

MARKET CONSULTATION SOLACTIVE GREEN BOND EUR USD IG INDEX-GUIDELINE CHANGE

27 January 2025



Content of the Market Consultation

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

NAME	RIC	ISIN
Solactive Green Bond EUR USD IG Index	.SGREENIG	DE000SLA2514

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

Rationale for the Market Consultation

This consultation aims to update the index to comply with ESMA's guidelines on funds' names using ESG or sustainability-related terms. These guidelines introduce specific thresholds, considerations, and exclusions for funds using such terms.

Proposed Changes to the Index Guideline

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

Changes in Section 2.1 Selection of the Index Components

...[Old]

j) The bond issuers are screened for ESG scores. The screening involves the following criteria:

- All the bonds are screened for ESG criteria using Sustainalytic's "UN Sanctions" or "Global Compact Compliance" screening:
 - Global Compact Compliance: If the issuer is classified by Sustainalytics as non-compliant, the bonds will be excluded. If the corporate issuer has no data available, the bonds of this issuer will be excluded.
 - Country UN Sanctions: If the issuer is classified by Sustainalytics as non-sanctioned issuers, the bonds of this issuer will be included.
- If a government issuer is not covered by either UN sanctions or Global Compact Compliance, the bonds of this issuer will receive the UN Sanctions score of the issuer's country of incorporation.



...[New]

- j) All bonds are screened for the following ESG criteria provided by the ESG DATA PROVIDER:
- a. THE CORPORATE BOND ISSUERS ARE SCREENED FOR
 - ESMA FLAG: If the issuer is classified by ESG DATA PROVIDER as red or Not Collected, the bonds are excluded.
 - DEPLETED URANIUM - OVERALL FLAG (bonds of issuers flagged red or Not Collected are excluded).
 - NUCLEAR WEAPONS OUTSIDE NPT - OVERALL FLAG (bonds of issuers flagged red or Not Collected are excluded).
 - NUCLEAR WEAPONS INSIDE NPT - OVERALL Flag (bonds of issuers flagged red or Not Collected are excluded).
 - INCENDIARY WEAPONS - OVERALL FLAG (bonds of issuers flagged red or Not Collected are excluded).
 - WHITE PHOSPHORUS WEAPONS - OVERALL FLAG (bonds of issuers flagged red or Not Collected are excluded).
 - b. THE SOVEREIGN BOND ISSUERS ARE SCREENED FOR
 - GS UN INVOLVEMENT: If an issuer is classified by ESG DATA PROVIDER as TRUE, the bonds of that issuer are excluded.
 - ESMA FLAG: If the issuer is classified by ESG DATA PROVIDER as red, the bonds are excluded.
 - DEPLETED URANIUM - OVERALL FLAG (bonds of issuers flagged red are excluded).
 - NUCLEAR WEAPONS OUTSIDE NPT - OVERALL FLAG (bonds of issuers flagged red are excluded).
 - NUCLEAR WEAPONS INSIDE NPT - OVERALL FLAG (bonds of issuers flagged red are excluded).
 - INCENDIARY WEAPONS - OVERALL FLAG (bonds of issuers flagged red are excluded).
 - WHITE PHOSPHORUS WEAPONS - OVERALL FLAG (bonds of issuers flagged red are excluded).

New Addition to the Section 5 Definitions:

“ESG DATA PROVIDER” is ISS.



“GS UN Involvement” This factor identifies issuers that have been listed as covered by United Nations sanctions programs.

“ESMA FLAG”: The ESMA flag ensures compliance with ESMA’s guidelines on fund names using ESG or sustainability-related terms. It focuses on six categories: sustainability, environmental, impact, transition, social, and governance.

The terms should be clear, measurable, and focus on a defined transition path, significant investment in sustainable initiatives, and achieving a positive, measurable impact.

The flag incorporates investment thresholds and exclusion criteria from the Paris Aligned Benchmark (PAB) and Climate Transition Benchmark (CTB), supported by ISS ESG’s RSI and EU Climate Benchmark Exclusion datasets.

If the field(s) or minimum percentage(s) used is (are) modified, the definition rule will not be updated. Percentage values shown below are as of December 2024 and won't be updated in this document in case of rule or methodology changes:

Field Name	How is the field aggregated? (if any)	Thres hold Exclu sion	Definition
Anti-personnel Mines – Overall Flag	NA	Red	Anti-personnel Mines - Overall Flag: This factor assigns an overall Red, Amber, or Green flag to an issuer based on the issuer’s involvement in any anti-personnel mines programme.
Biological Weapons – Overall Flag	NA	Red	Biological Weapons - Overall Flag: This factor assigns an overall Red, Amber, or Green flag to an issuer based on the issuer’s involvement in any biological weapons programme.
Chemical Weapons – Overall Flag	NA	Red	Chemical Weapons - Overall Flag: This factor assigns an overall Red, Amber, or Green flag to an issuer based on the issuer’s involvement in any chemical weapons programme.
Cluster Munitions – Overall Flag	NA	Red	Cluster Munitions - Overall Flag: This factor assigns an overall Red, Amber, or Green flag to an issuer based on the issuer’s involvement in any cluster munitions programme.
Tobacco Production Minimum Percentage of Revenues (%)	NA	>0	Tobacco - Production Minimum Percentage of Revenues (%): This factor identifies the minimum percentage value of revenue derived from involvement in the production of tobacco.



Tobacco Production Maximum Percentage of Revenues (%)	- NA	>0	Tobacco - Production Maximum Percentage of Revenues (%): This factor identifies the maximum percentage value of revenue derived from involvement in the production of tobacco.
NBR Overall Flag	NA	Red	This factor assigns an overall Red, Amber, or Green flag to an issuer based on the issuer's link with any breaches of international standards. The "Red" value covers instances of a failure to respect established norms which has been verified by an authoritative body and where the issue remains unaddressed. The "Amber" value covers instances where the issuer has entered contract(s) that would, when actualized, lead to a failure to respect established norms; where there are credible allegations that the issuer is involved in a failure to respect an established norm; where the failure to respect established norms has been verified, yet the issuer is implementing remedial measures; or where there are credible allegations but there is fragmentary information about the issuer's ongoing involvement. The "Green" value covers instances where there are allegations of a failure to respect international norms, but the information is fragmentary or the severity has yet to be established; where the incidents are not severe and the issuer has committed to improve its practice, but the issue is not yet fully addressed. An issuer is flagged for violation of the UNGC Principles or OECD guidelines for Multinational Enterprises using the RED assessment which confirms a verified violation. If clients wish to apply a stricter approach, they can do so by applying the AMBER flag.
Fossil Fuel - Coal (Extract,Refine,Trade) Min Revenue share (%)	FossilFuel CoalExtra ctRevShareMin + FossilFuel CoalRefP rocRevShareMin + FossilFuel CoalTradeRevShareMin	>=1%	Fossil Fuel - Coal Extraction minimum Revenue Share (%): This factor provides the minimum percentage of recent-year revenues for the company's involvement in coal mining, including thermal and metallurgical coal. Fossil Fuel - Coal Refining & Processing min Revenue Share (%): This factor provides the minimum percentage of recent-year revenues for the company's involvement in the processing of coke, coal-to-liquids operations and coal gasification (syngas for thermal use). Fossil Fuel - Coal Trade minimum Percentage of Revenue (%): This factor provides the minimum recent-year revenue for the company's involvement in the marketing of coal.
Fossil Fuel - Coal (Extract,Refine,Trade) Max	FossilFuel CoalExtra ctRevShareMax +	>1%	Fossil Fuel - Coal Extraction Maximum Revenue Share (%): This factor provides the maximum percentage of recent-year revenues for the company's involvement in coal mining, including thermal and metallurgical coal. Fossil Fuel - Coal Refining & Processing



Revenue share (%)	FossilFuel CoalRefProcRevShareMax + FossilFuel CoalTradeRevShareMax		Max Revenue Share (%): This factor provides the maximum percentage of recent-year revenues for the company's involvement in the processing of coke, coal-to-liquids operations and coal gasification (syngas for thermal use). Fossil Fuel - Coal Trade Maximum Percentage of Revenue (%): This factor provides the maximum recent-year revenue for the company's involvement in the marketing of coal.
Fossil Fuel - Oil (Extract,Refine,Distribute) Min Rev share (%)	FossilFuel OilExtractRevShareMin + FossilFuel OilRefProcRevShareMin + FossilFuel OilDistRevMin	>=10 %	Fossil Fuel - Oil Extraction minimum Revenue Share (%): This factor provides the minimum percentage of recent-year revenues for the company's involvement in the extraction of oil (including crude oil, condensate, shale oil, bitumen, synthetic crude oil from oil/tar sands, and heavy oils). Fossil Fuel - Oil Refining & Processing min Revenue Share (%): This factor provides the minimum percentage of recent-year revenues for the company's involvement in the refining of oil (including liquefied petroleum gas, naphtha, gasoline, kerosene, diesel, fuel oil, and other combustible oil products). CBE - Oil Distribution Modelled min Rev Share (%): This factor provides the minimum percentage of revenues for the company's involvement in the distribution of fossil fuel oils for the most recent fiscal year period.
Fossil Fuel - Oil (Extract,Refine,Distribute) Max Rev share (%)	FossilFuel OilExtractRevShareMax + FossilFuel OilRefProcRevShareMax + FossilFuel OilDistRevMax	>10%	Fossil Fuel - Oil Extraction Maximum Revenue Share (%): This factor provides the maximum percentage of recent-year revenues for the company's involvement in the extraction of oil (including crude oil, condensate, shale oil, bitumen, synthetic crude oil from oil/tar sands, and heavy oils). Fossil Fuel - Oil Refining & Processing Max Revenue Share (%): This factor provides the maximum percentage of recent-year revenues for the company's involvement in the refining of oil (including liquefied petroleum gas, naphtha, gasoline, kerosene, diesel, fuel oil, and other combustible oil products). CBE - Oil Distribution Modelled Max Rev Share (%): This factor provides the maximum percentage of revenues for the company's involvement in the distribution of fossil fuel oils for the most recent fiscal year period.
Fossil Fuel - Gas (Extract,Refine,Distribute) Min Rev share (%)	FossilFuel GasExtra ctRevShareMin + FossilFuel GasRefProcRevShareMin + FossilFuel	>=50 %	Fossil Fuel - Gas Extraction minimum Revenue Share (%): This factor provides the minimum percentage of recent-year revenues for the company's involvement in the extraction of natural gas (including coalbed/coal seam methane). Fossil Fuel - Gas Refining & Processing Min Revenue Share (%): This factor provides the minimum percentage of recent-year revenues for the company's involvement in natural gas processing and gas-to-liquids operations. CBE - Gas Distribution Modelled Min Rev Share (%): This factor provides the minimum percentage of revenues for the



	GasDistRevMin		company's involvement in the distribution of fossil fuel gas for the most recent fiscal year period.
Fossil Fuel - Gas (Extract, Refine, Distribute) Max Rev share (%)	FossilFuelGasExtra ctRevShareMax + FossilFuelGasRefProcRevShareMax + FossilFuelGasDistRevMax	>50%	Fossil Fuel - Gas Extraction Maximum Revenue Share (%): This factor provides the maximum percentage of recent-year revenues for the company's involvement in the extraction of natural gas (including coalbed/coal seam methane). Fossil Fuel - Gas Refining & Processing Max Revenue Share (%): This factor provides the maximum percentage of recent-year revenues for the company's involvement in natural gas processing and gas-to-liquids operations. CBE - Gas Distribution Modelled Max Rev Share (%): This factor provides the maximum percentage of revenues for the company's involvement in the distribution of fossil fuel gas for the most recent fiscal year period.
Fossil Fuel - Total Power & Biomass Minimum Revenue share (%)	FossilFuelTotalPowerRevShareMin + PowGenRevShareBioMassMin	>=50%	Fossil Fuel - Total Power minimum Revenue Share (%): This factor provides the minimum percentage of recent-year revenues for the company's involvement in the generation of electric power from fossil fuels. PowGenRevShareBioMassmin (%): This factor provides the minimum percentage of recent-year revenues for the issuer's involvement in the generation of electric power using biomass. The minimum percentage of revenues values are based on the best available data, which may include reported revenues, reported percentage of revenues, or estimated revenues based on available information.
Fossil Fuel - Total Power & Biomass Maximum Revenue share (%)	FossilFuelTotalPowerRevShareMax + PowGenRevShareBioMassMax	>50%	Fossil Fuel - Total Power Maximum Revenue Share (%): This factor provides the maximum percentage of recent-year revenues for the company's involvement in the generation of electric power from fossil fuels. PowGenRevShareBioMassMax (%): This factor provides the maximum percentage of recent-year revenues for the issuer's involvement in the generation of electric power using biomass. The maximum percentage of revenues values are based on the best available data, which may include reported revenues, reported percentage of revenues, or estimated revenues based on available information.

However, the effective levels will be applied to the index in case of changes.

For further details please refer to: [ESMA Fund Naming Guideline Solution | ISS](#)

“Depleted Uranium - Overall Flag”: Depleted Uranium - Overall Flag: This factor assigns an overall Red, Amber, or Green flag to an issuer based on the issuer's involvement in any depleted uranium programme.



“Nuclear Weapons Outside NPT - Overall Flag”: Nuclear Weapons Outside NPT - Overall Flag: This factor assigns an overall Red, Amber, or Green flag to an issuer based on the issuer’s involvement in any nuclear weapons programme outside of the Non-Proliferation Treaty (NPT).

“Nuclear Weapons Inside NPT - Overall Flag”: Nuclear Weapons Inside NPT - Overall Flag: This factor assigns an overall Red, Amber, or Green flag to an issuer based on the issuer’s involvement in any nuclear weapons programme inside of the Non-Proliferation Treaty (NPT).

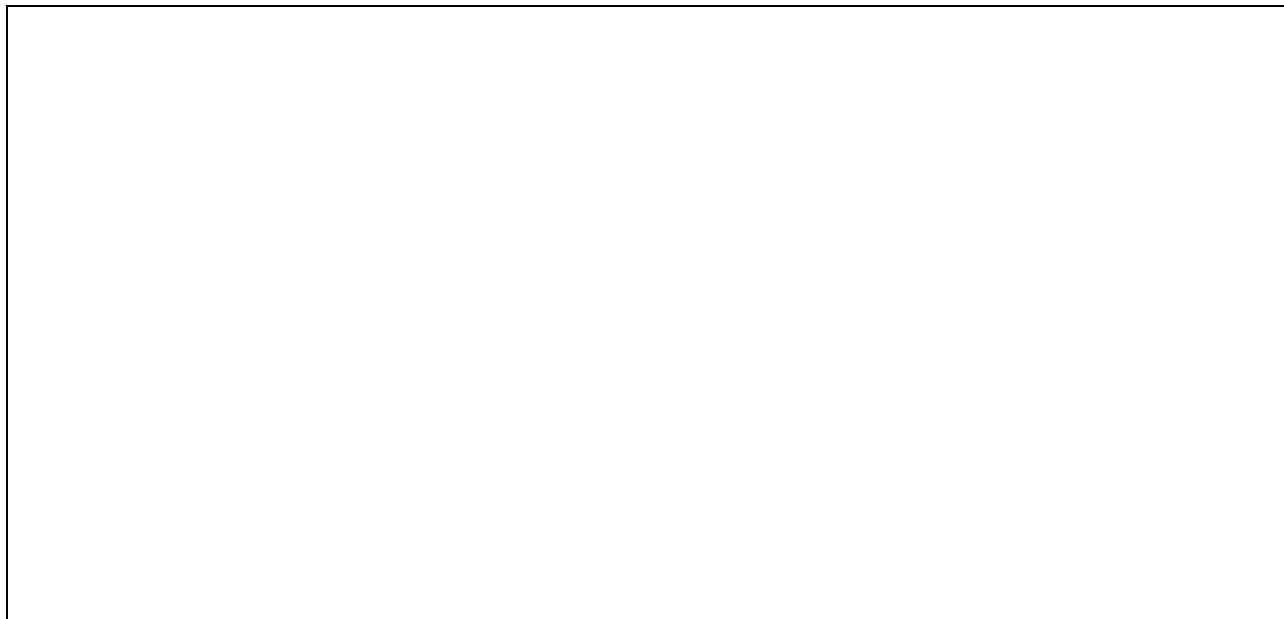
“Incendiary Weapons - Overall Flag”: This factor assigns an overall Red, Amber, or Green flag to an issuer based on the issuer’s involvement in any incendiary weapons programme. The Overall Flag is determined by the lowest individual assessment signal within the issue area. For example, if the issuer is assigned both a Red signal and an Amber signal for different assessments in this issue area, the issuer’s Overall Flag will be Red.

“White Phosphorus Weapons - Overall Flag”: This factor assigns an overall Red, Amber, or Green flag to an issuer based on the issuer’s involvement in any white phosphorus weapon programme. The Overall Flag is determined by the lowest individual assessment signal within the issue area. For example, if the issuer is assigned both a Red signal and an Amber signal for different assessments in this issue area, the issuer’s Overall Flag will be Red.

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)	



Consultation Procedure

Stakeholders and third parties who are interested in participating in this Market Consultation, are invited to respond until February 15, 2025 (cob)

Subject to feedback received on this Market Consultation, the changes mentioned above are intended to become effective on May 2, 2025.

Please send your feedback via email to marketconsultation@solactive.com, specifying “**Market Consultation** SOLACTIVE GREEN BOND EUR USD IG INDEX-GUIDELINE CHANGE ” 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 the above email address.

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