

INDEX GUIDELINE

SOLACTIVE L&G DEVELOPED MARKETS PARIS-ALIGNED
ESG SDG INDEX

Version 1.0

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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 Solactive L&G Developed Markets Paris-aligned ESG SDG 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, 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	<p>The INDEX is designed to incorporate an ESG profile as well as Sustainable Development Goals (“SDG”) profile and to meet EU PAB requirements as outlined below. The sustainability requirements are defined in line with the current sustainability and responsible investment consensus, details relating to the exact implementation of the criteria might be subject to certain modifications, if the market consensus changes in the future.</p> <p>First, the INDEX screens the INDEX UNIVERSE based on the SDG score as well as PAB requirements such as compliance with established norms (“Norm-Based Research”), controversial weapons and activity based involvement.</p> <p>The INDEX is then incorporating an ESG screen, by tilting the Market Capitalization weights of its components based in their L&G ESG Scores.</p> <p>Lastly, the components are weighted such as to correspond to the regulations¹ laid out for EU Paris-Aligned Benchmarks (EU PAB).</p>
Regional Allocation	Developed Markets
Rebalancing Fee	NA
Rebalancing Frequency	Semiannually

1.2. IDENTIFIERS AND PUBLICATION

The INDEX is published under the following identifiers:

Name	ISIN	Currency	Type	RIC	BBG ticker
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¹ Regulation (EU) 2016/2011 (as amended by Regulation (EU) 2019/2089) and Commission Delegated Regulation (EU) 2020/1818



Solactive L&G Developed Markets Paris-aligned ESG SDG USD Index PR	DE000SL0B756	USD	PR*	.SDMPAEDP	SDMPAEDP
Solactive L&G Developed Markets Paris-aligned ESG SDG USD Index NTR	DE000SL0B764	USD	NTR*	.SDMPAEDN	SDMPAEDN
Solactive L&G Developed Markets Paris-aligned ESG SDG USD Index TR	DE000SL0B772	USD	GTR*	.SDMPAEDT	
Solactive L&G Developed Markets Paris-aligned ESG SDG GBP Index PR	DE000SL0CKJ0	GBP	PR*	.SDMPAEBP	
Solactive L&G Developed Markets Paris-aligned ESG SDG GBP Index NTR	DE000SL0CKK8	GBP	NTR*	.SDMPAEBN	
Solactive L&G Developed Markets Paris-aligned ESG SDG GBP Index TR	DE000SL0CKL6	GBP	GTR*	.SDMPAEBT	
Solactive L&G Developed Markets Paris-aligned ESG SDG EUR Index PR	DE000SL0CKM4	EUR	PR*	.SDMPAEPP	
Solactive L&G Developed Markets Paris-aligned ESG SDG EUR Index NTR	DE000SL0CKN2	EUR	NTR*	.SDMPAEEN	SDMPAEEN
Solactive L&G Developed Markets Paris-aligned ESG SDG EUR Index TR	DE000SL0CKP7	EUR	GTR*	.SDMPAEET	

*PR, NTR, GTR means that the Index is calculated as price return, net total return and 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) 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: www.solactive.com/news/announcements/.

1.3. INITIAL LEVEL OF THE INDEX

The initial level of the INDEX on the 07/05/2014, the START DATE, is 100. Historical values from the 29/01/2021 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. The INDEX follows a decarbonization trajectory that was initially, as of the LIVE DATE, based on THE 07/10/2020. DUE TO substantial changes in the methodology of the input data provided by the DATA PROVIDER, the decarbonization trajectory was re-based to 08/04/2022, the BASE DAY.



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 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”):

- Is a component of the GBS INDEX UNIVERSE of the Solactive GBS Developed Markets Large & Mid Cap Index (ISIN: DE000SLA41B6) (the “REFERENCE INDEX”), as published on the Solactive website: <https://www.solactive.com>.

The determination of the INDEX UNIVERSE is fully rule-based and the INDEX ADMINISTRATOR 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”):

1. Security exclusion.

Remove any security which has an average SDG Solutions Score of -7.5 or lower (the average is calculated only using the two worst individual SDG Solution Scores). The SDG screen is performed based on research provided by ISS ESG (the “DATA PROVIDER”).

Additionally, the INDEX UNIVERSE is also filtered on the exclusion criteria (specified in the table below), which correspond to the requirements laid out for EU Paris-Aligned Benchmarks (EU PAB), based on data researched by the DATA PROVIDER. For the Norm-Based Research screen specifically, the INDEX ADMINISTRATOR has utilized data from both the DATA PROVIDER as well as Sustainalytics. 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.



Theme	Topic	Exclusion criterion
Norm-Based Research	Environment	Verified failure to respect established norms as well as severe or very severe controversies
	Human Rights	
	Corruption	
	Labour Rights	
Controversial Weapons Research	Chemical weapons	Verified or alleged ongoing involvement
	Biological weapons	
	Nuclear weapons	
	Depleted Uranium	
	Nuclear weapons outside the NPT	
	Cluster munitions	
	Anti-personnel mines	
Activity-Based Screening	Coal mining and power generation	1%
	Fossil fuel production, exploration, distribution, and services.	10%
	Electric power generation from fossil fuel sources	50%
	Tobacco Cultivation & Production	0%
Environmental Objectives	Sustainable Development Goal 12: Responsible Consumption and Production	Significant Negative Impact, i.e. single SDG Impact Rating of <= - 5.1
	Sustainable Development Goal 13: Climate Action	
	Sustainable Development Goal 14: Life Below Water	
	Sustainable Development Goal 15: Life on Land	
Explanation: % figures refer to revenue threshold (for degree of involvement) above which criterion is breached		

Any securities not covered by the respective DATA PROVIDER are excluded as well.

The INDEX UNIVERSE after the security exclusion (as described above) will constitute the INVESTABLE UNIVERSE.



2. Regional Allocation

Each security in the INVESTABLE UNIVERSE will then be attributed to one region based on their countries as determined by Solactive's country assignment procedure performed during the selection of the Solactive GBS family. This is described in the index guideline for the Solactive Global Benchmark Series [GBS] indices as published on the Solactive website:

<https://solactive.com/downloads/Guideline-Solactive-GBS-Benchmark-Series.pdf>. The regions are constructed based on the table below:

Country	Region
Canada, United States	North America
Austria, Belgium, Switzerland, Germany, Denmark, Spain, Finland, France, Ireland, Italy, Israel, Netherlands, Norway, Poland, Portugal, Sweden	Europe ex United Kingdom
United Kingdom	United Kingdom
Australia, Hong Kong, New Zealand, Singapore	APAC ex Japan
Japan	Japan

Note! The table presents the allocation as of as of the LIVE DATE. Due to changes in the country allocation to either the Developed or Emerging Markets, the above table may be subject to future amendments.

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

The specific details of the sustainability integration will be reviewed regularly in accordance with the procedure specified in Section 5.2. in order to ensure that the applied criteria reflect future developments and most current standards of ESG and climate strategies. As the ESG and climate consensus is in an early development stage and expected to be refined, suitable data points may become available to be reflected into the methodology. Among the specific details under review will be:

- the DATA PROVIDER for both the ESG and climate related data;
- the specifics of the ESG and climate integration methodology applied in the security exclusion process (as described in point 1 in this Section) as well as the weighting methodology (as outlined in Section 2.3).

2.3. WEIGHTING OF THE INDEX COMPONENTS

The final weight of each component in the index is further determined following the below steps.



I. ESG Tilt

1. Using the components of the INVESTABLE UNIVERSE, an adjusted Market Capitalization is calculated by tilting the FREE FLOAT MARKET CAPITALIZATION of each security within this determined pool using the following formula:

$$MCAP_{adj,i} = MCAP_i \cdot (1 + ESG\ Score_i)^2$$

where:

$MCAP_{adj,i}$ is the tilted FREE FLOAT MARKET CAPITALIZATION of security i

$MCAP_i$ is the FREE FLOAT MARKET CAPITALIZATION of security i

$ESG\ Score_i$ is the L&G ESG Score

The L&G ESG scores are created by L&G (“ESG DATA PROVIDER”) using a number of metrics including:

- Environmental
- Social
- Corporate Governance
- Transparency

The metric is reviewed semi-annually by L&G in order to incorporate the most reliable and relevant inputs when calculating the aggregate L&G ESG Score. Additionally, there is an annual review of the scoring methodology.

Any security missing an L&G ESG Score is assigned a score of 0.

2. Based on the Adjusted Market Capitalization calculated above, each security is assigned a weight within the respective regional index based on the formula below:

$$w_{adj,i} = \frac{MCAP_{adj,i}}{\sum_{i=1}^N MCAP_{adj}}$$

where:

$MCAP_{adj,i}$ is the tilted FREE FLOAT MARKET CAPITALIZATION of security i

$w_{adj,i}$ is the tilted weight of security i within its regional index

N is the number of securities in the respective regional index

3. The obtained weights are then modified in such a way as to fulfil the requirements below:



- The weight of any ECONOMY should be not higher than +2% and not lower than -3% from the weight of the same ECONOMY within the INVESTABLE UNIVERSE. In case a breach happens, the weight of the ECONOMY will be decreased or increased to fulfil the requirement by increasing or decreasing the weight of each security within the respective ECONOMY.
- The individual weight of any security should not differ more than 3% from the weight as determined on FREE FLOAT MARKET CAPITALIZATION (except for the securities which are removed from the index, these will always receive a weight of zero in the final Index) within the INVESTABLE UNIVERSE. In case such breaches exist, the excess weight will be redistributed proportionally within the ECONOMY of the relevant security.

The set of securities and their weights will comprise the INTERMEDIATE UNIVERSE, and their weights will be referenced as $w_{int,i}$.

II. PAB Optimization

1. The CARBON INTENSITY of the INDEX UNIVERSE is calculated by weighting the CARBON INTENSITY of the components of the INDEX UNIVERSE by the weight of the respective components within the INDEX UNIVERSE.
2. Each INDEX COMPONENT is assigned a weight in line with the requirements for EU Paris-aligned Benchmarks. I.e., an optimization is applied that minimizes the cumulative absolute weight deviation from the INTERMEDIATE UNIVERSE on each SELECTION DAY. On the BASE DAY, it is subject to the following constraints:
 - a. Reduce the CARBON INTENSITY of the INDEX compared to the CARBON INTENSITY of the INDEX UNIVERSE by at least 50%.
 - b. Maximum absolute weight deviation from the weight in the INVESTABLE UNIVERSE of 3%. Individual Weights are capped at 8% and floored at 0.01%.
 - c. The sum of weights which exceed 5% is capped at 35%.
 - d. Compared to the INVESTABLE UNIVERSE, the deviation of the ECONOMY weights is limited at the minimum of 3% and half of the weight of the ECONOMY in the INVESTABLE UNIVERSE.
 - e. Compared to the Investable Universe, the absolute deviation of the regional weights is limited at the minimum of 3% and 10% multiplied by the weight of the respective region within the INVESTABLE UNIVERSE.
 - f. Compared to the INDEX UNIVERSE, exposure to HIGH CLIMATE IMPACT SECTORS must not decrease.
 - g. Compared to the INDEX UNIVERSE, the average GREEN REVENUE of the INDEX has to increase by 100%.
3. If no solution can be found, the constraints are relaxed in the following order:



- a. **ECONOMY weight constraint:** Compared to the INVESTABLE UNIVERSE, the deviation of the ECONOMY weights is limited at the minimum of 3% and the weight of the ECONOMY in the INVESTABLE UNIVERSE.
- b. **Regional weight constraint:** Compared to the INVESTABLE UNIVERSE, absolute deviation of the region weights is capped at min between 3% and 20% multiplied by the weight of the respective region in the INVESTABLE UNIVERSE.
- c. **Single weight constraint:** Maximum absolute deviation from the weight in the INVESTABLE UNIVERSE is iteratively increased by 0.25% until a solution is found.

On each following SELECTION DAY each INDEX COMPONENT is assigned a weight subject to the following constraints:

1. The CARBON INTENSITY of the INDEX UNIVERSE is calculated by weighting the CARBON INTENSITY of the components of the INDEX UNIVERSE by the weight of the respective components within the INDEX UNIVERSE.
2. Each INDEX COMPONENT is assigned a weight in line with the requirements for EU Paris-aligned Benchmarks. I.e., an optimization is applied that minimizes the cumulative absolute weight deviation from the INDEX UNIVERSE, subject to the following constraints:
 - a. The decarbonization trajectory is defined by an annual minimum Carbon Intensity reduction of 7% compared to the CARBON INTENSITY of the INDEX on the BASE DAY in a geometric progression applied semi-annually. The CARBON INTENSITY of the INDEX is capped at the minimum of the CARBON INTENSITY of the decarbonization trajectory on the SELECTION DAY and 50% of the INDEX UNIVERSE CARBON INTENSITY on the SELECTION DAY.
 - b. Maximum absolute weight deviation from the weight in the INVESTABLE UNIVERSE of 3%. Individual weights are capped at 8% and floored at 0.01%.
 - c. The sum of weights which exceed 5% is capped at 35%.
 - d. Compared to the INVESTABLE UNIVERSE, the deviation of the ECONOMY weights is capped at the minimum of 2% and half of the weight of the ECONOMY in the INVESTABLE UNIVERSE and floored at the minimum between 3% and half of the weight of the ECONOMY in the INVESTABLE UNIVERSE.
 - e. Compared to the Investable Universe, the absolute deviation of the regional weights is capped at the minimum of 3% and 10% multiplied by the weight of the respective region within the INVESTABLE UNIVERSE.
 - f. Compared to the INDEX UNIVERSE, exposure to HIGH CLIMATE IMPACT SECTORS must not decrease.
 - g. Compared to the INDEX UNIVERSE, the average GREEN REVENUE of the INDEX must increase by 100%.
3. If no solution can be found, the constraints are relaxed in the following order:



- a. **ECONOMY weight constraint:** Compared to the INVESTABLE UNIVERSE, the deviation of the ECONOMY weights is capped at the minimum of 2% and the weight of the ECONOMY in the INVESTABLE UNIVERSE and floored at the minimum between 3% and the weight of the ECONOMY in the INVESTABLE UNIVERSE.
- b. **Regional weight constraint:** Compared to the INVESTABLE UNIVERSE, absolute deviation of the region weights is capped at min between 3% and 20% multiplied by the weight of the respective region in the INVESTABLE UNIVERSE.
- c. **Single weight constraint:** Maximum absolute deviation from the weight in the INVESTABLE UNIVERSE is iteratively increased by 0.25% until a solution is found.



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 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 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 2 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 the 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 the following, but not conclusive, list of corporate actions as relevant for the 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 or it does not reflect the most current market consensus in terms of ESG and climate strategies), 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: 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

“Base Day” shall have the meaning as defined in Section 1.3.

“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.

“CARBON INTENSITY” on the SELECTION DAY is calculated as:

$$\text{CARBON INTENSITY} = \frac{\text{GHG}}{\text{EVIC}}$$

If the CARBON INTENSITY is not computable for a company due to missing data, the company receives the median CARBON INTENSITY of all the securities in the same NACE Section. If the company is not classified in a NACE Section, the company receives the median CARBON INTENSITY of all companies classified in a NACE Section.

If the simple average EVIC of the PARENT INDEX has increased or decreased during the last calendar year, the EVIC of an INDEX COMPONENT shall be adjusted by an adjustment factor. The factor is calculated as the average EVIC of the PARENT INDEX at the end of the latest calendar year, divided by the average EVIC of the PARENT INDEX at the end of the previous calendar year.

“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.

“DATA PROVIDER” is ISS ESG. For more information, please visit: <https://www.issgovernance.com/esg/>.

“ECONOMY” is based on the FactSet Economy Business Classification.

“ESG DATA PROVIDER” is Legal&General Investment Management. For more information, please visit <https://www.lgim.com/>.

“ELIGIBLE REBALANCE DAY” is each day that is a TRADING DAY at the New York Stock Exchange, the London Stock Exchange, the EUREX Exchange, and the Tokyo Stock Exchange.

“EVIC” is the Enterprise Value including Cash in USD on the respective SELECTION 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 “Index Selection”.

“EXCLUSION LIST” shall have the meaning as defined in Section “Index Selection”.

“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 composition of the **REFERENCE INDEX** after the application of the selection criteria specified in Section 2.1 in the guideline of the **SOLACTIVE Global Benchmark Series** (<https://solactive.com/downloads/Guideline-Solactive-GBS-Benchmark-Series.pdf>).

“GHG” are the Greenhouse Gas Emissions of a company as of the **SELECTION DAY**. According to the GHG Protocol², the GHG metric is calculated as the sum of Scope 1, Scope 2, and Scope 3 emissions. In particular:

- Scope 1 emissions: All direct Greenhouse Gas Emissions;
- Scope 2 emissions: Indirect Greenhouse Gas Emissions from consumption of purchased electricity, heat or steam;
- Scope 3 emissions: Other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. transmission and distribution losses) not covered in Scope 2, outsourced activities, use of sold products, waste disposal, etc. There are existing international and European standards on the matter, i.e. ISO 14064 on standards for greenhouse gas accounting and verification, and the Product Environmental Footprint (PEF) and Organisation Environmental Footprint (OEF), that could serve for the calculation of scope 3 emissions

“GREEN REVENUE” aggregates a company’s significant contribution to the Mitigating Climate Change SDG Objective. The objective is to stabilize greenhouse gas concentrations in the atmosphere at a level that would hold the increase in the global average temperature to well below 2°C or even 1.5°C above preindustrial levels. Examples of products addressing the root cause of climate change and which are considered when counting a company’s significant contribution are: solar and wind power, small-scale hydropower, insulating materials, battery technology, etc.

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

“HIGH CLIMATE IMPACT SECTORS” are sectors that are key to the low-carbon transition. **HIGH CLIMATE IMPACT SECTORS** are the following:

NACE Section Code	NACE Section Name
A	AGRICULTURE, FORESTRY AND FISHING
B	MINING AND QUARRYING

² See Greenhouse Gas Protocol at <https://ghgprotocol.org/>.



C	MANUFACTURING
D	ELECTRICITY; GAS; STEAM AND AIR CONDITIONING SUPPLY
E	WATER SUPPLY; SEWERAGE; WASTE MANAGEMENT AND REMEDIATION ACTIVITIES
F	CONSTRUCTION
G	WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES
H	TRANSPORTATION AND STORAGE
L	REAL ESTATE ACTIVITIES

“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.

“INTERMEDIATE UNIVERSE” shall have the meaning as defined in Section 2.1.

“INVESTABLE UNIVERSE” shall have the meaning as defined in Section 2.1.

“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 first Wednesday in May and November. If that day is not an ELIGIBLE REBALANCE DAY the REBALANCE DAY will be the immediately following ELIGIBLE REBALANCE DAY.

“REFERENCE INDEX” shall have the meaning as defined in Section 2.1

“SELECTION DAY” is 20 CALCULATION DAYS before the scheduled REBALANCE DAY.

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

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

“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.

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