

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

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Solactive AG ("**Solactive**") develops, calculates and publishes a large number of benchmarks and is committed to high standards in benchmark administration in order to foster the quality, reliability and integrity of its benchmarks, as well as to comply with applicable regulatory standards and accepted industry practices. Solactive is registered as benchmark administrator under the European Benchmarks Regulation ("**BMR**") with the German Federal Financial Supervisory Authority ("**BaFin**") and is included in the European Securities and Markets Authority's ("**ESMA**") register of administrators.

Even before Solactive's registration with BaFin, the Indices were administered and calculated in compliance with Principles for Financial Benchmarks ("**IOSCO Principles**") published by the International Organization of Securities Commissions ("**IOSCO**") in July 2013. The IOSCO Principles are intended to promote the reliability of benchmark determinations, and address benchmark governance, quality and accountability mechanisms. Although the IOSCO Principles set out uniform expectations, IOSCO does not expect a one-size-fits-all method of implementation to achieve these objectives. Where appropriate, the application of these Principles is proportional to the size and risks posed by Solactive.

Solactive 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.

Except for Solactive group companies, Solactive does not use third party for the purpose of calculating or maintaining its benchmarks. However, where Solactive makes use of activities relating to the Benchmark determination process, which is undertaken by third parties, it maintains clear written agreements in place with third parties defining the role and obligations of those third parties who are involved in the benchmark administration process. Solactive oversees the services performed by the involved third parties through its internal control framework. The oversight and review of services is carried out on an ongoing basis. In addition, Solactive maintains contingency and recovery procedures for the event of major disruptions that control and address operational risk related to the participation of third parties in the benchmark determination process.

Solactive has adopted and implemented, among others, policies relating to the following issues that seek to ensure the integrity and independence of Solactive'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. Solactive is a neutral index provider and a separate organizational unit with the primary objective of developing, maintaining and calculating benchmarks. It is an independent company which is, for instance, not a part of another group. Furthermore, the inclusion in a benchmark is determined by rule-based methodologies. Entities do not and cannot pay to be included in any benchmark. In addition, Solactive does not issue, market, trade or clear securities or financial products on its benchmarks. For these reasons, Solactive is of the opinion that there are no inherent conflicts of interest in connection with the provision of Benchmarks resulting from its ownership structure, controlling interest or other activities conducted by any entity. Solactive applies adequate remuneration procedures in place that ensure all staff who directly participate in the Benchmark provision are not directly or indirectly rewarded or incentivized by the levels of any Benchmarks.

Solactive has developed, formally documented and implemented an appropriate risk-based control framework for all aspects of the benchmark administration process, such as development, determination and dissemination of a benchmark. Solactive has arrangements and controls in place which address actual or potential conflicts of interest. Solactive 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 benchmarks in compliance with the relevant IOSCO Principles. 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 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 encourage its employees to confidentially raise concerns related to potential misconduct or irregularities that may arise, Solactive 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.

Solactive maintains an Oversight Committee to ensure oversight of relevant aspects of the provision of its benchmarks. Solactive maintains an Index Committee which is responsible for decisions on benchmarks, including but not limited to methodology change requests. In order to ensure transparency of Benchmark determinations Solactive has published several documents on its website which describe how Benchmark determinations are made. During the process of development, Solactive ensures that the representativeness and replicability of the benchmark is warranted. In addition, Solactive may take the relative size of the underlying market in relation to the volume of trading in the market that reference the benchmark. For each new benchmark a specific benchmark guideline is developed in which the objective of the benchmark is defined.

In addition, to ensure that the benchmark reflects market dynamics and changes to the assets underpinning a benchmark, Solactive conducts periodic reviews and implements amendments to the benchmark methodology documents.

All benchmarks administered by Solactive are calculated using in principle,

- readily available transaction data sourced via vendors from stock exchanges and/or the closing level of the applicable underlying benchmark;
- readily available data determined by providers based on rule-based procedures using a combination of valuation models and available transaction data, e.g., evaluated prices for fixed income securities; or
- data calculated by Solactive based on rule-based calculation models. Such models comply with market standards and are verified at implementation. For the calculation, however, only data that meet the aforementioned requirements and are readily available are used.

Solactive's benchmarks aim to be strictly rule-based and the exercise of judgement or discretion as part of the benchmark determination is avoided. However, insofar as it does take place, for example when selecting benchmark constituents based on qualitative criteria, every such exercise of judgement or discretion is documented and recorded.

Solactive ensures that benchmark guidelines and methodology documents are generally published and made available on its website under <https://www.solactive.com>. Solactive has a Methodology Policy (published on Solactive's website www.solactive.com) in place to govern the situations where a change of the benchmark methodology is requested.

Each Solactive benchmark has a predefined objective that describes the underlying market or economic reality the relevant benchmark intends to measure. If the market situation with respect to the benchmark changes to such an extent that the objective of the relevant benchmark can no longer be achieved, Solactive will nevertheless seek to maintain and continue the benchmark by means of a change to the methodology of such benchmark whenever and wherever it is feasible. Nevertheless, Solactive will terminate a benchmark only in the event that the discontinuation of the relevant benchmark is absolutely necessary and unavoidable. Solactive has procedures in place to address the possibility of Benchmark cessation.

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