

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

Solactive Global Bond ESG Climate 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 – Mixed
Name of the benchmark or family of benchmarks	Solactive Global Bond ESG Climate 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"> > At least 20% reduction in carbon emissions (based on Scope 1, and 2 emissions) compared to the investable sovereign universe. > A reduction of carbon intensity (based on scope 1 and 2 emissions) compared to investable universe is achieved (10% reduction for Sovereign bonds, 50% reduction for Corporate bond, 0% for the rest of the universe). Corporate Carbon intensity is expressed as the issuer's total carbon emissions per million USD of revenue as a proxy of the carbon efficiency per unit of output. > At least 10% reduction in the Carbon Trend Score compared to investable sovereign universe. The carbon Trend Score is the Average of the last three Rolling Carbon Intensity (based on the average of the last two-year Carbon Intensity). > At least 10% reduction in the carbon transition score compared to investable corporate universe. The carbon transition score factor that provides a numeric score from 0 to 100 for the rated entity's overall carbon risk. > Exclusions based on controversies (sectors, weapons) are applied to the universe. > For corporate bonds the weights are adjusted in a way to maximize the respective ESG Score.
List of social factors considered	<ul style="list-style-type: none"> > For corporate bonds the weights are adjusted in a way to maximize the respective ESG Score.
List of governance factors considered	<ul style="list-style-type: none"> > For sovereigns the weights are adjusted in a way to maximize the achievable government related metrics (Governance & Fiscal Indicators). > For corporate bonds the weights are adjusted in a way to maximize the respective ESG Score.



Data and Standards used

Data Input	The data used to construct the index is sourced externally from Institutional Shareholder Services Inc, Northern Trust and EDGAR (Electronic Data Gathering, Analysis).
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
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CONTACT

Solactive AG
German Index Engineering
Platz der Einheit 1
60327 Frankfurt am Main
Germany

Tel.: +49 (0) 69 719 160 00
Fax: +49 (0) 69 719 160 25
Email: info@solactive.com
Website: www.solactive.com