

Press Release

Solactive releases 'Solactive right. 2 Degree-Aligned Europe Index' based on right. based on science's Economic Climate Impact Model

29 June 2020

With numerous regulatory initiatives concerning sustainable finance, the European Union is currently setting the course for the area's transition towards the <2°C scenario captured in the Paris Agreement. This shift creates a quest for innovative data to shape the investment solutions supporting this transition not only in Europe but on a global scale. Now Solactive, with the support of climate metrics and software provider **right. based on science**, developed a benchmark index, the **Solactive right. 2 Degree-Aligned Europe Index**, a broad portfolio of sector-leading European companies aligned with a 2°C global warming scenario through 2050.

In February 2020, Solactive placed a strategic investment into the Frankfurt-based scientific climate data start-up **right. based on science** ("right."), thus expanding its engagement in the space of innovative ESG data providers. **right.'s X-Degree Compatibility (XDC) Model** calculates the contribution of an economic entity to climate change until 2050 under various scenarios. Results are expressed as a tangible °C value.

The **Solactive right. 2 Degree-Aligned Europe Index** selects companies from a broad range of sectors aligned with a 2°C scenario under baseline assumptions through 2050*, amounting to 260 constituents out of its underlying universe, the **Solactive Europe 600 Index**. This finding, in return, implies a current lack of 2°C-aligned business practice for more than 57% of the 600 largest European companies.

The design of Solactive's new benchmark addresses three critical areas for clients looking for temperature-aligned portfolios. First, it uses a single metric – the XDC – and thus keeps the index design transparent and easy to understand. Additionally, in comparison to many existing approaches to temperature-alignment, the XDC is a forward-looking metric. Finally, while the **Solactive right. 2 Degree-Aligned Europe Index** is weighted by free-float market capitalization, the temperature alignment is independent of the weighting scheme, leaving clients with greater flexibility in designing similar strategies.

Steffen Scheuble, CEO of Solactive, comments: *"Societal changes go hand in hand with a change in responsibilities. As an index provider, it is our onus to facilitate investing in a green future for the contemporary investor. We found that entering a strategic partnership with right. to develop a tangible and accessible 2°*

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degree-aligned index was the right choice, and we are looking forward to disrupting the indexing business and the way people invest in a greener future with right. even more going forward."

Hannah Helmke, CEO of right. based on science, comments: *"Our aim in creating the XDC Model was to provide a transparent, tangible climate impact metric that can be used by financial actors, the real economy, and other market participants alike. Solactive has recognized this potential, and we are very pleased that the joint creation of temperature aligned indices, such as this one, can contribute to the redirection of capital flows towards more climate-friendly business practices."*

For further information, please visit: <http://www.solactive.com>

*Baseline assumptions are a continuation of the historical rate of decoupling of Gross Value Added (GVA) and emissions following the Shared Socioeconomic Pathway 2-Scenario (SSP2).

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Note to editors

About Solactive

Solactive is a leading provider of indexing, benchmarking, and calculation solutions for the global investment and trading community. Headquartered in Frankfurt, and with offices in Hong Kong, Toronto, Berlin, and Dresden, we innovate and disrupt the status quo as the partner of choice for our clients.

The unique blend of our 250 staff's expertise in data, data science, financial markets, and technology enables our clients' continued success through the delivery of a superior experience, unique customization capabilities, and the best value for money available in the industry. With more than 14,000 indices calculated daily, we offer a full suite of solutions, including market-leading ESG and thematic indices.

As at April 2020, Solactive served approximately 450 clients across the world, with approximately US\$200 billion invested in products linked to our indices. Solactive is registered with ESMA as a benchmark administrator and is supervised by the BaFin.

About right. based on science

right. based on science GmbH (right.) is a provider of climate metrics and software. Founded in Frankfurt in 2016, right. developed the X-Degree Compatibility (XDC) Model to calculate the impact a company, a portfolio or any other economic entity has on global warming ("temperature alignment"). The results are expressed as tangible degree Celsius values. The aim: to bring maximum transparency on climate-related risks and opportunities to the market.

With its interdisciplinary team of over 25 experts, right. helps clients (e.g. companies, banks, asset managers) to analyse and understand the climate impact of various economic activities, fulfill reporting requirements, and employ scenario analyses to shape their climate strategies and inform their investment decisions.

The XDC Model is peer-reviewed and has been available for free use to academia since 2019 through the project right.open (20+ research projects to date). From 2021 onwards, the Model will be accessible to the public as an Open Source project. In 2020, right. was awarded the German Next Economy Award.

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