



Oil & Gas sector

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1 POLICY REQUIREMENT AND PURPOSE

This document is issued in the broader context of reputational risk management, being an element of UniCredit Group's reputational risk management framework. Reputational risk is defined as the current or prospective risk brought to earnings and capital from an adverse perception of the image of the financial institution by clients, counterparties, shareholders, investors, or regulators.

UniCredit Group is strongly committed to promote sustainable solutions in all its financing and investment decisions, with particular attention given to potential reputational implications. Any transaction/project supported by the Group must be conducted with an overall objective of preventing or minimizing environmental, social, and associated reputational risks.

In the aftermath of the Paris Agreement of 2015, the attention of policy makers, regulators, investors and civil society on climate change increased dramatically. In its latest 6th Assessment Report IPCC made clear that "Human influence on the climate system is clear, and recent anthropogenic emissions of greenhouse gases are the highest in history.". Paris Agreement puts a strong emphasis on the role of the financial system and the Financial Stability Board issued Recommendations on Climate Related Financial Disclosure; in this context, the EU's Action Plan on Sustainable Finance is paving the way for increased mandatory disclosure on climate related risks. In line with its commitment to a climate-positive future, in October 2021, UniCredit joined the Net-Zero Banking Alliance (NZBA), an industry-led, UN-convened alliance of banks worldwide, committed to aligning their lending and investment portfolios with net-zero emissions by 2050 or sooner, in line with the most ambitious targets set by the Paris Climate Agreement. The NZBA is convened by the United Nations Environment Programme Finance Initiative and is the banking element of the Glasgow Financial Alliance for Net Zero.

According to the Earth System Science Data Global Carbon Budget 2020, oil is the second largest contributor to the world's carbon emissions (34% in 2019) and followed by natural gas (21%). According to Carbon Tracker, the world's listed oil and gas majors need to cut combined production by 35% on average by 2040 in order to meet Paris CO2 emission reduction targets. In the scenario depicted by the International Energy Agency (IEA) in their report "Net Zero by 2050 - A Roadmap for the Global Energy Sector", there are no new oil and gas fields approved for development.

UniCredit Group understands the increasing adverse impacts that Oil & Gas-related activities, Unconventional and Arctic ones have on the climate system and is aware of its responsibility towards society and future generations in terms of environmental preservation (resources/ecosystem quality), as well as human health and pollution.

This document aims therefore at assessing the potential environmental, social, and reputational impacts of the Group involvement in Oil & Gas sector projects/transactions and - through the implementation of appropriate management and mitigation measures on Group clients or counterparties' side - to limit associated risks for UniCredit Group. In fact, through this document, the Group wants to support and accelerate the Oil & Gas sector energy transition and the related improvement of its environmental/social footprint.

In addition, this Oil & Gas sector regulation invokes several guidelines, standards, international conventions, initiatives, recommendations, and other practices widely accepted by the international community and affected stakeholders (see Annex B). Collectively, these are considered by the Group to represent the best practices with respect to avoidance of adverse environmental and social impacts.

2 **APPLICABILITY AND SCOPE**

This document applies to UniCredit S.p.A. and to the Group Legal Entities that might carry out **activities related to Oil & Gas sector** and/or to **customers involved into the Oil & Gas sector**.

2.1 **Scope of application**

This document refers to the Oil & Gas Industry, usually divided in three major sectors: Upstream (or exploration and production), Midstream and Downstream; in particular:

- **applies to the Upstream and Midstream sectors**
- **does not apply to Downstream sector** (e.g., final refineries or distributors of refined products) unless the Downstream activities are performed within a Group operating also in Upstream and Midstream sector

This document defines:

- **Criteria for identifying:**
 - The activities ruled by the present regulation (“Oil & Gas-related activities” in § 3.1.1).
 - The subjects ruled by the present regulation (“Oil & Gas-related subjects” in § 3.1.2).
 - The banking financial products and services and all the other types of support offered by the bank ruled by the present regulation (“Banking financial products and services” in § 3.1.3).

3 MINIMUM OPERATIONAL REQUIREMENTS

3.1 Perimeter selection

3.1.1 Oil & Gas related activities

For the present regulation, **Oil & Gas-related activities** are:

- all the activities (design, building, as well as expansion and/or upgrading, maintenance and ordinary operations) related to Upstream and Midstream sectors, involving Oil and/or Gas, regardless the techniques adopted for extraction and the site location.

Among these Oil & Gas activities, for the purpose of the present regulation, the following activities are considered as **Controversial Oil & Gas-related activities** because potentially envisaging Reputational Risks:

- **Unconventional Oil & Gas activities**, defined as all the activities (design, building, as well as expansion and/or upgrading, maintenance and ordinary operations) related to Upstream and Midstream sectors, involving:
 - Tar sands
 - Upstream activities in Ultra-Deep Water (more than 1500 meters / 5000 feet)
 - Shale (and fracking, only when in combination with shale Oil & Gas)
- **Arctic Oil & Gas activities**, defined as all the activities (design, building, as well as expansion and/or upgrading, maintenance and related operations) related to Upstream and Midstream sectors for:
 - Oil on-shore
 - Oil off-shore
 - Gas on-shore
 - Gas off -shoreconducted in Arctic Region (i.e., the region inside the Arctic Polar Circle located at 66°33' North).
- **New exploration of Oil activities**, defined as all the activities (design, building, maintenance and ordinary operations) aimed at the search for deposits of oil and at the determination of the extent of these deposits.
- **Expansion of reserves of Oil activities**, defined as all the activities (design, building, maintenance and ordinary operations) aimed at the setting up of a new oil field and related infrastructures.

For these controversial activities restrictions for financial support apply as specified in § 3.3.

Additional key definitions and specifications:

- Controversial Oil & Gas-related activities refer both to facilities (e.g., fields) and related infrastructures (e.g., LNG plants, pipelines, harbors) that manages (solely or in prevalent way) the controversial Oil & Gas-related activities themselves.

3.1.2 Oil & Gas related subjects

Oil & Gas-related subjects are those subjects that, for the purposes of the present regulation, are considered involved in the Oil & Gas activities and for which a RepRisk Annual Clearance is requested.

Note: Being an Oil & Gas-Related subject does not mean that financial support is not allowed. What is allowed or not allowed is ruled by the class assigned to the customer (classification criteria described in § 3.4) after the completion of the Annual Reputational Risk Clearance process.

The present regulation applies, for the Annual RepRisk Clearance, to **Oil & Gas-related subjects**, defined as potential or active customers:

1. **belonging to Corporate** (turnover greater than EUR 50mn) **or Corporate Key Clients or Large Corporates business division**, when applicable

AND

2. **belonging to** the following categories:
 - all the companies/subjects who are active in the **Oil & Gas Upstream and Midstream sectors, as owners, operators, subcontractors, or suppliers of “Key Components/Infrastructures/Services”**
 - all the companies/subjects that belong to a **juridical group** that operates in the Oil & Gas sector, as defined in § 3.5.

For the Oil & Gas-related subjects, an Annual RepRisk Clearance must be obtained, at least once a year or whenever a parameter concurring to define the Reputational Risk evaluation and/or the customer classification for the purposes of this regulation shows a change, as described in § 3.6.1. For the non-Oil & Gas-related subjects, the Annual RepRisk Clearance for the Oil & Gas sector is not requested. Nevertheless, deals connected to controversial Oil & Gas-related activities, as defined in § 3.1.1, are subject to restrictions for financial support as specified in § 3.3.

Local and Global RepRisk Functions can anyway periodically evaluate and select subjects to be “labeled”, managed, and assessed as Oil & Gas-related subject, even if not presenting the characteristics listed above in this chapter. This classification shall be immediately and formally communicated to the Business Relationship Manager. The list of those selected customers is maintained and updated by Local RepRisk Functions.

Additional key definitions and specifications

- **Key Components/Infrastructures/Services** means the ones provided by the subjects who operates directly with the owners, operators and subcontractors in the Upstream/Midstream sectors (e.g. EPC contractors)
- As specified in § 3.5, all companies belonging to an Oil & Gas-related subject are considered Oil & Gas-related subject as well.

3.1.3 **Banking financial products and services**

The present regulation applies to the following categories of products and services:

- **General financing** – all type of financing support non dedicated to specific purposes
- **Sustainability-linked financing** – general financing and related services (including guarantees, letters of credit, advisory and M&A and capital market products, hedging/derivatives and other associated facilities) linked to the company’s ESG score, specific sector indicators or KPIs, with prevailing market standards at the relevant point in time included in the contract (authorized by the Local Sustainability function or, when not available, by Global Sustainability Function) to demonstrate and bind the customer commitment
- **Green activities financing** - financing and related services (including guarantees, letters of credit, working capital solutions, advisory and M&A and capital market products, hedging/derivatives and other associated facilities) dedicated to specific purposes clearly earmarked to **green activities and projects** (i.e., in line with the provisions of the UniCredit internal Green Taxonomy or, in case this is not available, in line with the most updated draft of the EU Taxonomy - e.g. green/sustainable derivatives).
- **Oil related activities financing** – financing and related services (including guarantees, letters of credit, working capital solutions, advisory and M&A and capital market products, hedging/derivatives and other associated facilities) dedicated to specific purposes clearly earmarked to **Oil-related activities and projects** as described above in section § 3.1.1

- **Gas related activities financing** – financing and related services (including guarantees, letters of credit, working capital solutions, advisory and M&A and capital market products, hedging/derivatives and other associated facilities) dedicated to specific purposes clearly earmarked to **Gas-related activities and projects** as described above in section § 3.1.1
- **Other activities financing** – financing and related services (including guarantees, letters of credit, working capital solutions, advisory and M&A and capital market products, hedging/derivatives and other associated facilities) dedicated to specific purposes other than green or Oil & Gas-related activities and projects
- **Basic banking services** – current account/cash account, cash receipt, payments (including FX spot transactions connected to pure payments, etc), credit card, cash-pooling and direct debit internal limits
- **Advanced banking services** – all type of banking products and services not included in the above categories (e.g.: advisory and M&A and capital market products and services, hedging/derivatives for general risk management purposes, Certificates on CO2 emissions, SFTs etc.).

3.2 Foundation Principles

The regulation is based on the following five **Foundation Principles**:

1. **Pre-requisites** for an Oil & Gas-related subject for operating with UniCredit Group without restrictions are:
 - a. having a documented capped current involvement in the Unconventional Oil & Gas activities (**percentage of current revenues from Unconventional Oil & Gas activities not greater than 25%**)
 - b. having a documented capped current involvement in the Arctic Oil & Gas activities (**percentage of current revenues from Arctic Oil & Gas activities not greater than 25%**)
 - c. **for Upstream and Midstream only, not being clustered as Net Zero “Red”/Laggards**, as per last available NZ analysis performed by Net Zero project team
2. **UniCredit Group does not provide any “banking financial products and services”** aimed at:
 - a. **Unconventional or Arctic Oil & Gas activities**, regardless of the activity is performed by an Oil & Gas-related subject or not and regardless of any other consideration
 - b. **new exploration of oil and expansion of reserves of oil** to owners/operators
3. **UniCredit Group provides all “banking financial products and services”**, with the exclusion of the forbidden ones as stated in § 3.3, **provided that no other impediment is present** (e.g., evidence of RepRisk issue, AML alerts), to all the Oil & Gas-related subjects which are fully in line with the pre-requisites stated under point 1) above.
4. Oil & Gas-related subjects which are not in line with the pre-requisites stated under point 1) above, but anyway with percentage of current revenues from **Unconventional and Arctic Oil & Gas activities** not greater than 50% are supported by UniCredit Group in their transition and are subject to conditions, restrictions or exclusions as stated in § 3.4.
5. Oil & Gas-related subjects which are not in line with the pre-requisite stated under point 1) above and with percentage of current revenues from **Unconventional or Arctic Oil & Gas activities** greater than 50% are not supported by UniCredit Group and are subject to conditions, restrictions or exclusions as stated in § 3.4.

3.3 Forbidden project financial support (dedicated purpose finance or transactions financing)

UniCredit Group does not provide any project financial support to:

- Any customers, regardless of the fact they are Oil & Gas-related subjects or not, for Unconventional and for Arctic Oil & Gas activities (design, building, as well as expansion and/or upgrading, maintenance and ordinary operations, with the exclusion of the trading activities), as defined in § 3.1.1
- Owners/Operators, for New Exploration of Oil and for Expansion of reserves of Oil, as defined in §3.1.1.

Additional specifications

- a. Mixed Midstream projects (i.e., midstream activities serving at the same time Conventional and Unconventional Upstream activities, or Arctic and non-Arctic Upstream activities) must be evaluated case-by-case.

1.

OIL&GAS technique and location	Upstream activities	Midstream Activities		Downstream activities
	extractions and related services	transportation (by pipeline, rail, barge, oil tanker or truck or other means) storage and trade (buying and selling) of natural gas and crude oil (including LNG)		refining of petroleum crude oil and the processing and purifying of raw natural gas, as well as the trade (marketing and distribution) of natural gas and crude oil derived products
	Dedicated Midstream activities serving only by techniques: Conventional or Unconventional Upstream activities by location: Arctic or non Arctic Upstream activities	Mixed Midstream activities serving at the same time by techniques: Conventional and Unconventional Upstream by location: Arctic and non-Arctic Upstream activities		
Conventional Oil&Gas not in Arctic Region	Allowed Relationship Manager can proceed autonomously without requiring Rep Risk decision unless there is evidence of other critical issues (e.g., ESG, AML, judicial issues, etc.)		Evaluation Relationship Manager must require a decision to a Local Reputational Risk Function	Not in scope of Oil & Gas policy (but always subject to usual and general reputational risk assessment by Business)
Unconventional Oil&Gas in all locations - Tar sands Oil&Gas - Upstream activities in Ultra-deep water - Shale Oil&Gas (and fracking when in combination with Shale Oil&Gas)	Forbidden Relationship Manager must reject the request autonomously			
All Oil&Gas in Arctic Region	Forbidden Relationship Manager must reject the request autonomously			

2.

All new explorations of oil (i.e. search for deposits of oil and at the determination of the extent of these deposits)	Forbidden for owners/operators (excluded suppliers) Relationship Manager must reject the request autonomously
All expansions of oil reserves (i.e. setting up of a new oil field and related infrastructures)	Forbidden for owners/operators (excluded suppliers) Relationship Manager must reject the request autonomously

3.4 Customer classification, related allowed supports, conditions, restrictions and exclusions criteria

Customers are classified in **three classes** based on their alignment with the foundation principles of this regulation. The classification of each Oil & Gas-related subject is to be done through the Annual RepRisk Clearance process, to be conducted at least once a year or whenever an event affecting the customer's classification occurs. Each class defines the banking financial products and services that can be granted to the customers, relevant conditions, restrictions and exclusions to be applied.

A Class “Full Support” - Customers committed and in line with the foundation principle

Classification criteria

- a. Having a **documented capped** current **involvement** in the **Unconventional Oil & Gas activities** (percentage of current revenues from Unconventional Oil & Gas activities) **not greater than 25%**
AND
- b. Having a **documented capped** current **involvement** in the **Arctic Oil & Gas activities** (percentage of current revenues from Arctic Oil & Gas activities) **not greater than 25%**
AND
- c. **for Upstream and Midstream only, not being clustered as Net Zero “Red/Laggards”**, as per last available NZ analysis performed by Net Zero project team

Information is considered documented when it is available in an official public statement (e.g., press release) or reported in official document (e.g., Sustainability Report, Financial Report).

In case such required information is not documented, (i) a disclosable bilateral statement released by the customer or (ii) data obtained from the official documents analysis can be evaluated and deemed adequate unless there is opposite evidence.

Note: media rumors are not considered documented.

Allowed Support

- All the products and services offered by the bank, excluding Forbidden Oil & Gas projects related financial support, as specified in § 3.3, provided that no other impediment exists (e.g., bad news on the customers, ongoing legal proceedings).

B Class “Transition Support” - Customers committed but not fully in line with the Foundation Principles

Classification criteria

- a. Having a documented **capped** current **involvement** in the **Unconventional Oil & Gas activities** (percentage of current revenues from Unconventional Oil & Gas activities) **greater than 25% but no more than 50%**
OR
- b. Having a documented **capped** current **involvement** in the **Arctic Oil & Gas activities** (percentage of current revenues from Arctic Oil & Gas activities) **greater than 25% but no more than 50%**
OR
- c. for Upstream and Midstream only, **being clustered as Net Zero “Red”/Laggards**, as per last available NZ analysis performed by Net Zero project team

Information is considered documented when it is available in an official public statement (e.g., press release) or reported in official document (e.g., Sustainability Report, Financial Report).

In case such required information is not documented, (i) a disclosable bilateral statement released by the customer or (ii) data obtained from the official documents analysis can be evaluated and deemed adequate unless there is opposite evidence.

Note: media rumors are not considered documented.

Allowed Support

- Basic Banking Services
- Green Activities Financing (conditioned)
- Sustainability-linked Financing (conditioned)

- Gas-related Activities Financing as long as not Unconventional, not Arctic
- Other Activities Financing
- Advanced Banking Services

Conditions, Restrictions and Exclusion criteria

- Any request for **Green Activities financing** must be evaluated and authorized by Local RepRisk Function, and in case of positive decision, provided that no other impediment exists (e.g., public bad news involving the customer), **Green Activities financing** can be granted under the following condition:
 - The activities must be strictly in line with the provisions of UniCredit internal Green Taxonomy or, in case this is not available, with the most updated draft of the EU Taxonomy. Eligibility is to be confirmed by the Local Sustainability function or, when not available, by the Global Sustainability Function.

At the end of the local assessment process, a NBO by Group RepRisk Function must be obtained before proceeding.

- Any request for **Sustainability-linked financing** must be evaluated and authorized by Local RepRisk Function, and in case of positive decision, provided that no other impediment exists (e.g., public bad news involving the customer), **Sustainability-linked financing** can be granted under the following conditions:
 - Sustainability KPIs are sound, challenging and related to the Environmental sector.
 - Penalties for not matching the targets are adequate to demonstrate a clear and binding commitment and are at least in line with the market practice.
 - The customer did not fail, at least in the previous three years, in matching targets in any other Sustainability-linked financing (done with UniCredit or with other banks).
 - Positive opinion by Local Sustainability Functions (or by Group Sustainability Function, in case the Local Function is not present in the LE), on the above conditions.

At the end of the local assessment process, a NBO by Group RepRisk Function must be obtained before proceeding.

- For existing customers, any Group existing exposure provided through General Financing or linked to Controversial Oil & Gas-related activities, must be phased out as soon as possible, avoiding any legal or reputational risk.

C Class “Phase Out” - Customers not committed

Classification criteria:

- Having a **documented** current **involvement** in the **Unconventional Oil & Gas activities** (percentage of current revenues from Unconventional Oil & Gas activities) **greater than 50%**
- OR**
- Having a **documented** current **involvement** in the **Arctic Oil & Gas activities** (percentage of current revenues from Arctic Oil & Gas activities) **greater than 50%**

Allowed Support

- Current accounts / Cash accounts.

Conditions, Restrictions and Exclusion criteria

- For existing customers, any Group existing exposure - regardless of the fact it is linked or not to Controversial Oil & Gas-related activities - must be phased out as soon as possible, avoiding any legal or reputational risks.
- For new customers, the onboarding is not allowed.

The table below provides a synthetic view of the definitions and conditions expressed above.

Annual clearance Applicability	Provisions	General Financing		Dedicated Purpose Financing / Transactions Financing					Other	
		General Financing	Sustainability Linked RCF	Green Activities Financing	Controversial Oil&Gas-Related Activities Financing	Oil-Related Activities Financing	Gas-Related Activities Financing	Other Activities Financing	Basic Banking Services	Advanced Banking Services
A Class	- Current revenues from Unconventional Oil&Gas activities <= 25% AND - Current revenues from Arctic Oil&Gas activities <= 25% AND - for Upstream and Midstream only, not being clustered as Net Zero "Red/Laggards", as per last available NZ analysis performed by Net Zero project team	✓	✓	✓	✗	✓	✓	✓	✓	✓
B Class	- Current revenues from Unconventional Oil&Gas activities > 25% AND <= 50% OR - Current revenues from Arctic Oil&Gas activities > 25% AND <= 50% OR - for Upstream and Midstream only, being clustered as Net Zero "Red"/Laggards, as per last available NZ analysis performed by Net Zero project team	✗	✓	✓	✗	✗	✓	✓	✓	✓
C Class	- Current revenues from Unconventional Oil&Gas activities > 50% OR - Current revenues from Arctic Oil&Gas activities > 50%	✗	✗	✗	✗	✗	✗	✗	✗*	✗

✓ Allowed
 ✓ Allowed, to be evaluated and approved
 ✗ Not allowed
 * with the exception of Current / Cash accounts

3.5 Glossary and acronyms

Key word	Definition
Holding Company	UniCredit S.p.A. (hereafter also "UniCredit")
Group Legal Entity	Legal Entity directly or indirectly controlled by UniCredit S.p.A. (hereafter also "Legal Entity")
UniCredit Group/Group	UniCredit Group, composed of UniCredit S.p.A. and of the Group Legal Entities (hereafter also "Group")
Upstream	Also known as exploration and production (E&P), includes searching for potential underground or underwater crude oil and natural gas fields, drilling exploratory wells, and subsequently drilling and operating the wells that recover and bring the crude oil or raw natural gas to the surface.
Midstream	The midstream sector involves the transportation (by pipeline, rail, barge, oil tanker or truck or other dedicated means), the storage and the trade (buying and selling) of natural gas and crude oil. Liquefaction of Natural Gas (LNG) for transportation is part of Midstream as well.
Downstream	The downstream sector is the refining of petroleum crude oil and the processing and purifying of raw natural gas, as well as the trade (buying and selling) of natural gas and crude oil derived products. The downstream sector reaches consumers through products such as gasoline or petrol, kerosene, jet fuel, diesel oil, heating oil, fuel oils, lubricants, waxes, asphalt, natural gas, and liquefied petroleum gas (LPG) as well as hundreds of petrochemicals.

Oil & Gas-related activities	<p>All the activities (design, building, as well as expansion and/or upgrading, maintenance and ordinary operations) related to Upstream and Midstream sectors, involving Oil and/or Gas, regardless the techniques adopted for extraction and the site location.</p> <p>Note: Deals connected to controversial Oil & Gas-related activities, as defined in § 3.1.1, are subject to restrictions for financial support as specified in § 3.3.</p>
Controversial Oil & Gas-related activities	<p>Among the Oil & Gas activities, for the purpose of the present regulation, the following activities are considered potentially envisaging Reputational Risks:</p> <ul style="list-style-type: none"> • Unconventional Oil & Gas activities • Arctic Oil & Gas activities • New exploration of Oil activities • Expansion of reserves of Oil activities
Unconventional Oil & Gas activities	<p>The Unconventional Oil & Gas activities are defined as all the activities (design, building, as well as expansion and/or upgrading, maintenance and ordinary operations) related to Upstream and Midstream sectors, involving:</p> <ul style="list-style-type: none"> • Tar sands • Upstream activities in Ultra-Deep-Water Oil & Gas extraction (more than 1500 meters / 5000 feet) • Shale Oil & Gas (and fracking, only when in combination with shale Oil & Gas)
Arctic Region	<p>The Arctic Region is defined as the region inside the Arctic Polar Circle (66°33' North).</p>
Arctic Oil & Gas activities	<p>The Arctic Region Oil & Gas activities are defined as the extraction of On-shore and Off-shore of Oil & Gas performed in the Arctic Region. In addition, Liquefied Natural Gas (LNG) production is also considered an Unconventional treatment if the gas treated is derived from "Arctic Region" activities.</p>
Key components/infrast ructures/services	<p>Key components/infrastructures/services are the ones provided by the subjects who operates directly with the owners, operators and subcontractors in the Upstream/Midstream sectors (e.g. EPC contractors)</p>
Oil & Gas-related subjects	<p>Subjects that, for the purposes of the present regulation, are considered involved in the Oil & Gas business and for which a RepRisk Annual Clearance is requested.</p> <p>Note: being an Oil & Gas-Related subject does not mean that financial support is not allowed. What is allowed or not allowed is ruled by the class, defined in § 3.4, to which the customer is assigned during the Annual RepRisk Clearance process.</p>
Project financial support	<p>Any financial support whose utilization is clearly defined ex-ante. It could be also intended as "dedicated purpose finance" or "transactions financing".</p>
Evidence of RepRisk issue	<p>Evidence of public bad news/rumours or judicial proceedings, sanctions, fines, bans or any other event that could be relevant from a Reputational or ESG perspective, including potential breaches to the Group Reputational Risk guidelines for customers, listed in the Global Policy "Group Reputational Risk Management".</p>

Documented Information	<p>Information is considered documented when it is available in an official public statement (e.g., press release) or reported in official document (e.g., Sustainability Report, Financial Report).</p> <p>In case such required information is not documented, (i) a disclosable bilateral statement released by the customer or (ii) data gather from the official documents analysis can be evaluated and deemed adequate unless there is opposite evidence.</p> <p>Note: media rumours are not considered documented.</p>
Subcompany	Company owned for more than 25% of its shares.
Local (Group) RepRisk Function	Local (Group) Function in charge of the Reputational Risk Management. If not present, Local Function in charge of Non-Financial Risks
Net Zero “Red”/Laggards	Clients identified as Red/Laggards based on Net Zero Clusterization, considering Environmental Impact (based on financed emissions vs UCG portfolio) and Client Transition Strategy. These clients have high environmental impact vs UCG portfolio and are not committed to a transition strategy
RepRisk	Reputational Risk
Annual RepRisk Clearance	Annual evaluation on RepRisk
Acronym	Definition
NZE	The Net Zero Emissions by 2050 Scenario (NZE). This is a normative IEA scenario that shows a narrow but achievable pathway for the global energy sector to achieve net zero CO ₂ emissions by 2050, with advanced economies reaching net zero emissions in advance of others. This scenario also meets key energy-related United Nations Sustainable Development Goals (SDGs), in particular by achieving universal energy access by 2030 and major improvements in air quality. This is consistent with limiting the global temperature rise to 1.5 °C without a temperature overshoot (with a 50% probability), in line with reductions assessed in the IPCC in its Special Report on Global Warming of 1.5 °C . (source: Net Zero Emissions by 2050 Scenario (NZE) – World Energy Model – Analysis - IEA)
ESG	Environmental, Sustainability and Governance
AML/CTF	Anti-Money Laundering / Countering of Terrorist Financing
NBO	Non-Binding Opinion
SFTs	Securities Financing Transactions