

EXPLANATION OF HOW KEY ELEMENTS OF THE BENCHMARK METHODOLOGY REFLECT ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) FACTORS

Solactive BBVA Climate Action PAB Europe Index NTR



This document provides an explanation of how the key elements of the benchmark methodology reflect ESG factors. It is compiled in accordance with the requirements of point (d) of Article 13 (1) of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 (the "Benchmarks Regulation") and of the Commission Delegated Regulation (EU) 2020/1817.

General Information

Name of the benchmark administrator	Solactive AG
Type of benchmark or family of benchmarks	Equity
Name of the benchmark or family of benchmarks	Solactive BBVA Climate Action PAB Europe Index NTR
Does the benchmark methodology for the benchmark or family of benchmarks take into account ESG factors?	Yes

ESG Factors Applied in the Benchmark Methodology

List of environmental factors considered	<ul style="list-style-type: none">> Exclusion of companies with fragmentary information on, verified failure, alleged failure, or imminent failure to respect established international norms. The core normative framework consists of the Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights> Exclusion of companies generating revenues (in proportion to their total revenues) >1% from coal mining and power generation> Exclusion of companies generating revenues (in proportion to their total revenues) >10% from fossil fuel production, exploration, distribution, and services> Exclusion of companies generating revenues (in proportion to their total revenues) >50% from electric power generation from fossil fuel sources> Exclusion of companies generating revenues (in proportion to their total revenues) >10% from nuclear power generation (threshold decreases to 5% by 2030 and 0% by 2035)> Exclusion of companies with significant negative impact on one of the following sustainable development goals (SDGs): Sustainable Development Goal 12: Responsible Consumption and Production, Sustainable Development Goal 13: Climate Action, Sustainable Development Goal 14: Life Below Water, Sustainable Development Goal 15: Life on Land.> From the remaining stocks, only the top 125 with the highest modified carbon risk rating are selected as index components> Reduction of the carbon intensity (total scope 1, 2, 3 emissions divided by enterprise value including cash) of the index by at least 50% compared to the parent index> Reduction of the carbon intensity (total scope 1, 2, 3 emissions divided by enterprise value including cash) of the index by at least 7% an an annual basis
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	<ul style="list-style-type: none"> > Compared to the parent index the exposure to High Climate Impact Sectors (NACE Industry Codes A, B, C, D, E, F, G, H, L) must not decrease > The constituent weights are optimized such that the overall modified carbon risk rating of the index is maximized (subject to optimization constraints)
List of social factors considered	<ul style="list-style-type: none"> > Exclusion of companies with fragmentary information on, verified failure, alleged failure, or imminent failure to respect established international norms. The core normative framework consists of the Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights > Exclusion of companies with verified ongoing involvement in the area of controversial weapons (including chemical, biological and nuclear weapons (both under and outside the Treaty on the Non-Proliferation of Nuclear Weapons), depleted uranium munitions, cluster munitions, and anti-personnel mines) > Exclusion of companies generating revenues (in proportion to their total revenues) >0% from production/cultivation or >5% from distribution/services in the area of civilian firearms > Exclusion of companies generating revenues (in proportion to their total revenues) >0% from production or >5% from distribution in the area of pornography > Exclusion of companies generating revenues (in proportion to their total revenues) >0% from production/cultivation or >5% from distribution/services in the area of tobacco > Exclusion of companies generating revenues (in proportion to their total revenues) >0% from production or >5% from distribution/services in the area of gambling
List of governance factors considered	<ul style="list-style-type: none"> > Exclusion of companies with fragmentary information on, verified failure, alleged failure, or imminent failure to respect established international norms. The core normative framework consists of the Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights

Data and Standards used

Data Input	The data used to construct the index is sourced externally from Institutional Shareholder Services Inc.
Verification and quality of data	The provider of ESG-related data input is selected by the Administrator based on an assessment of its existing processes in order to ensure the reliability and representativeness of the ESG-related data. The data provider has established processes in accordance with accepted and established market standards that ensure the permanent quality and reliability of the ESG-data provided.
Reference standards	International standards referenced by the index methodology are listed in the respective section above.
Information updated on	04/10/2022



Reason for update:

Initial document creation

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