The STOXX ESG-X Factor Indices provide sustainably-driven investors with ESG-screened indices that can target similar levels of factor exposures as the STOXX Factor Indices, while controlling for unintended exposures.

Coverage at Launch

The STOXX ESG-X Factor Index suite includes over 30 indices covering 6 factors and 6 universes.

**FACTORS**

- Value
- Quality
- Momentum
- Low Risk
- Size
- Multi-Factor (Premium)

**UNIVERSES:**

- Global 1800
- Europe 600
- USA 900
- APAC 600
- USA 500
- Japan 600

Built using the same methodology as the STOXX Factor Indices, the STOXX ESG-X Factor Indices incorporate the exclusion criteria of the STOXX ESG-X Universe to create an ESG-X screened version of the STOXX benchmark. Our ESG-X approach is applied across regions, sizes and sectors to meet the responsible-investing criteria of leading asset owners:

**Methodology Overview – Applied to over 40+ indices across regions, sizes & sectors**

<table>
<thead>
<tr>
<th>1. UNIVERSE</th>
<th>STOXX parent index</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. SELECTION</td>
<td><strong>ESG Exclusion as provided and determined by Sustainalytics criteria:</strong></td>
</tr>
<tr>
<td></td>
<td>• Global Standards Screening (if non-compliant)</td>
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<tr>
<td></td>
<td>• Involvement in Controversial Weapons</td>
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<tr>
<td></td>
<td>• Anti-personnel mines, biological and chemical weapons, cluster weapons, depleted uranium, nuclear weapons and white phosphorus</td>
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<td></td>
<td>• Tobacco Producers (0% revenue threshold)</td>
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<td></td>
<td>• Thermal Coal</td>
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<tr>
<td></td>
<td>• 25% revenue threshold from thermal coal mining and exploration</td>
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<tr>
<td></td>
<td>• 25% power generating capacity (coal-fired electricity, heat or steam generation capacity / thermal coal electricity production)</td>
</tr>
<tr>
<td>3. WEIGHTING</td>
<td>Free Float Market Cap (i.e. not score weighted)</td>
</tr>
<tr>
<td>4. REVIEW</td>
<td>“Fast Exit Rule” - A company is deleted from the Index (t+2) if Sustainalytics raises the ESG-controversy category to 5 and becomes non-compliant based on Global Standards Screening</td>
</tr>
</tbody>
</table>
Design Objectives

Create a modern, comprehensive toolkit of indices for benchmarking and investors.

**ROBUST DEFINITIONS**
- Built by mapping Axioma's granular, research-based factor definitions to smart beta factors – Value, Quality, Momentum, Low Risk and Size

*Using a risk model allows for ease of control over unintended factor exposures*

**TRADABLE**
- Limits exposures to less liquid names and turnover
- Controls number of names and potential weights

*Deliver results aiming for higher capacity and reduced trading costs*

**INTUITIVE**
- Consistent methodology across regions and factors
- Verified results with the high-quality data analytics

*Usage of high-quality data analytics to verify performance drivers*

**FACTOR CLARITY**

- Ensures strong target factor exposure
- Controls unintended factor exposures
- Targets benchmark tracking, with sector and country controls

THE RESULTING INDICES OFFER FACTOR CLARITY AS DEMONSTRATED BY HISTORICAL RESULTS

**STOXX ESG-X factor indices deliver targeted factor exposure comparable to non-ESG factor indices.**

> Annual Return Comparison of ESG-X Factor Indices vs. STOXX Flagship Universe

> Adding ESG criteria does not negatively impact the performance of index families

**About STOXX Indices**

STOXX is Qontigo's global index provider, currently calculating a global, comprehensive index family of over 10,000 strictly rules-based and transparent indices.

**About Axioma Analytics**

Qontigo provides Axioma analytic tools for portfolio construction, factor risk modeling and performance attribution to over 300 investment management firms.