

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

Solactive Osmosis Resource Efficient Core Equity Ex-Fossil  
Fuels 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

<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 Osmosis Resource Efficient Core Equity Ex-Fossil Fuels 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

<b>List of environmental factors considered</b>	<ul style="list-style-type: none"><li>&gt; Exclusion of companies with any ties to thermal coal or oil sands usage (ex-utilities sector; Companies in the utility sector with revenues from oil &amp; gas (ex-petrochemical) greater than 5% of total revenues but that have greater than 50% energy generation from renewable sources (such as hydroelectric and solar/wind) are not excluded if they have a positive Resource Efficiency Score) or revenues from oil and gas (ex-petrochemical) greater than 5% of total revenues\n</li><li>&gt; Exclusion of companies found to be in breach of any of the UN Global Compact Principles</li><li>&gt; Exclusion of companies generating revenues from the production or exploration of oil sands.</li><li>&gt; Each Index Component is assigned a weight according to the following methodology: The Osmosis Resource Efficiency Factor is a proprietary, fundamental research model which standardises disclosed environmental data to a proprietary economic framework. The sector relative framework allows for direct company comparison as an objective measure of sustainability. The Model of Resource Efficiency (MoRE) analyses the disclosing universe of public companies, i.e. the World's largest public companies that disclose sufficiently on their energy consumption, waste creation and water consumption. This data is checked for completeness and accuracy, standardised and then entered into the MoRE database, becoming part of the disclosing universe. Companies which disclose sufficiently on two of the following three metrics: Greenhouse Gas (GHG) Equivalent Emissions, water consumption and waste generation will be scored based on their use of resources relative to economic output. The three factor scores are normalised within sectors and then equally weighted to arrive at a single, comparable Resource Efficiency Score for each company in the disclosing universe. The Resource Efficiency Factor Scores are analysed within their sector and re-calculated in respect of each company upon publication of its newly released environmental data in the form of annual financial reports. A company that either does not disclose sufficiently on two of the three resource consumption factors (energy, water and waste)</li></ul>
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	<p>or is within the financial &amp; REITs sector receives a zero score. The Index weightings are then calculated based on the Resource Efficiency scores of individual companies, within their specific sectors, in order to maximise exposure to Resource Efficiency within each sector, while maintaining diverse sectoral, regional and style factor exposure, in particular compared to the Index Universe. The resulting active risk of the portfolio can therefore be explained through the combination of fossil fuel exclusion and positive resource efficiency exposure.</p>
<b>List of social factors considered</b>	<ul style="list-style-type: none"><li>&gt; Exclusion of companies found to be in breach of any of the UN Global Compact Principles</li><li>&gt; Exclusion of companies involved in the manufacturing of tobacco products</li><li>&gt; Exclusion of companies generating revenues from nuclear &amp; controversial weapons or from civilian firearms</li><li>&gt; Exclusion of companies generating revenues from nuclear power generation greater than 5% of total revenues</li></ul>
<b>List of governance factors considered</b>	<ul style="list-style-type: none"><li>&gt; Exclusion of companies found to be in breach of any of the UN Global Compact Principles</li></ul>

## Data and Standards used

<b>Data Input</b>	The data used to construct the index is sourced externally from Osmosis Investment Management.
<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>	Initial document creation.

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