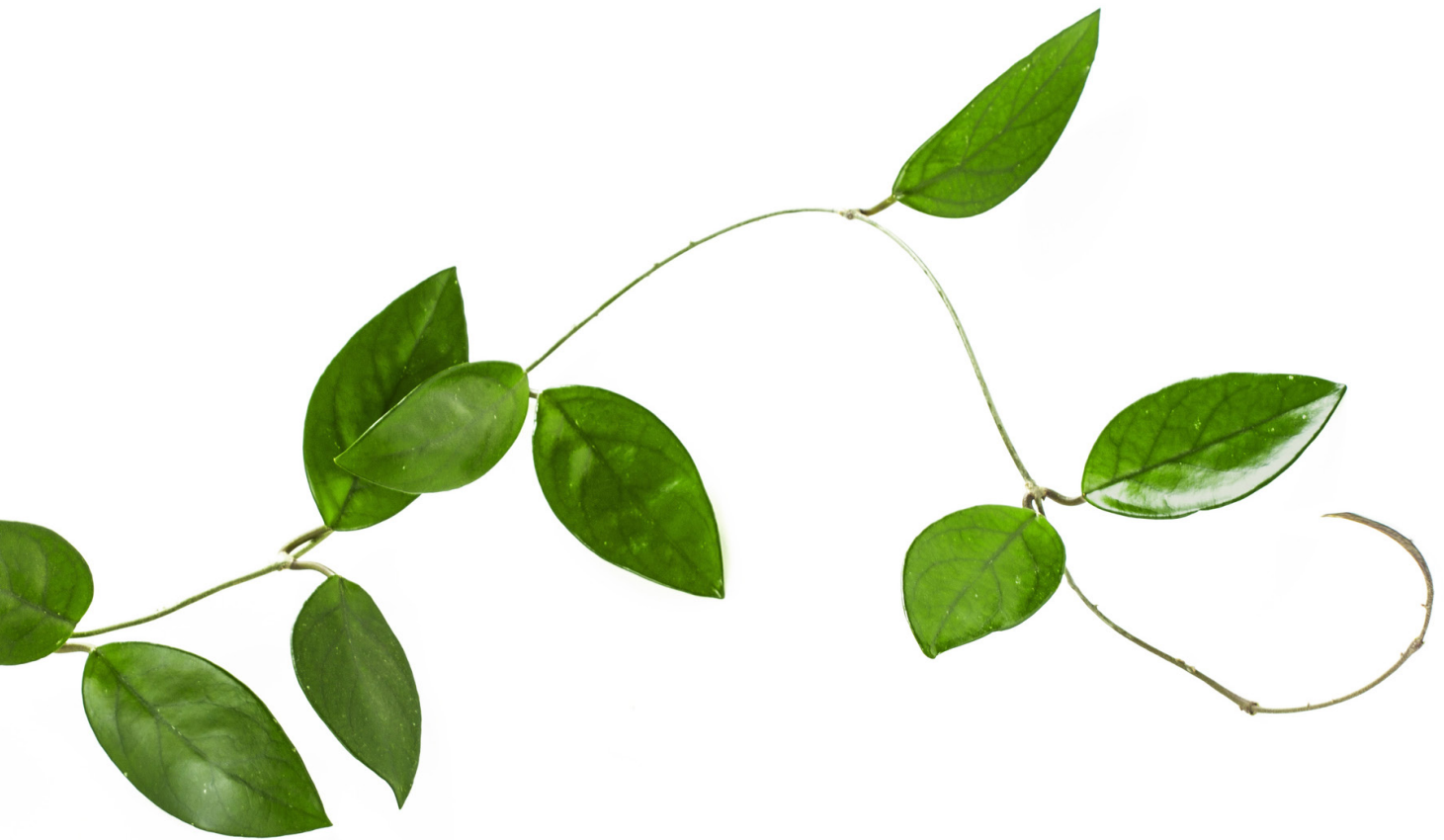




BetaShares
Exchange Traded Funds



ETHI: INDEX REBALANCE SUMMARY 2021



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The BetaShares Global Sustainability Leaders ETF (ASX: ETHI) aims to track the Nasdaq Future Global Sustainability Leaders Index (Index) before fees and expenses.

This report describes the changes made to the Index constituents as part of the annual index rebalance and reconstitution in May 2021. This process included full screening of eligible constituents in accordance with the Index methodology.

Index Additions

Of the 230 companies that passed the screens, 40 new companies were added to the Index, with some noteworthy examples outlined below:

Company	Ticker	Relevant Screen	Rationale for addition
CISCO SYSTEMS, INC.	CSCO	Carbon Efficiency	The company's carbon efficiency had improved over the course of the year, placing it in the top third for carbon efficiency in its industry.
NOVARTIS AG	NOVN	Carbon Efficiency	The company's carbon efficiency had improved over the course of the year, placing it in the top third for carbon efficiency in its industry.
VESTAS WIND SYSTEMS A/S	VWS	Scope 4	See "Scope 4 inclusions" below.
WALGREENS BOOTS ALLIANCE, INC.	WBA	No animal cruelty	Verified that none of their in-house brands involved cosmetic animal testing.
ETSY, INC.	ETSY	Market Capitalisation	The company's market capitalisation had increased, making it eligible for inclusion.

A full list of the Index Additions is included in Appendix A.

Scope 4 inclusions

Three new companies met the Index criteria for a 'Scope 4' company (whose products or services are leaders in avoiding emissions).

Two of the previous Scope 4 companies remained in the Index - Infineon Technologies AG (Ticker: IFX) and First Solar, Inc. (Ticker: FSLR).

The basis for the three additions is set out below:

- **Vestas Wind Systems A/S (Ticker: VWS):** Excluded in the 2020 ETHI rebalance due to conduct that had exposed employees to toxic chemicals. By introducing a project to address this, the "Epoxy Vision", Vestas has demonstrated it is taking action to address the use of toxic chemicals in its operations.
- **Plug Power Inc. (Ticker: PLUG):** Develops hydrogen fuel cells which replace conventional batteries in equipment and vehicles running on electricity
- **Sunrun Inc. (Ticker: RUN):** Manufactures residential solar panels and batteries.

Index Deletions

39 companies were removed from the Index:

- 13 no longer qualified as Carbon Leaders (including Netflix), meaning they did not meet the criteria to be in the top third most carbon efficient companies within their industry.
- 16 were removed due to their size ranking
- 10 companies did not pass the ESG negative screens set out in the index methodology at this rebalance.

The 10 companies that did not pass the ESG negative screens at this rebalance are summarised in the table below:

Company	Ticker	Country	Failed Screen	Rationale
TESLA INC.	TSLA	United States	Controversy	<p>Over the past 12 months, the company has been involved in controversy surrounding:</p> <ul style="list-style-type: none"> ▶ reopening a U.S.-based production facility contrary to relevant government COVID-19 related orders ▶ concerns regarding the potential environment impacts of a new Germany-based production facility ▶ implication in forced labour related issues within its supply chain. <p>The company has declined to publicly respond to each of these matters and has not engaged with the Fund's Responsible Investment Committee when contacted.</p>

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Company	Ticker	Country	Failed Screen	Rationale
SNAP, INC	SNAP	United States	Controversy	The company has been implicated in controversy surrounding sexual extortion and exploitation of minors, including failing to make the reporting of sextortion simple and easy on its platform.
CHUBB LTD.	CB	United States	Fossil Fuel Provider	The company has been one of Trans Mountain's biggest insurers, and has insured its large tar sand oil pipeline, the Trans Mountain pipeline. Unlike its peers, Chubb has not taken steps to exit its relationship with Trans Mountain.
DAIWA HOUSE INDUSTRY CO LTD.	1925	Japan	Human Rights	The company has a business relationship with Myanmar's military through its subsidiary, Fujita Corporation.
LOBLAW COMPANIES LTD	L	Canada	Animal Cruelty	The company has been involved in the sale of foie gras (via its subsidiaries).
SYMRISE AG,	SY1	Germany	Animal Cruelty	The companies have conducted animal testing in developing their fragrances.
GIVAUDAN SA	GIVN	Switzerland		
INTERNATIONAL FRAGRANCES AND FLAVOURS, INC	IFF	United States		
AENA SME, S.A	AENA	Spain	Tobacco	The company's revenue from flights and travel was reduced due to Covid-19-related travel restrictions. This meant that the sale of the company's tobacco products became a larger overall portion of its revenue, exceeding the materiality threshold set out in the index methodology.
ON SEMICONDUCTOR CORP	ON	United States	Armaments and militarism	The company's business activities have evolved to include direct armaments exposure.

A full list of the Index Deletions is included in Appendix B.

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Appendix A – Full list of additions to the Index

Ticker	Name	Country
CSCO	Cisco Systems, Inc.	United States
NOVN	Novartis AG	Switzerland
LRCX	Lam Research Corporation	United States
VOW3	Volkswagen	Germany
PRU	Prudential PLC	United States
9983	Fast Retailing Co., Ltd.	Japan
REL	RELX PLC	United Kingdom
6954	54 Fanuc Corporation	Japan
VWS	Vestas Wind Systems A/S	Denmark
SY Y	Sysco Corporation	United States
WBA	Walgreens Boots Alliance, Inc.	United States
8766	Tokio Marine Holdings, Inc.	Japan
VEEV	Veeva Systems Inc	United States
POOL	L Pool Corporation	United States
MSI	Motorola Solutions, Inc	United States
AHT	Ashtead Group plc	United Kingdom
LBRDK	Ashtead Group plc	United Kingdom

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Ticker	Name	Country
ZBRA	Zebra Technologies	United States
HIG	The Hartford Financial Services Group, Inc.	United States
ETSY	Etsy, Inc.	United States
WLN	Worldline	France
RNG	Ringcentral, Inc	United States
HUBS	HubSpot, Inc	United States
ALLY	Ally Financial Inc. Y Ally Financial Inc.	United States
PLUG	Plug Power Inc	United States
ESS	Essex Property Trust, Inc.	United States
1113	CK Asset Holdings Limited	Hong Kong
BURL	Burlington Stores	United States
ALO	Alstom	France
OMC	Omnicom Group Inc.	United States
7832	Bandai Namco Holdings	Japan
GH	Guardant Health, Inc.	United States
INCY	Incyte Corporation	United States
ZAL	Zalando SE	Germany
4528	Ono Pharmaceutical Co., Ltd.	Japan
ASM	ASM International NV	Netherlands

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Ticker	Name	Country
ZS	Zscaler, Inc.	United States
ARGX	ARGENX SE	Netherlands
LYV	Live Nation Entertainment	United States
RUN	Sunrun Inc.	United States

Appendix B - Full list of deletions from the Index

Name	Ticker	Country	Failed screen per index methodology
TESLA INC	TSLA	United States	Controversy
NETFLIX INC	NFLX	United States	Not a carbon leader
CHUBB LTD	CB	United States	Fossil fuel service provider
SNAP INC	SNAP	United States	Controversy
KLA CORP	KLAC	United States	Not a carbon leader
BCE INC	BCE	Canada	Not a carbon leader
GIVAUDAN SA	GIVN	Switzerland	Animal cruelty
REALTY INCOME CORP	O	United States	Not a carbon leader
LEGAL & GENERAL GROUP PLC	LGEN	United Kingdom	Not a carbon leader
LOBLAW COS LTD	L	Canada	Animal cruelty
DAI-ICHI LIFE HOLDINGS INC	8750	Japan	Japan
ON SEMICONDUCTOR CORP	ON	United States	Armaments and militarism

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Name	Ticker	Country	Failed screen per index methodology
IQVIA HOLDINGS INC	IQV	United States	Not a carbon leader
BROADRIDGE FINANCIAL SOLUTIONS	BR	United States	Not a carbon leader
DAIWA HOUSE INDUSTRY CO LTD	1925	Japan	Human rights
SYMRISE AG	SY1	Germany	Animal cruelty
VMWARE INC	VMW	United States	Not a carbon leader
UDR INC	UDR	United States	Not a carbon leader
JAPAN EXCHANGE GROUP INC	8697	Japan	Not a carbon leader
INTERNATIONAL FLAVORS & FRAGRA	IFF	United States	s Animal cruelty
AENA SME SA	AENA	Spain	Tobacco
ANNALY CAPITAL MANAGEMENT INC	NLY	United States	Not a carbon leader
CAIXABANK SA	CABK	Spain	Not a carbon leader
SAGE GROUP PLC/ THE	SGE	United Kingdom	Deletion due to size ranking consideration
ALTICE USA INC	ATUS	United States	Deletion due to size ranking consideration
RAKUTEN GROUP INC	4755	Japan	Deletion due to size ranking consideration
RED ELECTRICA CORP SA	REE	Spain	Deletion due to size ranking consideration
SEVERN TRENT PLC	SVT	United Kingdom	Deletion due to size ranking consideration
TOKYU CORP	9005	Japan	Deletion due to size ranking consideration
TREND MICRO INC/JAPAN	4704	Japan	Deletion due to size ranking consideration

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Name	Ticker	Country	Failed screen per index methodology
CABLE ONE INC	CABO	United States	Deletion due to size ranking consideration
ELIA GROUP SA/NV	ELI	Belgium	Deletion due to size ranking consideration
GECINA SA	GFC	France	Deletion due to size ranking consideration
RENAISSANCERE HOLDINGS LTD	RNR	Bermuda	Deletion due to size ranking consideration
NEUROCRINE BIOSCIENCES INC	NBIX	United States	Deletion due to size ranking consideration
VIFOR PHARMA AG	VIFN	Switzerland	Deletion due to size ranking consideration
SANTEN PHARMACEUTICAL CO LTD	4536	Japan	Deletion due to size ranking consideration
INNERGEX RENEWABLE ENERGY INC	INE	Canada	Deletion due to size ranking consideration

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No assurance is given that any of the companies in ETHI's portfolio will be profitable investments.

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