

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

Solactive Climate Change and Environmental Opportunities
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 Climate Change and Environmental Opportunities 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	<p>> Index Components are selected based on a list of products and services that enable CO₂ avoidance, across five broader sectors i.e. a.\tGreen Energy, b.\tGreen Transportation, c.\tWater & Waste Improvements, d.\tEnabling Solutions, and e.\tSustainable Products (a full description of each sector can be found on the website of the Data Provider: http://iclimatearth/). Each company in the Index Universe is classified into one of up to 28 sub-segments defined according to products and services that enable at least one of four sources of CO₂ avoidance. The entire methodology the Data Provider uses to quantify CO₂ avoidance can be found here: http://iclimatearth/outline-of-the-methodology-climate-has-developed-to-estimate-co2-avoidance-potential-that-we-see-as-key-proxy-for-climate-change-impact-assessment/. The four sources of CO₂ avoidance are: a.\tdirect reduction of GHG emissions from fossil fuel energy generation or burning; b.\tenabling avoidance via renewable energy generation; c.\tenabling of energy savings; or d.\tcarbon sequestration. The subsegments were identified with reference to, among others, the 100 solutions that can decarbonise the planet as defined by Project Drawdown, in triangulation with the EU Taxonomy recommendations by the Technical Expert Group (TEG). A link to the EU Taxonomy can be found here: https://www.unpri.org/policy/eu-sustainable-finance-taxonomy. Each company is vetted based on a revenue test, to ascertain relevance and materiality of the climate change solutions. To accomplish this, the revenue of each company in the Index Universe is analysed, according to the maximum amount of breakdown of the revenue lines. The Data Provider uses the financial reports that each company prepares according to the jurisdiction where the company is based and the GAAP the company needs to adhere to. Additional information from investor relations can potentially be used in the calculation of the percentage of total revenues that are directly related to the products and services previously identified as those that can enable CO₂ avoidance. Companies are classified according to the percentage of green revenue (defined as the revenues associated with activities that generate CO₂ avoidance) vis-a-vis the total net revenue reported, provided by the Data Provider. Current Index Components on the Selection Day need to have minimum green revenue of 40%, while companies that are currently not included in the Index need to have</p>
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minimum green revenue of 50%. If there are multiple eligible companies within a product or service subsegment that provide substantially identical exposure to the same enabling solution (taking into account considerations including geographical exposure, customer base, product lines, technology and regulatory environment) then only the largest company, according to green revenues, within the subsegment will be selected.

- > Exclusion of companies with assets in oil exploration and processing activities. This encompasses companies that lease land with oil & gas reserves to be explored by third party E&P players. Companies generating revenues from the distribution of petrol-based products are also excluded.
- > Exclusion of companies generating revenue from the exploration or processing of coal. Companies that use coal to produce energy or heat for their own consumption or production purposes are also excluded (i.e. the coal exclusion extends beyond the use of coal to generate energy for sale to third parties).
- > Exclusion of companies generating revenues from the generation or distribution of natural gas. Direct-to-retail marketing/sale of electricity is not an excluded activity.
- > Exclusion of companies generating more than 20% of their revenues from sales to clients that enable fossil fuel E&P, processing activities, or use. A concession is granted to solutions that are designed to reduce carbon intensity, e.g. smart meters and fuel cells as well as monitoring and control devices, as well as equipment that runs on gas. Therefore, the filter is not generally applied for companies classified in the following subsegments: 1.\tPollution Control, 2.\tAlternative Fuels & Fuel Cells, 3.\tEnergy Efficiency, 4.\tEnergy Storage, 5.\tMeasurement Instruments For the electric vehicle subsegment, companies are excluded that generate more than 40% of their revenue from the sale of automotives with internal combustion engines that run on fossil fuel.

List of social factors considered

- > Exclusion of companies that directly manufacture and sell any type of armament are excluded. Companies generating revenues from the sale of components are excluded if they derive 5% or more of their revenue from components that are used for conventional weapons or more than 0% of their revenue from components used in controversial weapons (nuclear weapons or systems, chemical or biological weapons, landmines, cluster bombs, or depleted uranium weapons).
 - > Exclusion of companies deriving revenues from generation of nuclear power.
 - > Exclusion of companies generating revenues from the production of alcohol.
 - > Exclusion of companies generating revenues from the production of adult entertainment.
 - > Exclusion of companies generating revenues from the production of gambling.
 - > Exclusion of companies generating revenues from the production of tobacco.
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List of governance factors considered

> Not applicable.

Data and Standards used

Data Input	The data used to construct the index is sourced externally from iClima Earth Ltd.
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	23/03/2023
Reason for update:	Initial creation of the ESG report.

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