

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

Solactive ESG Big Data Europe Low Volatility Index TR



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	Solactive ESG Big Data Europe Low Volatility Index TR
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 generating revenues from the extraction of fossil fuels.> Exclusion of electric utilities companies generating power from fossil fuels.> Exclusion of companies generating revenues (in proportion to their total revenues) >5% thermal coal extraction.> Exclusion of companies generating revenues (in proportion to their total revenues) >5% from non-military uranium enrichment and/or the exploitation of nuclear energy.> Exclusion of electric utilities companies generating power from nuclear sources.> Exclusion of companies with missing environmental, social, or governance data points as listed in this document.> Exclusion of the bottom 10% of companies with the lowest Global Compact Score (The S-Ray Global Compact Score quantifies the performance of companies on the principles of the United Nations Global Compact (UNGC) , excluding those in breach of Human Rights, Labour Rights, the Environment and Anti-Corruption.).> Exclusion of the bottom 60% of companies with the lowest ESG Score (The ESG Score identifies sustainable companies that are better positioned to outperform over the long term, based on the principles of financial materiality. When computing the ESG Score of a company, the algorithm will only use information that significantly helps explain future risk-adjusted performance.).
List of social factors considered	<ul style="list-style-type: none">> Exclusion of companies with any involvement in the area of controversial weapons (companies manufacturing either whole strategic parts or platforms for nuclear weapons, nuclear weapon systems, or nuclear weapon components. Companies involved in chemical and biological weapons man-



ufacturing, and suppliers involved in providing relevant products or services related to chemical and biological weapons manufacturing. Companies involved in cluster munitions manufacturing, and suppliers involved in providing relevant products or services related to cluster munitions manufacturing. Companies involved in land-mines manufacturing, and suppliers involved in providing relevant products or services related to land-mines manufacturing (including anti-personnel land-mines).

- > Exclusion of companies generating revenues (in proportion to their total revenues) >5% from defense contracting.
- > Exclusion of companies generating revenues (in proportion to their total revenues) >5% in the sector of adult entertainment.
- > Exclusion of companies generating revenues (in proportion to their total revenues) >5% from stem cells research.
- > Exclusion of companies generating revenues (in proportion to their total revenues) >5% production of or >5% from distribution of tobacco products.
- > Exclusion of companies generating revenues (in proportion to their total revenues) >5% from gambling products and/or services.
- > Exclusion of companies generating revenues (in proportion to their total revenues) >5% from production or >5% from distribution in the sector of alcohol.
- > Exclusion of companies generating revenues (in proportion to their total revenues) >5% from research and/or production of genetically modified organisms (GMOs).
- > Exclusion of the bottom 10% of companies with the lowest Global Compact Score (The S-Ray Global Compact Score quantifies the performance of companies on the principles of the United Nations Global Compact (UNGC), excluding those in breach of Human Rights, Labour Rights, the Environment and Anti-Corruption.).
- > Exclusion of the bottom 60% of companies with the lowest ESG Score (The ESG Score identifies sustainable companies that are better positioned to outperform over the long term, based on the principles of financial materiality. When computing the ESG Score of a company, the algorithm will only use information that significantly helps explain future risk-adjusted performance.).

List of governance factors considered

- > Exclusion of the bottom 10% of companies with the lowest Global Compact Score (The S-Ray Global Compact Score quantifies the performance of companies on the principles of the United Nations Global Compact (UNGC), excluding those in breach of Human Rights, Labour Rights, the Environment and Anti-Corruption.).
- > Exclusion of the bottom 60% of companies with the lowest ESG Score (The ESG Score identifies sustainable companies that are better positioned to outperform over the long term, based on the principles of financial materiality. When computing the ESG Score of a company, the algorithm will only use information that significantly helps explain future risk-adjusted performance.).



Data and Standards used

Data Input	The data used to construct the index is sourced externally from Arabesque S-Ray GmbH, UK Branch.
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	14/04/2021
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