



BetaShares
Exchange Traded Funds



ETHI: INDEX REBALANCE SUMMARY 2022



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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 2022. This process included full screening of eligible constituents in accordance with the Index methodology.

Effective as at the May 2022 index reconstitution date, a change was made to the alcohol involvement screen. The revenue threshold of 20% for alcohol production and sale was lowered to a revenue threshold of 5% for production while the revenue threshold for sale remained at 20%. This change had the effect of removing one stock from the Index, Kikkoman Corporation.

Of the 230 companies that passed the screens, 36 new companies were added to the Index, with some noteworthy examples outlined below:

Company	Ticker	Rationale for Addition
OMRON CORPORATION	6645	Ranking of company's market capitalization relative to eligible constituents.
NITTO DENKO CORP.	6988	The company had appointed a woman to the board.
ENPHASE ENERGY INC.	ENPH	See "Scope 4 inclusions" below.
FISERV INC.	FISV	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.
SAP SE	SAP	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.

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

Scope 4 Inclusions

One new company met the Index criteria for a ‘Scope 4’ company (whose products or services are leaders in avoiding emissions):

- **Enphase Energy Inc. (Ticker: ENPH):** Based in Fremont California, Enphase is a leading manufacturer of solar microinverters, which maximise the performance from an array of solar panels

Four of the previous Scope 4 companies remained in the Index – Infineon Technologies AG (Ticker: IFX), First Solar, Inc.(Ticker: FSLR), Plug Power Inc. (Ticker: PLUG) and Vestas Wind Systems (Ticker: VWS).

Index Deletions

37 companies were removed from the Index:

- 18 no longer qualified as Carbon Leaders, meaning they did not meet the criteria to be in the top third most carbon efficient companies within their industry
- 11 were removed due to their size ranking
- 8 companies did not pass the ESG negative screens set out in the Index methodology at this rebalance.

Some noteworthy examples are outlined below:

Company	Ticker	Country	Failed Screen	Rationale
BlackRock, Inc.	BLK	United States	Fossil fuels	The company launched a new fund during the period that has become one of the world’s largest private capital investors in fossil fuel infrastructure.
Charter Communications, Inc.	CHTR	United States	Controversy	The company had been implicated in workplace relation related controversy regarding some of its employees and their union.
Activision Blizzard, Inc.	ATVI	United States	Controversy	The company had been implicated in workplace related controversies that included claims of sexual harassment and poor treatment of female staff.

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Company	Ticker	Country	Failed Screen	Rationale
Motorola Solutions, Inc.	MSI	United States	Armaments and militarism	Data indicated an increased revenue exposure from servicing militaries in the United States, United Kingdom and Israel.
Systemex Corporation	6869	Japan	Board diversity	No women on the board.
Kikkoman Corporation	2801	Japan	Alcohol	Manufactures sake and therefore failed the new alcohol revenue threshold (as described above).

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

Appendix A – Full list of additions to the Index

Name	Ticker	Country	Reason for inclusion
SAP SE	SAP	Germany	Now a carbon leader.
ServiceNow, Inc.	NOW	United States	Now a carbon leader.
UBS Group AG	UBSG	Switzerland	Now a carbon leader.
Fiserv, Inc.	FISV	United States	Now a carbon leader.
KLA Corporation	KLAC	United States	Now a carbon leader.
MetLife, Inc.	MET	United States	Now a carbon leader.
Cognizant Technology Solutions	CTSH	United States	Now a carbon leader.
AutoZone, Inc.	AZO	United States	Now a carbon leader.
Adidas AG	ADS	Germany	Now a carbon leader.
ING Group	INGA	Netherlands	Now a carbon leader.
Arista Networks Inc.	ANET	United States	Now a carbon leader.
HP Inc.	HPQ	United States	Now passes the armaments and militarism screen.
Datadog Inc.	DDOG	United States	Now a carbon leader.
Nordea Bank	NDA SE	Finland	Now a carbon leader.
Ross Stores, Inc.	ROST	United States	Now a carbon leader.
The Trade Desk	TTD	United States	Now a carbon leader.
Tractor Supply Company	TSCO	United States	Now a carbon leader.
Mid-America Apartment Communities, Inc.	MAA	United States	Now a carbon leader.
Legal & General Group Plc	LGEN	United Kingdom	Now a carbon leader.
Bill.Com Holdings	BILL	United States	Now a carbon leader.
Sun Communities, Inc.	SUI	United States	Now a carbon leader.
Power Corp of Canada	POW	Canada	Now a carbon leader.
Boston Properties, Inc.	BXP	United States	Now a carbon leader.

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Name	Ticker	Country	Reason for inclusion
Roblox Corporation	RBLX	United States	Now a carbon leader.
UDR, Inc.	UDR	United States	Now a carbon leader.
Signature Bank	SBNY	United States	Now a carbon leader.
OMRON Corporation	6645	Japan	Now has larger market cap.
Kimco Realty Corporation	KIM	United States	Now has larger market cap.
Advance Auto Parts, Inc.	AAP	United States	Now a carbon leader.
Robert Half International Inc.	RHI	United States	Now has larger market cap.
Equity LifeStyle Properties, Inc.	ELS	United States	Now a carbon leader.
The Interpublic Group of Companies, Inc.	IPG	United States	Now has larger market cap.
Danske Bank A/S	DANSKE	Norway	Now a carbon leader.
Nitto Denko Corporation	6988	Japan	Now has a woman on its board.
Hannover Rueck SE	HNR1	Germany	Now a carbon leader.
Enphase Energy, Inc.	ENPH	United States	New Scope 4 Inclusion.
Boston Properties, Inc.	BXP	United States	Now a carbon leader.

Appendix B - Full list of deletions from the Index

Company Name	Ticker	Country	Failed screen per Index methodology
BlackRock, Inc.	BLK	United States	Fossil fuels.
S&P Global Inc.	SPGI	United States	Not a carbon leader.
Charter Communications, Inc.	CHTR	United States	Controversy.
Hong Kong Exchanges and Clearing Limited	388	Hong Kong	Not a carbon leader.
Becton, Dickinson and Company	BDX	United States	Not a carbon leader.
Activision Blizzard, Inc.	ATVI	United States	Controversy.
Volkswagen	VOW3	Germany	Fossil Fuels.
AXA SA	CS	France	Not a carbon leader.
Prudential PLC	PRU	United Kingdom	Not a carbon leader.
eBay Inc.	EBAY	United States	Not a carbon leader.
Vonovia SE	VNA	Germany	Not a carbon leader.
Motorola Solutions, Inc.	MSI	United States	Armaments and militarism.
Assicurazioni Generali S.p.A.	G	Italy	Not a carbon leader.
Marvell Technology Group Ltd.	MRVL	United States	Not a carbon leader.
Aviva plc	AV.	United Kingdom	Not a carbon leader.
Mitsui Fudosan Co., Ltd.	8801	Japan	Not a carbon leader.
Ringcentral, Inc.	RNG	United States	Low market cap.
Systemex Corporation	6869	Japan	Board diversity.
Splunk Inc.	SPLK	United States	Not a carbon leader.
Coupa Software Incorporated	COUP	United States	Low market cap.
Extra Space Storage Inc.	EXR	United States	Not a carbon leader.
CK Asset Holdings Limited	1113	Hong Kong	Not a carbon leader.

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Company Name	Ticker	Country	Failed screen per Index methodology
Jackson Financial	JXN UN	United States	Low market cap.
Guardant Health, Inc.	GH	United States	Low market cap.
Zscaler, Inc.	ZS	United States	Not a carbon leader.
Ocado Group PLC	OCDO	United Kingdom	Low market cap.
Embecka Corp	EMBC UW	United States	Low market cap.
NCSOFT Corporation	036570	South Korea	Low market cap.
Host Hotels & Resorts, Inc.	HST	United States	Not a carbon leader.
Kikkoman Corporation	2801	Japan	Alcohol.
Adecco Group AG	ADEN	Switzerland	Low market cap.
Sunrun Inc.	RUN	United States	Low market cap.
Keio Corporation	9008	Japan	Low market cap.
Ubisoft Entertainment SA	UBI	France	Low market cap.

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