

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

Solactive L&G ESG North America GTR 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 L&G ESG North America GTR 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; Exclusion of companies with verified ongoing failure to respect the Principles of the UN Global Compact (at least one principle for a continuous period of 3 years).</li><li>&gt; Exclusion of companies generating a significant proportion of their revenues from the mining of bituminous / lignite coal (b/l coal) or from the development of mining sites for b/l coal or from the processing of b/l coal.</li><li>&gt; In the weighting process the "L&amp;G ESG Score" is used as a tilting mechanism, i.e. the higher the ESG Score the higher the positive tilt of the weights.</li></ul>
<b>List of social factors considered</b>	<ul style="list-style-type: none"><li>&gt; Exclusion of companies with verified ongoing failure to respect the Principles of the UN Global Compact (at least one principle for a continuous period of 3 years).</li><li>&gt; Exclusion of companies involved in the manufacture / production of controversial weapons (including cluster munitions, anti-personnel landmines, and biological and chemical weapons).</li><li>&gt; Exclusion of companies involved in production, maintenance / service, distribution or research / development of or in relation to core weapons system or components. Core Weapons systems or components are tailor-made or essential for lethal use of the weapon.</li><li>&gt; In the weighting process the "L&amp;G ESG Score" is used as a tilting mechanism, i.e. the higher the ESG Score the higher the positive tilt of the weights.</li></ul>
<b>List of governance factors considered</b>	<ul style="list-style-type: none"><li>&gt; In the weighting process the "L&amp;G ESG Score" is used as a tilting mechanism, i.e. the higher the ESG Score the higher the positive tilt of the weights.</li></ul>

## Data and Standards used

<b>Data Input</b>	The data used to construct the index is sourced externally from Legal & General Investment Management Ltd.
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<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>	21/06/2021
<b>Reason for update:</b>	Initial document creation

# 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)