

STOXX BENCHMARK STATEMENT DAX ENVIRONMENTAL SOCIAL & GOVERNANCE EQUITY INDEX FAMILY



Regulation Clause	Regulation Subclause	Required Information	STOXX LTD Statement
1. General Disclosure Requirements			
1.1 Date of Publication	Art. 1(1)(a) Commission Delegated Regulation (EU) 2018/1643 ("RTS")	The benchmark statement shall state: the date of publication of the statement and the date of the most recent statement update.	<p>Date of Publication August 2019</p> <p>Date of Update Not Applicable</p>
1.2 Definition of the market or economic reality and circumstances in which such measurement may become unreliable	Art. 27(1)(3) of Regulation (EU) 2016/1011 ("BMR"); Art. 1(2) RTS; Art. 1(3) RTS	The benchmark statement shall clearly and unambiguously define the market or economic reality measured by the benchmark and the circumstances in which such measurement may become unreliable.	<p>Definition of market or Economic Reality</p> <p>The DAX Environmental Social & Governance Equity Index Family aims to measure the performance of portfolios of equity securities which have been selected by reference to their business interests and policies toward environmental, social and governance issues. These equity securities trade on global trading venues and include sub-classifications by sector, size, region and combinations thereof.</p> <p>STOXX applies clear and transparent rules to both the eligibility and selection criteria for all securities within each component index. This family includes benchmarks where the portfolios are weighted by free-float market capitalisation; portfolios may also include a cap or be equally weighted such that certain securities do not dominate the portfolio.</p> <p>The base currency of the STOXX Environmental Social & Governance Equity Index Family is EUR.</p> <p>Benchmarks are calculated using different calculation rules. For example:</p> <ul style="list-style-type: none"> - they are calculated on a price only basis, without dividends; - they are calculated on a total return basis; with dividends reinvested;

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			<ul style="list-style-type: none"> - they are calculated on a total return basis; with dividends reinvested net of withholding taxes; - they are calculated on individual countries and globally; - they are calculated in currencies other than EUR. <p>Circumstances in which such measurement may become unreliable:</p> <p>The DAX Environmental Social & Governance Equity Index Family uses as input data for equities official closing prices sourced from Thomson Reuters as well as directly from eligible stock exchanges. Interest rates are sourced from Thomson Reuters. Foreign exchange rates are sourced from Thomson Reuters Benchmark Services. The measurement of the market or economic reality may become unreliable if one or more of the eligible stock exchanges ceased to operate but the constituent securities affected continued to trade elsewhere.</p>
1.3 Discretion	Art. 27(1)(3)(b) BMR	The benchmark statement shall lay down technical specifications that clearly and unambiguously identify the elements of the calculation of the benchmark in relation to which discretion may be exercised, the criteria applicable to the exercise of such discretion and the position of the persons that can exercise discretion, and how such discretion may be subsequently evaluated.	<p>The rules and procedures to which the DAX Environmental Social & Governance Equity Index Family must adhere to are written with the express intention of removing the need for any discretion in so far as this is feasible.</p> <p>Where the existing methodology does not fully prescribe how an event should be dealt with or a complex or an unexpected operational event occurs (e.g. a complex corporate action or a market disruption) then discretion may need to be applied. STOXX has a clear set of procedures for dealing with events that require discretion and will apply these procedures to determine the appropriate treatment. Depending on the nature of the event, the issue will initially be dealt with by either, the Index Operations Committee (“IOC”) or the Index Management Committee (“IMC”). These committees both consist of senior, full-time members of STOXX’s staff and will evaluate and document all occurrences in which discretion may need to be used. The IOC or IMC, as appropriate, will then send their evaluation to the Index</p>

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1.4 Notice regarding changes to, or the cessation of, the benchmark	Art. 27(1)(3)(c) BMR	The benchmark statement shall provide notice of the possibility that factors, including external factors beyond the control of the administrator, may necessitate changes to, or the cessation of, the benchmark.	<p>Governance Committee (“IGC”) for oversight. The IGC consists of the senior management of STOXX. The subsequent evaluation of the use of discretion will be evaluated by the Oversight Committee (“OC”) which includes external representatives and representatives from the compliance and regulatory functions.</p> <p>It is possible that certain factors, including external circumstances beyond the control of STOXX, will lead to changes or even cessation of an index within the Index Family.</p>
1.5 Advice concerning material changes to financial contracts and financial instruments	Art. 27(1)(3)(d) BMR	The benchmark statement shall advise users that changes to, or the cessation of, the benchmark may have an impact upon the financial contracts and financial instruments that reference the benchmark or the measurement of the performance of investment funds.	Any financial contracts or instruments that reference any member of the STOXX Environmental Social & Governance Equity Index Series Family or any investment funds that measure their performance by reference to a member of the family may be impacted by any changes to or cessation of a Family member. These financial contracts, financial products and investment funds must be able to withstand, or at least address the issue of, any changes to or cessation of a family member.
1.6 Rationale; review and approval procedures	Art. 27(2)(b) BMR; Art. 1(5) RTS	A benchmark statement shall contain at least, the rationale for adopting the benchmark methodology and procedures	<p>Rationale for adopting the benchmark methodology:</p> <p>The STOXX Environmental Social & Governance Equity Index Family methodology is</p>

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		<p>for the review and approval of the methodology.</p> <p>In specifying the procedures for review of the methodology, the benchmark statement shall at least outline the procedures for public consultation on any material changes to the methodology.</p>	<p>designed so that it can appropriately measure the economic reality previously described in Statement 1.2.</p> <p>Procedures for review and approval of the methodology:</p> <p>The new index approval process is managed by the Product Approval Committee (“PAC”), and the IGC who assesses the ongoing suitability of any index or family of indices on at least an annual basis.</p> <p>Procedures for public consultations:</p> <p>Any methodology changes that are deemed material ones by the IMC will be subject to public consultation. Stakeholders will be informed of the consultation by notification and an announcement will be made on the STOXX website. Material changes can occur where there has been a structural change in the economic interest and to reflect this change the benchmark itself needs amending. Other material changes are where a benchmark: changes its objective; changes its calculation methods; changes its compositions and weightings; changes the way it is operationally maintained e.g. changes the way it deals with certain corporate actions. The IGC will carefully take note of any opinions received during the one-month consultation period and take note of them in deciding whether to proceed with the proposed change.</p>
<p>1.7 Criteria and procedures used to</p>	<p>Art. 27(2)(c) BMR</p>	<p>The criteria and procedures used to determine the</p>	<p>The DAX Environmental Social & Governance Equity Index Family uses as input data for equities official closing prices sourced from Thomson Reuters as well as data</p>

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determine the benchmark		benchmark, including a description of the input data, the priority given to different types of input data, the minimum data needed to determine a benchmark, the use of any models or methods of extrapolation and any procedure for rebalancing the constituents of a benchmark's index;	sourced directly from eligible stock exchanges. Interest rates are sourced from Thomson Reuters. Foreign exchange rates are sourced from Thomson Reuters Benchmark Services. STOXX considers all this data as readily available. All calculations, criteria and procedures used in the rebalancing of index family members is clearly shown in the relevant section of each family member's manual.
1.8 Controls and rules that govern any exercise of judgement or discretion	Art. 27(2)(d) BMR; Art. 1(4) RTS	<p>The benchmark statement shall include the controls and rules that govern any exercise of judgement or discretion by the administrator or any contributors, to ensure consistency in the use of such judgement or discretion.</p> <p>In specifying the controls and rules that govern any exercise of judgement or discretion by the administrator or any contributors in calculating the benchmark or benchmarks, the benchmark statement shall include an outline of each step</p>	The circumstances that may cause an exercise of judgement or discretion as well as the controls and policies that govern any exercise of judgement are as set out above in Statement 1.3. STOXX keeps a written record of all circumstances in which judgement has been used by the IOC, IMC and, if applicable, any comments from the IGC.

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1.9 Determination in periods of stress	Art. 27(2)(e) BMR	of the process for any ex post evaluation of the use of discretion, together with a clear indication of the position of any person(s) responsible for carrying out the evaluations; The benchmark shall include procedures which govern the determination of the benchmark in periods of stress or periods where transaction data sources may be insufficient, inaccurate or unreliable and the potential limitations of the benchmark in such periods.	Certain external events can make it difficult or impossible to trade securities on certain Stock Exchanges. Examples of such events include: government restrictions on the repatriation of international capital; temporary closure of stock exchanges; imposition of sanctions upon a country which prevents new investment. By their very nature, the course of these events is often uncertain. In dealing with these issues the IOC, IMC or IGC will ensure that any decisions taken will be communicated to stakeholders on a timely basis by notification and by announcement on the STOXX website. If the conditions are expected to persist for a long period of time an index consultation, as outlined in Statement 1.6, may need to be enacted.
1.10 Procedures for dealing with errors	Art. 27(2)(f) BMR	The benchmark shall also include the procedures for dealing with errors in input data or in the determination of the benchmark, including when a re-determination of the benchmark is required.	The DAX Environmental Social & Governance Equity Index Family is recalculated whenever an error in input data is deemed to be a significant one. An index may be suspended whilst the error is being investigated and corrected. All users of the benchmark are notified immediately of any occurrence that leads to a suspension and further notified prior to an index resumption. Where a re-determination occurs, users are fully notified when the index re-determination has been applied retrospectively.
1.11 Identification	Art. 27(2)(g)		Potential limitations in the DAX Environmental Social & Governance Equity Index Family occur when a significant proportion of the constituent securities of a family

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of potential limitations	BMR; Art. 1(3) RTS	<p>The benchmark shall include the identification of potential limitations of the benchmark, including its operation in illiquid or fragmented markets and the possible concentration of inputs.</p> <p>In defining the potential limitations of the benchmark [and the circumstances in which the measurement of the market or economic reality may become unrealisable, the benchmark statement shall include at least:</p>	<p>member have no official closing prices available. These limitations can occur during periods of market stress as outlined in Statement 1.9. However, limitations may occur due to technical reasons, for example the inability of a stock exchange to publish a close price due to a computer outage.</p>
		<p>(a) a description of the circumstances in which the administrator would lack sufficient input data to determine the benchmark in accordance with the methodology;</p>	<p>(a) STOXX uses official closing levels for calculation of all family members, however where limitations exist it may be necessary to use the last traded price. This ensures that the value of financial instruments and the pay-offs calculated for financial contracts can be determined.</p>
		<p>(b) where relevant, a description of instances when the accuracy and</p>	<p>(b) Emerging Market securities can occasionally suffer from an absence of liquidity which makes their economic or market reality unrealisable. STOXX therefore undertakes regular screenings of Emerging Market stocks by</p>

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		<p>reliability of the methodology used for determining the benchmark can no longer be ensured, such as when the administrator deems the liquidity in the underlying market as insufficient;</p>	<p>reviewing their most recent daily average trading volumes; if any security lacks suitable liquidity it will no longer be available for index selection.</p>
		<p>(c) any other information that administrator reasonably considers to be relevant or useful to help users and potential users to understand the circumstances in which the measurement of the market or economic reality may become unrealisable, including a description of what might constitute an exceptional market event.</p>	<p>(c) Benchmarks in the DAX Environmental Social & Governance Equity Index Family may become unreliable due to an exceptional market event that causes a significant proportion of the underlying securities to become suspended from trading for reasons such as delisting, nationalisation, insolvency or administration. Where an exceptional market event occurs; STOXX will use discretion, as detailed in Section 1.3, to ensure that the exceptional market event is dealt with in a way that best reflects the economic or market reality that the affected benchmarks aim to measure.</p>
1.12 ISINs	Art. 1(1)(b) RTS	The benchmark statement shall include, where available the	STOXX assigns ISIN codes to all Benchmarks, these numbers are freely available and can be found in the Vendor Code spreadsheet on the DAX website.

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		<p>international securities identification number (ISIN) of the benchmark or benchmarks; alternatively, for a family of benchmarks, the statement may provide details of where the ISINs are publicly accessible free of charge;</p>	
1.13 Contributions	Art. 1(1)(c) RTS	<p>The benchmark statement shall state whether the benchmark, or any benchmark in the family of benchmarks, is determined using contributions of input data;</p>	<p>No benchmark in the DAX Environmental Social & Governance Equity Index Family receives any contributions of input data.</p>
1.14 Type of benchmark	Art. 1(1)(d) RTS	<p>The benchmark statement shall state whether the benchmark or any benchmark in the family of benchmarks qualifies as one of the types of benchmarks listed under Title III of Regulation (EU) 2016/1011, including the specific provision by virtue of which the benchmark qualifies as that type.</p>	<p>The DAX Environmental Social & Governance Equity Index Family does not include a Regulated Data Benchmark, some prices are sourced from trading venues other than those prescribed under Article 3(1) (24)(a) BMR.</p>

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2. Specific Disclosure requirements for regulated data benchmarks			
	Art. 2 RTS	In addition to the information to be included pursuant to Article 1, for a regulated-data benchmark or, where applicable, family of regulated-data benchmarks, the benchmark statement shall state at least the following in its description of the input data:	
2.1 Sources of input data	Art. 2(a) RTS	a) the source(s) of the input data used	Not Applicable.
2.2 Type of input data source	Art. 2(b) RTS	b) for each input source, the relevant type of input data used, as listed in Article 3(1) (24) of Regulation (EU) 2016/1011	Not Applicable.
3. Specific Disclosure requirements for interest rate benchmarks			

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	Art. 3 RTS	<p>In addition to the information to be included pursuant to Article 1, for an interest rate benchmark or, where applicable, family of interest rate benchmarks, the benchmark statement shall include at least the following information:</p>	
3.1 Application of Annex I BMR	Art. 3(a) RTS	<p>a) a reference alerting users to the additional regulatory regime applicable to interest rate benchmarks under Annex I to Regulation (EU) 2016/1011</p>	Not Applicable
3.2 Compliance with Annex I BMR	Art. 3(b) RTS	<p>b) a description of the arrangements that have been put in place to comply with that Annex.</p>	Not Applicable.
<p>4. Specific disclosure requirements for commodity benchmarks</p>			
	Art. 4 RTS	<p>In addition to the information to be included pursuant to Article 1, for a commodity benchmark or, where</p>	

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		applicable, family of commodity benchmarks, the benchmark statement shall at least:	
4.1 Application of Title II or Annex II BMR	Art. 4(a) RTS	a) indicate whether the requirements of Title II of, or Annex II to, Regulation (EU) 2016/1011 apply to the benchmark, or family of benchmarks as prescribed by Article 19 of that Regulation;	Not applicable.
4.2 Explanation for application of Title II or Annex II BMR	Art. 4(b) RTS	b) include an explanation as to why Title II of or, as the case may be, Annex II to that Regulation Applies	Not applicable.
4.3 Definitions of relevant underlying physical commodity	Art. 4(c) RTS	c) include in the definitions of key terms a concise description of the criteria that define the relevant underlying physical commodity;	Not applicable.
4.4 Place of publication of	Art. 4(d)		Not applicable.

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explanations subject to paragraph 7 of Annex II BMR	RTS	d) where applicable, indicate where the explanations are published that the administrator is required to publish under paragraph 7 of Annex II to that Regulation	
5. Specific disclosure requirements for critical benchmarks			
	Art. 5 RTS	In addition to the information to be included pursuant to Article 1, for a critical benchmark, or, where applicable, a family of benchmarks that contains at least one critical benchmark, the benchmark statement shall include at least the following information:	
5.1 Reference regarding application of enhanced regulatory regime	Art. 5(a) RTS	a) references alerting users to the enhanced regulatory regime applicable to critical benchmarks, under	Not applicable.

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5.2 Way of information of any delay in publication	Art. 5(b) RTS	<p>Regulation (EU) 2016/1011;</p> <p>b) a statement indicating how users will be informed of any delay in the publication of the benchmark or of any re-determination of the benchmark, and indicating the (expected) duration of measures.</p>	Not applicable.
6. Additional Information			
	Art. 1(8) RTS	<p>Administrators may include additional information at the end of their benchmark statement provided that, if this is done by referring to a published document containing the information, the document shall be one that is accessible free of charge.</p>	<p>Full methodology documents as well as a list of key terms relating to benchmarks and vendor reference codes for all component members of the DAX Environmental Social & Governance Index Family can be found on www.dax-indices.com/resources..</p>
7. Key Term Definitions			

STOXX Benchmark Statement DAX Environmental Social & Governance Equity Indices

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	Art. 27(2) BMR	A benchmark statement shall contain at least: the definitions for all key terms relating to the benchmark.	See comments in section 6.