

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

RAFI Diversity & Governance 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

Name of the benchmark administrator	Solactive AG
Type of benchmark or family of benchmarks	Equity
Name of the benchmark or family of benchmarks	RAFI Diversity & Governance Europe Index NTR
Does the benchmark methodology for the benchmark or family of benchmarks take into account ESG factors?	Yes

ESG Factors Applied in the Benchmark Methodology

List of environmental factors considered	<ul style="list-style-type: none">> Exclusion of companies with major involvement in the coal industry.
List of social factors considered	<ul style="list-style-type: none">> Exclusion of companies with major involvement in the tobacco industry.
List of governance factors considered	<ul style="list-style-type: none">> The RAFI Diversity & Governance Index Series uses four signals to determine a company's overall Diversity & Governance score: Diversity (D), Governance (G), Financial Discipline (FD), and Low Volatility (LV).> Among other selection steps, the index excludes the bottom 20% (by adjusted fundamental weight) of companies with the lowest Diversity (D) score.> Among other selection steps, the index excludes the bottom 20% of companies with the lowest Governance (G) Score> Financial Discipline (FD), and Low Volatility (LV) are based on financial metrics and provided by RAFI Indices.> Index constituents' fundamental weights are tilted by their respective Diversity & Governance score. A higher Diversity and Governance score increases the weighting of any constituent.

Data and Standards used

Data Input	The data used to construct the index is sourced externally from RAFI Indices and Vigeo Eiris.
Verification and quality of data	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.
Reference standards	International standards referenced by the index methodology are listed in the respective section above.



Information updated on	06/05/2021
Reason for update:	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
Website: www.solactive.com

© Solactive AG