

## Press Release

### BNP Paribas emits Governance-centered ESG Index with Low-Volatility Factor - Solactive Index used

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The three pillars of contemporary conscious investing are E, S, and G. Since numerous new ESG-based passive investment vehicles feature a broad ESG incorporation, which, sometimes, can only cover the three factors marginally, some ETF providers dare to take a more telic route. By focusing on the G, the Governance part of ESG, French banking giant **BNP Paribas** issues an index-tracker certificate, which selects companies based on their G-force. The index underlying the structured product is part of the new Solactive index series: the **Solactive ISS Governance Indices**, the first indices dedicatedly covering the Governance topic.

*"In Europe, the idea of the incorporation of ESG factors in investors' portfolios is far more advanced than in North America, which mainly has to do with recent local political initiatives, e.g., of the European Parliament and also through public awareness driven by media-effective movements," comments Timo Pfeiffer, Chief Markets Officer at Solactive. "BNP Paribas' involvement with ESG and their focus on G incentivizes companies' governance behavior and motivates them to put more emphasis on maintaining a risk-management strategy. We are very pleased to act as BNP Paribas' partner to make ESG strategies available to the broader public."*

The small index family houses two indices, the European-stock-centered **Solactive ISS Europe Quality Governance Select 50 Index** and the US-stocks-based **Solactive ISS Quality Governance Index**. The first utilizes the Solactive Europe 600 Index as its underlying base universe, while the second selects its constituents from the Solactive GBS United States Large & Mid Cap Index and the Solactive GBS United States Small Cap Index.

In the initial stage, the selection process features a broad **controversy screening**, excluding companies with significant involvement in areas such as Tobacco, Military Equipment, and Gambling. The more sophisticated **Governance Score** consists of a multi-level process involving a proprietary scoring taking into account internal auditing, a company's board structure, shareholder rights, and compensation. The remaining stocks with the highest Governance Score will be included in the index composition. **All ESG Data for this index family is provided exclusively by ISS ESG.**

Additionally, the indices utilize Solactive's expertise in Factor integration as both the strategies use a low-volatility optimization, giving investors a more conservative risk-profile to protect them from potential market corrections.

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## Note to editors

### About Solactive

Solactive AG is an innovative index provider that focuses on the development, calculation and distribution of tailor-made indices across all asset classes. As at January 2020, Solactive AG served approximately 400 clients in Europe, America and Asia, with approximately USD 200 billion invested in products linked to indices calculated by the company globally, primarily via 380 exchange-traded funds from a number of well-known providers. Solactive AG was established in 2007 and is headquartered in Frankfurt.

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