

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

Solactive BBVA ixS Global Inclusive Growth EUR Index NTR



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

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| <b>Name of the benchmark administrator</b>   | Solactive AG   |
| <b>Type of benchmark or family of benchmarks</b>   | Equity   |
| <b>Name of the benchmark or family of benchmarks</b>   | Solactive BBVA iXS Global Inclusive Growth EUR Index NTR |
| <b>Does the benchmark methodology for the benchmark or family of benchmarks take into account ESG factors?</b> | Yes  |

## ESG Factors Applied in the Benchmark Methodology

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| <b>List of environmental factors considered</b> | <ul style="list-style-type: none"><li>&gt; Exclusion of companies with fragmentary information on, verified failure, alleged failure, or imminent failure to respect established international norms. The core normative framework consists of the Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights</li><li>&gt; Exclusion of companies generating revenues (in proportion to their total revenues) &gt;10% from nuclear power generation (threshold decreases to 5% by 2030 and 0% by 2035)</li><li>&gt; Exclusion of companies generating revenues (in proportion to their total revenues) &gt;25% from thermal coal power generation (threshold decreases to 10% by 2030 and 0% by 2035)</li><li>&gt; Exclusion of companies generating revenues (in proportion to their total revenues) &gt;0% from coal mining</li><li>&gt; Exclusion of companies generating revenues (in proportion to their total revenues) &gt;5% from involvement in hydraulic fracturing and the extraction of oil sands or have any involvement in deepwater drilling</li><li>&gt; Exclusion of oil and gas energy companies generating revenues (in proportion to their total revenues) &lt;25% from renewable energies</li></ul> |
| <b>List of social factors considered</b>        | <ul style="list-style-type: none"><li>&gt; Exclusion of companies with fragmentary information on, verified failure, alleged failure, or imminent failure to respect established international norms. The core normative framework consists of the Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights</li><li>&gt; Exclusion of companies with verified ongoing involvement in the area of controversial weapons (including chemical, biological and nuclear weapons (both under and outside the Treaty on the Non-Proliferation of Nuclear Weapons), depleted uranium munitions, cluster munitions, and anti-personnel mines)</li><li>&gt; Exclusion of companies generating revenues (in proportion to their total</li></ul>   |



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|  | <p>revenues) &gt;0% from production/cultivation or &gt;5% from distribution/services in the area of civilian firearms</p> <ul style="list-style-type: none"> <li>&gt; Exclusion of companies generating revenues (in proportion to their total revenues) &gt;0% from production or &gt;5% from distribution in the area of pornography</li> <li>&gt; Exclusion of companies generating revenues (in proportion to their total revenues) &gt;0% from production/cultivation or &gt;5% from distribution/services in the area of tobacco</li> <li>&gt; Exclusion of companies generating revenues (in proportion to their total revenues) &gt;0% from production or &gt;5% from distribution/services in the area of gambling</li> <li>&gt; Exclusion of companies with significant negative impact on one of the following social sustainable development goals (SDGs): Sustainable Development Goal 1: No Poverty, Goal 2: Zero Hunger, Goal 3: Good Health And Wellbeing, Goal 4: Quality Education, Goal 5: Gender Equality, Goal 6: Clean Water And Sanitation, Goal 7: Affordable And Clean Energy, Goal 8: Decent Work And Economic Growth, Goal 9: Industry, Innovation, and Infrastructure, Goal 10: Reduced Inequalities, Goal 11: Sustainable Cities And Communities. For Goal 8: Decent Work And Economic Growth, any negative impact leads to exclusion.</li> <li>&gt; Overweight of companies according to their overall social SDG score</li> </ul> |
| <b>List of governance factors considered</b> | <ul style="list-style-type: none"> <li>&gt; Exclusion of companies with fragmentary information on, verified failure, alleged failure, or imminent failure to respect established international norms. The core normative framework consists of the Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights</li> </ul>  |

## Data and Standards used

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| <b>Data Input</b>                       | The data used to construct the index is sourced externally from Institutional Shareholder Services Inc.  |
| <b>Verification and quality of data</b> | 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. |
| <b>Reference standards</b>              | International standards referenced by the index methodology are listed in the respective section above.  |
| <b>Information updated on</b>           | 23/02/2024   |
| <b>Reason for update:</b>               | Index launch   |

# 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](mailto:info@solactive.com)  
Website: [www.solactive.com](http://www.solactive.com)

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