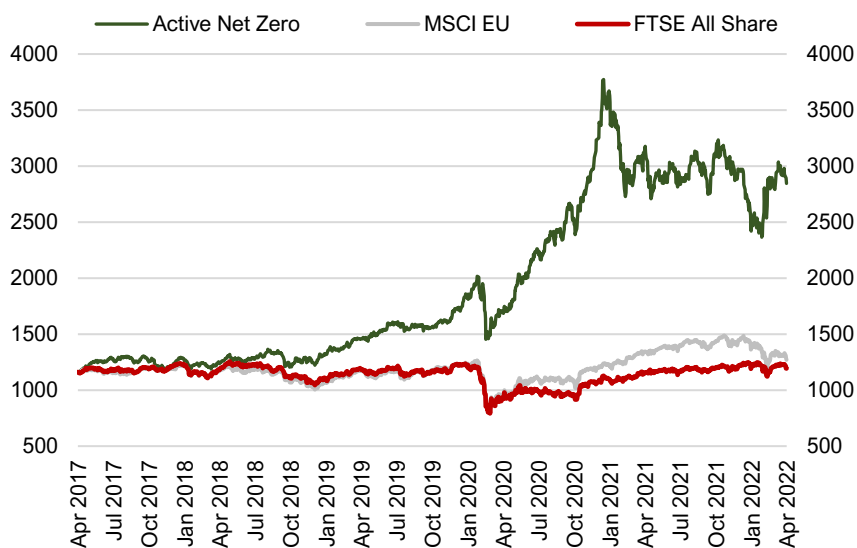




Active Net Zero Clean Energy Index

5 Year Performance



Source: FactSet, Longspur Radnor Indices



**Longspur
Radnor Indices
Limited**

A joint venture between Longspur
Capital and Radnor Capital
Partners

Longspur Research and Radnor Capital Partners launched the Active Net Zero Clean Energy Index in June 2021 to allow investors to measure the performance of companies actively enabling climate solutions.

The key emphasis is on the word “active”. The Active Net Zero Clean Energy Index eliminates greenwashing by penalising fossil fuel activities and focuses on actual achievement and positive contribution, rather than promises for the future. Our proprietary selection methodology is systematic, rules based and quantifiable. The methodology is aligned with the EU Taxonomy, the IPCC 1.5°C Report pathways, and the IEA Roadmap.

In this note, we review the recent performance of the Active Net Zero Clean Energy Index. We also take a deeper dive into the composition of the Index in terms of market cap, constituent end market / business model and, finally, geographic exposure.

4th May 2022

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- **Headline performance.** The Active Net Zero Clean Energy Index has materially outperformed broader benchmarks over the last 5 and 2 years.
- Strong **ESG** driven performance at the end of 2020 was not sustained into 2021 when, after an initial decline, the index became rangebound. Entering 2022 saw a period of weakness but the Russian invasion of Ukraine has led to renewed performance as **energy security issues** have risen up the agenda. **Electricity pricing** has also been strong and high prices now look set to continue for longer thanks to the war.
- **Moving parts.** Beneath the headlines there are a number of moving parts. The core **Renewables** sub-index continues to be a steady performer with **Bioenergy** showing the strongest short-term momentum. **Hydrogen** continues to be volatile and has staged a strong recovery since the start of 2022. Both **Efficiency** and **Storage** have seen some recent weakness as supply chain issues continue to ripple across the broader market.

Contact us for more details. To learn more or to apply for an index data or product licence please speak to your regular **Radnor** or **Longspur** contacts. Alternatively visit us at www.activenetzero.com.

Active Net Zero Clean Energy Index – An Introduction

Longspur Capital and Radnor Capital Partners created the Active Net Zero Clean Energy Index for two reasons. Firstly, in response to increased demand from investors for exposure to clean energy as we move towards a net zero world. Secondly, to better understand how efficiently markets are allocating capital in support of the energy transition. This carefully constructed and highly selective index provides the basis for informed investment decisions.

Whilst we have seen several ESG indices and ‘green’ performance indicators published in recent years, we believe there is a real opportunity to develop an index with a **clear selection methodology based around positive contribution, rather than passive compliance**. Put simply, we believe the constituents of this index are accelerating the drive towards a net zero future.

Longspur Radnor Indices Limited defines an Active Net Zero company as **one which is actively helping others in the transition to a net zero world, not simply achieving net zero themselves**. This distinction is encapsulated throughout the index methodology in the distinction between what are ‘Active’ net zero activities and what are considered ‘Passive’ net zero activities based on a company’s operations. **We outline our proprietary research methodology later in this note.**

Whilst passive activities are welcomed and encouraged, this index is designed to isolate the performance of companies which are ‘actively’ contributing to global net zero.

Longspur Radnor Indices Limited is a joint venture between Longspur Capital and Radnor Capital Partners and provides two tools to help investors target active net zero.

1. The **Active Net Zero Clean Energy Index** is a published (Ticker **ANZNRG**), investable benchmark index¹ based on the top 50 European listed companies who have passed our stringent Active Net Zero eligibility criteria as well as the liquidity screening thresholds based on market cap and trading volumes. This index is also UCITS compliant with a single stock weighting limit of 9%.
2. The **Active Net Zero Clean Energy Universe**, is a research index² including all listed European companies who have passed the Active Net Zero eligibility criteria based on the revenue methodology with no limit to the number of companies included and with no exclusions based on liquidity thresholds or market capitalization size.

The purpose of launching these two indices side by side is so they can be used as both a standalone research index and as part of an ESG investment strategy utilising the same systematic, rules-based eligibility methodology.

¹ A published non-significant Benchmark for evaluating fund performance within the scope of UK BMR/ESMA regulations. Elston Indices is the Benchmark Administrator for the Active Net Zero Clean Energy Index. Longspur Radnor Indices is a Benchmark Contributor to the Active Net Zero Clean Energy Index. For more information, see Notices.

² For research and illustrative purposes only, not a Benchmark as per UK BMR/ESMA definitions.

Active Net Zero Clean Energy Index – Performance Review

In Figure 2 and 3 below we show the **5 Year** and **2 Year** performance of the headline Active Net Zero Clean Energy Index relative to both the FTSE All Share and the MSCI Europe (ex UK) benchmarks. Both the FTSE and the MSCI indices have been rebased to the Active Net Zero Clean Energy Index.

Figure 2: 5 Years vs Benchmarks

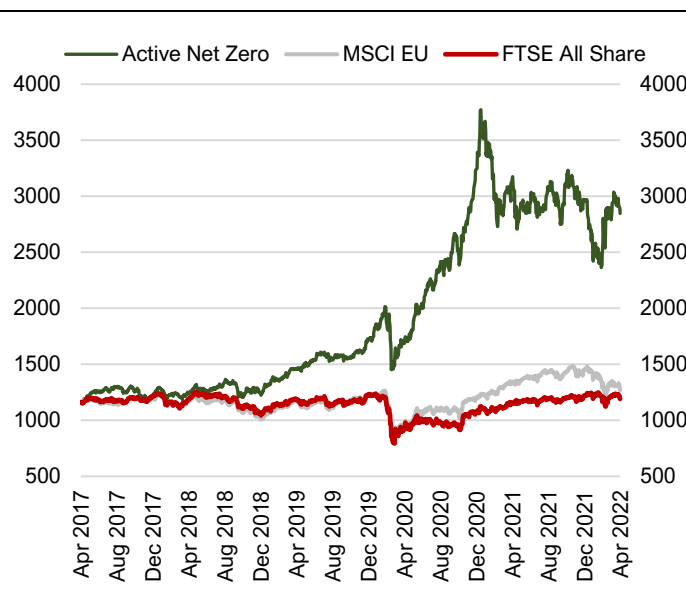
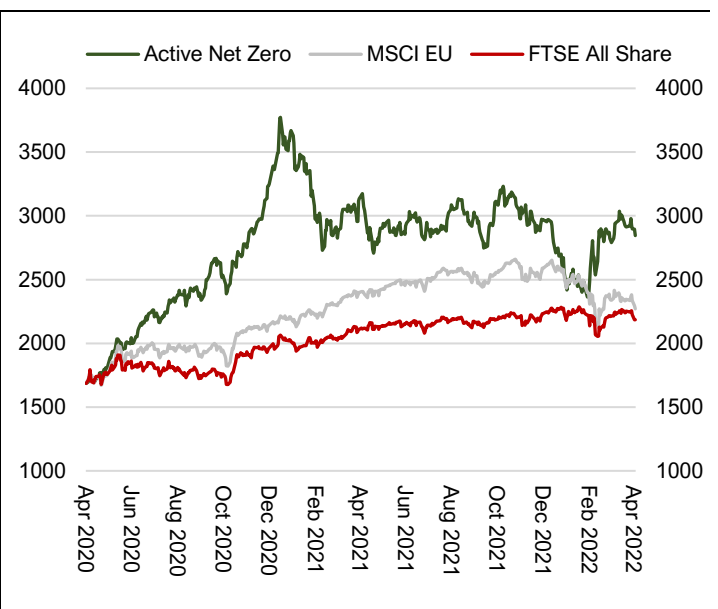


Figure 3: 2 Years vs Benchmarks



Source: FactSet, Longspur Radnor Indices

Figure 4: Annual Performance Comparison

	5 Year	4 Year	3 Year	2 Year	1 Year	YTD
FTSE All Share	+ 2.6%	+ 0.5%	+ 0.8%	+ 27.5%	+ 3.1%	- 2.4%
MSCI EU	+ 9.2%	+ 8.0%	+ 8.3%	+ 31.8%	- 5.6%	- 13.2%
Active Net Zero Clean Energy Index	+ 144.8%	+ 129.7%	+ 95.4%	+ 67.5%	- 10.0%	- 4.2%

Source: FactSet, Longspur Radnor Indices

Performance drivers

Very strong performance at the end of 2020 was not sustained into 2021 and following an initial decline, the index became rangebound. Entering 2022 saw a period of weakness as in some cases initial expectations of strong long term growth were not matched with near term performance. However the Russian invasion of Ukraine has led to renewed performance as energy security issues have risen up the agenda. Electricity pricing has also been strong across the period and high prices now look set to continue for longer thanks to the war.

Macro drivers

Electricity prices

Electricity prices have been at all time highs driven by high global gas prices, high CO₂ prices and compounded by low wind output in Europe. For those stocks directly benefiting, principally renewable and bioenergy companies this has created a strong performance environment. Efficiency has also benefited from the high price environment which makes efficiency benefits more valuable.

Energy Security

Following the Russian invasion of Ukraine concerns over energy security have created interest in the clean energy space. Policy is developing in response to this and includes new targets in clean energy. However full policy details on which to make investment decisions have still to be fleshed out and the impact on sector valuations has not really been evident.

Supply Chain

Overall the strongest performance from come from more mature areas of the sector and newer technologies have seen weaker performance. In a number of areas this a result of supply chain issues which are being felt across the economy but perhaps impacting smaller and more technically focused companies to a greater extent.

Sub sector performance

The headline Active Net Zero Clean Energy Index is based on the broader Active Net Zero Clean Energy Universe and represents the 50 largest and most liquid constituents of this broader Universe. The proprietary research methodology underpinning our approach identifies those pan European listed companies **actively** enabling the net zero energy transition. All companies that meet our proprietary criteria are included within the Universe.

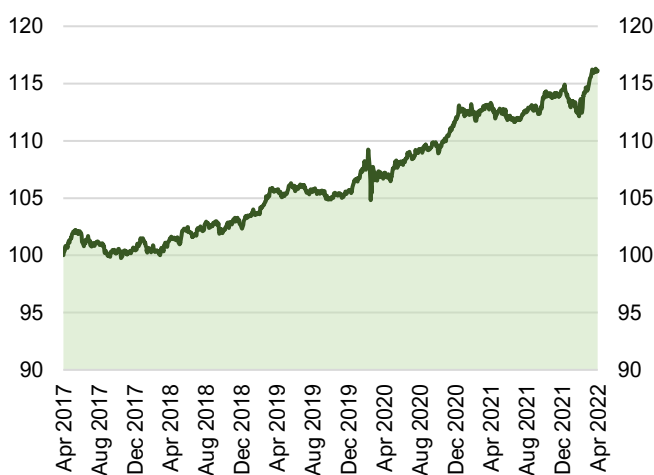
In the Figures below, we show the 5 Year and 2 Year performance of the sub sectors within the Active Net Zero Clean Energy Universe. Although we maintain these sub sectors as custom research indices and calculate them on a similar basis (market cap weighted but subject to a single stock capped weight of 9%), these are not deemed to be benchmark indices and are not maintained by an approved benchmark administrator (unlike the Active Net Zero Clean Energy Index).

Renewables - 72 companies, €173.4 bn Universe market cap

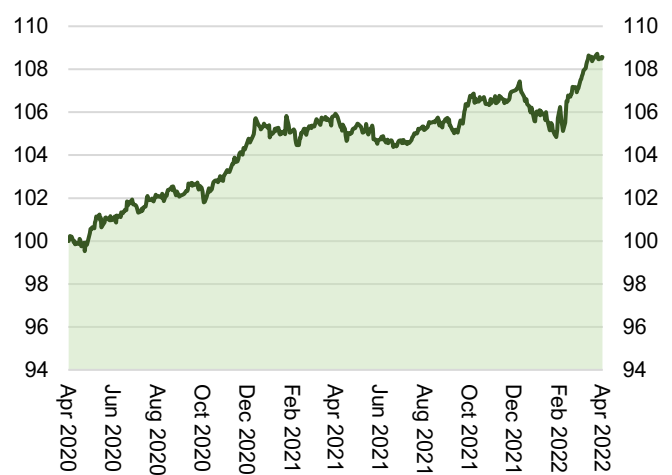
This sub index captures those companies whose predominant activity is the development and deployment of wind, solar, hydroelectric, geothermal and tidal power generation.

- Companies in the wind sector can be involved in the manufacturing of turbines, innovators of turbine technology, and developers of generation projects in their own right.
- Hydroelectric generation is eligible as are other small-scale technologies that can be more reliable than wind and solar in adverse conditions. Geothermal power uses natural heat below the earth's surface to generate electricity and whilst this form of renewable generation is only significant in areas where this form of natural heat is readily available, it forms an important part of the energy mix in a net zero world.
- We **exclude** from this Universe the UK listed renewable infrastructure investment trust sector as their returns profile (income vehicles primarily) are distinct from the operating companies that make up the rest of the Universe.

Renewables – 5 Year Performance



Renewables – 2 Year Performance



Source: FactSet, Longspur Radnor Indices

Given the dominance of renewable energy generators here it is not surprising to see a steady performance, well insulated from more general market volatility but exposed to higher electricity prices.



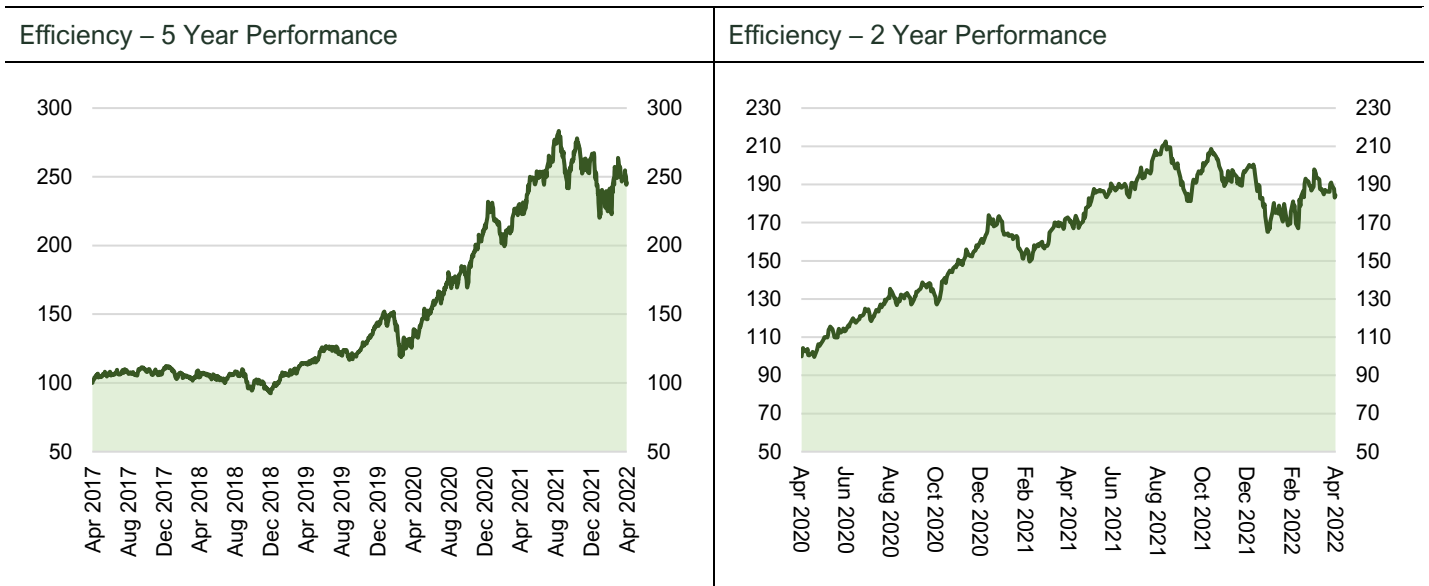
Notable positive price movements over the last year have been **Alerion Clean Power** (+114%), **Renergetica SpA** (+62%), **PNE AG** (+61%), **EnergieKontor AG** (+57%) and **Otovo** (+54%).



Notable negative price movements over the last year have been **Azelio AB** (-83%), **Aker Offshore Wind** (-66%) and **BW Ideol** (-65%), **Savosolar** (-62%) and **Vergnet** (-60%).

Efficiency - 14 companies, €27.9 bn Universe market cap

Companies are considered eligible in this sector if through developing technologies they are able to improve efficiency of both generation and distribution of electricity. Relevant technologies can range from reducing losses on the grid, or reducing use of energy in homes, retail or commercial / industrial buildings.



Source: FactSet, Longspur Radnor Indices

The Efficiency sub-index has been an impressive performer over the last 5 years despite being less “blue sky” than some of the other sub-indices. The constituent companies are more mature with established business models. By and large, positive share price performance has been driven more by revenue and profit progression rather than pure sentiment. More recently, the sub-index has not been immune from supply chain concerns that have impacted the broader market but is likely to have benefited from high electricity prices.

Over the last 5 years the Efficiency sub-index has delivered a **+146%** price return, with a **+84%** return over the last 2 years.



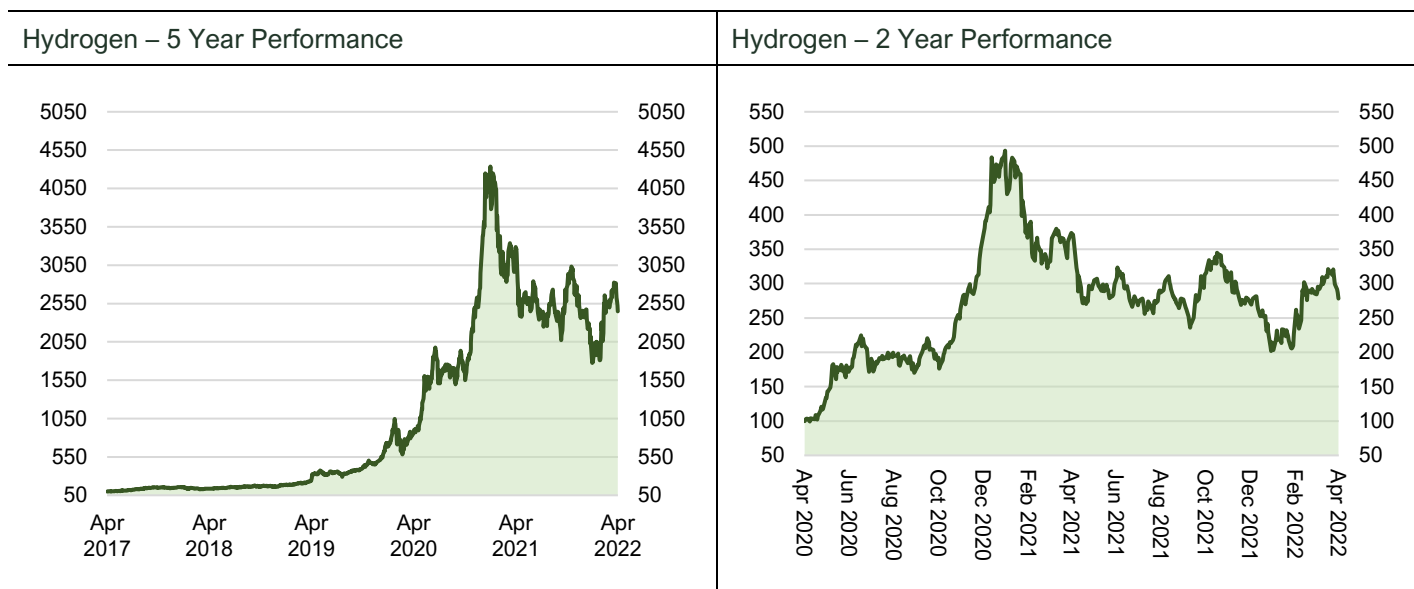
Notable positive performers over the last year have been **Innovatec** (+233%), **Smart Grids AG** (+100%), **Lucibel SA** (+52%), **Dialight PLC** (+28%) and **FW Thorpe PLC** (+25%).



Notable detractors over the last year have been **LED iBond** (-92%), **Climeon AB** (-67%), **eEnergy Group** (-51%), **Swedish Sterling** (-43%) and **Landis+Gyr Group** (-19%).

Hydrogen - 15 companies, €10.5 bn Universe market cap

There is no doubt that hydrogen will play a significant role in the energy transition. However, there is much debate around the various flavours of hydrogen. A company is eligible for inclusion in the Active Net Zero Clean Energy Universe if it is involved in the production and storage of “green” or “blue” hydrogen, as well as hydrogen and fuel cell technologies or alternative fuel vehicles using hydrogen.



Source: FactSet, Longspur Radnor Indices

Of all the sub sectors within the Active Net Zero Clean Energy Universe, hydrogen has seen the most pronounced volatility.

Despite the pull back witnessed at the back end of 2021 and start of 2022, the Hydrogen sub index has still delivered a **+178%** return over the last two years. More recently, broader energy security and diversity concerns have seen impetus return to this sector.

While hydrogen policy has been developing positively with a notable push as an answer to energy security, lack of detailed policy has held back any impact on valuations. The UK has made hydrogen part of the British Energy Security Strategy with a doubling of ambition to reach 10GW of production capacity but so far this is more about targets rather than detailed policy implementation. In Europe the Commission proposes to develop a REPowerEU plan which includes larger volumes of renewable hydrogen production and imports but again details have still to emerge.



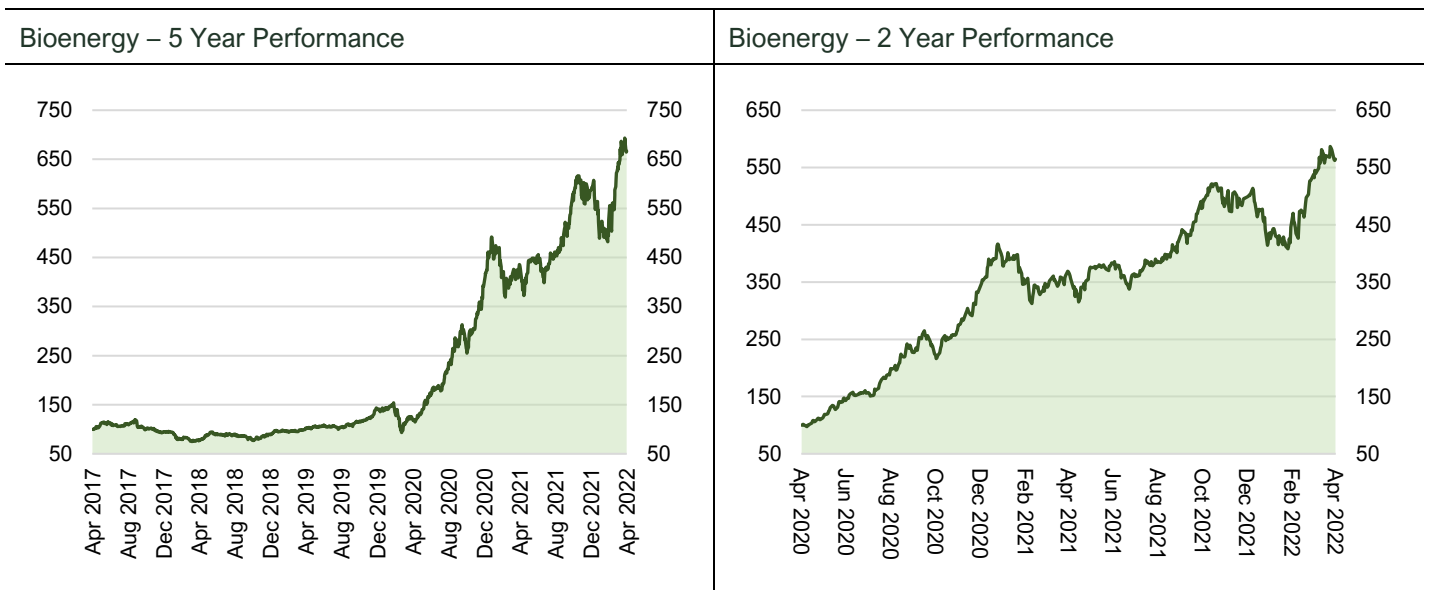
On a one year basis, only **Horisont Energi** (+20%) is in positive territory



Notable detractors over the last year have been **Hynion** (-77%), **Proton Motor Power Systems PLC** (-56%), **Aker Clean Hydrogen** (-54%), **Powerhouse Energy Group PLC** (-52%) and **AFC Energy PLC** (-52%).

Bioenergy - 15 companies, €13.0 bn Universe market cap

Eligible companies are involved in biomass through the process of using plant or animal material as fuel to produce electricity, heat or biofuels. Under the Index methodology, eligible companies are those that supply the biomass, are involved in engineering the technology and or equipment or are involved in the production or consumption of biomass as fuel for electricity, heat or biofuel. Areas such as sustainable aviation fuel and the combination with carbon capture technologies are also features within this sub index.



Source: FactSet, Longspur Radnor Indices

Bioenergy has been one of the stronger performing sub-indices reflecting the growing contribution of biomass power generation into the overall energy mix and the growing prominence of biofuels within specific industry applications (ie sustainable aviation fuel). The recovery in the oil price has also had a positive effect by reducing the competitive price differential.

Over the last 5 years Bioenergy has delivered a +567% price return and a still impressive +464% price return over the last two years. Year to date performance in 2022 has remained positive (+13%) albeit at a slower pace than 2020 or 2021.



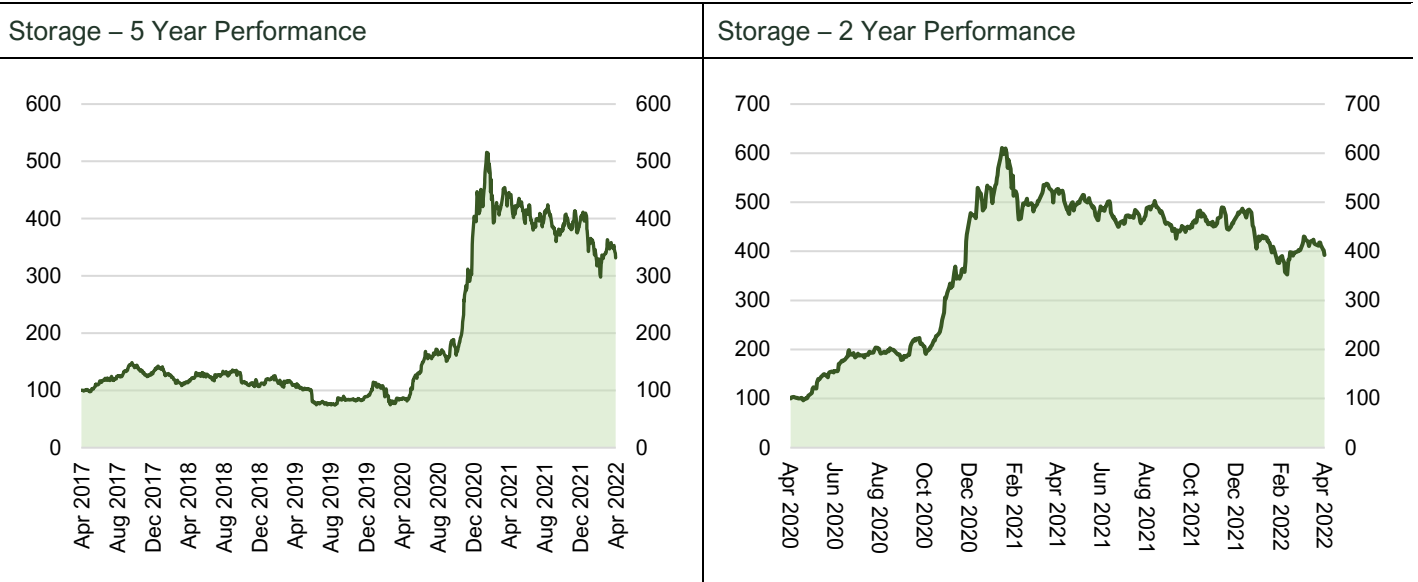
Notable positive contributors over the last year have been **La Francaise de l'Energie** (+129%), **Drax Group PLC** (+107%), **Verbio Vereinigte BioEn** (+101%), **EnviTec Biogas** (+53%) and **CropEnergies AG** (+28%)



Notable detractors over the last year have been **BiON** (-84%), **Active Energy Group PLC** (-80%), **SIMEC Atlantis** (-72%) and **Quantafuel** (-62%).

Storage - 15 companies, 1% of Universe market cap

Due to the intermittency of renewables such as wind and solar, energy storage and battery technologies are crucial in the shift to net zero. Eligible companies in the energy storage sector are involved in the development of battery technology or other forms of energy storage, such as EV charging and the manufacturing of EVs.



Source: FactSet, Longspur Radnor Indices

The Storage sub-index bears some similarities to the Hydrogen sub-index in terms of overall price volatility. It is also a technology led sector where many (but not all) of the constituents are IP led technology businesses that are some distance away from full commercialisation of their technologies.

This is also a sector where there has been a number of investment trust IPOs in London where the battery assets are being owned for their income characteristics. Similarly to the Renewables sub-index we have **excluded** these close end vehicles from our Universe as they are not run as operating companies.



On a one year basis, only **Hybricon Bus System** (+20%) is in positive territory



Notable detractors over the last year have been **AMTE Power** (-68%), **Douaisienne de Basse Tension** (-66%), **Kyoto Group** (-63%), **Ilika PLC** (-55%) and **Fastned** (-48%).

Active Net Zero Clean Energy Index – A Deeper Dive

In this section we provide more colour on the headline composition of the Active Net Zero Clean Energy Index through the lens of

- Market Cap
- End Market
- Business Model
- Geography

Market Cap

The Active Net Zero Clean Energy is a purpose led, thematic Index first and foremost. Although it has been constructed with minimum liquidity thresholds and single stock weight caps (9%), its primary purpose is to identify the companies we believe are critical to the net zero energy transition

As a result of this emphasis, we believe the Active Net Zero Clean Energy Index provides a broader range of market cap exposure than many, if not all, of its primary peers. This is very much a natural function of our index methodology; which actively penalises fossil fuel activities and positively rewards those activities and technologies that are aligned with the energy transition. This methodology excludes the majority of the established commodity energy generators and suppliers (which are dominated by large / mega cap names) in favour of newer, more specialised and more often than not, smaller or mid cap alternatives.

Figure 6: Market Cap Bands by Index Weight

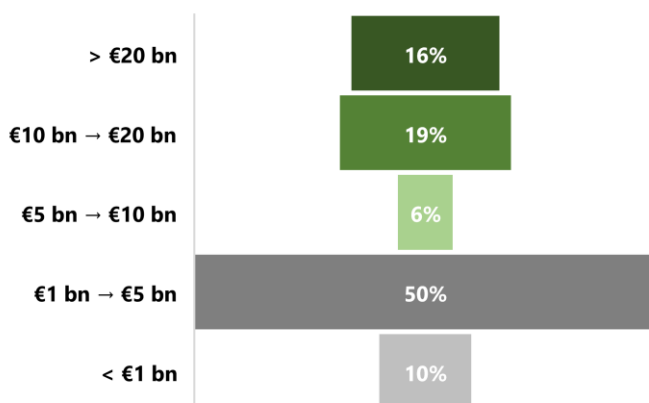
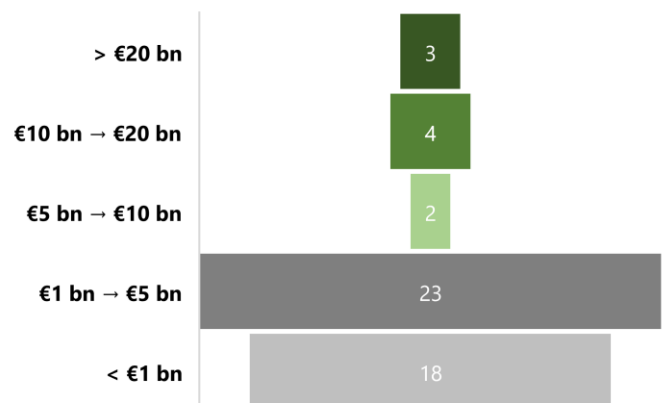


Figure 7: Market Cap Bands by Number



Source: FactSet, Longspur Radnor Indices

We can see from the above that in total **40%** of the Index value is represented by companies with a market cap in excess of **€5 billion**. **50%** of the Index value is represented by companies with a market cap in between **€1 billion** and **€5 billion**.

Sub €1 billion market cap companies only represent **10%** of the Index weight yet account for 18 of the 50 constituents.

End Market

This categorisation focuses on the broad target market that each company serves, or operates within.

Each of these broad categories capture the broad themes that are most resonant in the energy transition.

Renewables is, unsurprisingly, the largest segment and captures all the primary forms of existing renewable and alternative electricity generation (ie wind, solar, tidal / hydro and geothermal).

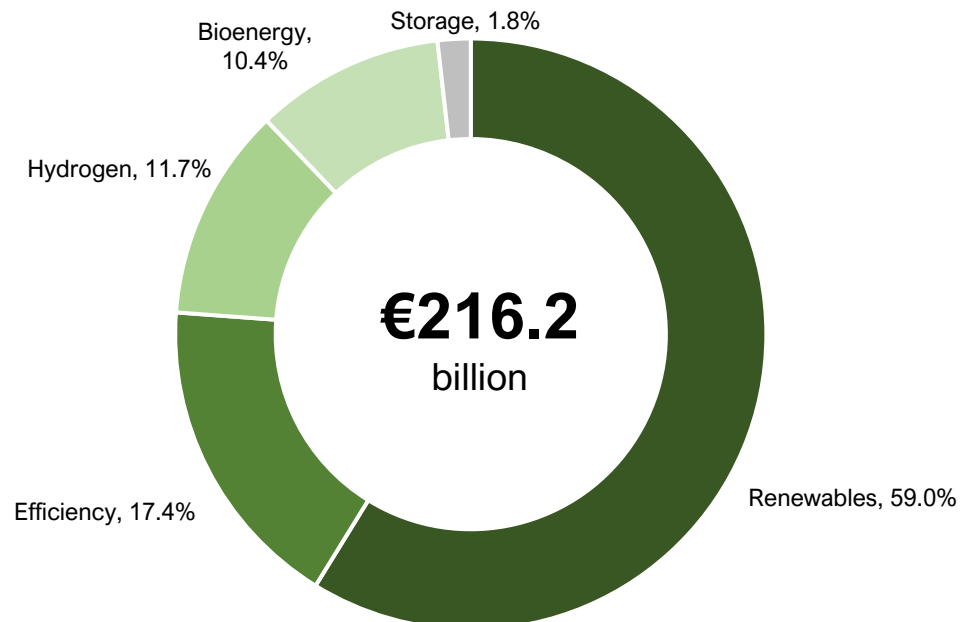
Bioenergy is defined by the use of existing feedstocks (ie waste, biomass etc) in order to generate electricity, heat or biofuels. We also capture within this segment the suppliers of biomass and the engineering and technology specialists.

Efficiency companies are those who are developing technologies or solutions that seek to improve the efficiency of energy generation, distribution or consumption.

Hydrogen speaks for itself. However, here we are focused on “green” or “blue” hydrogen players and fuel cell and transport solutions.

Storage represents the developers of battery technology or other forms of energy storage such as EV charging infrastructure and EV manufacture.

Figure 8: Index Weight by End Market



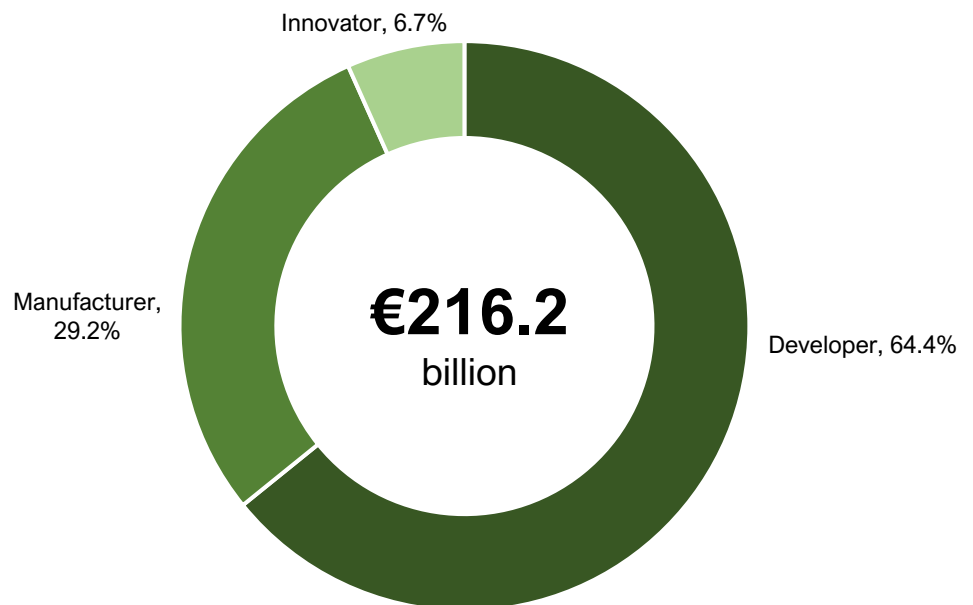
Source: FactSet, Longspur Radnor Indices

Business Model

When looking at our Active Net Zero Clean Energy Universe we see three primary business models dominating:

- **Developer.** These are the owners, developers and operators of predominantly renewable but also alternative energy assets or solutions. Given the capital intensity inherent within asset deployment, and the well established commercial models surrounding energy generation and supply, this is where the majority of the capital deployed within our Universe sits.
- **Manufacturer.** These are the more established businesses that are either manufacturing their own proprietary technology based solutions, or using their engineering / fabrication skills to proliferate existing but necessary hardware critical to the energy transition.
- **Innovator.** These are the IP led technology companies who are developing the technological solutions that will be critical to the energy transition. Often these companies will be relatively early stage and, in many cases, are pre revenue and pre profit. Typically many of these companies will operate an IP licensing business model although some are pursuing a more vertically integrated model which, if successful, would see them evolve into Manufacturers.

Figure 8: Index Weight by Business Model

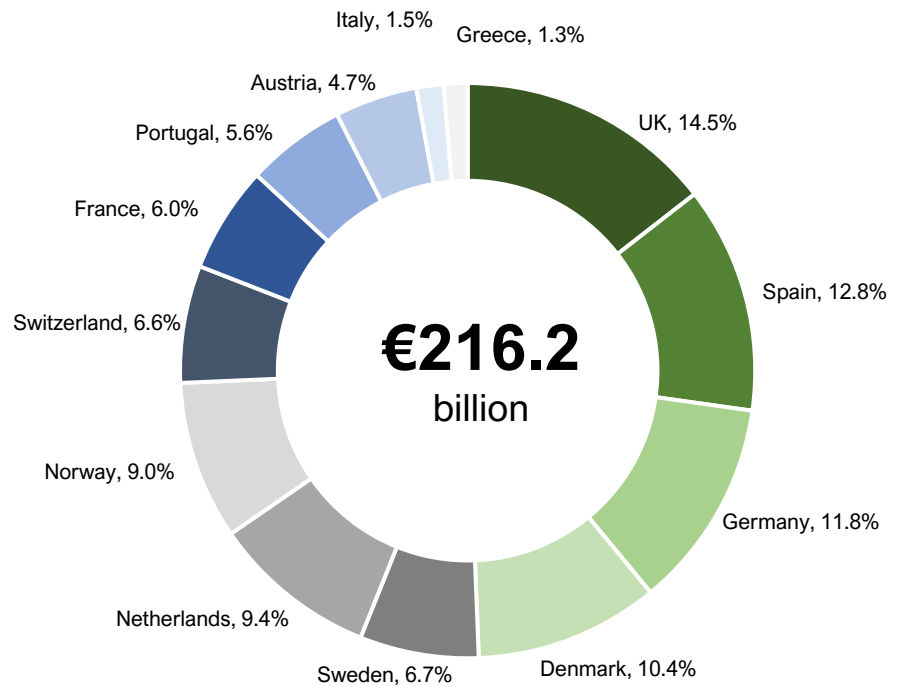


Source: FactSet, Longspur Radnor Indices

Geography

The Active Net Zero Clean Energy was initially created as a Pan European Index. However, the natural evolution for the Index will be to expand its scope to become a full global benchmark index.

Figure 5: Proportion of overall index market cap by geography



Source: FactSet, Longspur Radnor Indices

We can see from the above that, despite the absolute size of the UK capital market in particular, the Index is evenly exposed across the breadth of Europe. The largest three single geographic exposures (UK, Spain and Germany) taken together only account for **39%** of the total Index value.

Active Net Zero – The Concept

The IPCC Special Report on Global Warming of 1.5°C requires the world to eliminate net greenhouse gas emissions by 2050 if it is to keep global warming to within 1.5°C of pre-industrial levels and avoid the worst impacts of climate change. Pursuing this target is consistent with the Paris Agreement and countries representing over 60% of global emissions have already announced net zero targets including the USA, EU, China, Canada, Japan and South Korea. In fact, all the G7 countries except Italy have announced net zero targets.

The IPCC report shows that failing to achieve net zero will leave the world and its economies exposed to severe risk. We believe investors who want the environment to be considered in their investment strategies will want those investments to be consistent with a net zero approach. Increasingly, investing in activities that are not consistent with net zero will be seen as out of mandate. We also believe that a significant number of investors want to invest in delivering a net zero solution, not just complying with it. This is where active net zero is important.

The Institutional Investors Group on Climate Change (IIGCC) represents over 350 members with over US\$42tr of assets. It sees two dimensions for investors to be considered in alignment with the temperature goals of the Paris Agreement.

Two dimensions for investors



Decarbonising investment portfolios in a way that is consistent with achieving this net zero goal



Increasing investment in ‘climate solutions’ required to meet that goal, such as renewable energy, low carbon buildings, and energy efficient technologies

Source: IIGCC

We describe companies in the **second dimension as Active Net Zero companies**; those actively working to deliver a net zero solution.

Identifying Active Net Zero Companies

The Longspur Radnor Index methodology is based on company revenues.

To be eligible for inclusion, a company must have an Active Net Zero Score of at least 50% based on company revenues from Active Net Zero activities. Revenues are segmented based on whether they are active, passive or negative. Negative net zero activities are those based on fossil fuels including coal, oil and natural gas. Whilst companies that produce fossil fuels can be included, revenues from this sector count against its active revenues, making it difficult for those with significant fossil fuel activities to be included.

There is some merit in using capex rather than revenue as it is a good sign of a company's intentions. However, we are concerned with what a company is doing now

rather than what it intends to do, and capex is seldom shown in segmental notes to annual accounts, making its use here difficult. However, where segmental capex is available, we are happy to include companies on that basis.

As the clean energy sector includes early-stage technologies, a number of companies are pre-revenue. Where a company is pre-revenue or does not have revenue in a specific year, we are happy to use segmental opex. We see the inclusion of these companies as a key differentiator of the index, especially as, in order to achieve net zero, development of these technologies needs to be accelerated. The IEA 2020 Energy Technology Perspectives report highlights that the technologies required to meet around 75% of the emissions reductions needed for net zero are currently not mature.

Identifying Active Net Zero Activities

In order to use widely accepted definitions, we consider net active zero activities to be those outlined in the Annex to the EU Sustainable Finance Taxonomy (Regulation 2020/852 of the European Parliament and of the Council); 3.1 – 3.5, 3.9, 3.14 and 4.1 – 4.25. Under 3.5, Manufacture of other low carbon technologies, we include the supply of materials for low carbon technologies including mining of key minerals such as lithium, graphite, manganese and cobalt for energy storage where this is done sustainably. These activities are in line with the pathways set out in the IPCC Special Report on Global Warming of 1.5°C and in the IEA Net Zero by 2050 Roadmap.

As currently drafted, the Taxonomy omits nuclear energy, but this is still a matter of debate. For the purposes of this index we include electricity generation and hydrogen production from nuclear fission and fusion. While there are many good reasons to discard these technologies, they remain contributory technologies to a net zero world, which is the focus of this index.

Negative net zero activities are those based on fossil fuels including coal, oil and natural gas. Transition technologies which will not be part of a net zero end game are treated as per their net zero world contribution, which may be negative. So, for example, gas generation revenue will be treated as negative.

Activities Summarised

The eligible renewable energy businesses accepted for inclusion in the index and therefore considered an Active Net Zero activity are detailed below.

Renewables - Wind & Solar:

Company in the wind sector are involved in the manufacturing of turbines or associated parts, are wind developers and or generators, or are involved in the development of technologies for wind turbines. Generators of electricity using PV material, solar developers or companies engaged in the development of solar technologies are eligible.

Renewables - Biomass & Biofuels

Eligible companies are involved in biomass through the process of using plant or animal material as fuel to produce electricity, heat or biofuels. Under the Index methodology, eligible companies that supply the biomass are involved in engineering the technology and or equipment or are involved in the production or consumption or biomass as fuel for electricity, heat or biofuel.

Small Scale Renewables - Hydro power, tidal and geothermal

Hydroelectric generation is eligible as are of other small-scale technologies that can be more reliable than wind and solar in adverse conditions. Geothermal power uses natural heat below the earth's surface to generate electricity and whilst this form of renewable generation is only significant in areas where this form of natural heat is readily available, it forms an important part of the energy mix in a net zero world.

Energy Efficiency

Companies are considered eligible in this sector if through developing technologies they are able to improve efficiency of both generation and distribution of electricity. Technologies can range from reducing losses on the grid, or reducing use of energy in homes, retail or commercial buildings.

Hydrogen

Hydrogen technology could be a significant driver in the energy transition. A company is eligible if it is involved in the production and storage of green or blue hydrogen, as well as hydrogen and fuel cell technologies or alternative fuel vehicles using hydrogen.

Energy Storage

Due to the intermittency of renewables such as wind and solar, energy storage and battery technologies are crucial in the shift to net zero. Eligible companies in the energy storage sector are involved in the development of battery technology or other forms of energy storage solutions, such as EV charging and the manufacturing of EVs.

Mining

Mining of materials used for low carbon technologies including mining of key minerals such as lithium, graphite, manganese, and cobalt for energy storage, where this is done sustainably.

Issues along the Value Chain

There are issues where a company such as an energy retailer supplies both low renewable and fossil fuel derived energy. In these cases, the positive and negative impact of the revenue from each source are weighed against each other. If the revenue is not split, we estimate a split based on any other disclosed supply data. Similarly, grid (transmission) companies are assessed on how much clean and dirty power is being transmitted. Traditional grids and retailers themselves do not bring about the changes required but initiatives such as smart grid technologies and smart meters are enablers and we count as positive contributions.

The coal fired car

We see the manufacture of EVs as a key element of a net zero world. There have been a number of papers pointing out that at present where these vehicles charge on grids which are fossil fuel dominated, they do not contribute to mitigating climate change. However, we assume that grids will move to a net zero solution so that the EVs are then essential to decarbonising a key section of transport needs.

Energy efficiency

Energy efficiency is a key route to meeting net zero targets. For some observers there is no difference between a low energy LED lightbulb and a low emission gas turbine. Of course, gas turbines are still relative high emission, whereas LED lightbulbs are a major leap (notwithstanding the Khazzoom-Brookes postulate). However, our key criteria are that LEDs are part of the zero-emissions end game but combined cycle gas turbines (CCGTs) are not. So, we include efficiency but not CCGTs. For the same

reason we exclude bus companies unless the majority of their journeys are in low emission vehicles.

Waste to energy

We consider the biogenic content of waste to energy as an active net zero activity. For most commercial waste we consider this at 50% if no other information is available. While the remaining content can be seen as a negative contributor to a net zero world, we see the offsetting benefits of dealing with unrecyclable waste as a benefit and allow this to be treated as a neutral activity.

Blue hydrogen

Hydrogen produced from methane, using steam methane reformation with carbon capture and storage can be a viable low carbon solution whilst producing the significant quantities of hydrogen required for decarbonising industry. As such we see it as a positive activity in a net zero world.

Mining

We see similar issues with mining where mined material can be used in a variety of applications. Some may be active net zero, but not all. For example, where a graphite mine supplies exclusively to battery anode producers, this is clearly an active net zero activity. But if less than half of this mine supplies such an activity it would not be suitable for this index.

The key question in making these distinctions is **“will the activity contribute to a net zero world beyond the company itself?”**

Eligibility and Screening Criteria

The universe is all European listed companies with Europe, defined as the European Economic Area plus Switzerland and the UK.

To be eligible for inclusion in the Index, constituent companies are subject to the following screening criteria:

- Have an Active Net Zero score of at least 50% based on a company’s revenue characteristics
- Minimum free float adjusted market capitalisation criteria
- Minimum trading volume criteria
- Subject to individual security maximum weightings cap.

Rebalancing will be carried out annually on 30 June.

Longspur Radnor Indices Limited is a joint venture between:

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