

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	DE000SLOFPF0
Solactive Future Energy ESG Index NTR	.SOLFTENN	DE000SLOFPG8
Solactive Future Energy ESG Index TR	.SOLFTENT	DE000SLOFPH6

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	
Activity-Based Screening	Anti-personnel mines	0% Production <OR> 10% Power Generation
	Coal	
	Oil	
	Oil Sands	
	Hydraulic Fracturing (including Shale Oil)	
	Deepwater Drilling	
	Arctic Drilling	
	Nuclear Power Generation	
	Military Equipment	
	Civil Firearms	
Tobacco		
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 Labour Rights	Verified failure to respect established norms
Controversial Weapons Research	Chemical weapons	Verified ongoing involvement
	Biological weapons	
	Nuclear weapons	
	Depleted Uranium	
	Nuclear weapons outside the NPT	
	Cluster munitions	
	Anti-personnel mines	
	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)



Activity-Based Screening	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.

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, specifying "Market Consultation | Solactive Future Energy ESG Index" as the subject of the email, or

via postal mail to: Solactive AG
Platz der Einheit 1
60327 Frankfurt am Main
Germany

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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