Explanation of how ESG factors are reflected in the key elements of the benchmark methodology of SPI ESG Select

**Consideration of ESG Factors**

**Item 1.** Name of the benchmark administrator.

SIX Index AG

**Item 2.** Type of benchmark or family of benchmarks. Choose the relevant underlying asset from the list provided in Annex II of Commission Delegated Regulation (EU) 2020/1816.

Equity

**Item 3.** Name of the benchmark or family of benchmarks.

SPI ESG Select

**Item 4.** Does the benchmark methodology for the benchmark or family of benchmarks take into account ESG factors?

☑ Yes ☐ No

**Item 5.** Where the response to Item 4 is positive, please list below, for each family of benchmarks, those ESG factors that are taken into account in the benchmark methodology, taking into account the ESG factors listed in Annex II to Delegated Regulation (EU) 2020/1816. Please explain how those ESG factors are used for the selection, weighting or exclusion of underlying assets. The ESG factors shall be disclosed at an aggregated weighted average value at the level of the family of benchmarks.

N/A

**Item 6.** Where the response to Item 4 is positive, please list below, for each benchmark, those ESG factors that are taken into account in the benchmark methodology, taking into account the ESG factors listed in Annex II to Delegated Regulation (EU) 2020/1816, depending on the relevant underlying asset concerned. Please explain how those ESG factors are used for the selection, weighting or exclusion of underlying assets. The ESG factors shall not be disclosed for each constituent of the benchmark, but shall be disclosed at an aggregated weighted average value of the benchmark. Alternatively, all of this information may be provided in the form of a hyperlink to a website of the benchmark administrator included in this explanation. The information on the website shall be easily available and accessible. Benchmark administrators shall ensure that information published on their website remains available for five years.

**a) List of environmental factors considered:**

Exclusion of issuers with an ESG score of below C+.

Exclusion of issuers that do not fulfill UNGC principles.

SIX, November 2022
b) List of social factors considered:

Exclusion of issuers with an ESG score of below C+
Additionally, ESG scores are used to over or underweighted the components.
Exclusion of companies with revenues above a certain threshold (usually 5%) in a critical sector. The list of critical sectors and the thresholds can be found in the rulebook.
Exclusion of companies which are on the exclusion list of the Swiss Association for Responsible Investments.
Exclusion of issuers that do not fulfill UNGC principles.

c) List of governance factors considered:

Exclusion of issuers with an ESG score of below C+
Exclusion of companies which are on the exclusion list of the Swiss Association for Responsible Investments.
Exclusion of issuers that do not fulfill UNGC principles.

Hyperlink to the information on ESG factors for each benchmark:

N/A

**Item 7. Data and standards used**

**a) Data input.**
(i) Describe whether the data are reported, modelled or sourced internally or externally.
(ii) Where the data are reported, modelled or sourced externally, please name the third party data provider.

The ESG data is sourced externally, with Inrate being the ESG research provider. Inrate delivers ESG scores and information on revenue in critical sectors, as well as an assessment regarding the UNGC principles. For details on Inrate's ESG research, please refer to [https://www.inrate.com](https://www.inrate.com)

**b) Verification and quality of data.**
Describe how data are verified and how the quality of those data is ensured.

Inrate has established processes in accordance with accepted and established market standards, that have been continuously developed and regularly adjusted over the past 25 years.

The quality assurance process includes:
- Systematic peer review for all companies that are newly assessed
- Systematic peer review for all significant changes during the annual update
- Periodic spot checks for certain high-risk industries/issue areas by research leads
- Periodic data comparison with third-party sources, including government and industry databases

c) Reference standards
Describe the international standards used in the benchmark methodology.
Any standards used in the benchmark methodology are listed in Item 6 above

Date on which information has last been updated and reason for the update:
16 November 2022: Inclusion of UNGC principles in index methodology