

# **L&G Battery Value-Chain UCITS ETF**

## **FUND SUPPLEMENT**

**No. 19**

*A sub-fund of Legal & General UCITS ETF Plc, an umbrella investment company with variable capital and segregated liability between its Funds incorporated with limited liability in Ireland under registration number 459936.*

The Company and the Directors, whose names appear on page 10 of the Prospectus, are the persons responsible for the information contained in this Fund Supplement and accept responsibility accordingly. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of the information.

This Fund Supplement contains information relating to the L&G Battery Value-Chain UCITS ETF (the “Fund”) which is a separate Fund of Legal & General UCITS ETF Plc (the “Company”), an umbrella fund with segregated liability between its Funds. This Fund Supplement forms part of and should be read in the context of, and together with, the Company’s Prospectus dated 23 February 2022 and any other applicable addenda. Investors should also refer to the Company’s latest published annual report and audited financial statements (if any) and, if published after such report, a copy of the latest semi-annual report and unaudited financial statements. Capitalised expressions used and not defined in this Fund Supplement shall bear the meanings as set out in the Prospectus. If you are in any doubt about the action to be taken or the contents of this Fund Supplement, please consult your stockbroker, bank manager, lawyer, accountant or other independent professional adviser who, if such advice is taken in the United Kingdom, is an organisation or firm authorised or exempted pursuant to the FSMA.

Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund. An investment in the Fund involves certain risks and may only be suitable for persons who are able to assume the risk of losing their entire investment.

The Prospectus sets forth information on investment risk, management and administration of the Fund, valuation, subscription, redemption and transfer procedures and details of fees and expenses payable by the Fund and should be read subject to the information herein.

---

The date of this Fund Supplement is 28 November 2022.

---

## INVESTMENT OBJECTIVE

The investment objective of the L&G Battery Value-Chain UCITS ETF (the “**Fund**”) is to provide exposure to companies that produce metals that are primarily used for manufacturing batteries and companies that develop electro-chemical energy storage technology (i.e. battery technology) and/or that produce batteries.

## INVESTMENT POLICY

In order to achieve this investment objective, the Fund will seek to track the performance of the Solactive Battery Value-Chain Index Net Total Return (the “**Index**”), subject to the deduction of the TER and other expenses associated with operating the Fund as further described in the “*Fees and Expenses*” section of the Prospectus. It will do so by investing primarily in a portfolio of equity securities that, as far as possible and practicable, consists of the component securities of the Index in similar proportions to their weightings in the Index and may **have exposure to or invest directly up to 20% of its Net Asset Value in shares issued by the same body, which limit may be raised to 35% for a single issuer in exceptional market conditions, including (but not limited to) circumstances in which such issuer occupies a dominant market position.**

Where it is not possible or practicable for the Fund to invest directly in all of the component securities of the Index (for reasons such as, but not limited to, where this would involve difficulties or substantial costs, where one or more securities in the Index becomes temporarily illiquid or unavailable, or as a result of legal restrictions or regulatory limitations that apply to the Fund but not the Index) and/or where consistent with its investment objective, the Fund may also invest in the following additional assets subject to the conditions and within the limits laid down by the Central Bank:

- equity securities of mining and battery technology companies involved in the battery technology sector that are not component securities of the Index, but the risk and return characteristics of which, individually or collectively, closely resemble the risk and return characteristics of constituents of the Index or of the Index as a whole;
- Depositary Receipts relating either to component securities of the Index or to equity securities of the type referred to in the bullet point immediately above; and
- FDIs – namely, total return “unfunded” OTC Swaps and exchange-traded equity futures – which may be used for investment purposes (such as gaining exposure to the Index and/or any particular constituents of the Index) in accordance with the terms set out in the sections entitled “Fund Investments”, “Unfunded OTC Swap Model” and Schedule II of the Prospectus. While the Fund may invest up to 100% of its Net Asset Value in total return “unfunded” OTC Swaps, it is not expected that this flexibility will be used. The Fund will only invest in FDIs as provided for in the RMP prepared by the Investment Manager in respect of the Fund and filed with the Central Bank.

The Fund may, in addition, employ other techniques relating to transferable securities, including entering into securities lending transactions, investing in repurchase and reverse repurchase transactions and short term money market collective investment schemes, for the purpose of efficient portfolio management only, in accordance with the terms set out in the section entitled “*Efficient Portfolio Management Techniques*” and Schedule II of the Prospectus. While the Fund may invest up to 100% of its Net Asset Value in repurchase and reverse repurchase transactions it is not expected that this flexibility will be used.

## TRACKING ERROR

The estimated anticipated (ex-ante) tracking error for the Fund in normal market conditions is 0.45% (annualised), which is the anticipated volatility of the difference between the return of the Fund’s portfolio and the return of the Index. Investors are specifically referred to the section headed “Tracking error” in the Prospectus.

# SUSTAINABILITY

The Fund promotes environmental and social characteristics, and therefore it is a financial product referred to in Article 8 of the SFDR. Further information on the environmental and social characteristics of the Fund can be found in the Sustainability Disclosure annex of this Fund Supplement.

## INDEX DESCRIPTION

The Index is designed to provide exposure to publically traded companies across the world that are actively involved in the industry value-chain for battery manufacturing. “Value-chain” refers to all of the value-creating activities within the industry, beginning with the extraction of raw materials and ending with the production of completed products. Accordingly, the Index provides exposure to companies that produce metals that are primarily used for manufacturing batteries (“**Mining Producers**”) and companies that develop electro-chemical energy storage technology (i.e. battery technology) and/or that produce batteries (“**Energy Storage Technology Providers**”). A “battery” is a device consisting of one or more electro-chemical cells that are capable of generating electrical energy from chemical reactions.

The Index will exclude companies which are constituents of the “ESG Exclusions Index”, namely companies which (i) are non-compliant with the UN Global Compact, (ii) are associated with a controversy (i.e. companies that have been involved in events that have a severe impact on the environment and society, posing serious business risks to the company), (iii) are involved in the production or retail of tobacco, or are a related product/service, (iv) are involved in military contracting weapons or related products, (v) are directly involved or indirectly involved through corporate ownership, in controversial weapons, (vi) are involved in the retail or distribution of small arms to civilians (assault and non-assault weapons) and military/law enforcement customers, as well as key components of small arms, (vii) are involved in thermal coal extraction, power generation or supporting products/services, (viii) are involved in the generation, production of conventional oil and gas, or supporting products/services, (ix) are involved in oil sands extraction, arctic oil & gas exploration/extraction or shale energy extraction, (x) are involved in the production, retail or related services/products of alcohol, (xi) are involved in the operations, specialized equipment or supporting products/services of gambling, and (xiii) are involved in the production or distribution of adult entertainment. Such exclusions and the definition of “involvement” are determined by reference to the “ESG Exclusions Index” published by Solactive AG (the “**Index Provider**”) which is available at <https://solactive.com/downloads/Guideline-Solactive-ESG-Exclusions-Index.pdf>.

The constituents of the Index are selected and weighted according to the step-by-step construction process described below. The Index is constructed primarily by reference to stocks of companies that meet certain size and liquidity requirements that are Mining Producers and Energy Storage Technology Providers.

The Index is administered and calculated by the Index Provider.

### Determination of the Index Universe

Companies whose securities are eligible for inclusion in the Index Universe are determined by the Index Provider in accordance with the process described in the Index methodology, which is available at the following web address: <https://www.solactive.com/?s=Solactive%20Battery%20Value-Chain%20Index&index=DE000SLA33F4>.

1. To be eligible for inclusion in the Index, a security (each an “**Eligible Security**”) must have:
  - 1.1. its primary listing on one of the global stock exchanges listed in Annex A of the Index methodology;
  - 1.2. a minimum free-float adjusted market capitalisation of USD 200 million, unless such security is an existing constituent of the Index. However, if a security is an existing constituent of the Index,

the relevant company must have a minimum free float adjusted market capitalisation of USD 150 million to be selected for inclusion. “Free-float adjusted market capitalisation” is a measure of the total market value of the proportion of a company’s shares that are publically traded (i.e. “floating”) in the stock market as opposed to locked-in shares held by promoters, company officers, controlling-interest investors, or government authorities; and

- 1.3. a minimum three-month average daily value traded of USD 1,000,000.
2. Each Eligible Security shall be deemed to be an Index constituent (an “**Index Constituent**”), if, in respect of such Eligible Security, the company:
  - 2.1. is an Energy Storage Technology Provider for one or more types of batteries, such as, but not limited to, “flow batteries”, “lead based batteries”, “lithium based batteries”, “nickel based batteries”, “sodium based batteries” and “zinc based batteries”, and is not a utility provider; or
  - 2.2. is a Mining Producer that is engaged in production of metals such as lithium.

#### Weighting allocation

All securities that are included in the final Index selection are equally weighted within the Index.

#### Net Total Return

Total return indices measure the market performance, including price performance and income from regular cash distributions (cash dividends or capital repayments). This income is treated as being reinvested in the Index and thus makes up part of the total index performance. The Index is a *net* total return index which means that cash dividends declared by Index constituents are reinvested in the Index net of withholding tax at the rates (depending on the country of domicile of the Index constituent) set out in the “*Withholding Tax Rates*” table available at: <https://www.solactive.com/news/documents/>.

#### Rebalancing Frequency

The Index Universe shall be determined on an annual basis in May.

Whilst the Index Universe is determined on an annual basis in May, the Index itself shall be reconstituted semi-annually in May and November in accordance with the full selection and weighting parameters described above. At the time of each semi-annual reconstitution of the Index, it is possible that additional companies not presently represented in the Index will be added, or that one or more companies presently represented will be removed.

In addition to the semi-annual reconstitutions of the Index, the weights of the individual constituents of the Index are assessed on a monthly basis. If the weight of an individual security exceeds 15% of the Index at the monthly assessment date, the Index shall be re-weighted in accordance with the above with the result that all component securities are again equally weighted within the Index. If none of the component securities has a weight exceeding 15%, then no re-weighting shall be made.

Investors should note that the respective weights of each of the constituents of the Index are expected to fluctuate in-between the monthly re-weightings and/or semi-annual reconstitutions of the Index.

### Further Information

The information set out above is a summary of the principal features of the Index and does not purport to be an exhaustive description. Further information with respect to the component selection criteria, calculation and rebalancing methodology and treatment of corporate events can be found in the “*Index Methodology - Solactive Battery Value-Chain Index*” which (as of the date of this Fund Supplement) is available, along with the constituents and weightings of the Index and various other informational materials, at: <https://www.solactive.com/?s=Solactive%20Battery%20Value-Chain%20Index&index=DE000SLA33F4>.

	ISIN	Bloomberg	Reuters
<b>Index</b>			
Solactive Battery Value-Chain Index Net Total Return	DE000SLA33F4	SOLBATT	.SOLBATT

As at the date of this Fund Supplement, the Index Provider is listed as a registered benchmarks administrator in the Benchmarks Regulation Register.

### Portfolio Composition

The portfolio of Investments held by the Fund is available daily at [www.lgim.com](http://www.lgim.com).

## **PROFILE OF A TYPICAL INVESTOR**

Only Authorised Participants may purchase ETF Shares in the Fund directly from the Company. All other investors may acquire or purchase ETF Shares only through the secondary market.

It is expected that investors in the Fund will be informed investors who have taken professional advice and who understand (and are able to bear) the risk of losing their investment and who can accept the levels of risks associated with investing in global equity markets, in particular in battery-related companies.

## **RISK MANAGEMENT**

The Fund’s global exposure, being the incremental exposure and leverage generated by the Fund through its use of FDI, shall be calculated on at least a daily basis using the commitment approach and, in accordance with the requirements of the Central Bank, may at no time exceed 100% of the Fund’s Net Asset Value. As noted in the “*Investment Policy*” section above, the Fund’s use of FDI is an ancillary element of the investment policy in that it is an alternative means of gaining exposure to the Index, or one or more of the constituents of the Index, in circumstances where direct investment in the constituents of the Index is not possible, practicable or desirable. Regardless of whether exposure to the underlying constituents is obtained by direct investment in the constituents, or by gaining exposure to the constituents through the use of FDI, the same notional value shall be committed to the investment by the Fund. Accordingly, it is not expected that the Fund will be leveraged.

## **RISK FACTORS**

Investors are specifically referred both to the section headed “*Risk Factors*” and to Schedule II in the Prospectus and should consider the following risk factors prior to investing in the Fund.

1. An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. Investors can lose all of the capital invested in the Fund.

2. The Fund invests primarily in the equity securities of companies that produce metals that are primarily used for manufacturing batteries and companies that develop electro-chemical energy storage technology (i.e. battery technology) and/or that produce batteries. Accordingly, the Fund is particularly sensitive to risks relating to such types of companies. These risks include, but are not limited to, slowdowns in world economic growth, rapid obsolescence of battery technology and government intervention and/or regulation.

Battery technology companies may rely on a combination of patents, copyrights and trade secret laws to establish and protect their proprietary rights in their products and technologies. There can be no assurance that the steps taken by these companies to protect their proprietary rights will be adequate to prevent the misappropriation of their technology. Additionally, the emergence of more advanced and/or price competitive battery technologies could have a material adverse effect on the revenues of certain battery-producing companies and, accordingly, may lead to a decline in the value of such companies as represented within the Index and owned by the Fund.

Additionally, the emergence of new battery technologies that are not dependent on the production of lithium could have a material adverse effect on the revenues of lithium mining companies and, accordingly, may lead to a decline in the value of such companies as represented within the Index and owned by the Fund. Further, each company may derive some or a substantial portion of its revenues from business segments that may be unrelated to battery technology and/or lithium production. As a result, such companies shall also be subject to risks that are typically associated with such other business segments.

3. The Index is typically comprised of a mix of micro, small, mid and large cap companies. The terms “micro cap”, “small cap”, “mid cap” and “large cap” refer to the “market capitalisation” of a company’s shares which is a measure of the total market value of a company’s shares. Micro cap, small cap and mid cap companies may be more vulnerable to adverse business or economic events than large cap companies which are typically larger, more established companies. In particular, micro cap, small cap and mid cap companies generally trade in lower volumes, are often more vulnerable to market volatility and are subject to greater and more unpredictable price changes than large cap stocks or the stock market as a whole.

## THE SHARES

As at the date of this Fund Supplement, the Fund only has a single class of Shares which are ETF Shares as detailed in the table below. Additional classes of Shares may be added in the future in accordance with the requirements of the Central Bank.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

As with other Irish companies limited by shares, the Company is required to maintain a register of Shareholders. ETF Shares will be held by the Common Depository’s Nominee (as registered holder) in registered form. Only persons appearing on the register of Shareholders (i.e. the Common Depository’s Nominee) will be a Shareholder. Fractional Shares will not be issued. No temporary documents of title or Share certificates will be issued (save for the Global Share Certificate, as set out in the Prospectus). A trade confirmation will be sent by the Administrator to the Authorised Participants.

Share Class	Share Class Type	Minimum Subscription / Redemption Amount	TER*	Dividend policy
USD Accumulating ETF	ETF Shares	50,000 Shares	0.49%	N/A

*\*Expressed as a % per annum of the Net Asset Value of the Share class.*

## STOCK EXCHANGE LISTINGS

As at the date of this Fund Supplement, the following classes of ETF Shares have been admitted to trading on the stock exchanges listed below. Applications for the admission to additional stock exchanges of existing and new classes of ETF Shares may be made from time to time.

Share Class	Share Class Type	Listing Exchange	Listing Currency	ISIN	Bloomberg code	Reuters code
USD Accumulating ETF	ETF Shares	London Stock Exchange	USD	IE00BF0M2Z96	BATT LN	BATT.L
		London Stock Exchange	GBX	IE00BF0M2Z96	BATG LN	BATG.L
		Borsa Italiana	EUR	IE00BF0M2Z96	BATT IM	BATT.MI
		Deutsche Börse	EUR	IE00BF0M2Z96	BATE GY	ECBATE.DE
		NYSE Euronext	EUR	IE00BF0M2Z96	BATT NA	BATT.AS
		SIX Swiss Exchange	CHF	IE00BF0M2Z96	BATT SW	BATT.S

## DEALING PROCEDURES

The procedures for subscribing for and redeeming of Shares are outlined in the Prospectus. Subscriptions and redemptions in the Fund may be in cash or, where agreed with the Manager or its delegate, on an *in specie* basis.

Shares may be subscribed for in the manner set out in the Prospectus under the heading “*Subscriptions*”, beginning on page 55.

Shares in the Fund may be redeemed as described in the Prospectus under the heading “*Redemptions*” beginning on page 63.

In the context of each application for subscription for or redemption of Shares, the Manager (or its appointed delegate) shall have sole discretion as to whether Duties and Charges are charged as a fixed amount or charged to match the exact cost to the Company of purchasing or selling the relevant underlying Investments. Where Duties and Charges are charged as a fixed amount, such fixed amount shall not exceed 5% of Net Asset Value of Shares being applied for or redeemed.

## DEALING INFORMATION

Base Currency	USD
Dealing Currency	The dealing currency for each class of Shares is the currency of denomination of the relevant class of Shares.
Business Day	A day on which banks and markets and exchanges are open for business in the United Kingdom.

Dealing Day	An Index Publication Day and a day on which no Significant Markets are closed for business or such Business Day(s) as the Directors may from time to time determine (subject to advance Shareholder notice) for dealings in the Fund provided always that there shall be at least one Dealing Day each fortnight. The Promoter maintains an online " <i>Dealing Day Calendar</i> " at: <a href="http://www.lgim.com">www.lgim.com</a> , where advance notice of all expected Dealing Days for the Fund is published on an ongoing basis. The Dealing Day Calendar is also available on request from the Manager and from the Promoter.
Dealing Deadline	The cut-off time in respect of any Dealing Day for receipt of applications for subscriptions and redemptions in the Fund as shall be set out on <a href="http://www.lgim.com">www.lgim.com</a> , which information shall be kept up to date.
Minimum Subscription Amount	Please refer to the table contained in the section above entitled " <i>The Shares</i> ".
Minimum Redemption Amount	Please refer to the table contained in the section above entitled " <i>The Shares</i> ".
Settlement Time	Settlement of subscriptions shall generally occur within two Business Days after the relevant Dealing Day (unless otherwise agreed with the Manager or its delegate).  Settlement of redemptions shall generally occur within two Business Days after the relevant Dealing Day (unless otherwise agreed with the Manager or its delegate).
Valuation	The Valuation Point is the time at which the value of the Index is determined.  Investments of the Fund which are listed or traded on a Regulated Market for which quotations are readily available shall, subject to the provisions of the Articles, be valued at the last traded price.
TER	Please refer to the table contained in the section above entitled " <i>The Shares</i> " for the TER applicable to each Share class.  Brokerage and extraordinary expenses are excluded from the TER figure – see section entitled " <i>Fees and Expenses</i> " on page 72 of the Prospectus.  Fees and expenses relating to the establishment of the Fund are borne by the Manager.

## TAXATION

A description of the taxation applicable to the Company and its investors is outlined under the heading "*Taxation*" in the Prospectus.

### **German Tax Information**

The Company seeks to maintain "equity fund" status for the Fund pursuant to Section 2 para. 6 and 7 of the German Investment Tax Act 2018.

Investors should consult their own professional advisers as to the implications of the Fund maintaining "equity fund" status pursuant to the German Investment Tax Act 2018.

As at the date of this Fund Supplement, at least 51% of the Fund's assets will be continuously invested in equity assets as defined in Section 2. para. 8 of the German Investment Tax Act 2018.

## **INDEX DISCLAIMER**

The Fund is not sponsored, promoted, sold or supported by the Solactive AG. Nor does Solactive AG offer any express or implicit guarantee or assurance either with regard to the results of using the Index and/or Index trade mark or the Index price, at any time or in any other respect.

The Index is calculated and published by Solactive AG. Solactive AG uses its best efforts to ensure that the Index is calculated correctly. Irrespective of its obligations towards the Company, Solactive AG has no obligation to point out errors in the Index to third parties including, but not limited to, investors and/or financial intermediaries of the Fund. Solactive AG does not guarantee the accuracy and/or the completeness of the Index or any related data, and shall not have any liability for any errors, omissions or interruptions therein.

Neither publication of the Index by Solactive AG, nor the licensing of the Index or Index trade mark, for the purpose of use in connection with the Fund, constitutes a recommendation by Solactive AG to invest capital in said Fund nor does it, in any way, represent an assurance or opinion of Solactive AG with regard to any investment in this Fund. In no event shall Solactive AG have any liability for any lost profits or indirect, punitive, special or consequential damages or losses, even if notified of the possibility thereof.

WF-33440283-2

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

**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.

**Product name:**  
L&G Battery Value-Chain UCITS ETF

**Legal entity identifier:**  
213800WIW0EUI6W4M51

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

☒ ☒ ☐ **Yes**

☒ ☐ ☒ **No**

☐ It will make a minimum of **sustainable investments with an environmental objective**: \_\_%

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective**: \_\_%

☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☒ It promotes E/S characteristics, but **will not make any sustainable investments**



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

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

The Fund promotes the following environmental characteristics related to climate change:

- Avoiding investments in certain fossil fuels;
- Support of clean technologies;
- Support of renewable energy; and
- Support of better practices in energy consumption (or usage)

The Fund promotes the following social characteristics relating to social norms and standards:

- Human rights, labour rights and anti-corruption as set out in the principles of the UN Global Compact, and

- Avoiding the financing of controversial weapons.

The Fund promotes the above-mentioned characteristics by tracking the Solactive Battery Value-Chain Index Net Total Return (the "Index"), which is a designated reference benchmark for the purpose of attaining the environmental and social characteristics promoted by the Fund. Whilst environmental and social characteristics are promoted through the application of the sustainability-related investment strategy set out below, investors are reminded that these environmental and social characteristics are not sustainable investment objectives.

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

Exposure to the theme set out below;

- The proportion of the relevant comparator index excluded through the application of the exclusionary criteria set out below.

● ***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?***

The Fund does not commit to making any 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? Details:*

Not applicable.

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

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

The "do not significantly 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.*



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

**X** Yes, the Fund considers principal adverse impacts on sustainability factors. The Investment Manager takes the adverse sustainability indicators listed in Table 1 of Annex I of the SFDR Level 2 Measures into account, except for a small subset of indicators as explained above. The Fund considers principal adverse impacts, that are identified using the above-mentioned indicators, by tracking the Index that employs the sustainability-related investment strategy outlined below in line with its methodology. For example, the Fund uses the 'Exposure to companies active in the fossil fuel sector' indicator (indicator 4 of Table 1 of Annex I of SFDR) to identify principal adverse impacts relating to greenhouse gas emissions and then considers and takes actions in relation to principal adverse impacts identified through tracking the Index that excludes companies that are involved in (i) thermal coal extraction, power generation or supporting products/services, (ii) the generation, production of conventional oil and gas, or supporting products/services, or (iii) in oil sands extraction, arctic oil & gas exploration/extraction or shale energy extraction. Further information on how the Manager and the Investment Manager consider principal adverse impacts on an entity level can be found in the Sustainability Policy which is available on LGIM's website. Reporting on principal adverse impacts on sustainability factors will be made available in the annual report of the Fund.

☐ No



## What investment strategy does this financial product follow?

The Fund tracks the Index that:

- includes companies that produce metals that are primarily used for manufacturing batteries and companies that develop electro-chemical energy storage technology (i.e. battery technology) and/or that produce batteries; and
- **applies ESG Exclusions:** The Index excludes companies which (i) are non-compliant with the UN Global Compact, (ii) are associated with a controversy (i.e. companies that have been involved in events that have a severe impact on the environment and society, posing serious business risks to the company), (iii) are involved in the production or retail of tobacco, or are a related product/service, (iv) are involved in military contracting weapons or related products, (v) are directly involved or indirectly involved through corporate ownership, in controversial weapons, (vi) are involved in the retail or distribution of small arms to civilians (assault and non-assault weapons) and military/law enforcement customers, as well as key components of small arms, (vii) are involved in thermal coal extraction, power generation or supporting products/services, (viii) are involved in the generation, production of conventional oil and gas, or supporting products/services, (ix) are involved in oil sands extraction, arctic oil & gas exploration/extraction or shale energy extraction, (x) are involved in the production, retail or related services/products of alcohol, (xi) are involved in the operations, specialized equipment or supporting products/services of gambling, and (xiii) are involved in the production or distribution of adult entertainment.

Such exclusions and the definition of "involvement" are determined by the Index provider and disclosed in further detail on the Solactive AG website.

**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 aims to track the Index in accordance with its investment policy. As a result, the

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

investment strategy set out above is binding on the investment decision-making process of the Fund.

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

The Fund excludes investments in companies as set out in the investment strategy and binding requirements outlined above; however, the Fund does not target a specific minimum rate of reduction from its investment universe.

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

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

The Investment Manager ensures that the investee companies in which the Fund invests follow good governance practices by tracking an index that excludes companies that (i) fail to meet globally accepted norms and standards relating to governance matters (such as the UN Global Compact principles), or (ii) are involved in incidents with negative governance implications. As part of its due diligence the Investment Manager assessed the Index to ensure compliance with these requirements.

In addition, the Investment Manager also integrates the principles of good governance practices into its stewardship and engagement approach by setting expectations with investee companies' management regarding good governance practices; actively engaging with the investee companies; utilising its voting rights; and supporting policymakers and legislators to ensure there is strong regulation and standards.



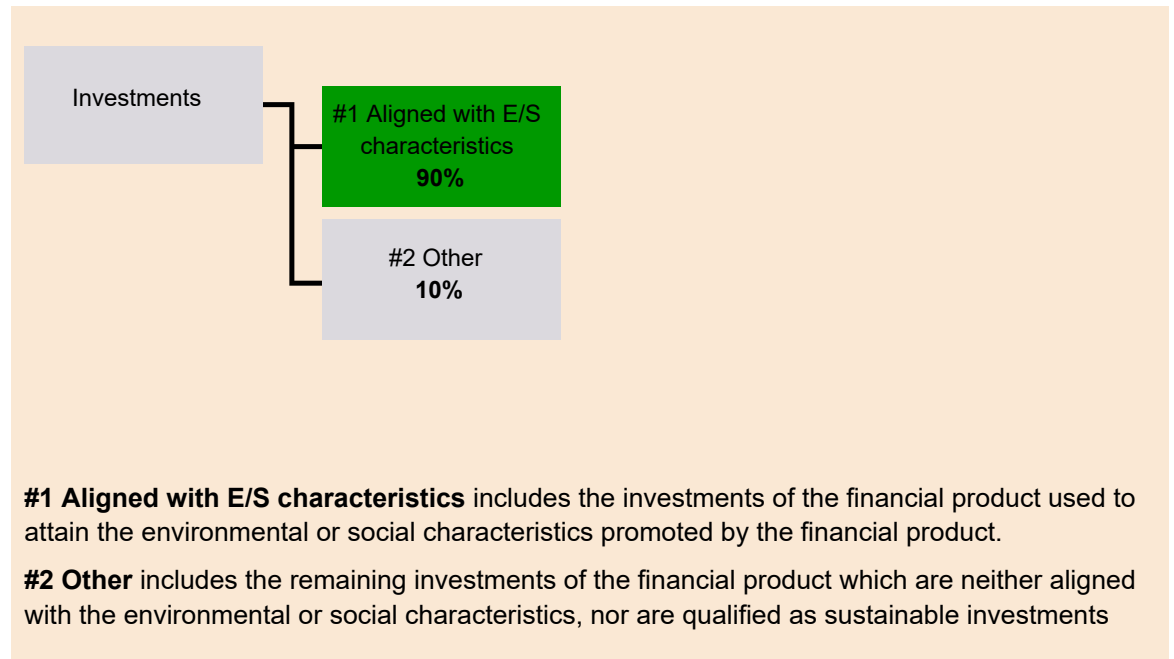
**Asset allocation** describes the share of investments in specific assets.

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.

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

The Fund invests at least 90% of its portfolio in investments to meet the environmental and social characteristics that it promotes (#1), all of which provide direct exposure to companies. The remaining portion of investments are not used to attain the environmental and social characteristics and will fall under #2 Other. The Fund does not commit to making any sustainable investments.



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

The Fund does not make use of derivatives to attain the environmental and social characteristics it promotes.

### 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. Accordingly, it should be noted that the investments underlying the Fund do not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation.

**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.**

### 1. Taxonomy-alignment of investments including sovereign bonds\*

■ Taxonomy-aligned  
■ Other investments



### 2. Taxonomy-alignment of investments excluding sovereign bonds\*

■ Taxonomy-aligned  
■ Other investments



\* For the purpose of these graphs, 'sovereigns bonds' consist of all sovereign exposures

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

The Fund does not commit to making any investment in transitional and enabling activities.



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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Fund does not commit to a minimum share of sustainable investments.



## What is the minimum share of socially sustainable investments?

The Fund does not commit to a minimum share of socially sustainable investments.



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

Other holdings may include cash, depositary receipts, money market funds and derivatives. Such investments may be used for investment purposes and efficient portfolio management. Derivatives may also be used for currency hedging for any currency hedged share classes. Environmental or social safeguards applied by the Index are only applied to instruments that are used to attain exposure to an Index constituent. The Investment Manager considers ESG factors, including analysis from the relevant responsible investing methodologies as part of assessing the credit risk profile of its most

significant counterparties. The Investment Manager has an internal control framework in place to consider and take appropriate action in the event that a significant counterparty fails to meet any minimum standards in respect of such ESG factors as defined by the Investment Manager.



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

**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?**

Yes, the Index is designated as a reference benchmark.

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

The Index is aligned with each of the environmental and social characteristics of the Fund by providing exposure to companies in accordance with the sustainability-related investment strategy described above. At each index rebalance, the selection criteria of the Index are applied to its constituents.

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

The Fund invests, in a portfolio of securities that, as far as possible and practicable, consists of the component securities of the Index in similar proportions to their weightings in the Index.

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

The Index differs from a broad market index as it provides a thematic exposure to companies that produce metals that are primarily used for manufacturing batteries and companies that develop electro-chemical energy storage technology (i.e. battery technology) and/or that produce batteries. The Index also results in a smaller investment universe than the broad market index due to the exclusions employed.

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

For further information in relation to the Index methodology please see:

<http://www.solactive.com/news/documents/>



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

More product-specific information can be found on the website: [L&G Battery Value-Chain UCITS ETF - LGIM Fund Centre](#)