

MARKET CONSULTATION: SOLE5BBE/N ESG SCREENER ADDITION

02 June 2022



Content of the Market Consultation

Solactive AG has decided to conduct a Market Consultation with regard to changing the Index Methodology of the following indices (the 'Indices'):

NAME	RIC	ISIN
Solactive Euro High Yield BB 1-5 Year ex. Financials EUR TR Index	.SOLE5BBE	DE000SLA8SK7
Solactive Euro High Yield BB 1-5 Year ex. Financials NOK TR Index	.SOLE5BBN	DE000SLA8SL5

Rationale for the Market Consultation

The Indices are designed to mirror the unhedged performance of the euro denominated high yield debt market with a rating between BB+ and BB- and a maturity of up 5 years in NOK and EUR. Specifically, the Indices exclude all bonds issued by financial corporations according to the sector classification of FactSet.

In line with the recent market developments, Solactive is proposing to add an Environmental, Social, and Governance (ESG) screen to the selection process of the Indices. The ESG screener would be added onto the existing selection criteria. This would enable Solactive to successfully add an ESG element to the Indices, while keeping a similar risk/return profile currently seen in the Indices.

Proposed Change to the Index Guideline

The following Methodology changes are proposed to be added to the bottom of Section 2.1 (after selection criteria o.) of the Index Guideline (ordered in accordance with the numbering of the affected sections):

"[...]

All eligible bonds must comply with the following ESG screening criteria in order to be included into the index on rebalance date

Theme	Exclusion criterion	
Norm-Based Research	Verified ongoing failure to respect established norms	
		Environment
		Human Rights
		Corruption
Controversial Weapons Research	Verified ongoing involvement	
		Labour Rights
		Chemical weapons
	Biological weapons	
	Nuclear weapons	



	Depleted Uranium	
	Nuclear weapons outside the NPT	
	Cluster munitions	
	Anti-personnel mines	
Sector-Based Screening	Fossil Fuel	50% Services, 5% Production, 5% Distribution or 5% Exploration
	Oil sands	0% Production, 0% Exploration
	Military	50% Services, 5% Production or 5% Distribution
	Pornography	5% overall, 0% Production
	Tobacco	50% Services, 0% Production or 5% Distribution
	Gambling	50% Services, 5% Production or 5% Distribution
	Alcohol	50% Services, 5% Production or 5% Distribution
	Cannabis	50% Services, 5% Production or 5% Distribution
Explanation: % figures refer to revenue threshold (for degree of involvement) above which criterion is breached		

The ESG data is provided by ISS.

[...].”

Feedback on the proposed changes

If you would like to share your thoughts with Solactive, please use this consultation form and provide us with your personal details and those of your organization.

Name	
Function	
Organization	
Email	
Phone	
Confidentiality (Y/N)	



Solactive is inviting all stakeholders and interested third parties to evaluate the proposed changes to the Methodology for the Solactive Euro High Yield BB 1-5 Year ex. Financials EUR TR Index and Solactive Euro High Yield BB 1-5 Year ex. Financials NOK TR Index. We welcome any feedback on how this may affect and/or improve their use of Solactive indices.

Consultation Procedure

Stakeholders and third parties who are interested in participating in this Market Consultation, are invited to respond until June 16th, 2022.

Subject to feedback received on this Market Consultation, the changes mentioned above are intended to become effective on June 24th, 2022.

Please send your feedback via email to marketconsultation@solactive.com, specifying "Market Consultation: SOLE5BBE/N ESG Screener Addition" as the subject of the email, or

via postal mail to: Solactive AG
Platz der Einheit 1



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Should you have any additional questions regarding the consultative question in particular, please do not hesitate to contact us via above email address.

CONTACT

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