

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

Solactive L&G Developed Markets Paris-aligned ESG SDG EUR  
Index PR



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

<b>Name of the benchmark administrator</b>	Solactive AG
<b>Type of benchmark or family of benchmarks</b>	Equity
<b>Name of the benchmark or family of benchmarks</b>	Solactive L&G Developed Markets Paris-aligned ESG SDG EUR Index PR
<b>Does the benchmark methodology for the benchmark or family of benchmarks take into account ESG factors?</b>	Yes

## ESG Factors Applied in the Benchmark Methodology

<b>List of environmental factors considered</b>	<ul style="list-style-type: none"><li>&gt; Exclusion of companies with verified ongoing failure to respect established international norms. The core normative framework consists of the Principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises.</li><li>&gt; Removal of securities which have an average SDG Solutions Score of -7.5 or lower (the average is calculated only using the two worst individual SDG Solution Scores).</li><li>&gt; Incorporation of an ESG tilt, based on the L&amp;G ESG Score, which is created by L&amp;G using a number of metrics including environmental, social, corporate governance and transparency.</li><li>&gt; Exclusion of companies generating revenues (in proportion to their total revenues) &gt;1% from coal mining and power generation</li><li>&gt; Exclusion of companies generating revenues (in proportion to their total revenues) &gt;10% from fossil fuel production, exploration, distribution, and services</li><li>&gt; Exclusion of companies generating revenues (in proportion to their total revenues) &gt;50% from electric power generation from fossil fuel sources</li><li>&gt; 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.</li><li>&gt; 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.</li><li>&gt; 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.</li></ul>
---	---



	<ul style="list-style-type: none"> <li>&gt; 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.</li> <li>&gt; Compared to the parent index, the average Green Revenue of the index should increase by 100%.</li> </ul>
<b>List of social factors considered</b>	<ul style="list-style-type: none"> <li>&gt; Exclusion of companies with verified ongoing 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.</li> <li>&gt; Removal of securities which have an average SDG Solutions Score of -7.5 or lower (the average is calculated only using the two worst individual SDG Solution Scores).</li> <li>&gt; Incorporation of an ESG tilt, based on the L&amp;G ESG Score, which is created by L&amp;G using a number of metrics including environmental, social, corporate governance and transparency.</li> <li>&gt; 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).</li> <li>&gt; Exclusion of companies generating revenues (in proportion to their total revenues) &gt;0% from production/cultivation in the area of tobacco.</li> </ul>
<b>List of governance factors considered</b>	<ul style="list-style-type: none"> <li>&gt; Exclusion of companies with verified ongoing 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.</li> <li>&gt; Removal of securities which have an average SDG Solutions Score of -7.5 or lower (the average is calculated only using the two worst individual SDG Solution Scores).</li> <li>&gt; Incorporation of an ESG tilt, based on the L&amp;G ESG Score, which is created by L&amp;G using a number of metrics including environmental, social, corporate governance and transparency.</li> </ul>

## Data and Standards used

<b>Data Input</b>	The data used to construct the index is sourced externally from Institutional Shareholder Services Inc.
<b>Verification and quality of data</b>	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.
<b>Reference standards</b>	International standards referenced by the index methodology are listed in the respective section above.



**Information updated on**

23/02/2024

**Reason for update:**

Update of the achieved decarbonization trajectory in 8.2 b)

---

# 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