

## **GUIDELINE**

# **Solactive Climate and Energy Transition Index**

Version 1.3 dated June 11th, 2018



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This document contains the underlying principles and regulations regarding the structure and the operating of the Solactive Climate and Energy Transition Index. Solactive AG shall make every effort to implement regulations. Solactive AG does not offer any explicit or tacit guarantee or assurance, neither pertaining to the results from the use of the Index nor the Index value at any certain point in time nor in any other respect. The Index is merely calculated and published by Solactive AG and it strives to the best of its ability to ensure the correctness of the calculation. There is no obligation for Solactive AG – irrespective of possible obligations to issuers – to advise third parties, including investors and/or financial intermediaries, of any errors in the Index. The publication of the Index by Solactive AG is no recommendation for capital investment and does not contain any assurance or opinion of Solactive AG regarding a possible investment in a financial instrument based on this Index.

# Introduction

This document is to be used as a guideline with regard to the composition, calculation and management of the Index. Any changes made to the guideline are initiated by the Committee specified in section 1.6. The Index is calculated and published by Solactive AG. The name “Solactive” is trademarked.

## 1 Index specifications

The Solactive Climate and Energy Transition Index (the “Index”) is calculated and distributed by Solactive AG.

The Index provides exposure to 40 global companies that perform well on certain ESG criteria while providing high dividend and low volatility features.

The Index is calculated as Price Return (PR).

The Index is published in EUR.

### 1.1 Short name and ISIN

The Index is distributed under ISIN DE000SLA5H35; the WKN is SLA5H3. The Index is published on Reuters under the code <.SOLCLET> and on Bloomberg under the code SOLCLET <Index>.

### 1.2 Initial value

The Index is based on 100 at the close of trading on the start date April 2th, 2012.

### 1.3 Distribution

The Index is published via the price marketing services of Boerse Stuttgart AG and is distributed to all affiliated vendors. Each vendor decides on an individual basis as to whether he will distribute/display the Index via his information systems.

### 1.4 Prices and calculation frequency

The price of the Index is calculated on each Business Day based on the prices on the respective Exchanges on which the Index Components are listed. The most recent prices of all Index Components are used. Prices of Index Components not listed in the Index Currency are translated using spot foreign exchange rates quoted by Reuters. Should there be no current price available on Reuters, the most recent price or the Trading Price on Reuters for the preceding Trading Day is used in the calculation. The daily Index Closing Level is calculated using the 4:00 p.m. London time Reuters/WMCO closing spot rates.

The Index is calculated every Business Day from 9:00am to 10:30pm, CET. In the event that data cannot be provided to Reuters or to the pricing services of Boerse Stuttgart AG the Index cannot be distributed.

## **1.5 Weighting**

On each Adjustment Day each Index Component of the Index is weighted according to the selection rules outlined in Section 2.1. Weights are adjusted on a quarterly basis.

## **1.6 Decision-making bodies**

A Committee composed of staff from Solactive AG is responsible for decisions regarding the composition of the Index as well as any amendments to the rules (in this document referred to as the "Committee" or the "Index Committee"). The future composition of the Index is determined by the Committee on the Selection Days according to the procedure outlined in 2.1 of this document. The Committee shall also decide about the future composition of the Index, if any Extraordinary Events should occur and the implementation of any necessary adjustments.

Members of the Committee can recommend changes to the guideline and submit them to the Committee for approval.

## **1.7 Publication**

All specifications and information relevant for calculating the Index are made available on the [www.solactive.com](http://www.solactive.com) web page and sub-pages.

## **1.8 Historical data**

Historical data will be maintained from the launch of the Index on June 8th, 2018..

## **1.9 Licensing**

Licences to use the Index as the underlying value for derivative instruments are issued to stock exchanges, banks, financial services providers and investment houses by Solactive AG.

## 2 Composition of the Index

### 2.1 Selection of the Index Components

On the Selection Days, the Index Committee defines the Index Universe according to the rules outlined in chapter 4.

The initial composition of the Index as well as any ongoing adjustment is based on the following rules:

1. Shares from an issuer that has any level of involvement above the maximum threshold in one of the following activities are excluded:
  - Tobacco products:
    - Production, with a 0% sales threshold;
    - Production (via a significant ownership);
    - Related Products / Services, with a 0% sales threshold;
    - Related Products / Services (via a significant ownership);
    - Retail ( $\geq 10\%$  total revenues);
    - Retail (via a significant ownership);
  - Controversial weapons, both tailor made & essential and non-tailor made & non-essential, means 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, or 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 (anti-personnel mines, biological and chemical weapons, cluster bombs, radioactive ammunition, nuclear weapons):
    - Production with a 0% sales threshold;
    - Production (via a significant ownership);
  - High impact fossil fuels:
    - Thermal coal production, thermal coal supporting product, oil sands, deep-water drilling, arctic offshore with 10% sales threshold.
2. Shares from an issuer that belongs to the following FactSet Industries are excluded:
  - Precious Metals
  - Coal
3. Among the remaining Shares, the ones ranked in the top 70% based on Climate Score are selected for further screening (see Appendix 5.5 for details on the calculation of the Climate Score)
4. Among the remaining shares the historical volatility is calculated as the maximum of the volatility over the past 3-months and the past 6-months. 60% of shares with the lowest volatility are selected
5. Final Index Constituents are then selected based on the following criteria:
  - On the Index Start Date the top 40 shares based on highest gross dividend yield are selected, subject to a country cap of 10 shares per country and a sector cap of 8 shares per sector
  - On any subsequent Selection Date all shares that are currently part of the Index are selected if they have not been excluded in any selection stage before. If this results in a number of constituents that is less than 40, additional securities will be selected based on highest gross dividend yield, subject to a country cap of 10 shares per country and a sector cap of 8 shares per sector
6. The 40 remaining constituents are weighted as follows:

- $w_i = 0.5 * \frac{Div_i}{\sum_{j=1}^n Div_j} + 0.5 * \frac{1/Vol_i}{\sum_{j=1}^n 1/Vol_j}$  where i is the relevant security, and n is the number of securities
- Individual weights are subject to a cap of maximum 10%. If the weight exceeds 10% the remainder will be redistributed pro rata among the securities that have a weight lower than 10%

## 2.2 Ordinary adjustment

The composition of the Index is adjusted on a semi-annual basis. The composition of the Index is reviewed on the Selection Day and necessary changes are announced. Weights of the Index members are reviewed on a quarterly basis.

The first adjustment will be made in October 2018 based on the Trading Prices of the Index Components on the Adjustment Day.

Solactive AG shall publish any changes made to the Index composition on the Selection Day and consequently with sufficient notice before the Adjustment Day.

## 2.3 Extraordinary adjustment

An extraordinary adjustment, if applicable, is triggered and applied in compliance with the rules set forth in the Solactive Guideline for Extraordinary Corporate Actions.

## 3 Calculation of the Index

### 3.1 Index formula

The Index is an index whose value on a Business Day is equivalent to the sum over all Index Components of the products of (a) the Number of Shares of the Index Component and (b) the price of the Index Component at the respective Exchange.

As a formula:

$$Index_t = \sum_{i=1}^n x_{i,t} * p_{i,t}$$

With:

$x_{i,t}$  = Number of Shares of the Index Component i on Trading Day t

$p_{i,t}$  = Price of Index Component i on Trading Day t in Index Currency

### 3.2 Accuracy

The value of the Index will be rounded to 2 decimal places.

The Number of Shares of the Index Components will be rounded to six decimal places.

Trading Prices will be rounded to six decimal places.

### 3.3 Adjustments

Indices need to be adjusted for systematic changes in prices once these become effective. This requires the new Number of Shares of the affected Index Component to be calculated on an ex-ante basis.

The Index is adjusted for distributions, capital increases, rights issues, splits, par value conversions and capital reductions.

This procedure ensures that the first ex quote can be properly reflected in the calculation of the Index. This ex-ante procedure assumes the general acceptance of the Index calculation formula as well as open access to the parameter values used. The calculation parameters are provided by Solactive AG.

### 3.4 Dividends and other distributions

Dividend payments and other distributions are included in the Index. They cause an adjustment of the Number of Shares of the corresponding Index Component. The new Number of Shares is calculated as follows:

$$x_{i,t} = x_{i,t-1} * \frac{p_{i,t-1}}{p_{i,t-1} - D_{i,t}}$$

With:

$x_{i,t}$  = Number of Shares of the Index Component i on Trading Day t

$D_{i,t}$  = Payment on Trading Day t multiplied by the Dividend Correction Factor of the respective country

### 3.5 Corporate actions

#### 3.5.1 Principles

Following the announcement by a company included in the Index of the terms and conditions of a corporate action the Index Calculator determines whether such corporate action has a dilution, concentration or other effect on the price of the Index Component.

If this should be the case the Index Calculator shall make the necessary adjustments to the affected Index Component and/or the formula for calculating the Index and/or to other terms and conditions of this document that he deems appropriate in order to take into account the dilution, concentration or other effect and shall determine the date on which this adjustment shall come into effect.

Amongst other things the Index Calculator can take into account the adjustment made by an Affiliated Exchange as a result of the corporate action with regard to option and futures contracts on the respective share traded on this Affiliated Exchange.

#### 3.5.2 Capital increases

In the case of capital increases (from the company's own resources or through cash contributions) the new Numbers of Shares are calculated as follows:

$$x_{i,t} = x_{i,t-1} * \frac{p_{i,t-1}}{p_{i,t-1} - rB_{i,t-1}} \quad \text{with:} \quad rB_{i,t-1} = \frac{p_{i,t-1} - B - N}{BV + 1}$$

With:

$x_{i,t}$  = Number of Shares of Index Component i on the day of the distribution

$x_{i,t-1}$  = Number of Shares of Index Component i on the day prior to the distribution

$p_{i,t-1}$  = Closing price on the day prior to ex date

$rB_{i,t-1}$  = Calculated value of rights issue

$B$  = Price of rights issue

$N$  = Dividend disadvantage

$BV$  = Subscription ratio

$B = 0$  if capital is increased from the company's own resources.



The last dividend paid or the announced dividend proposal is applied as the dividend disadvantage.

### 3.5.3 Capital reductions

In the case of capital reductions the new Number of Shares is determined as follows:

$$x_{i,t} = x_{i,t-1} * \frac{1}{H_{i,t}}$$

With:

$H_{i,t}$  = Reduction ratio of the company on day t

$x_{i,t}$  = Number of Shares of the affected Index Component on the day of the distribution

$x_{i,t-1}$  = Number of Shares of the affected Index Component on the day prior to the distribution

### 3.5.4 Share splits and par value conversions

In the case of share splits and par value conversions it is assumed that the prices change in ratio to the number of shares or to the par values. The new Number of Shares is calculated as follows:

$$x_{i,t} = x_{i,t-1} * \frac{N_{i,t-1}}{N_{i,t}}$$

With:

$N_{i,t-1}$  = Former par value of security class i (or new number of shares)

$N_{i,t}$  = New par value of security class i (or former number of shares)

$x_{i,t}$  = Number of Shares of the affected Index Component on the day of the distribution

$x_{i,t-1}$  = Number of Shares of the affected Index Component on the day prior to the distribution

## 3.6 Miscellaneous

### 3.6.1 Recalculation

Solactive AG makes the greatest possible efforts to accurately calculate and maintain its indices. However, the occurrence of errors in the index determination process cannot be ruled out. In such cases Solactive AG adheres to its publicly available [Correction Policy](#).

### 3.6.2 Market Disruption

In periods of market stress Solactive AG calculates its indices following predefined and exhaustive arrangements set out in its publicly available [www.solactive.com/news/documents/](http://www.solactive.com/news/documents/).

## 4. Definitions

“**Index Universe**” in respect of a Selection Day are companies that fulfill the following criteria:

1. Part of the Solactive GBS Developed Markets Large & Mid Cap Index (ISIN: DE000SLA41B6)
2. Market Capitalization of at least 1 billion EUR
3. Average Daily Value Traded of at least 10 million EUR over the last 5, 10, and 20 Business Days
4. Quoted in any of the following currencies: EUR, USD, GBP, CHF, JPY, SEK, CAD, AUD, HKD, NOK, DKK, SGD
5. Carbon Intensity data available within the last 24 months

“**Index Component**” is each share currently included in the Index.

“**Number of Shares**” is in respect of an Index Component and any given Business Day the number or fraction of shares included in the Index. It is calculated for any Index Component as the ratio of (A) the Percentage Weight of an Index Component multiplied by the Index value and (B) its Trading Price.

“**Percentage Weight**” of an Index Component is the ratio of its Trading Price multiplied by its Number of Shares divided by the Index value.

“**Dividend Correction Factor**” is calculated as 1 minus the applicable withholding tax rate and/or other applicable tax rate currently prevalent in the respective country.

In particular an “**Extraordinary Event**” is

- a Merger
- a Takeover bid
- a delisting
- the Nationalisation of a company
- Insolvency.

The Trading Price for this Index Component on the day the event came into effect is the last available market price for this Index Component quoted on the Exchange on the day the event came into effect (or, if a market price is not available for the day the event came into effect, the last available market price quoted on the Exchange on a day specified as appropriate by the Index Calculator), as determined by the Index Calculator, and this price is used as the Trading Price of the particular Index Component until the end of the day on which the composition of the Index is next set.

In the event of the Insolvency of an issuer of an Index Component the Index Component shall remain in the Index until the next Adjustment Day. As long as a market price for the affected Index Component is available on a Business Day, this shall be applied as the Trading Price for this Index Component on the relevant Business Day, as determined in each case by the Index Calculator. If a market price is not available on a Business Day the Trading Price for this Index Component is set to zero. The Committee may also decide to eliminate the respective Index Component at an earlier point in time prior to the next Adjustment Day. The procedure in this case is identical to an elimination due to and Extraordinary Event.

An Index Component is “**delisted**” if the Exchange announces pursuant to the Exchange regulations that the listing of, the trading in or the issuing of public quotes on the Index Component at the Exchange has ceased immediately or will cease at a later date, for whatever reason (provided delisting is not because of a Merger or a Takeover bid), and the Index Component is not immediately listed, traded or quoted again on an exchange, trading or listing system, acceptable to the Index Calculator,

“**Insolvency**” occurs with regard to an Index Component if (A) all shares of the respective issuer must be transferred to a trustee, liquidator, insolvency administrator or a similar public officer as result of a voluntary or compulsory liquidation, insolvency or winding-up proceedings or comparable proceedings affecting the issuer of the Index Components or (B) the holders of the shares of this issuer are legally enjoined from transferring the shares.

A “**Takeover bid**” is a bid to acquire, an exchange offer or any other offer or act of a legal person that results in the related legal person acquiring as part of an exchange or otherwise more than 10% and less than 100% of the voting shares in circulation from the issuer of the Index Component or the right to acquire these shares, as determined by the Index Calculator based on notices submitted to public or self-regulatory authorities or other information considered by the Index Calculator to be relevant.

With regard to an Index Component a “**Merger**” is

- (i) a change in the security class or a conversion of this share class that results in a transfer or an ultimate definite obligation to transfer all the shares in circulation to another legal person,
- (ii) a merger (either by acquisition or through forming a new structure) or a binding obligation on the part of the issuer to exchange shares with another legal person (except in a merger or share exchange under which the issuer of this Index Component is the acquiring or remaining company and which does not involve a change in security class or a conversion of all the shares in circulation),
- (iii) a takeover offer, exchange offer, other offer or another act of a legal person for the purposes of acquiring or otherwise obtaining from the issuer 100% of the shares issued that entails a transfer or the irrevocable obligation to transfer all shares (with the exception of shares which are held and controlled by the legal person), or
- (iv) a merger (either by acquisition or through forming a new structure) or a binding obligation on the part of the issuer of the share or its subsidiaries to exchange shares with another legal person, whereby the issuer of the share is the acquiring or remaining company and it does not involve a change in the class or a conversion of the all shares issued, but the shares in circulation directly prior to such an event (except for shares held and controlled by the legal person) represent in total less than 50% of the shares in circulation directly subsequent to such an event.

The “**Merger Date**” is the date on which a Merger is concluded or the date specified by the Index Calculator if such a date cannot be determined under the law applicable to the Merger.

“**Nationalisation**” is a process whereby all shares or the majority of the assets of the issuer of the shares are nationalised or are expropriated or otherwise must be transferred to public bodies, authorities or institutions.

“**Exchange**” is, in respect of Index and every Index Component, the respective primary exchange where the Index Component has its primary listing. The Committee may decide to declare a different stock exchange the “Exchange” for trading reasons, even if the company is only listed there via a Stock Substitute.

“**Stock Substitute**” includes in particular American Depositary Receipts (ADR) and Global Depositary Receipts (GDR).

With regard to an Index component (subject to the provisions given above under “Extraordinary Events”) the “**Trading Price**” in respect of a Trading Day is the closing price on this Trading Day determined in accordance with the Exchange regulations. If the Exchange has no closing price for an Index Component, the Index Calculator shall determine the Trading Price and the time of the quote for the share in question in a manner that appears reasonable to him.

A **“Trading Day”** is in relation to the Index or an Index Component a Trading Day on the Exchange (or a day that would have been such a day if a market disruption had not occurred), excluding days on which trading may be ceased prior to the normal Exchange closing time. The Index Calculator is ultimately responsible as to whether a certain day is a Trading Day with regard to the Index or an Index Component or in any other connection relating to this document.

A **“Business Day”** is any weekday from Monday through Friday.

The **“Index Calculator”** is Solactive AG or any other appropriately appointed successor in this function.

The **“Index Currency”** is EUR.

**“Market Capitalization”** is with regard to each of the shares in the Index Universe on a Selection Day or Adjustment Day the value published as the Market Capitalization for this day.

As at the date of this document Market Capitalization is defined as the value of a company calculated by multiplying the number of shares outstanding of the company by its share price.

**“Adjustment Day”** is the first Business Day in April and October. If the Adjustment Day is not a Trading Day for a current or selected Index Component the following Trading Day is chosen.

**“Selection Day”** is the third Monday in March and September.

**“Weight Adjustment Day”** is the first Business Day in July and January. If the Adjustment Day is not a Trading Day for a current or selected Index Component the following Trading Day is chosen.

**“Weight Review Day”** is the third Monday in June and December.

An **“Affiliated Exchange”** is with regard to an Index Component an exchange, a trading or quotation system on which options and futures contracts on the Index Component in question are traded, as specified by the Index Calculator.

A **“Market Disruption Event”** occurs if

1. one of the following events occurs or exists on a Trading Day prior to the opening quotation time for an Index Component:
  - A) trading is suspended or restricted (due to price movements that exceed the limits allowed by the Exchange or an Affiliated Exchange, or for other reasons):
    - 1.1. across the whole Exchange; or
    - 1.2. in options or futures contracts on or with regard to an Index Component or an Index Component that is quoted on an Affiliated Exchange; or
    - 1.3. on an Exchange or in a trading or quotation system (as determined by the Index Calculator) in which an Index Component is listed or quoted; or
  - B) an event that (in the assessment of the Index Calculator) generally disrupts and affects the opportunities of market participants to execute on the Exchange transactions in respect of a share included in the Index or to determine market values for a share included in the Index or to execute on an Affiliated Exchange transaction with regard to options and futures contracts on these shares or to determine market values for such options or futures contracts; or
2. trading on the Exchange or an Affiliated Exchange is ceased prior to the usual closing time (as defined below), unless the early cessation of trading is announced by the Exchange or Affiliated Exchange on this Trading Day at least one hour before

(aa) the actual closing time for normal trading on the Exchange or Affiliated Exchange on the Trading Day in question or, if earlier.

(bb) the closing time (if given) of the Exchange or Affiliated Exchange for the execution of orders at the time the quote is given.

**“Normal exchange closing time”** is the time at which the Exchange or an Affiliated Exchange is normally closed on working days without taking into account after-hours trading or other trading activities carried out outside the normal trading hours; or

3. a general moratorium is imposed on banking transactions in the country in which the Exchange is resident if the above-mentioned events are material in the assessment of the Index Calculator, whereby the Index Calculator makes his decision based on those circumstances that he considers reasonable and appropriate.

## 5 Appendix

### 5.1 Contact data

#### Information regarding the Index concept

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### 5.2 Calculation of the Index – change in calculation method

The application by the Index Calculator of the method described in this document is final and binding. The Index Calculator shall apply the method described above for the composition and calculation of the Index. However it cannot be excluded that the market environment, supervisory, legal, financial or tax reasons may require changes to be made to this method. The Index Calculator may also make changes to the terms and conditions of the Index and the method applied to calculate the Index, which he deems to be necessary and desirable in order to prevent obvious or demonstrable error or to remedy, correct or supplement incorrect terms and conditions. The Index Calculator is not obliged to provide information on any such modifications or changes. Despite the modifications and changes the Index Calculator will take the appropriate steps to ensure a calculation method is applied that is consistent with the method described above.

### 5.3 Capping Table

Classification	R&D Sales Intensity	Carbon Intensity	Carbon Intensity Variation	Commitment Score	Production Score	Product Score
A	40	30	30	35	35	40
B	20	0	0	30	10	40
AC	20	30	30	30	25	0
BC	20	0	0	30	10	0

### 5.4 Industry Classification Table

Climate Sector	Factset Industry	Scoring Classification
Aerospace & Defense	Aerospace & Defense	A
Airlines	Airlines	B
Apparel retailers	Apparel/Footwear Retail	A
Asset managers	Investment Managers	AC
Auto Parts	Auto Parts: OEM	AC

Auto Parts	Automotive Aftermarket	AC
Auto Parts	Metal Fabrication	AC
Automobiles	Motor Vehicles	AC
Banks	Major Banks	AC
Banks	Regional Banks	AC
Banks	Savings Banks	AC
Beverages	Beverages: Alcoholic	A
Beverages	Beverages: Non-Alcoholic	A
Biotechnology	Biotechnology	B
Broadcasting & Entertainment	Cable/Satellite TV	A
Broadcasting & Entertainment	Broadcasting	A
Broadcasting & Entertainment	Movies/Entertainment	A
Building Materials & Fixtures	Building Products	BC
Building Materials & Fixtures	Construction Materials	BC
Business Support Services	Miscellaneous Commercial Services	A
Clothing & Accessories	Apparel/Footwear	A
Clothing & Accessories	Consumer Sundries	A
Clothing & Accessories	Other Consumer Specialties	A
Commercial Vehicles & Trucks	Trucks/Construction/Farm Machinery	AC
Commercial Vehicles & Trucks	Trucking	AC
Specialty Chemicals & Commodity Chemicals	Chemicals: Major Diversified	BC
Specialty Chemicals & Commodity Chemicals	Chemicals: Specialty	BC
Specialty Chemicals & Commodity Chemicals	Chemicals: Agricultural	BC
Specialty Chemicals & Commodity Chemicals	Industrial Specialties	BC
Specialty Chemicals & Commodity Chemicals	Textiles	BC
Computer Services	Internet Software/Services	AC
Computer Services	Information Technology Services	AC
Consumer Finance	Finance/Rental/Leasing	A
Containers & Packaging	Containers/Packaging	B
Delivery Services	Air Freight/Couriers	A

Diversified Industrials	Industrial Conglomerates	B
Drug Retailers	Drugstore Chains	A
Drug Retailers	Medical Distributors	A
Durable Household Products	Tools & Hardware	A
Durable Household Products	Electronics/Appliances	A
Durable Household Products	Home Furnishings	A
Electrical Components & Equipment	Electrical Products	AC
Electrical Components & Equipment	Electronic Components	AC
Electricity	Electric Utilities	BC
Electronic Equipment	Electronic Equipment/Instruments	AC
Exploration & Production	Oil & Gas Production	B
Financial Administration	Data Processing Services	A
Fixed Line Telecommunications	Major Telecommunications	A
Fixed Line Telecommunications	Specialty Telecommunications	A
Food Products	Agricultural Commodities/Milling	B
Food Products	Foods: Major Diversified	B
Food Products	Foods: Specialty/Candy	B
Food Products	Foods: Meat/Fish/Dairy	B
Food Retailers & Wholesalers	Food Distributors	A
Food Retailers & Wholesalers	Food Retail	A
Forestry & Paper	Forest Products	B
Forestry & Paper	Pulp & Paper	B
Gambling	Casinos/Gaming	A
Gas Distribution	Gas Distributors	BC
Hardware	Computer Communications	AC
Hardware	Computer Peripherals	AC
Hardware	Computer Processing Hardware	AC
Hardware	Telecommunications Equipment	AC
Health Care Providers	Services to the Health Industry	A
Health Care Providers	Hospital/Nursing Management	A
Health Care Providers	Managed Health Care	A
Heavy Construction	Engineering & Construction	AC



Home Construction	Homebuilding	A
Hotels	Hotels/Resorts/Cruiselines	B
Industrial Machinery	Industrial Machinery	AC
Industrial Machinery	Miscellaneous Manufacturing	AC
Industrial Suppliers	Wholesale Distributors	A
Industrial Suppliers	Office Equipment/Supplies	A
Integrated Oil & Gas	Integrated Oil	B
Integrated Oil & Gas	Oil Refining/Marketing	B
Integrated Oil & Gas	Contract Drilling	B
Investment Services	Investment Banks/Brokers	AC
Iron & Steel & Aluminium	Steel	B
Iron & Steel & Aluminium	Aluminum	B
Leisure Goods	Recreational Products	A
Life Insurance	Life/Health Insurance	A
Marine Transportation	Marine Shipping	B
Media Agencies	Media Conglomerates	A
Media Agencies	Advertising/Marketing Services	A
Medical Equipment & Supplies	Medical Specialties	A
Mining	Precious Metals	B
Mining	Coal	B
Mobile Telecommunications	Wireless Telecommunications	A
Multiutilities	Alternative Power Generation	BC
Nondurable Household Products	Household/Personal Care	A
Nondurable Household Products	Medical/Nursing Services	A
Nondurable Household Products	Personnel Services	A
Nonferrous Metals	Other Metals/Minerals	BC
Nonlife Insurance	Insurance Brokers/Services	A
Nonlife Insurance	Multi-Line Insurance	A
Nonlife Insurance	Property/Casualty Insurance	A
Nonlife Insurance	Specialty Insurance	A
Oil Equipment & Services	Oil & Gas Pipelines	BC
Oil Equipment & Services	Oilfield Services/Equipment	BC
Oil Equipment & Services	Investment Trusts/Mutual Funds	BC

Pharmaceuticals	Pharmaceuticals: Major	A
Pharmaceuticals	Pharmaceuticals: Other	A
Pharmaceuticals	Pharmaceuticals: Generic	A
Publishing	Publishing: Newspapers	A
Publishing	Publishing: Books/Magazines	A
Publishing	Commercial Printing/Forms	A
Railroads	Railroads	B
Real Estate Holding & Development	Real Estate Development	BC
Real Estate Investment Trusts	Real Estate Investment Trusts	AC
Restaurants & Bars	Restaurants	A
Semiconductors	Semiconductors	AC
Semiconductors	Electronic Production Equipment	AC
Software	Packaged Software	AC
Specialty Finance	Financial Conglomerates	AC
Specialty Finance	Financial Publishing/Services	AC
Specialty Retailers	Department Stores	A
Specialty Retailers	Discount Stores	A
Specialty Retailers	Electronics/Appliance Stores	A
Specialty Retailers	Home Improvement Chains	A
Specialty Retailers	Internet Retail	A
Specialty Retailers	Other Consumer Services	A
Specialty Retailers	Specialty Stores	A
Specialty Retailers	Catalog/Specialty Distribution	A
Specialty Retailers	Electronics Distributors	A
Tobacco	Tobacco	A
Transportation Services	Other Transportation	B
Waste & Water Utilities	Environmental Services	B
Waste & Water Utilities	Water Utilities	B

## 5.5 Climate Score Calculation

1. For each Shares in the Index Universe, the following six Climate Criteria are calculated:

- Carbon Sales Intensity – Quantity of CO2 emissions produced divided by the amount of sales
- Carbon Sales Intensity Variation – Difference between the last available Carbon Sales Intensity and the 5-year historical average Carbon Sales Intensity within each status, i.e. reported or estimated
- R&D Sales Intensity – R&D Expenses as a percentage of Sales based on the FactSet field FD\_RD\_SALES
- Commitment Score – Average of the following Sustainability E indicator scores:

<b>Indicator</b>	<b>Definition</b>
E 1.5	CDP Participation
E 1.6	Scope of GHG participation
E 1.7.0	GHG Reduction programmes
E 1.7.1	Green logistics programmes
E 2.1	Green Procurement Policy

- Production Score – Average of the following Sustainability E indicator scores:

<b>Indicator</b>	<b>Definition</b>
E 1.7.2	HCFCs Phase Out
E 1.8	Renewable Energy Programmes
E 1.11	Renewable Energy use
E.2.1.7	Recycled Material Use
E.2.1.8	FSC Certified Sourcing
E 3.1.17	Energy Mix

- Product Score – Average of the following Sustainability E indicator scores:

<b>Indicator</b>	<b>Definition</b>
E 3.1.1	Sustainable product & services
E 3.1.2	Clean Tech Revenues
E 3.1.3	Fleet emissions
E 3.1.4	Fleet efficiency
E 3.1.5	Sustainable Mobility products
E.3.1.6	Eco-design
E 3.1.10	Credit & Loan standards
E3.1.11	Responsible Asset Management
E 3.1.13	Green Building Investments
E 3.1.14	Share of green buildings
E 3.1.15	Sustainable Financial Services

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2. For each Climate Criteria above a z-score is calculated as follows:

- $z\text{-score}_i^k = \frac{\text{score}_i^k - \overline{\text{score}^k}}{\sigma^k}$  where i is the relevant security and k is the Climate Criteria
  - For the Climate Criteria “Carbon Sales Intensity”, and “Carbon Sales Intensity Variation” the z-score is multiplied with -1
  - The average and standard deviations are calculated within each Climate Sector
3. The z-score is transformed into a PercentRank from 0 to 100, 100 being the best and 0 the worst, as defined below:
- $\text{PercentRank}_i^k = \left(1 - \frac{\text{COUNT}(z\text{-score}_j^k > z\text{-score}_i^k)}{m-1}\right) * 100$  where i is the relevant security, j is ranging from 1 to m, and m is the total number of securities in the Index Universe
4. Subsequently the PercentRank is capped in the following way:
- $\text{CappedPercentRank}_i^k = \frac{\text{PercentRank}_i^k}{100} * (100 - 2 * \text{Floor}_i^k) + \text{Floor}_i^k$  where i is the relevant security, k is the Climate Criteria, and Floor is the relevant lower bound based on the capping table in Appendix 5.3 and the classification table in Appendix 5.4
  - The CappedPercentRank is set to 50 when there is no value available for “R&D Sales Intensity”, “Commitment Score”, “Production Score”, or “Product Score”
5. The final Climate Score is an average of all six capped PercentRanks. If there is no value available for “Carbon Sales Intensity” or “Carbon Sales Intensity Variation” no Climate Score will be calculated