

STOXX CLIMATE TRANSITION BENCHMARK (CTB) INDICES

Creating intelligent climate investment solutions

STOXX Climate Benchmark Indices are designed to facilitate the shift in investments towards a low-carbon economy and to align investments to the Paris Climate Agreement.

STOXX CTB INDICES are constructed to follow the EU Climate Benchmark¹ requirements. The indices encourage climate stewardship and corporate engagement in addition to meeting the regulatory requirements.

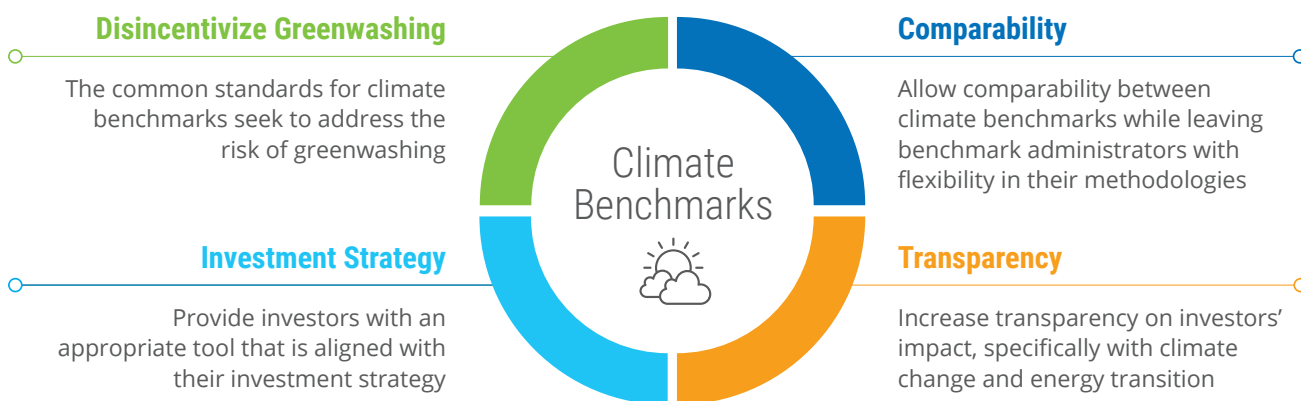
These indices allow more diversification and are designed to assist investors in the transition to a low-carbon economy by adopting a decarbonization trajectory. They aim for 40% greenhouse gas (GHG) intensity reduction.

STOXX's CTB Indices and Underlying Benchmark Indices

STOXX Climate Transition Benchmark Indices	Underlying STOXX Benchmark Indices
EURO STOXX® Climate Transition Benchmark	EURO STOXX®
EURO STOXX® Total Market Climate Transition Benchmark	EURO STOXX® Total Market
STOXX® Europe 600 Climate Transition Benchmark	STOXX® Europe 600
STOXX® Global 1800 Climate Transition Benchmark	STOXX® Global 1800
STOXX® USA 500 Climate Transition Benchmark	STOXX® USA 500
STOXX® USA 900 Climate Transition Benchmark	STOXX® USA 900

1. EU Technical Expert Group Report on Climate Benchmarks and Benchmarks. ESG Disclosures, September 2019.

EU Climate Benchmarks Objectives



Superior Design Criteria Sets STOXX Apart

STOXX adds vital steps that emphasize the climate objectives:

- ✓ **Scope 3 Inclusion**
Scope 3 data is used from inception to account for companies' direct and indirect emissions
- ✓ **Sustainable Development Goals 13, Climate Action**
Securities that have significant obstruction to SDG 13 Climate Action are not eligible
- ✓ **Science-Based Targets**
Qontigo aspires to influence companies to set and have approved science-based targets and therefore only includes companies that will fulfill the Science-Based Targets initiative (SBTi) by March 2030 in the indices
- ✓ **Climate Leaders**
Indices will reward energy-efficient companies that are ready to seize opportunities arising from the transition to a low-carbon economy, and those that are well-positioned to meet their carbon budget targets

Our open architecture allows us to integrate the world's leading climate data from our data partner ISS ESG. This includes the most complete set of carbon data, science-based targets and emission scenarios, which are used to overweight climate leaders and underweight the laggards. In addition, the indices are screened for controversial activities involvement.

Index Methodology



Universe

- A selection of STOXX Benchmark Indices



Weighting

- Weights are derived through an optimization process to meet EU CTB requirements
- Maximum weight cap of 4.5%



Maintenance

- The indices are reviewed on an annual basis in March, and rebalanced quarterly in June, September and December
- In case a company increases its ESG Controversy Rating to Category 5 and becomes non-complaint based on the Global Standards Screening assessment, the company is deleted from the index



Selection

Baseline exclusions:

- Global Standards Screening
- Controversial weapons
- Tobacco producers (0% revenue threshold)

Liquidity requirements:

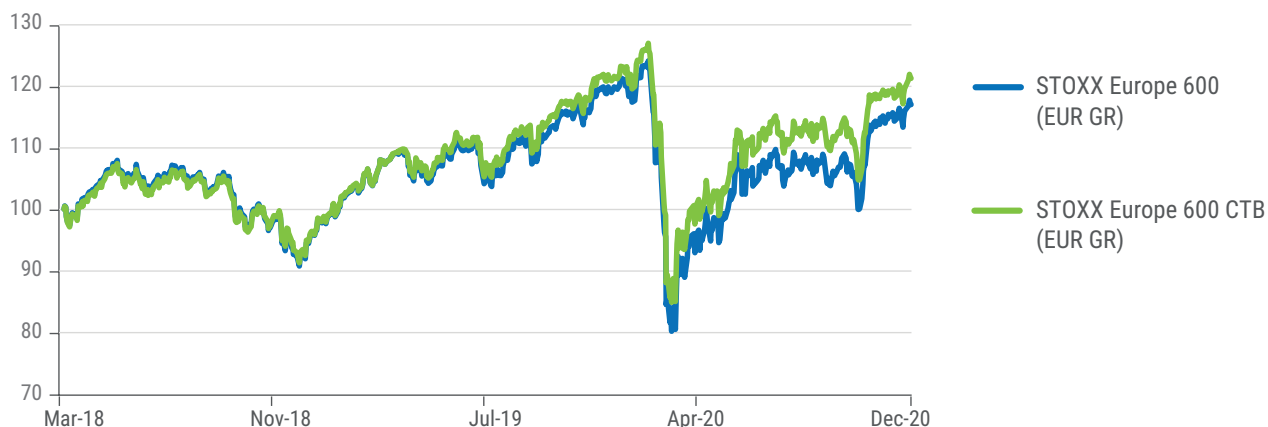
- 3M ADTV equal to or exceeding EUR 3 mln

STOXX® Europe 600 Climate Transition Benchmark Index – Risk and Return Overview

Risk and Return Characteristics ^{2,3}	STOXX® Europe 600 Climate Transition Benchmark (EUR GR)	STOXX® Europe 600 (EUR GR)
YTD return (actual)	0.41%	-1.49%
Perf. (1Y)	0.41%	-1.50%
Perf. overall (annualized)	7.24%	5.84%
Vol. (1Y) (annualized)	26.72%	28.09%
Vol. overall (annualized)	18.57%	19.36%
Sharpe ratio (overall) ⁴	0.5	0.4
Tracking error (overall)	1.79%	—
Dividend yield (overall)	3.63%	3.57%
Maximum drawdown	33.09%	35.34%
No. of components	501	600

The STOXX® Europe 600 Climate Transition Benchmark Index has outperformed the STOXX® Europe 600 by ca. 2% on annual basis since inception. The CTB index also showed more resilience during the COVID-19 pandemic over its benchmark.

Performance ³



STOXX Climate Transition Benchmark Indices are a part of the [Qontigo ESG Ecosystem](#) – going beyond the standard offering when it comes to ESG principles to provide a comprehensive range of approaches and allow investors to target specific goals and levels of sustainable impact.

2. Qontigo, daily data for the period March 19, 2018 to December 31, 2020.

3. Annualized returns, annualized volatility (standard deviation) and annualized Sharpe ratio figures are used. Relative figures calculated against the STOXX® Europe 600 Index.

4. EONIA used as a proxy for riskless returns.

To learn more about Qontigo, please contact us, or visit qontigo.com



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