

INDEX GUIDELINE

*Solactive ISS Sustainable Select 0-1 Year USD
Corporate IG 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 ISS Sustainable Select 0-1 Year USD Corporate IG Index (the "INDEX"). Any amendments to the rules made to the GUIDELINE are approved by the OVERSIGHT COMMITTEE as specified in the Bond Index Methodology. 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 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 of financial instruments or investment funds referencing the INDEX under a valid license – 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

The INDEX is a rules-based index, engineered to measure the performance of US dollar denominated, investment grade corporate debt with a maturity of up to one year. The index provides exposure to a portfolio, which is based on ISS ESG climate analysis and is in line with a 1.5°C scenario through 2050. At the same time the index displays very similar credit and interest rate risk distributions compared to the BENCHMARK INDEX. The INDEX CURRENCY is USD.

To achieve the 1.5°C scenario, the weighted GHG EMISSIONS and GHG INTENSITIES of the INDEX are reduced compared to the BENCHMARK INDEX. On a semi-annual basis, for the selection days in January and July, both measures are reduced to be in line with a yearly SELF-DECARBONIZATION TRAJECTORY of at least 7%.

The basis for SELF-DECARBONIZATION TRAJECTORY is the respective BASE DATE.

1.2. IDENTIFIERS AND PUBLICATION

The INDEX is published under the following identifiers

Name	ISIN	Currency	Type	Calculation Formula	RIC	BBG ticker
Solactive ISS Sustainable Select 0-1 Year USD Corporate IG Index	DE000SL0EL13	USD	TR	BMV	.SOLU01PS	

*TR means that the INDEX is calculated as total return index as described in the Bond Index Methodology, which is available on the SOLACTIVE website: <https://www.solactive.com/documents/bond-index-methodology/>

*BMV means that the INDEX is calculated as base-market value as described in the Bond Index Methodology, which is available on the SOLACTIVE website: <https://www.solactive.com/documents/bond-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 Börse 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 LIVE DATE is 1006.51. Historical values from 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 INDEX is calculated and distributed once every BUSINESS DAY based on the LAST EVALUATED BID PRICE of the INDEX COMPONENTS. Bonds added in a rebalancing (see Section 3) are included the INDEX at the LAST EVALUATED ASK PRICE on the relevant REBALANCE DAY. Bonds which are excluded from the INDEX in a rebalance are reflected in the calculation of the level of the INDEX for the REBALANCE DAY at LAST EVALUATED BID PRICE on the relevant REBALANCE DAY. INDEX analytical values are calculated each BUSINESS DAY using LAST EVALUATED BID PRICE based on FIXING TIME. Prices of INDEX COMPONENTS not listed in the INDEX CURRENCY are converted using the WM 4 PM London Fixing quoted by Reuters.



2. INDEX SELECTION

On each SELECTION DAY, all bonds which meet the INDEX COMPONENT REQUIREMENTS are eligible for inclusion in the INDEX and will be added as INDEX COMPONENT on the REBALANCE DAY. Additionally, on each SELECTION DAY, it will be evaluated whether all current INDEX COMPONENTS still meet the INDEX COMPONENT REQUIREMENTS. Each INDEX COMPONENT that does not meet the INDEX COMPONENT REQUIREMENTS will be removed from the INDEX on the next REBALANCE DAY.

2.1. SELECTION OF THE INDEX COMPONENTS

The initial composition of each INDEX, as well as any selection for a rebalance (as specified in Section 3) is determined using the following rules:

- A price from the PRICING PROVIDER must be available for each INDEX COMPONENTS on each SELECTION DAY
- All INDEX COMPONENTS must be a member of the BENCHMARK INDEX.

All bonds and their issuers are evaluated based on the criteria outlined in the table below. Bonds which do not comply with the screens or do not disclose relevant information are excluded from the INDEX. The evaluation is based on data provided by the ESG DATA PROVIDER:

Theme	Topic	Exclusion criterion
Norm-Based Research	Environment	Verified failure to respect established norms such as the United Nations Global Compact (UNGC) principles, the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, or UN Guiding Principles for Business and Human Rights.
	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	
	Coal mining and power generation	>0%
	Fossil fuel production, exploration, distribution, and services.	>0%
	Electric power generation from fossil fuel sources	>0%
	Adult Entertainment - Maximum Percentage of Revenue	>15%
	Adult Entertainment Producer - Maximum Percentage of Revenue	>5%
	Alcohol - Maximum Percentage of Revenue	>15%
Activity-Based Screening	Alcohol Producer - Maximum Percentage of Revenue	>5%
	Gambling - Maximum Percentage of Revenue	>15%
	Gambling Ownership or Operations	>5%
	Cannabis Recreational	>0%
	Civilian Firearms - Maximum Percentage of Revenue	>5%
	Civilian Firearms Producer	>0%
	Weapons Producer - Maximum Percentage of Revenue	>5%
	Weapons - Maximum Percentage of Revenue	>15%
	Genetic Engineering - Maximum Percentage of Revenue	>5%
	Any tie to thermal coal	>0%
	Tobacco Cultivation & Production	>0%
Environmental Objectives	Sustainable Development Goal 12: Responsible Consumption and Production	Significant Negative Impact, i.e. single SDG Impact Rating of < -5.0. All companies are scored on each SDG on scale from -10 to +10.
	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)

The determination of the INDEX COMPONENTS is fully rules-based and the INDEX ADMINISTRATOR has no discretion.

2.2. WEIGHTING OF THE INDEX COMPONENTS

On each Selection day the weighting of the Index components is conducted with the following procedure. The overall goal is to find a bond weight combination that fulfills all carbon emission thresholds while minimizing overall index turnover and maintain the risk profile of the benchmark index.

The index model uses both, gross carbon emissions and EVIC-normalized carbon intensities as carbon measures. The thresholds are determined by the minimum of 50 % of the respective benchmark index value and the current trajectory value. Trajectory values follow a step-wise decreasing function with a semi-annual reduction of 3.5 %. On the base date of the trajectory, 50 % of the respective benchmark index value is used as a starting value.

To minimize trading costs and align the index to its un-filtered BENCHMARK INDEX, the sum of the preference-weighted turnover and risk factors is minimized. The bond's rating, time to maturity, issuer and sector are factored in as risk dimensions.

To make sure the optimization algorithm is not assigning zero-weights to bonds, a minimum weight of 10 bps is added. For bonds entering the index the previous closing weight is set to the current market weight, giving the optimization an incentive to assign a non-zero weight to those bonds.



3. ORDINARY REBALANCE

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

For more information on the rebalance procedure please refer to the Bond Index Methodology, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/bond-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](https://www.solactive.com/news/announcements/)", which is available at <https://www.solactive.com/news/announcements/>



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. Adjustments to the INDEX to account for corporate actions will be made in compliance with the Bond Index Methodology.



5. DEFINITIONS

"BASE DATE" is 2023-01-31 for GHG Emissions and GHG Intensities.

"BENCHMARK INDEX" is the Solactive 0-1 Year USD Corporate IG Index (SOLUC01)

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

"BMR" shall have the meaning as defined in Section "Introduction".

"BUSINESS DAY" is in relation to the index is each day, Monday to Friday, except banking holidays as defined by the New York Stock Exchange (NYSE) and SIFMA. With respect to the INDEX any day other than a Saturday or Sunday or a day on which the Securities Industry and Financial Markets Association (SIFMA) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities. The SIFMA holiday recommendations are set out on the following website (or any successor page): <http://www.sifma.org/services/holiday-schedule/>.

"CLOSE OF BUSINESS" is a time stamp when an INDEX is calculated.

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

"GUIDELINE" shall have the meaning as defined in Section "Introduction".

"GHG Emissions" are the sum of Scope 1,2 and 3 Greenhouse Gas Emissions as received from the ESG DATA PROVIDER. For all computations gross or absolute Greenhouse Gas Emissions are used. GHG Emissions are reported by issuers or estimated by the ESG DATA PROVIDER in accordance with global or European standards, such as the Product Environmental Footprint (PEF), the Organisation Environmental Footprint (OEF) EN 16 EN methods¹¹, the Corporate Value Chain (Scope 3) Accounting and Reporting Standard¹², the EN ISO 14064 or the EN ISO 14069. If the GHG Emissions is not computable for a company due to missing data, the company receives the median GHG Emissions of all the securities in the same industry.

"GHG Intensities" are the sum of Scope 1,2 and 3 Greenhouse Gas Emissions divided by the company EVIC as received from the ESG DATA PROVIDER.

If the GHG Intensities is not computable for a company due to missing data, the company receives the median GHG Intensities of all the securities in the same industry.

If the average EVIC of the BENCHMARK 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 BENCHMARK INDEX at the end of the latest calendar year, divided by the average EVIC of the BENCHMARK INDEX at the end of the previous calendar year.

"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 bond reflected in the INDEX.

"INDEX COMPONENT REQUIREMENTS" shall have the meaning as defined in Section 2.1.



"INDEX CURRENCY" is the currency specified in the column "Currency" in the table in Section 1.2.

"ISSUER" is the issuing entity of the respective bond.

"LIVE DATE" is 2024-06-03

"OVERSIGHT COMMITTEE" shall have the meaning as defined in the Bond Index Methodology.

"PRICING PROVIDER" is available at <https://www.solactive.com/documents/bond-pricing-provider/>

"REBALANCE DAY" is the last BUSINESS DAY of the month.

"SELECTION DAY" is three BUSINESS DAYS before the scheduled REBALANCE DAY for the months from January to November and is ten BUSINESS DAYS before the scheduled REBALANCE DAY for the month of December, disregarding any potential change of the REBALANCE DAY.

"SOLACTIVE" shall have the meaning as defined in Section "Introduction".

"SELF-DECARBONIZATION TRAJECTORY": The INDEX follows a self-decarbonization trajectory of at least 7% annually. The decarbonization trajectory is defined by an annual minimum Gross GHG Emissions reduction of 7% compared to the GROSS GHG EMISSIONS of the INDEX on the BASE DATE in a geometric progression. The 7% annual reduction is split into two 3.5% semi-annual reductions which become effective in the end of January and end of July.

"TARGET GHG EMISSION" is the weighted average GHG EMISSIONS level the INDEX has to achieve in order to comply with the Paris Aligned Benchmark Index requirements.

Please note that the definitions included in the Bond Index Methodology apply to this guideline. In case of a discrepancy, the definition presented in the guidelines should prevail.



6. HISTORY OF INDEX CHANGES

Version	Date	Description
1.0	21 June 2024	Index Guideline creation (initial version)

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