



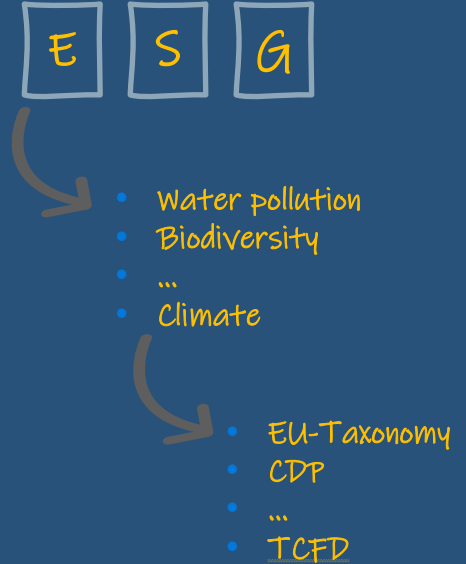
TCFD-Implementierung in der Praxis – Ein Erfahrungsbericht

Dr. Adam Strzyz, DIRK ESG-Tagung, 6.04.2022

TCFD in a nutshell

- TCFD stands for Task Force on Climate-related Financial Disclosures consisting of 30+ members; based in NY and established in 2015 on request of G20 Finance Ministers and Central Bank Governors
- Chairman is Michael Bloomberg; members include top representatives from BlackRock, JPMorgan Chase & Co, Tata Steel, BHP, Dow Chemical, Big Four
- TCFD is supervised/governed by the Financial Stability Board (FSB), an international body based in Basel that monitors and makes recommendations to promote a stable financial system
- Widely adopted; de-facto standard in energy industry; mandatory for 1,300 largest companies in UK from 6th April 2022 onwards

Key question: How does climate change affect the business and vice versa. And what does the company do about it?



TCFD – 11 Disclosure recommendations

TCFD | TASK FORCE ON CLIMATE-RELATED
FINANCIAL DISCLOSURES

Governance

- 1 **Board's oversight** of climate-related risks and opportunities.
- 2 **Management's** role in assessing and managing climate-related risks and opportunities.

Strategy

- 3 **Climate-related risks and opportunities** the organization has identified over the short, medium, and long term.
- 4 **Impact** of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning
- 5 **Resilience** of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Risk Management

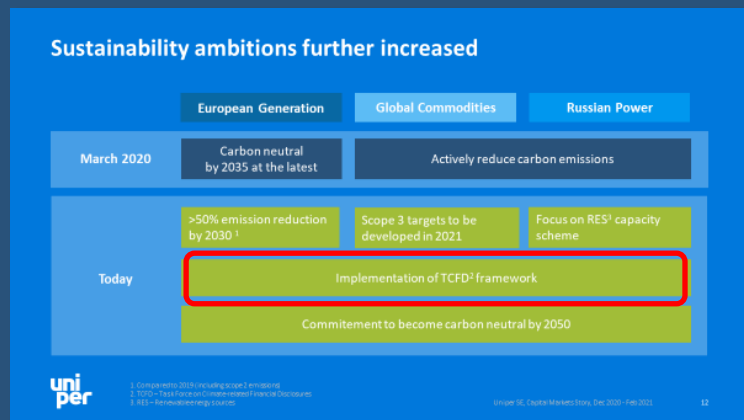
- 6 **Organization's processes** for **identifying** and assessing climate-related risks
- 7 **Organization's processes** for **managing** climate-related risks
- 8 How processes for identifying, assessing, and managing climate-related risks are **integrated** into the organization's **overall risk management**.

Metrics & Targets

- 9 **Metrics** used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process
- 10 **Scope 1, scope 2, and, if appropriate, Scope 3** greenhouse gas (GHG) emissions, and the related risks
- 11 **Targets** used by the organization to manage climate-related risks and opportunities and performance against targets

TCFD implementation as part of the incentivization

CEO Andreas Schierenbeck presenting to the capital market on 3.12.2020



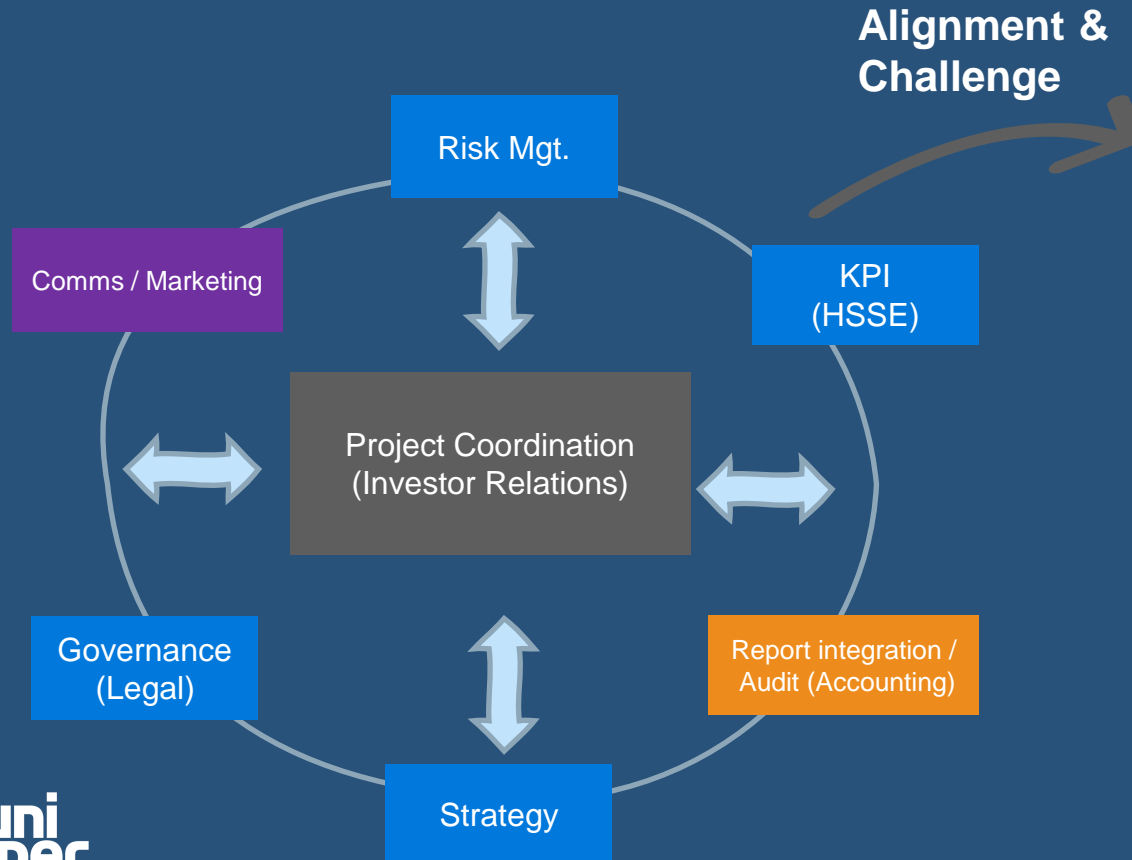
TCFD Implementation is incorporated into LTI
(excerpt from compensation system as of March 2021)

Für die LTI-Tranche 2021 (Leitungszeitraum 2021 - 2023) verpflichtet sich die Uniper SE im Rahmen der ESG-Ziele zur Entwicklung und Einführung eines Berichtssystems, das den Empfehlungen der Arbeitsgruppe für klimabezogene finanzielle Offenlegung (TCFD) entspricht. Ziel ist eine konsistente, vergleichbare, klare und zuverlässige Offenlegung seitens der Uniper SE zu gewährleisten. Hierbei berichtet die Uniper SE über die Themen Governance, Strategie, Management, Metriken und Ziele. Die Erfolgsmessung erfolgt auf Grundlage eines Projektplans mit definierten Schritten, Ergebnissen und Leistungsniveaus. Ist die Berichterstattung bereits nach einem Jahr zu **100 % umgesetzt**, so entspricht dies einer Zielerreichung von 180 %, nach zwei Jahren einer Zielerreichung von 150 % und nach drei Jahren einer Zielerreichung von 100 % oder weniger. Ist das Berichtssystem nach drei Jahren nicht implementiert, so entspricht die Zielerreichung dem erfolgten Umsetzungsstand, der von einem externen Prüfer geprüft und bewertet und vom Prüfungs- und Risikoausschuss genehmigt wird.

| Festlegung der Zielerreichung für das ESG-Ziel | | | |
|---|--------|---------|------------|
| ESG Performance Matrix | | | |
| Berichterstattung zu 100 % umgesetzt nach Zielerreichung in %-Punkten | 1 Jahr | 2 Jahre | 3 Jahren |
| | 180 % | 150 % | max. 100 % |

Uniper is going for „full implementation“ of TCFD

Project Set-Up



Project Sponsors

Project Sponsors: COO & CFO

More colleagues have been involved over time...

(Limited) Assurance: **PWC**

(Very limited) Consultancy support

Project timeline & first steps



1 Peer Review & Gap analysis

- >15 TCFD reports from peers screened
- Main gaps identified for Uniper:
 - No „Well below 2°C“ in strategy
 - Risk Management system does not explicitly cover climate aspects
 - Governance not fully clear
 - Speed up KPI-process (CO2-emissions)

2 Chosing the format

TCFD-index („scavenger hunt“)



VS

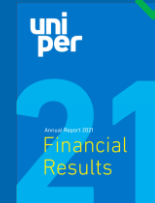
„One-piece“



3 Chosing the „harbour“



VS



Expanding Uniper's risk & opportunities universe

Uniper's current Enterprise Risk Process
Horizon: primarily MTP (up to 3 years)

Financial

Credit

Market (incl. Commodity/FX)

Operational (Assets/Projects/People/IT/Legal/
Political & Regulatory)

Sustainability Risks (if material)

TCFD: all climate-related risks & opportunities
Horizon: up to 30 years

Physical

- Acute
- Chronic

Transition

- Policy & Legal
- Technology
- Market
- Reputation

Purpose:

Ensuring financial stability, balance sheet, rating

Categorization:

Climate not an explicit category but **often underlying driver**

Reporting Cycle: Quarterly

Purpose:

Ensuring long-term validity & resilience of strategy

Categorization:

Following the risk categories of the TCFD

Reporting Cycle:

Initial identification via workshops in 2021;
afterwards yearly update process

Workshops on climate-related risks & opportunities

Setting-up the scope

- 10 Workshops overall
- ~80 participants from business & enabling functions
- Conducted between end of June and mid of July

| Workshop | Topic | Participants | Facilitator | Outcome |
|----------|----------------|-------------------------------|-------------|-----------|
| 1 | Climate Change | Business & Enabling Functions | [Name] | [Outcome] |
| 2 | Climate Change | Business & Enabling Functions | [Name] | [Outcome] |
| 3 | Climate Change | Business & Enabling Functions | [Name] | [Outcome] |
| 4 | Climate Change | Business & Enabling Functions | [Name] | [Outcome] |
| 5 | Climate Change | Business & Enabling Functions | [Name] | [Outcome] |
| 6 | Climate Change | Business & Enabling Functions | [Name] | [Outcome] |
| 7 | Climate Change | Business & Enabling Functions | [Name] | [Outcome] |
| 8 | Climate Change | Business & Enabling Functions | [Name] | [Outcome] |
| 9 | Climate Change | Business & Enabling Functions | [Name] | [Outcome] |
| 10 | Climate Change | Business & Enabling Functions | [Name] | [Outcome] |

Providing briefing material

- Setting the scene with two scenario narratives developed with Market Analysis (below 2° and above 3°)
- Providing pre-selected risks & opportunities based on peer review



Conducting the workshops

- Using Mural collaboration platform to
 - Enable interactive, yet structured sessions
 - Ensure proper documentation
- Follow-Up via Mail on “relevance & adequate mitigation”



Strategy Update: Strategy Resilience in a <2°C scenario

The Strategy Resilience Test intends to assess the **resilience of Uniper's strategy, taking into consideration a transition to a lower carbon economy consistent with a <2°C scenario** (assessment based on the Sustainable Development Scenario of the IEA)

Key objective of assessment is to answer:

- How may the strategy be affected by climate related risks and opportunities
- How might the strategy change to address such potential risks and opportunities

Each business line/sub-portfolio is assessed along four dimensions:

- Compatibility with the <2°C scenario (a market perspective)
- Potential impact on key earnings streams (financial impact assessment)
- EU Taxonomy eligibility (ESG assessment)
- **Key climate-related risks and opportunities as derived from dedicated TCFD workshops**



Work is in finalization with various stakeholder functions involved (BuCo, Market Analytics, HSSE&S, Businesses as part of the TCFD workshops); results will be prepared for the Strategy Steering Board in September and Supervisory Board meeting in October

Major milestones in first year of implementation (2/2)

3. Strategy

Key achievements:

- Integration of “well-below 2°C” scenario into strategy process

Test along four dimensions:

- Compatibility of business lines with the “well below 2°C” scenario
- Financial impact on key Earnings streams
- Top climate-related risks and chances as identified
- Eligibility of the respective business under the EU taxonomy framework

- Also, “well-below 2°C” scenario part of first project assessments

Key messages:

- Uniper’s strategy is resilient

Key assumptions of IEA’s “well below 2°C” scenario

| Year | Exemplary assumption |
|------|--|
| 2030 | Global power and heat related emissions down 40%, while electricity demand would increase by 20%* in same time horizon |
| 2040 | <ul style="list-style-type: none"> Renewable share of European power generation at 75%, while natural gas share will be at approx. 8% Globally, wind and solar provide around 45% of total power generation Natural gas demand in Europe would decline by on average 3.3% p.a.*; globally, the decline would be at 0.6% p.a.*; while in the Asia-Pacific region demand would increase by 2% p.a.* |
| | Global carbon prices increase to around 150-170€/t |
| 2050 | Global share of low carbon gases will be at above 50% |

* compared to 2019

4. Metrics & Targets

Key achievements:

- Comprehensive & structured overview of all relevant metrics & targets
- Incorporating latest Scope 3 target & actuals already in Annual Report

Key messages:

- Climate-related targets:

CO2 reduction targets
Renewables capacity target
Hydrogen capacity target

- Metrics:

CO2 emissions scope 1,2,3
Share of EU-Taxonomy eligible generation capacity and volumes

Direct CO2-Emissions Fuel Combustion by Country – Greenhouse Gas Protocol Scope 1
Mtpa CO2

| | 2021 | 2020 |
|--------------------------|------|------|
| European Generation | 27.9 | 21.1 |
| Germany | 7.9 | 7.9 |
| United Kingdom | 8.6 | 4.3 |
| Netherlands | 4.4 | 4.8 |
| Hungary | 0.8 | 0.8 |
| Czech Republic | - | 0.1 |
| Turkey | 0.1 | 40.0 |
| Russian Power Generation | 21.1 | 21.5 |
| United Arab Emirates | 0.0 | 0.0 |
| Total | 58.9 | 62.6 |
| Carbon intensity (g/MWh) | 455 | 453 |

Uniper uses the non-direct control approach. This means that Uniper counts 100% of the direct emissions, of any generation.

TCFD is part of Uniper's Annual Report



| Content | |
|--|------------|
| Report of the Supervisory Board | 2 |
| Uniper Stock | 9 |
| Strategy and Targets | 12 |
| Combined Management Report | 17 |
| Corporate Profile | 17 |
| Business Report | 20 |
| Macroeconomic and Industry Environment | 20 |
| Business Performance | 29 |
| Earnings | 37 |
| Financial Condition | 44 |
| Assets | 49 |
| Earnings, Financial Condition and Net Assets of Uniper SE | 50 |
| Non-Financial Performance Indicators | 51 |
| Risk and Chances Report | 56 |
| Forecast Report | 69 |
| Internal Control System for the Accounting Process | 74 |
| Closing Statement by the Board of Management in Accordance with Section 312 (3) AktG | 76 |
| Additional Disclosures Regarding Takeovers | 76 |
| Corporate Governance Declaration | 80 |
| Combined Separate Non-Financial Report (incl. EU-Taxonomy Regulation and Task Force on Climate-related Financial Disclosures) | 90 |
| Independent Auditor's Report | 129 |
| Consolidated Financial Statements | 139 |
| Consolidated Statement of Income | 139 |
| Consolidated Statement of Recognized Income and Expenses | 139 |
| Consolidated Balance Sheets | 140 |
| Consolidated Statements of Cash Flows | 142 |
| Statements of Changes in Equity | 143 |
| Notes | 144 |
| List of Shareholdings | 245 |
| Members of the Supervisory Board | 248 |
| Members of the Board of Management | 249 |
| Declaration of the Board of Management | 250 |
| Additional Indicators | 251 |
| Financial Calendar | 253 |



Implementing TCFD into Non-financial Report

- Many companies include the TCFD in the Sustainability Report (often unaudited), which is published later in the year
- Uniper has published the TCFD-report already as part of the Annual Report on the 23rd of February
- The TCFD-report is subject to (limited) assurance by PWC
- Audit & Risk Committee have reviewed the TCFD as part of the Annual Report process and forward the report to the SB for final approval

To Dos for 2022 – Further embedding of TCFD

Governance

- Developing and executing agenda for SB/BoM on climate-related topic

Risk Management

- Embedding climate related risks & opportunities process into ERM-system
- Adapting Risk policy accordingly
- Further elaboration on physical risks and mitigation steps

Strategy

- Incorporating “well-below 2 degree” as a mandatory scenario into project decisions

Report / Audit

- Better embedding TCFD into overall NFR and fulfilling reporting gaps
- Closing remaining PWC-audit gap (sensitivity analysis table)
- Incorporating Security of Supply arguments into TCFD report



Thank you for your attention!

