

Zug, August 4th, 2023

Results of Market Consultation on the addition of screening criteria to DAX 50 ESG

Dear Sir and Madam,

STOXX Ltd., the operator of Qontigo's index business and a global provider of innovative and tradable index concepts, announces the results of the market consultation on the addition of screening criteria to DAX 50 ESG.

Results

During the course of the [market consultation](#) conducted from July 12th, 2023 to July 26th, 2023, all respondents agreed that DAX 50 ESG should be enhanced to reflect the current developments in the sustainable finance space (Question 1) and that the proposed screens below would bring DAX 50 ESG in closer alignment to relevant regulatory requirements (Question 2).

Furthermore, all respondents agreed to the introduction of the proposed revenue-based and ESG Controversy screens (Questions 3-6). 75% of respondents agreed to the introduction of a fast exit rule for severe ESG Controversies (Question 7).

The introduction of an ESG Risk Rating screen has been agreed by all respondents (Question 8).

No respondent proposed any other product involvement screens that should be included in the methodology (Question 9).

Affected Indices

DAX 50 ESG

Decision

STOXX has decided to apply the following methodology changes:

	CURRENT SCREENS	PROPOSED SCREENS	REASONS	LINK WITH PAI
Global Standards Screening	STOXX will exclude companies that are non-compliant based on the Sustainalytics Global Standards Screening assessment.	STOXX will exclude companies that are non-compliant based on the Sustainalytics Global Standards Screening assessment.	Unchanged	PAI 10 (fully aligned)
Controversial Weapons	STOXX will exclude the companies that Sustainalytics identifies to be involved with controversial weapons.	STOXX will exclude the companies that Sustainalytics identifies to be involved with controversial weapons.	Unchanged	PAI 14 (fully aligned)

	CURRENT SCREENS	PROPOSED SCREENS	REASONS	LINK WITH PAI
Thermal Coal	<p>STOXX will exclude companies that Sustainalytics identifies to have:</p> <p>>5% revenues from thermal coal extraction (including thermal coal mining and exploration)</p> <p>>5% power generation capacity: coal-fired electricity, heat, or steam generation capacity / thermal coal electricity production (including utilities that own/operates coal-fired power plants).</p>	<p>STOXX will exclude companies that Sustainalytics identifies to have:</p> <p>>5% revenues from thermal coal extraction (including thermal coal mining and exploration)</p> <p>>5% power generation capacity: coal-fired electricity, heat, or steam generation capacity / thermal coal electricity production (including utilities that own/operates coal-fired power plants).</p>	Unchanged	PAI 4 and 5 (partially aligned)
Military Contracting	<p>STOXX will exclude companies that Sustainalytics identifies to have:</p> <p>>5% revenues from manufacturing military weapons systems and/or integral, tailor made components of these weapons</p> <p>>5% revenues from tailor made products and/or services that support military weapons</p>	<p>STOXX will exclude companies that Sustainalytics identifies to have:</p> <p>>5% revenues from manufacturing military weapons systems and/or integral, tailor made components of these weapons</p> <p>>5% revenues from tailor made products and/or services that support military weapons</p>	Unchanged	
Nuclear Power	<p>STOXX will exclude companies that Sustainalytics identifies as having:</p> <p>>5% revenues from nuclear power production</p> <p>>5% revenues from nuclear power supporting products / services</p> <p>>5% revenues from nuclear power distribution</p>	<p>STOXX will exclude companies that Sustainalytics identifies as having:</p> <p>>5% revenues from nuclear power production</p> <p>>5% revenues from nuclear power supporting products / services</p> <p>>5% revenues from nuclear power distribution</p>	Unchanged	

	CURRENT SCREENS	PROPOSED SCREENS	REASONS	LINK WITH PAI
(a) Tobacco	<p>STOXX will exclude companies that Sustainalytics identifies to have:</p> <p>>0% revenues from manufacturing tobacco products</p>	<p>STOXX will exclude companies that Sustainalytics identifies to have:</p> <p>>0% revenues from manufacturing tobacco products</p> <p>>5% revenues from supplying tobacco-related products/services</p> <p>>5% revenues from the distribution and/or retail sale of tobacco products</p>	<p>Expand the tobacco screen to exclude companies that are involved in tobacco-related products and services or distribution of tobacco products</p>	
(b) Small Arms	N/A	<p>STOXX will exclude companies that Sustainalytics identifies to have:</p> <p>>0% revenues from manufacturing and selling assault weapons to civilian customers</p> <p>>0% revenues from manufacturing and selling small arms (non-assault weapons) to civilian customers</p> <p>>0% revenues from manufacturing and selling key components of small arms</p> <p>>5% revenues from retail and/or distribution of assault weapons</p> <p>>5% revenues from retail and/or distribution of small arms (non-assault weapons)</p> <p>>5% revenues from manufacturing and selling small arms to military / law enforcement customers</p>	<p>New criterion:</p> <p>Reduce exposure to companies involved in manufacturing and selling small arms, or key components of small arms, and distribution of small arms (both assault and non-assault weapons).</p>	

	CURRENT SCREENS	PROPOSED SCREENS	REASONS	LINK WITH PAI
(c) Unconventional Oil & Gas	N/A	<p>STOXX will exclude companies that Sustainalytics identifies to have:</p> <ul style="list-style-type: none"> >5% revenues Oil & Gas exploration & extraction in Arctic regions >5% revenues from extracting oil sands. This category evaluates oil sands' share of total oil and gas average production in barrels of oil equivalent per day >5% revenues from shale energy exploration and/or production 	<p>New criterion:</p> <p>Expand the existing screens to exclude companies involved in unconventional oil & gas exploration and/or production</p>	PAI 4 and 5 (partially aligned)
(d) ESG Controversy	N/A	<p>STOXX will exclude companies that Sustainalytics identifies to have a Controversy Rating of Category 5 (Severe)</p>	<p>New criterion:</p> <p>Expand the existing screens to exclude companies involved in incidents that may negatively impact shareholders, environment or company operations beyond UN Global Compact</p>	
(e) ESG Risk Rating	N/A	<p>STOXX will exclude companies that Sustainalytics identifies to have a "Severe" ESG Risk Rating, sourced from the Sustainalytics ESG Risk Ratings dataset</p>	<p>The ESG Risk Rating evaluates the degree of a company's unmanaged material ESG risk by assessing a company's exposure to, and management of, the ESG issues that are considered most material for that company from a financial perspective. Sustainalytics assess and categorizes companies into five risk categories (Negligible, Low, Medium, High, Severe).</p>	

STOXX will implement an intra-quarter fast exit rule for severe ESG Controversies.

STOXX intends to implement the changes no later than with the ordinary review on September 18th, 2023.