

## ANNEX I

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: VanEck Semiconductor UCITS ETF  
 Legal entity identifier: 2549005YADH8Q7K3ON79

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

<input checked="" type="radio"/> <input checked="" type="radio"/> <input type="radio"/> <b>Yes</b>	<input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> <b>No</b>
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : ___% <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> : ___%	<input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### What environmental and/or social characteristics are promoted by this financial product?

The following environmental and social characteristics apply to the Fund's investments:

1. The Fund promotes the reduction of the most negative impacts on society and the environment through:
  - Reducing exposure to Very Severe controversies relating to international standards on responsible business, human rights and labour rights.
  - Avoiding exposure to companies involved in Controversial Weapons and Civilian Firearms.
  - Limiting exposure to carbon risk and specific business activities by excluding companies deriving significant (>5%) revenues from energy extractives, such as thermal coal, and Tobacco, Gambling and Military Equipment and Services.
2. The Glass Lewis ESG policy guidelines is applied whereby votes are cast on sustainability matters.

A reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted by the financial product.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

Compared to a non-ESG fund with similar exposure, this Fund applies mandatory Environmental and Social factors and limits. These are corresponding to the Principle Adverse impacts specified below.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The Fund measures the following sustainability indicators:

Indicator
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.
The percentage of portfolio involved in the fossil fuels industry.
The percentage of portfolio involved in non-renewable energy production.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

This question and the related questions below are not applicable as the Fund does not intend to make sustainable investments.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

Not applicable.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

## Does this financial product consider principal adverse impacts on sustainability factors?

- Yes, the Fund considers principal adverse impacts on sustainability factors.
- No

The Fund considers the following principal adverse impacts on sustainability factors:

1. Greenhouse Gas (GHG Emissions):
  - Part of Norm-based research on environmental protection "Failure to mitigate climate change impacts"
  - Fossil Fuel/Coal exclusions - Total Maximum Percentage of Revenues is 5%: This factor provides the maximum percentage of recent-year revenues for issuer's total involvement in coal/fossil fuel, including any exposure in Production, Exploration, Distribution, and Services.
2. Biodiversity
  - Part of Norm-based research on environmental protection "Failure to prevent depletion of biodiversity" and "Failure to prevent deforestation / illegal logging"
3. Water
  - Part of Norm-based research on environmental protection "Failure to prevent depletion of biodiversity", "Failure to prevent water pollution" and "Failure to prevent oil spill"
4. Waste
  - Part of Norm-based research on environmental protection "Poor waste management", "Poor nuclear safety", "Failure to prevent pollution" and "Failure to mitigate the production / distribution of hazardous substances"
5. Social and employee, respect for human rights, anti-corruption and anti-bribery matters
  - ISS norm-based screening covers controversial practices that have adverse impacts on society and the environment in line with established expectations for Responsible Business Conduct as set forth in the core normative framework consisting of the Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights, all of which are embedded in the Sustainable Development Goals.
  - Part of Norm-based research on Human Rights, including "Failure to conduct human rights due diligence" and "Failure to provide equal pay for work of equal value"
  - Controversial weapons screenings are performed whereby companies with a RED exposure score in anti-personnel mines, biological and chemical weapons, cluster munitions, depleted uranium, incendiary weapons, white phosphorus and nuclear weapons are excluded from the index.

Companies for which there is no data or not all relevant data fields are collected by the ESG provider can be eligible for inclusion.

Additionally, principal adverse impacts are considered as part of the Glass Lewis ESG tilted voting policy, whereby casted votes regard the environment, energy efficiency, the use of renewable energy sources, enhancing the rights of workers, violation of international human rights standards, gender pay inequity and board diversity.

A description on how the Fund has considered Principal Adverse Impacts on sustainability factors in the preceding year is included in the Fund's annual report.



**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

## What investment strategy does this financial product follow?

The Fund's investment objective is to replicate, before fees and expenses, the price and yield performance of the MVIS® US Listed Semiconductor 10% Capped ESG Index. The Fund seeks to invest in US-listed companies generating at least 50% of their revenues from semiconductors. The underlying Index contains only companies that are engaged primarily in the production of

performed in the selection of companies included in the Index. In addition, the Glass Lewis ESG-tilted voting policy is applied, whereby casted votes in shareholder meetings of companies in the portfolio concern sustainability matters.

● **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Fund's investments must comply with the following binding elements:

1. Exclusion of companies with a very severe controversy rating relating to Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights, based on Norm-based research;
2. Exclusion of companies which are involved in the production or critical component supply for Controversial Weapons.
3. Exclusion of companies which are involved in the production, distribution and services of Civilian Firearms.
4. Exclusion of companies which derive 5% or more revenues from Tobacco, Gambling, Energy Extractives (Thermal Coal, Fossil Fuels, Oil Sands, Nuclear Power), and Military Equipment and Services.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund does not commit to a minimum rate to reduce the scope of investments prior to the application of the investment strategy.

● **What is the policy to assess good governance practices of the investee companies?**

Good governance relates to sound management structures, employee relations, remuneration of staff and tax compliance. The Fund excludes companies when ISS rating shows the verifiably violated or imminent to violate the OECD Guidelines for multinational enterprises and the UN Guiding Principles on Business and Human Rights.

Assessment is performed at any rebalancing of the underlying Index, excluding companies with a score of 9 or 10, according to the Norm-based research overall score approach, equivalent to verified or imminent failure to respect established norms.

In addition, the Fund also excludes companies with a very severe controversy rating. The rating takes into account, among others, Accounting Fraud, Anti-competitive Behaviour, Bribery, Money Laundering, Failure to manage cybersecurity, Failure to pay fair share of taxes, Poor stakeholder consultation, Workplace discrimination, Labour Rights Violations, Working Conditions as well as Supply-Chain standards.



**Asset allocation** describes the share of investments in specific assets.

**What is the asset allocation planned for this financial product?**

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

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The Fund does not invest in derivatives. Therefore, this question is not applicable.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

While the Fund promotes environmental and social characteristics within the meaning of Article 8 of the SFDR, it does not currently commit to investing in any “sustainable investments” within the meaning of the SFDR. It should be noted that the investments underlying this Fund do not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation and, as such, the Fund’s portfolio alignment with such Taxonomy Regulation is not calculated. It follows that the minimum extent of sustainable investments with an aligned environmental objective aligned with the Taxonomy Regulation is currently 0%.

The “do no significant harm” principle applies only to those investments underlying the Fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the Fund do not take into account the EU criteria for environmentally sustainable economic activities.

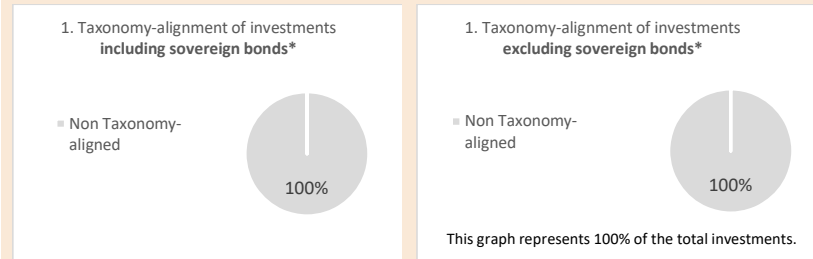
### Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

Yes:

In fossil gas  In nuclear energy

No

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

 are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

● **What is the minimum share of investments in transitional and enabling activities?**

The minimum share of investments in transitional and enabling activities is 0%.



● **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The minimum share of non-aligned environmental sustainable investments is 0%.



● **What is the minimum share of socially sustainable investments?**

The minimum share of socially sustainable investments is 0%.



● **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

Not applicable, all investments are aligned with the environmental and social characteristics.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

As a passive investment’s strategy, the Fund has designated the MVIS® US Listed Semiconductor 10% Capped ESG Index as reference benchmark to meet the environmental and social characteristics that it promotes.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

● **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

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 Norm-based research and Controversial sector involvement screenings, the Fund takes sustainability factors relating to greenhouse gas emissions, biodiversity, water, waste, social and employee, respect for human rights, anti-corruption and anti-bribery matters into account.

For detailed information, please refer to the question “Does this financial product consider principal adverse impacts on sustainability factors?”.

● **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

In order to seek to achieve its investment objective, the investment policy of the Fund is to use a replication strategy by investing directly in the underlying equity securities that consists of the component securities of the Index. The Fund is passively managed.

The Fund’s Manager, in order to ensure the alignment with the ESG characteristics that it promotes, monitors that the holdings are screened against the underlying Index’s exclusion by means of:

- Replication by the Portfolio Management Team of the Index based on the Index rules. Those also contain the requirements related to Norm-based research and Controversial sector involvement screenings (tobacco, fossil fuels, thermal coal mining, gambling, oil sands, civilian firearms, military equipment and services, and nuclear power), as coded in the Bloomberg Compliance Manager system. The Index components are periodically rebalanced by the Index provider.

Reporting of any breaches of the Index rules by the Legal and Compliance Team, in line with VanEck’s policies and procedures, which are established to assess the alignment

- of the funds' investments with the Index and to undertake recovery measures where necessary.
- Periodic confirmation on ESG integration by the Index provider as part of the regular due diligence.
- Establishment of an ESG Committee which periodically reviews the compliance of the Fund's characteristics with the current regulation and which goal is to establish, maintain and further develop and monitor ESG strategies offered by VanEck. The ESG Committee is composed by the managing directors and at least one member of each department.
- Appointment of a proxy voting specialist - Glass Lewis Europe Limited - to exercise voting rights for all equity funds also on ESG factors. VanEck is periodically informed by the service provider on the voting activities.
- Appointment of a third-party engagement specialist - Glass Lewis Europe Limited - for the passive equity funds managed by VanEck Asset Management B.V. The engagement provider determines the engagement approach in accordance with its engagement policy and based on its engagements' priorities.

● ***How does the designated index differ from a relevant broad market index?***

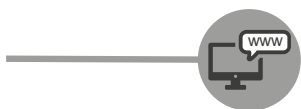
The Index differs from a generic broad market index in following ways:

- Thematic investment approach: companies that generate at least 50% of their revenues from semiconductors and are engaged primarily in the production of semiconductors and semiconductor equipment;
- ESG screenings: companies with very severe norms violations, the ones that are involved in civilian firearms, controversial weapons or that exceed certain thresholds of revenue exposure to various sectors (tobacco, energy extractives, gambling and military equipment and services), are not eligible for inclusion.

● ***Where can the methodology used for the calculation of the designated index be found?***

Information on the methodology can be found on the index provider's website:

[https://www.mvis-indices.com/rulebooks/download/mv\\_equity\\_guide.pdf](https://www.mvis-indices.com/rulebooks/download/mv_equity_guide.pdf)



**Where can I find more product specific information online?**

More product-specific information can be found on the website:

<https://www.vaneck.com/ie/en/smh>.