

SOLACTIVE L&G ENHANCED ESG EX-FOSSIL FUEL INDEX

Investors today are becoming increasingly aware of the impact that strong environmental, social and governance efforts can have on a company's sustainability and financial performance. Additionally, investors are looking to achieve not only financial returns with their investments but also to create a positive impact.

The [Solactive L&G Enhanced ESG Ex-Fossil Fuel Index](#) was designed to increase exposure to companies that have reduced exposure or involvement in fossil fuels, assault weapons, UNGC violation, controversial weapon, coal extraction, tobacco production and retailing, military contracting as well as to commit to a fixed carbon emissions reduction trajectory, in order to ensure that the portfolio is in line with the carbon-neutrality by 2050 objective. The ESG impact is measured by a proprietary Legal and General ESG scoring system which includes the 34 metrics described on the second page below, while the carbon emissions reduction trajectory is based on the Carbon Intensity Score, primarily composed of company level Carbon Emission data delivered by ISS ESG.

Index Design

Starting Universe

Solactive GBS Developed Markets Large & Mid Cap Index (the "Reference Index"). The Index includes around 1600 securities.

Step 1

- > Exclude securities based on their involvement in certain controversial activities, including:
 - > Fossil Fuels (as described on page 3), Assault weapons, Military Contracting and Tobacco
 - > As well as companies on the L&G Future World Protection List, which includes: (1) companies involved in the manufacture of controversial weapons (2) persistent violators of the UN Global Compact and/or (3) pure coal mining companies

Step 2

- > All securities receive an L&G ESG score, and their market capitalization is modified such as to tilt it upwards for those names with the highest L&G ESG score and downwards for the ones with lower scores
 - > Regional sleeves are then created within the developed market by grouping the securities based on their country assignment

Step 3

- > The weights are then modified to manage concentration limits on securities
- > The following constraints are applied:
 - > Ensure that the individual weight of any security in the Index does not deviate more than 3% from its weight in the relevant regional sleeve
 - > Ensure that the sum of weights of any sector is not more than 2% greater or 3% less than its weight in the relevant regional sleeve
- > Subsequently, an optimization is applied to ensure that the Index fulfills the carbon emissions reduction trajectory as well as certain diversification constraints:
 - > Reduction of the Carbon Intensity of 50%, with an additional 7% year on year trajectory, versus the regional market capitalization weighted index
 - > Subject to individual security, sector, and regional weight deviation constraints as well as compliance with the UCITS diversification requirements

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ESG factors that comprise the L&G ESG scores

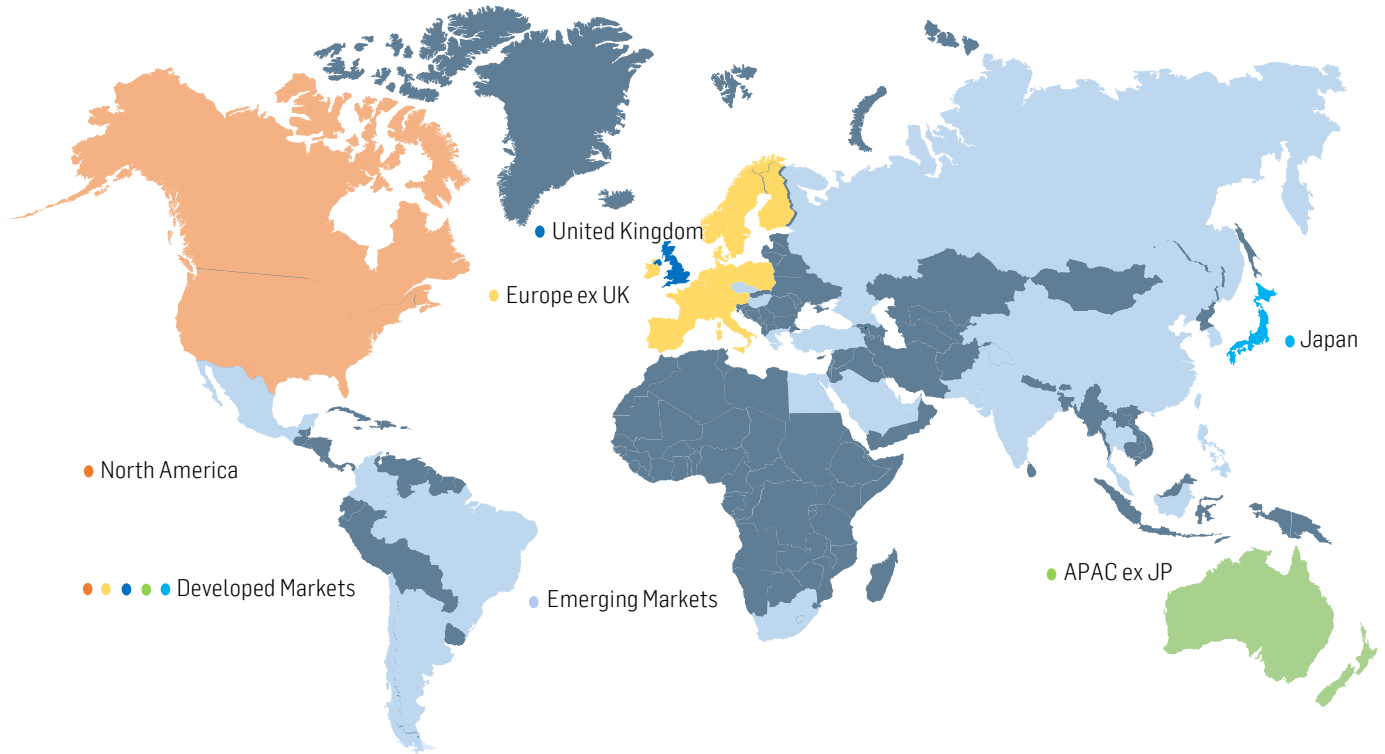
Environmental	Social	Governance	Transparency
Carbon emissions	% of women on the Board	% of company held by connected shareholder	Adoption of non-financial (ESG) reporting standards
Quality of carbon-based assets	% of women in the workforce	Shareholders have equal voting rights with each other	ESG-related reporting is externally verified
Revenues generated from "green" products	% of women in management	Separation of Board Chairman and CEO roles	Company reports under the Carbon Disclosure Project
Temperature alignment	% of female executives	% of independent directors on the Board	Disclosure on tax policies and payments
Carbon reserves	Policy on bribery and corruption	Average length of service of the Board directors	Disclosure on director information and biography
Biodiversity programme	Policy on freedom of association	Payment to external auditors for non-audit work versus audit work	Disclosure on executive pay
Water management programme	Discrimination policy	Financial expertise of the audit committee	
Deforestation programme	Policy on the supply chain's social standards	Auditor opinion on the accounts	
	Employee-related incidents and disputes	Lobbying activities (climate lobbying)	
	Business-related incidents and disputes		
	Supply-chain-related incidents and disputes		

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Fossil Fuel Exclusions list

Methodology	Exclusion	Data vendor
Fossil Fuel Reserves(Coal, Oil & Gas)	>0%	ISS
Arctic Oil & Gas Exploration Extraction – Revenue Percentage	> 0%	Sustainalytics
Oil Sands Extraction – Revenue Percentage	> 0%	
Shale Energy Extraction – Revenue Percentage	> 0%	
Thermal Coal Extraction – Revenue Percentage	> 0%	
Thermal Coal Power Generation – Revenue Percentage	> 0%	
Oil & Gas Generation – Revenue Percentage	>=5%	
Oil & Gas Overall – Revenue Percentage	>= 5%	
Oil & Gas Production-Exploration and Production Natural Gas Revenue Percentage	>= 5%	
Oil & Gas Production-Exploration and Production Oil Revenue Percentage	>= 5%	
Oil & Gas Production-Refining Natural Gas Revenue Percentage	>= 5%	
Oil & Gas Production-Refining Oil Revenue Percentage	>= 5%	
Oil & Gas Production-Revenue Percentage	>= 5%	
Oil & Gas Production-Transportation and Storage Natural Gas Revenue Percentage	>= 5%	
Oil & Gas Production-Transportation and Storage Oil Revenue Percentage	>= 5%	
Oil & Gas Supporting Products/ Services -Revenue Percentage	>= 5%	

REGIONS AND THEIR CONSTRUCTION



Index	Region	Country
Developed Markets	North America	Canada, United States
	Europe ex United Kingdom	Austria, Belgium, Switzerland, Germany, Denmark, Spain, Finland, France, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Sweden
	United Kingdom	United Kingdom
	APAC ex Japan	Australia, Hong Kong, New Zealand, Singapore
	Japan	Japan

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