



OVERVIEW OF KEY DESIGN CHOICES

Key Design Choices	
Activities	Upstream, midstream, & downstream, and integrated companies ^A
Emission Scope	Scope 3 Category 11 (leveraging on production and emission factors)
Metric	Financed Emissions
Financing Activities	Corporate lending book: drawn exposure
PCAF Score	3.2
Scenario	IEA NZ 2050 (World) oil and gas

To ensure comprehensive emissions coverage, the end-to-end value chain was considered, including the upstream, midstream, and downstream segments of the Oil & Gas sector.

The assessment of sector emissions is focused on Scope 3 emissions, based on materiality, as well as on existing scenario benchmark. Scope 3 emissions account for approximately 90% of emissions in the sector for UniCredit’s portfolio. Commodity traders and diversified companies were considered only above a materiality threshold of more than 2% of total portfolio financed production, and 1% of total counterparty financed production.

To calculate the baseline and target, the absolute financed emissions metric was used.

7.8bn

in-scope portfolio drawn exposure as of 31/12/2021

BASELINE ESTIMATION

Input	Data Source
Financials (incl. exposure, revenue, company value)	Internal
T0 Emissions	Scope 3 - Computed using production and emission factors
Production (by tech type)	External data providers
Emission factors (baseline estimation)	IEA
Baseline financed emissions	21.4Mt CO ₂ e.
On balance sheet lending (drawn exposure)	EUR 7.8bn

To calculate scope 3 financed emissions, the following data inputs were used:

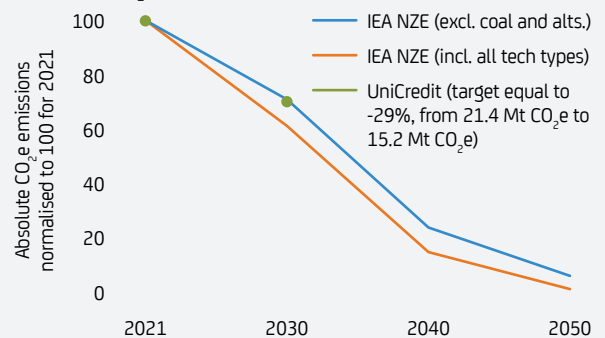
- Counterparty-level emissions data: Scope 3 Category 11 emissions for each company are computed leveraging production data, as well as emission factors for each technology type (Coal, Oil, Gas, Renewables)^B
- Counterparty-level financial data: Company value and drawn exposure of the lending book is used to calculate the bank attribution factor (Exposure / Company Value).

The 2021 baseline Scope 3 financed emissions for the Oil & Gas portfolio has been estimated at 21.4Mt CO₂e.

TARGET-SETTING

We decided to align our 2030 target with the IEA Net Zero Emissions (NZE) scenario including oil and gas.

Absolute CO₂e Emissions IEA NZ Reduction Pathway



IEA NZE scenario including coal implies a 39% reduction in absolute emissions between 2021 and 2030. The bank elected to align to the benchmark excluding coal, bioenergy and waste in order to remain congruent with the bank’s internal policies (e.g., coal exclusion policy^C). Considering these fuel types, the IEA NZE implies a 29% reduction rate in absolute emissions between 2021 and 2030 which was adopted as target applying this to the initial baseline of 21.4Mt CO₂e.

15.2Mt CO₂e

2030 scope 3 financed emissions target

On Coal, phase out by 2028 strategy and related policy are already in place.^D

^A Considering NACE codes 06.10, 06.20, 09.10, 19.20, 35.21, 46.71, 47.30, 49.50 (some of which included due to original DQ checks / DB allocations, further refined through data quality checks). Excluded trade and distribution companies, consistent with market practice.

^B Scope 3 emissions are computed for upstream, integrated and downstream companies. They are not computed for midstream companies, in line with current literature.

^C A minimal amount of residual coal is present in the baseline portfolio (lower than 1%).

^D Green financing is allowed beyond 2028 only for no coal developer (no increase in coal business since Sep. 2020) and if they have a phase out plan in line with their National Energy & Climate Plan.