UNICREDIT BANK GMBH

EXPLANATION OF HOW ESG FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY

UC Equity ESG Benchmark Family

Introduction:

This document provides the explanation of how ESG Factors are reflected in the key elements of the Benchmark Methodology for the members of the UC Equity ESG Benchmark Family. These are benchmarks for the purpose of the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (the "**Benchmarks Regulation**" or "**BMR**").

Nothing contained in this document should be construed as an offer or solicitation of any transaction.

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Explanation of how ESG Factors are reflected in the key elements of the Benchmark Methodology

1. Name of the benchmark administrator	UniCredit Bank GmbH
2. Type of family of benchmarks	Equity
3. Name of the family of benchmarks	UC Equity ESG Benchmark Family
4. Does the benchmark methodology for the family of benchmarks take into account ESG factors?	Yes
5. For the benchmark family, the ESG factors that are taken into account in the benchmark methodology. Explanation how those ESG factors are used for the selection, weighting or exclusion of underlying assets.	

The ESG factors are disclosed at an aggregated weighted average value at the level of the family of benchmarks.

a) List of environmental factors considered

Exclusion based on Controversial Business Practices: Severe controversial environmental practices and minimum revenue thresholds as listed below.

Controversial Business Area	Level 1	Level 2	Revenue Threshold
Fossil Fuels	Coal	Extractives production	0%
		Energy and other production	25%
	Oil	Extractives production	25%
	Hydraulic Fracturing	High Volume	0%
	Oil sands	Production	0%
Green genetic engineering	Production		0%
Nuclear Power	Power Generation		0%
	Uranium Production		0%
	Service		5%

b) List of social factors considered

Exclusion based on Controversial Business Practices: Severe violations of human rights and minimum revenue thresholds as listed below.

Controversial Business Area	Level 1	Level 2	Revenue Threshold

	Alcohol	Production		5%
		Distribution		10%
	Animal Testing	Non pharmaceutical beyond legal requirements		0%
	Gambling	Production		0%
		Distribution & Service		10%
	Military equipment and services	Production and services	combat involvement	0%
			Non-combat involvement	5%
			Civil firearms	0%
		Controversial Weapons		0%
	Pornography	Production		0%
		Distribution		10%
	Tobacco	Production		0%
		Service		5%
		Distribution		10%
c) List of governance factors considered	Exclusion based on Controversial Business Practices: Severe violations of labour rights (forced labour, child labour, discrimination, freedom of association, other areas) and severe forms of corruption and business malpractices.			

6. For each benchmark, the ESG factors that are taken into account in the benchmark methodology depending on the relevant underlying asset concerned. Explanation how those ESG factors are used for the selection, weighting or exclusion of underlying assets. The ESG factors are not disclosed for each constituent of the benchmark, but are disclosed at an aggregated weighted average value of the benchmark.	
a) List of environmental factors considered	UC ESG Goods for Life Index Series: - The selection is based on the ESG Performance Score, i.e. the stocks with the highest ESG Performance Score are selected. The ESG Performance Score is a score independent of the industry on a scale of 0-100, measuring the sustainability of companies. - In addition to the exclusion and selection as outlined above there is no ESG-data based weighting applied. UC SDG Transatlantic Leaders Index Series: - In addition to the ESG exclusion as describe above, the selection is also based on the SDG Rating: Each potential constituent must possess an "SDG Single Rating" greater than 5 for each SDG and an "SDG Overall Impact Rating" greater than 0. - In addition to the exclusions as outlined above the following selection scheme is applied: For each industry sector those stocks are selected that have not been excluded and show the highest SDG Overall Impact Rating (limited to 5 per sector). - In addition to the exclusions and the selection scheme the selected stocks are weighted relative to their free float market capitalization multiplied with their SDG Overall Impact Rating.
b) List of social factors considered	UC ESG Goods for Life Index Series: - The selection is based on the ESG Performance Score, i.e. the stocks

	with the highest ESG Performance Score are selected. The ESG Performance Score is a score independent of the industry on a scale of 0-100, measuring the sustainability of companies - In addition to the exclusion and selection as outlined above there is no ESG-data based weighting applied. UC SDG Transatlantic Leaders Index Series: - In addition to the ESG exclusion as describe above, the selection is also based on the SDG Rating: Each potential constituent must possess an "SDG Single Rating" greater than 5 for each SDG and an "SDG Overall Impact Rating" greater than 0. - In addition to the exclusions as outlined above the following selection scheme is applied: For each industry sector those stocks are selected that have not been excluded and show the highest SDG Overall Impact Rating (limited to 5 per sector). - In addition to the exclusions and the selection scheme the selected stocks are weighted relative to their free float market capitalization multiplied with their SDG Overall Impact Rating.
c) List of governance factors considered	UC ESG Goods for Life Index Series: - The selection is based on the ESG Performance Score, i.e. the stocks with the highest ESG Performance Score are selected. The ESG Performance Score is a score independent of the industry on a scale of 0-100, measuring the sustainability of companies. - In addition to the exclusion and selection as outlined above there is no ESG-data based weighting applied. UC SDG Transatlantic Leaders Index Series:

	- In addition to the ESG exclusion as describe above, the selection is also based on the SDG Rating: Each potential constituent must possess an "SDG Single Rating" greater than 5 for each SDG and an "SDG Overall Impact Rating" greater than 0. - In addition to the exclusions as outlined above the following selection scheme is applied: For each industry sector those stocks are selected that have not been excluded and show the highest SDG Overall Impact Rating (limited to 5 per sector). - In addition to the exclusions and the selection scheme the selected stocks are weighted relative to their free float market capitalization multiplied with their SDG Overall Impact Rating.
7. Data and standards used	
a) Data input i) Description whether the data are reported, modelled or sourced internally or externally. ii) Where the data are reported, modelled or sourced externally, name of the third party data provider.	i) The data used to construct the index series of the UC Equity ESG Benchmark Family is sourced externally. ii) Institutional Shareholder Services Inc.
b) Verification and quality of data Description how data are verified and how the quality of those data is ensured.	The external provider of ESG data input is chosen by the Benchmark Administrator based on an evaluation of its processes in order to ensure the reliability and quality of the ESG data input.
c) Reference standards Description of the international standards used in the benchmark methodology.	Orientation on the ten principles of the United Nations Global Compact, a worldwide initiative for responsible corporate governance.
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Reason for the update	Creation