

EXPLANATION OF HOW KEY ELEMENTS OF THE BENCHMARK METHODOLOGY REFLECT ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) FACTORS

nx-25 (Natur-Aktien-Index)



This document provides an explanation of how the key elements of the benchmark methodology reflect ESG factors. It is compiled in accordance with the requirements of point (d) of Article 13 (1) of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 (the "Benchmarks Regulation") and of the Commission Delegated Regulation (EU) 2020/1817.

General Information

Name of the benchmark administrator	Solactive AG
Type of benchmark or family of benchmarks	Equity
Name of the benchmark or family of benchmarks	nx-25 (Natur-Aktien-Index)
Does the benchmark methodology for the benchmark or family of benchmarks take into account ESG factors?	Yes

ESG Factors Applied in the Benchmark Methodology

List of environmental factors considered	<ul style="list-style-type: none">> Securities of companies fulfilling more than one of the following criteria are eligible for inclusion in the Index Universe: offer products or services that substantially contribute to finding sustainable solutions to environmental and social problems; be a product design leader in their industry; be a leader in their field concerning sustainable management practices of environmental/social impacts and natural resources, which exceeds government regulations; are publishing statistics on health and environment issues such as energy use, water consumption, waste production, emissions and accidents.> Securities of companies that are involved in the following sectors and/or activities are excluded from the Index universe. To clarify, companies with any activity in one of the defined criteria below are excluded. Furthermore, securities of companies that are substantial shareholders of the companies fulfilling any of the exclusion criteria below are excluded: produce and/or market nuclear energy or technology; build and/or market firearms or any other kind of weapons or mines; discriminate against women, social or ethnic minorities; produce goods using child or forced labour or receive goods from suppliers who use such labour; do or support animal testing, except if they are mandatory and prescribed by legal regulations (environmental protection, chemical testing, medicine); release genetically altered plants, animal or bacteria types, or produce genetically altered agrarian products or materials for food production; produce or use products, or promote means of production that are particularly dangerous to health and environment, such as tobacco, pesticides, fossil fuels; promote behaviour in their core business which is dangerous to health and environment; violate valid legal regulations and corporate governance standards continuously or repeatedly> If a current Index Component is found to have a serious violation of one of the negative criteria detailed above (this event is also triggered when an Index Component takes over a company fulfilling one of the negative criteria), the current Index Member is removed from the Index.> If a current Index Component is found to have changes/extensions of the
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business segment, whereby the Index Component no longer meets the positive criteria detailed in section 2.1 under positive criteria, the current Index Member is removed from the Index.

- > Upon removal of the current Index Component from the Index, a security from the Index Universe is determined as a replacement. This security will replace the removed Index Component and hence become an Index Component. The replacement security will be assigned the weight of the removed Index Component. The replacement security is selected from the Index Universe by the Selection Party based on recommendations from the Advisory Committee. The analysis is based on the regional weights in the Index and the sector classification of the existing Index Components, as well as ESG criteria defined under the exclusion and inclusion criteria. The scope and informative value of sustainability reports of the companies and other publicly available sources are essential for the decision. The weightings of the three ESG dimensions environmental, social and governance may vary, depending on the industry. Generally, no two companies from the same sector shall be included in the Index. The final decision which Index Component is removed from the Index and which new Index Component potentially involves the exercise of discretion by the Advisory Committee.
- > In case of the occurrence of one or more of the positive events described below, a new Index Component is added: 1) A company in the Index Universe is classified in a sector not yet represented in the current Index Components which contribute to sustainable development. The evaluation is performed by the Selection Party based on recommendations from the Advisory Committee. 2) A major shift in regional weightings across all listed Developed Market Large & Mid Cap companies is observed between Selection Days. The evaluation is performed by the Selection Party based on recommendations from the Advisory Committee. A new Index Component is added to the Index and a current Index Component is removed. The identification of the Index Component that will be removed is performed by the Selection Party based on recommendations from the Advisory Committee. The analysis is based on the regional weights in the Index and the sector classification of the existing Index Components, as well as ESG criteria defined under the exclusion and inclusion criteria listed above. The scope and informative value of sustainability reports of the companies and other publicly available sources are essential for the decision. The weightings of the three ESG dimensions environmental, social and governance may vary, depending on the industry. Generally, no two companies from the same sector shall be included in the Index. The final decision which Index Component is removed from the Index and which new Index Component potentially involves the exercise of discretion by the Advisory Committee.

List of social factors considered

- > Securities of companies fulfilling more than one of the following criteria are eligible for inclusion in the Index Universe: offer products or services that substantially contribute to finding sustainable solutions to environmental and social problems; be a product design leader in their industry; be a leader in their field concerning sustainable management practices of environmental/social impacts and natural resources, which exceeds government regulations; are publishing statistics on health and environment issues such as energy use, water consumption, waste production, emis-



sions and accidents.

- > Securities of companies that are involved in the following sectors and/or activities are excluded from the Index universe. To clarify, companies with any activity in one of the defined criteria below are excluded. Furthermore, securities of companies that are substantial shareholders of the companies fulfilling any of the exclusion criteria below are excluded: produce and/or market nuclear energy or technology; build and/or market firearms or any other kind of weapons or mines; discriminate against women, social or ethnic minorities; produce goods using child or forced labour or receive goods from suppliers who use such labour; do or support animal testing, except if they are mandatory and prescribed by legal regulations (environmental protection, chemical testing, medicine); release genetically altered plants, animal or bacteria types, or produce genetically altered agrarian products or materials for food production; produce or use products, or promote means of production that are particularly dangerous to health and environment, such as tobacco, pesticides, fossil fuels; promote behaviour in their core business which is dangerous to health and environment; violate valid legal regulations and corporate governance standards continuously or repeatedly
- > If a current Index Component is found to have a serious violation of one of the negative criteria detailed above (this event is also triggered when an Index Component takes over a company fulfilling one of the negative criteria), the current Index Member is removed from the Index.
- > If a current Index Component is found to have changes/extensions of the business segment, whereby the Index Component no longer meets the positive criteria detailed in section 2.1 under positive criteria, the current Index Member is removed from the Index.
- > Upon removal of the current Index Component from the Index, a security from the Index Universe is determined as a replacement. This security will replace the removed Index Component and hence become an Index Component. The replacement security will be assigned the weight of the removed Index Component. The replacement security is selected from the Index Universe by the Selection Party based on recommendations from the Advisory Committee. The analysis is based on the regional weights in the Index and the sector classification of the existing Index Components, as well as ESG criteria defined under the exclusion and inclusion criteria. The scope and informative value of sustainability reports of the companies and other publicly available sources are essential for the decision. The weightings of the three ESG dimensions environmental, social and governance may vary, depending on the industry. Generally, no two companies from the same sector shall be included in the Index. The final decision which Index Component is removed from the Index and which new Index Component potentially involves the exercise of discretion by the Advisory Committee.
- > In case of the occurrence of one or more of the positive events described below, a new Index Component is added: 1) A company in the Index Universe is classified in a sector not yet represented in the current Index Components which contribute to sustainable development. The evaluation is performed by the Selection Party based on recommendations from the Advisory Committee. 2) A major shift in regional weightings across all



listed Developed Market Large & Mid Cap companies is observed between Selection Days. The evaluation is performed by the Selection Party based on recommendations from the Advisory Committee. A new Index Component is added to the Index and a current Index Component is removed. The identification of the Index Component that will be removed is performed by the Selection Party based on recommendations from the Advisory Committee. The analysis is based on the regional weights in the Index and the sector classification of the existing Index Components, as well as ESG criteria defined under the exclusion and inclusion criteria listed above. The scope and informative value of sustainability reports of the companies and other publicly available sources are essential for the decision. The weightings of the three ESG dimensions environmental, social and governance may vary, depending on the industry. Generally, no two companies from the same sector shall be included in the Index. The final decision which Index Component is removed from the Index and which new Index Component potentially involves the exercise of discretion by the Advisory Committee.

List of governance factors considered

- > Securities of companies fulfilling more than one of the following criteria are eligible for inclusion in the Index Universe: offer products or services that substantially contribute to finding sustainable solutions to environmental and social problems; be a product design leader in their industry; be a leader in their field concerning sustainable management practices of environmental/social impacts and natural resources, which exceeds government regulations; are publishing statistics on health and environment issues such as energy use, water consumption, waste production, emissions and accidents.
- > Securities of companies that are involved in the following sectors and/or activities are excluded from the Index universe. To clarify, companies with any activity in one of the defined criteria below are excluded. Furthermore, securities of companies that are substantial shareholders of the companies fulfilling any of the exclusion criteria below are excluded: produce and/or market nuclear energy or technology; build and/or market firearms or any other kind of weapons or mines; discriminate against women, social or ethnic minorities; produce goods using child or forced labour or receive goods from suppliers who use such labour; do or support animal testing, except if they are mandatory and prescribed by legal regulations (environmental protection, chemical testing, medicine); release genetically altered plants, animal or bacteria types, or produce genetically altered agrarian products or materials for food production; produce or use products, or promote means of production that are particularly dangerous to health and environment, such as tobacco, pesticides, fossil fuels; promote behaviour in their core business which is dangerous to health and environment; violate valid legal regulations and corporate governance standards continuously or repeatedly
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- > If a current Index Component is found to have changes/extensions of the business segment, whereby the Index Component no longer meets the



positive criteria detailed in section 2.1 under positive criteria, the current Index Member is removed from the Index.

- > Upon removal of the current Index Component from the Index, a security from the Index Universe is determined as a replacement. This security will replace the removed Index Component and hence become an Index Component. The replacement security will be assigned the weight of the removed Index Component. The replacement security is selected from the Index Universe by the Selection Party based on recommendations from the Advisory Committee. The analysis is based on the regional weights in the Index and the sector classification of the existing Index Components, as well as ESG criteria defined under the exclusion and inclusion criteria. The scope and informative value of sustainability reports of the companies and other publicly available sources are essential for the decision. The weightings of the three ESG dimensions environmental, social and governance may vary, depending on the industry. Generally, no two companies from the same sector shall be included in the Index. The final decision which Index Component is removed from the Index and which new Index Component potentially involves the exercise of discretion by the Advisory Committee.
- > In case of the occurrence of one or more of the positive events described below, a new Index Component is added: 1) A company in the Index Universe is classified in a sector not yet represented in the current Index Components which contribute to sustainable development. The evaluation is performed by the Selection Party based on recommendations from the Advisory Committee. 2) A major shift in regional weightings across all listed Developed Market Large & Mid Cap companies is observed between Selection Days. The evaluation is performed by the Selection Party based on recommendations from the Advisory Committee. A new Index Component is added to the Index and a current Index Component is removed. The identification of the Index Component that will be removed is performed by the Selection Party based on recommendations from the Advisory Committee. The analysis is based on the regional weights in the Index and the sector classification of the existing Index Components, as well as ESG criteria defined under the exclusion and inclusion criteria listed above. The scope and informative value of sustainability reports of the companies and other publicly available sources are essential for the decision. The weightings of the three ESG dimensions environmental, social and governance may vary, depending on the industry. Generally, no two companies from the same sector shall be included in the Index. The final decision which Index Component is removed from the Index and which new Index Component potentially involves the exercise of discretion by the Advisory Committee.

Data and Standards used

Data Input

The data used to construct the index is sourced externally from Media OekoInvest AG.



Verification and quality of data	The provider of ESG-related data input is selected by the Administrator based on an assessment of its existing processes in order to ensure the reliability and representativeness of the ESG-related data. The data provider has established processes in accordance with accepted and established market standards that ensure the permanent quality and reliability of the ESG-data provided.
Reference standards	International standards referenced by the index methodology are listed in the respective section above.
Information updated on	01/07/2022
Reason for update:	Initial creation of the ESG Reorting.

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