

Press Release

Solactive releases new Euro IG Corporate Index with ESG Integration developed by SD-M

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ESG remains the big topic in the year of 2019 since more and more investors emphasize this exciting and future-oriented topic. The ESG incorporation methodologies are manifold, and for each purpose, ETF providers and asset managers can find their benchmark. The variety of screening-practices can appear overmuch to some individuals. Therefore, German ESG provider SD-M developed a straightforward and robust classification model focusing on three standardized material key performance indicators for respective industries and sectors. Solactive takes advantage of SD-M's approach to create the Solactive Euro IG Corporate SD-KPIIndex®, tailored to investors, in need of a reliable and accessible ESG Benchmark in the investment-grade corporates space.

The Solactive Euro IG Corporate SD-KPIIndex® builds upon the industry-wide used Solactive Euro IG Corporate Index that mirrors the performance of investment grade bonds denominated in EUR. The new index utilizes its parent's index market-cap based index universe as its starting point but furthermore over- and underweights its constituents in correspondence to the SD-KPIIndex®'s methodology, rendering the ESG incorporation a so-called ESG-integration approach: On selection day, index constituents are segmented in different quintiles based on SD-KPIIntegration® Scoring.

The method assigns the top-20 percent a 50% overweight in the index, whereas the second twenty percent receive 25% overweight, the medium quintile remains unchanged, and both the lower twenty percent quintiles receive an underweight of 25% or 50% respectively. SD-M's proprietary SD-KPI Standard 2016-2021 consist of three industry-specific ESG-indicators, based on extensive research and developed with support from the German Federal Ministry of the Environment, global investors and analysts as well as the Sustainability Accounting Standards Board (SASB).

Solactive's collaboration with SD-M comprises two more fixed income indices, including the Solactive USD IG Corporate SD-KPIIndex® for the USD corporate bond space as well as the Solactive GBP IG Corporate SD-KPIIndex® for GBP denominated indexable corporate debt.

Timo Pfeiffer, Chief Markets Officer at Solactive comments: "As capital markets continue to realize the importance of integrating ESG metrics into portfolio construction, we are proud to bring them a new bond index in collaboration with SD-M. This index adequately integrates industry-specific ESG metrics in the European Corporate Bond market, focusing on those companies incorporating ESG into their business practices, while maintaining exposure to the broad market."

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Dr. Axel Hesse, Founder and Shareholder of SD-M comments: *"SD-M is delighted that investors could now also address the important asset class of corporate bonds using the Solactive Investment Grade Corporate SD-KPIIndex®. Furthermore, the backtest of the EUR index version showed attractive 8 basis points of outperformance per year since 2010."*

The index design allows for versatile customizing to meet clients' specific demands and requirements. Further adjustments, such as currency hedges, can be incorporate into the index efficiently.

For further information, please visit: www.solactive.com

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Note to editors

About Solactive

Solactive AG is an innovative index provider that focuses on the development, calculation and distribution of tailor-made indices across all asset classes. As at January 2019, Solactive AG served approximately 400 clients in Europe, America and Asia, with approximately USD 200 billion invested in products linked to indices calculated by the company globally, primarily via 380 exchange-traded funds from a number of well-known providers. Solactive AG was established in 2007 and is headquartered in Frankfurt.

About SD-M

SD-M® is the global pioneer for standardized ESG integration. Since 2004, SD-M has elaborated SD-KPI Standards on behalf of the German Environment Ministry, supported by global investors and analysts, accountants and the Sustainability Accounting Standards Board (SASB). Sustainable Development Key Performance Indicators (SD-KPIs) are three very material ESG indicators for each of 68 industries. SD-KPIs have been evaluated in the SD-KPIInform® database in collaboration with Sustainalytics for ten years and more than 6,000 companies. It is licensed to Asset Manager, Asset Owner and Index Administrators. Since 2013, SD-KPIs have been integrated into standard equity indices.

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