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RULES GOVERNING THE SWISS RESPONSIBLE EQUITY INDEX (SREI)

The Ethos Foundation is composed of more than 250 tax-exempt Swiss pension funds and institutions. Founded in 1997, its aim is to promote socially responsible investment and to foster a stable and prosperous socio-economic environment.

Signatory of:

Principles for Responsible Investment

Ethos Services provides advisory services in the field of socially responsible investments. Ethos Services offers socially responsible investments funds, analyses of shareholders' general meetings with voting recommendations, a program of dialogue with companies as well as environmental, social and corporate governance ratings and analyses. Ethos Services is owned by the Ethos Foundation and several members of the Foundation.

Certified B Corporation

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C1 Public

Table of Contents

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1. Index overview

1.1 INTRODUCTION

The Swiss Responsible Equity Index ("SREI") is a sustainable equity index composed of Swiss companies listed on the SIX Swiss Exchange. The index is administered by Ethos Services SA ("Ethos"), which determines ESG ratings and exclusion criteria, and calculated by SIX Index AG ("SIX") in accordance with market standards.

1.2 INDEX OBJECTIVE AND CLASSIFICATION

The objective of the index is to promote investment in and financing for companies that demonstrate relatively strong extra-financial performance according to the proprietary rating models developed by Ethos.

Pursuant to the AMAS Self-Regulation on transparency and disclosure for collective assets referring to sustainability (Version 2.2), the SREI is classified as a sustainable index. It pursues an alignment objective achieved through "Exclusions" and "Best-in-Class" investment approaches. 100% of the index constituents are considered sustainable according to the methodology described herein.

1.3 INDEX UNIVERSE AND SELECTION CRITERIA

The universe of the SREI is based on the composition of, the Swiss Performance Index ("SPI"). In addition, the SREI follows the SPI Rulebook for all matters not described in this document.

The selection process applies the following filters:

1. **Product-Based Exclusion:** Companies generating revenues above defined thresholds in sectors incompatible with the values of the Ethos Foundation are excluded. These sectors include conventional and non-conventional weapons, tobacco, gambling, pornography, GMOs, nuclear energy, coal and conventional and unconventional fossil fuels. Ethos' exclusions take into account, among others, the exclusions required by the European Regulation on Paris-Aligned Benchmarks (EU PAB) or flagged by the Swiss Association for Responsible Investments (SVVK-ASIR). See details in section 3.2.
2. **Conduct-Based Exclusion:** Companies involved in major controversies regarding corporate governance, human rights, or environmental responsibility, or those systematically violating the United Nations Global Compact (UNGC) principles, are excluded. See details in section 3.3.
3. **ESG Rating (Best-in-Class):** Only companies with an Ethos ESG rating of B+ or higher (on a scale from A+ to C) are included. See details in section 3.4.

All the stocks in the SREI are weighted by free-float market capitalization. A cap is applied to any constituent whose weight stands above 20%. See details in section 2.1.1.

The index composition is reviewed annually in September, simultaneously to the annual SPI Index review.

1.4 REFERENCE FRAMEWORK

The index methodology is grounded in the following binding documents:

- Ethos Foundation Charter ;
- Ethos Principles for Socially Responsible Investment (Ethos Principles);
- Ethos ESG Rating Methodology;
- United Nations Global Compact (UNGC) Principles;
- SVVK-ASIR Exclusion List;
- Article 12 of the European Regulation on Paris-Aligned Benchmarks (EU PAB).

1.5 STANDARDIZATION

The SREI was launched with an initial value of 100 on close of December 29, 2023. The performance of the index between September 24, 2018 and December 29, 2023 is a backtested performance calculated by SIX.

1.6 REVIEW OF INDEX CONCEPT AND RULES

The validity of the index concepts and rules is reviewed on a regular basis. In exceptional cases a broad market consultation can be conducted by Ethos. Material changes to the index rules are announced with appropriate lead time (usually 3 months).

1.7 TERMINATION OF THE INDEX CALCULATION

A decision to discontinue will be publicly announced by Ethos with appropriate lead time.

If Ethos is aware of existing financial products linked to the index, a market consultation is conducted in advance and a transition period is introduced before the definitive termination.

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2. Index calculation

2.1 LASPEYRES INDEX FORMULA

The SREI is calculated using the Laspeyres index formula with the weighted arithmetic mean of a defined number of securities issues. The index level is calculated by dividing the market capitalization of all securities included in the index by a divisor.

$$I_s = \frac{\sum_{i=1}^{M} p_{i,s} * x_{i,t} * f_{i,t} * c_{i,t} * r_s}{D_t}$$

Legend:	
t:	Current day
s:	Current time on day t
I_s:	Current index level at time **s**
D_t:	Divisor on day **t**
M:	Number of issues in index
$p_{i,s}$:	Last-paid price of security
$x_{i,t}$:	Number of shares of security **i** on day t
$f_{i,t}$:	Free float for security **i** on day **t**
$c_{i,t}$:	Capping factor for security **i** on day **t**
r_s:	Current CHF exchange rate at time **s**

The divisor ensures the index value stays constant if the index market capitalization changes due to a corporate action or other changes influencing the numerator.

2.1.1 COMPONENT WEIGHTING

The SREI is a free float market capitalization-weighted index. This means the weight of a particular index component is derived from its free float market capitalization, which is defined as the product of the listed shares, the free float factor and the share price in the index currency.

At the time of the annual index review (see section 4.1.1), a cap is applied to any constituent whose weight stands above 20%. As this cap is determined annually at the time of the index review, it may not prevent constituent' weight to raise above 20% in between two index reviews, unless an exception is made (see below).

Exceptions may be made, for example, in case of extraordinary adjustments (see section 4.2).

3. Index composition

3.1 OVERVIEW

In order to meet the index objectives set under section 1.3, a component selection, performed by Ethos, is applied on top of the index composition of the base universe (the SPI). This selection is a combination of product-based exclusion, conduct-based exclusion, as well as the exclusion of low ESG ratings.

3.2 PRODUCT-BASED EXCLUSION

The product-based exclusions relate to sectors considered to be incompatible with the values of the Ethos Foundation as defined in the Ethos Principles.

Ethos estimates the proportion of a company's revenues derived in different sectors / activities and applies a revenue threshold above which the company is excluded according to Table 1. The Ethos Principles, since their 5th edition, are aligned with the exclusions required by Article 12 of the European Regulation on Paris-Aligned Benchmarks (EU PAB) and go beyond them: the revenue thresholds applied by Ethos are at least as stringent as those of the EU PAB, and Ethos covers a broader range of sectors / activities than required by that regulation.

Finally, companies must not be flagged as exclusion by the Swiss Association for Responsible Investments (https://www.svvk-asir.ch/).

3.3 CONDUCT-BASED EXCLUSION

Exclusions tied to the conduct of a company are implemented when companies are implicated in controversies in terms of corporate governance or environmental and social responsibility. These are significant violations of normative criteria by their magnitude (severity of the impact), by their scope (extent of the impact) or by their irremediable nature.

In addition, regular breaches of international conventions signed by Switzerland or the ten principles of the UN Global Compact (UNGC) lead to the exclusion of a company. These are repeated violations of normative criteria, indicating a systematic failure of the management of the company, the tacit authorization of abuse, or even intentional abuse. Systematic violation is not the result of a one-time misbehaviour or isolated accident.

3.4 ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE CRITERIA (ESG)

Only companies with an Ethos ESG rating of A+, A- and B+ may be included in the SREI.

The Ethos ESG rating allows to classify companies according to their relative ESG performance compared to their sector peers. The Ethos ESG ratings are currently ranging from A+ (best rating), A-, B+, B-, to C (worst rating).

Ethos evaluates the sustainability performance of a company by analysing its exposure to ESG risks, as well as how it manages these. The company strategy is analysed based on the transparency of the information provided, the clarity and coherence of its mission statement as well as the ambition and skill set of management. The Ethos ESG assessment is structured in three stages which are corporate governance analysis, analysis of the corporate strategy and analysis of its reporting. It takes into account the specific ESG risks faced by the different stakeholders.

The ESG assessment contributes to the establishment of an Ethos ESG rating for each company analysed. To this effect, the extra- financial analysis is completed with a review of any environmental, social or corporate governance controversy the company may be involved in.

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Table 1: Exclusion thresholds per sector / category

SECTOR	CATEGORY	REVENUE THRESHOLD
Armament	Production	5%
	Associated activities*	5%
Non-conventional weapons	Production	0%
	Associated activities*	0%
Tobacco	Cultivation or production	0%
	Associated activities, including distribution	5%
Gambling	Operation or production	5%
	Associated activities*	5%
Pornography	Production	5%
	Associated activities*, including distribution	5%
GMO	Development or production	5%
	Associated activities*	5%
Nuclear energy	Electricity generation	5%
	Associated activities*	5%
Coal	New projects	0%
	Exploration, mining, extraction, refining or distribution	1%
	Electricity generation	5%
	Associated activities*	5%
Oil	New projects	0%
	Exploration, extraction, distribution or refining	10%
	Associated activities*	10%
Gas	New projects	0%
	Exploration, extraction, manufacturing or distribution	50%
	Associated activities*	50%
Oil sands	Exploration, extraction, manufacturing, distribution or refining	5%
	Associated activities*	5%
Hydraulic fracturing	Exploration, extraction, manufacturing, distribution or refining	5%
	Associated activities*	5%
Arctic oil and gas	Exploration, extraction, manufacturing, distribution or refining	5%
	Associated activities*	5%
Ultra-deep-water drilling	Exploration, extraction, manufacturing, distribution or refining	5%
	Associated activities*	5%
Carbon-intensive emitters	Electricity generation**	50%

* Production of components or services that are both essential and specific to those activities ('associated activities'). Essential means that the activity could not be carried out without them; specific means that they are exclusively designed for it.

** Companies generating 50 % or more of their turnover from electricity generation that exceeds the 100 g CO_2e/kWh threshold are excluded.

4. Index adjustments

4.1 ORDINARY ADJUSTMENTS

4.1.1 INDEX REVIEW

The review of the index composition and capping factors is implemented annually on the third Friday in September (after close of trading), simultaneously to the annual SPI Index review.

The announcement of the new components usually occurs five trading days before the mentioned Friday - usually Monday or as early as practicable. The capping factors are calculated with the new number of shares and free float, effective as of the September index review effective date. The share prices of as of the second Thursday of September are used for the calculation of capping factors.

Index review is described in the SPI Rulebook.

4.1.2 CORPORATE ACTIONS AND DIVIDENDS

Corporate Actions and Dividends are adjusted as described in the SPI Rulebook.

4.2 EXTRAORDINARY ADJUSTMENTS IN THE COMPOSITION OF THE INDEX OR CAPPING FACTORS

To meet the index objectives defined in section 1.3, Ethos reserves the right in exceptional situations to amend the composition of the index between the planned index reviews. Exceptional situations may include, among others but not limited to, mergers, IPOs, spin-offs, non-compliance with the sustainability criteria defined by Ethos in section 3.

The announcement of extraordinary changes will generally take place five trading days, but no less than one trading day, prior to the implementation in the index.

For the 10 largest components in the SREI, the announcement of extraordinary exclusions, due to non-compliance with the sustainability criteria defined by Ethos in section 3, will take place at least two months prior to the implementation in the index.

5. Organisation

5.1 INDEX ADMINISTRATOR

The index is administered by Ethos. Ethos is responsible for the data sourcing and determination of the ESG ratings and exclusion criteria used in the index.

Any requests with respect to the index administration may be directed to the following address:

Ethos
1, Place de Pont-Rouge
Case Postale 1051
CH-1211 Genève 26

Email: gestion@ethosfund.ch
Phone: +41 (0)58 201 89 89

5.2 CALCULATION AGENT

SIX is the Calculation Agent of the Swiss Responsible Equity Index. SIX ensures the correct calculation on its systems according to market standards.

Any requests with respect to calculation of the index may be directed to the following address:

SIX
Pfingstweidstrasse 110
CH-8021 Zurich

Email: indexsupport@six-group.com
Phone: +41(0)58 399 21 11

6. Static data

NAME	SYMBOL	ISIN
Swiss Responsible Equity Index (Price)	SREIP	CH1311566215
Swiss Responsible Equity Index (Total Return)	SREITR	CH1311566223

7. Additional information

7.1 SIX WEBSITE

SIX Methodology Rulebook Governing Equity and Real Estate Indices:

https://www.six-group.com/dam/download/market-data/indices/equity-indices/six-methodology-smi-equity-and-re-en.pdf

SIX webpage on the Swiss Responsible Equity Index:

https://www.six-group.com/en/products-services/the-swiss-stock-exchange/market-data/indices/customized-indices/swiss-responsible-equity-index.html

SIX Index Data Center (login required to download current and historical composition data):

https://indexdata.six-group.com/customer/ethos_ch_responsible_equity.html

SIX index adjustments and announcements:

https://indexdata.six-group.com/adjustments_equity.html

7.2 ETHOS WEBSITE

Ethos webpage on the Swiss Responsible Equity Index:

https://www.ethosfund.ch/en/ethos-indices

Ethos general publications:

https://www.ethosfund.ch/en/publications

8. Revision history

VERSION / DATE	DESCRIPTION
1.0 / 29.12.2023	Index methodology at launch
1.1 / 29.02.2024	Methodology clarification for extraordinary exclusions of largest components in section 4.2
1.2 / 18.09.2026	Classification of the index according to AMAS self-regulation in section 1 and integration of new exclusions criteria in sections 1 and 3

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