

SIX Financial Information

Index Calculation Rulebook – SIX Sweden ESG Selection Index



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1 Introduction

SIX Financial Information (SIX) is the owner and Index Provider of the "SIX Sweden ESG Selection Index" (SIXSEESGS). ISS-ESG (ISS-Ethix and ISS-oekom) is responsible for the screening process of the companies.

The SIXSEESGS index is constructed to reflect the market progress of 70 Nasdaq Stockholm Stock Exchange listed companies that withhold strong ESG practices. At least 50% of SIXSEESGS constituent companies must be considered leaders in sustainability living and ESG practices.

No Index Company may weight over 20 percent of the total market cap of the index.

The start value for SIXSEESGS is 100 with base date, 30th of December 2016.

The SIXSEESGS index is calculated in SEK.

Three dividend variants of the index are calculated:

- SIXSEESGSPi: Price Index= Dividends are not reinvested.
- SIXSEESGSGI: Gross Index= Dividend are reinvested.
- SIXSEESGSNI: Net Index= Only the net dividend (after deductions for tax) is reinvested.

1.1 Definitions

Index Company – A Company issuing an Index Share.

Index Share – A constituent share of SIXSEESGS. A share class of an Index Company.

Index Provider - The Index Calculator and Distributor of index values and reports.

Strong ESG Practices - Companies that show strong ESG practices in their ISS-oekom corporate rating can be considered as market models with regard to environmental, social and governance performance. They perform high above average and generally show comprehensive measurements to manage sustainability risks and benefit from sustainability opportunities."

ESG - Environmental, Social and Governance

2 Review process

2.1 Review process

2.1.1 Turnover selection

To be eligible for inclusion in SIXSEESGS, a share must be listed on the Nasdaq Stockholm Stock Exchange. The index is reviewed semi-annually and the revision implemented on the first trading day of December and June.

The measurement periods for the revision of SIXSEESGS are the six-month periods beginning seven months prior to the implementation dates in December & June, ie November–April and May–October. Trading turnover is based on the accumulated turnover during the measurement period per share serie in SEK.

If an Index Share is not included in top 120 shares in terms of trading turnover, that Index Share will be excluded from the index in the revision process.

Information regarding the new index population will be published no later than 10 trading days after the last trading day in May and November.

In addition to the semi-annual rebalance the population of the index will be reviewed for compliance with the exculsion criteria listed in section 2.1.2 within 3 months of each of the rebalance periods. During this rebalance any companies in breach of the criteria 2.1.2 will be removed from from the population of the index no later than 10 trading days after the last trading day in February and August.

2.1.2 Exclusion of shares

Of the remaining 120 shares, ISS-Ethix exclude shares that fail to meet the requirement for sustainable and responsible investment.

Companies involved in the verified violation of international standards regarding the environment, human rights, labour relations, anti-corruption legislation or the involvement in controversial weapons are excluded. In addition to verified violation of international standards monitoring if companies facing strong unremediated allegation will also be monitored. Companies facing strong unremediated allegation will not be considered for inclusion as new constituents of the index until such time as they initiate sufficient remedial action. Should a company which is already a constituent face strong allegation they will be granted a grace period of 6-12 months (two full rebalance periods) to initiate sufficient remedial action before being flagged as being in violation.

Companies with a turnover exceeding 5% related to production or distribution, or 50% turnover related to services, for alcohol and gambling are excluded. Companies with any involvement in production, or a turnover exceeding 5% related to distribution, for tobacco or pornography are immediately excluded. Companies with a turnover exceeding 5% related to services for pornography or 50% turnover for services for tobacco are also excluded. Companies with a turnover exceeding 5% for military equipment or services are also excluded

A general exclusion is made for companies where 5% or more of turnover relates to the production (including both power generation and extraction activities), distribution or exploration of fossil fuels, as well as companies where over 50% of turnover derives from services in or to this area. Companies with any involvement in the extraction/production of oil sands are immediately excluded, even if this amounts to less than 5% of the company's turnover. Companies with a turnover exceeding 5% for production linked to the supply of Nuclear Power (including both direct power generation and the mining of Uranium) are also excluded.

2.1.3 Positive rating

ISS-oekom examines the remaining companies in the index selection and defines eligibility from an Environmental, Social and Corporate Governance (ESG) perspective. The index will only consist of companies that have passed an in-depth ESG analysis, within the last 12 months, assessing companies against peers in its industry using the ISS-Oekom Corporate Ratings methodology. The 70 highest ESG rated shares are selected for the index. At minimum, 50% of the selected companies, based on the total market cap of the index, must also be considered to be leaders in sustainability living up to the highest standards of ESG practices.



If the market cap for the selected companies is below the 50% limit, in meaning of strong ESG practices, companies with the lowest ISS-Oekom rating will be excluded from the index population until the 50% limit is reached. This means that the index population can consists of less than 70 companies.

2.2 Extraordinary changes in the index population

In the event of bankruptcy of an Index Company, the Index Share will be excluded from SIXSEESGS. On its final day as SIXSEESGS constituent the price of the Index Share will be set at zero

If an Index Company is subject to a public offer for acquisition of shares or an Index Company approves a merger agreement, the Index Provider may decide that the share will no longer be considered an Index Share or that it must be replaced by the share of the offerer/predator company. In the event of any such change, the number of shares included in the index calculation will be established by the Index Provider on the basis of the conditions for the offer or merger in question.

As soon as SIX has received information that an offerer/predator company owns greater than 90% of the target company's share capital, the target company will be excluded from the index population. In the event of any such change, the Index Provider, based on the conditions of the offer or merger in question, will establish the number of shares used in the index calculation. The Index Provider will establish the date for the change as follows:

- I. If the new Index Share is listed before the existing Index Shares last listing day, the change to the new Index Share will take place from its second listing day.
- II. If the existing Index Share is delisted before the new Index Shares first listing day, the existing Index Share will be removed from the index calculation the day after its last listing day. The new Index Share will be included in the index calculation from its second listing day.

If an Index share between the review dates receives an exclusion flag, by the index criteria settings (as mentioned in 2.1.2), the Index share will be excluded from the index.

3 Calculating the Index Value

3.1 Calculation of market capitalization

The market capitalization for each Index Share will be calculated by multiplying the number of ordinary shares by the last traded price. The total market capitalization of the SIX30 is defined as the sum of the market capitalization of all the Index Shares on the respective calculation day.

The Index Value today (t) is calculated by dividing total market capitalization today (t) with total market capitalization yesterday (t-1, adjusted by new issues) and multiplying this ratio by the Index Value yesterday (t-1).

3.2 Formula for calculating the Index Value

$$\text{SIXSEESGSPi}_t = \left(\frac{\sum (Q_t * P_t)}{\sum ((Q_{t-1} * P_{t-1}) + A)} \right) * \text{SIXSEESGSPi}_{t-1}$$

SIXSEESGSPi_t = Index value today

Q_t = Number of ordinary shares today

P_t = Last traded price today



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Q_{t-1} = Number of ordinary shares yesterday

P_{t-1} = Last traded price yesterday

A = Amount for adjustment of base value at new issues and the like

$SIXSEESGSPi_{t-1}$ = Index value yesterday

$$SIXSEESGSGI_t = (\sum (Q_t * P_t) / \sum ((Q_{t-1} * P_{t-1}) + A) - D_t) * SIXSEESGSGI_{t-1}$$

$SIXSEESGSGI_t$ = Index value today

Q_t = Number of ordinary shares today

P_t = Last traded price today

Q_{t-1} = Number of ordinary shares yesterday

P_{t-1} = Last traded price yesterday

D_t = Dividend today

A = Amount for adjustment of base value at new issues and the like

$SIXSEESGSGI_{t-1}$ = Index value yesterday

3.3 Share Prices (P)

Share prices are sourced directly from the respective stock exchange(s) on which the constituents of the index are traded (as mentioned in section 2.1). As a rule the last-paid price is used in the index calculation. If a share has not traded on a certain day, the last available last-paid price is used. This includes situations Suspended Trading.

- Last-paid price: The last traded price on the exchange
- Closing price: The last-paid price of a trading day from an exchange. This includes trades made in a closing call or auction if used by the exchange in question.
- Adjusted price: Both the opening and closing price may be subject to adjustments in accordance with the index methodology. Certain adjustments may require the share price to be fixed during an entire day's trading or longer.

The liquidity of the underlying market impacts how frequently last-paid prices update. If liquidity is poor, the index value will update less often, yet still reflect the underlying market at that point in time.

3.4 Number of Index shares in index (Q)

A current list of Index Shares is maintained by the Index Provider and available via index reports.

3.5 Dividend payments (D)

3.5.1 Gross Indices (GI)

Dividends are reinvested in the index by reducing the input share price on the ex-dividend date by the dividend amount. In this way, dividends are reinvested in Index Companies in relation to their weights. Dividends are based on declared dividends by the Index Company.

3.5.2 Net Indices (NI)

Dividends are reinvested in the index by reducing the input share price on the ex-dividend date by the dividend amount, adjusted with tax. In this way, dividends are reinvested in Index Companies in relation to their weights. Dividends are based on declared dividends by the Index Company.



3.5.3 Price Indices (PI)

Ordinary dividends are not reinvested in price indices.

3.5.4 Dividends in foreign currency

If the dividend declared by the Index Company is not quoted in SEK then the dividend value is converted to SEK using the 17:00 CET WMC currency fixing on the day before ex-day.

3.6 Equity Corporate Actions (A)

3.6.1 Sources

Corporate action information is collected from public information sources, listed companies, Stock Exchanges and regulatory agencies.

3.6.2 Stock Split and Reverse Split

Stock splits and reverse stock splits in an Index Share result in an adjustment of the share price, in accordance with the conditions of the split, from the day on which the Index Share is traded ex-split on the Stock Exchange. The share price adjustment is offset by a change in number of shares.

3.6.3 Bonus Issue

In the event of a bonus issue of an Index Share, the number of shares in the index calculation for the Index Share is increased by the number of new shares from the day on which the bonus issue of the Index Share is listed excluding fractional rights on the Stock Exchange. If a bonus issue involves the issue of a new type of share that deviates from the Index Share, the Fixed Price Method described in section 3.6.4.6 will be used.

3.6.4 Adjustments for Rights Issue, etc.

SIX use the following index methods to ensure that SIXSEESGS accurately reflects the market performance of its constituents.

3.6.4.1 Standard Method

When a rights issue with precedence for existing shareholders takes place for an Index Share and the newly issued share does not significantly deviate from the ordinary share, the number of Index Shares will be increased according to the so-called Standard Method with effect from the day the share is listed ex-rights on the Stock Exchange (ex-day). On that day, the base value will be adjusted in accordance with section 3.2 above. Parameter (A) is calculated by multiplying the newly added number of shares by the rights issue price per share. It is assumed that the shares in the issue are fully subscribed.

3.6.4.2 Valuation Method, Inclusion Method and Fixed Price Method

If the Index Company to which the Index Share relates adopts any of the measures listed below in any circumstances other than those described in section 3.6.4.1 above – where the company's shareholders have a preferential right to participate, then the Valuation Method, the Inclusion Method or the Fixed Price Method will be used. The following measures may form the basis for an adjustment in accordance with this section 3.6.4.2

- Issue of convertible debt certificates, debt certificates associated with warrants to subscribe for new issues or similar securities that affect the Index Share.
- Offer to acquire securities or rights of any kind or to acquire such securities or rights without payment.
- New issue involving a new type of share that is not an ordinary share and that deviates from the Index Share.



3.6.4.3 Valuation Method

The Valuation Method can be used if the rights are listed on a Stock Exchange or other regulated market place. The valuation is based on the price for the rights on the day before the ex-rights day. If the rights can be valued according to the Valuation Method, the input share price of the Index Share on the ex-rights day is equal to the previous trading day's last traded price with a deduction for the calculated value of the rights. The intra-day index calculation is carried out thereafter using the last traded prices from the Nasdaq Stock Exchange or other regulated market place.

3.6.4.4 Inclusion Method

When available an external valuation will be processed in the following way:

On the ex-day, the input share price for the Index Company carrying out the spin-off (Parent Company) is reduced by the external valuation and the calculation is then carried out using the last traded price. For the Index Company subject to the spin-off (Subsidiary Company), the input and output share prices are equal to the valuation. This value remains until the company is listed or removed from the index population.

3.6.4.5 Lack of external valuation

If there is no external valuation, the index will be processed as follows:

On the ex-day, the input share price for the Index Company carrying out the spin-off is the previous day's closing price and the output share price is the present day's closing price. For the Index Company subject to the spin-off (Subsidiary Company), the input share price is equal to zero and the output share price is equal to the reduction in base currency for the first transaction by the company carrying out the spin-off in relation to the condition. This value remains until the company is listed or removed from the index population.

If the Subsidiary Company is not listed on the Stock Exchange within three months, it will be excluded from the index calculation. If the Subsidiary Company is listed on the Stock Exchange within three months, the input share price on the listing day is equal to the valuation and the output share price is equal to the official closing price for the company

3.6.4.6 Fixed Price Method

On the day the Index Share is traded exclusive of a subscription right (or similar right) at the Stock Exchange, the index is calculated by using the last traded price from the previous day's trading. This price will be used in the index calculation up to and including the day when the first traded price exclusive of a subscription right (or corresponding right) was listed at the Stock Exchange. A new base value will be calculated for the following day using the last traded price from the previous day.

3.6.4.7 Redemption of Index Shares

When shares are redeemed, aimed at all shareholders, the valuation method described in section 3.6.4.3 will be used. If a subscription period extends over more than two weeks from the day the Index Share is listed ex-rights to participate in the redemption, the number of shares will be reduced, down-weighted, the day after the Index Provider has received the information on the number of shares redeemed. The number of shares today (Q_t) and the number of shares yesterday (Q_{t-1}) is reduced by the number of redeemed shares. If the subscription period is less than two weeks, the down-weighting will take place on the day the Index Share is listed ex-rights to participate in the redemption.

3.7 Other adjustments

With regard to adjustments in accordance with this rulebook, SIX may carry out an adjustment other than that referred to above or may decide to change a provision on adjustment in order to maintain the purpose of the Index.

4 Trading day

SIXSEESGS is calculated every day Nasdaq Stockholm Stock Exchanges is open for trade.

5 Correction policy

An index-related correction is made if the necessary input data is not available or is incorrect.

5.1 Unavailable data

If data that is necessary to determine the price or weight of an index component is not available to SIX due to trade suspensions or market distortions the latest available data is used. Such cases may lead to a deviation from the principles of an index defined in this rulebook. These changes may be related to review schedules, ordinary reviews and extraordinary component changes and are announced with a minimal lead-time of two trading days to customers.

5.2 Incorrect data

Errors in the necessary data can be caused by calculation errors or by incorrect input data.

Calculation errors that are detected within a trading day are corrected immediately. Intraday data is not corrected retrospectively. Calculation errors older than one trading day are only corrected when technically feasible and appropriate. If the correction leads to a significant difference in the index values, the index values can be corrected retrospectively.

6 Changes to the methodology

6.1 Methodology changes

The validity of the index methodology is reviewed on a regular basis. SIX has a right to stipulate changes to the rules if necessary to maintain the purpose of the index or if any law, regulation or decision by an authority makes this necessary or if such a change is considered appropriate due to a change in market practice. In exceptional cases a broad market consultation can be conducted. The changes to the index methodology are publicly announced with an appropriate lead time.

6.2 Cessation of calculation

A decision to discontinue the calculation of the index will be publicly announced by SIX Financial Information with an appropriate lead-time.

In the event existing financial products are linked to the index, of which the Index Provider is aware, a market consultation will be conducted in advance and a transition period introduced before the definitive termination.

7 General information on SIX indices

7.1 Calculation interval and publication

SIX calculates index values end of day for all the indices and intra-day for the most common indices. Index values can be found via different data vendors and index reports can be subscribed on a daily basis.

7.2 Notification service

Customers are notified via e-mail or via index reports for index trigger events such as:

- Changes in corporate actions and dividends
- IPOs and delisting of companies
- Updates to the periodic index reviews
- Problems and errors in the index calculation
- Launch of new indices

The Index methodology and index related information can be found at: <http://www.six.se/>

8 Limitation of liability

SIX Financial Information Nordic AB is not liable for damage caused by the enactment of Swedish or foreign laws, measures adopted by Swedish or foreign authorities, acts of war, power cuts, interruptions in telecommunications, fire, water damage, strikes, blockades, lockouts, boycotts or other similar circumstances beyond the Index Owner's control. The reservation applying to strikes, blockades, lockouts and boycotts applies even if the Index Owner itself is subject to or adopts any such conflict measure.

Under no circumstances is the Index Owner liable for any loss of data, loss of earnings or indirect damage.

The Index Owner gives no express or implied guarantee with regard to the results to which use of indices provided by SIX Financial Information Nordic AB may give rise or with regard to the value of the indices at any given moment.

9 Contact

If you are interested in signing license subscriptions, index reports or other index-related products, please contact:

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Any other requests linked to index are directed to the following address:

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