

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

Ethical Low Volatility TR 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>	Ethical Low Volatility TR 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; Only companies with a "Prime" Rating in the ISS ESG Corporate Rating are eligible for inclusion. Companies are categorized as „Prime" if they achieve or exceed the sector-specific performance requirements defined by ISS ESG based on the ESG risk exposure and impact of their respective business model and value chain (absolute best-in-class approach). Prime companies rank among the sustainability leaders in their industry.</li><li>&gt; Exclusion of companies with verified ongoing failure to respect established 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;0% from coal &amp; oil</li><li>&gt; Exclusion of companies generating revenues (in proportion to their total revenues) &gt;0% from nuclear power or uranium production or &gt;5% from the production and sale of key components for nuclear power stations</li></ul>
<b>List of social factors considered</b>	<ul style="list-style-type: none"><li>&gt; Only companies with a "Prime" Rating in the ISS ESG Corporate Rating are eligible for inclusion. Companies are categorized as „Prime" if they achieve or exceed the sector-specific performance requirements defined by ISS ESG based on the ESG risk exposure and impact of their respective business model and value chain (absolute best-in-class approach). Prime companies rank among the sustainability leaders in their industry.</li><li>&gt; Exclusion of companies with verified ongoing failure to respect established 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;0% from abortian-related services (drugs or clinics)</li><li>&gt; Exclusion of companies generating revenues (in proportion to their total revenues) &gt;5% from the production of alcohol</li><li>&gt; Exclusion of companies with a specialization in the field of embryonic research</li></ul>



	<ul style="list-style-type: none"> <li>&gt; Exclusion of companies generating revenues (in proportion to their total revenues) &gt;0% from particularly controversial forms of gambling or &gt;20% from other forms of gambling</li> <li>&gt; Exclusion of companies generating revenues (in proportion to their total revenues) &gt;0% from production in the area of GMOs</li> <li>&gt; Exclusion of companies generating revenues (in proportion to their total revenues) &gt;0% from weapons (systems) and outlawed weapons or &gt;5% from other armaments.</li> <li>&gt; Exclusion of companies generating revenues (in proportion to their total revenues) &gt;0% from the production of pornography or &gt;10% from trade/retail in the area of pornography</li> <li>&gt; Exclusion of companies generating revenues (in proportion to their total revenues) &gt;5% from tobacco</li> </ul>
<b>List of governance factors considered</b>	<ul style="list-style-type: none"> <li>&gt; Only companies with a "Prime" Rating in the ISS ESG Corporate Rating are eligible for inclusion. Companies are categorized as „Prime“ if they achieve or exceed the sector-specific performance requirements defined by ISS ESG based on the ESG risk exposure and impact of their respective business model and value chain (absolute best-in-class approach). Prime companies rank among the sustainability leaders in their industry.</li> <li>&gt; Exclusion of companies with verified ongoing failure to respect established norms. The core normative framework consists of the Principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises.</li> </ul>

## 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 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>	03/12/2021
<b>Reason for update:</b>	Initial document creation

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