

Press Release

Solactive Launches Social and Sustainable Bond Index with the Climate Bonds Initiative

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FRANKFURT AM MAIN – With current developments and economic trends, such as the COVID-19 pandemic, increasing inflation rates, and energy prices, social projects around affordable housing, infrastructure and health systems are getting more important. In the last years, it was difficult to find investment opportunities in this space, but the market for social and sustainability-themed bonds is growing. Using the Social & Sustainability Bond database by the Climate Bonds Initiative (CBI), Solactive launches the Solactive Global Social and Sustainable Bond Index, offering a standalone strategy for the 'S' in ESG. Alongside green bonds, social and sustainable bonds offer a way of investing with impact in a traditional asset class.

Almost a decade ago, Solactive launched the world's first green bond index, marking the start of its partnership with CBI. Several launches of green bond index variations followed over the years, serving as the basis for ETFs, amongst others. Today, Solactive expands its range of labeled bond indices towards social and sustainable bonds, again building on the expertise of CBI, expanding its longstanding partnership.

The bonds selected for the index use their proceeds for financing either social or sustainability-related assets, projects, and activities. The index includes bonds issued by central governments, government-related and corporate issuers. It is rules-based, and market value weighted. The index has a broad focus which can be adjusted to match client specific needs and preferences for the index construction.

CBI screens self-labelled debt instruments to identify social or sustainability-related securities. The screenings process includes external reviews and an analysis of the use of proceeds. The bonds have to be aligned with the core components of the principles and guidelines set by CBI. The social bond label includes bonds where proceeds focus on delivering positive social outcomes, e.g. affordable basic infrastructure and access to essential services like health and education. Sustainability bonds are a mix of green and social projects.

The cumulative bond issuance by the end of 2022 was more than 630 bn USD for social bonds and more than 670 bn USD for sustainability bonds. The market experienced a leap in 2020 when volumes increased by 380% compared to 2019. In 2021 the volumes stayed at this level, while in 2022 new issuances slowed down by 30%, still staying at a level of roundabout 300 bn USD in that year.

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Timo Pfeiffer, Chief Markets Officer at Solactive, commented: *"Global social inequality is currently on the rise, and the situation pertaining to education, income, and health is progressively deteriorating. The financial requirements in these sectors are very high, therefore we are delighted to introduce an index that centers on screening bonds on their social and sustainability impact in collaboration with the Climate Bonds Initiative."*

Candace Partridge, Senior Sustainable Debt Data Manager at Climate Bonds Initiative, said: *"It is great to see the markets embrace the importance of social and sustainability bonds. We welcome any opportunity to raise the profile of bonds that benefit societal needs, and we look forward to this index helping to improve access to the social sector of the market."*

For more information, please visit:

<http://www.solactive.com>

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 25,000 indices calculated daily, we offer a full suite of solutions, including market leading ESG and thematic indices.

As at January 2023, Solactive served approximately 500 clients across the world, with approximately US\$250 billion invested in products linked to our indices. Solactive is registered with ESMA as a benchmark administrator and is supervised by the BaFin.

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