

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

Solactive La Francaise Zero Carbon Index



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 La Francaise Zero Carbon Index
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">> Inclusion of companies that have data for avoided emission as provided by IPCM. These companies are classified as solution providers and not considered for the Low Carbon Emission scope.> Exclusion of companies without IPCM data for Carbon Emission or ESG score.> Inclusion of companies that are in the top 25% quantile for both Carbon and ESG score (ESG score is winsorized on 5% level) within each region-sector basket (North America, Eurozone, Europe ex-Euro, Japan, or APAC ex-Japan based on country of primary listing). If no company in a basket fulfills these criteria, select the one that has the highest Composite Score (average of Carbon and ESG scores). If there are two companies with the same Composite Score, both are taken in the index.> The Carbon score is the average of both Financed Emission (FE) and Carbon Intensity (CI) scores. FE score equals Carbon Emission divided by Market Capitalization as of the selection day. CI score equals Carbon Emission divided by total Sales over the fiscal year (as provided by IPCM). If no sales figure available or negative sales, only FE is calculated. FE and CI are winsorized on 5% level and based on that a z-score is calculated within each region-sector basket. The z-score is rescaled to a relative score between 0-10 by using the standard normal distribution and multiplied by a factor of 10.> Companies of the Low Carbon Emission scope receive a weight based on their Composite Score in the region-sector basket. This weight is multiplied with the aggregate weight of the respective region-sector basket.> For the final index weighting of companies of the Solution Provider scope and the Low Carbon Emission scope are derived by setting the total Financed Emission Scores to zero and solving accordingly.
List of social factors considered	<ul style="list-style-type: none">> Not applicable.



List of governance factors considered

> Not applicable.

Data and Standards used

Data Input	The data used to construct the index is sourced externally from La Francaise Group (based on Inflection Point Capital Management and CDP).
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.
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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
Website: www.solactive.com

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