



**VanEck Morningstar Developed Markets Dividend Leaders UCITS ETF  
Sustainability-related information pursuant to Art. 24 of Regulation (EU) 2022/2088 (“SFDR”)**

**Product name:** VanEck Morningstar Developed Markets Dividend Leaders UCITS ETF

**Legal entity identifier:** 254900GQYEXN18KU7O94

**ISIN:** NL0011683594

**(a) Summary**

VanEck Morningstar Developed Markets Dividend Leaders UCITS ETF (the “Sub-fund”) has been categorised as Article 8(1) of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (“SFDR”). The Sub-fund promotes environmental and/or social characteristics and invest in companies that follow good governance practices. In order to attain each of the promoted characteristics, the Sub-fund integrates ESG features in its passive investment process by means of ESG-related exclusions on the level of the benchmark tracked by the Sub-fund and through proxy voting on sustainability matters. The Sub-fund does not have sustainable investment as its investment objective.

The Sub-fund has a passive investment policy, whereby it replicates as closely as possible its reference benchmark and invests in direct financial instruments that are 100% aligned with the the environmental and social characteristics that it promotes. The Sub-fund aims to invest in the top 100 income payers globally, selected for their dividend yields, resilience and potential growth. In addition, the ESG-tilted voting policy is applied, whereby casted votes in shareholder meetings of companies in the portfolio concern sustainability matters.

The Sub-fund’s investments must comply with the following binding element:

1. Not inclusion of companies with null ESG Risk Rating or Controversy Score
2. Not inclusion of companies with Severe ESG Risk Rating Category
3. Not inclusion of companies with Controversy Score higher than 4 (out of 5)
4. Not inclusion of companies which are not compliant with the United Nations Global Compact (UNGC)
5. Not inclusion of companies with more than 0% involvement in the following activities:
  - a. Tobacco Products Production
  - b. Controversial Weapons
  - c. Small Arms Civilian
  - d. Small Arms Key Components
6. Not inclusion of companies with 5% or more involvement in the following activities:
  - a. Thermal coal extraction
  - b. Thermal coal power generation

Through its ESG-based exclusions and its proxy voting policy, the Sub-fund considers several Principle Adverse Indicators, such as social and employee, respect for human rights, anti-corruption and anti-bribery matters.

Governance subjects are considered as part of the Sustainability’s Global Standards screening, which is based on the UN Global Compact Principles, OECD Guidelines for Multinational Enterprises, World Governance Indicators and industryspecific standards or initiatives. Governance factors such as Tax avoidance/evasion, Accounting Irregularities and Accounting Fraud, Lobbying and Public Policy, Insider Trading, Bribery and Corruption, Animal

Welfare, Intellectual Property, Resilience, Remuneration, Shareholder disputes and rights, Board composition and other Corporate Governance and Business Ethics criteria are part of the Controversy Screening embedded in the fund's underlying index. Governance Factors also comprise a part of the aggregate ESG risk score, which is used in the index selection.

**(b) No sustainable investment objective**

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

**(c) Environmental or social characteristics of the financial product**

- The following environmental and social characteristics apply to the Sub-fund's investments:
  - a. Reduced exposure to ESG Risk by means of excluding companies with a severe levels of ESG Risk
  - b. Exposure to controversies and controversial business activities is limited by means of revenue-based screenings and exclusion of companies non-compliant with UNGC principles or involved in other controversial activities.
- The Glass Lewis ESG tilted voting policy is applied, whereby casted votes concern sustainability matters.

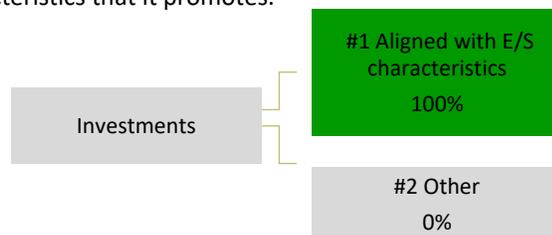
**(d) Investment strategy**

The Sub-fund's investment objective is to replicate, before fees and expenses, the price and yield performance of the Morningstar® Developed Markets Large Cap Dividend Leaders Screened Select Index<sup>SM</sup>. The Sub-fund seeks to invest in the top 100 income payers globally, selected for their dividend yields, resilience and potential growth. In addition, the ESG-tilted voting policy is applied, whereby casted votes in shareholder meetings of companies in the portfolio concern sustainability matters.

Good governance relates to sound management structures, employee relations, remuneration of staff and tax compliance. Governance subjects are considered as part of the Sustainability's Global Standards screening, which is based on the UN Global Compact Principles, OECD Guidelines for Multinational Enterprises, World Governance Indicators and industry-specific standards or initiatives.

**(e) Proportion of investments**

The Sub-fund invests in direct financial instruments of which 100% is aligned with the the environmental and social characteristics that it promotes.



## **(f) Monitoring of environmental or social characteristics**

The environmental and social characteristics are monitored in the following manner:

- (a) The Sub-fund promotes the reduction of the most negative impacts on society and the environment.
- This is measured with the following indicator(s):
    - a. The percentage of portfolio with exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)
    - b. The percentage of portfolio involved in violations of UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.
  - This is monitored in the following manner
    - a. The requirements relating to the ESG Risk rating, controversy ratings and Controversial sector involvement screenings (tobacco, coal, civilian firearms and controversial weapons) are included in the Index rules which are defined by the Index provider.
    - b. The index is rebalanced on a periodic basis by the index provider.
    - c. The Sub-fund' Portfolio Management Team replicates the index based on the index rules.
    - d. Any breaches of the index rules are reported by the Legal and Compliance Team VanEck has policies in place to assess the alignment of the Sub-fund's investments with the index and to undertake recovery measures where necessary.
    - e. VanEck has policies in place to assess the alignment of the Sub-fund's investments with the index and periodic reports are constructed on the replication of the index and whether the Sub-fund's portfolio is aligned with the index.
- (b) The Glass Lewis ESG tilted voting policy is applied, whereby casted votes concern sustainability matters.
- This is monitored in the following manner:
    - a. VanEck has appointed a service provider to exercise voting rights. VanEck is periodically informed by the service provider on the voting activities

## **(g) Methodologies**

The methodology of the integration of the Sub-fund's environmental and/or social characteristics is determined by the index provider. More information can be found in the Sub-fund's index rules.

Voting is delegated to an independent third-party proxy voting specialist, Glass Lewis & Co., LLC.,. Glass Lewis determines the voting approach based on its assessment of the voting proposals and the alignment with the voting policy. VanEck is periodically informed on the activities and has access to an online platform where the information on the proxy voting, policy implementation, recordkeeping and reporting can be found.

## **(h) Data sources and processing**

*The data sources used*

- ISS data on exposure to controversial weapons and violation of UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights

The index provider and voting service provider may use their own additional data sources.

#### *The measures taken to ensure data quality*

The mentioned data sources are used by VanEck and/or its index provider and service provider. VanEck does not receive most of the data directly from data providers and therefore has not taken measures to ensure data quality for the data which VanEck does not directly receive from data providers. For the data which VanEck does use directly from data providers, it uses a reporting service tool where data quality measures are integrated into. It is of course relevant that the data used by the index provider and service provider is of sufficient quality. The index provider and service provider have set up their internal processes to do so. Data quality is a component of the selection process of the index provider

#### *How data are processed*

VanEck processes a limited amount of data on its own for the Sub-fund. Data from data providers or the index provider is processed to measure the Sub-fund's environmental and social characteristics based on the Sub-fund's investments as per the end of the year. VanEck is periodically informed on the index construction, implementation, results and progress of the voting activities.

#### *The proportion of data that are estimated*

VanEck does not estimate data, but cannot rule out that the index provider or service provider does estimate data and/or use data provider which estimate data. Although reported data is preferred, missing information is often supplemented with estimated data by the data providers. For more information on how this exactly is determined, we refer to the website of the mentioned data providers, index provider and service provider.

### **(i) Limitations to methodologies and data**

VanEck recognizes the following limitations to methodologies and data:

1. Lack of reported data

In order to attain the environmental and social characteristics, data from external data providers is used by the index provider, VanEck and/or the service provider. Data providers retrieve data from company reports (such as annual reports). Not all companies report the data. Missing data is sometimes estimated by data providers and at times there is no data coverage when it is not possible to estimate the data. This means that in not all cases reported data is present to determine whether the promoted characteristics are attained. By means of choosing a reputable data provider, the risk of erroneous estimates is mitigated.

2. Actualisation of data

The index provider rebalances the index on a periodic basis. It is possible that the Sub-fund's investments in between the rebalancing moments do not comply with the promoted characteristics.

### **(j) Due Diligence**

VanEck does not select investments but uses indices which are constructed by index providers. As described in the monitoring section, VanEck replicates the index and this is monitored by the Portfolio Management Team and the Legal and Compliance Team. VanEck has a due diligence process on the selection of index providers and service providers. The board of VanEck decides on the index selection and appointment of service providers which is prepared by the Portfolio Management Team. VanEck is responsible for monitoring the replication of the index and the service provider.

VanEck's approach is to achieve and maintain the highest standards of integrity, reporting and internal control on all relevant environmental, social, and governance (ESG) matters, sustainability factors in its policies, practices, operational set-up and selection and monitoring of investments as well as identification and mitigation of ESG related risks. A more detailed description on the due diligence that VanEck carries out is available in the ESG Due Diligence Policy, which can be found at the following link: [Policies & Procedures | VanEck](#).

**(k) Engagement policies**

The financial product engagement is limited to dialogues with the index provider in further refining the index rules and can relate to the increasing consideration of sustainability factors in the composition of the index. The VanEck Shareholder Engagement Policy can be found [here](#).

**(l) Designated reference benchmark**

As a passive investments strategy, the Sub-fund has designated the Morningstar® Developed Markets Large Cap Dividend Leaders Screened Select Index<sup>SM</sup> as reference benchmark to meet the environmental and social characteristics that it promotes.

Sustainability factors are considered as part of screenings that are included in the reference benchmark and assessed at any rebalancing of the underlying Index. By means of controversy and cluster munitions screening, the Sub-fund takes the principal adverse impacts on sustainability factors relating to UNGC violations into account.

More product-specific information can be found on the website: [VanEck Morningstar Developed Markets Dividend Leaders UCITS ETF | Documents](#).