

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

Solactive Paris Aligned Global Corporate High Yield GBP 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	Fixed Income – Corporate
Name of the benchmark or family of benchmarks	Solactive Paris Aligned Global Corporate High Yield GBP 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">> Exclusion of companies with verified failure to respect established norms such as the United Nations Global Compact (UNGC) principles, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, or UN Guiding Principles for Business and Human Rights.> Exclusion of companies generating revenues (in proportion to their total revenues) >1% from coal mining and coal power generation.> Exclusion of companies generating revenues (in proportion to their total revenues) >10% from fossil fuel production, exploration, distribution and services.> Exclusion of companies generating revenues (in proportion to their total revenues) >50% from electric power generation from fossil fuel sources.> Exclusion of companies with significant negative impact on one of the following sustainable development goals (SDGs): Sustainable Development Goal 12: Responsible Consumption and Production, Sustainable Development Goal 13: Climate Action, Sustainable Development Goal 14: Life Below Water, Sustainable Development Goal 15: Life on Land.> At least 50% reduction in carbon emissions (based on Scope 1, 2, and 3 emissions) compared to the investable universe.> At least 7% reduction per year in carbon emissions (based on Scope 1, 2, and 3 emissions).> At least 50% reduction in carbon intensity (based on Scope 1, 2, and 3 emissions and book values of equity and debt) compared to the investable universe.> At least 7% reduction per year in carbon intensity (based on Scope 1, 2, and 3 emissions and book values of equity and debt).
List of social factors considered	<ul style="list-style-type: none">> Exclusion of companies generating revenues (in proportion to their total revenues) >0% from tobacco cultivation and production.



	<ul style="list-style-type: none">> Exclusion of companies with verified or alleged ongoing involvement in the area of controversial weapons.> Exclusion of companies with verified failure to respect established norms such as the United Nations Global Compact (UNGC) principles, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, or UN Guiding Principles for Business and Human Rights.
List of governance factors considered	<ul style="list-style-type: none">> Exclusion of companies with verified failure to respect established norms such as the United Nations Global Compact (UNGC) principles, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, or UN Guiding Principles for Business and Human Rights.

Data and Standards used

Data Input	The data used to construct the index is sourced externally from Institutional Shareholder Services Inc.
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	23/02/2024
Reason for update:	Update of the achieved decarbonization trajectory in 8.2 b)

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