

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

RAFI Fundamental Developed Custom Reduced Carbon  
Pathway 3.0% NTR 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

<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>	RAFI Fundamental Developed Custom Reduced Carbon Pathway 3.0% NTR Index
<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

<b>List of environmental factors considered</b>	<ul style="list-style-type: none"> <li>&gt; Calculation of Individual, Baseline, and Index Carbon Intensity</li> <li>&gt; Beginning with the 12/17/2021 rebalance, carbon intensity is reduced each quarterly rebalance according to the reduction rate outlined below, If the target carbon intensity is higher than the related RAFI Fundamental Index strategy, the target carbon intensity is reset to the same level as the related RAFI Fundamental Index strategy.</li> <li>&gt; RAFI Fundamental Global Reduced Carbon Pathway 3.5% Index - 0.89% (approximately 3.5% per year)</li> <li>&gt; RAFI Fundamental Developed Custom Reduced Carbon Pathway 3.0% Index - 0.76% (approximately 3.0% per year)</li> <li>&gt; RAFI Fundamental Emerging Markets Custom Reduced Carbon Pathway 3.0% Index - 0.76% (approximately 3.0% per year)</li> <li>&gt; If the Index carbon intensity is higher than the target carbon intensity as defined in Section 3.2, a tilt toward lower carbon intensity companies is applied.</li> </ul>
<b>List of social factors considered</b>	> Not applicable.
<b>List of governance factors considered</b>	> Not applicable.

## Data and Standards used

<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 Index Owner (RAFI Indices) and approved by the Index Administrator (Solactive AG) 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>	Initial creation of the ESG report.

# 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)

© Solactive AG