

## **SOLACTIVE AG'S ALIGNMENT WITH THE IOSCO PRINCIPLES FOR FINANCIAL BENCHMARKS**

Solactive AG develops, calculates and publishes a large number of indices. With regard to indices which are owned and/or administrated by it, Solactive has to be regarded as an Administrator within the meaning of the Principles for Financial Benchmarks published by the International Organization of Securities Commissions ("IOSCO") in July 2013 ("Principles"). As such, we confirm to the best of our knowledge that Solactive AG complies with the Principles. Where appropriate, the application of these Principles is proportional to the size and risks posed by Solactive AG.

Solactive AG assumes primary responsibility for all aspects of the Benchmark determination process, including the development, determination, and dissemination of the Benchmark, ensuring appropriate transparency and establishing credible and transparent governance, oversight, and accountability procedures.

Solactive AG does not use third parties to calculate or maintain its Benchmarks, and further, does not use calculation agents. However, where Solactive AG makes use of activities relating to the Benchmark determination process which are undertaken by third parties, it maintains appropriate oversight of such parties. In addition, Solactive AG takes reasonable steps to avoid undue operational risks, including the maintenance of a Business Continuity Plan that is regularly reviewed. To warrant a resilient network and business continuity at all times, Solactive has established two independent working data centers which are diversely routed and connected. These Data centers act as backups of each other and form a primary and secondary center.

Solactive AG has adopted and implemented, among others, policies relating to the following issues that seek to ensure the integrity and independence of Solactive AG's Benchmark determinations by providing for the identification, disclosure, management, mitigation, and avoidance of actual or potential conflicts of interest: Data protection, Confidential Information, Chinese walls, Employee Trading and Dealing with Gifts. Furthermore, conflicts of interests arising due to ownership structure can be excluded, as Solactive AG is an independent company whose entire shares with voting rights are hold by only one natural person. Its remuneration policies ensure that the personnel involved in the Benchmark determination process do not have performance goals or bonus arrangements that are incented by the levels of Benchmarks.

Solactive AG has implemented an appropriate control framework for the process of determining and distributing the Benchmark. In this respect, Solactive AG has divided its operating business into three different teams by asset classes which work independently from each other and are led and managed by experienced and highly qualified employees to ensure the quality of the benchmark. In addition, Solactive ensures that Benchmark determinations are made by personnel who possess the relevant levels of expertise, and has in place a process for periodic review of their competence. With respect to the underlying data used for its Benchmarks, Solactive AG maintains various controls and procedures designed to identify abnormal or erroneous inputs for such data as securities prices, foreign exchange rates, corporate actions and fundamental data. In order to facilitate early awareness of any potential misconduct or irregularities that may arise, Solactive AG has established an effective whistleblowing mechanism. Any



stakeholder wishing to make a complaint can use the firm's complaints procedure that is clear and easy to understand. Solactive keeps the records of the relevant items for at least five years in such a form that it is possible to replicate the respective process anytime afterwards.

With regard to the internal oversight, Solactive AG maintains a permanent and effective oversight function to ensure oversight of all aspects of the provision of its Benchmarks. The oversight function is partly divided by asset classes and is carried out by the respective Index Committee and an Oversight Committee.

In order to ensure transparency of Benchmark determinations Solactive AG has published several documents on its website which describe how Benchmark determinations are made. Solactive AG's Benchmarks and Methodology documents are constructed and maintained with the following prime objectives in mind: representativeness, replicability and investability. In addition, Solactive AG periodically reviews its Methodology documents and complies with the relevant requirements when making changes to its Methodology documents.

To maintain the high quality of its Benchmarks, Solactive AG uses predominantly traded prices from exchanges and regulated markets. Solactive AG does not use bids and offers or any estimates as alternatives. With respect to data providers that provide input data that are not regulated data, Solactive AG has in place a Submitter Code of Conduct which is in compliance with all requirements as provided for in the Principles. Solactive AG requires the relevant data providers to confirm their compliance with the Submitter Code of Conduct, and Solactive AG reserves the right not to use data delivered by data providers who do not meet the respective requirements.

