

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

Solactive ISS ESG Future of Plastic Enhanced USD Index 5% AR



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>	Solactive ISS ESG Future of Plastic Enhanced USD Index 5% AR
<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; Exclusion of companies with verified ongoing failure to respect established international norms. The core normative framework consists of the Principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises.</li><li>&gt; Exclusion of companies generating revenues (in proportion to their total revenues) &gt;30% from Oil &amp; Gas or companies within the Oil &amp; Gas sector that do not generate revenues &gt;40% from Gas or Renewable Energies</li><li>&gt; Exclusion of companies generating revenues from the production or exploration of oil sands, arctic drilling, deep water drilling or hydraulic fracturing.</li><li>&gt; Exclusion of companies generating revenues (in proportion to their total revenues) &gt;30% from Nuclear Power</li><li>&gt; Exclusion of Electricity producing companies with a Carbon Intensity <math>\geq</math> 315g CO<sub>2</sub>/kWh</li><li>&gt; Exclusion of companies involved in products or services regarding Plastic, polymers, microbeads or cigarette with a substantial negative impact on the Environmental Objective of preserving marine ecosystems</li><li>&gt; Securities in the Index are selected based on a Plastic Waste Solutions Score, which is calculated combining plastics-related corporate rating factors and a score for sustainable revenues:<ul style="list-style-type: none"><li>a.\tCorporate Score: Companies are graded along multiple dimensions of plastics related topics. These dimensions are split into high materiality dimensions and medium materiality dimensions. High materiality: 1.\tStrategy to increase the share of bioplastics 2.\tStrategy on the prevention of marine microplastic 3.\tClosed loop recycling of textile waste 4.\tControversies relating to the reduction of waste across the product lifecycle 5.\tPercentage of petroleum based recycled fibres Medium materiality: 1.\tWaste collected for recycling and reuse 2.\tExtension of useful product life 3.\tMeasures to reduce the impact of packaging 4.\tPercentage of recycled materials 5.\tTake back and</li></ul></li></ul>
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recycling of products 6.\tRecycling of waste components 7.\tProduct life-cycle 8.\tMeasures to enhance useful product life 9.\tFacilitation of take back and recycling The average grade of the high materiality dimensions and the medium materiality dimensions is calculated separately and then combined to the aggregate Corporate Score. Here, 80% weight is placed on the average high materiality grade and 20% on the medium materiality grade. b.\tSustainable Revenues Score: For each company, the percentage value of its products and services revenue with a contributing positive impact on the achievement of the objective "optimizing material use" is measured. Only products and services with a link to plastic or polymers and relating to recycling, reusability, packaging and refilling are considered. The Plastic Waste Solutions Score is calculated by combining the Corporate Score (10%) and the Sustainable Revenues Score (90%). Companies for which the score calculation is not possible due to missing or incomplete information, as well as companies receiving a score of 0, are removed.

<p><b>List of social factors considered</b></p>	<ul style="list-style-type: none"> <li>&gt; Exclusion of companies with verified ongoing 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 from services and production in the sector of military equipment.</li> <li>&gt; Exclusion of companies generating revenues (in proportion to their total revenues) &gt;10% in the sector of gambling.</li> <li>&gt; Exclusion of companies generating revenues (in proportion to their total revenues) &gt;10% from services or &gt;0% from production in the sector of tobacco.</li> </ul>
<p><b>List of governance factors considered</b></p>	<ul style="list-style-type: none"> <li>&gt; Exclusion of companies with verified ongoing 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

<p><b>Data Input</b></p>	<p>The data used to construct the index is sourced externally from Institutional Shareholder Services Inc.</p>
<p><b>Verification and quality of data</b></p>	<p>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.</p>



<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 document creation.

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