



SOLACTIVE AG | VIGEO EIRIS BELGIUM SA

# ETHICAL US EQUITY INDEX

## CERTIFICATION STATEMENT 3<sup>rd</sup> QUARTER 2020

To the Index users,  
To the Index provider Solactive AG:

Forum ETHIBEL asbl<sup>1</sup> is appointed by Solactive AG to execute independent monitoring and certification of the Ethical US Equity Index (SOLEUS Index) concerning its conformity with the non-financial aspects of the rulebook and the due diligence of the Index composition process.



### Index set-up

*Selection universe of constituents.* The Ethical US Equity Index is composed of shares of companies belonging to the Ethibel® Excellence Register, or derived from the ESG research universe of **Vigeo Eiris**<sup>ii</sup>.

*ESG criteria.* In both cases, the constituents benefit from a Global ESG (Environmental, Social and Governance) score (i) equal to or higher than **32,16/100**, the average score of the North American perimeter, and (ii) higher than the sector average at the date of publication. The total ESG score of the selection has increased to **41,5**.

*Ethical criteria.* Constituents that do not belong to the Ethibel Register also: (i) have no significant involvement in activities related to armament, gambling, tobacco and to nuclear activities and (ii) are not involved in violations of environmental, labour or human rights standards.

*Operational modalities.* Solactive and Vigeo Eiris have agreed a script with monthly deliveries of the eligible universe and quarterly updates of the Index composition. At that occasion a review of the possible involvement of the concerned companies in disputable activities or in violations related to the ethical criteria is done. Constituents that do no longer comply with the criteria are excluded from the Index. Solactive publishes all Index updates, after audit and certification by Forum ETHIBEL.

### Certification liabilities

*Role of Forum ETHIBEL.* Forum ETHIBEL solely acts by its role as auditor and certification institute. The Ethibel label is not involved in any way in the assignment.

*Meaning and scope.* A certificate or a 'declaration of certification' is a written testimony of conformity of a product with its self-imposed rules and regulations and/or quality requirements.

*Dedication.* A Forum ETHIBEL certificate provides evidence that a financial product or instrument is in line with its non-financial criteria and processes as defined by its prospectus, rulebook, and regulations or otherwise stated specifications.

### Verification and quarterly revision

Forum ETHIBEL has executed the audit in full accordance with the contractual obligations and determinations.

This certification declaration is based on the Index composition at the Adjustment date of July 6<sup>th</sup>, 2020 and conformity has been verified against the stated principles and the involved procedures. The reader is referred to the detailed description of the level of involvement and the exclusion thresholds in annex.

All evidence provided by Vigeo Eiris on the involved screening and monitoring processes and the related internal management systems regarding thoughtfulness and quality have been checked.

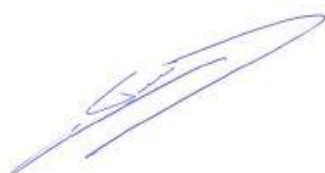
While processing the audit, our additional inquiries were answered by Vigeo Eiris.

Company name	Country Ticker	Rating Sector	ISIN
ABBVIE INC	US	Pharmaceuticals & Biotechnology	US00287Y1091
AIR PRODUCTS & CHEMICALS	US	Chemicals	US0091581068
AMGEN INC	US	Pharmaceuticals & Biotechnology	US0311621009
ARCHER-DANIELS-MIDLAND	US	Food	US0394831020
BRISTOL-MYERS SQUIBB CO	US	Pharmaceuticals & Biotechnology	US1101221083
CAMPBELL SOUP CO	US	Food	US1344291091
CARDINAL HEALTH INC	US	Health Care Equipmen	US14149Y1082
CISCO SYSTEMS INC	US	Technology-Hardware	US17275R1023
CLOROX COMPANY	US	Luxury Goods & Cosmetics	US1890541097
COCA-COLA CO/THE	US	Beverage	US1912161007
COMCAST CORP-CLASS A	US	Broadcasting & Advertising	US20030N1019
CONSOLIDATED EDISON INC	US	Electric & Gas Utilities	US2091151041
CVS HEALTH CORP	US	Specialised Retail	US1266501006
GENERAL MILLS INC	US	Food	US3703341046
GILEAD SCIENCES INC	US	Pharmaceuticals & Biotechnology	US3755581036
JM SMUCKER CO/THE	US	Food	US8326964058
JOHNSON & JOHNSON	US	Pharmaceuticals & Biotechnology	US4781601046
JUNIPER NETWORKS INC	US	Technology-Hardware	US48203R1041
KELLOGG CO	US	Food	US4878361082
KIMBERLY-CLARK CORP	US	Luxury Goods & Cosmetics	US4943681035
MAXIM INTEGRATED PRODUCTS	US	Technology-Hardware	US57772K1016
MERCK & CO. INC.	US	Pharmaceuticals & Biotechnology	US58933Y1055
OGE ENERGY CORP	US	Electric & Gas Utilities	US6708371033
PFIZER INC	US	Pharmaceuticals & Biotechnology	US7170811035
SEAGATE TECHNOLOGY PLC	US	Technology-Hardware	IE00B58JVZ52
TEXAS INSTRUMENTS INC	US	Technology-Hardware	US8825081040
UNION PACIFIC CORP	US	Transport & Logistics	US9078181081
UNITED PARCEL SERVICE-CL B	US	Transport & Logistics	US9113121068
WALGREENS BOOTS ALLIANCE	CH	Specialised Retail	US9314271084
WESTERN UN CO	US	Financial Services - General	US9598021098

## Conclusion

With reference to the Adjustment date of July 6<sup>th</sup>, 2020 and based on the above listed audit services, we declare that the **Ethical US Equity Index** has been revised as almost in full compliance with stipulations of the ESG and ethical criteria and the operational modalities, set out in the Index rulebook. Three companies, OGE Energy, Archer-Daniels-Midland and Clorox don't meet all criteria. Their ESG score is equal to its sector average whilst the regulations require a score higher than the sector average. Moreover, the ESG score of Archer-Daniels-Midland and Walgreens Boots is lower than the average score of the North American perimeter whilst the regulations require a score higher than the sector average.

Brussels, July 6<sup>th</sup> 2020  
Forum ETHIBEL asbl,



Kenny FREDERICKX,  
General director



Laura UWASE  
Research officer

<sup>i</sup> **Forum ETHIBEL** is a Belgian independent association, created in 1992 and recognized as an expert in rating, independent audits and certification of products and services that meet ESG and ethical standards ([www.forumethibel.org](http://www.forumethibel.org))

<sup>ii</sup> **Vigeo Eiris** is a leading European expert in assessing responsible performance. Founded in 2002, Vigeo Eiris measures the performance and risks regarding to six domains of corporate social responsibility: environment, human rights, human resources, community impact, market behaviour and corporate governance ([www.vigeo-eiris.com](http://www.vigeo-eiris.com))

## ADDITIONAL RESEARCH ON CONTROVERSIAL ACTIVITIES AND COMPLIANCE TO ENVIRONMENTAL, HUMAN RIGHTS AND LABOUR STANDARDS

The **Ethical US Equity Index** will not include stocks of companies:

1. Having a major involvement in the following activities:
  - A. Armament,
  - B. Gambling,
  - C. Tobacco,
  - D. Nuclear.
2. Or not complying with:
  - E. The fundamental ILO convention,
  - F. The fundamental conventions of the UN about human rights.
3. Or having a major involvement in:
  - G. Environmental controversies, allegations or convictions.

A more detailed description of the level of involvement and the exclusion thresholds (based on turnover) are detailed below. Vigeo Eiris has recently modified its methodology from disputable activities to controversial activities screening (CAS). The CAS sub-categories are not exactly the same as the disputable activities. Therefore, Solactive and Vigeo Eiris compared both the old and new sub-categories to determine the best matching CAS sub-categories.

### A. ARMAMENT

Sub-category	Description	Major Involvement
<b>Controversial weapons</b>	Involvement in the development, production, maintenance, use, distribution, storage, transportation or trade of controversial weapons: anti-personnel landmines, cluster munitions, biological, nuclear, chemical, blinding laser, incendiary, and undetectable fragments weapons. This also covers arms that are not yet regulated by international treaties, but that are subject to stakeholder campaigns and discussions in international institutions regarding possible future regulation (e.g. depleted uranium weapons and white phosphorus weapons).	Always
<b>Financing of controversial weapons</b>	Major shareholders ( $\geq 3\%$ ) of any company involved in cluster munitions or anti-personnel landmines.	Always
<b>Conventional weapons</b>	Proportion of turnover derived from the production of conventional weapons. These are any weapons that are not controversial.	$>0\%$
<b>Key parts or services for weapons</b>	Proportion of turnover derived from the production of key parts or services for conventional weapons. Key parts include subsystems of the whole weapon system, as well as end products that are essential to weapon systems (e.g. combat equipment). Key services include services that are essential to weapon systems and combat (e.g. communications services and flight simulation training).	$\geq 10\%$
<b>Production or sale of civilian firearms</b>	Proportion of turnover derived from the manufacture or sale of civilian firearms or related products. - Civilian firearms: firearms and associated products destined for use by civilians (hunting, sporting, self-defence etc.) and not primarily by government users (e.g. armed forces, law enforcement agencies or other state-authorized bodies).	$>0\%$ <b>If Type of civilian firearms</b> (see below) = "Firearms or ammunition" or "Semi-automatic weapons"  $\geq 10\%$ <b>If Type of civilian firearms</b> = "Key parts"
<b>Production of civilian firearms</b>	Proportion of turnover derived from the manufacture of civilian firearms or related products only.	$>0\%$ <b>If Type of civilian firearms</b> (see below)

		<p>=</p> <p>"Firearms or ammunition" or "Semi-automatic weapons"</p> <p>≥10%</p> <p><b>If</b> <i>Type of civilian firearms</i></p> <p>=</p> <p>"Key parts"</p>
<b>Type of civilian firearms</b>	<p>Type of civilian firearms or firearms-related products produced or sold (Firearms or ammunition/Semi-automatic weapons/Key parts/General parts).</p> <ul style="list-style-type: none"> <li>- Firearms or ammunition.</li> <li>- Semi-automatic weapons: weapons that can fire in semi-automatic mode and that present aggressive designs that make them look like assault rifles.</li> <li>- Key parts: barrels, optics, stocks, cartridge casings, gun-powders, etc.</li> <li>- General parts: materials, gun cases, locks and safes, cleaning kits and oils, etc.</li> </ul>	See above

## B. GAMBLING

Sub-category	Description	Major Involvement
<b>Gambling products &amp; services</b>	<p>Proportion of turnover derived from gambling operations or products:</p> <ul style="list-style-type: none"> <li>- Gambling operations: betting shops, horse and greyhound tracks, licensed bingo halls, casinos, gaming clubs and football pools, online gambling / betting services.</li> <li>- Gambling products: manufacture or supply of gaming or amusement-with-prizes machines, manufacture of parts of gaming machines, supply of IT products specifically designed for use in gambling products, payment solutions for online gambling.</li> </ul>	<p>≥10%</p> <p><b>If</b> <i>Gambling operations</i> (see below)</p> <p>=0%</p>
<b>Gambling operations</b>	Proportion of turnover derived from gambling operations only.	>0%

## C. TOBACCO

Sub-category	Description	Major Involvement
<b>Production or distribution of tobacco</b>	<p>Proportion of turnover derived from the production or distribution of tobacco.</p> <ul style="list-style-type: none"> <li>- Production of tobacco: ownership of tobacco plantations and the manufacture of tobacco products, including revenues from the sale of own products.</li> <li>- Distribution of tobacco: wholesaling and retail of tobacco products manufactured by other companies.</li> </ul>	<p>≥10%</p> <p><b>If</b> <i>Production of tobacco</i> (see below)</p> <p>=0%</p>
<b>Production of tobacco</b>	Proportion of turnover derived from the production of tobacco only.	>0%

## D. NUCLEAR

Sub-category	Description	Major Involvement
<b>Turnover from nuclear power</b>	Proportion of turnover derived from nuclear power generation and sale, nuclear parts or services, or uranium mining.	<p>≥5%</p> <p><b>If</b> it concerns <i>Nuclear power generation</i></p> <p><b>AND/OR</b></p> <p>≥10%</p> <p><b>If</b> it concerns <i>Nuclear power sale</i></p> <p><b>AND/OR</b></p> <p>≥10%</p> <p><b>If</b> it concerns</p>

		<i>Major nuclear parts and services</i>
<b>Nuclear power generation and sale</b>	Type of involvement in nuclear power (Generation/Sales). - Generation: Companies that own or operate nuclear power stations. - Sales: Companies that sell electricity generated in nuclear power plants owned or operated by third parties, i.e. companies purchasing nuclear-generated electricity for resale to their own clients.	See above
<b>Nuclear parts and services</b>	Type of products or services provided to the nuclear industry (Major nuclear parts and services/Minor nuclear parts and services/Conventional parts and services). - Major nuclear parts and services: nuclear power reactors, nuclear fuels, control rooms, waste storage.	See above
<b>Uranium mining</b>	Owning or operating uranium mines.	> 0%

#### **E. NON-RESPECT OF ILO CONVENTIONS**

Companies must comply with the following fundamental ILO conventions ([www.ilo.org](http://www.ilo.org)):

- 29 Forced Labour Convention, 1930
- 87 Freedom of Association and Protection of the Right to Organise Convention, 1948
- 98 Right to Organise and Collective Bargaining Convention, 1949
- 100 Equal Remuneration Convention, 1951
- 105 Abolition of Forced Labour Convention, 1957
- 111 Discrimination (Employment and Occupation) Convention, 1958
- 138 Minimum Age Convention, 1973
- 182 Worst Forms of Child Labour Convention, 1999

#### **F. NON-RESPECT OF CONVENTIONS ON HUMAN RIGHTS**

Companies must comply with the International Bill of Human Rights. This IBHR consists of the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, and the International Covenant on Civil and Political Rights and its two Optional Protocols. There are 9 core international human rights treaties. Each of these has established a committee of experts to monitor implementation of the treaty provisions by its States parties. Some of the treaties are supplemented by optional protocols dealing with specific concerns.

- International Convention on the Elimination of All Forms of Racial Discrimination (1965)
- International Covenant on Civil and Political Rights (1966)
- International Covenant on Economic, Social and Cultural Rights (1966)
- Convention on the Elimination of All Forms of Discrimination against Women (1979)
- Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (1984)
- Convention on the Rights of the Child (1989). International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (1990)
- International Convention for the Protection of All Persons from Enforced Disappearance (not yet in force)
- Convention on the Rights of Persons with Disabilities (not yet in force)

#### **G. MAJOR INVOLVEMENT IN ENVIRONMENTAL CONTROVERSIES, ALLEGATIONS, CONVICTIONS**

Companies which are the subject of serious environmental controversies or accusations or convictions are excluded. Elements that affect the qualification 'serious' are: the scope of the impact; the frequency of accidents; transparency; corrective measures and compensations; cooperation with the authorities, local communities and the victims; adjustments on the level of environmental management systems.