

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

RAFI ESG Europe 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>	RAFI ESG Europe 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 major involvement in the coal, fossil fuels, and/or tar sands and oil shale industry.</li><li>&gt; The RAFI ESG Index Series uses five signals to determine a company's overall ESG Score: Environmental (E), Social (S), Governance (G), Diversity (D), Financial Discipline (FD)</li><li>&gt; Among other selection steps, the index excludes the bottom 10% (by adjusted fundamental weight) of companies with the lowest E, S, and G score respectively.</li></ul>
<b>List of social factors considered</b>	<ul style="list-style-type: none"><li>&gt; Exclusion of companies with major involvement in the tobacco, gambling, armament (civilian firearms and/or military) industry.</li><li>&gt; The RAFI ESG Index Series uses five signals to determine a company's overall ESG Score: Environmental (E), Social (S), Governance (G), Diversity (D), Financial Discipline (FD)</li><li>&gt; Among other selection steps, the index excludes the bottom 10% (by adjusted fundamental weight) of companies with the lowest E, S, and G score respectively.</li></ul>
<b>List of governance factors considered</b>	<ul style="list-style-type: none"><li>&gt; The RAFI ESG Index Series uses five signals to determine a company's overall ESG Score: Environmental (E), Social (S), Governance (G), Diversity (D), Financial Discipline (FD)</li><li>&gt; Among other selection steps, the index excludes the bottom 10% (by adjusted fundamental weight) of companies with the lowest Environmental, Social, and Governance score respectively.</li><li>&gt; Among other selection steps, the index excludes the bottom 10% (by adjusted fundamental weight) of companies with the lowest Diversity score.</li><li>&gt; Financial Discipline (FD) is based on financial metrics and provided by RAFI Indices.</li></ul>



- > Index constituents' fundamental weights are tilted by their respective ESG Score. A higher ESG score increases the weighting of any constituent.

## Data and Standards used

<b>Data Input</b>	The data used to construct the index is sourced externally from Institutional Shareholder Services (ISS ESG)
<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>	Update ESG data provider

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