

Solactive develops investment grade bond index with ESG tilt

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German-based index provider Solactive has partnered with environmental, social and governance (ESG) data provider SD-M for the launch of a euro investment grade corporate index with ESG integration.

The Solactive Euro IG Corporate SD-KPIIndex was developed by incorporating a new weighting methodology to its parent index, the Solactive Euro IG Corporate index which is market-cap weighted, by over and underweighting the constituents depending on SD-

M's ESG scoring.

The index assigns issuers in the top-20% in terms of ESG scores a 50% overweight whereas the second 20% receive a 25% overweight. The medium quintile remains unchanged whereas the remaining quintiles receive an underweight of 25% and 50%, respectively.

SD-M's methodology, SD-KPI, consists of three ESG indicators based on research and development with the German Federal Ministry and the Sustainability Accounting Standards Board.

The launch is the one of three indices SD-M has launched with Solactive having also released the Solactive USD IG Corporate SD-KIndex and Solactive GBP IG Corporate SD-KIndex.

Solactive introduce 'Belt and Road' index

Timo Pfeiffer (*pictured*), chief markets officer at Solactive, commented: "As capital markets continue to realise the importance of integrating ESG metrics into portfolio construction, we are proud to bring them a new bond index in collaboration with SD-M.

"This index integrates industry-specific ESG metrics in the European corporate bond market, focusing on those companies incorporating ESG into their business practices, while maintaining exposure to the broad market."

Solactive has launched several fixed income indices in recent months including an [Australian bond index](#) and expanded its [sovereign bond series](#).