

# UNICREDIT BANK AG

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

UC Equity ESG II 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 II Benchmark Family II. 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.

Original document date: 2 June 2022

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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 AG
2. Type of family of benchmarks	Equity
3. Name of the family of benchmarks	UC Equity ESG II Benchmark Family II
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.	

<p>Explanation how those ESG factors are used for the selection, weighting or exclusion of underlying assets.</p> <p>The ESG factors are disclosed at an aggregated weighted average value at the level of the family of benchmarks.</p>	<p>Companies possessing an ESG Rating lower than C- or that are not classified as “Best in Class” by the ESG Service Provider are excluded.</p>																																			
<p>a) List of environmental factors considered</p>	<p>Exclusion based on Controversial Business Practices: Severe controversial environmental practices and minimum revenue thresholds as listed below.</p> <table border="1" data-bbox="1066 537 1745 1344"> <thead> <tr> <th><b>Controversial Business Area</b></th> <th><b>Level 1</b></th> <th><b>Level 2</b></th> <th><b>Revenue Threshold</b></th> </tr> </thead> <tbody> <tr> <td rowspan="7">Fossil Fuels</td> <td rowspan="2">Coal</td> <td>Extractives production</td> <td>5%</td> </tr> <tr> <td>Energy and production</td> <td>5%</td> </tr> <tr> <td rowspan="3">Arctic oil and gas production</td> <td>Production</td> <td>0%</td> </tr> <tr> <td>Exploration</td> <td>0%</td> </tr> <tr> <td>Total</td> <td>0%</td> </tr> <tr> <td rowspan="2">Hydraulic Fracturing</td> <td rowspan="2">Oil sands</td> <td>High Volume Involvement</td> <td>0%</td> </tr> <tr> <td>Production</td> <td>0%</td> </tr> <tr> <td rowspan="2">Green genetic engineering</td> <td rowspan="2">Nuclear Power</td> <td>Exploration</td> <td>0%</td> </tr> <tr> <td>Production</td> <td>0%</td> </tr> <tr> <td rowspan="2">Nuclear Power</td> <td rowspan="2">Power</td> <td>Total</td> <td>5%</td> </tr> <tr> <td>Power</td> <td>0%</td> </tr> </tbody> </table>	<b>Controversial Business Area</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Revenue Threshold</b>	Fossil Fuels	Coal	Extractives production	5%	Energy and production	5%	Arctic oil and gas production	Production	0%	Exploration	0%	Total	0%	Hydraulic Fracturing	Oil sands	High Volume Involvement	0%	Production	0%	Green genetic engineering	Nuclear Power	Exploration	0%	Production	0%	Nuclear Power	Power	Total	5%	Power	0%
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7. Data and standards used	
<p>a) Data input</p> <p>i) Description whether the data are reported, modelled or sourced internally or externally.</p> <p>ii) Where the data are reported, modelled or sourced externally, name of the third party data provider.</p>	<ul style="list-style-type: none"> <li>i) The data used to construct the index series of the UC Equity ESG II Benchmark Family II is sourced externally.</li> <li>ii) Institutional Shareholder Services Inc.</li> </ul>
<p>b) Verification and quality of data</p> <p>Description how data are verified and how the quality of those data is ensured.</p>	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.
<p>c) Reference standards</p> <p>Description of the international standards used in the benchmark methodology.</p>	Orientation on the ten principles of the United Nations Global Compact, a worldwide initiative for responsible corporate governance.
Date on which information has been last updated	2 June 2022
Reason for the update	Creation