



Morningstar Global Renewable Energy Index Family – ESG Benchmark Statement

November 2023

CONSIDERATION OF ESG FACTORS IN THE BENCHMARK METHODOLOGY	
Item 1. Name of the benchmark administrator.	Morningstar
Item 2. Type of benchmark.	Equity
Item 3. Name of the benchmark.	Benchmark – Morningstar Global Renewable Energy Index Family – Morningstar Sustainability Equity Package
Item 4. Does the methodology take into account ESG factors?	Yes
Item 5. ESG factors taken into account for benchmark family.	
(a) List of environmental factors considered	<p>This benchmark family takes the following environmental factors into account by selection: Product/Revenue Involvement Screen: Sleeve 1: Select companies based on their revenue or involvement in renewable energy or green transportation (companies that derive at least 5% of their revenue from renewable energy and companies that derive at least 10% of their revenue from green transportation). Sleeve 2: Companies that have a carbon own operations exposure less than 10 and at least 50% of their primary energy requirement from renewable energy. Companies that have a carbon own operations exposure more than or equal to 10 and meet at least 25% of their primary energy requirement from renewable energy.</p> <p>This benchmark family takes the following environmental factors into account by exclusion: Controversy Ratings; overall ESG ratings.</p> <p>This benchmark family takes the following environmental factors into account by weighting: Overall ESG ratings; Product/Revenue Involvement Screen: Sleeve 1 constitutes 75% of the total index weight, Sleeve 2 constitutes 25% of the total index weight (sector weights in Sleeve 2 are capped at 20%); securities are equal-weighted in each sleeve.</p>
(b) List of social factors considered	<p>This benchmark family takes the following social factors into account by exclusion: Overall ESG rating.</p> <p>This benchmark family takes the following social factors into account by selection: Overall ESG rating.</p> <p>This benchmark family takes the following social factors into account by weighting: Overall ESG rating.</p>

(c)List of governance factors considered.	<p>This benchmark family takes the following governance factors into account by exclusion: Overall ESG rating.</p> <p>This benchmark family takes the following governance factors into account by selection: Overall ESG rating.</p> <p>This benchmark family takes the following governance factors into account by weighting: Overall ESG rating.</p>
Item 6. ESG factors applied for the stated benchmark.	
<p>(a)List of environmental factors considered:</p> <p>Selection:</p> <ul style="list-style-type: none"> • Overall ESG rating. • Product/Revenue Involvement: Sleeve 1: Revenue derived from renewable energy or green transportation; Sleeve 2: Carbon owns operation exposure and primary energy requirement comes from renewable energy. <p>Exclusion:</p> <ul style="list-style-type: none"> • Overall ESG rating. <p>Weighting:</p> <ul style="list-style-type: none"> • Product/Revenue Involvement Screen: Sleeve 1 constitutes 75% of the total index weight. Sleeve 2 constitutes 25% of the total index weight (sector weights in Sleeve 2 are capped at 20%); securities are equal-weighted in each sleeve. 	
<p>(b)List of social factors considered:</p> <p>Exclusion:</p> <ul style="list-style-type: none"> • Overall ESG rating. <p>Selection:</p> <ul style="list-style-type: none"> • Overall ESG rating. <p>Weighting:</p> <ul style="list-style-type: none"> • Overall ESG rating. 	
<p>(c)List of governance factors considered:</p> <p>Exclusion:</p> <ul style="list-style-type: none"> • Overall ESG rating. <p>Selection:</p> <ul style="list-style-type: none"> • Overall ESG rating. <p>Weighting:</p>	

- Overall ESG rating.

Description of factors considered.

Sustainable Activities Involvement/Impact Metrics:

Our Impact Framework covers environmental and social themes: Climate Action, Healthy Ecosystems, Resource Security, Basic Needs and Human Development. It also covers the baseline theme: Fair Business Conduct Baseline that addresses the standards, structures, and interconnections, which underly positive business' impacts on the environment and society.

- The Impact Themes are exhaustive and include all potential environmental and social impacts that can be attributed to a company's activities, while capturing direct and indirect impacts across the value chain.
- At the micro level, the Impact Framework provides Impact Metrics, a dataset that consists of 80 Safeguard Metrics, measuring positive or negative impacts of a company's activities; 20 Operational Metrics, measuring environmental and social outcomes/externalities of companies' operations; and 2 Governance Metrics, measuring the positive or negative outcomes associated with a company's governance practices.
- All metrics are mapped to impact themes and selected Sustainable Development Goals (SDGs), thereby enabling quantitative insights towards a company's alignment with a given theme or SDG.
- Leveraging the Impact Framework and the revenues obtained from the safeguard metrics, it is possible to compute the contribution of a company towards a given impact theme or SDG. All impact themes and metrics are mapped to at least one SDG.
- Similarly, it is possible to aggregate all our activity metrics and selected operational and governance metrics to the portfolio level. To this end, we consider only those positions that are relevant from an impact perspective for companies covered by our research. We look through funds to determine their composition.

Data Inputs:

Externally sourced through Sustainalytics ESG Research.

Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings, and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies.

In particular, this index uses the following ESG products: Sustainalytics ESG Risk Rating Scores, Controversies, Country Ratings, Global Standards Screening, and Product Involvement, Controversial Weapons Involvement.

For details on Sustainalytics ESG Research's full suite of ESG products, please refer to:

<https://www.sustainalytics.com/>

Sustainalytics' research process involves the collection and analysis of information made available by third parties, including civil society, corporate, government, industry association, investor, media and regulatory sources. Sustainalytics also uses third-party data providers about which information is available at <https://www.sustainalytics.com/legal-disclaimers/>

Verification and quality of data:

The verification and quality of data are checked both externally and internally by automated and manual quality assurance processes involving, inter alia, change control; change mapping; ID mapping; exception reporting; prepublication reviews; continuous incident monitoring; quarterly rebalancing; and centralized definitions.

Incorrect pricing and corporate action data for individual issues in the database will be corrected upon detection. In addition, an incorrect divisor of an index, if discovered within five days of its occurrence, will always be fixed retroactively on the day it is discovered to prevent an error from being carried forward. Commercially reasonable efforts are made to correct an older error subject to its significance and feasibility.

Sustainalytics Quality Approach to ESG Rating:

Universe Management

- Centralized universe definitions and processes for rebalancing;
- Quarterly rebalances of Sustainalytics' standard coverage and compliance universes;
- Clear, transparent, and consistent approach to the allocation of research versus coverage entities.

Company Research

- Continuous improvement and maintenance of quality and research standards;
- Feedback that is received from companies in Sustainalytics' coverage and that are a part of our ESG Risk Ratings and controversy research is taken into consideration, and whenever relevant included;
- Quality reviews of ESG assessments before publication;
- Reviewing controversy ratings by the Events Oversight Committee — focus on controversy level changes to and from level 4 and 5.

Data and Deliverable Management

- Quality and reliability of our covered company and identifier data through automated quality assurance;
- Quality and reliability of our proprietary (research) data through automated quality assurance, prior to publication;

- Quality and reliability of standard deliverables through end-of-gate quality assurance process;
- Quality and reliability of custom client deliverables through end-of-gate quality assurance processes (automated and manual);
- Monitoring and investigating ESG score fluctuations and their root causes using automated tools.

Update Cycle

- We aim for annual updates of management indicators for the covered companies.
- Continuous updates are made as incidents occur and feed into updates of event indicators, which is not disclosure-driven.

Annual updates to the rating framework (selection of material ESG issues, weighting of indicators)

Reference standards:

U.N. Global Compact violations: The United Nations Global Compact Principles, the Organization for Economic Cooperation and Development Guidelines for Multinational Enterprises, the U.N. Guiding Principles on Business and Human Rights, and their underlying conventions.

Controversial weapons: International treaties and conventions used to define controversial weapons include the Nuclear Non-Proliferation Treaty (1968), Biological and Toxin Weapons Convention (1972), Chemical Weapons Convention (1997), Anti-Personnel Mine Ban Convention (1999), Convention on Cluster Munitions (2008), United Nations Convention on Certain Conventional Weapons (1980), and Convention on the Physical Protection of Nuclear Material (1980).

The methodology behind Sustainalytics' Global Standards Screening is based on the following international standard:

- U.N. Global Compact Principles
- OECD
- World Governance Indicators
- On top of these international (convention-based) standards, we also look at industry-specific standards or initiatives. Examples are the Roundtable on Sustainable Palm Oil, the standards for systemically important banks, local corporate governance codes, and many others.

Said industry-specific standards are incorporated in our assessments of companies' management of ESG issues in our ESG Risk Rating.

Date on which information has been last updated and reason for the update:

- December 2023 – Updated underlying Sustainalytics data from Sustainable Product Research to Sustainable Activities Involvement, which is part of Sustainalytics Impact Metrics.