

**Annex 1: Pre-contractual disclosure - VanEck Morningstar Developed Markets Dividend Leaders UCITS ETF**

**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 Morningstar Developed Markets Dividend Leaders UCITS ETF

**Legal entity identifier:** 254900GQYEXN18KU7O94

## 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**



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

The following environmental and social characteristics apply to the Sub-fund's investments:

1. The Sub-fund promotes the reduction of certain negative impacts on society and the environment, through:

**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

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.

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

- Reduced exposure to ESG Risk by means of excluding companies with a severe levels of ESG Risk
- 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.

2. The Glass Lewis ESG tilted voting policy is applied, whereby casted votes concern sustainability matters.

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

Compared to a non-ESG fund with similar exposure, this Sub-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 Sub-fund will measure the following sustainability indicator:

Indicator
The percentage of portfolio with exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)
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.

● ***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 Sub-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? Details:*

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.*



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



Yes, the Sub-fund considers principal adverse impacts on sustainability factors.



No

The Sub-fund takes the principal adverse indicators into account via means of controversy and revenue screening:

1. Greenhouse Gas (GHG Emissions):
  - a. Part of Global Standards screen "Energy Use and Greenhouse Gas Emissions"
  - b. Excludes companies with Involvement (>0% Revenue) in Thermal Coal extraction or power generation
2. Biodiversity
  - a. Part of Global Standards screen "Land Use and Biodiversity"
3. Water
  - a. Part of Global Standards screen "Discharges and Releases (Water)"
4. Waste
  - a. Part of Global Standards screen "Degradation & Contamination (Land)"
5. Social and employee, respect for human rights, anti-corruption and anti-bribery matters
  - a. Global Standards screening includes ratings for 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.
  - b. Part of the Social and Governance components of the Global Standards screening
  - c. Controversial weapons screenings are performed whereby companies with any exposure are excluded from the index.

Additionally, principal adverse impacts are considered as part of the 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 Sub-fund has considered Principal Adverse Impacts on sustainability factors in the preceding year is included in the Sub-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 Sub-fund's investment objective is to replicate, before fees and expenses, the price and yield performance of the VanEck Morningstar Developed Markets Dividend Leaders UCITS ETF. 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.

#### **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 Sub-fund's investments must comply with the following binding elements:

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:
  - Tobacco Products Production
  - Controversial Weapons
  - Small Arms Civilian
  - Small Arms Key Components
6. Not inclusion of companies with 5% or more involvement in the following activities:
  - Thermal coal extraction
  - Thermal coal power generation

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

The Sub-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.

Governance subjects are considered as part of the financial analysis in the index construction when evaluating companies perceived fair value. Additionally, Sustainalytics' Global Standards screening is based on the UN Global Compact Principles, OECD, World Governance Indicators and industry-specific 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 Sub-fund's underlying index. Governance factors also comprise a part of the aggregate ESG risk score, which is used in the index selection.



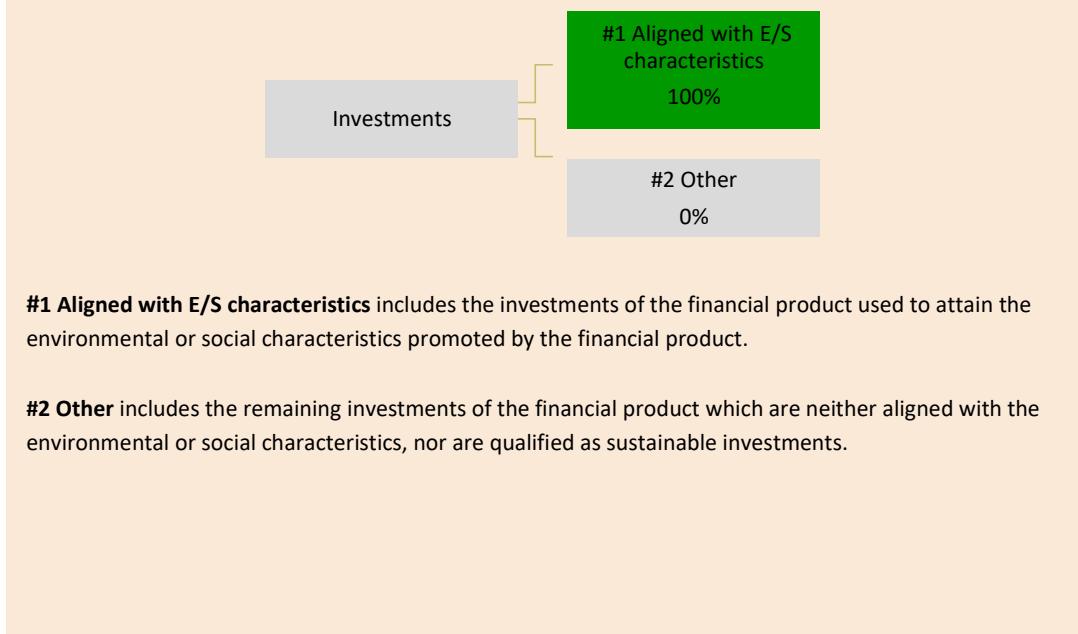
### What is the asset allocation planned for this financial product?

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

**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.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

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

The Sub-fund does not invest in derivatives. Therefore, this question is not applicable.



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

While the Sub-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 Sub-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 Sub-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 Sub-fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the Sub-fund do not take into account the EU criteria for environmentally sustainable economic activities.

**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.

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

● Does the financial product invest in fossil gas and/or nuclear energy related activities complying 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.**

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

■ Non Taxonomy-aligned



1. Taxonomy-alignment of investments excluding sovereign bonds\*

■ Non Taxonomy-aligned



This graph represents x% of the total investments.

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

● **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 extent of sustainable investments with an aligned environmental objective is 0%.

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

The minimum share of socially sustainable investments 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.

<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.



**Reference benchmarks** are indexes to measure whether the financial product attains 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?**

As a passive investment's 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.

**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 the ESG Risk score, Global Standards controversy ratings and Controversial sector involvement screenings, the Sub-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 Sub-fund is a replication strategy by investing directly in the underlying equity securities that consists of the component securities of the Index. The Sub-fund is passively managed

The Sub-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, 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 dividend index in following ways:

- (a) Dividend-dollar weighting: the weight of each share is based on the total dividend paid, rather than dividend yield.
- (b) Dividend resilience and consistency screening: The dividend has been paid in the past 12 months // The dividend TTM dividend per share is not lower than the TTM dividend per share 5 years ago // The forward dividend payout ratio is less than 75%.
- (c) ESG Screening: companies with very severe norms violations, the ones that have greater than 0% revenue exposure to controversial weapons, or that exceed certain thresholds of revenue exposure to various sectors including but not limited to civilian firearms, tobacco, and thermal coal 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 following page:

<https://indexes.morningstar.com/indexes/details/morningstar-developed-markets-large-cap-dividend-leaders-screened-select-FS0000CGA6?currency=EUR&variant=TR&tab=overview>



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

More product-specific information can be found on the website: [VanEck Morningstar Developed Markets Dividend Leaders UCITS ETF | Documents](https://www.vaneck.com/documents/10177/vaneck-morningstar-developed-markets-dividend-leaders-ucits-etf).