

The VanEck Vectors MSCI International Sustainable Equity ETF (ASX: ESGI), is a true-to-label sustainable international equity portfolio encompassing both values-based and impact investing. ESGI tracks a state-of-the-art benchmark index, the MSCI World ex Australia ex Fossil Fuel Select SRI and Low Carbon Capped Index (ESGI Index).

Companies in the ESGI Index are selected from the MSCI World ex Australia Index through a four-step screening process based on:

1. Fossil fuel reserves and revenue
2. Socially Responsible Investments (SRI)
3. Environmental, Social and Governance (ESG) leaders
4. Carbon emissions

1. Fossil fuel reserves - excluded

Companies that own any fossil fuel reserves or derive revenue from mining thermal coal or from oil and gas related activities, are excluded from the ESGI Index.

Fossil fuel reserves

	ESGI Index	MSCI World ex Australia Index
Coal Reserves	0	0.6
Fossil Fuel Reserves	0	5.7

2. Anti-social or irresponsible activities - excluded

Those companies whose businesses are involved in the following activities or exposed to them are excluded from the ESGI Index:

- alcohol
- gambling
- tobacco
- military weapons
- civilian firearms
- nuclear power
- adult entertainment
- genetically modified organisms (GMOs)

3. Environmental, Social and Governance (ESG) leaders - included

Research data from MSCI is used to identify ESG Leaders. The ESGI index includes the top 15% of these ESG leaders from each sector. As a result, 89% of the companies included have AAA or AA ESG ratings from MSCI (as at 31 January 2018). The table below highlights key ESG factors and their greater representation in the ESGI Index compared to the MSCI World ex Australia Index.

ESGI integration metrics

	ESGI Index	MSCI World ex Australia Index
ESG Score	8.6	5.6
ESG Leaders (AAA-AA) (%)	89.3	23.6
ESG Laggards (B-CCC) (%)	0	12.5
ESG Pillars		
Environmental Score	7.1	5.6
Social Score	6.1	4.6
Governance Score	6.2	5.2
Key Governance Metrics		
Independent board majority	11	10.6
Zero female directors (%)	3.1	5.6

4. Carbon emitters - excluded

Remaining companies are then ranked by their carbon emission intensity. 20% of the highest carbon emitting companies by number are excluded from the ESGI Index.

Carbon exposure

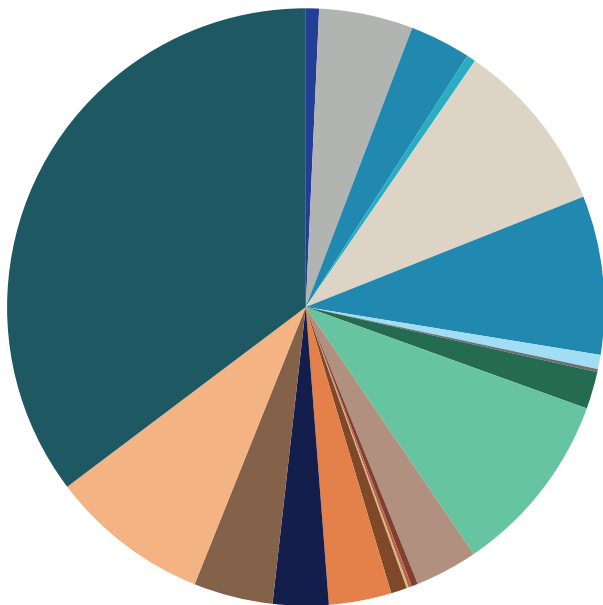
	ESGI Index	MSCI World ex Australia Index
Carbon Intensity (t CO ₂ e/\$m sales)	30	206
Potential Carbon Emissions (t CO ₂ e/\$m invested)	0	1705

Source: MSCI, 31 January 2018

International exposure

ESGI gives investors the opportunity to access an international portfolio of truly sustainable corporate leaders, which is broadly diversified across countries and sectors.

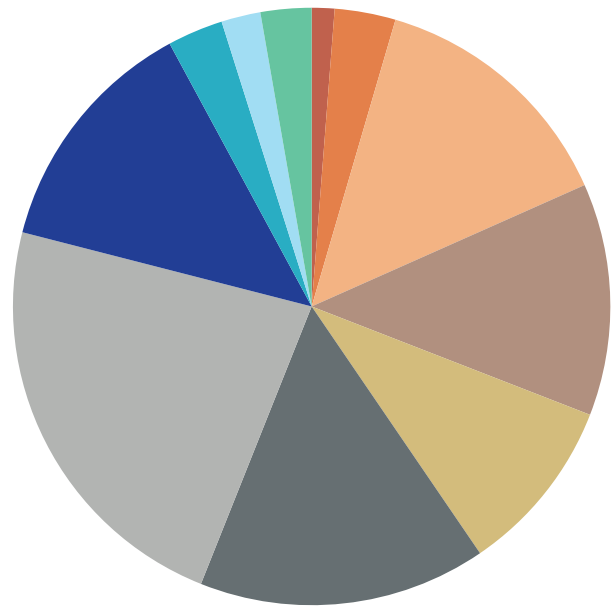
Country allocation



■ Belgium 0.71%	■ Canada 5.09%	■ Denmark 3.30%
■ Finland 0.48%	■ France 9.40%	■ Germany 8.58%
■ Hong Kong 0.77%	■ Israel 0.17%	■ Italy 2.01%
■ Japan 9.98%	■ Netherlands 3.39%	■ New Zealand 0.34%
■ Norway 0.18%	■ Portugal 0.11%	■ Singapore 0.87%
■ Spain 3.39%	■ Sweden 3.01%	■ Switzerland 4.29%
■ United Kingdom 8.66%	■ USA 35.27%	

Source: MSCI, 31 January 2018

Sector allocation



■ Energy 1.23%	■ Materials 3.30%
■ Industrials 13.81%	■ Consumer Discretionary 12.57%
■ Consumer Staples 9.56%	■ Health Care 15.57%
■ Financials 22.95%	■ Information Technology 13.11%
■ Telecommunication Services 3.01%	■ Utilities 2.12%
■ Real Estate 2.75%	

Source: MSCI, 31 January 2018

INVESTMENT OBJECTIVE: The VanEck Vectors MSCI International Sustainable Equity ETF (ESGI) invests in a diversified portfolio of ESG sustainable international companies listed on exchanges in developed markets around the world (ex Australia) with the aim of providing investment returns, before fees and other costs, which track the performance of the MSCI World ex Australia ex Fossil Fuel Select SRI and Low Carbon Capped Index (ESGI Index).

INDEX DESCRIPTION: ESGI Index aims to represent the performance of a diversified portfolio of international companies that have high Environmental, Social and Governance (ESG) performance by:

1. Excluding companies that own any fossil fuel reserves or derive revenue from mining thermal coal or from oil and gas related activities;
2. Excluding companies whose business activities are not socially responsible investments (SRI);
3. Including high ESG performers; and
4. Excluding high carbon emitters.

ASX code

ESGI

Commencement date

6 March 2018

Management cost

0.55% p.a.

Index

The MSCI World ex Australia ex Fossil Fuel Select SRI and Low Carbon Capped Index

Frequency of dividends

Annually

Number of holdings

205

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