

JANUARY 2021

# DAX ESG FACTOR DEFINITIONS FOR EQUITY INDICES

Creating an Investment  
Intelligence Advantage

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## INTRODUCTION

Annex 1 to the Commission Delegated Regulation (EU) 2020/1816 stipulates the disclosure requirements on how ESG factors are to be shown for each relevant benchmark published by a benchmark administrator. STOXX Ltd. calculates and publishes the required data in the ESG Disclosure file for each relevant index.

For each line item calculated in the ESG Disclosure file, as required by Item 8 of Annex 1, descriptions of all data sources and any applicable supporting reference standards are included.

## DISCLOSURES

### Combined ESG Factors

#### Item 6a

Factor Name - Consolidated ESG Rating Family Level

Source – Sustainalytics

Definition - Sustainalytics' ESG ratings measure on a scale of 0 -100 how well issuers proactively manage the environmental, social and governance issues that are the most material to their business; information sourced from company data, as well as media, NGO reports and other external sources.

Calculation – Simple average of the Consolidated ESG Rating for all benchmark family members to which the benchmark belongs.

Factor Name - ESG Ratings Top Ten Family Level

Source – Sustainalytics

Definition – The ESG ratings of the largest ten benchmark components by benchmark weight.

Calculation - Simple average of the ESG Ratings Top Ten for all benchmark family members to which the benchmark belongs.

#### Item 7a

Factor Name - Consolidated ESG Rating

Source – Sustainalytics

Definition - Sustainalytics' ESG ratings measure measure on a scale of 0 -100 how well issuers proactively manage the environmental, social and governance issues that are the most material to their business; information sourced from company data, as well as media, NGO reports and other external sources.

Calculation – Weighted average of the ESG ratings for all benchmark components.

Factor Name - ESG Ratings Top Ten

Source – Sustainalytics

Definition - The ESG ratings of the largest ten benchmark components by benchmark weight.

Calculation – Weighted average of the ESG ratings for the ten highest weighted benchmark components.

## Environmental Factors

### Item 6b

Factor Name - Consolidated Environmental Rating Family Level

Source – Sustainalytics

Definition - Sustainalytics' Environmental ratings measure on a scale of 0 -100 how well issuers proactively manage the environmental issues that are the most material to their business; information sourced from company data, as well as media, NGO reports and other external sources.

Calculation – Simple average of the Consolidated Environmental Rating for all benchmark family members to which the particular benchmark belongs.

Factor Name – Green Revenues or Green Capex Family Level

Source – Sustainalytics

Definition - Sustainalytics' Sustainable Products Research identifies companies that derive revenue from a range of products and services that contribute to a more sustainable future; information sourced from company documents, company websites, and other available sources.

Calculation – Simple average of the Green Revenues or Green Capex (Green Revenues or Green Capex calculation defined in in 7b below) for all benchmark family members to which the particular benchmark belongs.

Factor Name – Climate Related Physical Risks Family Level

As disclosure of this Factor within the Regulation is voluntary, STOXX Ltd. has opted not to disclose any information upon it.

**Factor Name – Exposure NACE Sections Family Level**

Source – Refinitiv

Definition - The Statistical Classification of Economic Activities in the European Community, commonly referred to as NACE, is the industry standard classification system used in the European Union.

Calculation – Simple average of the Exposure NACE Sections (Exposure NACE Sections calculation defined in 7b below) for all benchmark family members to which the particular benchmark belongs.

**Factor Name – GHG Intensity Family Level**

Source – ISS ESG

Definition - Scope 1 and Scope 2 Greenhouse Gas (GHG) emissions expressed as tons of carbon dioxide equivalent per million USD of revenue. Emissions data as reported by companies from CDP. In instances of non-reporting, emissions are estimated by ISS ESG using their climate emissions model based on the sector and subsector that the company belongs to.

Calculation – Simple average of the GHG Intensity for all benchmark family members to which the particular benchmark belongs.

**Factor Name – GHG Reported Vs. Estimated Family Level**

Source – ISS ESG

Definition - Emissions data as reported by companies from CDP. In instances of non-reporting, emissions are estimated by ISS ESG using their climate emissions model based on the sector and subsector that the company belongs to.

Calculation – Simple average of the GHG Reported Vs. Estimated (see GHG Reported Vs. Estimated calculation defined in 7b below) for all benchmark family members to which the particular benchmark belongs.

**Factor Name – Exposure NACE Divisions Family Level**

Source – Refinitiv

Definition - The Statistical Classification of Economic Activities in the European Community, commonly referred to as NACE, is the industry standard classification system used in the European Union.

Calculation – Simple average of the Exposure NACE Divisions (Exposure NACE Divisions calculation defined in 7b below) for all benchmark family members to which the particular benchmark belongs.

**Factor Name – Exposure to Environmental Goods and Services Family Level**

Source – Sustainalytics

Definition - Sustainalytics' Sustainable Products Research identifies companies that derive revenue from a range of products and services that contribute to a more sustainable future, information sourced from company documents, company website, and other available sources.

Calculation – Simple average of the Exposure to Environmental Goods and Services (Exposure to Environmental Goods and Services calculation defined in 7b below) for all benchmark family members to which the particular benchmark belongs.

#### Item 7b

Factor Name - Consolidated Environmental Rating

Source – Sustainalytics

Definition - Sustainalytics' Environmental ratings measure on a scale of 0 -100 how well issuers proactively manage the environmental issues that are the most material to their business; information sourced from company data, as well as media, NGO reports and other external sources.

Calculation - Weighted average of the Sustainalytics' Environmental ratings for all benchmark components.

Factor Name – Green Revenues or Green Capex

Source – Sustainalytics

Definition - Sustainalytics' Sustainable Products Research identifies companies that derive revenue from a range of products and services that contribute to a more sustainable future; information sourced from company documents, company websites, and other available sources.

Calculation – Weighted average of the Renewable Energy / Overall Revenue percentage for all benchmark components.

Factor Name – Climate Related Physical Risks

As disclosure of this Factor within the Regulation is voluntary, STOXX Ltd. has opted not to disclose any information upon it.

Factor Name – Exposure NACE Sections

Source – Refinitiv

Definition - The Statistical Classification of Economic Activities in the European Community, commonly referred to as NACE, is the industry standard classification system used in the European Union.

Calculation – Total benchmark weight expressed as a percentage of all benchmark components within the following nine NACE Section codes.

NACE Section Code	Description
A	Agriculture, forestry, and fishing
B	Mining and quarrying
C	Manufacturing
D	Electricity, gas, steam, and air conditioning supply
E	Water supply; sewerage, waste management and remediation activities
F	Construction
G	Wholesale and retail trade; repair of motor vehicles and motorcycles
H	Transportation and storage
L	Real estate activities

#### Factor Name – GHG Intensity

Source – ISS ESG

Definition – Scope 1 and Scope 2 Greenhouse Gas (GHG) emissions expressed as tons of carbon dioxide equivalent per million USD of revenue. Emissions data as reported by companies from CDP. In instances of non-reporting, emissions are estimated by ISS ESG using their climate emissions model based on the sector and subsector that the company belongs to.

Calculation – Weighted average of the GHG Intensity for all benchmark components.

#### Factor Name – GHG Reported Vs. Estimated

Source – ISS ESG

Definition - Emissions data as reported by companies from CDP. In instances of non-reporting, emissions are estimated by ISS ESG using their climate emissions model based on the sector and subsector that the company belongs to.

Calculation – Total benchmark weight expressed as a percentage that derives from GHG reported to CDP.

#### Factor Name – Exposure NACE Divisions

Source – Refinitiv

Definition - The Statistical Classification of Economic Activities in the European Community, commonly referred to as NACE, is the industry standard classification system used in the European Union.

Calculation Total benchmark weight expressed as a percentage of all benchmark components within the following seven NACE Section codes.

NACE Division Code	Description
5	Mining of Coal & Lignite
6	Extraction of Crude Petroleum & Natural Gas
7	Mining of Metal Ores
8	Other Mining & Quarrying
9	Mining Support Service Industries
19	Manufacture of Coke & Refined Petroleum
20	Manufacture of Chemicals & Chemical Products

Factor Name – Exposure to Environmental Goods and Services

Source – Sustainalytics

Definition - Sustainalytics' Sustainable Products Research identifies companies that derive revenue from a range of products and services that contribute to a more sustainable future; information sourced from company documents, company website, and other available sources.

Calculation – Weighted average of Pollution Prevention & Reduction Total Spend / Overall Revenue percentage for all benchmark components.

## Social Factors

### Item 6c

Factor Name – Consolidated Social Rating Family Level

Source – Sustainalytics

Definition - Sustainalytics' Social ratings measure on a scale of 0 -100 how well issuers proactively manage the Governance issues that are the most material to their business; information sourced from company data, as well as media, NGO reports and other external sources.

Calculation – Simple average of the Consolidated Social Rating for all benchmark family members to which the benchmark belongs.

Factor Name – Sources for Controversial Weapon Definition Family Level

Source – Sustainalytics

Definition - International treaties and conventions used to define Controversial Weapons include Non-proliferation Treaty (1968), Biological and Toxin Weapons Convention (1972), Chemical Weapons Convention (1997), Anti-Personnel Mine Ban Convention (1999), Convention on Cluster Munitions (2008), United Nations Convention on Certain Conventional Weapons (1980), and Convention on the Physical Protection of Nuclear Material (1980).

Calculation – N/A

Factor Name – Controversial Weapons Family Level

Source – Sustainalytics

Definition – See Sources for Controversial Weapon Definition Family Level above.

Calculation – Simple average of Controversial Weapons (Controversial Weapons calculation defined in 7c below) for all benchmark family members to which the benchmark belongs.

Factor Name – Tobacco Family Level

Source – Sustainalytics

Definition – Sustainalytics' Product Involvement Research identifies companies' involvement in the following: manufacture of tobacco products, supply of tobacco-related products, distribution and retail sale of tobacco products; information sourced from companies' annual reports, financial disclosure statements and corporate websites.

Calculation – Simple average of Tobacco (Tobacco calculation defined in 7c below) for all benchmark family members to which the benchmark belongs.

Factor Name – Social Violations Family Level

Source – Sustainalytics

Definition – Sustainalytics' Controversy Rating assesses companies' involvement in incidents with negative environmental, social and governance (ESG) implications; information sourced from real-time media sources, social media, specialized publications, and non-government organizations.

Calculation – Simple average of Social Violations (Social Violations calculation defined in 7c) below for all benchmark family members to which the benchmark belongs.

Factor Name – Exposures to Companies with no Due Diligence Policies on ILO Conventions Family Level

Source – Sustainalytics

Definition – Sustainalytics' ESG metrics identify if companies have policies addressed by Conventions 1-8 of the International Labour Organisation; information sourced from company data, as well as media and NGO reports.



Calculation – Simple average of Exposures to Companies with no Due Diligence Policies on ILO Conventions (Exposures to Companies with no Due Diligence Policies on ILO Conventions calculation defined in 7c) for all benchmark family members to which the benchmark belongs.

Factor Name – Gender Pay Gap Family Level

Source – Refinitiv

Definition – The gender pay gap is the percentage difference between parity and the percentage of average gross hourly wages between men and women; information sourced from both publicly available documents and from company disclosures.

Calculation – Simple average of Gender Pay Gap for all benchmark family members to which the benchmark belongs.

Factor Name – Female Male Board Member Ratio Family Level

Source – Refinitiv

Definition – The number of female board members divided by the number of male board members; information sourced from both publicly available documents and from company disclosures.

Calculation – Simple average of Female Male Board Member Ratio for all benchmark family members to which the benchmark belongs.

Factor Name – Ratio of Accidents Injuries Fatalities Family Level

Source – Refinitiv

Definition – The number of accidents, injuries and fatalities divided by the number of persons employed expressed as a percentage, information sourced from both publicly available documents and from company disclosures.

Calculation – Simple average of Ratio of Accidents Injuries Fatalities for all benchmark family members to which the benchmark belongs.

Factor Name – Convictions for Violations of Anti-Bribery and Anti-Corruption Laws Family Level

Source – Sustainalytics

Definition – International treaties and conventions used to define anti-bribery and anti-corruption are: the United Nations Global Compact (UNGC) Principles, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights (UNGPs), and their underlying conventions.

Calculation – Total number of Convictions for Violations of Anti-Bribery and Anti-Corruption Laws for all benchmark family members divided by the number of benchmark family members.

Item 7cFactor Name – Consolidated social Rating

Source – Sustainalytics

Definition - - Sustainalytics' Social ratings measure on a scale of 0 -100 how well issuers proactively manage the social issues that are the most material to their business; information sourced from company data, as well as media, NGO reports and other external sources.

Calculation - Weighted average of the Sustainalytics' Social ratings for all benchmark components.

Factor Name – Sources for Controversial Weapon Definition

Source – Sustainalytics

Definition - International treaties and conventions used to define Controversial Weapons include Non-proliferation Treaty (1968), Biological and Toxin Weapons Convention (1972), Chemical Weapons Convention (1997), Anti-Personnel Mine Ban Convention (1999), Convention on Cluster Munitions (2008), United Nations Convention on Certain Conventional Weapons (1980), and Convention on the Physical Protection of Nuclear Material (1980).

Calculation – N/A

Factor Name – Controversial Weapons

Source – Sustainalytics

Definition – Sustainalytics' Controversial Weapons Radar monitors any company involvement in Controversial Weapons (as defined by the treaties above), information sourced from specialized databases, industry newsletters, public interest groups, etc.

Calculation – Total benchmark weight expressed as a percentage of all benchmark components involved with Controversial Weapons.

Factor Name – Tobacco

Source – Sustainalytics

Definition – Sustainalytics' Product Involvement Research identifies companies' involvement in the following: manufacture of tobacco products, supply of tobacco-related products, distribution and retail sale of tobacco products; information sourced from companies' annual reports, financial disclosure statements and corporate websites.

Calculation – Total benchmark weight expressed as a percentage of all benchmark components involved with Tobacco.

**Factor Name – Social Violations**

Source – Sustainalytics

Definition – Sustainalytics' Controversy Rating assesses companies' involvement in incidents with negative environmental, social and governance (ESG) implications; information sourced from real-time media sources, social media, specialized publications, and non-government organizations.

Calculation – Total benchmark weight expressed as a percentage of all benchmark components involved in Social Violations.

**Factor Name – Exposures to Companies with no Due Diligence Policies on ILO Conventions**

Source – Sustainalytics

Definition – Sustainalytics' ESG metrics identify if companies have policies addressed by Conventions 1-8 of the International Labour Organisation; information sourced from company data, as well as media and NGO reports.

Calculation – Total benchmark weight expressed as a percentage of all benchmark components with no Due Diligence Policies on ILO Conventions.

**Factor Name – Gender Pay Gap**

Source – Refinitiv

Definition – The gender pay gap is the percentage difference between parity and the percentage of average gross hourly wages between men and women; information sourced from both publicly available documents and from company disclosures.

Calculation – Weighted average of Gender Pay Gap for all benchmark components.

**Factor Name – Female Male Board Member Ratio**

Source – Refinitiv

Definition – The number of female board members divided by the number of male board members; information sourced from both publicly available documents and from company disclosures.

Calculation – Weighted average of Female Male Board Member Ratio for all benchmark components.

**Factor Name – Ratio of Accidents Injuries Fatalities**

Source – Refinitiv

Definition – The number of accidents, injuries and fatalities divided by the number of persons employed expressed as a percentage; information sourced from both publicly available documents and from company disclosures.

Calculation – Weighted average of Ratio of Accidents Injuries Fatalities for all benchmark components.

Factor Name – Convictions for Violations of Anti-Bribery and Anti-Corruption Laws

Source – Sustainalytics

Definition – Number of International treaties and conventions used to define anti-bribery and anti-corruption are the United Nations Global Compact (UNGC) Principles, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights (UNGPs), and their underlying conventions.

Calculation – Total number of convictions for violations of anti-bribery and anti-corruption laws for all benchmark family members.

## Governance Factors

### Item 6d

Factor Name – Consolidated Governance Rating Family Level

Source – Sustainalytics

Definition - Sustainalytics' Governance ratings measure on a scale of 0 -100 how well issuers proactively manage the Governance issues that are the most material to their business; information sourced from company data, as well as media, NGO reports and other external sources.

Calculation – Simple average of the Consolidated Governance Ratings for all benchmark family members to which the benchmark belongs.

Factor Name – Percentage of Independent Board Members Family Level

Source – Refinitiv

Definition – Percentage of board members classified as independent; information sourced from both publicly available documents and from company disclosures.

Calculation – Simple average of the Percentage of Independent Board Members for all benchmark family members to which the benchmark belongs.

Factor Name – Female Board Member Ratio Family Level

Source – Refinitiv

Definition - The number of female board members divided by the total number of board members; information sourced from both publicly available documents and from company disclosures.

Calculation – Simple average of the Female Board Member Ratio for all benchmark family members to which the benchmark belongs.

#### Item 7d

Factor Name – Consolidated Governance Rating

Source – Sustainalytics

Definition - Sustainalytics' Governance ratings measure on a scale of 0 -100 how well issuers proactively manage the Governance issues that are the most material to their business; information sourced from company data, as well as media, NGO reports and other external sources.

Calculation – Weighted average of the Sustainalytics' Governance ratings for all benchmark components.

Factor Name – Percentage of Independent Board Members

Source – Refinitiv

Definition - Percentage of board members classified as independent; information sourced from both publicly available documents and from company disclosures.

Calculation – Weighted average of the Percentage of Independent Members for all benchmark components.

Factor Name – Female Board Member Ratio

Source – Refinitiv

Definition - The number of female board members divided by the total number of board members; information sourced from both publicly available documents and from company disclosures.

Calculation - Weighted average of Female Board Member Ratio for all benchmark components.