



Guideline relating the

**Solactive Global Ethical Low Volatility AR EUR Index**

Version 1.0 dated September 16<sup>th</sup>, 2016

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This document contains the underlying principles and regulations regarding the structure and the operating of the Solactive Global Ethical Low Volatility AR EUR 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 Global Ethical Low Volatility AR EUR Index. Any changes made to the guideline are initiated by the Committee specified in section 1.6. The Solactive Global Ethical Low Volatility AR EUR Index is calculated and published by Solactive AG.

## **1 Index specifications**

The Solactive Global Ethical Low Volatility AR EUR Index (the “**Index**”) is an Index of Solactive AG and is calculated and distributed by this provider. It tracks the price movements in shares of companies that pass several corporate social responsibility screens applied by the ESG Research Provider and have a relatively low historical volatility.

The Index is a total return index, dividends will be reinvested net of tax [NTR].

The Index is published in Euro.

### **1.1 Index name and identifier**

The Index is distributed under ISIN DE000SLA2FF7; the WKN is SLA2FF. The Index is published in Reuters under the code < .SOLGELV > and in Bloomberg under the code < SOLGELV Index >.

### **1.2 Initial value**

The Index is based on 100 as at the close of trading on the start date, 29<sup>th</sup> July, 2011.

### **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 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 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 Trading Day is used in the calculation. The daily index closing value is calculated using Reuters/WMCO closing spot rates as at 4pm London time.

The Index is calculated every 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 each Index Component of the Index is weighted according to section 2.1.

## **1.6 Decision-making bodies**

A Committee composed of staff from Solactive AG is responsible for decisions regarding the composition of Index as well as any amendments to the rules ( in this document referred to as the "**Committee**" or the "**Index Committee**"). The future composition of the Index is set by the Committee on the Selection Days according to the procedure outlined in 2.1 of this document. The Committee shall also decide about the future composition of the Index if any Extraordinary Events should occur and the implementation of any necessary adjustments.

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 guidelines.

## **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 29<sup>th</sup> July 2011.

The historical index performance simulation, prior to the launch of the index on August 10th 2016, is based on the stock universe provided by the ESG Research Provider in June 2016. All other quantitative screens have been applied historically.

## **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 Index

### 2.1 Selection and weighting of the Index Components

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

Based on the criteria outlined in Chapter 4, the Index Calculator determines the securities that are eligible for inclusion in the Index. These securities are filtered according to the criteria below, resulting in the final index selection.

#### Step 1:

The companies of the Selection Pool are sorted according to their ESG Score in descending order and the 30% best scored companies are selected as potential index members. For the avoidance of doubt: In the case where this process results in an odd number of stocks, the number is rounded to the nearest integer.

#### Step 2:

The companies selected in Step 1 are ranked according to their Historical Volatility. The company with the lowest Historical Volatility is assigned rank number 1, the company with the second- lowest Historical Volatility ranks number 2 etc..

The 50 highest ranked companies are then chosen as Index Components and the new index composition determined this way is valid starting the Business Day immediately following the Adjustment Day. For clarification, rank number 1 is higher than rank number 2.

From each Peer Group a maximum of 12 companies will be included. If there are more than 12 companies from one Peer Group, each excess security will be replaced by the next highest-ranked company from a different Peer Group.

On the Selection Day the percentage weightings of Index Components will be determined and implemented at the close of trading on the Adjustment Day. The percentage weighting of each Index Component will be determined according to the following formula (“Weighting Scheme”):

$$Weight(i) = \frac{1 / Histo\_Vol(i)}{\sum_{j=1}^{50} 1 / Histo\_Vol(j)}$$

The new final number of shares will be calculated according to the following formula:

$$x_{i,t+1} = \frac{Index_t * Weight_i}{P_{i,t}}$$

with:

$x_{i,t+1}$ =	Number of Shares of Index Component $i$ on the business day immediately following an Adjustment day
$Index_t$ =	Index Level on Adjustment day
$Weight_i$ =	Percentage Weighting of Index Component $i$ as defined by the Weighting Scheme
$P_{i,t}$ =	Price of Index Component $i$ on the Adjustment Day converted into Index Currency (EUR)

If the initial weight of any Peer Group exceeds 25%, then this weight will be capped at 25%. The excess weight that results from this step will be redistributed proportionally among all the companies of the other Peer Groups that have a weight less than 25%. If this procedure results in Peer Groups receiving a weight of more than 25%, the previous steps are repeated iteratively until the weight of no Peer Group exceeds 25%.

In case the entire selection process results in less than 50 index members, the selection criteria will be relaxed in the following order:

1. Cancellation of the maximum number restriction for each Peer Group outlined in Step 2 of this section.
2. If the cancellation of sector restrictions still results in less than 50 index members, the residual will be filled with the next best ranked companies that were previously removed in Step 1 of this section.

## **2.2 Ordinary adjustment**

The composition of the Index is ordinarily adjusted four times a year on the Adjustment Day. The composition of the Index is reviewed on the Selection Day.

The first adjustment will be made in October 2016 based on the Trading Prices of the 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 equally 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 Index

### 3.1 Index formula

The Closing Value of the Index on each Business Day is equal to the sum over all Index Component of the products of (a) the Number of Shares of the Index Component and (b) the Trading Price of the Index Component in the Index Currency. Further, a Management Fee is subtracted on a daily basis from the Index Value.

As a formula:

$$Index_t = \left( \sum_{i=1}^n x_{i,t} \times p_{i,t} \right)$$

with:

$x_{i,t}$  = Number of Shares of the Index Component i on Business Day t, calculated according to the following formula:

If t-1 is a Rebalancing Day R:

$$x_{i,t} = \left( 1 - \frac{MF}{365} \times DCF \right) \times \frac{w_{i,R+1} \times Index_R}{p_{i,R}}$$

If t-1 is not a Rebalancing Day:

$$x_{i,t} = \left( 1 - \frac{MF}{365} \times DCF \right) \times x_{i,t-1}$$

$p_{i,t}$  = Closing Value of Index Component i on Trading Day t in the respective Index Base Currency

$w_{i,R+1}$  = Target Weight in percent of Index Component i on the Rebalancing Day R immediately at the open of Business Day t, as provided by the Index Sponsor

$MF$  = Management fee in percent per annum, i.e. 3.0%

$DCF$  = Day count fraction, number of calendar days between Business Day t-1 (excluded) and Business Day t (included)

### 3.2 Accuracy

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

The Number of Shares of the Index Components will be rounded to six 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 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 Index Component would create problems. Therefore the procedure described above is the most appropriate.

### 3.4 Dividends and other distributions

Special Cash Dividends and other distributions are included in the Index. They cause an adjustment of the Number of Shares of the corresponding 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 Index Component i on Trading Day t

$x_{i,t-1}$  = Number of Shares of the Index Component i on Trading Day t-1

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

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

### 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 Administrator determines whether such corporate action has a dilution, concentration or other effect on the price of the Index Component.

If this should be the case the Index Administrator shall make the necessary adjustments to the affected 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 Administrator 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:

$$x_{i,t} = x_{i,t-1} * \frac{p_{i,t-1}}{p_{i,t-1} - rB_{i,t-1}} \quad \text{with:} \quad rB_{i,t-1} = \frac{p_{i,t-1} - B - N}{BV + 1}$$

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

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

$p_{i,t-1}$  = Closing price on the day prior to ex date

$rB_{i,t-1}$  = Calculated value of rights issue

$B$  = Price of rights issue

$N$  = Dividend disadvantage

BV = Subscription ratio

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

The last dividend paid or the announced dividend proposal is applied as the dividend disadvantage.

### 3.5.3 Capital reductions

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

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

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

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

$x_{i,t-1}$  = Number of Shares of the affected 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:

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

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

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

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

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

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

An Index is not calculated in the event of a Market Disruption Event. If the Market Disruption Event continues over a period of eight Trading Days, the Index Administrator 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 Index Components as well as any other conditions that it deems relevant for calculating the Index value.

## 4. Definitions

“**Selection Pool**” in respect of a Selection Day are companies that fulfill the following conditions:

The ESG Research Provider on a quarterly basis sends a selection universe consisting of global companies, screened for a number of ESG constraints. The companies in the selection universe need to fulfill the following requirements:

Product Involvement Screening:

No revenues in excess of the 0% threshold through

- Performance of Animal testing
- Production of Adult Entertainment
- Alcoholic Beverages
- Controversial Weapons
- Small Arms
- Genetically Modified Plants and Seeds
- Tobacco Products
- Operations in Gambling
- Military Contracting
- Predatory Lending
- Power Generation through Nuclear Power and Thermal Coal
- Extraction of Oil Sands

No revenues in excess of the 10% threshold through

- Alcoholic Beverages and Tobacco Products

Also, companies with a significant ownership (10%) of companies involved in the above business lines are excluded.

For a more detailed overview, please refer to the table in the Appendix.

Companies are also excluded that are involved in Controversies, as assessed by a lengthy process of analysis of global news items or incidents. These incidents are assessed in terms of their business risk as well as reputational risk posed to the company and are assigned a score on a 1-5 scale with 1 signaling low risk and 5 signaling severe and irreversible risk. Companies are excluded that show significant controversies (controversy level 3 and higher) and those that show any controversies in the topics of: arms export, controversial weapons, forced labour, child labour, involvement with entities violating human rights.

Additionally, companies classified in one of the ESG Research Provider’s following Peer Groups are excluded from the Selection Pool:

- Energy Services
- Oil & Gas Producers
- Refiners & Pipelines
- Utilities

Further, companies need to have a Minimum Average Daily Value Traded over the past three months of EUR 10 million.

“**ESG-Score**” measures how well issuers proactively manage the environmental, social and governance issues that are the most material to their business. Based on a structured, objective and transparent methodology, the ESG Ratings provide an assessment on companies’ ability to mitigate risks and capitalize on opportunities. The issuers are given a score from 0-100, in order to quantify the analysis. This score is widely used for “best-in-class” screenings, where the best performing companies (a high ESG Score) are selected.

“**Peer Group Classification**” is the ESG Research Provider’s company industry classification based on internationally accepted standards, making modifications to ensure meaningful comparability within the industry.

“**Historical Volatility**” is the historical volatility over the past 130 days prior to and including the Selection Day in local currency. It is provided by FactSet under the field “P\_VOLATILITY”.

“**Index Component**” is each share currently included in the Index.

**“Number of 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 (B) its Trading Price.

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

**“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.

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

- a Merger
- a Takeoverbid
- a delisting
- the Nationalisation 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 Administrator), as determined by the Index Administrator, 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 Administrator. 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 and Extraordinary Event.

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 delisting is not because of a Merger or a Takeoverbid), and the Index Component is not immediately listed, traded or quoted again on an exchange, trading or listing system, acceptable to the Index Administrator,

**“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 a 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 **“Takeoverbid”** 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 Administrator based on notices submitted to public or self-regulatory authorities or other information considered by the Index Administrator to be relevant.

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 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.

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

“**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.

“**Exchange**” is, in respect of the Selection Pool 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.

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

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

A “**Trading Day**” is in relation to the Index or an Index Component a Trading Day on the Exchange (or a day that would have been such a day if a market disruption had not occurred), excluding days on which trading may be ceased prior to the normal Exchange closing time. The Index Administrator 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.

A “**Business Day**” is every weekday other than a Saturday or a Sunday.

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

The “**ESG Research Provider**” means Sustainalytics or any other appropriately appointed successor in this function, acting as Adviser on the ESG criteria.

The “**Index Currency**” is Euro.

“**Market Capitalization**” is with regard to each of the shares in the Selection Pool on a Selection Day or Adjustment Day the value published by Reuters (or a successor) as the Market Capitalization for this day.

As at the date of this document Market Capitalization is defined by Reuters as the value of a company calculated by multiplying the number of shares outstanding of the company by its share price. “**Free Float Market Capitalization**” is with regard to each of the shares in the Selection Pool or in the Index on a Selection Day or Adjustment Day the Market Capitalization for this day multiplied by the ratio of (A) the number of shares in circulation and (B) the number of shares outstanding of the respective company.

If Reuters (or a successor):

(i) does not publish for a Selection Day a Market Capitalization for a share or

(ii) adopts another method for calculating the Market Capitalization for all shares or only with regard to the share in question or uses different assumptions in calculating the Market Capitalization for all shares or only with regard to the share in question, and in the reasonable assessment of the Index Administrator involves material changes (the Index Administrator makes the decision as to whether such changes are to be deemed “material” by applying factors that in his reasonable assessment appear appropriate to him),

the Index Administrator will determine the Market Capitalization in respect of the shares or of a share included in the Selection Pool and the respective Selection Day either from another publicly accessible source specified at his sole discretion or from other sources that in his assessment are reasonable and appropriate in the event that no other publicly quoted suitable prices are available.

“**Minimum Average Daily Value Traded**” is the daily turnover, defined as the EUR price \* shares traded, aggregated for trades.

“**Adjustment Day**” is the last Business Day in January, April, July and October.

“**Selection Day**” is the Business Day five Business Days before the Adjustment Day.

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

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 Administrator) in which an Index Component is listed or quoted; or

B) an event that (in the assessment of the Index Administrator) 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 Trading Day at least one hour before

(aa) the actual closing time for normal trading on the Exchange or Affiliated Exchange on the Trading 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 Administrator, whereby the Index Administrator makes his decision based on those circumstances that he considers reasonable and appropriate.

## 5 Appendix

### 5.1 Contact data

#### Information regarding the European Climate Change ESG Equity Index concept

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### 5.2 Calculation of the Index – change in calculation method

The application by the Index Administrator of the method described in this document is final and binding. The Index Administrator 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 Administrator 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 Administrator is not obliged to provide information on any such modifications or changes. Despite the modifications and changes the Index Administrator will take the appropriate steps to ensure a calculation method is applied that is consistent with the method described above.

AE	Adult Entertainment	The company is involved in the production of adult entertainment and/or owns/operates adult entertainment establishments.	0%
		The company owns 10-50 per cent of another company with involvement in the production of adult entertainment and/or owns/operates adult entertainment establishments.	10%
		The company is involved in the distribution of adult entertainment materials.	0%
		The company owns 10-50 per cent of another company with involvement in the distribution of adult entertainment.	10%

AL	Alcoholic Beverages	The company manufactures alcoholic beverages.	0%
		The company owns 10-50 per cent of another company with involvement in manufacturing alcoholic beverages.	10%
		The company is a supplier of alcohol-related products/services to alcoholic beverage manufacturers.	0%
		The company owns 10-50 per cent of another company with involvement in the supply of related products/services to alcoholic beverage manufacturers.	10%
		The company derives 10 per cent or more of its revenues from the distribution and/or retail sale of alcoholic beverages.	10%
		The company owns 10-50 per cent of another company with involvement in the distribution and/or retail sale (>10% total revenues) of alcoholic beverages.	10%

AT	Animal Testing	The company conducts animal testing for pharmaceutical products, medical devices and biotechnology	-
		The company has a significant ownership (10-50%) in a company that conducts animal testing for pharmaceutical products, medical devices and biotechnology.	10%
		Based on the company's activities and products, the company is likely to be involved in animal testing for pharmaceutical products, medical devices and biotechnology.	-
		The company conducts animal testing for non-pharmaceutical products.	-
		The company has a significant ownership (10-50%) in a company that conducts animal testing for non-pharmaceutical products.	10%
		Based on the company's activities and products, the company is likely to be involved in animal testing for non-pharmaceutical products.	-

CW	Controversial Weapons	The company is involved in the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon.	-
		The company is involved, through corporate ownership, in the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon.	0%
		The company provides components/services for the core weapon system, which are either not considered tailor-made or not essential to the lethal use of the weapon.	-
		The company provides, through corporate ownership, components/services for the core weapon system, which are either not considered tailor-made or not essential to the lethal use of the weapon.	0%

FA	Small Arms	The company manufactures and sells small arms to civilian customers.	0%
		The company owns 10-50 per cent of another company that manufactures and sells small arms to civilian customers.	10%
		The company manufactures and sells small arms to military/law enforcement customers.	0%
		The company owns 10-50 per cent of another company that manufactures and sells small arms to military/law enforcement customers.	10%
		The company manufactures and sells key components of small arms.	0%
		The company owns 10-50 per cent of another company that manufactures and sells key components of small arms.	10%
		The company is involved in the retail and/or distribution of small arms and/or key components.	0%
		The company owns 10-50 per cent of another company that is involved in retail and/or distribution of small arms and/or key components.	10%

GB	Gambling	The company owns and/or operates a gambling establishment.	0%
		The company owns 10-50 per cent of another company with involvement in owning and/or operating a gambling establishment.	10%
		The company manufactures specialized equipment used exclusively for gambling.	0%
		The company owns 10-50 per cent of another company with involvement in manufacturing specialized equipment used exclusively for gambling.	10%
		The company provides supporting products/services to gambling operations.	0%
		The company owns 10-50 per cent of another company with involvement in providing supporting products/services to gambling operations.	10%

GM	Genetically Modified Plants and Seeds	The company is involved in the development and/or cultivation of genetically modified seeds and/or plants.	0%
		The company owns 10-50 per cent of another company with involvement in the development and/or cultivation of genetically modified seeds and/or plants.	10%
		The company grows genetically modified crops.	0%
		The company owns 10-50 per cent of another company with involvement in growing genetically modified crops.	10%

MC	Military Contracting	The company manufactures military weapon systems and/or integral, tailor-made components or these weapons.	0%
		The company owns 10-50 per cent of another company with involvement in manufacturing military weapon systems and/or integral, tailor-made components or these weapons.	10%
		The company provides tailor-made products and/or services that support military weapons.	0%
		The company owns 10-50 per cent of another company with involvement in tailor-made products and/or services that support military weapons.	10%
		The company provides non-weapons related tailor-made products and/or services to the military or defence industry.	0%
		The company owns 10-50 per cent of another company with involvement in non-weapons related tailor-made products and/or services to the military or defence industry.	10%

NP	Nuclear Power	The company produces nuclear power.	0%
		The company owns 10-50 per cent of another company with involvement in the production of nuclear power.	10%
		The company provides products/services that support the nuclear power industry.	0%
		The company owns 10-50 per cent of another company with involvement in the provision of products/services that support the nuclear power industry.	10%
		The company distributes electricity generated from nuclear power.	0%
		The company owns 10-50 per cent of another company with involvement in the distribution of electricity generated from nuclear power.	10%

PL	Predatory Lending	The company is involved predatory lending activities.	0%
		The company owns 10-50 per cent of another company with involvement predatory lending activities.	10%

TP	Tobacco Products	The company manufactures tobacco products.	0%
		The company owns 10-50 per cent of another company with involvement in manufacturing tobacco products.	10%
		The company supplies tobacco-related products/services.	0%
		The company owns 10-50 per cent of another company with involvement in supplying tobacco-related products/services.	10%
		The company derives 10 per cent or more of its revenues from the distribution and/or retail sale of tobacco products.	10%
		The company owns 10-50 per cent of another company with involvement in the distribution and/or retail sale (>10% total revenues) of tobacco products.	10%

TC	Thermal Coal	The company extracts thermal coal.	0%
		The company owns 10-50 per cent of another company with involvement in the extraction of thermal coal.	10%
		The company generates electricity from thermal coal.	0%
		The company owns 10-50 per cent of another company with involvement in the generation of electricity from thermal coal.	10%

Screening Criteria	Peer Groups Applied	Criteria Definition
<b>Involvement in Oil Sands</b>	Oil & Gas Producers	The company is assessed based on its involvement in oil sands, which research reveals, has higher average production costs per Barrel of Oil Equivalent (BOE) than conventional oil. Overall involvement is assessed as a weighted average of a company's involvement based on its reserves and production in each high cost project type. It should be noted that due to limitations in reporting, in some cases, an educated judgement call has been made our oil and gas industry leads.