

S

# INDEX GUIDELINE

SOLACTIVE SUSTAINABLE EUROPE LOW RISK EQUITY INDEX

Version 1.0

01 August 2022



## TABLE OF CONTENTS

Introduction .....	3
1. Index Specifications .....	4
1.1. Scope of the Index .....	4
1.2. Identifiers and Publication .....	4
1.3. Initial Level of the Index .....	5
1.4. Prices and calculation frequency .....	5
1.5. Licensing.....	5
2. Index Selection .....	6
2.1. Index Universe Requirements.....	6
2.2. Selection of the Index Components .....	8
2.3. Weighting of the Index Components.....	12
3. Rebalance .....	13
3.1. Ordinary Rebalance .....	13
3.2. Extraordinary Rebalance .....	13
4. Calculation of the Index .....	14
4.1. Index formula .....	14
4.2. Accuracy.....	14
4.3. Adjustments.....	14
4.4. Corporate actions.....	15
4.5. Recalculation.....	16
4.6. Market Disruption .....	16
5. Miscellaneous .....	17
5.1. Discretion .....	17
5.2. Methodology Review.....	17
5.3. Changes in calculation method.....	17
5.4. Termination .....	18
5.5. Oversight .....	18
6. Definitions.....	19
Contact.....	21



## INTRODUCTION

This document (the "**GUIDELINE**") is to be used as a guideline with regard to the composition, calculation and maintenance of the Solactive Sustainable Europe Low Risk Equity Index (the "**INDEX**"). Any amendments to the rules made to the GUIDELINE are approved by the OVERSIGHT COMMITTEE specified in Section 5.5. As of 01/08/2022 the INDEX is owned, calculated, administered and published by Solactive AG ("**SOLACTIVE**") assuming the role as administrator (the "**INDEX ADMINISTRATOR**") under the Regulation (EU) 2016/1011 (the "**BENCHMARK REGULATION**" or "**BMR**"). The name "Solactive" is trademarked.

*The text uses defined terms which are formatted with "SMALL CAPS". Such Terms shall have the meaning assigned to them as specified in Section 6 (Definitions).*

The GUIDELINE and the policies and methodology documents referenced herein contain the underlying principles and rules regarding the structure and operation of the INDEX. SOLACTIVE does not offer any explicit or tacit guarantee or assurance, neither pertaining to the results from the use of the INDEX nor the level of the INDEX at any certain point in time nor in any other respect. SOLACTIVE strives to the best of its ability to ensure the correctness of the calculation. There is no obligation for SOLACTIVE – irrespective of possible obligations to issuers – to advise third parties, including investors and/or financial intermediaries, of any errors in the INDEX. The publication of the INDEX by SOLACTIVE does not constitute a recommendation for capital investment and does not contain any assurance or opinion of SOLACTIVE regarding a possible investment in a financial instrument based on this INDEX.



# 1. INDEX SPECIFICATIONS

## 1.1. SCOPE OF THE INDEX

Category	Description
Asset Class	Equity
Strategy	Representation of European sustainable securities that are compliant with Environmental, Social and Governance (ESG) factors for sustainable investing and exhibit low systematic risk, tail risk, and asymmetric risk
Regional Allocation	Developed Markets [Europe]
Rebalancing Fee	-
Rebalancing Frequency	Monthly

## 1.2. IDENTIFIERS AND PUBLICATION

The INDEX is published under the following identifiers:

Name	ISIN	Currency	Type	RIC	BBG ticker
Solactive Sustainable Europe Low Risk Equity Index NTR	DE000SLA00R8	EUR	NTR	.SELRENTN	SELRENTN
Solactive Sustainable Europe Low Risk Equity Index NTR AR	DE000SLA00Q0	EUR	NTR AR	.SELRE	SELRE

NTR AR, NTR means that the Index is calculated as adjusted net total return and net total return Index as described in the Equity Index Methodology, which is available on the SOLACTIVE website: <https://www.solactive.com/documents/equity-index-methodology/>

The INDEX is published on the website of the INDEX ADMINISTRATOR ([www.solactive.com](http://www.solactive.com)) and is, in addition, available via the price marketing services of Boerse Stuttgart GmbH and may be distributed to all of its affiliated vendors. Each vendor decides on an individual basis as to whether it will distribute or display the INDEX via its information systems.

Any publication in relation to the INDEX (e.g. notices, amendments to the GUIDELINE) will be available at the website of the INDEX ADMINISTRATOR: <https://www.solactive.com/news/announcements/>.



### 1.3. INITIAL LEVEL OF THE INDEX

The initial level of the INDEX on the 01/07/2005, the START DATE, is 100. Historical values from the 26/05/2015 the LIVE DATE, will be recorded in accordance with Article 8 of the BMR. Levels of the INDEX published for a period prior to the LIVE DATE have been back-tested.

### 1.4. PRICES AND CALCULATION FREQUENCY

The level of the INDEX is calculated on each CALCULATION DAY from 9:00 a.m. to 10:30 p.m. CET based on the TRADING PRICES on the EXCHANGES on which the INDEX COMPONENTS are listed. TRADING PRICES of INDEX COMPONENTS not listed in the INDEX CURRENCY are converted using the current Intercontinental Exchange (ICE) spot foreign exchange rate. Should there be no current TRADING PRICE for an INDEX COMPONENT, the later of: (i) the most recent CLOSING PRICE; or (ii) the last available TRADING PRICE for the preceding TRADING DAY is used in the calculation.

In addition to the intraday calculation a closing level of the INDEX for each CALCULATION DAY is also calculated. This closing level is based on the CLOSING PRICES for the INDEX COMPONENTS on the respective EXCHANGES on which the INDEX COMPONENTS are listed. The CLOSING PRICES of INDEX COMPONENTS not listed in the INDEX CURRENCY are converted using the 04:00 p.m. London time WM Fixing quoted by Reuters. If there is no 04:00 p.m. London time WM Fixing for the relevant CALCULATION DAY, the last available 04:00 p.m. London time WM Fixing will be used for the closing level calculation.

### 1.5. LICENSING

Licenses to use the INDEX as the underlying value for financial instruments, investment funds and financial contracts may be issued to stock exchanges, banks, financial services providers and investment houses by SOLACTIVE.



## 2. INDEX SELECTION

On each SELECTION DAY, the INDEX ADMINISTRATOR will revise the composition of the INDEX.

In a first step, the INDEX ADMINISTRATOR determines the INDEX UNIVERSE in accordance with Section 2.1. The INDEX UNIVERSE comprises all those financial instruments which fulfill the INDEX UNIVERSE REQUIREMENTS (as specified in Section 2.1) and will constitute a starting pool from which the components of the INDEX will be selected. Based on this INDEX UNIVERSE, the new composition of the INDEX will be determined by applying the rules outlined in Section 2.2.

Each new INDEX COMPONENT will be assigned a weight as described in Section 2.3.

### 2.1. INDEX UNIVERSE REQUIREMENTS

The INDEX UNIVERSE is comprised of all financial instruments which fulfill the below requirements (the "**INDEX UNIVERSE REQUIREMENTS**"):

The INDEX ADMINISTRATOR has outsourced the determination of the INDEX UNIVERSE called SUSTAINABLE POOL to the DATA PROVIDER. Such outsourcing has been made in accordance with the requirements of the BMR (Article 10 BMR).

The INDEX UNIVERSE contains securities with incorporation and share market listing in one of the eligible countries defined below. In addition, securities primary listing must be on a regulated share exchange in the form of shares tradable without restrictions for foreign investors.

Eligible Countries
Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom, Luxembourg, Greece

Then companies which are ranked in the top 50 percent of ESG score by sector are eligible for the INDEX UNIVERSE. The relative ESG performance is researched and determined by the DATA PROVIDER. In a further step, the DATA PROVIDER removes any security which falls under one of the following categories:

Theme	Topic	Exclusion criterion
	Environment	<ul style="list-style-type: none"> <li>Verified failure to be compliant with establish norms and principles and their</li> </ul>
	Human Rights	



UN Global Compact principles	Anti-Corruption	underlying conventions and treaties as well as involvement in most severe ESG incidents
	Bargaining	
	Labour Rights	
Controversial Weapons	Anti-Personnel Mines	<ul style="list-style-type: none"> <li>Companies with verified or alleged ongoing involvement</li> <li>Companies with &gt;10% share in the involved companies</li> <li>Companies with &gt;10% ownership by the involved companies</li> </ul>
	Biological and Chemical Weapons	
	White Phosphorus	
	Depleted Uranium	
	Nuclear Weapons	
	Cluster Weapons	

Additionally, the INDEX UNIVERSE is also filtered by applying the exclusion criteria specified in the table below. These are based on data researched by the DATA PROVIDER.

Category	Criterion for Exclusion
Adult Entertainment	<ul style="list-style-type: none"> <li>Producers with more than 5% revenue and</li> <li>Distributors with more than 10% revenue from adult entertainment-related business activities</li> </ul>
Animal Testing	<ul style="list-style-type: none"> <li>Companies with any involvement in animal testing for non-pharmaceutical products.</li> </ul>
Firearms	<ul style="list-style-type: none"> <li>Producers with more than 5% revenue from selling small arms to civilian customers, and military/law enforcement</li> <li>Distributors/retailers with more than 5% revenue from small arms or key components</li> </ul>
Fur And Specialty Leather	<ul style="list-style-type: none"> <li>Producers with more than 5% revenue and</li> <li>Retailers with more than 10% revenue from fur and specialty leather-related business activities</li> </ul>
Gambling	<ul style="list-style-type: none"> <li>Companies with more than 5% revenue from operation of gambling-related business activities</li> <li>Companies with more than 10% revenue from manufacturing specialized equipment and providing supporting products and services to gambling-related business activities</li> </ul>
Genetically Modified Plants and Seeds	<ul style="list-style-type: none"> <li>Companies with more than 5% revenue from development, cultivation, and growing genetically modified seeds, plants, and crops</li> </ul>



Nuclear Power	<ul style="list-style-type: none"> <li>• Producers with more than 5% revenue from ownership and operation of nuclear power generators</li> <li>• Companies with more than 10% revenue from distribution of utilities generated from nuclear power</li> <li>• Companies with more than 10% revenue from providing products and services to support nuclear power-related business activities</li> </ul>
Military Contracting	<ul style="list-style-type: none"> <li>• Producers with more than 5% revenue from providing military weapons, offensive weapons systems or secondary components of weapons</li> <li>• Companies with more than 5% revenue from providing products or services that support military weapons</li> <li>• Companies with more than 5% revenue from providing non- weapon related products or services to the military or defense industry</li> </ul>
Palm Oil	<ul style="list-style-type: none"> <li>• Producers with more than 5% revenue from palm oil</li> <li>• Companies with more than 5% revenue from trading palm oil</li> <li>• Retailers and refiner with more than 50% of revenue from palm oil</li> </ul>
Pesticides	<ul style="list-style-type: none"> <li>• Producers with more than 5% revenue and</li> <li>• Retailers with more than 50% revenue from pesticide-related business activities</li> </ul>
Tobacco	<ul style="list-style-type: none"> <li>• Producers with more than 5% revenue from tobacco products</li> <li>• Retailers with more than 10% revenue from tobacco products</li> <li>• Companies with more than 10% revenue from providing products and services from tobacco-related business activities</li> </ul>

The securities eligible after that screening process described above will constitute the INDEX UNIVERSE also referred to as SUSTAINABLE POOL.

The determination of the INDEX UNIVERSE is fully rule-based and the DATA PROVIDER cannot make any discretionary decisions.

## 2.2. SELECTION OF THE INDEX COMPONENTS

Based on the INDEX UNIVERSE, the initial composition of the INDEX as well as any selection for an ordinary rebalance is determined on the SELECTION DAY in accordance with the following rules:

(the "**INDEX COMPONENT REQUIREMENTS**");

The securities in SUSTAINABLE POOL have to fulfill all of the following criteria in order to be eligible for the final INDEX:





1. The securities in the SUSTAINABLE POOL, that have DAILY VALUE TRADED over 75% of PERFORMANCE OBSERVATION PERIOD above or equal to 10 million Euro are considered as liquid and will constitute the LIQUIDITY POOL.
2. The LIQUIDITY POOL is then screened in order to filter out securities displaying a high systematic risk based on the BETA TEST with following formula:

$$\beta_{i,M,t} = \frac{cov(r_{i,t}, r_{M,t})}{var(r_{M,t})}$$

Where:

$cov(r_{i,t}, r_{M,t})$  is the Exponential Weighted Moving Average Covariance ("EWMA Covariance") between the security return  $i$  and the Benchmark return  $M$ .

on the SELECTION DAY  $t$  and is calculated according to the following formula:

$$cov(r_{i,t}, r_{M,t}) = \sum_{s=t-89}^t \frac{(1 - \lambda_{i,M})^{t-s}}{Weighting Factor} \times r_{i,s} * r_{M,s}$$

Where:

$\lambda_{i,M}$  is the decay factor of the covariance between the security return  $i$  and the Benchmark return  $M$ .

$$Weighting Factor = \sum_{s=t-89}^t (1 - \lambda_i)^{t-s}$$

$r_{i,s}$  is the natural logarithm return of the security  $i$  on weekday  $s$  and is calculated as  $r_{i,s} = \ln \left( \frac{p_{i,s}}{p_{i,s-1}} \right)$  and  $p_{i,s}$  is the security price on weekday  $s$

$r_{M,s}$  is the Benchmark return  $M$  on weekday  $s$

And where:

$var(r_{M,t})$  is the Exponential Weighted Moving Average Variance ("EWMA Variance") of the Benchmark return  $M$  on the SELECTION DAY  $t$  and is calculated according to the following formula:

$$var(r_{M,t}) = \sum_{s=t-89}^t \frac{(1 - \lambda_{i,M})^{t-s}}{Weighting Factor} \times r_{M,t} * r_{M,t}$$

The "Beta Coefficient"  $\beta$  captures the dependence between the securities returns and a benchmark return. The benchmark  $\beta$  is equal to one. Therefore, a security which shows a  $\beta$  that has an absolute value greater than one will usually be considered as risky with respect to the benchmark.

Thus, the securities with  $|\beta_{i,M,t}| \leq 1$  form the BETA POOL.

3. The BETA POOL is then screened in order to identify the securities that display a low risk based on key risk measures that account for tail risk and asymmetric risk. At this step, level of securities riskiness is measured with performing a scoring methodology over following risk filters:



- The Exponential Weighted Moving Average Volatility ("EWMA Volatility") of each security on the SELECTION DAY.
- The "Downside Volatility" measure eliminates positive returns when calculating risk and it is calculated according to the following formula:

$$\text{Downside Volatility}(r_{i,t}, \text{MAR}_{i,t}) = \sqrt{\frac{\sum_{s=t-89}^t \min(r_{i,s} - \text{MAR}_{i,t}, 0)^2}{89}}$$

Where:

$\text{MAR}_{i,t}$  is the 4 acceptable return of the security  $i$  on the SELECTION DAY  $t$  which we defined it 0.

And for the avoidance of doubt 89 is the number of returns over the 90 weekdays within the PERFORMANCE OBSERVATION PERIOD.

- The "Sortino Ratio" is calculated according to the following formula:

$$\text{Sortino}_{i,t} = \frac{(\bar{r}_{i,t} - \text{MAR}_{i,t})}{\text{Downside Volatility}(r_{i,t}, \text{MAR}_{i,t})}$$

Where:

$\bar{r}_{i,t}$  is the average return of the security  $i$  on the SELECTION DAY  $t$  and is calculated as follows:

$$\bar{r}_{i,t} = \frac{\sum_{s=t-89}^t r_{i,s}}{n}$$

Where:

$n$  is the number of returns included in the 90 weekdays within the PERFORMANCE OBSERVATION PERIOD, i.e  $n = 89$ .

- The "Skewness" characterizes the degree of asymmetry of a share's distribution of returns around its mean and is calculated as follows:

$$\text{Skewness}_{i,t} = \frac{n}{(n-1)(n-2)} \sum_{s=t-89}^t \frac{(r_{i,s} - \bar{r}_{i,t})^3}{\sigma^3}$$

Where:

$\sigma$  is the sample deviation over PERFORMANCE OBSERVATION PERIOD.

After calculation of all risk filters, an arbitrary weight  $w_k$  is assigned for each risk filter  $k$  such that a risk filter that is considered more important is assigned a greater weight compared to a less important one.

For each risk filter, the securities are ranked according to their level of riskiness such that the best security is ranked 1st and the worst security is ranked last. Each security  $i$  within a specific risk filter is



given a score  $s_k^i$  depending on its rank for this particular risk filter  $k$ . The score of a security  $i$  for a risk filter  $k$  is defined as:

$$s_k^i = \frac{N}{r_k^i}$$

Where:

$N$  is the number of securities that make up the BETA POOL

$r_k^i$  is the rank of the security  $i$  for the particular risk filter  $k$

And the final score is:

$$Score_i = \sum_{k=1}^m (w_k * s_k^i) + w_t s_t^i$$

Where:

$m$  is the number of risk filters

$w_k$  is the weight of the risk filter  $k$

$w_t$  is the weight of the TURNOVER FILTER

$s_t^i$  is the score for the "Turnover Filter" for security  $i$

Where TURNOVER FILTER is effectively used only from the start of the second rebalancing period. How it is used is described below:

- A security which belongs to the previous period FINAL POOL is assigned a score equal to the numbers of shares  $N$  in the BETA POOL.
- A security which does not belong to the previous period FINAL POOL is assigned a score equal to 0.
- Then the score to the TURNOVER FILTER is assigned a weight  $w_t$  which may vary depending on the turnover ratio targeted. The higher the weight, the lower the turnover ratio.

Risk Filters	Weights
EWMA Volatility	3
Downside Volatility	2.5
Sortino Ratio	1.5
Skewness	2.5
Turnover Filter	1

Next, the 30 securities displaying the best scoring (lowest risk) from the BETA POOL construct the FINAL POOL. In case the entire selection process results in less than 30 INDEX COMPONENTS, the 20 highest ranked



securities will be chosen as INDEX COMPONENTS. If there are less than 20 securities passing the entire selection process, all of these shares will be added to the INDEX.

The selection of the INDEX COMPONENTS is fully rule-based and the INDEX ADMINISTRATOR cannot make any discretionary decision.

## 2.3. WEIGHTING OF THE INDEX COMPONENTS

On each SELECTION DAY each INDEX COMPONENT is assigned an equal weight.



## 3. REBALANCE

### 3.1. ORDINARY REBALANCE

In order to reflect the new selection of the INDEX COMPONENTS determined on the SELECTION DAY (in accordance with Section 2.1 and 2.2) the INDEX is adjusted on the REBALANCE DAY after CLOSE OF BUSINESS.

This is carried out by implementing the weights as determined on the SELECTION DAY.

For more information on the rebalance procedure please refer to the Equity Index Methodology, which is incorporated by reference and available on the Solactive website:  
<https://www.solactive.com/documents/equity-index-methodology/>.

SOLACTIVE will publish any changes made to the INDEX COMPONENTS with sufficient notice before the REBALANCE DAY on the SOLACTIVE website under the section "Announcement", which is available at <https://www.solactive.com/news/announcements/>

### 3.2. EXTRAORDINARY REBALANCE

The INDEX is not rebalanced extraordinarily.



## 4. CALCULATION OF THE INDEX

### 4.1. INDEX FORMULA

The INDEX is calculated as a adjusted net total return and net total return Index.

The calculation is performed according to the Equity Index Methodology, which is available on the SOLACTIVE website: <https://www.solactive.com/documents/equity-index-methodology/>. The divisor index formula stipulates that the level of the INDEX changes based on the change of the prices of its INDEX COMPONENTS taking into account their weight in the INDEX and any currency conversion in case the price of an INDEX COMPONENT is quoted in a currency other than the INDEX CURRENCY.

Any dividends or other distributions are reinvested across the entire basket of INDEX COMPONENTS by means of a divisor at the opening of the effective date (the so-called ex-date) of the payment of such dividend or other distribution.

A more detailed description of the mechanics of the index calculation formula can be found in the Equity Index Methodology under Section 1.2.

For the construction of the NTR AR INDEX version a decrement of 3.5% per annum is deducted on each INDEX CALCULATION DAY from the NTR INDEX version. The decrement will be applied in compliance with the Solactive Equity Index Methodology, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/equity-index-methodology/>.

### 4.2. ACCURACY

The level of the INDEX will be rounded to three decimal places. Divisors will be rounded to six decimal places. TRADING PRICES and foreign exchange rates will be rounded to six decimal places.

### 4.3. ADJUSTMENTS

Under certain circumstances, an adjustment of the INDEX may be necessary between two regular REBALANCE DAYS. Such adjustment has to be made if a corporate action (as specified in Section 4.4 below) in relation of an INDEX COMPONENT occurs. Such adjustment may have to be done in relation to an INDEX COMPONENT and/or may also affect the number of INDEX COMPONENTS and/or the weighting of certain INDEX COMPONENTS and will be made in compliance with the Solactive Equity Index Methodology, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/equity-index-methodology/>.



SOLACTIVE will announce the INDEX adjustment giving a notice period of at least two TRADING DAYS (with respect to the affected INDEX COMPONENT) on the SOLACTIVE website under the Section “Announcements”, which is available at <https://www.solactive.com/news/announcements/>. The INDEX adjustments will be implemented on the effective day specified in the respective notice.

## 4.4. CORPORATE ACTIONS

As part of the INDEX maintenance SOLACTIVE will consider various events – also referred to as corporate actions – which result in an adjustment to the INDEX between two regular REBALANCE DAYS. Such events have a material impact on the price, weighting or overall integrity of INDEX COMPONENTS. Therefore, they need to be accounted for in the calculation of the INDEX. Corporate actions will be implemented from the cum-day to the ex-day of the corporate action, so that the adjustment to the INDEX coincides with the occurrence of the price effect of the respective corporate action.

Adjustments to the INDEX to account for corporate actions will be made in compliance with the Equity Index Methodology, which is available on the SOLACTIVE website: <https://www.solactive.com/documents/equity-index-methodology/>. This document contains for each corporate action a brief definition and specifies the relevant adjustment to the INDEX variables.

While SOLACTIVE aims at creating and maintaining its methodology for treatment of corporate actions as generic and transparent as possible and in line with regulatory requirements, it retains the right in accordance with the Equity Index Methodology to deviate from these standard procedures in case of any unusual or complex corporate action or if such a deviation is made to preserve the comparability and representativeness of the INDEX over time.

SOLACTIVE considers following, but not conclusive, list of corporate actions as relevant for INDEX maintenance:

- > Cash Distributions (e.g. payment of a dividend)
- > Stock distributions (e.g. payment of a dividend in form of additional shares)
- > Stock distributions of another company (e.g. payment of a dividend in form of additional shares of another company (e.g. of a subsidiary))
- > Share splits (company's present shares are divided and therefore multiplied by a given factor)
- > Reverse splits (company's present shares are effectively merged)
- > Capital increases (such as issuing additional shares)
- > Share repurchases (a company offer its shareholders the option to sell their shares to a fixed price)
- > Spin-offs (the company splits its business activities into two or more entities and distributes new equity shares in the created entities to the shareholders of the former entity)



- > Mergers & Acquisitions (transaction in which the ownership of a company (or other business organizations) are transferred or consolidated with other entities, e.g. fusion of two or more separate companies into one entity)
- > Delistings (company's shares are no longer publicly traded at a stock exchange)
- > Nationalization of a company (effective control of a legal entity is taken over by a state)
- > Insolvency

## 4.5. RECALCULATION

SOLACTIVE makes the greatest possible efforts to accurately calculate and maintain its indices. However, errors in the determination process may occur from time to time for variety reasons (internal or external) and therefore, cannot be completely ruled out. SOLACTIVE endeavors to correct all errors that have been identified within a reasonable period of time. The understanding of "a reasonable period of time" as well as the general measures to be taken are generally depending on the underlying and is specified in the Solactive Correction Policy, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/correction-policy/>.

## 4.6. MARKET DISRUPTION

In periods of market stress SOLACTIVE calculates its indices following predefined and exhaustive arrangements as described in the Solactive Disruption Policy, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/disruption-policy/>. Such market stress can arise due to a variety of reasons, but generally results in inaccurate or delayed prices for one or more INDEX COMPONENTS. The determination of the INDEX may be limited or impaired at times of illiquid or fragmented markets and market stress.





## 5. MISCELLANEOUS

### 5.1. DISCRETION

Any discretion which may need to be exercised in relation to the determination of the INDEX (for example the determination of the INDEX UNIVERSE (if applicable), the selection of the INDEX COMPONENTS (if applicable) or any other relevant decisions in relation to the INDEX) shall be made in accordance with strict rules regarding the exercise of discretion or expert judgement.

### 5.2. METHODOLOGY REVIEW

The methodology of the INDEX is subject to regular review, at least annually. In case a need of a change of the methodology has been identified within such review (e.g. if the underlying market or economic reality has changed since the launch of the INDEX, i.e. if the present methodology is based on obsolete assumptions and factors and no longer reflects the reality as accurately, reliably and appropriately as before), such change will be made in accordance with the Solactive Methodology Policy, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/methodology-policy/>.

Such change in the methodology will be announced on the SOLACTIVE website under the Section "[Announcement](https://www.solactive.com/news/announcements/)", which is available at <https://www.solactive.com/news/announcements/>. The date of the last amendment of this INDEX is contained in this GUIDELINE.

### 5.3. CHANGES IN CALCULATION METHOD

The application by the INDEX ADMINISTRATOR of the method described in this document is final and binding. The INDEX ADMINISTRATOR shall apply the method described above for the composition and calculation of the INDEX. However, it cannot be excluded that the market environment, supervisory, legal and financial or tax reasons may require changes to be made to this method. The INDEX ADMINISTRATOR may also make changes to the terms and conditions of the INDEX and the method applied to calculate the INDEX that it deems to be necessary and desirable in order to prevent obvious or demonstrable error or to remedy, correct or supplement incorrect terms and conditions. The INDEX ADMINISTRATOR is not obliged to provide information on any such modifications or changes. Despite the modifications and changes, the INDEX ADMINISTRATOR will take the appropriate steps to ensure a calculation method is applied that is consistent with the method described above.



## 5.4. TERMINATION

SOLACTIVE makes the greatest possible efforts to ensure the resilience and continued integrity of its indices over time. Where necessary, SOLACTIVE follows a clearly defined and transparent procedure to adapt Index methodologies to changing underlying markets (see Section 5.2 "Methodology Review") in order to maintain continued reliability and comparability of the indices. Nevertheless, if no other options are available the orderly cessation of the INDEX may be indicated. This is usually the case when the underlying market or economic reality, which an index is set to measure or to reflect, changes substantially and in a way not foreseeable at the time of inception of the index, the index rules, and particularly the selection criteria, can no longer be applied coherently or the index is no longer used as the underlying value for financial instruments, investment funds and financial contracts.

SOLACTIVE has established and maintains clear guidelines on how to identify situations in which the cessation of an index is unavoidable, how stakeholders are to be informed and consulted and the procedures to be followed for a termination or the transition to an alternative index. Details are specified in the Solactive Termination Policy, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/termination-policy/>.

## 5.5. OVERSIGHT

An oversight committee composed of staff from SOLACTIVE and its subsidiaries (the "**OVERSIGHT COMMITTEE**") is responsible for decisions regarding any amendments to the rules of the INDEX. Any such amendment, which may result in an amendment of the GUIDELINE, must be submitted to the OVERSIGHT COMMITTEE for prior approval and will be made in compliance with the Methodology Policy, which is available on the SOLACTIVE website: <https://www.solactive.com/documents/methodology-policy/>.



## 6. DEFINITIONS

**“BENCHMARK REGULATION”** shall have the meaning as defined in Section “Introduction”.

**“BETA TEST”** shall have the meaning as defined in Section 2.2.

**“BMR”** shall have the meaning as defined in Section “Introduction”.

**“CALCULATION DAY”** is every weekday from Monday to Friday.

**“CLOSE OF BUSINESS”** is the calculation time of the closing level of the INDEX as outlined in Section 1.4.

The **“CLOSING PRICE”** in respect of an INDEX COMPONENT and a TRADING DAY is a security's final regular-hours TRADING PRICE published by the EXCHANGE and determined in accordance with the EXCHANGE regulations. If the EXCHANGE has no or has not published a CLOSING PRICE in accordance with the EXCHANGE rules for an INDEX COMPONENT, the last TRADING PRICE will be used.

**“DAILY VALUE TRADED”** means, in respect of an INDEX COMPONENT and a TRADING DAY, the product of (i) the CLOSING PRICE of such INDEX COMPONENT and (ii) the volume traded (measured as a number of shares) of such INDEX COMPONENT on the EXCHANGE during such TRADING DAY.

**“DATA PROVIDER”** is Sustainalytics. For more information, please visit: <https://www.sustainalytics.com/>. The ESG-related information, methodologies, data and opinions contained or reflected herein are not directed to or intended for use or distribution to India-based clients or users and their distribution to Indian resident individuals or entities is not permitted, and Morningstar Sustainalytics accepts no responsibility or liability whatsoever for the actions of third parties in this respect.

**“EXCHANGE”** is with respect to the INDEX and every INDEX COMPONENT, the respective exchange where the INDEX COMPONENT has its listing as determined in accordance with the rules in Section 2.

**“FINAL POOL”** shall have the meaning as defined in Section 2.2.

**“GUIDELINE”** shall have the meaning as defined in Section “Introduction”.

**“INDEX”** shall have the meaning as defined in Section “Introduction”.

**“INDEX ADMINISTRATOR”** shall have the meaning as defined in Section “Introduction”.

**“INDEX COMPONENT”** is each security reflected in the INDEX.

**“INDEX COMPONENT REQUIREMENTS”** shall have the meaning as defined in Section 2.2.

**“INDEX CURRENCY”** is the currency specified in the column “Currency” in the table in Section 1.2.

**“INDEX UNIVERSE REQUIREMENTS”** shall have the meaning as defined in Section 2.1.

**“INDEX UNIVERSE”** is the sum of all financial instruments which fulfill the INDEX UNIVERSE REQUIREMENTS.

**“LIQUIDITY POOL”** shall have the meaning as defined in Section 2.2.

**“LIVE DATE”** shall have the meaning as defined in Section 1.3.

**“OVERSIGHT COMMITTEE”** shall have the meaning as defined in Section 5.5.



**“PERFORMANCE OBSERVATION PERIOD”** is a period of historical 90 weekdays prior to and including the SELECTION DAY. If the PERFORMANCE START DAY is not a TRADING DAY, then the PERFORMANCE START DAY is the prior available TRADING DAY.

**“PERFORMANCE START DAY”** is 90 weekday prior to the SELECTION DAY.

**“REBALANCE DAY”** is the first calendar day of a month. If that day is not a TRADING DAY the REBALANCE DAY will be the immediately following TRADING DAY.

**“SELECTION DAY”** is 2 weekdays (Monday to Friday) before the scheduled REBALANCE DAY, disregarding any potential change of the REBALANCE DAY.

**“SOLACTIVE”** shall have the meaning as defined in Section “Introduction”.

**“START DATE”** shall have the meaning as defined in Section 1.3.

**“SUSTAINABLE POOL”** provides by the DATA PROVIDER on a semi-annual basis no later than five TRADING DAY before a SELECTION DAY. The SUSTAINABLE POOL is provided for the selections in the months of September and March. Additionally, the DATA PROVIDER will inform SOLACTIVE no later than 5 TRADING DAYS before a SELECTION DAY in case a company in the INDEX is assessed as non-compliant related to the section Global Compact Compliance or is assessed as involved related to the section Controversial Weapons,. In that case, the corresponding share will be removed from the current SUSTAINABLE POOL.

**“TRADING DAY”** is with respect to an INDEX COMPONENT included in the INDEX at the REBALANCE DAY and every INDEX COMPONENT included in the INDEX at the CALCULATION DAY immediately following the REBALANCE DAY (for clarification: this provision is intended to capture the TRADING DAYS for the securities to be included in the INDEX as new INDEX COMPONENTS with close of trading on the relevant EXCHANGE on the REBALANCE DAY) a day on which the relevant EXCHANGE is open for trading (or a day that would have been such a day if a market disruption had not occurred), excluding days on which trading may be ceased prior to the scheduled EXCHANGE closing time and days on which the EXCHANGE is open for a scheduled shortened period. The INDEX ADMINISTRATOR is ultimately responsible as to whether a certain day is a TRADING DAY.

The **“TRADING PRICE”** in respect of an INDEX COMPONENT and a TRADING DAY is the most recent published price at which the INDEX COMPONENT was traded on the respective EXCHANGE.

# CONTACT

**Solactive AG**  
**German Index Engineering**

Platz der Einheit 1  
60327 Frankfurt am Main  
Germany

Tel.: +49 (0) 69 719 160 00

Fax: +49 (0) 69 719 160 25

Email: [info@solactive.com](mailto:info@solactive.com)

Website: [www.solactive.com](http://www.solactive.com)

© Solactive AG