

Template 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

**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 include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** First Trust Nasdaq Cybersecurity UCITS ETF (the “Fund”)

**Legal entity identifier:** 5493000A0JK7D9QWKL48

## 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 Fund promotes environmental and social characteristics by seeking to track the performance of the Nasdaq CTA Cybersecurity Exclusions Index™ (the “Index”) using a “passive management” investment strategy to replicate, as far as possible, the investments of the Index.

The Index, which is designed to track the performance of companies engaged in the cybersecurity segment of the technology and industrial sectors, excludes companies involved in certain activities deemed to have negative environmental and/or social outcomes, and also any companies that have a “controversy level” higher than Category 4, as defined by Sustainalytics (together, the “ESG Selection Criteria”).

The Index has been designated as a reference benchmark for the purposes of attaining the environmental characteristics promoted by the Fund.

### **Sustainability indicators**

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

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

The Fund uses the following indicators to measure the attainment of the environmental and social characteristics promoted by the Fund:

- (i) Percentage of the Fund portfolio invested in companies engaged in excluded business activities (as defined in the methodology of the Index);
- (ii) Percentage of the Fund portfolio invested in companies with “Event Ratings” higher than three (3) (as defined in the methodology of the Index); and
- (iii) Percentage of the Fund portfolio invested in companies that have a “Controversy Rating” of higher than 4 (as defined in the methodology of the Index).

***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?***

Not applicable.

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

● ***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?*

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 Fund considers PAI indicator 14 (Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) by tracking the Index which is constructed to exclude companies deriving revenue from controversial weapons. The Fund does not consider any other PAI indicators.

Information on principal adverse impacts on sustainability factors can be found in the Fund's annual report for the period ending 31 December 2025 and thereafter which will be available on <https://www.ftglobalportfolios.com/uk/professional/Products/Nasdaq-Cybersecurity/#documents>.



#### **What investment strategy does this financial product follow?**

The investment objective of the Fund is to seek investment results that correspond generally to the price and yield (before the Fund's fees and expenses) of the Index. In order to achieve its objective, the Fund will apply a strategy that seeks to replicate so far as possible the component securities of the Index and thereby comply with the environmental and social characteristics of the Index.

The binding elements of the investment strategy used to select the investments to attain the environmental and social characteristics of the promoted by the Fund are set out in the section below. It is possible that companies which meet the ESG Selection Criteria at a semi-annual reconstitution become ineligible during the period prior to the next reconstitution of the Index. Having regard to the overall investment strategy of the Fund, the Investment Manager may decide to remain invested in the securities of such companies until the next reconstitution.

Please note that this Annex forms part of, and should be read in conjunction with the Supplement. Please refer to the Supplement for further information.

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

The Fund applies a “passive management” investment strategy to replicate, as far as possible, the investments of the Index as outlined in the Supplement.

Companies eligible for inclusion in the Index are reviewed at each reconstitution of the index and will be excluded if they do not meet the ESG Selection Criteria. The Index is reconstituted semi-annually in line with the ESG Selection Criteria.

The ESG Selection Criteria are as follows:

**1. Screens**

**(i) Event Screens**

At each semi-annual reconstitution, companies with Event Ratings higher than three (3) for the following Events, as determined by Sustainalytics, are excluded from the eligible universe:

- Land Use and Biodiversity
- Land Use and Biodiversity Supply Chain
- Employees – Human Rights
- Employees – Human Rights Supply Chain
- Society – Human Rights
- Society – Human Rights Supply Chain
- Access to Basic Services
- Occupational Health and Safety
- Occupational Health and Safety Supply Chain
- Bribery and Corruption
- Bribery and Corruption Supply Chain
- Accounting and Taxation

**(ii) Exclusionary Screens**

At each semi-annual reconstitution, companies engaged in the following business activities, as determined by Sustainalytics on behalf of the Index, are excluded from the eligible universe:

<b>Category of Involvement</b>	<b>Description</b>	<b>Acceptable involvement range</b>	<b>Acceptable ownership range</b>
Oil Sands: Extraction	The company extracts oil sands.	<5% of revenues	n/a
Adult Entertainment: Production	The company is involved in the production of adult entertainment and/or owns/operates adult entertainment establishments.	<5% of revenues	n/a
Adult Entertainment: Distribution	The company is involved in the distribution of adult entertainment materials.	<5% of revenues	n/a

Controversial Weapons: Tailor-made and essential	The company is involved in the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon.	No involvement	n/a
Controversial Weapons: Significant ownership (non tailor-made or non essential)	The company provides, through corporate ownership, components/services for the core weapon system, which are either not considered tailor-made or not essential to the lethal use of the weapon.	n/a	0%
Controversial Weapons: Non tailor-made or non essential	The company provides components/services for the core weapon system, which are either not considered tailor-made or not essential to the lethal use of the weapon.	No involvement	n/a
Controversial Weapons: Significant ownership (non tailor-made or non essential)	The company provides, through corporate ownership, components/services for the core weapon system, which are either not considered tailor-made or not essential to the lethal use of the weapon.	n/a	0%

## 2. Controversy Rating

In addition to the exclusionary screens, Sustainalytics will assign companies with a “Controversy Rating” on a scale from 1 to 5 reflecting a company’s exposure to negative ESG incidents or “controversies”. Companies with a Controversy Rating higher than four (4) as defined by Sustainalytics are excluded from the eligible universe.

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

Not applicable.

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

The Index is constructed using a combination of Nasdaq and Sustainalytics data. The Index methodology incorporates ESG Screens and Controversy Rating models. Sustainalytics captures good governance practices through these models. Specifically, 3 of the Event Screens fall within the Governance category (Accounting & Taxation, Bribery

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

& Corruption, and Business Ethics). Furthermore, the Sustainalytics Controversy Rating will consider governance related incidents where applicable.

In addition, good governance practices are also assessed by the Investment Manager. As the Fund promotes environmental and social characteristics, it may not invest in companies that do not follow good governance practices. The Investment Manager has adopted a policy to apply good governance tests as part of its weekly reviews of the Fund's portfolio on areas such as sound management structures, employee relations, remuneration of staff and tax compliance. Companies identified as potentially having governance issues will be subject to further review and considered for divestment. More detail on the Investment Manager's policy to assess good governance practices of investee companies can be found here:

[https://www.ftglobalportfolios.com/Content/ESG\\_GOVERNANCE](https://www.ftglobalportfolios.com/Content/ESG_GOVERNANCE)

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

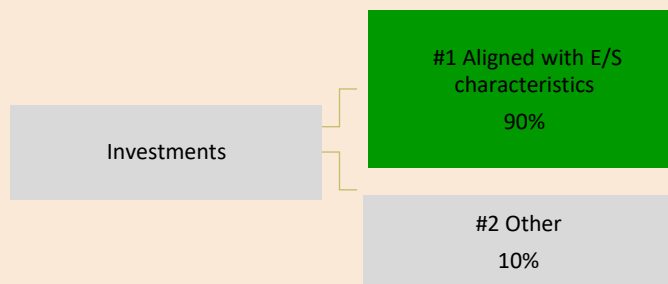
To meet the environmental and social characteristics promoted, the Fund invests at least 90% of its net assets in the common stocks and depositary receipts that comprise the Index or in depositary receipts that may include American Depositary Receipts ("ADRs") or Global Depositary Receipts ("GDRs") representing securities in the Index where direct investment in a constituent security of the Index is not possible. A maximum of 10% of the Fund's assets may consist of cash, money market instruments, short-term instruments and eligible collective investment schemes for liquidity purposes that do not incorporate any environmental or social characteristics.

#### 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 Fund will not use financial derivative instruments.



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

Not applicable.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?<sup>1</sup>**

Yes

In fossil gas

In nuclear energy

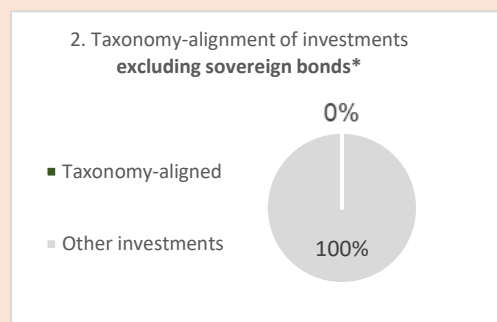
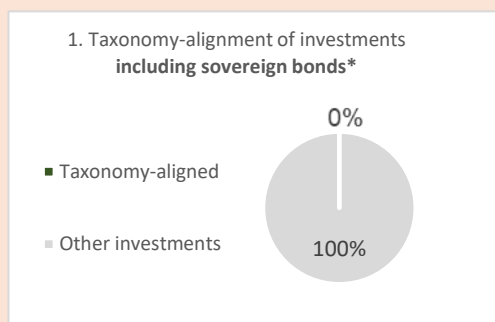
No

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**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.

*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.*



*\*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?**

Not applicable.



are sustainable investments with an



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable.

<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.

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 socially sustainable investments?**

Not applicable.



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

A maximum of 10% of the Fund's assets may consist of cash, money market instruments, short-term instruments and eligible collective investment schemes for liquidity purposes and do not incorporate any environmental and social characteristics.



**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?**

Yes. The Index is the Fund's reference benchmark for the purposes of attaining the environmental and/or social characteristics promoted by the Fund.

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

At each quarterly rebalancing of the Index, the Index Provider (i.e Nasdaq Inc.) applies the ESG Selection Criteria to the Nasdaq CTA Cybersecurity Index (the "Parent Index") to remove issuers that do not meet such ESG Selection Criteria. The Index is fully reconstituted semi-annually in line with the ESG Selection Criteria. Adjustments made to the constituents of the Index through the quarterly rebalancing and semi-annual reconstitution will ensure that the Index is continuously aligned with the environmental and social characteristics promoted by the Fund.

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

The Investment Manager aims to replicate the performance of the Index 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 in ADRs and GDRs based on the securities in the Index and, as such, the investment strategy is continuously aligned with the methodology of 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 engaged in the cybersecurity segment of the technology and industrial sectors. The Index also results in a smaller investment universe than the broad market index and the Parent Index due to the application of the ESG Selection Criteria applied to the constituents of the Index.

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

Further information can be found at:

<https://indexes.nasdaqomx.com/Index/Overview/NQCYBRE>



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

**More product-specific information can be found on the website:**

<https://www.ftglobalportfolios.com/Professional/Etf/EtfSummary.aspx?Ticker=CIBR&Exchange=LN>