



# IQ Candriam Clean Oceans Index

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METHODOLOGY

IndexIQ LLC

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# INTRODUCTION

This document (the “GUIDELINE”) is to be used as a guideline with regard to the composition, calculation and maintenance of the IQ Candriam Clean Oceans Index (the “INDEX”). Any amendments to the rules made to the GUIDELINE are approved by the OVERSIGHT COMMITTEE specified in Section 5.5. The INDEX is owned by IndexIQ Advisors LLC and 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 global equities filtered for several ESG Oceans criteria
Regional Allocation	Global, Developed and Emerging Markets
Rebalancing Fee	None
Rebalancing Frequency	Quarterly

## 1.2. IDENTIFIERS AND PUBLICATION

The INDEX is published under the following identifiers:

Name	ISIN	Currency	Type	RIC	BBG ticker
IQ Candriam Clean Oceans Index-Price Change	DE000SL0EBZ1	USD	PR	.IQOCEANP	
IQ Candriam Clean Oceans Index-NTR	DE000SL0EB07	USD	NTR	.IQOCEANN	.IQOCEANN
IQ Candriam Clean Oceans Index-TR	DE000SL0EB15	USD	GTR	.IQOCEANT	

\*[PR][NTR][GTR] means that the Index is calculated as [price return][net total return][gross 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 31/08/2021, the LIVE DATE, is 1000. Historical values from the 31/08/2021, the START 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 10:50 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 IndexIQ Advisors LLC.

## 2. INDEX SELECTION

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

In a first step, the SELECTION PARTY determines the INDEX UNIVERSE in accordance with the INDEX UNIVERSE REQUIREMENTS Section. The INDEX UNIVERSE comprises all those financial instruments which fulfill the INDEX UNIVERSE REQUIREMENTS 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 SELECTION OF THE INDEX COMPONENTS. Each new INDEX COMPONENT will be assigned a weight as described in Section WEIGHTING OF THE INDEX COMPONENTS.

### 2.1. INDEX UNIVERSE REQUIREMENTS

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

- Is a GBS INDEX COMPONENT of the Solactive GBS Global Markets Investable Universe Index PR (ISIN: DE000SLA8C03) on a SELECTION DAY
- Eligible companies of developed countries are then assigned a score from 1 to 100 according to the following Macro and Micro socially responsible criteria:
  - o Sector Specific criteria for the following Macro factors (Exposure to Global Sustainability Trends):
    - Climate Change-renewable energy producers are enjoying growing markets
    - Resource Depletion-as rational resource use becomes inevitable, companies offering efficient resource utilization technologies stand to benefit
    - Developing Economies-companies providing infrastructure services will benefit from growing and developing populations
    - Demographic Evolutions-as people grow older, the need for tailor made service and products will be in string demand
    - Health & Wellness-healthy products offered by companies have a beneficial effect on health
    - Interconnectivity-as people interact across borders, companies offering video-conferencing tools address a genuine need
  - o Sector Specific criteria for the following Micro factors (Stakeholders Management):
    - Customers-after sales services impact customer loyalty
    - Employees-the quality of employee contracts, training and career management are all positive factors in attracting, developing and retaining talent
    - Environment-new environmental legislation may require a significant investment for some companies while others that already observe higher standards can focus on increasing market share
    - Suppliers-abuse of labor rights in the supply chain has a considerable impact on reputation and brand image of companies
    - Investors-the effective management of corporate governance issues is vital to maintain investor's confidence in a company

- Society-in developing countries, integrating the expectations of the local population with the company's activities is a real asset
- Companies of developed countries ranked in the top 70% of the Eligible Universe (per sector) based on their Combined Macro and Micro scores are retained.
- Emerging market companies are assessed for their ability to integrate sustainability into their business activities and the interest of stakeholders within their operating and financial managerial processes. Sustainability challenges are analyzed from two distinct angles, Business Activities and Stakeholder Management. Business Activities analysis assesses companies exposure to major long-term ESG trends that can strongly influence the environment in which they operate and that may shape their future market challenges and long-term growth. The key sustainability trends are Climate Change, Resource & Waste, Healthy living & Well-being, Demographic Shifts and Digitalization & Innovation. Stakeholders analysis evaluates the extent to which each company incorporates the interests of six stakeholders in its long-term strategy: Investors, Human Capital, Suppliers, Clients, Society and Environment.  
Companies receiving the worst ESG scores based on the Business Activities and Stakeholder analysis or whose controlling shareholder (>50% of capital) is a State with poor environmental, social or governance related performance are excluded.
- Eligible companies from both developed and emerging countries are then assigned a score from 0 to 10 according to their relevancy to the investment thematic, based on their involvement in the following activities (Involvement Score):
  - Circular Economy: companies involved in the production of consumer goods, such as food and beverages, clothing, home products taking care of the overall impact of their production through the supply chain and in the product design itself
  - Clean energy: companies involved in clean technology development, renewable energy production and energy utilities with reduced carbon emissions and addressing climate change issues
  - Clean, treat and recycle water and waste: companies engaged in water and waste treatment
  - Electronic components: companies producing semiconductors and electronic components which are necessary to the development of environmental technologies with a strong environmental policy and an improved impact on carbon emissions, climate change and natural resources
  - More energy efficient economy: companies developing softwares, services and machinery which are necessary to the development of environmental technologies with a strong environmental policy and an improved impact on carbon emissions, climate change and natural resources
  - Seafood and alternatives: companies engaged in sustainable fishing and food complements
  - Shipping and ports: companies involved in shipping services, water transportation services and marine construction with a strong environmental policy
  - Sustainable packaging: companies developing containers and packaging from various materials with environmental considering environmental aspects at the design stage of the product and strong management of waste issues
- Companies with an Involvement Score of 0 are rejected
- Companies with an Involvement Score above 0 are reviewed to see if they violate the Controversial Activities criteria or the United Nations Global Compact as detailed below or are deemed to be high risk:
  - Controversial Activities:

- Armament: are involved in the production or sale of anti-personnel landmines, cluster bombs, depleted uranium, and/or chemical/nuclear/biological weapons, regardless of the revenues involved and/or generate more than 3% of their turnover from the production or the sale of conventional weapons and/or generate more than 5% of their sales/revenues from the production, manufacturing, trade, testing or maintenance of white phosphorous
  - Activities in oppressive regimes: large presence (Revenues > 1%) in highly oppressive regimes
  - Adult content: Revenues > 5%
  - Alcohol: Revenues > 10% without any responsible policy
  - Animal Testing: Responsible policy of no legal requirement or breaches to legislation
  - Arctic Oil Drilling: Revenues > 0%
  - Gambling: Revenues > 5%
  - Genetic Modification: Revenues > 10%
  - Nuclear: Revenues > 30%
  - Tobacco: Revenues > 5%
  - Thermal Coal: Revenues > 10%
  - Unconventional Oil & Gas: Revenues > 10%
  - Vaping: Revenues > 5%
  - Conventional Oil & Gas: Revenues based on natural gas or renewable energy < 40%
  - Electricity Generation: Carbon Intensity > 393 (GCO<sub>2</sub>/kWh)
  - If carbon emission intensity data is not available:
    - % power production based on coal > 10%
    - % power production based on oil & gas > 30%
    - % power production based on nuclear sources > 30%
- United Nations Global Compact consists of 10 principles covering:
- Human rights-businesses should:
    - Support and respect the protection of internationally proclaimed human rights; and
    - Make sure that they are not complicit in human rights abuses
  - Labor rights-businesses should:
    - Uphold the freedom of association and the effective recognition of the right to collective bargaining;
    - Eliminate all forms of forced and compulsory labor;
    - Abolish the child labor;
    - Eliminate discrimination in respect of employment and occupation.



- Environment-businesses should:
    - Support a precautionary approach to environmental challenges;
    - Undertake initiatives to promote greater environmental responsibility; and
    - Encourage the development and diffusion of environmentally friendly technologies.
  - Corruption-businesses should:
    - Work against corruption in all its forms, including corruption and bribery.
- Companies with an Involvement Score above 0 and that are not excluded based on the preceding criteria form the INDEX UNIVERSE.

The list of INDEX UNIVERSE components is available free of charge on Candriam's website located at <http://iqsri.candriam.com>.

The INDEX ADMINISTRATOR has outsourced the determination of the INDEX UNIVERSE to the SELECTION PARTY. Such outsourcing has been made in accordance with the requirements of the BMR (Article 10 BMR).

Any discretionary decision of the SELECTION PARTY will be made in accordance with the specifications regarding the exercise of discretion or expert judgement established by the INDEX ADMINISTRATOR.

## 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"):

- Minimum USD 20-day average daily volume traded greater or equal to 2.5M
- Minimum Free Float MARKET CAPITALIZATION of USD 1 billion at company level.
- In case of multiple share lines of the same company, only the primary share class will be considered with a total MARKET CAPITALIZATION equal to the sum of the individual FREE FLOAT MARKET CAPITALIZATIONS of the individual share classes.
- Not listed in either China, Egypt, India, Kuwait, Pakistan, Qatar, Saudi Arabia, United Arab Emirates

The remaining securities are then ranked based on their Involvement Score in descending order. The components are selected through an iterative process starting with the securities with the highest scores. In a first step, the highest ranking companies by activity with a score above 5 are retained, regardless of their market capitalization and their region, with a maximum of 8 components by activity. In a second step, companies with the next highest scores regardless of their activity are retained until either the total number of selected securities is 80 or the score of the next-ranked security is below 5. The below requirements should be maintained by impacting in priority and regardless of the activity the selection made in step two and then if needed the selection made in step one, starting with the activities with the highest number of components:

- Number of components with free float market capitalization below USD 5 Bn must not exceed 35% of the total number of components (rounded up)
- Number of emerging market components with free float market capitalization below USD 5 Bn must not exceed 10% of the total number of components (rounded up)
- Number of emerging market components with free float market capitalization above USD 20 Bn must not exceed 5% of the total number of components (rounded down)
- Total number of emerging market components must not exceed 15% of the total number of components (rounded down)

If there are less than 50 securities at the end of the process, the selection continues until at least 50 securities are selected in 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 COMPONENT

On each SELECTION DAY each INDEX COMPONENT is assigned a weight according to FREE FLOAT MARKET CAPITALIZATION, with a minimum weight floor of 0.25% and maximum weight cap of 3%. All securities with a free float market capitalization below USD 5 Bn will have a weight equal to 0.25%. The missing or excessive weight is removed from and added to the uncapped/unfloored securities proportionally.

## 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 shares as determined on the FIXING DAY based on the weights calculated 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 webpage under the section "Announcement", which is available at <https://www.solactive.com/news/announcements/>

For months other than those of index quarterly rebalancing, the Selection Party will review the Index Components to determine whether any Index Component has engaged in Controversial Activities and, as a result, no longer meets the requirements for inclusion in the INDEX UNIVERSE (see Index Universe Requirements ). Any Index Component that has engaged in Controversial Activities and no longer meets the requirements for inclusion in the INDEX UNIVERSE will be removed from the Index on the third Friday of the month and the remaining Index Components will be re-weighted on a pro-rata basis. Notices of Index Components to be removed due to the monthly Controversial Activities check will be posted on the IndexIQ website (<https://www.nylinvestments.com/IQetfs/indexes/index-notices>)

## 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 price return, net total return, and gross 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.

### 4.2 ACCURACY

The level of the INDEX will be rounded to six 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<sup>1</sup>, 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.

For the INDEX, a SELECTION PARTY is used. The determinations of the INDEX UNIVERSE are subject to decisions of the SELECTION PARTY where the exercise of discretion is needed. The SELECTION PARTY has confirmed, that such discretionary decision is performed in accordance with the specifications established by the INDEX ADMINISTRATOR.

### 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

“AVERAGE DAILY VALUE TRADED” means, in respect of an INDEX COMPONENT, the sum of DAILY VALUE TRADED over the specified period divided by the number of TRADING DAYS that fall in the specified period.

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

“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.

“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.

“FIXING DAY” is the SELECTION DAY.

The “FREE FLOAT” is with regard to each of the securities fulfilling the Index Component Requirements on a SELECTION DAY the share class-specific fraction of the total number of shares of such share class issued that are available for trading by market participants and not locked-in by long term holders, as sourced from data vendors.

The “FREE FLOAT MARKET CAPITALIZATION” is with regard to each of the securities fulfilling the Index Component Requirements on a SELECTION DAY the share class-specific free float market capitalization. It is calculated as the multiplication of the shares outstanding in FREE FLOAT (as sourced from data vendors) with the CLOSING PRICE of the share class as of the respective SELECTION DAY.

“GBS INDEX UNIVERSE” is the INDEX UNIVERSE as defined in the guideline of the SOLACTIVE Global Benchmark Series (<https://solactive.com/downloads/Guideline-Solactive-GBS-Benchmark-Series.pdf>) for the for the GBS Index specified in Section 2.1.

“GBS INDEX COMPONENT” is each security reflected in the GBS Index specified in Section 2.1.

“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.

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

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

“REBALANCE DAY” is the third Friday of March, June, September and December. For the avoidance of doubt, the REBALANCE DAY is a fixed date and will not be postponed in case such day is not a TRADING DAY.

“SELECTION DAY” is 15 weekdays (Monday to Friday) before the REBALANCE DAY.

“SELECTION PARTY” is Candriam . For more information, please visit: <https://www.candriam.com/>

The “SHARE CLASS MARKET CAPITALIZATION” is with regard to each of the securities in the INDEX on a SELECTION DAY the share class-specific market capitalization for any security in the INDEX UNIVERSE. It is calculated as the multiplication of the shares outstanding with the CLOSING PRICE of the share class as of the respective SELECTION DAY.

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

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

The “TOTAL MARKET CAPITALIZATION” is with regard to each of the securities in the INDEX on a SELECTION DAY the sum of all SHARE CLASS MARKET CAPITALIZATIONS of a company.

“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.

## APPENDIX: Disclaimers

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