

Market Consultation Solactive future energy ESG index & Solactive eurozone sustainability index

24 October 2024

**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 GTR | .SOLFTENT | DE000SL0FPH6 |
| Solactive Eurozone Sustainability Index | .SOLESG | DE000SLA00T4 |
| Solactive Eurozone Sustainability Index NTR | .SOLESGN | DE000SLA70L4 |

**Rationale for the Market Consultation**

Solactive has determined that to align with EU Paris-aligned benchmarks, the following changes will be added to align with Article 12 Exclusions with Commission Delegated Regulation (EU) 2020/1818. This is to allow all products that track the index to maintain the sustainability label to maintain attractiveness to investors.

**Proposed Changes to the Index Guideline**

The following Methodology changes are proposed in the following point of the Index Guideline :

2.1 Index Universe Requirements (.SOLFTEN)

From:

|  |  |  |
| --- | --- | --- |
| 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 | | |

To:

|  |  |  |
| --- | --- | --- |
| 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, Refining & Processing <AND> Trade <OR> >= 5% Power Generation <OR> any involvement in mining |
| Oil | >= 5% Extraction |
| Oil Sands | Any involvement (includes 0% Production & Exploration) |
| Fossil Fuel | >= 10% Distribution <AND> Oil and Gas Extraction & Refining & Processing |
| Hydraulic Fracturing (including Shale Oil) | Any involvement (includes 0% Production & Exploration) |
| Deepwater Drilling | > 0% Production & Exploration |
| Arctic Drilling | > 0% Production & Exploration |
| Fossil Fuel Power Generation | >= 50% Total Power <AND> Biomass |
| 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 |
| \* Measured as GWh per million EUR revenue  \*\* Measured as Scope 1+2 Emissions / USD revenues | | |

2.1 Index Universe Requirements (.SOLESG)

From:

|  |  |  |
| --- | --- | --- |
| Theme | Topic | Exclusion criterion |
| Norm-Based Research(severe and very severe only) | Environment | Environmental Protection: Direct Involvement  Environmental Protection: Supply Chain  Environmental Protection: Financier |
| Human Rights | Fundamental Human Rights: Direct Involvement  Fundamental Human Rights: Supply Chain  Fundamental Human Rights: Financier |
| Business Malpractice | Accounting / disclosure standards: Direct Involvement  Bribery: Direct Involvement |
| Labour Rights | Child Labour: Direct Involvement  Child Labour: Supply Chain  Forced Labour: Direct Involvement  Forced Labour: Supply Chain  Labour Standards: Direct Involvement  Labour Standards: Supply Chain  Union Rights: Direct Involvement  Union Rights: Supply Chain  Workplace Discrimination: Direct Involvement  Workplace Discrimination: Supply Chain |
| SECTOR BASED SCREENING | Abortifacients | Production (Indicated for Abortion): Revenue Share > 0.00 % |
| Abortion | abortion: Any Tie |
| Alcohol | Production: Revenue Share ≥ 5.00% |
| Animal Testing | Non-Pharmaceutical - Beyond legal requirements: Any Tie  Non-Pharmaceutical - Total: Any Tie |
| Animal Welfare | Fur - Production: Level of Involvement > 0.00%  Fur - Distribution: Level of Involvement > 0.00% |
| Civilian Firearms | Production and Services: Revenue Share > 0.00% |
| Controversial Weapons | Controversial Weapons: Verified Involvement |
| Fossil Fuels - Coal | Extractives - Production: Revenue Share > 0.00%  Energy - Production: Revenue Share ≥ 10.00% |
| Fossil Fuels - Oil | Extractives - Production: Revenue Share > 0.00%  Energy - Production: Revenue Share ≥ 10.00% |
| Fossil Fuels - Unconventional Extraction Methods | Arctic Drilling - Production: Any Tie  Arctic Drilling - Exploration: Any Tie  Hydraulic Fracturing: Revenue Share (Total)  Oil Sands - Production: Revenue Share > 0.00%  Oil Sands - Exploration: Revenue Share > 0.00% |
| Gambling | |  | | --- | | Production: Revenue Share ≥ 5.00% | | Distribution: RevenueShare ≥ 5.00% | | Service: Revenue Share ≥ 5.00% | |
| GMO | Agriculture - Production: Revenue Share > 0.00% |
| Hazardous Substances | Hazardous Substances Lists : ChemSec SIN List, REACH Candidate List, REACH Authorisation List |
| Military Equipment and Services | Production and Services: Revenue Share ≥ 5.00%  Production and Services: Revenue Share (Combat Involvement) > 0.00%  Production and Services: Revenue Share (Non-Combat Involvement) ≥ 5.00% |
| Nuclear Power | Total: Revenue Share ≥ 5.00%  Power Generation - Production: Revenue Share > 0.00%  Uranium - Production: Revenue Share > 0.00%  Service: Revenue Share ≥ 5.00% |
| Pornography | Total (Age Restricted Involvement): Revenue Share ≥ 5.00%  Production (Age Restricted Involvement): Revenue Share ≥ 5.00%  Distribution (Age Restricted Involvement): Revenue Share ≥ 5.00% |
| Stem Cell Research | Human Embryonic Stem Cells: Specialized Company  Human Embryonic Stem Cells: Any Tie  Enabling Technology: Any Tie  Contact Research Organization: Any Tie |
| Tobacco | |  | | --- | | Production: RevenueShare > 0.00% | | Distribution: Revenue Share ≥ 5.00% | | Service: Revenue Share ≥ 5.00% | |

To:

|  |  |  |
| --- | --- | --- |
| Theme | Topic | Exclusion criterion |
| Norm-Based Research(severe and very severe only) | Environment | Environmental Protection: Direct Involvement  Environmental Protection: Supply Chain  Environmental Protection: Financier |
| Human Rights | Fundamental Human Rights: Direct Involvement  Fundamental Human Rights: Supply Chain  Fundamental Human Rights: Financier |
| Business Malpractice | Accounting / disclosure standards: Direct Involvement  Bribery: Direct Involvement |
| Labour Rights | Child Labour: Direct Involvement  Child Labour: Supply Chain  Forced Labour: Direct Involvement  Forced Labour: Supply Chain  Labour Standards: Direct Involvement  Labour Standards: Supply Chain  Union Rights: Direct Involvement  Union Rights: Supply Chain  Workplace Discrimination: Direct Involvement  Workplace Discrimination: Supply Chain |
| SECTOR BASED SCREENING | Abortifacients | Production (Indicated for Abortion): Revenue Share > 0.00 % |
| Abortion | abortion: Any Tie |
| Alcohol | Production: Revenue Share ≥ 5.00% |
| Animal Testing | Non-Pharmaceutical - Beyond legal requirements: Any Tie  Non-Pharmaceutical - Total: Any Tie |
| Animal Welfare | Fur - Production: Level of Involvement > 0.00%  Fur - Distribution: Level of Involvement > 0.00% |
| Civilian Firearms | Production and Services: Revenue Share > 0.00% |
| Controversial Weapons | Controversial Weapons: Verified Involvement |
| Fossil Fuels - Coal | Extractives - Production: Revenue Share > 0.00%  Refining – Processing: Revenue Share > 0.00%  Trade: Revenue Share > 0.00%  Power Generation: Revenue Share ≥ 5.00% |
| Fossil Fuels - Oil | Extractives - Production: Revenue Share > 0.00%  Energy - Production: Revenue Share ≥ 10.00% |
| Fossil Fuels | Oil - Extractives - Production: Revenue Share <AND>  Oil - Energy - Production: Revenue Share <AND>  Gas - Extractives - Production: Revenue Share <AND>  Gas - Energy - Production: Revenue Share <AND>  Distribution ≥ 10.00 % |
| Fossil Fuels – Power Generation | Total Power: Revenue Share <AND>  Biomass: Revenue Share ≥ 50.00% |
| Fossil Fuels - Unconventional Extraction Methods | Arctic Drilling - Production: Any Tie  Arctic Drilling - Exploration: Any Tie  Hydraulic Fracturing: Revenue Share (Total)  Oil Sands - Production: Revenue Share > 0.00%  Oil Sands - Exploration: Revenue Share > 0.00% |
| Gambling | |  | | --- | | Production: Revenue Share ≥ 5.00% | | Distribution: RevenueShare ≥ 5.00% | | Service: Revenue Share ≥ 5.00% | |
| GMO | Agriculture - Production: Revenue Share > 0.00% |
| Hazardous Substances | Hazardous Substances Lists : ChemSec SIN List, REACH Candidate List, REACH Authorisation List |
| Military Equipment and Services | Production and Services: Revenue Share ≥ 5.00%  Production and Services: Revenue Share (Combat Involvement) > 0.00%  Production and Services: Revenue Share (Non-Combat Involvement) ≥ 5.00% |
| Nuclear Power | Total: Revenue Share ≥ 5.00%  Power Generation - Production: Revenue Share > 0.00%  Uranium - Production: Revenue Share > 0.00%  Service: Revenue Share ≥ 5.00% |
| Pornography | Total (Age Restricted Involvement): Revenue Share ≥ 5.00%  Production (Age Restricted Involvement): Revenue Share ≥ 5.00%  Distribution (Age Restricted Involvement): Revenue Share ≥ 5.00% |
| Stem Cell Research | Human Embryonic Stem Cells: Specialized Company  Human Embryonic Stem Cells: Any Tie  Enabling Technology: Any Tie  Contact Research Organization: Any Tie |
| Tobacco | |  | | --- | | Production: RevenueShare > 0.00% | | Distribution: Revenue Share ≥ 5.00% | | Service: Revenue Share ≥ 5.00% | |

**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 | Thomas Pohlmann |
| Function | ETF Product Management |
| Organization | Deka Investment GmbH |
| Email | Thomas.pohlmann@deka.de |
| Phone | 069 7147 6850 |
| Confidentiality (Y/N) | 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 the Solactive Eurozone Sustainability 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 2024-11-07 (cob)

Subject to feedback received on this Market Consultation, the changes mentioned above are intended to become effective on 2024-11-21.

Please send your feedback via email to [marketconsultation@solactive.com](mailto:marketconsultation@solactive.com), specifying “**Market Consultation Solactive Future Energy ESG Index & Solactive Eurozone Sustainability 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

Solactive AG

German Index Engineering

Platz der Einheit 1

60327 Frankfurt am Main

Germany

Tel.: +49 (0) 69 719 160 00

Fax: +49 (0) 69 719 160 25

Email: [info@solactive.com](mailto:info@solactive.com)

Website: [www.solactive.com](http://www.solactive.com)

© Solactive AG