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1 Introduction

SIX Financial Information (SIX) is the owner and Index Provider of the “SIX SRI Sweden Index” (SIXSESRI). ISS-ESG (ISS-Ethix) is responsible for the screening process of the companies.

SIXSESRI index is constructed to reflect the market performance of all companies listed on the Nasdaq Stockholm Stock Exchange, excluding companies that do not meet modern standards of social, environmental and ethical criteria where the concepts of sustainability and corporate responsibility are central.

The start value for SIXSESRI is 100 with base date, 28th of December 2007.

The base currency for the SIXSESRI indices is SEK.

1.1 Definitions

*Index Company* – The Company issuing the Index Share.

*Index Share* – A constituent share of SIXSESRI. The largest share class of an Index Company.

*Index Provider* - The Index Calculator and Distributor of index values and reports.
2 Dividend and review process

2.1 Dividend

Three dividend variants of the SIXSESRI are calculated:

- SIXSESRIPI: Price Index= Dividends are not reinvested.
- SIXSESRIGI: Gross Index= The total dividend is reinvested.
- SIXSESRINI: Net Index= Only the net dividend (after deductions for tax) is reinvested.

2.2 Review process

The SIXSESRI index population consists of all companies listed on the Nasdaq Stockholm Stock Exchange, excluding companies that do not meet modern standards of social, environmental and ethical criteria.

The index is revised semi-annually. The cut of day is the first trading day in May and November. Information regarding changes to in the population is published no later then 10 trading days after the cut off date. Revision of the index population is implemented on the first trading day of June and December.

ISS-Ethix examines the companies listed on the Nasdaq Stockholm Stock Exchange and implements any exclusion. Any company that fails to meet the requirement for sustainable and responsible investment is excluded from the index. 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. Companies with a turnover exceeding 5% related to the production or distribution, or 50% turnover for services related to alcohol, gambling, or military equipment are excluded. Companies with any involvement in the production or exceeding 5% in the distribution of tobacco or pornography are immediately excluded. Companies with a turnover of exceeding 5% related to services of pornography or 50% turnover for services related tobacco are also excluded.

Additionally companies can be excluded for non-responsible behavior, specifically in the areas of alcohol, tobacco or gambling and companies involved in the active distribution of pornography. With regards to military materials, companies with a related turnover below 5% can also be excluded if the manufactured military equipment’s primary purpose is to be used in battle or otherwise directly contribute to the combat function. Requirements of sustainability include paying special attention to a companies’ involvement in fossil fuels, coal, oil and gas, where a general exclusion is made for companies where 5% or more of turnover relates to the production or distribution of fossil fuels, as well as companies where over 50% of turnover derives from services in or to this area. The rules for fossil fuels also apply to exclusions of companies which are involved in the exploration for or extraction of oil sands, even if this amounts to less than 5% of the company’s total sales.

2.3 Extraordinary changes in the index population

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

If an Index Share is subject to a public offer for acquisition of shares or a company issuing Index Shares approves a merger agreement, the Index Provider may decide that the share should no longer be considered an Index Share or that it must be replaced for another share of the offerer/predator company. In the event of any such change, the number of shares to be 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 Share’s 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.

3 Calculating the Index Value

3.1 Calculation of market capitalization

Market capitalization is calculated for each index company by multiplying the total number of ordinary shares by the last traded price of the company’s largest share class, where the largest share class is defined as the share that accounts for the largest proportion of the company’s share capital. In the event a company has more than one class of share and the Index Provider considers the largest share class illiquidity or in the event, a company has more than one class of share and each class accounts for the same proportion of the share capital, then the most traded share class will be used.

For certificates of deposit (SDB), market capitalization is calculated by multiplying the total number of registered SDBs by the last traded price. The number of registered SDBs is updated and implemented on the first trading day every month.

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

\[
\text{SIXSESRIPI}_t = \frac{\sum (Q_t \cdot P_t)}{\sum ((Q_{t-1} \cdot P_{t-1}) + A)} \times \text{SIXSESRIPI}_{t-1}
\]

\( \text{SIXSESRIPI}_t \) = 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
\( A \) = Amount for adjustment of base value at new issues and the like

\[
\text{SIXSESRIGI}_t = \frac{\sum (Q_t \cdot P_t)}{\sum (((Q_{t-1} \cdot P_{t-1}) + A) - D_t)} \times \text{SIXSESRIGI}_{t-1}
\]

\( \text{SIXSESRIGI}_t \) = 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
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 2.2). As a general rule the last-paid price is used in the index calculation. If a share has not been traded, the last available last-paid price is used. This includes situations where the trading in a share is suspended.

- **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 trading day 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)**

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 the national currency then the dividend value is converted to national currency 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 when the bonus issue of the Index Share is listed excluding fractional rights on the Stock Exchange. If a bonus issue takes place, which involves the issue of a new type of share that deviates from the Index Share, the Fixed Price Method contemplated 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 SIXNCSRI 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. \( A \) is calculated by multiplying the newly-added number of shares by the rights issue price per share. It is assumed that all the shares in the issue are subscribed for.

3.6.4.2 Valuation Method, Inclusion Method and Fixed Price Method

If the company to which the Index Share relates adopts any of the measures listed below in any circumstances other than those contemplated in section 3.6.4.1 above – where the company’s shareholders have a preferential right to participate – the Valuation Method, the Inclusion Method or the Fixed Price Method will be used, as further described in the subsequent sections. 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 which, have an effect on 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 market place. In that case, 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 price of the Index Share on the ex-rights day is the previous trading day’s last traded price with a deduction for the calculated value of the rights. The continuous index calculation is carried out thereafter using the last traded prices from the Nasdaq Stock Exchanges or other stock market or market place.

3.6.4.4 Inclusion Method

In the event of an external valuation, it will be processed in the following way:

On the ex-day, the input share price for the company carrying out the spin-off (Parent Company) is reduced by the external valuation and the calculation is then carried out on the last traded price. For the 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 price for the company carrying out the spin-off is the previous day’s closing price and the output share price is that day’s closing price. For the 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 contemplated 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 (Qt) and the number of shares yesterday (Qt-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 Issues without precedence for existing shareholders
Issues without precedence for existing holders of Index Shares and conversion of convertible debt certificates, exercise of warrants, etc. are updated on a daily basis.

When the Index Provider receives information on the above events, the number of shares (Qt) is updated. The base value in accordance with section 3.2 above is adjusted on that day. The amount by which the base value (A) is adjusted is obtained by multiplying number of newly-added shares by the previous day’s last traded price (Pt-1).

3.8 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 Introduction of new companies
A company listed on Nasdaq Stockholm Stock Exchange and approved by the ISS-Ethix screening is included in the index calculation from the first Trading Day after the listing day, where the last traded price (Pt-1) for the company on the listing day is used.
5  Trading day

The Index is calculated for days when Nasdaq Stockholm Stock Exchange is open for trade.

6  Correction policy

An index-related correction is to be made due to two causes, either because the necessary data is not available or because the data is incorrect.

6.1  Unavailable data

If data which 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.

6.2  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.

7  Changes to the methodology

7.1  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 appropriate lead time.

7.2  Cessation of calculation

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

In the case 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.

8  General information on SIX indices

8.1  Calculation interval and publication

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

8.2  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/

9 Limitation of liability

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10 Contact

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

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