

MARKET CONSULTATION SOLACTIVE CLEAN ENERGY INDEX – GUIDELINE CHANGE

13 February 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/ Indices (the ‘Index/Indices’):

NAME	RIC	ISIN
SOLACTIVE CLEAN ENERGY INDEX PR	.SOLCLNEP	DE000SL0AVM5
SOLACTIVE CLEAN ENERGY INDEX NTR	.SOLCLNEN	DE000SL0AVN3
SOLACTIVE CLEAN ENERGY INDEX TR	.SOLCLNET	DE000SL0AVP8

Rationale for the Market Consultation

1. Enhancing Reactivity to IPOs/Spin-offs & Liquidity Rules
2. Aligning the index with ESMA Naming Guidelines
3. Refining & Expanding the Selection Process

Proposed Changes to the Index Guideline

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

Section 2.1 INDEX UNIVERSE REQUIREMENTS

Old:

The INDEX UNIVERSE is comprised of all financial instruments which fulfill the below requirements (the “INDEX UNIVERSE REQUIREMENTS“):

- They shall be in relation to companies that are actively engaged in the value-chain of the clean energy industry in the capacity of, but not limited to, a vendor, component supplier, equipment supplier and/or power producer. Such companies shall be inferred from a database of TENDERS & CONTRACTS related to the global power industry as provided by the DATA PROVIDER I.

The determination of the INDEX UNIVERSE is fully rule-based and the INDEX ADMINISTRATOR cannot make any discretionary decisions.

New:

The INDEX UNIVERSE is comprised of all financial instruments which fulfill the below requirements (the “INDEX UNIVERSE REQUIREMENTS“):

- They shall be in relation to companies that are actively engaged in the value-chain of the clean energy industry in the capacity of, but not limited to, a vendor, component supplier, equipment & automation supplier, smart grid solutions provider, power management solution provider, and/or power producer. Such companies shall be inferred from a database of TENDERS & CONTRACTS related to the global power



industry as well as a SMART ENERGY database as provided by the DATA PROVIDER I.

The determination of the INDEX UNIVERSE is fully rule-based and the INDEX ADMINISTRATOR cannot make any discretionary decisions.

- Section 2.2 SELECTION OF THE INDEX COMPONENTS

Old:

Based on the INDEX UNIVERSE, the initial composition of the INDEX as well as any selection for an ordinary rebalance is determined on the SELECTION DAY in accordance with the following rules (the “INDEX COMPONENT REQUIREMENTS“):

1. In respect of each SELECTION DAY, the INDEX ADMINISTRATOR shall determine the securities that constitute the INDEX UNIVERSE in accordance with the methodology described in Section 2.1 INDEX UNIVERSE REQUIREMENTS.
2. On each SELECTION DAY, any company included in the ESG EXCLUSIONS INDEX as determined by SOLACTIVE is then excluded from the INDEX UNIVERSE.

The methodology by reference to which the ESG EXCLUSIONS INDEX is constructed, together with the most recent applicable categories and inclusion criteria, is available on the SOLACTIVE website: <https://solactive.com/downloads/Guideline-Solactive-ESG-Exclusions-Index.pdf>

The applicable categories and inclusion criteria of the ESG EXCLUSIONS INDEX as of May 2022 are set out in Annex B of this document.

3. The securities that are eligible for inclusion in the INDEX (the “Eligible Securities”) are selected from the INDEX UNIVERSE in the following manner:
 - A. it has its primary listing on an ELIGIBLE EXCHANGE.
 - B. the security type must be share or American Depositary Receipt (ADR), and must not be any type of fund.
 - C. the FactSet Economy Level for such Security is not classified as ‘Energy’ or ‘Finance’.
 - D. the Country of Domicile for such Security is neither China nor Hong Kong.
 - E. it has, as of the SELECTION DAY, a FREE FLOAT MARKET CAPITALIZATION of at least USD 200 million, unless such Security is an existing INDEX COMPONENT, in which case, the FREE FLOAT MARKET CAPITALIZATION must be at least USD 150 million.
 - F. its three month AVERAGE DAILY VALUE TRADED, until and including the SELECTION DAY, is at least USD 1,000,000.
 - G. the NUMBER OF TENDERS is greater than two.
 - H. its TECHNOLOGY is any of wind, solar, ocean power, hydro, biopower and/or geothermal.
4. On each SELECTION DAY, each Eligible Security shall be deemed to be an INDEX COMPONENT, if in respect of such Eligible Security, any of the following conditions 4.A or 4.B is fulfilled.



A. In respect of each Eligible Security that is not classified as UTILITIES or THERMAL:

i. the company is a COMPONENT SUPPLIER but is not a T&D Company, Semiconductor Company, Foundation Construction Company or Pure EPC Provider;

OR

ii. the company is a WIND OEM and,

1. its CUMULATIVE CAPACITY ranks within the top two quartiles of those companies with CUMULATIVE CAPACITY greater than zero; unless such company is an existing INDEX COMPONENT in which case it shall rank within the top three quartiles;

OR

iii. the company is a SOLAR OEM and,

1. its CUMULATIVE CAPACITY ranks within the top two quartiles of those companies with CUMULATIVE CAPACITY greater than zero; unless such company is an existing INDEX COMPONENT in which case it shall rank within the top three quartiles;

Further, for the purposes of steps (ii) and (iii) above, if the company is both, a WIND OEM and SOLAR OEM, it shall be treated as a WIND OEM if the wind capacity contribution towards the CUMULATIVE CAPACITY is greater than the solar capacity contribution. Otherwise, it will be treated as a SOLAR OEM.

OR

B. In respect of each Eligible Security that is not a WIND OEM, SOLAR OEM, T&D COMPANY, SEMICONDUCTOR COMPANY, ENERGY STORAGE PROVIDER, ELECTROLYSER MANUFACTURER, FUEL CELL MANUFACTURER or PURE EPC PROVIDER:

i. its CUMULATIVE CAPACITY ranks within the top 50th percentile of those companies with CUMULATIVE CAPACITY greater than zero and its CLEAN ENERGY CAPACITY SHARE is greater than 50%; unless such company is an existing INDEX COMPONENT in which case it shall rank within the top 60 per cent;

OR

ii. the CLEAN ENERGY CAPACITY SHARE is greater than or equal to 90%; unless such company is an existing INDEX COMPONENT in which case the CLEAN ENERGY CAPACITY SHARE shall be greater than or equal to 80%

Notwithstanding the above, if the total number of INDEX COMPONENTS is determined to be less than 25, then the CUMULATIVE CAPACITY thresholds in the condition 4.A.ii.1, 4.A.iii.1 and 4.B.i as well as the CLEAN ENERGY CAPACITY SHARE in 4.B.ii shall be lowered in 10% steps until the total number of INDEX COMPONENTS is determined to be equal to 25 or above (in case more companies will become eligible when reducing the thresholds simultaneously).



Finally, securities of companies deriving more than 10% of their revenues from Thermal Coal Power Generation or more than 25% of their total production capacity from Thermal Coal Power Generation, are excluded. To clarify, securities of a company are excluded, if the company breaches one of the or both thresholds. This is based on data as provided by the DATA PROVIDER II.

The selection of the INDEX COMPONENTS is fully rule-based and the INDEX ADMINISTRATOR cannot make any discretionary decisions.

New:

Based on the INDEX UNIVERSE, the initial composition of the INDEX as well as any selection for an ordinary rebalance is determined on the SELECTION DAY in accordance with the following rules (the “INDEX COMPONENT REQUIREMENTS“):

1. In respect of each SELECTION DAY, the INDEX ADMINISTRATOR shall determine the securities that constitute the INDEX UNIVERSE in accordance with the methodology described in Section 2.1 INDEX UNIVERSE REQUIREMENTS.
2. On each SELECTION DAY, any company included in the ESG EXCLUSIONS INDEX as determined by SOLACTIVE is then excluded from the INDEX UNIVERSE. The methodology by reference to which the ESG EXCLUSIONS INDEX is constructed, together with the most recent applicable categories and inclusion criteria, is available on the SOLACTIVE website: <https://solactive.com/downloads/Guideline-Solactive-ESG-Exclusions-Index.pdf>

The applicable categories and inclusion criteria of the ESG EXCLUSIONS INDEX as of May 2022 are set out in Annex B of this document.

In addition, any company shall be removed from the index universe if it is excluded as per the Exclusions for EU Paris-Aligned Benchmarks (PAB). The Exclusions for EU Paris-aligned Benchmarks are the following:

- (a) companies involved in any activities related to controversial weapons;
- (b) companies involved in the cultivation and production of tobacco
- (c) companies that benchmark administrators find in violation of the United Nations Global Compact (UNGC) principles or the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises;
- (d) companies that derive 1 % or more of their revenues from exploration, mining, extraction, distribution or refining of hard coal and lignite;
- (e) companies that derive 10 % or more of their revenues from the exploration, extraction, distribution or refining of oil fuels;
- (f) companies that derive 50 % or more of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels;
- (g) companies that derive 50 % or more of their revenues from electricity generation with a GHG intensity of more than 100 g CO₂ e/kW

3. The securities that are eligible for inclusion in the INDEX (the “Eligible Securities”) are selected from the INDEX UNIVERSE in the following manner:

- A. it has its primary listing on an ELIGIBLE EXCHANGE.
- B. the security type must be share or American Depository Receipt (ADR), and must not be any type of fund.
- C. the FactSet Economy Level for such Security is not classified as ‘Energy’ or ‘Finance’.
- D. the Country of Domicile for such Security is neither China nor Hong Kong.



E. it has, as of the SELECTION DAY, a FREE FLOAT MARKET CAPITALIZATION of at least USD 200 million, unless such Security is an existing INDEX COMPONENT, in which case, the FREE FLOAT MARKET CAPITALIZATION must be at least USD 150 million.

F. its three-month AVERAGE DAILY VALUE TRADED, until and including the SELECTION DAY, is at least USD 1,000,000. If a security has less than 3 months trading history on a Selection Day, then it should have at least 20 business days of trading history and each day with at least USD 1mn daily value traded in order to be eligible for inclusion into the index. In case a security was removed from the index on the immediately preceding Rebalance Day, its underlying liquidity must have substantially and sustainably improved in order to qualify for inclusion on such following Selection Day as measured by the following: On a Selection Day and each of the 59 trading days preceding the Selection Day, the security must have a five-day average daily traded value of at least USD 1,000,000. Otherwise, such security does not qualify for inclusion into the index on such Selection Day.

4. On each SELECTION DAY, each Eligible Security shall be deemed to be an INDEX COMPONENT, if in respect of such Eligible Security, any of the following conditions A, B or C is fulfilled.

A. The Eligible Security is classified as UTILITIES whose NUMBER OF TENDERS is greater than two and its TECHNOLOGY is any of wind, solar, ocean power, hydro, biopower and/or geothermal:

- i. its CUMULATIVE CAPACITY ranks within the top 50th percentile of those companies with CUMULATIVE CAPACITY greater than zero and its CLEAN ENERGY CAPACITY SHARE is greater than 50%; unless such company is an existing INDEX COMPONENT in which case it shall rank within the top 60 per cent; OR
- ii. the CLEAN ENERGY CAPACITY SHARE is greater than or equal to 90%; unless such company is an existing INDEX COMPONENT in which case the CLEAN ENERGY CAPACITY SHARE shall be greater than or equal to 80%

B. The Eligible Security is a COMPONENT SUPPLIER whose NUMBER OF TENDERS is greater than two and its TECHNOLOGY is any of wind, solar, ocean power, hydro, biopower and/or geothermal but is not a T&D Company, , Foundation Construction Company, or Pure EPC Provider; to clarify an Eligible Security shall not qualify for inclusion in the Index if it is any combination of Foundation Construction Company, ELECTROLYSER MANUFACTURER, ENERGY STORAGE PROVIDER or FUEL CELL MANUFACTURER only.

C. The Eligible Security is a SMART ENERGY COMPANY.

“DATA RELATED DEFINITIONS

Old:

[...]



“COMPONENT SUPPLIER” means a company that has an Equipment Type specified other than “Solar PV Modules”, “Wind Turbine”, “Wind Turbine; Solar PV Modules”, “Electrolyser”, “Fuel Cells” only and/or the company is not an “ENERGY STORAGE PROVIDER”.

[...]

“ENGINEERING PROCUREMENT CONSTRUCTION”, means the company’s Sub-Category shall not be “EPC”.

[...]

“FOUNDATION CONSTRUCTION COMPANY” means any company whose Equipment Type contains ‘Foundation-Wind’ and/or ‘Vessel-Wind’.

[...]

“SEMICONDUCTOR COMPANY”, means any company whose EQUIPMENT TYPE contains “Solar Cells”, “Solar Wafers” and/or “Polysilicon-Solar”.

“SOLAR OEM” means any company engaged in the manufacturing of solar PV modules and is identified as such if the EQUIPMENT TYPE contains ‘Solar PV Modules’.

[...]

“THERMAL”, means the company’s TECHNOLOGY does not include “THERMAL”.

“UTILITIES”, means the FactSet Economy Level “Utilities” in FactSet’s standard classification system.

“WIND OEM” means any company engaged in the manufacturing of wind turbines and is identified as such if the EQUIPMENT TYPE contains ‘Wind Turbines’.”

New:

[...]

“COMPONENT SUPPLIER” means a company that has an Equipment Type specified other than “Electrolyser”, “Fuel Cells” only and/or the company is not an “ENERGY STORAGE PROVIDER”.

[...]

“FOUNDATION CONSTRUCTION COMPANY” means any company whose Equipment Type is ‘Foundation-Wind’, ‘Vessel-Wind’ and/or any combination of those two types

[...]

“SMART ENERGY” refers to solutions that enable the electrification and decarbonization of the energy value chain and thereby facilitating a sustainable energy management ecosystem.



“SMART ENERGY COMPANY” means a company that enables the electrification and decarbonization of the energy value chain including, but not limited to, smart grid solution providers, power management solution providers, automation technology providers, and equipment manufacturers.

[...]

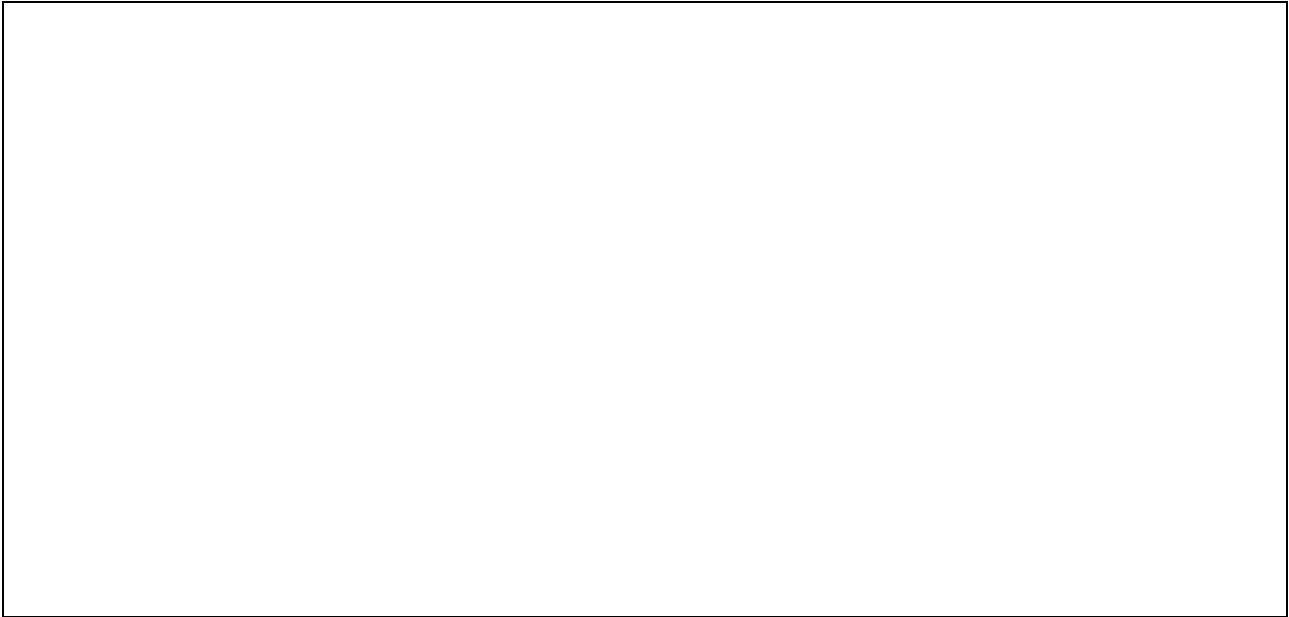
“UTILITIES”, means the FactSet Economy Level “Utilities” in FactSet’s standard classification system and its CATEGORY contains “Power Purchase Agreement”.

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 Clean Energy 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 *February 27th, 2025*.

[Subject to feedback received on this Market Consultation, the changes mentioned above are intended to become effective on *March 6th, 2025*.

Please send your feedback via email to marketconsultation@solactive.com, specifying “**Market Consultation** Solactive Clean Energy Index - Guideline Change” as the subject of the email, or

via postal mail to: **Solactive AG**
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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.

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