

## **GUIDELINE**

# **Solactive Sustainable Development Goals World RC 8 EUR**

Version 3.4 dated November 3<sup>rd</sup> , 2016



# CONTENTS

## Introduction

### 1 Index Specifications

- 1.1 Index Name and Identifier
- 1.2 Initial Value
- 1.3 Distribution
- 1.4 Prices and Calculation Frequency
- 1.5 Weighting
- 1.6 Decision-Making Process
- 1.7 Publication
- 1.8 Historical Data
- 1.9 Licensing

### 2 Composition of the Underlying Index

- 2.1 Selection of the Underlying Index Components
- 2.2 Ordinary Adjustment
- 2.3 Extraordinary Adjustment

### 3 Calculation of the Underlying Index

- 3.1 Underlying Index Formula
- 3.2 Accuracy
- 3.3 Adjustments
- 3.4 Dividends and Other Distributions
- 3.5 Corporate Actions
- 3.6 Calculation of the Underlying Index in the Event of a Market Disruption

### 4 Calculation of the Volatility Target Index

## 5 Definitions

## 6 Appendix

- 6.1 Contact Data
- 6.2 Calculation of the Index – Change in Calculation Method

This document contains the underlying principles and regulations regarding the structure and the operating of the Index. Solactive AG shall make every effort to implement regulations. Solactive AG does not offer any explicit or tacit guarantee or assurance, neither pertaining to the results from the use of the Index nor the Index value at any certain point in time nor in any other respect. The Index is merely calculated and published by Solactive AG and it strives to the best of its ability to ensure the correctness of the calculation. There is no obligation for Solactive AG – 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 AG is no recommendation for capital investment and does not contain any assurance or opinion of Solactive AG regarding a possible investment in a financial instrument based on this Index.

# Introduction

This document is to be used as a guideline with regard to the composition, calculation and management of the Solactive Sustainable Development Goals World RC 8 EUR. Any changes made to the guideline are initiated by the Committee specified in section 1.6. The Index is calculated and published by Solactive AG.

## 1 Index Specifications

The Solactive Sustainable Development Goals World RC 8 EUR (the “**Index**”) is an Index of Solactive AG and is calculated and distributed by this provider.

The Index is designed to track the performance of ESG compliant companies and, at the same time, construct a portfolio which exhibits low volatility and avoids excess sectoral and regional concentration. A volatility control mechanism is added to ensure that the index does not exceed a certain volatility threshold.

In a first step, the Solactive Sustainable Development Goals World EUR Index (the “**Underlying Index**”) is calculated based on the Universe. As a second step, the Solactive Sustainable Development Goals World RC 8 EUR Index (the “**Volatility Target Index**”) is computed based on the “**Underlying Index**”.

The Index is calculated as Net Total Return (NTR).

The Index is published in Euro (EUR).

### 1.1 Index Name and Identifier

| Name  | ISIN         | RIC       | Bloomberg Ticker | Currency | Return Type |
|---|--------------|-----------|------------------|----------|-------------|
| Solactive Sustainable Development Goals World RC 8 EUR  | DE000SLA2MZ1 | .SOGOALEU | SOGOALEU         | EUR      | NTR         |
| Solactive Sustainable Development Goals World EUR Index | DE000SLA2M49 | .SOGOALWE | SOGOALWE         | EUR      | NTR         |

### 1.2 Initial Value

The initial value of the Index is equal to 100 at the close of trading on the start date of December, 29<sup>th</sup> 2000.

### 1.3 Distribution

The Index is published via the price marketing services of Boerse Stuttgart AG and is distributed to all affiliated vendors. Each vendor decides on an individual basis as to whether he will distribute/display the Index via his information systems.

### 1.4 Prices and Calculation Frequency

The price of the Index is calculated on each Index Business Day based on the prices on the respective Exchanges on which the Underlying Index Components are listed. The most recent prices of all Underlying Index Components are used. Prices of Underlying Index Components not listed in the Index Currency are translated using spot foreign exchange rates quoted by Reuters. Should there be no current price available on Reuters, the most recent price or the Trading Price on Reuters

for the preceding Index Business Day is used in the calculation. The daily Index Closing Level is calculated using Reuters/WMCO closing spot rates as at 4pm London time.

The Index is calculated every Index Business Day from 9:00am to 10:30pm, CET. In the event that data cannot be provided to Reuters or to the pricing services of Boerse Stuttgart AG the Index cannot be distributed. Any incorrect calculation is adjusted on a retrospective basis.

## **1.5 Weighting**

On each Adjustment Day the Underlying Index Components with the lowest realized volatilities are selected (under certain constraints). The single steps are described in detail in section 2.

On each Index Business Day, the weighting of the Volatility Target Index is determined as described in section 4.

## **1.6 Decision-Making Process**

A Committee composed of staff from Solactive AG is responsible for decisions regarding the composition of the Index as well as any amendments to the rules (in this document referred to as the "**Committee**"). The future composition of the Index is set by the Committee on the Selection Days. The Committee shall also decide about the future composition of the Index and the implementation of any necessary adjustments if any Extraordinary Events should occur.

Members of the Committee can recommend changes to the guideline and submit them to the Committee for approval if there are regulatory reasons for changing the guideline.

## **1.7 Publication**

All specifications and information relevant for calculating the Index are made available on the <http://www.solactive.com> web page and sub-pages.

## **1.8 Historical Data**

Back-tested data prior to the launch of the Index is available until December, 29<sup>th</sup> 2000. Historical data will be maintained from the launch date August, 31<sup>st</sup> 2016.

## **1.9 Licensing**

Licenses to use the Index as the underlying value for derivative instruments are issued to stock exchanges, banks, financial services providers and investment houses by Solactive AG.

## 2 Composition of the Underlying Index

### 2.1 Selection of the Underlying Index Components

The initial composition of the Underlying Index as well as any ongoing adjustment is based on the following rules:

Based on the criteria outlined in Chapter 5, the Index Calculator determines the Selection Pool of stocks which are eligible for inclusion in the Underlying Index.

On each Selection Day in September, the Underlying Index selection is determined following the steps below:

1. Rank the securities from the Selection Pool by volatility (using a look back period of 126 days).
2. Choose the 50 stocks with the lowest volatility, under the following constraints:
  - a. Maximum of 25 stocks per Geographical Region
  - b. Minimum of 5 stocks per Geographical Region
  - c. Maximum of 12 stocks per Sector.
3. The selected stocks are given equal weight,  $w_i^{target}$  in the portfolio.

### 2.2 Ordinary Adjustment

The composition of the Index is ordinarily reviewed once times a year 10 Business Days prior to the scheduled Adjustment day. The composition of the Index is adjusted on the Adjustment Day.

The Index is rebalanced yearly over a ten-day period to ensure that rebalance transactions stay below the Average Daily Value Traded. Beginning on the Index Business Day immediately following the Adjustment Day, and continuing over the next nine Index Business Days, defined as the Rebalancing Period, the target weights of the constituents of the Index on the  $m^{th}$  day are set as follows:

$$w_i^{target}(t_0 + m) = w_i(t_0) + \frac{m * (w_i^{target} - w_i(t_0))}{M}, 0 < m \leq 10$$

where

$t_0$  = Adjustment Day

$w_i(t_0)$  = Percentage Weight of security i at the Adjustment Day. For the avoidance of doubt, if a security i is not an Underlying Index Component on the Adjustment Day,  $w_i(t_0)$  is zero.

$w_i^{target}$  = Target Weight of security i after the completion of the Rebalancing Period.

$w_i^{target}(t)$  = Target Weight of security i on Index Business Day t.

$m$  =  $m^{th}$  day of the Rebalancing Period

$M$  = Total number of Index Business Days in the Rebalancing Period, i.e. 10

The first adjustment will be made in September 2016 based on the Trading Prices of the Underlying Index Components on the Adjustment Day.

Solactive AG shall publish any changes made to the Index composition on the Selection Day and consequently with sufficient notice before the Adjustment Day.

### **2.3 Extraordinary Adjustment**

If a company included in the Index is removed from the Index between two Adjustment Days due to an Extraordinary Event, the weight of the respective company will be split proportionally amongst the remaining companies. The Index is adjusted on the same day. This is announced by Solactive AG after the close of business on the day on which the new composition of the Index was determined by the Committee.

## 3 Calculation of the Underlying Index

### 3.1 Underlying Index Formula

The Underlying Index is an index whose value on a Business Day is equivalent to the sum over all Underlying Index Components of the products of (a) the Number of Shares of the Underlying Index Component and (b) the Trading Price of the Underlying Index Component at the respective index currency.

$$UI_t = \sum_{i=1}^n x_{i,t} * p_{i,t}$$

with:

$UI_t$  = Underlying Index on Business Day t rounded to 2 decimal places

$p_{i,t}$  = Price of Underlying Index Component i on Business Day t converted into the Index Currency

$x_{i,t}$  = Number of Shares of the Underlying Index Component i on Business Day t, calculated as follows

If t falls into the Rebalancing Period, the Number of Shares  $x_{i,t}$  is calculated as follows

$$x_{i,t} = \frac{w_i^{target(t)} * UI_{t-1}}{p_{i,t-1}},$$

Otherwise, besides any adjustments due to Corporate Actions,

$$x_{i,t} = x_{i,t-1}.$$

### 3.2 Accuracy

The value of the Index will be rounded to two decimal places.

Trading Prices will be rounded to four decimal places.

### 3.3 Adjustments

Indices need to be adjusted for systematic changes in prices once these become effective. This requires the new Number of Shares of the affected Underlying Index Component to be calculated on an ex-ante basis.

This procedure ensures that the first ex quote can be properly reflected in the calculation of the Index. This ex-ante procedure assumes the general acceptance of the Index calculation formula as well as open access to the parameter values used. The calculation parameters are provided by Solactive AG.

Any delay in calculating the new Number of Shares of an Underlying Index Component would create problems. Therefore the procedure described above is the most appropriate.

### 3.4 Dividends and Other Distributions



Dividends cause an adjustment of the Number of Shares of the corresponding Underlying Index Component. The new Number of Shares is calculated as follows:

$$x_{i,t} = x_{i,t-1} * \frac{p_{i,t} + D_{i,t}}{p_{i,t}}$$

with

$x_{i,t}$  = Number of Shares of the Underlying Index Component i on Business Day t

$D_{i,t}$  = Payment on Business Day t multiplied by the Dividend Correction Factor of the respective country

$p_{i,t}$  = Price of Underlying Index Component i on Business Day t

Cash Dividends are adjusted in the Net Total Return version of the Underlying Index following the same formula described above. All dividend payments are adjusted in the Index on the respective ex-dividend date.

### 3.5 Corporate Actions

#### 3.5.1 Principles

Following the announcement by a company included in the Index of the terms and conditions of a corporate action the Index Calculator determines whether such corporate action has a dilution, concentration or other effect on the price of the Underlying Index Component.

If this should be the case the Index Calculator shall make the necessary adjustments to the affected Underlying Index Component and/or the formula for calculating the Index and/or to other terms and conditions of this document that he deems appropriate in order to take into account the dilution, concentration or other effect and shall determine the date on which this adjustment shall come into effect.

Amongst other things the Index Calculator can take into account the adjustment made by an Affiliated Exchange as a result of the corporate action with regard to option and futures contracts on the respective share traded on this Affiliated Exchange.

#### 3.5.2 Capital Increases

In the case of capital increases (from the company's own resources or through cash contributions) the new Numbers of Shares are calculated as follows:

$$x_{i,t} = x_{i,t-1} * \left( 1 + \frac{p_{i,t} - B}{p_{i,t}} * BV \right)$$

with:

$x_{i,t}$  = Number of Shares of Underlying Index Component i on the ex date

$x_{i,t-1}$  = Number of Shares of Underlying Index Component i on the day prior to the ex date

$p_{i,t}$  = Closing price on the ex date

$B$  = Price of rights issue

$BV$  = Subscription ratio

$B = 0$  if capital is increased from the company's own resources.

### 3.5.3 Capital Reductions

In the case of capital reductions, the new Number of Shares is determined as follows:

$$x_{i,t} = x_{i,t-1} \frac{1}{H_{i,t}}$$

$H_{i,t}$  = Reduction ratio of the company on day t

$x_{i,t}$  = Number of Shares of the affected Underlying Index Component on the day of the distribution

$x_{i,t-1}$  = Number of Shares of the affected Underlying Index Component on the day prior to the distribution

### 3.5.4 Share Splits and Par Value Conversions

In the case of share splits and par value conversions it is assumed that the prices change in ratio to the number of shares or to the par values. The new Number of Shares is calculated as follows:

$$x_{i,t} = x_{i,t-1} \frac{N_{i,t-1}}{N_{i,t}}$$

$N_{i,t}$  = New par value of security class i (or former number of shares)

$N_{i,t-1}$  = Former par value of security class i (or new number of shares)

$x_{i,t}$  = Number of Shares of the affected Underlying Index Component on the day of the distribution

$x_{i,t-1}$  = Number of Shares of the affected Underlying Index Component on the day prior to the distribution

### 3.6 Calculation of the Index in the Event of a Market Disruption Event

In the event of a Market Disruption Event, Solactive AG calculates the Index value, taking into account the market conditions prevailing at this point in time, the last quoted Trading Price for each of the Underlying Index Components as well as any other conditions that it deems relevant for calculating the Index value.

## 4 Calculation of the Volatility Target Index

The index value on any Index Business Day is calculated according to the following formulae:

$$I_t = I_{t-1} * \left( \frac{VT_t^{gross}}{VT_{t-1}^{gross}} - AF * \frac{DC_{t,t-1}}{365} \right)$$

Where:

$I_t$  = Level of the net version of the Volatility Target Index on Index Business Day t

$DC_{t,t-1}$  = Number of Calendar Days from (and excluding) Index Business Day t-1 to (and including) Index Business Day t

AF = Adjustment factor of 3%

$VT_t^{gross}$  = The gross version of the Volatility Target Index as of Index Business Day t, which is calculated according to the following formulae:

$$VT_t^{gross} = VT_{t-1}^{gross} \left( 1 + Exp_{t-1} * \left( \frac{UI_t}{UI_{t-1}} - 1 \right) \right) + (1 - Exp_{t-1}) * (Libor_{t-1}) * \frac{DC_{t,t-1}}{365}$$

Where:

$Exp_{t-1}$  = Exposure as of Index Business Day t-1

$UI_t$  = Level of Underlying Index as of Index Business Day t

$UI_{t-1}$  = Level of Underlying Index as of Index Business Day t-1

$Libor_{t-1}$  = 3 month EURIBOR rate as of Index Business Day t-1

$DC_{t,t-1}$  = Number of Calendar Days from (and excluding) Index Business Day t-1 to (and including) Index Business Day t

$Exp_t$  is adjusted according to the following formula:

$$Exp_t = \min(\max \text{ exposure}, \widetilde{Exp}_t)$$

$$\widetilde{Exp}_t = \begin{cases} TE_{t-2} & \text{if } |Exp_{t-1} - TE_{t-2}| > 5\% \\ Exp_{t-1} & \text{else} \end{cases},$$

with  $Exp_0 = \widetilde{Exp}_0 = 1$

$TE_t$  is the target exposure, which is calculated according to

$$TE_t = \frac{\text{target vol}}{\sigma_t},$$

Where

$\max \text{ exposure}$  = 100%

$\text{target vol}$  = 8%

$\sigma_{t-1}$  calculated according the following formula:

$$\sigma_t = \max(\sigma_t^{20d}, \sigma_t^{60d}).$$

$\sigma_t^{20d}$  and  $\sigma_t^{60d}$  are the 20 day and 60 day annualized realized volatility of the Underlying Index. They are calculated as follows:

$$\sigma_t^{nd} = \sqrt{\frac{252}{n-1} \left[ \sum_{i=1}^n \left( \ln \left( \frac{UI_{t-i+1}}{UI_{t-i}} \right) \right)^2 - \frac{1}{n} \left( \sum_{i=1}^n \ln \left( \frac{UI_{t-i+1}}{UI_{t-i}} \right) \right)^2 \right]}, \quad n \in \{20, 60\}.$$

## 5 Definitions

“**Adjustment Day**” is the 25<sup>th</sup> September each year or the immediately following Index Business Day in case the 25<sup>th</sup> September does not fall on an Index Business Day.

An “**Affiliated Exchange**” is with regard to an Underlying Index Component an exchange, a trading or quotation system on which options and futures contracts on the Underlying Index Component in question are traded, as specified by the Index Calculator.

“**Average Daily Value Traded**” means, in respect of a share, the sum of Daily Value Traded over a specified period divided by the number of Business Days that fall in the specified period.

A “**Business Day**” is every weekday other than a Saturday or a Sunday unless a Market Disruption event occurs.

An “**Index Business Day**” is a day on which all securities which are components of the Underlying Index are tradable, i.e. all relevant exchanges are open for trading.

“**Daily Value Traded**” means, in respect of a security and of a Business Day, the product of (i) the Trading Price of the security in the Index Currency, and (ii) the volume traded (measured as a number of shares) of the security.

“**Dividend Correction Factor**” is calculated as 1 minus the applicable withholding tax rate and/or other applicable tax rate currently prevalent in the respective country. The table can be accessed on the Solactive corporate website using the following URL: <http://www.solactive.com/news/documents/>

“**Exchange**” is, in respect of the Selection Pool and every Underlying Index Component, the respective primary exchange where the Underlying Index Component has its primary listing. The Committee may decide to declare a different stock exchange the “Exchange” for trading reasons, even if the company is only listed there via a Stock Substitute.

In particular an “**Extraordinary Event**” is

### 1. **Merger:**

With regard to an Underlying Index Component a “**Merger**” is

- i. a change in the security class or a conversion of this share class that results in a transfer or an ultimate definite obligation to transfer all the shares in circulation to another legal person,
- ii. a merger (either by acquisition or through forming a new structure) or a binding obligation on the part of the issuer to exchange shares with another legal person (except in a merger or share exchange under which the issuer of this Underlying Index Component is the acquiring or remaining company and which does not involve a change in security class or a conversion of all the shares in circulation),
- iii. a takeover offer, exchange offer, other offer or another act of a legal person for the purposes of acquiring or otherwise obtaining from the issuer 100% of the shares issued that entails a transfer or the irrevocable obligation to transfer all shares (with the exception of shares which are held and controlled by the legal person), or
- iv. a merger (either by acquisition or through forming a new structure) or a binding obligation on the part of the issuer of the share or its subsidiaries to exchange shares with another legal person, whereby the issuer of the share is the acquiring or remaining company and it does not involve a change in the class or a conversion of the all shares issued, but the shares in circulation directly prior to such an event (except for shares held and controlled by the legal

person) represent in total less than 50% of the shares in circulation directly subsequent to such an event.

## 2. **Takeover bid**

A **“Takeover bid”** is a bid to acquire, an exchange offer or any other offer or act of a legal person that results in the related legal person acquiring as part of an exchange or otherwise more than 10% and less than 100% of the voting shares in circulation from the issuer of the Underlying Index Component or the right to acquire these shares, as determined by the Index Calculator based on notices submitted to public or self-regulatory authorities or other information considered by the Index Calculator to be relevant.

## 3. **Delisting**

An Underlying Index Component is **“delisted”** if the Exchange announces pursuant to the Exchange regulations that the listing of, the trading in or the issuing of public quotes on the Underlying Index Component at the Exchange has ceased immediately or will cease at a later date, for whatever reason (provided delisting is not because of a Merger or a Takeover bid), and the Underlying Index Component is not immediately listed, traded or quoted again on an exchange, trading or listing system, acceptable to the Index Calculator,

## 4. **Nationalisation**

**“Nationalisation”** is a process whereby all shares or the majority of the assets of the issuer of the shares are nationalised or are expropriated or otherwise must be transferred to public bodies, authorities or institutions.

## 5. **Insolvency**

**“Insolvency”** occurs with regard to an Underlying Index Component if (A) all shares of the respective issuer must be transferred to a trustee, liquidator, insolvency administrator or a similar public officer as result of a voluntary or compulsory liquidation, insolvency or winding-up proceedings or comparable proceedings affecting the issuer of the Underlying Index Components or (B) the holders of the shares of this issuer are legally enjoined from transferring the shares.

## 6. **Controversies with critical severity**

At any time, if a company in the Underlying Index who experiences **“controversies with critical severity”**, after notification from Vigeo Eiris to Solactive on the first Business Day of a month, then the company is dropped from the Underlying Index after 5 Business Days, and its weight is distributed, on a pro-rata basis, to the rest of the Underlying Index.

The Trading Price for this Underlying Index Component on the day the event came into effect is the last available market price for this Underlying Index Component quoted on the Exchange on the day the event came into effect (or, if a market price is not available for the day the event came into effect, the last available market price quoted on the Exchange on a day specified as appropriate by the Index Calculator), as determined by the Index Calculator, and this price is used as the Trading Price of the particular Underlying Index Component until the end of the day on which the composition of the Index is next set.

In the event of the Insolvency of an issuer of an Underlying Index Component the Underlying Index Component shall remain in the Index until the next Adjustment Day. As long as a market price for the affected Underlying Index Component is available on a Business Day, this shall be applied as the Trading Price for this Underlying Index Component on the relevant Business Day, as determined in each case by the Index Calculator. If a market price is not available on a Business Day the Trading Price for this Underlying Index Component is set to zero. The Committee may also decide to eliminate the respective Underlying Index Component at an earlier point in time prior to the next Adjustment Day. The procedure in this case is identical to an elimination due to and Extraordinary Event.

**“Geographical Region”** is one of the following three classifications: Europe, Asia, and America

The **“Index”** refers to the Solactive Solactive Sustainable Development Goals World RC 8 EUR.

The **“Index Calculator”** is Solactive AG or any other appropriately appointed successor in this function.

The **“Index Currency”** is Euro (EUR).

A **“Market Disruption Event”** occurs if

1. one of the following events occurs or exists on a Business Day prior to the opening quotation time for an Underlying Index Component:
  - A) trading is suspended or restricted (due to price movements that exceed the limits allowed by the Exchange or an Affiliated Exchange, or for other reasons):
    - 1.1. across the whole Exchange; or
    - 1.2. in options or futures contracts on or with regard to an Underlying Index Component or an Underlying Index Component that is quoted on an Affiliated Exchange; or
    - 1.3. on an Exchange or in a trading or quotation system (as determined by the Index Calculator) in which an Underlying Index Component is listed or quoted; or
  - B) an event that (in the assessment of the Index Calculator) generally disrupts and affects the opportunities of market participants to execute on the Exchange transactions in respect of a share included in the Index or to determine market values for a share included in the Index or to execute on an Affiliated Exchange transaction with regard to options and futures contracts on these shares or to determine market values for such options or futures contracts; or
2. trading on the Exchange or an Affiliated Exchange is ceased prior to the usual closing time (as defined below), unless the early cessation of trading is announced by the Exchange or Affiliated Exchange on this Business Day at least one hour before
  - (aa) the actual closing time for normal trading on the Exchange or Affiliated Exchange on the Business Day in question or, if earlier.
  - (bb) the closing time (if given) of the Exchange or Affiliated Exchange for the execution of orders at the time the quote is given.

**“Normal exchange closing time”** is the time at which the Exchange or an Affiliated Exchange is normally closed on working days without taking into account after-hours trading or other trading activities carried out outside the normal trading hours; or
3. a general moratorium is imposed on banking transactions in the country in which the Exchange is resident if the above-mentioned events are material in the assessment of the Index Calculator, whereby the Index Calculator makes his decision based on those circumstances that he considers reasonable and appropriate.

**“Number of Shares”** is in respect of an Underlying Index Component and any given Business Day the number or fraction of shares included in the Index. It is calculated for any Underlying Index Component as the ratio of (A) the Percentage Weight of an Underlying Index Component multiplied by the Index value and (B) its Trading Price.

**“Percentage Weight”** of an Underlying Index Component is the ratio of its Trading Price multiplied by its Number of Shares divided by the Index value.

**“Rebalancing Period”** is a period of 10 Index Business Days after the Adjustment Day.

**“Sector”** is one of the following ten classifications: Consumer Goods, Industrials, Basic Materials, Oil & Gas, Health Care, Utilities, Consumer Services, Financials, Technology, and Telecommunications

**“Selection Day”** is the Business Day which is five Business Days prior to the Adjustment Day.

**“Selection Pool”** is determined on an annual basis on the Selection Day in September. It includes those companies that are part of the Universe (as described above) and fulfill the following conditions:

- Companies with a minimum Average Daily Value Traded of at least EUR 10mn over the previous 6 months and the previous month ( $\min(ADV_{6m}, ADV_{1m}) > 10mn$ ).

“**Stock Substitute**” includes in particular American Depository Receipts (ADR) and Global Depository Receipts (GDR).

With regard to an Underlying Index component (subject to the provisions given above under “Extraordinary Events”) the “**Trading Price**” in respect of a Business Day is the closing price on this Business Day determined in accordance with the Exchange regulations. If the Exchange has no closing price for an Underlying Index Component, the Index Calculator shall determine the Trading Price and the time of the quote for the share in question in a manner that appears reasonable to him.

The “**Underlying Index**” is the Solactive Sustainable Development Goals World EUR Index (see 1.1) which is based on the Universe. Its calculation is outlined in chapter 3.

“**Underlying Index Component**” is each security currently included in the Underlying Index or, during a Rebalancing Period, each security currently included in the Underlying Index and to be included in the Underlying Index during the Rebalancing Period.

The “**Universe**” is the World SDG Universe provided by Vigeo Eiris on a quarterly basis. The securities for the Universe are selected with respect to following ESG criteria:

1. Vigeo Eiris ESG score above the average score per zone of the selection universe, separated into three zones: Europe, North America, Asia Pacific
2. No controversies with critical severity
3. Not listed on the Vigeo Eiris Controversy Warning List
4. If the company is within the top 10 carbon emitters of its sector and has a Vigeo Eiris Carbon Footprint classification of D, then the Vigeo Eiris Energy Transition score must be greater than or equal to 50/100
5. Significant or Major involvement in Vigeo Eiris Sustainable Goods & Services (Access to Information, Capacity Building, Energy & Climate Change, Food & Nutrition, Health, Infrastructure, Responsible Finance, and Water & Sanitation)

| Category    | Level of incorporation |
|-------------|------------------------|
| Major       | 50% or greater         |
| Significant | 20 - 49%               |

OR

Score equal to or above 60/100 and ranked first among sector peers in the themes of Societal Development, Fair Work, Business Ethics, Corporate Governance, or Natural Resources. When themes are inter-related, the company must also be ranked in the top 10 sector peers on the second theme.

6. No major involvement in Alcohol, Armament, Gambling, Nuclear, Sex Industry or Tobacco

#### Alcohol

| Subcategory                         | Major involvement |
|-------------------------------------|-------------------|
| Production of alcoholic beverages   | > 0%              |
| Distribution of alcoholic beverages | ≥ 10%             |

#### Armament

| Subcategory           | Major involvement |
|-----------------------|-------------------|
| Controversial weapons | >0%               |

|   |      |
|---|------|
| Other offensive products                | >0%  |
| Defensive & auxiliary military products | ≥ 5% |

#### **Gambling**

| <b>Subcategory</b>                         | <b>Major involvement</b> |
|--|--------------------------|
| Gambling products/services                 | ≥ 5%                     |
| Distribution of gambling products/services | ≥ 10%                    |

#### **Nuclear**

| <b>Subcategory</b>         | <b>Major involvement</b> |
|----------------------------|--------------------------|
| Nuclear-related activities | ≥ 5%                     |

#### **Tobacco**

| <b>Subcategory</b>                       | <b>Major involvement</b> |
|--|--------------------------|
| Production of core tobacco products      | >0%                      |
| Production of secondary tobacco products | ≥ 10%                    |
| Distribution of core tobacco products    | ≥ 10%                    |

#### **Sex Industry**

| <b>Subcategory</b>                           | <b>Major involvement</b> |
|--|--------------------------|
| Production of pornography or sexual services | >0%                      |
| Distribution of pornography                  | ≥ 10%                    |

“Vigeo Eiris” is a global provider of environmental, social and governance research to investors and corporates. Vigeo Eiris provides research and solutions for sustainable value creation. For more information, please visit: <http://www.vigeo.com/csr-rating-agency/fr/3-1-investisseurs-et-gestionnaires-d-actifs>

The “Volatility Target Index” is calculated based on the Underlying Index as outlined in chapter 4.



## **6 Appendix**

### **6.1 Contact Data**

Solactive AG

Guiollettstr. 54

60325 Frankfurt am Main

Tel.: +49 69 719 160 00

Fax: +49 69 719 160 25

indexing@solactive.com

### **6.2 Calculation of the Index – Change in Calculation Method**

The application by the Index Calculator of the method described in this document is final and binding. The Index Calculator 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, financial or tax reasons may require changes to be made to this method. The Index Calculator may also make changes to the terms and conditions of the Index and the method applied to calculate the Index, which he 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 Calculator is not obliged to provide information on any such modifications or changes. Despite the modifications and changes the Index Calculator will take the appropriate steps to ensure a calculation method is applied that is consistent with the method described above.