplinary solutions team focused on enabling clients to create long-term stakeholder value by integrating sustainability into their strategic decisions and assessing the impact of **sustainable finance market principles and practices**, as well as **applicable regulations**.

Furthermore, our ESG Global IT architecture represents a key enabler for compliance with **regulatory disclosure requirements** as well as gathering environmental information published by our counterparties. In particular, our IT architecture helps us integrate data on the eligibility and alignment with **EU Taxonomy** objectives, which play a key role in international frameworks that contribute to the protection and restoration of nature.

Page 160 Read more in the Risk Management chapter

Page 60 Read more in Our transition to Net Zero chapter

Direct impacts

We hold ourselves to the same standards that we expect from our partners, and we have established well-defined objectives to contain our environmental footprint. This includes procuring electricity from **renewable sources**, improving the **energy and water efficiency** of our premises and data centres, adopting **circular economy** solutions in **resource management**, promoting **sustainable mobility solutions**, and **sourcing responsibly**.

Our approach is supported by the implementation of Environmental Management Systems across the Group. While UniCredit S.p.A. is registered according to the EMAS Regulation spanning over 2,300 sites, we hold other environmental certifications in our countries.⁴



4. In addition to the EMAS certification in Italy, the Group holds: ISO 14001 Environmental Management System certification for UniCredit Bank of Austria, UniCredit Bank Czech Republic and Slovakia, a.s., and UniCredit Bank AG Germany; ISO 50001 and ISO 45001 for UniCredit Bank Czech Republic and Slovakia, a.s.

Renewable energy sourcing

Renewable energy sourcing is a crucial step on our path towards **Net Zero on our own emissions** along with space optimisation, energy efficiency, and heating systems transformations.

We continue to progress with our green energy procurement approach, with an increase in electricity procured from renewable sources in 2023. Moreover, we are the first bank in Italy to have closed a corporate PPA (Power Purchase Agreement) to fulfil the energy demand of our data centres. This agreement will strengthen UniCredit's Group-wide Green Energy Procurement strategy, serving as a best practice across our geographies.

Energy and space efficiency

In addition to renewable sourcing, we are also committed to **improving space and energy efficiency** in our buildings. In 2023, we introduced a **new Smart Office Workplace Policy** to improve the quality of the built office environment with a focus on hybrid solutions, health, well-being, and sustainability. Furthermore, in light of the hybrid way of working in our headquarters and the reduced office attendance by employees, we optimised our **HQ footprint** by releasing selected buildings and creating newly refurbished spaces. In most of our buildings, we have consolidated our efforts in applying **smart energy control systems, improved thermal insulation, adapted temperature settings for heating and cooling, and improved the algorithms that manage Heating, Ventilation, and Air Conditioning (HVAC) and lighting controls**, optimising both energy consumption and workplace comfort.

In the coming years, we are planning to **transform a significant number of fossil fuel heating systems** into highly efficient electrical heat pumps or district heating.

The **Group's guidelines** for dedicated energy management measures, launched at the end of 2022 in response to the global energy crisis, already helped us improve our energy consumption in 2023.

Resources management and awareness

Moreover, in an effort to prevent and mitigate various potential negative environmental impacts, alongside energy efficiency, we have introduced measures to optimise the **use of limited natural resources and to foster a circular economy**.

We have started to monitor **Water Usage Effectiveness (WUE)**, the ratio between the use of water in data centre systems (e.g. water loops, adiabatic towers, humidification), and the energy consumption of IT equipment. We have also launched several projects aimed at **reusing and rethinking our redundant furniture**.

In addition, as part of our holistic and integrated procedures, through our **Supplier Qualification Process**, which includes a sustainability questionnaire, we screen centrally selected new suppliers using socioenvironmental criteria.

Our approach is leading to a more sustainable workplace, where increased awareness of these critical topics plays a crucial role. Colleagues across the Group are actively involved in our commitments and engaged in our daily efforts to achieve a green transition.

Our progress so far

Indirect impacts

EU Taxonomy Survey

We introduced an EU Taxonomy Survey, which is integrated within the digital solutions offered to our clients. This aims to assess the sustainability of new transactions, retrieve clients' EU Taxonomy KPIs, and create new business opportunities. By translating regulatory requirements into a guided path, we can support clients on their **sustainable transition journey**

Financing energy efficient and green solutions

Bulgaria

Green Leasing is a specially developed product for the purchase of electric cars through financial leasing, offered together with a dedicated insurance: €14m granted in 2023, for a total stock monetary value equal to €20m

Italy

- Continuing bridge funding for clients who use the 110% bonus on **energy-efficient refurbishment** promoted by the government: €199.5m granted in 2023, for a total stock monetary value of €0.4bn
- Progressing with Mutuo UniCredit Sostenibilità Energetica, a solution to finance the purchase of properties with class A or higher rating and restructuring to achieve better **energy efficiency**: €89.4m granted in 2023, for a total stock monetary value of €0.5bn

Promoting sustainable financial instruments

10

own Green Bonds issued since 2021

Hungary

2

Green Mortgage Covered Bonds: 1 issued in September 2021 for €0.06bn and 1 issued in September 2023 for €0.047bn

Czech Republic

1

Green Mortgage Covered Bond: Issued in June 2023 for €0.5bn

c.€5.6bn

total amount of Green Bonds

Italy

3

Senior Green Bonds: 2 issued in June 2021 and November 2022 for €1bn each and 1 issued in November 2023 for €0.75bn

Germany

2

Green Mortgage Covered Bond: Issued in September 2021 and September 2022 for €0.5bn each

Austria

2

Green Mortgage Covered Bond: 1 issued in May 2022 for €0.5bn and 1 issued in February 2023 for €0.75bn

Page **80** Read more in the Financial Capital chapter

Our transition to Net Zero

In 2023, we set 2030 interim targets on Oil & Gas, Power Generation and Automotive, which are three of the most carbon-intensive sectors in our loan portfolio. We have now defined our 2030 targets for the Steel sector, and will establish Net Zero 2030 interim targets for other carbon-intensive sectors by October 2024.

 Group

Page **60** Read more in Our transition to Net Zero chapter





» Natural Capital and biodiversity

As a preliminary step, the Group is evaluating sources, methodologies and frameworks to effectively address the key challenges related to biodiversity and nature.

The Bank developed, with the support of an external provider, a sector-level heatmap of the loan portfolio. Our aim was to assess which sectors are most exposed to nature-related risks looking at their impact on nature. The assessment is based on a synthetic score assigned to single counterparties, with the perspective of inside-out evidence, i.e. a summary of the impact that a single company can cause to the ecosystem in which it is located and carries out its activities.

The analysis leverages on several data sources, including multiple internationally recognised databases of environmental data, and was conducted to ascertain the environmental impact by leveraging **20 granular KPIs for the five principal environmental factors**. The assessment considered both sector-specific metrics and those pertaining to our clients' headquarters as well as local operating units.

Synthetic and factor-specific scores were produced for each counterpart and aggregated to produce the sector-level heatmap of the loan portfolio, allowing the assessment of impact and materiality. UniCredit will keep monitoring the evolution of the materiality of the risks related to natural capital and ensure dedicated policies are in place to mitigate potential impacts.

The environmental factors, evaluated within the synthetic score attribution through granular KPIs both at industry level and company-specific, are listed below.



Biodiversity loss and ecosystem degradation:

Land use practices are a key driver of biodiversity loss as agricultural value chains have the most direct (and often largest) impact on ecosystems and biodiversity through land use and management. Granular KPIs that have been analysed covered four of five direct pressures on biodiversity loss identified by IPBES 13



Pollution: Air, soil and water pollution and their effects are closely linked to biodiversity and ecosystem services, for example, via acidification, ecotoxicity, photochemical oxidant formation, freshwater and marine water eutrophication and ozone-depleting emissions



Water usage: Mismanagement or underdevelopment may mean that accessible water is polluted or unsanitary for human consumption. Economic water scarcity can also result from unregulated water use for agriculture or industry, often at the expense of the general population



Waste management: Solid and hazardous waste and wastewater are all different categories of the total quantity of waste produced by a business



Energy efficiency: The efficient use of energy to produce goods and services, reducing energy consumption and associated pollution

Direct impacts


Space optimisation

Our new agile building layouts enable us to release space as we refurbish, reducing our **building's footprint**

Headquarter Space Optimisation Projects (sqm saved)

26,000 **67,000**

 Italy

 Germany

9,600

 Austria

1,500

 Slovakia

Energy management

- Heating and cooling systems' **working hours reduction** and sustainable **temperature set-point**
- **Lighting time frame reduction** and **signage turn-off** during night hours
- **Old HVAC system replacement** and **LED lighting implementation**

Local measures

- **Photovoltaic panels** have been installed in Austria, Hungary and Slovakia
- In Italy, we are progressing with the implementation of a project aimed at **groundwater wells to free cooling units of both CED and HVAC systems**⁵

Electricity procurement



of total electricity consumption was from **renewable sources**⁶



» Thanks to space optimisation and energy management initiatives, we have already achieved tangible results⁶

-12%

in total energy consumption vs 2022

-16% of natural gas consumption vs 2022

-10% of electricity consumption vs 2022

-15.6% of district heating vs 2022



5. Free cooling is the process of lowering the air temperature in our data centres by using naturally cool water instead of mechanical refrigeration.

6. Data refers only to buildings where energy consumption invoices are in UniCredit's name.

Mobility initiatives

Bikes:

- We provide **bike storage in every main building of the Group**, as well as **electric bike charging stations** for employees in Italy, Germany, Russia and Slovakia

Cars:

- In Italy, thanks to our mobile app **carpooling** service for employees, by the end of 2023, more than 15,000 km of travel has been shared (over 1,250 km per month)
- In Austria, there is a renewed Car Policy focused on **hybrid and electric vehicles**, which has led to an approximate 10% reduction in the total number of company cars. Going forward, all new vehicles will be electric or hybrid
- In Germany, a renewed Car Policy means that only **electric vehicles** can now be ordered as company cars. By 2028, UniCredit Bank GmbH's entire vehicle fleet will be electric

Resources management and circularity

- In Italy, a pilot project aimed at donating redundant furniture has been developed with **Croce Rossa Italiana** and we have already donated more than 900 pieces of furniture
- In Austria, 700 pieces of furniture were donated to Caritas thanks to the **“My Desk is Doing Good 2.0”** initiative, while over 7,000 pieces of IT and mobile equipment were donated to AfB GmbH⁷
- In Germany, around 8,000 items of furniture no longer needed by our teams due to relocations in Hamburg and Munich have been given a **new life**

Responsible sourcing

Our suppliers are required to comply with the standards of the **International Labour Organization** and our **Environmental Policy**.

c.100%

of centrally purchased IT equipment holds environmental labels either ISO Type 1 or ISO Type 3

30

completed audits of external service providers since 2014

100%

of our copy paper supply holds an environmental label

Raising awareness

- For the 16th consecutive year, UniCredit took part in the **WWF Earth Hour call**, switching off our lights in 35 buildings across 12 of our operating countries for 60 minutes, to show symbolic support for the planet and to raise awareness of environmental issues
- We are actively engaged in the **Principles for Responsible Investment's (PRI) Real Estate Advisory Committee** to help accelerate the sustainable transition of the real estate sector
- We are part of the **Principles for Responsible Banking (PRB) Biodiversity community**, a capacity-building programme aimed at fostering awareness of the importance of biodiversity and its impact on ecosystem services, as well as recognising biodiversity loss as a risk to both businesses and the financial sector
- As we have hit our zero plastic targets across each of our locations in 2022, this year saw us place particular emphasis on spreading **plastic-free communication and awareness** across our internal and external channels. We focused on monitoring targets in all our premises, which confirmed good progress in our canteens, cafeterias, vending and coffee machines

Page **53** Read more about the two papers we have published together with FfBP and UNEP

7. AfB GmbH is Europe's largest non-profit IT company. As a refurbisher, it creates jobs for people with disabilities by refurbishing and remarketing used IT and mobile devices.



Unlocking transformation, together.

For our partners moving to more sustainable practices

To support its transition to more sustainable practices, UniCredit provided leading European energy company ČEZ Group with a €320 million credit facility with interest linked directly to its ESG rating. In recent years ČEZ Group has moved into the top 15% of companies in the world in ESG ratings according to the CSR Hub rating aggregate.

Loans with ESG parameters accounted for 20% of the long term investment loans provided by our corporate banking services in the Czech Republic and Slovakia. As a result, in 2023 we were also named Best ESG bank in the Czech Republic by Euromoney magazine.

“UniCredit is our partner in the field of sustainability, which is not only beneficial for the climate, but also a significant competitive advantage over companies that do not devote themselves to this area as intensively as we do.”

Martin Novák
Board member and CFO, ČEZ Group



Czech Republic and Slovakia



[Read more on the microsite](#)



