

Market Consultation Solactive Future Energy ESG Index

05 June 2023

**Content of the Market Consultation**

Solactive AG has decided to conduct a Market Consultation with regard to changing the Index Methodology of the following Indices (the ‘Indices’):

|  |  |  |
| --- | --- | --- |
| **NAME** | **RIC** | **ISIN** |
| Solactive Future Energy ESG Index PR | .SOLFTENP | DE000SL0FPF0 |
| Solactive Future Energy ESG Index NTR | .SOLFTENN | DE000SL0FPG8 |
| Solactive Future Energy ESG Index TR | .SOLFTENT | DE000SL0FPH6 |

**Rationale for the Market Consultation**

The Indices aim to represent securities that provide renewable energy or contribute to the value chain. This includes companies from the following industries: Solar Energy, Wind Energy, Geothermal Energy, Battery & Energy Storage, Hydrogen Power and Smart Energy & Alternative Power.

Solactive would like to suggest limiting the exposure to companies to Developed Markets and adjusting the ESG criteria driven by changing market standards.

**Proposed Changes to the Index Guideline**

The following Methodology changes are proposed in the following points of the Index Guideline (ordered in accordance with the numbering of the affected sections):

**Section 2.1 Index Universe Requirements**

From (old version):

 “[…]

The Index Universe is comprised of all financial instruments which fulfill the below requirements

(the “Index Universe Requirements“):

1. Part/ Component of the Gbs Index Universe of the *Solactive GBS Developed Markets All Cap USD Index PR (ISIN: DE000SLA41P6)* or *Solactive GBS China All Cap USD Index PR (ISIN: DE000SLA4X77)* on a Selection Day.
2. Securities of the *Solactive GBS China All Cap USD Index PR (ISIN: DE000SLA4X77)* that are not listed on the Hong Kong Stock Exchange or are not an American depositary receipt are removed.
3. Only one share class of each company is eligible for inclusion in the Index Universe. The eligible share class is the share class with the higher Average Daily Value Traded over the last six months including the Selection Day.
4. Companies are evaluated and excluded from the Index Universe based on the criteria outlined in the table below. The evaluation is based on data provided by the Data Provider:

|  |  |  |
| --- | --- | --- |
| Theme | Topic | Exclusion criterion |
| Norm-Based Research | Environment | Verified failure to respect established norms <OR> severe and very severe controversies |
| Human Rights | Verified failure to respect established norms <OR> very severe controversies |
| Corruption | Verified failure to respect established norms |
| Labour Rights |
| Controversial Weapons Research | Chemical weapons | Verified ongoing involvement |
| Biological weapons |
| Nuclear weapons |
| Depleted Uranium |
| Nuclear weapons outside the NPT |
| Cluster munitions |
| Anti-personnel mines |
| Activity-Based Screening | Coal | 0% Production <OR> 10% Power Generation |
| Oil | 5% Extraction <OR> 10% Power Generation |
| Oil Sands | 0% Production & Exploration |
| Hydraulic Fracturing (including Shale Oil) | 0% Production & Exploration |
| Deepwater Drilling | 0% Production & Exploration |
| Arctic Drilling | 0% Production & Exploration |
| Nuclear Power Generation | 5% overall <OR> 0 MW Power Generation Capacity |
| Military Equipment | 5% overall |
| Civil Firearms | 5% overall |
| Tobacco | 0% Production <OR> 5% Distribution or Services |
| ESG Research | ESG Overall Rating | D-, D or D+ |
| Environmental | Energy Consumption Intensity\* | 300 |
| Carbon Intensity\*\* | 1500 |
| Explanation: % figures refer to revenue threshold (for degree of involvement) above which criterion is breached  \* Measured as GWh per million EUR revenue  \*\* Measured as Scope 1+2 Emissions / USD revenues | | |

The determination of the Index Universe is fully rule-based and the Index Administrator cannot make any discretionary decisions.

 […]”

To (new version):

 “[…]

The Index Universe is comprised of all financial instruments which fulfill the below requirements

(the “Index Universe Requirements“):

1. Part/ Component of the Gbs Index Universe of the *Solactive GBS Developed Markets All Cap USD Index PR (ISIN: DE000SLA41P6)* on a Selection Day.
2. Only one share class of each company is eligible for inclusion in the Index Universe. The eligible share class is the share class with the higher Average Daily Value Traded over the last six months including the Selection Day.
3. Companies are evaluated and excluded from the Index Universe based on the criteria outlined in the table below. The evaluation is based on data provided by the Data Provider:

|  |  |  |
| --- | --- | --- |
| Theme | Topic | Exclusion criterion |
| Norm-Based Research | Environment | Verified failure to respect established norms <OR> severe and very severe controversies |
| Human Rights | Verified failure to respect established norms <OR> very severe controversies |
| Corruption | Verified failure to respect established norms |
| Labour Rights |
| Controversial Weapons Research | Chemical weapons | Verified ongoing involvement |
| Biological weapons |
| Nuclear weapons |
| Depleted Uranium |
| Nuclear weapons outside the NPT |
| Cluster munitions |
| Anti-personnel mines |
| Activity-Based Screening | Coal | 0% Production <OR> 10% Power Generation <OR> any involvement in mining |
| Oil | 5% Extraction <OR> 10% Power Generation |
| Oil Sands | Any involvement (includes 0% Production & Exploration) |
| Hydraulic Fracturing (including Shale Oil) | Any involvement (includes 0% Production & Exploration) |
| Deepwater Drilling | 0% Production & Exploration |
| Arctic Drilling | 0% Production & Exploration |
| Fossil Fuel | 10% Services |
| Nuclear Power Generation | 5% overall |
| Military Equipment | 5% overall |
| Civil Firearms | 5% overall |
| Tobacco | 0% Production <OR> 5% Distribution or Services |
| ESG Research | ESG Overall Rating | D-, D or D+ |
| Environmental | Energy Consumption Intensity\* | 300 |
| Carbon Intensity\*\* | 1500 |
| Explanation: % figures refer to revenue threshold (for degree of involvement) above which criterion is breached  \* Measured as GWh per million EUR revenue  \*\* Measured as Scope 1+2 Emissions / USD revenues | | |

The determination of the Index Universe is fully rule-based and the Index Administrator cannot make any discretionary decisions.

 […]”

**Feedback on the proposed changes**

If you would like to share your thoughts with Solactive, please use this consultation form and provide us with your personal details and those of your organization.

|  |  |
| --- | --- |
| Name |  |
| Function |  |
| Organization |  |
| Email |  |
| Phone |  |
| Confidentiality (Y/N) |  |

Solactive is inviting all stakeholders and interested third parties to evaluate the proposed changes to the Methodology for the Solactive Future Energy ESG Index and welcomes any feedback on how this may affect and/or improve their use of Solactive indices.

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**Consultation Procedure**

Stakeholders and third parties who are interested in participating in this Market Consultation, are invited to respond until *June 19th 2023 (cob)*.

Subject to feedback received on this Market Consultation, the changes mentioned above are intended to become effective on *July 04th 2023.*

Please send your feedback via email to [marketconsultation@solactive.com](mailto:marketconsultation@solactive.com), specifying “**Market Consultation** **I Solactive Future Energy ESG Index**” as the subject of the email, or

via postal mail to: **Solactive AG**

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Should you have any additional questions regarding the consultative question in particular, please do not hesitate to contact us via above email address.



# Contact

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