

INDEX GUIDELINE

Solactive Clean Water Index

Version 2.0

03 March 2022

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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 Index. 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. The name "Solactive" is trademarked.

It contains the underlying principles and rules regarding the structure and operation of the Solactive Clean Water Index (the "Index"). Solactive AG shall make every effort to implement the applicable 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 does not constitute a 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.



1 INDEX SPECIFICATIONS

- > The Solactive Clean Water Index (the "Index") is an Index of Solactive AG and is calculated and distributed by Solactive AG and is administered by Solactive AG assuming the role as administrator (the "Index Administrator") under the Regulation (EU) 2016/1011 (the "Benchmark Regulation" or "BMR").
- > The Index aims to track the performance of a basket of stocks of companies that are actively engaged in the international clean water industry through the provision of technological, digital, engineering, utility and/or other services.
- > The Index is a Price Return/Net Total Return/Gross Total Return index.
- > The Index is published in US Dollar.

1.1 SHORT NAME AND ISIN

The Index is distributed under the following identifiers:

| Name | ISIN | WKN | Characteristic | Reuters | Bloomberg |
|---------------------------------|--------------|--------|------------------|-----------|---------------|
| Solactive Clean Water Index PR | DE000SLA8HB9 | SLA8HB | Price Return | .SOLWATRP | NA |
| Solactive Clean Water Index NTR | DE000SLA6Z81 | SLA6Z8 | Net Total Return | .SOLWATR | SOLWATR Index |
| Solactive Clean Water Index TR | DE000SLA8HC7 | SLA8HC | Total Return | .SOLWATRT | NA |

1.2 INITIAL VALUE

The Index is based on 100 at the close of trading on the start date, March 15, 2013.

1.3 DISTRIBUTION

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 is distributed to all affiliated vendors. Each vendor decides on an individual basis as to whether it will distribute/display the Index via its information systems.

1.4 PRICES AND CALCULATION FREQUENCY

The price of the Index is calculated on each Business Day based on the prices on the respective Exchanges on which the Index Components are listed. The most recent prices of all Index Components are used. Prices of Index Components not listed in the Index Currency are translated using the current Intercontinental Exchange (the „ICE“) spot foreign exchange rate. Should there be no current price available for an Index Component, the most recent price or the Trading Price for the preceding Trading Day is used in the calculation.

The Index is calculated every Business Day from 9:00 a.m. to 10:30 p.m., CET. In the event that data cannot be provided to Reuters or to the pricing services of Boerse Stuttgart GmbH, the Index cannot be distributed.



1.5 WEIGHTING

On each Selection Day, the new Index Components are weighted equally subject to the constraints outlined in section 2.2. The relevant float shares outstanding as of the Selection Day are used and are implemented as of the close on the Adjustment Day. The shares are adjusted for corporate actions between the Selection Day and the Adjustment Day. This only relates to corporate actions that have a direct impact on price and shares (i.e., stock splits, stock dividends and rights issues).

1.6 OVERSIGHT

A Committee composed of staff from Solactive AG (the "Committee" or the "Index Committee") is responsible for decisions regarding the composition of the Index as well as any amendments to the rules.

Members of the Committee can recommend changes to the Guideline and submit them to the Committee for approval.

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

Historical data will be maintained from the launch of the Index on May 31, 2019. For the historical simulation of the index prior to the index launch input data provided by Global Water Intelligence were used as of November 14, 2018.

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.

1.10 INDEX UNIVERSE

On each Selection Day that occurs in the month of March, the Index Universe shall be determined based on the data provided by Global Water Intelligence as described below. On each Selection Day that occurs in the month of September, the Index Universe shall remain unchanged from the Index Universe determined on the immediately preceding Selection Day.

"Global Water Intelligence" is a leading publisher of databases, magazines and reports, and a provider of market intelligence. They have been serving the international water industry and have around 50 employees spread between Oxford, Austin (Texas) and Shanghai. Over the last 15 years they have built their business around being a trusted interface between their clients and their markets, providing them with high-level intelligence that enables them to make the most informed strategic decisions for their businesses.



Global Water Intelligence have acquired an expert team of researchers and journalists with backgrounds in finance, economics, water and technology who are extremely well-connected. Their team also has an unparalleled network of senior executives, utility and industry leaders working within the business of water, enabling them to bring exclusive and reliable insights into the key trends, developments and opportunities within the water sector. They bring together their large body of research, industry-renowned data, forecasts and analysis into a powerful, actionable platform that can generate the information according to client needs.

They offer products and services that cover all key segments of the international water sector, including desalination and reuse, finance, digital solutions, utilities and industrial water.

In particular, Water Data is a database produced by Global Water Intelligence that provides accurate and timely information about the international water sector. It gives access to the full insight of their content teams at any given time on any topic area, whether that is a regional or country market, a technology market, industrial markets, or their expansive companies database.

The Water Data database includes:

- Country profiles: Key opportunities for international firms, forecasts, procurement rules, financing trends, municipal regulations, technology needs, drivers/restraints, market players
- Comprehensive database of projects involving private capital: An exhaustive list of projects involving private investment globally
- 5 Year CAPEX & OPEX Forecasts: broken out by Region, Sector, Application & Technology
- Industry Verticals: Upstream Oil & Gas, Refining & Petrochemicals, Power, Mining, Food & Beverage, Pharmaceuticals, Microelectronics, Pulp & Paper, Textiles & Tanneries & Industrial Services
- Plant Database: major water treatment, wastewater treatment and water reuse plants globally by region, capacity, technology
- Digital platform: global trends in the adoption of smart water technologies, and the development of new technology companies
- Technology hub: lists of emerging and established technologies, and the companies that offer them and their market position, in each treatment technology category and within the smart water space
- Company database: over 600 profiles of competitors, technology companies and potential local EPC/developer partners in each country
- Utilities database: provides the service scope, the key statistics and the leaders of over 6000 utilities worldwide
- M&A tracker: provides information about real-time mergers and acquisitions



- Historical M&A Database: provides all Water Industry mergers and acquisitions activity since the year 2000
- Tariff survey: provides access to financial position of potential clients and explore water tariff trends by analysing domestic water tariff data in over 500 cities worldwide

Further, the Water Data database is constructed using data from various internal and external sources that include:

- Research Team: The team is responsible for providing the rationalisation of data, looking at the bigger picture and considering all of the market influencing conditions that ensure robust strategic decisions.
- Data Team: The team provides empirical input that is intended to guide the business strategy of their clients, and is engaged in building datasets, forecasts and the material that forms the foundation of the Water Data service.
- Editorial: Includes Experts in the water business, providing insights into people, companies, finance and concrete opportunities.
- External Sources: Global Water Intelligence may also rely on external data to improve the quality of the data provided in the Water Data database.

The Index Universe shall consist of Securities of all publically listed companies engaged in the international water sector, as provided by Global Water Intelligence. For each company, Global Water Intelligence shall provide the details listed in the table below:

| Company Details | Description |
|---|---|
| Company Name | Name of the company |
| HQ Country | Country in which the company is headquartered |
| Estimated Water Revenue (\$m) | Revenues attributable to water related activities, products and/or services as estimated by Global Water Intelligence and quoted in millions of US dollars |
| Estimated Water Revenue Range (\$) | A range within which the revenues attributable to water related activities, products and/or services are expected to fall, as estimated by Global Water Intelligence and quoted in millions of US dollars |
| Revenue Year | The year as of which the Estimated water revenues (\$) is provided for. |
| Expertise | The area(s) of expertise of the company which may include one or more of the following: Technologies, Digital, Engineering, Finance, Utilities, Services and/or Chemicals |



| | |
|---------------------------------|--|
| Sectors active | The sector(s) in which the company is active, which may include one or more of the following: Commercial & institutional; Food & beverage; Mining; Other; Pharmaceuticals; Power generation; Pulp & paper; Refining & petrochemicals; Upstream oil & gas; Micro-electronics; and/or Utility |
| Technology expertise | Components only; Systems only; Components & Systems |
| Technology application | Suspended solids removal; Dissolved solids removal; Biological treatment; Disinfection; Sludge management; Control & monitoring; and/or Equipment |
| Chemical expertise | Commodity chemicals; and/or Specialty chemicals |
| Chemicals supplied | Other; Biocides; pH control; Corrosion inhibitors; Other chemicals; Other; Chelating agent; Coagulants; Flocculants; and/or Dust suppressants |
| Engineering expertise | Engineering consultancy; and/or EPC contractor |
| Engineering project type | Industrial wastewater treatment; Industrial water treatment; Seawater and brackish water desalination; Utility wastewater treatment; and/or Utility water treatment |
| Services expertise | Utility operations; Utility management; Industrial operations; Chemicals related services; Ion exchange services; and/or Activated carbon services |
| Digital expertise | Customer meters (Dumb); Pressure/flow sensors; Water quality sensors; Lab Equipment & Services; Control Systems & SCADA (Treatment plants); Control Systems & SCADA (Distribution networks); and/or Distribution Network Data Management |
| Primary Exchange | The stock exchange where the company is primarily listed |
| Primary ticker | The company ticker used to uniquely identify the company |
| Financial Year End | The month and day as of which the company shall publish its annual financial reports |
| Revenue | The annual revenue of the company as published by the company in respect of Revenue Year |

The list of companies within the water industry shall be updated and reviewed on an [annual basis] by Global Water Intelligence and shall be made available to the Calculation Agent.

2 COMPOSITION OF THE INDEX

2.1 SELECTION OF THE INDEX COMPONENTS

This section sets out the methodology used to determine the initial composition of the Index and to make periodic adjustments to the composition of the Index.



In respect of each Selection Day, the Calculation Agent shall determine the Index Components in accordance with the methodology described below:

1. If such Selection Day occurs in the month of March, the Calculation Agent shall determine the securities that constitute the Index Universe in accordance with the methodology described in Section 1.10 Index Universe. And, if such Selection Day occurs in the month of September, the Index Universe shall be the same as the Index Universe determined on the immediately preceding Selection Day.
2. On each SELECTION DAY, any company included in the ESG Exclusions Index as determined by SOLACTIVE is then excluded from the INDEX UNIVERSE. To clarify, due to the methodology of the ESG Exclusions index, which only consists of companies that are covered by the DATA PROVIDER II and are fulfilling the set of ESG criteria, companies that do not have full ESG data coverage and are therefore not represented in the ESG Exclusions Index might be included in the INDEX UNIVERSE and could be selected as INDEX COMPONENTS, This could be the case for, but is not limited to, companies that went public recently and for which no ESG data coverage as provided by the DATA PROVIDER II is immediately available.

The ESG Exclusions Index is reconstituted by SOLACTIVE on a semi-annual basis and the methodology by reference to which the ESG Exclusions Index is constructed, together with the most recent applicable categories and inclusion criteria, is available on the [Solactive website](#).

The applicable categories and inclusion criteria of the ESG Exclusions Index as of 28th February 2022 are set out in ANNEX B of this document.

3. The Calculation Agent shall select the securities that are eligible for inclusion in the Index (the "Eligible Securities") from the Index Universe in the following manner:

A Security shall be deemed to be an Eligible Security if:

- a. it has its primary listing on an Eligible Exchange;
 - b. it has, as of the Selection Day, a Free Float Market Capitalization of at least USD 200 million, unless such Security is an existing Index Component, in which case, the Free Float Market Capitalization must be at least USD 150 million; and
 - c. its Three Month Average Daily Value Traded, as of the Selection Day, is at least USD 1,000,000. In order to be eligible for inclusion a Security needs to have a trading history of at least six month before the Selection Day.
4. On each Selection Day, each Eligible Security shall be deemed to be an Index Component, if in respect of such Eligible Security:
 - a. the company is determined to have Expertise in "Utilities" or its FactSet Economy classification is "Utilities", and



- i. has a minimum Water Revenue Share of 90%; unless such Eligible Security is an existing Index Component in which case it shall have a minimum Water Revenue Share of 88%;

OR

- b. the company is determined not to have Expertise in "Utilities" and its FactSet Economy classification is not "Utilities", and
 - i. the company is determined to have Expertise in "Engineering" and
 1. has a minimum Water Revenue Share of 50%; unless such Eligible Security is an existing Index Component in which case it shall have a minimum Water Revenue Share of 48%;

OR

- ii. the company is determined not to have Expertise in "Engineering", and
 1. has Expertise in "Technology" or "Digital"; and a minimum Water Revenue Share of 10%; unless such Eligible Security is an existing Index Component which previously had a Water Revenue Share of greater than or equal to 10%, in which case it shall only be excluded when its Water Revenue Share falls below 8%;

For the avoidance of doubt, if the company in respect of a Security is determined to have Expertise only in "Chemicals", "Finance" and/or "Services", then such Security shall not be deemed to be an Index Component.

Notwithstanding the above, if the total number of Index Components is determined to be less than 25, then steps 1-4 above shall be repeated with lower minimum Water Revenue Share thresholds in constraints 4.a.i and 4.b.i.1 such that the total number of Index Components is determined to be equal to 25.

2.2 ORDINARY ADJUSTMENT

The composition of the Index shall be adjusted on each Adjustment Day that is deemed to be a Rebalancing Day by the Calculation Agent.

Each Adjustment Day that occurs in the month of March and September shall be deemed to be a Rebalancing Day. In addition, if the Calculation Agent determines that the Index Component Weight of any Index Components is greater than 15% on any other Review Day, then the Adjustment Day that occurs immediately after such Review Day shall be deemed to be a Rebalancing Day.



On each SELECTION DAY each INDEX COMPONENT is weighted in accordance with the following steps

- i) Each Index Component is initially weighted equally w_i^* ;
- ii) Then, for each Index Component the maximum weight $w_{i,max}$ is calculated as:

$$w_{i,max} = \text{Min}\{w_{i,max}^{liquidity}, w_{i,max}^{ownership}\}$$

where,

$$w_{i,max}^{liquidity} = \frac{(1 - \text{Haircut}) \times \text{Liquidity Measure} \times \text{Participation (\%)}}{\text{AuM} \times \text{Turnover}}$$

$$w_{i,max}^{ownership} = \frac{\text{Market Cap} \times \text{Max Ownership}}{\text{AuM}}$$

and,

AuM means the maximum of total assets under management in US Dollars of ETFs tracking the index as listed in Appendix C and US Dollars 50 million;

Haircut- assumed 10%;

Liquidity Measure means 3-month **AVERAGE DAILY VALUE TRADED**;

Market Cap means the market capitalisation of a company in US Dollars;

Max Ownership- assumed 7.5%;

Participation (%)- assumed 100%;

Turnover- assumed 40%.

- iii) In respect of Index Components whose initial weight w_i^* is greater than $w_{i,max}$, the Target Index Weight w_i shall be set to be equal to $w_{i,max}$, and the excess weight is then calculated as follows:

$$w_{i,excess} = w_i^* - w_{i,max}$$

The cumulative excess weight is calculated as the sum of $w_{i,excess}$ in respect of all Index Components whose initial weight w_i^* is greater than $w_{i,max}$.

The cumulative excess weight is then proportionally distributed across all Index Components whose initial weight w_i^* is less than $w_{i,max}$ such that the above maximum weight cap condition is fulfilled. This can be an iterative process until 100% weight is fully allocated and all conditions above are fulfilled.

The composition of the Index shall be determined on each Selection Day in accordance with the methodology described in Section 2.1 Selection of Index Components. The Calculation Agent 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

An extraordinary adjustment, if applicable, is triggered and applied in compliance with the rules set forth in the [Solactive Guideline for Extraordinary Corporate Actions](#).

3 CALCULATION OF THE INDEX

3.1 INDEX FORMULA

The Index Value on a Business Day at the relevant time is calculated in accordance with the following formula:

$$Index_t = \sum_{i=1}^n \frac{(x_{i,t} \times p_{i,t} \times f_{i,t})}{D_t}$$

With:

- $x_{i,t}$ = Number of Index Shares of the Index Component i on Trading Day t
- $p_{i,t}$ = Price of Index Component i on Trading Day t
- $f_{i,t}$ = Foreign exchange rate to convert the Price of Index Component i on Trading Day t into the Index Currency
- D_t = Divisor on Trading Day t

In respect of the Start Date, the Divisor shall be calculated according to the following formula:

$$D_t = \frac{\sum_{i=1}^n (p_{i,t} \times f_{i,t} \times x_{i,t})}{100}$$

After the close of trading on each Adjustment Day t , the Divisor in respect of the immediately following Trading Day shall be calculated according to the following formula:

$$D_{t+1} = \frac{\sum_{i=1}^n (p_{i,t} \times f_{i,t} \times x_{i,t+1})}{Index_t}$$

where:

- $x_{i,t+1}$ = Number of Total Shares of the Index Component i in respect of the immediately preceding Selection Day

In respect of a Trading Day t that is (i) not an Adjustment Day and (ii) a day on which there are no Corporate Actions, then the Divisor shall be calculated according to the following formula:

$$D_t = D_{t-1}$$

where:

$t - 1$ means the immediately preceding Business Day.



3.2 ACCURACY

- > In respect of each Business Day, the Index Value, rounded to two decimal places, shall be published on Reuters and Bloomberg.
- > Trading Prices and spot foreign exchange rates used to calculate the Index Value shall be rounded to six decimal places.
- > Divisors will be rounded to six 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 Index Shares of the affected Index Component and the Divisor to be calculated on an ex-ante basis.

Following the Committee's decision, the Index is adjusted for distributions, capital increases and stock splits.

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 the Index Calculator.

3.4 DIVIDENDS AND OTHER DISTRIBUTIONS

Dividend payments and other distributions are included in the Index. They cause an adjustment of the Divisor. The new Divisor is calculated as follows:

$$D_{t+1} = D_t \times \frac{\sum_{i=1}^n (p_{i,t} \times f_{i,t} \times x_{i,t}) - (x_{i,t} \times y_{i,t} \times g_{i,t})}{\sum_{i=1}^n (p_{i,t} \times f_{i,t} \times x_{i,t})}$$

With:

- $x_{i,t}$ = Number of Index Shares of the Index Component i on Trading Day t
- $y_{i,t}$ = Distribution of Index Component i with ex-date $t + 1$ multiplied by the Dividend Correction Factor
- $p_{i,t}$ = Price of Index Component i on Trading Day t
- $f_{i,t}$ = Foreign exchange rate to convert the Price of Index Component i on Trading Day t into the Index Currency
- $g_{i,t}$ = Foreign exchange rate to convert the amount of the distribution of Index Component i on Trading Day t into the Index Currency
- D_t = Divisor on Trading Day t
- D_{t+1} = Divisor on Trading Day $t + 1$



3.5 CORPORATE ACTIONS

3.5.1 Principles

Following the announcement by an issuer of Index Components of the terms and conditions of a corporate action, the Index Calculator determines whether such corporate action has a dilutive, concentrative or similar effect on the price of the respective Index Component.

If this should be the case, the Index Calculator shall make the necessary adjustments that are deemed appropriate in order to take into account the dilutive, concentrative or similar 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 with ex-date $t + 1$, the Index is adjusted as follows:

$$x_{i,t+1} = x_{i,t} \times \frac{1 + B}{1}$$

With:

- $x_{i,t}$ = Number of Index Shares of the Index Component i on Trading Day t
- $x_{i,t+1}$ = Number of Index Shares of the Index Component i on Trading Day $t + 1$
- B = Shares received for every share held

$$p_{i,t+1} = \frac{p_{i,t} + s \times B}{1 + B}$$

With:

- $p_{i,t}$ = Price of Index Component i on Trading Day t
- $p_{i,t+1}$ = Hypothetical price of Index Component i on Trading Day $t + 1$
- s = Subscription Price in the Index Component currency
- B = Shares received for every share held

$$D_{t+1} = D_t * \frac{\sum_{i=1}^n (p_{i,t} \times f_{i,t} \times x_{i,t}) + \sum_{i=1}^n [(x_{i,t+1} \times p_{i,t+1} \times f_{i,t}) - (x_{i,t} \times p_{i,t} \times f_{i,t})]}{\sum_{i=1}^n (p_{i,t} \times f_{i,t} \times x_{i,t})}$$

With:

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



- $x_{i,t+1}$ = Number of Index Shares of the Index Component i on Trading Day $t + 1$
 $p_{i,t}$ = Price of Index Component i on Trading Day t
 $p_{i,t+1}$ = Hypothetical price of Index Component i on Trading Day $t + 1$
 $f_{i,t}$ = Foreign exchange rate to convert the Price of Index Component i on Trading Day t into the Index Currency
 D_t = Divisor on Trading Day t
 D_{t+1} = Divisor on Trading Day $t + 1$

3.5.3 Share splits

In the case of share splits with ex-date on Trading Day $t + 1$, it is assumed that the prices change in ratio of the terms of the split. The new Number of Index Shares is calculated as follows:

$$x_{i,t+1} = x_{i,t} \times B$$

With:

- $x_{i,t}$ = Number of Index Shares of the affected Index Component on Trading Day t
 $x_{i,t+1}$ = Number of Index Shares of the affected Index Component on Trading Day $t + 1$
 B = Shares after the share split for every share held before the split

3.5.4 Stock distributions

In the case of stock distributions with ex-date on Trading Day $t + 1$, it is assumed that the prices change according to the terms of the distribution. The new Number of Index Shares is calculated as follows:

$$x_{i,t+1} = x_{i,t} \times (1 + B)$$

With:

- $x_{i,t}$ = Number of Index Shares of the Index Component i on Trading Day t
 $x_{i,t+1}$ = Number of Index Shares of the Index Component i on Trading Day $t + 1$
 B = Shares received for every share held

3.6 MISCELLANEOUS

3.6.1 Recalculation

Solactive AG makes the greatest possible efforts to accurately calculate and maintain its indices. However, the occurrence of errors in the index determination process cannot be ruled out. In such cases Solactive AG adheres to its publicly available [Correction Policy](#).

3.6.2 Market Disruption

In periods of market stress Solactive AG calculates its indices following predefined and exhaustive arrangements set out in its publicly available [Disruption Policy](#).



4 DEFINITIONS

“**Adjustment Day**” means each day that occurs on the 3rd Friday of each calendar month, and if such day is not a Trading Day, the immediately following Trading Day.

“**Business Day**” means each calendar day other than Saturdays and Sundays.

“**Calculation Agent**” means Solactive AG or any other appropriately appointed successor in this function.

“**Corporate Action**” shall have the meaning as defined in Section 3.5.1. Principles.

“**Daily Traded Value**” means, in respect of a Security and of a Trading Day, the product of (i) the closing price of such Share (denominated in the Index Currency) as provided by the Exchange and (ii) the volume traded (measured as a number of Shares) of such Share on the Exchange during such Exchange Trading Day.

An 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 Index Component at the Exchange has ceased immediately or will cease at a later date, for whatever reason (provided the Delisting is not because of a Merger or a Takeover Bid), and the Index Component is not immediately listed, traded or quoted again on an exchange, trading or listing system, acceptable to the Index Calculator.

“**DATA PROVIDER II**” is Sustainalytics. For more information, please visit: www.sustainalytics.com.

The “**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.

“**Eligible Exchange**” means an exchange listed under column ‘Exchanges’ in Table 1: Eligible Exchanges in Annex A.

“Estimated Water Revenue” shall have a meaning as defined in the table in Section 1.10 Index Universe.

“Estimated Water Revenue Range” shall have a meaning as defined in the table in Section 1.10 Index Universe.

The “**Exchange**” is, in respect of the Index and every Index Component, the respective primary exchange where the 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

- > a Merger
- > a Takeover Bid
- > a Delisting
- > the Nationalization of a company
- > Insolvency.



The Trading Price for this Index Component on the day the event came into effect is the last available market price for this 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 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 Index Component, the Index Component shall remain in the Index until the next Adjustment Day. As long as a market price for the affected Index Component is available on a Business Day, this shall be applied as the Trading Price for this 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 Index Component is set to zero. The Committee may also decide to eliminate the respective 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 an Extraordinary Event.

"Expertise" shall have a meaning as defined in the table in Section 1.10 Index Universe.

"**FactSet**" is an independent third-party financial data provider.

"**FactSet Economy classification**" means the Economy level of FactSet's Standard Classification system.

"**FactSet Formula**" means the formula used to access specific financial data on the relevant software provided by FactSet.

"**Free Float Market Capitalization**" means, in respect of a Security and a Selection Day, the free float adjusted market capitalization of the relevant company. As at the date of this document Free Float Market Capitalization is calculated as the multiplication of the Free Float Percentage (as sourced from Thomson Reuters and calculated as Free Float Shares divided by Total Shares Outstanding) multiplied with the Market Capitalization in Index Currency of the share class as of the respective Selection Day.

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

"**Index Committee**" shall have the meaning as defined in Section 1.6 Index Committee.

The "**Index Component**" is each share currently included in the Index.

The "**Index Currency**" is US Dollar (USD).

"**Index Owner**" means Solactive AG or any other appropriately appointed successor in this function.

"**Insolvency**" occurs with regard to an 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 voluntary or compulsory liquidation, insolvency or winding-up proceedings or comparable proceedings affecting the issuer of the Index Components or (B) the holders of the shares of this issuer are legally enjoined from transferring the shares.

A "**Market Disruption Event**" occurs if



1. one of the following events occurs or exists on a Trading Day prior to the opening quotation time for an 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 Index Component or an 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 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.
2. trading on the Exchange or an Affiliated Exchange is ceased prior to the "**Normal Exchange Closing Time**", which 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. An exception to this classification as a Market Disruption Event is where the early cessation of trading is announced by the Exchange or Affiliated Exchange on this Trading Day at least one hour before
 - 2.1. the actual closing time for normal trading on the Exchange or Affiliated Exchange on the Trading Day in question or, if earlier.
 - 2.2. the closing time (if given) of the Exchange or Affiliated Exchange for the execution of orders at the time the quote is given.

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 its decision based on those circumstances that it considers reasonable and appropriate.

With regard to an 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 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 that 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.

The "**Merger Date**" is the date on which a Merger is concluded or the date specified by the Index Calculator if such a date cannot be determined under the law applicable to the Merger.

"**Nationalization**" is a process whereby all shares or the majority of the assets of the issuer of the shares are nationalized or are expropriated or otherwise must be transferred to public bodies, authorities or institutions.

The "**Percentage Weight**" of an Index Component is the ratio of its Trading Price multiplied by its Number of Shares divided by the Index value and the Divisor.

"**Rebalancing Day**" means a day on which the composition of the Index shall be adjusted.

"**Revenue Year**" shall have a meaning as defined in the table in Section 1.10 Index Universe.

"**Review Day**" means each day that occurs on the 1st Friday of each calendar month and if such day is not a Business Day, the immediately following Business Day.

"**Security**" means, in respect of a company, any common share that is actively traded on a stock exchange.

"**Selection Day**" means each day that occurs on the 1st Friday of March and 1st Friday of September, and if such day is not a Business Day, the immediately following Business Day.

A "**Stock Substitute**" includes in particular, American Depository Receipts (ADR) and Global Depository Receipts (GDR).

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 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.

"**Three Month Average Daily Traded Value**" means, in respect of a Security and a Selection Day, the sum of daily traded value over a three month period immediately preceding such Business Day divided by the number of Trading Days that occur during such three month period. It is sourced using the FactSet Formula $AVG(XP_TURNOVER)$.

"**Total Shares**" is in respect of an Index Component and any given Business Day the number or fraction of shares included in the Index. It is calculated for any Index Component as the ratio of (A) the Percentage Weight of an Index Component multiplied by the Index value and the Divisor and (B) its Trading Price (converted into the Index Currency according to the principles laid out in Section 1.4 of this document).



“Trading Day” means, in respect of an Index, a day on which London Stock Exchange, New York Stock Exchange, Tokyo Stock Exchange and Deutsche Borse Xetra are all open for trading (subject to market disruption events), excluding days on which trading may be ceased prior to the normal Exchange closing time. The Calculation Agent is ultimately responsible as to whether a certain day is a Trading Day with regard to the Index or an Index Component or in any other connection relating to this document.

“Trading Price” means, in respect of a Trading Day and an Index component (subject to the provisions given above under “Extraordinary Events”), the closing price on such day determined in accordance with the Exchange regulations. If the Exchange has no closing price for an Index Component, the Calculation Agent shall determine the Trading Price and the time of the quote for the share in question in a reasonable manner.

“Water Revenue Share” means, in respect of a company that is an Index Component and Revenue Year, the ratio between the Estimated Water Revenue, as provided by Global Water Intelligence for such company, and the total Revenue of such company as provided by Global Water Intelligence. If the total Revenue of such company is not provided by Global Water Intelligence, the total Revenue is sourced using the FactSet Formula [FF_SALES]. However, if Estimated Water Revenue has no data, then the mid-revenue range of the Estimated Water Revenue Range, as provided by Global Water Intelligence, shall be used for the purposes of calculating the Water Revenue Share. For companies with an Estimated Water Revenue Range greater than 1 billion USD the lower bound of 1 billion USD is used.

5 CHANGES 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 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 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.



ANNEX A

| No. | Exchange Code | Exchange |
|-----|---------------|--|
| 1 | NA | Equity Euronext Amsterdam Netherlands |
| 2 | FP | Equity Euronext Paris France |
| 3 | FH | Equity Helsinki Stock Exchange Finland |
| 4 | HK | Equity Hong Kong Stock Exchange China |
| 5 | KQ | Equity Korea Exchange Korea |
| 6 | LN | Equity London Stock Exchange United Kingdom |
| 7 | UQ | Equity Nasdaq Global Market United States |
| 8 | UW | Equity Nasdaq Global Select Market United States |
| 9 | UN | Equity New York Stock Exchange United States |
| 10 | NO | Equity Oslo Norway |
| 11 | VX | Equity SIX Swiss (formerly Virt-X Switzerland) |
| 12 | SW | Equity SIX Swiss Exchange Switzerland |
| 13 | SS | Equity Stockholm Stock Exchange Sweden |
| 14 | TT | Equity Taiwan Stock Exchange Taiwan |
| 15 | JT | Equity Tokyo Stock Exchange Japan |
| 16 | TO | Equity Toronto Stock Exchange Canada |
| 17 | GY | Equity Xetra Germany |
| 18 | LI | Equity London International Exchange |
| 19 | AH | Equity Australian Securities Exchange Australia |
| 20 | AV | Equity Vienna Stock Exchange Austria |
| 21 | NZ | Equity New Zealand Exchange |
| 22 | ID | Equity Irish Stock Exchange Ireland |
| 23 | DC | Equity NASDAQ OMX Copenhagen Denmark |
| 24 | SB | Equity Barcelona Stock Exchange Spain |
| 25 | SN | Equity Madrid Stock Exchange Spain |
| 26 | SQ | Equity Sociedad de Bolsas Spain |
| 27 | IM | Equity Borsa Italiana Italy |
| 28 | PL | Equity Euronext Lisbon Portugal |



| | | |
|----|----|-------------------------------------|
| 29 | SP | Equity Singapore Exchange Singapore |
| 30 | BB | Equity Euronext Brussels Belgium |



ANNEX B

As of February 2022 the following inclusion criteria for the categories below were applicable.

Please refer to the most recent document available under the URL as specified in section '2.1. Index Universe Requirements' above for the most recent applicable categories and inclusion criteria.

| Categories | Inclusion Criterion |
|--|--|
| Established norms around Environment, Human Rights, Corruption and Labour Rights | Non-Compliance with the UNGC |
| Controversy | Controversies with the Level 5 |
| Tobacco | (5% Production <OR> 5% Retail <OR> 5% Related Products/Services)* |
| Defense – Weapons | (10% Military Contracting Weapons <OR> 10% Military Contracting Weapons – Related Products)* |
| Defense – Controversial Weapons | Any direct Involvement or any indirect Involvement through corporate ownership |
| Coal | (30% Thermal Coal Extraction <OR> 30% Power Generation <OR> 30% Supporting Products/Services)* |
| Conventional Oil & Gas | 25% Production* |

Note:

- % figures refer to revenue threshold (for degree of involvement). The criterion is fulfilled if involvement is equal to or above such threshold.
- The terminology used in the table above is specific to the DATA PROVIDER II and may change from time to time.

*this includes significant corporate ownership (were a company holds a stake greater than 50% in an involved company, the revenues of the involved company are attributed to the company).

Any company which fulfills any of the criteria set out above shall be a component of the ESG Exclusions Index. The primary listing for each company is selected as Index Component of the ESG Exclusions Index. For the avoidance of doubt, any company for which an evaluation of the criteria is not possible due to the non-availability of relevant data from the DATA PROVIDER II, shall not be a component of the ESG Exclusions Index.



ANNEX C

Name of the ETF used to determine the AuM:

L&G Clean Water UCITS ETF, ISIN: IE00BK5BC891

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