

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

Solactive Sustainable Development Goals Impact 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>	Solactive Sustainable Development Goals Impact 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; Inclusion of issuers with an overall ESG rating (« ISS-oekom Corporate rating ») equal to or higher than « Prime-2 » status, i.e. two levels below the Prime threshold defined by ISS oekom</li><li>&gt; Inclusion of companies with a contribution of <math>\geq 10\%</math> of net sales to one or more social and environmental objectives (defined by ISS-oekom Sustainability Solutions Assessment SSA based on the UN Sustainable Development Goals SDGs).</li><li>&gt; Exclusion of companies with a limited obstruction of <math>\geq 5\%</math> of net sales to one or more social and environmental objectives (defined by SSA based on SDGs).</li><li>&gt; Exclusion of companies with a significant obstruction to one or more social and environmental objectives (defined by SSA based on SDGs).</li><li>&gt; Exclusion of companies with very severe controversies in the context of the UN Global Compact Principles (i.e. human rights, labor rights, controversial environmental practices, business malpractice).</li><li>&gt; Exclusion of companies generating net sales <math>\geq 5\%</math> from production of chlorinated hydrocarbons.</li><li>&gt; Exclusion of companies generating net sales <math>\geq 30\%</math> and <math>\geq 1\%</math> of world production from the production or net sales <math>\geq 30\%</math> as processor or service provider of coal, oil, natural gas or fossil fuels (combined).</li><li>&gt; Exclusion of companies generating net sales <math>\geq 30\%</math> from total fossil fuel-related activities.</li><li>&gt; Exclusion of companies generating net sales <math>\geq 5\%</math> from hydraulic fracturing or oil sands.</li><li>&gt; Exclusion of companies generating net sales <math>\geq 5\%</math> from the production or distribution of nuclear power, uranium or key components for nuclear power stations.</li></ul>
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**List of social factors considered**

- > Inclusion of issuers with an overall ESG rating (« ISS-oekom Corporate rating ») equal to or higher than « Prime-2 » status, i.e. two levels below the Prime threshold defined by ISS oekom
- > Inclusion of companies with a contribution of  $\geq 10\%$  of net sales to one or more social and environmental objectives (defined by ISS-oekom Sustainability Solutions Assessment SSA based on the UN Sustainable Development Goals SDGs).
- > Exclusion of companies with a significant obstruction to one or more social and environmental objectives (defined by SSA based on SDGs).
- > Exclusion of companies generating net sales from the production or  $\geq 5\%$  from the distribution of alcohol (i.e. wine/beer, high-proof beverages/foodstuffs).
- > Exclusion of companies generating net sales from particularly controversial forms of gambling or  $\geq 5\%$  from other forms of gambling.
- > Exclusion of companies generating net sales  $\geq 5\%$  from the production or  $\geq 10\%$  from distribution or use of Genetically Modified Organism (GMO).
- > Exclusion of companies generating net sales from production or from distribution in the sector of military equipment (in line with UN Global Compact).
- > Exclusion of companies generating net sales  $\geq 5\%$  from the production of pesticides.
- > Exclusion of companies generating net sales from the production or  $\geq 5\%$  from the production and distribution (consolidated) or  $\geq 5\%$  from the distribution of pornography.
- > Exclusion of companies generating net sales from the production or distribution in the sector of tobacco (in line with UN Global Compact).

**List of governance factors considered**

- > Inclusion of issuers with an overall ESG rating (« ISS-oekom Corporate rating ») equal to or higher than « Prime-2 » status, i.e. two levels below the Prime threshold defined by ISS oekom

## 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>	20/05/2022
<b>Reason for update:</b>	Initial document creation

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