

VanEck - Sustainability Characteristics

Currently, 14 VanEck funds are classified as products with sustainability characteristics. For passive funds, the investment policy of the fund is to follow the index as closely as possible. In the composition of the indices, environmental, social and governance (“ESG”) aspects are taken into account in the composition of the indices of Article 8 & 9 funds. Companies, for instance, are excluded based on ESG screenings. The sustainability characteristics for these VanEck funds are described more thoroughly in the relevant product information.

The following VanEck funds are classified as products with environmental and social characteristics (Article 8 funds):

- VanEck New China ESG UCITS ETF
- VanEck Morningstar US Sustainable Wide Moat UCITS ETF
- VanEck Sustainable European Equal Weight UCITS ETF
- VanEck Morningstar Developed Markets Dividend Leaders UCITS ETF
- VanEck Sustainable World Equal Weight UCITS ETF
- VanEck Global Real Estate UCITS ETF
- VanEck iBoxx EUR Corporates UCITS ETF
- VanEck Semiconductors UCITS ETF
- VanEck Space Innovators UCITS ETF
- VanEck Smart Home Active UCITS ETF
- VanEck Emerging Markets Equity UCITS
- VanEck Emerging Markets Bond UCITS

The following VanEck funds are classified as products with a sustainable investment objective (Article 9 funds):

- VanEck Hydrogen Economy UCITS ETF
- VanEck Sustainable Future of Food UCITS ETF

This document describes the sustainability characteristics for VanEck’s UCITS ETFs (“ETFs”) under Section I. and VanEck’s actively managed UCITS (“Active Funds”) under Section II.

I. ETFs

The investment policy of the ETFs is to follow an index as closely as possible. In the composition of the indices, ESG aspects can be considered. The specific characteristics are described for each of the ETFs below.

For all equity ETFs the ESG proxy voting policy applies. Sustainability factors are taken into account when casting votes at shareholders’ meetings.

VanEck New China ESG UCITS ETF

The index consists of companies which have an above median performance in their peer group based on the OWL Analytics consensus ESG Score. Companies are scored and ranked in its coverage universe across thirty core metrics, including 12 key performance indicators (“KPIs”), that quantify company behavior across ESG factors. Detailed information about the index construction can be found on the index page of the fund.

VanEck Morningstar US Sustainable Wide Moat UCITS ETF

An ESG screening is applied to the index. This screening consists of several components.

1. All companies must have current ESG and controversy scores.
2. The controversy score must be 4 (out of 5) or lower throughout the trailing 3 years.
3. The ESG risk of the company should be medium, low or negligible.
4. If the company is rated for carbon risk, its category is not high or severe.
5. Companies do not have:
 - a) more than 50% tobacco products involvement by revenue;
 - b) any involvement in production of controversial weapons (as defined by third-party Sustainalytics Global Compact Compliance Service exclusionary lists);
 - c) any involvement in the manufacturing of firearms sold to civilian customers; or
 - d) any involvement in thermal coal (extraction or power generation).

Companies which do not comply with the screening criteria are excluded from the Index.

Additionally, the index targets an aggregate Sustainalytics ESG Risk score that would be in the top 32.5% of the respective Morningstar fund universe, equivalent to Morningstar Sustainability rating of 4 globes. By means of an iterative selection process the worst ESG performers are replaced until the target score is reached. Detailed information about the index construction can be found on the index page of the respective fund.

VanEck Morningstar Developed Markets Dividend Leaders UCITS ETF

A limited ESG screening is applied to the fund's index. The screening consists of the following elements:

1. Companies are screened for cluster munition activities.
2. The five worst performing companies in terms of environment, human rights, labour rights and anticorruption are removed from the universe.

The screenings are performed by V.E (previously known as Vigeo Eiris) and are based on UN Global Compact scores and the cluster munitions assessment. Detailed information about the index construction can be found on the index page of the fund.

VanEck Sustainable World Equal Weight UCITS ETF

VanEck Sustainable European Equal Weight UCITS ETF

An ESG screening is applied to the funds' indices. The screening consists of the following elements:

1. Companies are excluded if they do not meet the screening criteria for sustainability factors. An analysis is conducted to determine whether the products and/or services of companies from a sustainability perspective are considered undesirable. For example, companies active in the production of alcohol, animal testing, weapons manufacturing, tobacco industry, the gambling industry, nuclear energy, genetic modification, adult entertainment and/or with violations of UN Global Compact principles concerning human rights, labour rights, anti-bribery, biodiversity and environmental pollution.
2. Companies are screened for cluster munition activities.
3. On a quarterly basis the composition of the index is screened for these sustainability factors.

Companies no longer satisfying the requirements are replaced. The screenings are performed by V.E and are based on the above screening principles, the UN Global Compact scores and the cluster



munitions assessment. Detailed information about the index construction can be found on the index page of the funds.

VanEck Global Real Estate UCITS ETF

An ESG screening is applied to the index. The index is screened on the Public Disclosure Level score (which ranges from the scores A-E) generated by GRESB (Global Real Estate Sustainability Benchmark). This score indicates how much information about sustainability is made transparent by real estate companies. The worst performing companies fall into category E and are excluded from the index. The remaining stock weights are also adjusted based on their Public Disclosure Level score. Detailed information about the index construction can be found on the index page of the fund.

VanEck iBoxx EUR Corporates UCITS ETF

ESG data is used to over or underweight bonds in the index based on ESG performance. Sustainable characteristics of the bond issuers are evaluated by SD-M[®] GmbH, a Germany based external non-financial data provider. The index allocates higher weights to issuers with higher Sustainable Development Key Performance Indicator (SD-KPI) scores and reduces weights to those with lower SD-KPI scores.

VanEck Semiconductors UCITS ETF

An ESG screening is applied to the fund's index. Through the screening process companies will be removed from the index if they are involved in severe norms based violations. Involvement can be in the area of Environmental, human or labour rights and corruption. Furthermore a screening is performed on controversial sectors such as Weapons manufacturing (including military equipment), Tobacco, Thermal Coal mining, Gambling, Fossil Fuels and Oil sands. Companies with revenues in excess of 5% related to these activities will be removed from the index. ISS is the source of the ESG data used in the screening implemented by indexprovider MarketVector Indexes.

The index is rebalanced each quarter during which the composition will be screened for these sustainability characteristics. Detailed information about the index construction can be found on the index page of the fund.

VanEck Space Innovators UCITS ETF

An ESG screening is applied to the fund's index. Through the screening process companies will be removed from the index if they are involved in severe norms based violations. Involvement can be in the area of Environmental, human or labour rights and corruption. Furthermore a screening is performed on controversial weapons and other controversial sectors such as, Tobacco, Thermal Coal mining, Gambling, Fossil Fuels and Oil sands. Companies with revenues in excess of 5% related to these activities will be removed from the index. ISS is the source of the ESG data used in the screening implemented by indexprovider MarketVector Indexes.

The index is rebalanced each quarter during which the composition will be screened for these sustainability characteristics. Detailed information about the index construction can be found on the index page of the fund.

VanEck Smart Home Active UCITS ETF

The fund is actively managed, with (potential) portfolio companies being evaluated by the investment advisor. The investment advisor uses external ESG data providers to determine the ESG performance of companies. Industry data from MSCI are used for the screening of investments. Relevant topics for the fund are data security and privacy and carbon emissions.

In addition to exclusions required by international laws and treaties, direct or indirect exposure to controversial sectors from an environmental, social and governance perspective is avoided for the fund. The list of exclusions names several sectors, activities and violations on the basis of which a company will be excluded from the fund's investment universe. In reviewing the list of exclusions, the investment advisor intends to compile a list of exclusions to exclude companies from its investment universe that have been determined to have serious ESG or other issues or are active in undesirable sectors. In compiling the list of exclusions, the investment advisor intends to closely align the list of exclusions with that of the Norges Bank because of its extensive coverage and proactive responsible investing policy. Entities which are anticipated to be included on the exclusions list include those engaged in weapons production, tobacco, engagement with sanctioned countries, involvement in systematic human rights violations, severe environmental damage and gross corruption. The exclusion list of Norges Bank can be found here: <https://www.nbim.no/en/the-fund/responsible-investment/exclusion-of-companies/>.

VanEck's engagement policy applies to this fund. The policy can be found [here](#).

VanEck Hydrogen Economy UCITS ETF

The index consists primarily of companies that generate a substantial part of their revenues from hydrogen products or projects. These companies contribute to the development and production of hydrogen technology to enhance sustainable forms of energy generation and to reduce carbon emissions. The fund contributes to these environmental objectives by investing in these companies.

ESG screenings are applied in the index construction to ensure that the companies do not significantly harm any other environmental or social sustainable investment objective. By means of ISS data companies are screened for activities which may negatively affect sustainability factors. The screenings consist of various components:

- Norms-Based Research. Companies are screened for violations of international standards concerning various norms such as human rights, labor rights, environmental risk and bribery. The most severe cases are excluded. If data is missing, it is assumed that there is no violation constituted.
- Companies are also screened for involvement in civilian firearms and are excluded.
- Companies with involvement in controversial weapons are excluded from the index.
- Exclusions apply to companies with 5% revenue or more derived from activities in the tobacco industry, thermal coal mining, gambling, oil sands, military equipment and services and nuclear power.
- Exclusions required by international laws and treaties apply to this Fund. The Fund does not invest into companies if this is prohibited by sanctions of the European Union, United Nations or the Office of Foreign Assets Control of the United States.

Detailed information about the index construction can be found on the index page of the fund.



VanEck Sustainable Future of Food UCITS ETF

The index consists primarily of companies that generate a substantial part of their revenues from following sub-themes: (A) Plant-Based or Cultured Meat, Protein or Dairy alternatives; (B) Vertical or Urban Farming - this includes agricultural companies that grow crops vertically, in greenhouses or specialize in localized farming; (C) Precision Agriculture - this includes irrigation and smart water grid equipment, greenhouse equipment, or autonomous/robotic farming or agriculture-related equipment but excludes agricultural chemicals and plant seeds; (D) Food Flavors and Functional Ingredients; or (E) Organic or Health Foods.

In addition, companies that meet certain ESG standards related to food and agriculture sustainability and safety are also included as follows and referred to as sub-theme F. The Index Provider utilizes ESG data provided by ISS, a ratings company which identifies ESG compliant companies for the Index Provider. Companies that are eligible under these conditions must derive at least 50% (25% for current components) of their revenues from agricultural services or agricultural products (limited to fruits, vegetables, grains and dairy), or packaged plant/grain-based or dairy food products. Companies must display a positive environmental impact by having at least one score larger than zero, and the other score at least zero, related to the Contribution and Achievement of Sustainable Agriculture and Forestry or Agriculture Climate Change Contribution. Further, companies must rank at least 2.5 (on a scale of 1-4) in: A.) Food Waste OR B.) Food Safety and Food Safety Certification Program

The fund contributes to these environmental objectives by investing in these companies.

ESG screenings are applied in the index construction to ensure that the companies do not significantly harm any other environmental or social sustainable investment objective. By means of ISS data companies are screened for activities which may negatively affect sustainability factors. The screenings consist of various components:

- Norms-Based Research. Companies are screened for violations of international standards concerning various norms such as human rights, labor rights, environmental risk and bribery. The most severe cases are excluded. If data is missing, it is assumed that there is no violation constituted.
- Companies are also screened for involvement in civilian firearms and are excluded.
- Companies with involvement in controversial weapons are excluded from the index.
- Exclusions apply to companies with 5% revenue or more derived from activities in the tobacco industry, thermal coal mining, gambling, oil sands, military equipment and services and nuclear power.
- Exclusions required by international laws and treaties apply to this Fund. The Fund does not invest into companies if this is prohibited by sanctions of the European Union, United Nations or the Office of Foreign Assets Control of the United States.

Detailed information about the index construction can be found on the index page of the fund.

II. Active Funds

VanEck Emerging Markets Equity UCITS

Financially material ESG factors are integrated into the fund's investment process. The fund is actively managed, with (potential) investee companies being evaluated by the investment team (the "Team"). The Team uses external ESG data providers to determine ESG performance of investments and integrates ESG factors into its investment decisions. Additionally, the Team applies exclusions. The activities relating to ESG integration and exclusions are further described below.

- ESG integration

The Team assesses sustainability risks and opportunities by conducting fundamental and bottom-up research on the companies. ESG factors are assessed by looking for both negative proscription and positive progression. In cases where it seems warranted, the valuation model for a company may incorporate a higher discount rate or additional estimated future costs to account for certain ESG risk factors. In contrast, future growth estimates for a company may reflect higher growth opportunities opened up by ESG factors.

The Team considers ESG guidance frameworks such as the Sustainability Accounting Standards Board ("SASB") that sets standards for the disclosure of financially material sustainability information by companies to their investors. The Team also leverages external ESG data sources for raw company data and screening of investments for financially material ESG risks and opportunities (ISS, Refinitiv, Bloomberg ESG, third-party research, etc.).

- Exclusions

In addition to compliance with exclusions required by international laws and treaties, including those of, for example, the European Union, United Nations and the Office of Foreign Assets Control of the United States, the fund intends to reduce material, direct or indirect, exposure to controversial sectors from an environmental, social and governance perspective. Therefore, the following exclusionary screenings are applied to the fund:

Investments are excluded if they derive 10% or more of their revenue from coal or coal-based energy, weapons and/or tobacco activities. The fund employs ISS to screen for the controversial activities.

Investments are also excluded if they are involved in the production of coal or coal-based energy, nuclear weapons, tobacco, severe environmental damage, unacceptable greenhouse gas emissions, violation of human rights, serious violations of individuals' rights in situations of war or conflict, other particularly serious violations of fundamental ethical norms, gross corruption, etc. The fund applies the exclusion list of Norges Bank because of its extensive coverage and proactive responsible investing policy. The exclusion list of Norges Bank can be found here: <https://www.nbim.no/en/the-fund/responsible-investment/exclusion-of-companies/>.

VanEck defines the fund's status as a shareholder in two ways—through active engagement and ownership:

VanEck's engagement policy applies to the fund. The policy can be found [here](#).

In addition, the proxy voting policy applies. Sustainability factors are taken into account when casting votes at shareholders' meetings.

VanEck Emerging Markets Bond UCITS

Financially material ESG factors are integrated into the fund's investment process. The fund is actively managed, with (potential) investee corporate companies and sovereigns being evaluated by the investment team (the "Team"). The Team uses external ESG data providers to determine ESG performance of investments and integrates ESG factors into its investment decisions. Additionally, the Team applies exclusions. The activities relating to ESG integration and exclusions are further described below.

- **ESG integration**

The Team assesses sustainability risks and opportunities by conducting fundamental and bottom-up research on the corporate companies and sovereigns. This means ESG factors can affect target prices, the fundamental assessment of a company or country and/or the portfolio construction methodology. The analysis of ESG risks and opportunities is integral to the Team's investment process.

The team leverages investment frameworks in order to assess what ESG risks and opportunities apply to a specific investment and to identify the most salient ESG factors for the portfolio. In the assessment of investments, the team considers ESG guidance frameworks such as the Emerging Markets Investors Alliance ("EMIA") that enables emerging markets investors to support good governance, promote sustainable development and improve investment performance in the governments and companies in which they invest.

In the assessment of corporates, ESG scores from ISS, RobecoSAM, Bloomberg ESG and MSCI are considered in the analysis. In the assessment of sovereigns, various ESG data sources are considered, such as the World Bank data, Yale University's Environmental Performance Index and IMF's Debt Sustainability Analyses.

- **Exclusions**

In addition to compliance with exclusions required by international laws and treaties, including those of, for example, the European Union, United Nations and the Office of Foreign Assets Control of the United States, the fund intends to reduce material, direct or indirect, exposure to controversial sectors from an environmental, social and governance perspective. Therefore, the following exclusionary screenings are applied to the fund:

Investments are excluded if they derive 10% or more of their revenue from coal or coal-based energy, weapons and/or tobacco activities. The fund employs ISS to screen for the controversial activities.

Investments are also excluded if they are involved in the production of coal or coal-based energy, nuclear weapons, tobacco, severe environmental damage, unacceptable greenhouse gas emissions, violation of human rights, serious violations of individuals' rights in situations of war or conflict, other particularly serious violations of fundamental ethical norms, gross corruption, etc. The fund applies the exclusion list of Norges Bank because of its extensive coverage and proactive responsible investing policy. The exclusion list of Norges Bank can be found here: <https://www.nbim.no/en/the-fund/responsible-investment/exclusion-of-companies/>

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