

Dow Jones Sustainability North America Index Guide

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1. Introduction to the Dow Jones Sustainability North America Index

The Dow Jones Sustainability North America Index (DJSI North America) was established in September 2005 to track the performance of companies from Canada and the United States of America that lead the field in terms of corporate sustainability. These companies are assessed by RobecoSAM using the annual Corporate Sustainability Assessment (CSA). Eligible companies are encouraged to actively participate in the assessment. However, RobecoSAM reserves the right to apply the same assessment methodology to non-participating companies from the eligible universe based on information available in the public domain. This way at least 50% of the float adjusted market capitalization per RobecoSAM industry and index region is assessed, ensuring a best-in-class selection can take place.

Established in 1999, as the first ever family of global sustainability benchmarks, the Dow Jones Sustainability Indices (DJSI) have become a reference point in Sustainability Investing. Launched jointly between S&P Dow Jones Indices and RobecoSAM, the DJSI combine the experience of an established index provider with the expertise of a specialist in Sustainability Investing to provide investors with objective benchmarks for managing their sustainability investment portfolios. Anchored by the results of RobecoSAM's annual Corporate Sustainability Assessment (CSA), the DJSI comprise global and regional benchmarks as well as subsets that allow investors to exclude certain industries or create customized indices.

The DJSI family uses a best-in-class approach to select sustainability leaders from across all industries based on pre-defined sustainability criteria embedded in the CSA. Best-in-class means that:

- no industry is excluded from the indices, with the most sustainable companies in each industry selected for index membership
- companies receive a Total Sustainability Score between 0 – 100 and are ranked against other companies in their industry
- only the top 20% of companies from each industry, based on their sustainability score, are included in the Dow Jones Sustainability North America Index

Therefore, companies must continually intensify their sustainability initiatives to be included or remain in the index. A growing number of companies define inclusion in the DJSI as a corporate goal as it publicly endorses their approach to addressing key sustainability issues on the basis of a structured and objective comparative analysis. As a result, the DJSI have evolved into an effective engagement platform by creating vibrant competition for index membership among companies within the same industry.

RobecoSAM's approach is based on two guiding principles:

- Sustainable business practices are critical to the creation of long-term stakeholder value in an increasingly resource-constrained world
- Sustainability factors represent opportunities and risks that competitive companies must address

RobecoSAM passionately believes that the integration of sustainability criteria into traditional financial analysis helps us to evaluate companies' quality of management and future performance potential. This in turn enables us to identify attractive investment opportunities that can generate long lasting value for our clients. In short, a focus on sustainability leads to better informed investment decisions.

RobecoSAM's Corporate Sustainability Assessment (CSA) forms the research backbone of the globally recognized Dow Jones Sustainability Indices. This has afforded us direct access to companies and their business practices, enabling us to build one of the world's most extensive research databases on corporate sustainability. Based on a rigorous and rules-based methodology, the CSA has set the industry standard for identifying companies best equipped to recognize and respond to emerging opportunities and risks resulting from global sustainability trends.

RobecoSAM's parent company is Dutch asset manager Robeco, which was established in 1929 and offers a broad range of investment products and services worldwide. RobecoSAM was founded in 1995, is headquartered in Zurich and employs approximately 110 specialist staff.

RobecoSAM partners with S&P Dow Jones Indices to develop and license the DJSI family, launched in September of 1999. The DJSI family has since grown to include global, regional and country benchmarks. S&P Dow Jones Indices LLC, a part of McGraw Hill Financial, is the world's largest, global resource for index-based concepts, data and research. Home to iconic financial market indicators, such as the S&P 500® and the Dow Jones Industrial Average™, S&P Dow Jones Indices LLC has over 115 years of experience constructing innovative and transparent solutions that fulfill the needs of investors. More assets are invested in products based upon our indices than any other provider in the world. With over 830,000 indices covering a wide range of asset classes across the globe, S&P Dow Jones Indices LLC defines the way investors measure and trade the markets.

RobecoSAM selects the components, and jointly publishes and markets the DJSI with S&P Dow Jones Indices. S&P Dow Jones Indices is responsible for the index calculation and dissemination of the index data.

2. Dow Jones Sustainability North America Index

The Dow Jones Sustainability North America Index (DJSI North America) tracks the performance of the top 20% of the 600 largest Canadian and American companies in the S&P Global Broad Market IndexSM that lead the field in terms of sustainability. These 600 companies represent the eligible universe for the DJSI North America and are assessed using the CSA on an annual basis.

2.1 Composite Index

Dow Jones Sustainability North America Index (DJSI North America)

2.2 Subset Indices

- Dow Jones Sustainability North America Total Return Index
- Dow Jones Sustainability North America Index ex Alcohol, Tobacco, Gambling, Armaments & Firearms (DJSI North America ex All)
- Dow Jones Sustainability Total Return Index ex Alcohol, Tobacco, Gambling, Armaments & Firearms
- Dow Jones Sustainability North America NET Total Return Index ex Alcohol, Tobacco, Gambling, Armaments & Firearms
- Dow Jones Sustainability North America 40 Price Index (DJSI North America 40)
- Dow Jones Sustainability North America 40 Total Return Index
- Dow Jones Sustainability United States Index (DJSI US)
- Dow Jones Sustainability United States Total Return Index
- Dow Jones Sustainability United States Index ex Alcohol, Gambling, Tobacco, Armaments & Firearms (DJSI United States ex All)
- Dow Jones Sustainability United States Total Return Index ex Alcohol, Gambling, Tobacco, Armaments & Firearms
- Dow Jones Sustainability United States 40 Price Index (DJSI US 40)
- Dow Jones Sustainability United States 40 Total Return Index

Each subset index is derived from the DJSI North America index.

2.3 Customized Indices

The DJSI methodology facilitates the design, development and delivery of customized sustainability indices; e.g. indices covering regional or country subsets, indices covering different industry groups, indices excluding certain activities (such as ethical exclusions), indices with custom exclusion criteria and indices denominated in different currencies.

3. Corporate Sustainability Assessment

3.1 Concept

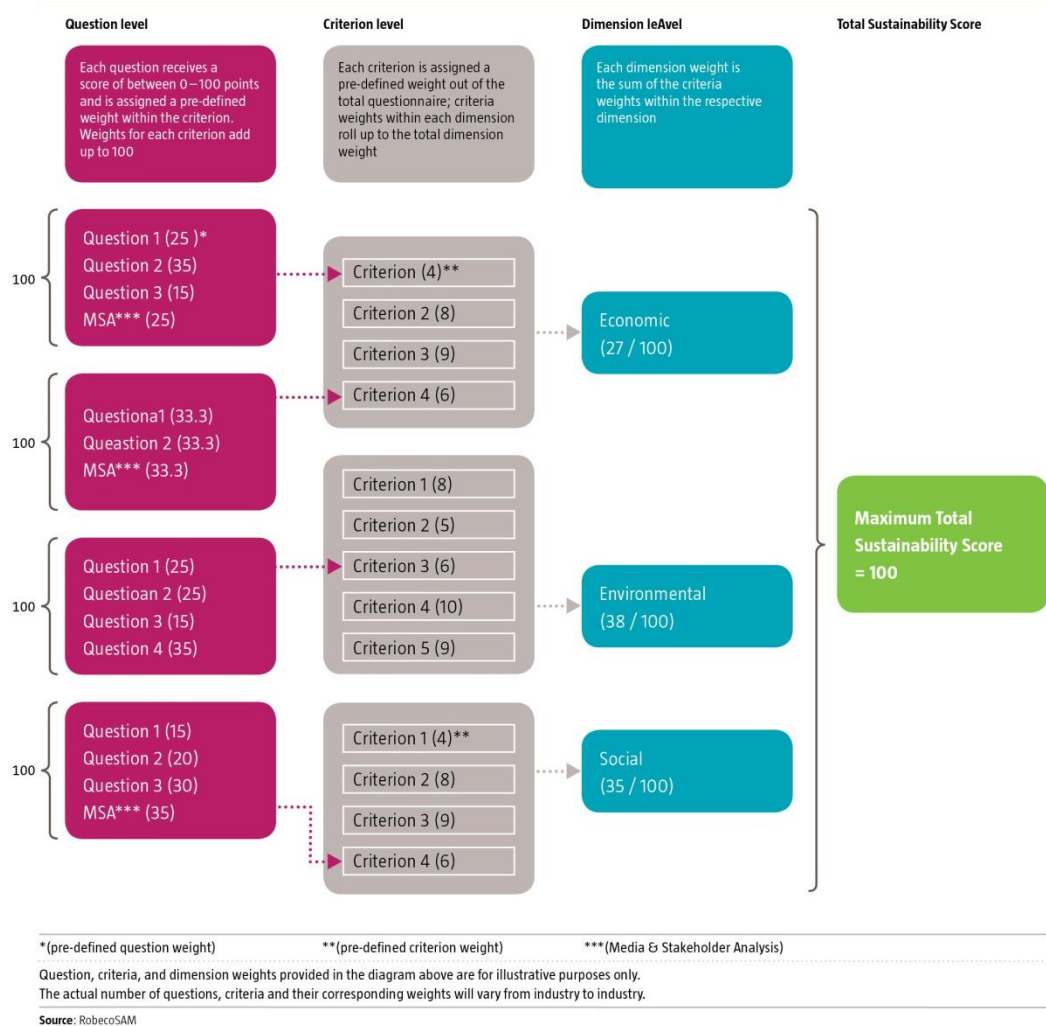
Sustainability is a company's capacity to prosper in a hypercompetitive and changing global business environment. Companies that anticipate and manage current and future economic, environmental and social opportunities and risks by focusing on quality, innovation and productivity will emerge as leaders that are more likely to create a competitive advantage and long-term stakeholder value.

3.2 Methodology

As an investment boutique focused exclusively on sustainability investing, RobecoSAM has always believed that financial analysis is incomplete if it ignores material extra-financial factors. Sustainability trends such as resource scarcity, climate change or an aging population continuously reshape a company's competitive environment. RobecoSAM is convinced that companies that can adapt to such challenges through innovation, quality and productivity enhance their ability to generate long-term shareholder value. For this reason, RobecoSAM developed the annual Corporate Sustainability Assessment (CSA) in 1999 in order to identify companies that are better equipped to recognize and respond to emerging sustainability opportunities and challenges presented by global and industry trends. At least 50% of the questionnaire covers industry-specific risks and opportunities. This focus on industry-specific criteria reflects RobecoSAM's conviction that industry-specific sustainability opportunities and risks play a key role in a company's long-term success and allows RobecoSAM to compare companies against their own peers in order to identify sustainability leaders. RobecoSAM's CSA identifies the leading sustainability companies within the eligible¹ universe from each RobecoSAM industry (for the industry classification see chapter 5.2).

¹ Starting with the 2013 DJSI review, the indices are fully aligned with the S&P Dow Jones Indices country classification. This relates to companies from Korea and Taiwan and affects the DJSI World Developed and DJSI Asia Pacific and their subsets. Korea will be solely considered a developed market. This means that Korean companies will only be eligible for the DJSI World, the DJSI Asia Pacific, DJSI Korea and their sub-sets. Taiwan will be solely considered an emerging market. This means that Taiwanese companies will cease to be eligible for the DJSI Asia Pacific as well as the DJSI World Developed (a subset index of the DJSI World). They are still eligible for the DJSI World Index as well as DJSI Emerging Markets.

Figure 1 Structure of the RobecoSAM Corporate Sustainability Assessment



The CSA is designed to capture both general and industry-specific criteria covering the economic, environmental and social dimensions. Each of the three dimensions consists of, on average 6 – 10 criteria, and each criterion can contain between 2 – 10 questions, totaling approximately 80 – 120 questions, depending on the industry. The criteria within each dimension roll up to the dimension weight. For each company, a Total Sustainability Score of up to 100 points is calculated based on the pre-defined weights established for each question and criterion (Figure 1). This Total Sustainability Score is used to rank the company within its RobecoSAM industry peer group to identify companies for inclusion in the index. Information provided in the questionnaire is verified for accuracy by crosschecking companies’ answers with the supporting documentation they have provided, checking publicly available information, and by verifying a company’s track record on crisis management with media and stakeholder reports. In addition, to ensure quality and objectivity of the CSA, independent third party Deloitte conducts an external audit of the assessment process each year.

3.3 Criteria Definition and Weightings

Based on major global sustainability challenges identified by RobecoSAM analysts, general criteria relating to standard management practices and performance measures such as Corporate Governance,

Human Capital Development and Risk & Crisis Management are defined and applied to each of the 59 RobecoSAM industries. The general criteria account for approximately 40 – 50% of the assessment, depending on the industry. At least 50% of the questionnaire covers industry-specific risks and opportunities that focus on economic, environmental and social challenges and trends that are particularly relevant to companies within that industry. Figure 2 outlines examples of general vs. industry-specific criteria for three different RobecoSAM industries in the 2011 CSA.

Companies are evaluated based on a range of financially relevant sustainability criteria covering the economic, environmental and social dimensions. The relative weights of the economic, environmental and social dimension of the questionnaire vary by industry. A company's Total Sustainability Score at the highest aggregated level is the sum of all question scores. Each company receives a Total Sustainability Score ranging from 0 – 100. Once the Total Scores have been calculated², companies within the same industry are ranked against their peers in order to determine which companies are eligible for inclusion in the DJSI North America. The 59 RobecoSAM industries roll up into 24 global GICS® Industry Groups, and the top scoring company from each is named the Industry Group Leader and is profiled on the DJSI website.

² Clarification on treatment of holding structures: generally, if a holding company has only one subsidiary in its portfolio and if the businesses of the holding company and of the subsidiary are identical (in terms of products and target markets), it can fill in the questionnaire as if the subsidiary is filling it in. In contrast, if a holding company owns several businesses, we need the answers to reflect a consolidated view of all the businesses. In these circumstances, responses and/or scores can be shared by subsidiaries and holding.

Figure 2 Comparison of criteria and relative dimension weights for the Banking, Electricity and Pharmaceutical sectors (RobecoSAM Sectors) in 2011

	Banking	Electricity	Pharmaceuticals	
Economic Dimension				
Anti-crime policy/measures	●			industry-specific
Brand Management	●			industry-specific
Codes of Conduct/Compliance/Corruption & Bribery	●	●	●	general
Corporate Governance	●	●	●	general
Customer Relationship Management	●	●	●	industry-specific
Innovation Management			●	industry-specific
Market Opportunities		●		industry-specific
Marketing Practices			●	industry-specific
Price Risk Management		●		industry-specific
Research & Development			●	industry-specific
Risk & Crisis Management	●	●	●	general
Stakeholder Engagement	●			industry-specific
Scorecards/Measurement Systems		●		industry-specific
Total Economic Dimension Weight	38%	30%	40%	
Environmental Dimension				
Biodiversity		●		industry-specific
Business Opportunities Financial Services/Products	●			industry-specific
Business Risks Large Projects/Export Finance	●			industry-specific
Climate Change Governance	●			industry-specific
Climate Strategy		●	●	industry-specific
Electricity Generation		●		industry-specific
Environmental Footprint	●			industry-specific
Environmental Policy/Management System	●	●	●	general
Environmental Reporting	●	●	●	general
Operational Eco-Efficiency		●		industry-specific
Transmission & Distribution		●		industry-specific
Water-Related Risks		●		industry-specific
Total Environmental Dimension Weight	24%	35%	10%	
Social Dimension				
Addressing Cost Burden			●	industry-specific
Bioethics			●	industry-specific
Corporate Citizenship and Philanthropy	●	●	●	general
Controversial Issues, Dilemmas in lending/financing	●			industry-specific
Financial Inclusion/Capacity Building	●			industry-specific
Health Outcome Contribution			●	industry-specific
Human Capital Development	●	●	●	general
Labor Practice Indicators	●	●	●	general
Occupational Health & Safety	5%	4%	2%	industry-specific
Social Reporting	●	●	●	general
Stakeholder Engagement		●	●	industry-specific
Standards for Suppliers	●		●	industry-specific
Strategy to Improve Access to Drugs or Products			●	industry-specific
Talent Attraction & Retention	●	●	●	general
Total Social Dimension Weight	38%	30%	50%	

Criteria and weights are based on the 2011 CSA for the Banking, Electricity and Pharmaceutical sectors and are provided for illustrative purposes only. Criteria and weights will differ for other sectors. Specific criteria and their corresponding weights for subsequent years may change.

Source: RobecoSAM

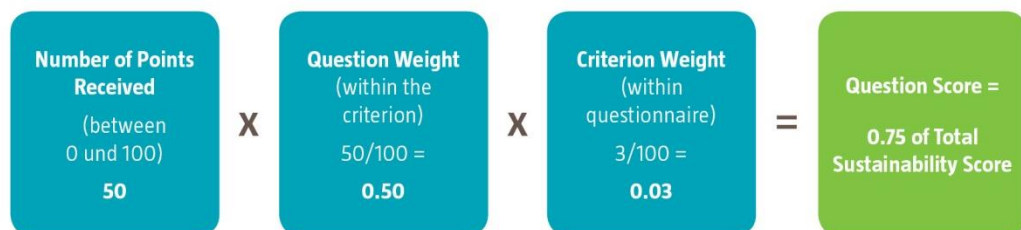
3.4 Total Sustainability Score

The CSA generates a Total Sustainability Score for companies in the DJSI North America eligible universe. The questionnaire is designed to ensure objectivity by limiting qualitative answers through predefined multiple-choice questions in which each potential answer is assigned a number of points between 0 – 100. For questions in which qualitative answers are allowed, RobecoSAM analysts evaluate the response using a predefined appraisal method, and convert the response into a quantitative score. An example of how the Questions are scored is depicted in Figure 3.

Figure 3 Example of score calculation

Question	Please indicate your company’s approaches to improve accessibility of drugs in both developing and developed countries. Please provide supporting documents.
Question Points	0 – 100
Question weight within criterion	50%
Criterion	Strategy to improve access to drugs or products
Dimension	Social
RobecoSAM-Rationale	Underprivileged patients are often unable to buy medicine to treat or cure their diseases due to financial constraints. This is often the case in developing countries, and is now becoming a growing concern in developed countries. As a serious social challenge that requires attention from healthcare providers, some pharmaceutical companies are tackling this issue by implementing programs to provide these patients with improved access to medicine. Such initiatives help to improve the company’s credibility, build corporate and product brands and increase market penetration of their products and services.
Possible Answers	
A) list of potential approaches (company can check all that apply)	Number of Points Awarded 0 – 100 (depending on which approaches have been selected)
B) not applicable	A question that has been marked “Not Applicable” will not be scored and the weight of the question will be equally redistributed across the other questions within the same criterion, only if the analyst agrees that the question does not apply to the company’s business model. This option is only granted in exceptional cases.
C) not known	0

Assuming the company receives 50 points for its response to this question, its score will be calculated as follows:



A company’s Total Sustainability Score at the highest aggregated level is the sum of all Question Scores.

4. Media and Stakeholder Analysis

4.1 Concept

An integral component of the Corporate Sustainability Assessment is the ongoing monitoring of media and stakeholder commentaries and other publicly available information from consumer organizations, NGOs, governments or international organizations to identify companies' involvement and response to environmental, economic and social crisis situations that may have a damaging effect on their reputation and core business.

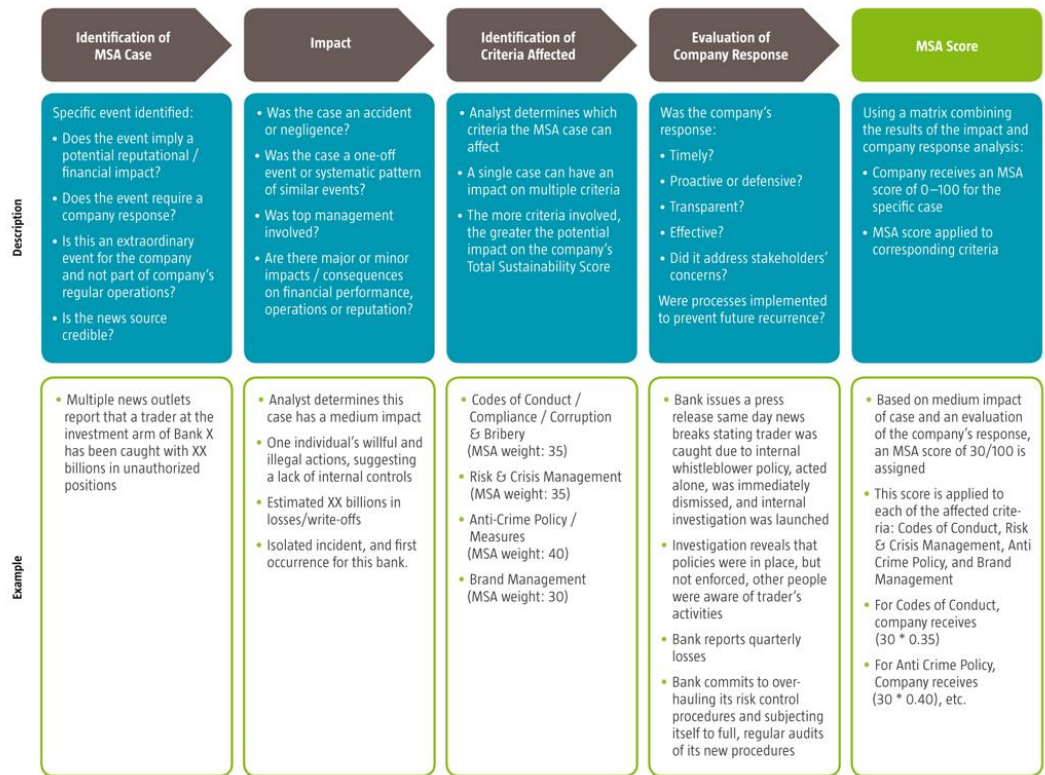
Throughout the year, RobecoSAM monitors news coverage of companies in the universe on a daily basis using media stories compiled and pre-screened by RepRisk, a leading provider of media monitoring tools. News stories covered by the Media and Stakeholder Analysis (MSA) include a range of issues such as economic crime or corruption, fraud, illegal commercial practices, human rights issues, labor disputes, workplace safety, catastrophic accidents or environmental disasters.

4.2 MSA Monitoring Process

An MSA "case" is created if a company has been the subject of a specific allegation that can harm its reputation, resulting in financial consequences ranging from lost business, lost customers and declining sales, to liabilities, litigation or fines. Such a case requires a reaction from the company in order to address the issue and minimize the negative impact of the crisis. In order to evaluate the quality of the company's response to the situation, RobecoSAM continues to monitor news flow related to the incident until it has been resolved.

The MSA is built into the Corporate Sustainability Assessment. For selected criteria within the questionnaire, pre-defined weights have been set aside for potential MSA cases that may arise during the year. The specific weight assigned to the MSA component will vary by criterion and by industry, depending on the materiality of the potential impact on the company. The chart in Figure 4 provides an overview of how a specific MSA case is identified, evaluated and integrated into the CSA.

Figure 4 Overview of MSA Process: From Identification to Resolution



The hypothetical MSA example has been provided for illustrative purposes only and does not reflect an actual MSA case or outcome. Criteria weights and MSA scores have been arbitrarily applied and are used for illustrative purposes only and do not reflect the actual weights in the questionnaire. The weight of the MSA component within selected criteria will vary from industry to industry, and may change from year to year.

Source: RobecoSAM

The results of the MSA can reduce a company's Total Sustainability Score and thus affect its inclusion in the Index. In addition, severe incidents and breaches that cast strong doubts on a company's procedures and ability to handle the situation can be escalated to the Dow Jones Sustainability Indices Index Design Committee (DJSI Index Design Committee) by the analyst. During the course of the MSA evaluation, the analyst may contact companies to clarify any open points that may arise from the MSA case, thus allowing the analyst to include the company's responses when making a recommendation. Following a thorough analysis, the DJSI Index Design Committee may decide to change a company's eligibility immediately, regardless of the company's Total Sustainability Score.

5. Index Features & Data Dissemination

5.1 DJSI North America Eligible Universe

In order to compile an invitation list for the annual Corporate Sustainability Assessment, the DJSI North America eligible universe is determined annually at the end of December. The DJSI North America eligible universe is derived from the assessment of the 600 largest listed Canadian and American companies in terms of float adjusted capitalization in the S&P Global Broad Market IndexSM. In addition, it consists of all current DJSI North America components (as of end of December of the preceding year) with a float adjusted market capitalization above USD 500 million. For each company only the stock with the largest float adjusted market capitalization is eligible.³

5.2 Industry Classification⁴

Eligible companies for the DJSI North America are assigned to one of the 59 industries as defined by RobecoSAM. RobecoSAM uses Global Industry Classification System (GICS®) as its starting point for determining industry classification, whereas the starting universe is a subset of the S&P Global Broad Market IndexSM. Due to the size of the respective market and the type of companies in the DJSI North America universe, not all 59 RobecoSAM industries are necessarily represented in the Index. Due to the small number of companies in some industries in the DJSI North America investable stocks universe, one or several RobecoSAM industries might be merged for the selection of the DJSI North America components.

³ This does not apply to dual listed companies and sizeable spin-offs that occur during the assessment period.

⁴ Starting with the 2013 DJSI review, the indices will be fully aligned with the S&P Dow Jones Indices industry classification, known as the Global Industry Classification System (GICS®). All DJSI will be affected, as the indices have historically used the Dow Jones Industry Classification System (ICB). All companies will be classified according to the GICS® classification methodology. As a result, the 19 Supersectors will be replaced with 24 Industry Groups, and the 58 RobecoSAM sectors will be replaced with 59 RobecoSAM industries.

5.3 Industry Group Classification

The 59 RobecoSAM industries roll up into 24 GICS® Industry Groups as indicated in the following table:

Figure 5 RobecoSAM Industries

GICS® Industry Group	RobecoSAM Industry
Automobiles & Components	ATX Auto Components AUT Automobiles
Banks	BNK Banks
Capital Goods	ARO Aerospace & Defense BLD Building Products CON Construction & Engineering ELQ Electrical Components & Equipment IDD Industrial Conglomerates IEQ Machinery and Electrical Equipment TCD Trading Companies & Distributors
Commercial & Professional Services	ICS Commercial Services & Supplies PRO Professional Services
Consumer Durables & Apparel	DHP Household Durables HOM Homebuilding LEG Leisure Equipment & Products and Consumer Electronics TEX Textiles, Apparel & Luxury Goods
Consumer Services	CNO Casinos & Gaming CSV Diversified Consumer Services REX Restaurants & Leisure Facilities TRT Hotels, Resorts & Cruise Lines
Diversified Financials	FBN Diversified Financial Services and Capital Markets
Energy	COL Coal & Consumable Fuels OIE Energy Equipment & Services OIX Oil & Gas PIP Oil & Gas Storage & Transportation
Food & Staples Retailing	FDR Food & Staples Retailing
Food Beverage & Tobacco	BVG Beverages FOA Food Products TOB Tobacco
Health Care Equipment & Services	HEA Health Care Providers & Services MTC Health Care Equipment & Supplies
Household & Personal Products	COS Personal Products HOU Household Products
Insurance	INS Insurance
Materials	ALU Aluminum CHM Chemicals COM Construction Materials CTR Containers & Packaging FRP Paper & Forest Products MNX Metals & Mining STL Steel
Media	PUB Media
Pharmaceuticals, Biotechnology & Life Sciences	BTC Biotechnology DRG Pharmaceuticals LIF Life Sciences Tools & Services
Real Estate	REA Real Estate
Retailing	RTS Retailing
Semiconductors & Semiconductor Equipment	SEM Semiconductors & Semiconductor Equipment
Software & Services	SOF Software TSV IT services & Internet Software and Services
Technology Hardware & Equipment	CMT Communications Equipment ITC Electronic Equipment, Instruments & Components THQ Computers & Peripherals and Office Electronics
Telecommunication Services	TLS Telecommunication Services
Transportation	AIR Airlines TRA Transportation and Transportation Infrastructure
Utilities	ELC Electric Utilities GAS Gas Utilities MUW Multi and Water Utilities

5.4 Ethical Exclusion Classification

Component companies of the DJSI North America are assigned one of the Ethical Exclusion Tags. The external data provider for DJSI exclusion data is EIRIS, a provider of ethical investment research services. Ethical Exclusion Tags are based on EIRIS' analyses which identify exposure to the following exclusion criteria: alcohol, tobacco, gambling, armaments, cluster bombs, landmines, firearms, nuclear and adult entertainment.

Exclusion Criteria definitions:

Companies that generate revenue from the below listed activities, will be excluded from the subset indices. If more than 5% of a company's sales are derived from armaments then this company is excluded from the subset index, for all other activities defined below a 0% threshold applies.

Adult Entertainment: companies that publish or wholesale pornographic magazines or newspapers and/or produce adult entertainment services, including those who produce adult entertainment services via mobile telecommunications networks in all countries

Alcohol: companies that produce alcoholic beverages

Armaments: The criteria EIRIS has chosen to classify international military sales distinguish between some export activity (which many companies will be involved in), major activity (which mainly will identify prime contractors in weapon systems - i.e. those making the decisions whether to export or not and sub-contractors with significant military involvement), and strategic level exports to oppressive regimes by those major exporters.

Definitions:

- **International military sales activities** - the sale of goods, services or intellectual property (including technology) from one country to another; or the supply of goods, services or intellectual property to a state which is not the state of the parent company, or the exhibition or advertisement of these goods or services in internationally available military related publications, or at international defense exhibitions.
Major producer - companies with a military related turnover exceeding either 10% of turnover or £100m (estimated) and which have proven military exports. These typically include companies listed by the Stockholm International Peace Research Institute (SIPRI) as being within the top 100 arms producing companies in the western world
- **Major producer + international** - military related turnover exceeding 10% or exceeding £100M, and evidence of military related export activity.
- **Major producer + specific country** - military related turnover exceeding £100m, evidence of military related strategic level exporting activity to oppressive regimes.
Strategic parts - end products or services that are essential to modern weapon systems. Examples of strategic parts for weapons systems include combat and communications equipment, training equipment, and arming devices for missile warheads. Examples of strategic services include computing, communications services and flight simulation training. An example of a strategic part for a nuclear weapons system would include power plants for Trident submarines. An example of a strategic service would include refits on nuclear weapon platforms such as B-2 nuclear bombers.
- **Strategic products or services** - end products or services that are essential to modern weapon systems or military operations. Examples of strategic goods include combat and communications equipment, training equipment, armour and machine tools. Examples of strategic services include computing, communications services and civil engineering.

- **Strategic services** - those that are essential to running of a military or nuclear base. An example of a strategic service for military or nuclear bases would include major civil engineering projects at bases such as the Devonport Royal Navy Dockyards or Aldermaston Atomic Weapons Establishment.

Cluster Bombs: companies that produce cluster munitions systems and or cluster bombs key parts.

Firearms: civilian small arms – including revolvers and pistols (hand guns), sporting and hunting rifles and shotguns and firearms used by law enforcement agencies. Additionally EIRIS includes ammunition as this is essential to small arms usage. Air guns are not covered within this definition, but additionally have been checked

Gambling: companies that are involved in gambling (defined as the operation of betting shops, horse and greyhound racing tracks, licensed bingo halls, casinos, gaming clubs, provision of on-line betting services)

Landmines: companies that have had allegations or indications of involvement with anti-personnel landmines (10 years’ time limit) and which have not addressed the allegations

Nuclear: companies that operate nuclear power plants, sell nuclear generated energy and/or generate revenues from uranium mining.

Tobacco: companies that produce tobacco or tobacco products.

The following Ethical Exclusion Tags are in use for the DJSI:

Figure 6 Ethical Exclusion Tags DJSI

Exclusion Tag	Description	Legacy DJI Code
A40001001	Alcohol & Armaments	A&A
A40011000	Alcohol & Adult Entertainment	A&E
A40001010	Alcohol & Gambling	A&G
A40001100	Alcohol & Tobacco	A&T
A40010000	Adult Entertainment	ADE
A40011010	Alcohol, Gambling & Adult Entertainment	AGE
A40001110	Alcohol, Gambling & Tobacco	AGT
A40001000	Alcohol	ALC
A40000001	Armaments*	ARM
A40011100	Alcohol, Tobacco & Adult Entertainment	ATE
A40010010	Adult Entertainment & Gambling	E&G
	No ethical screening has been applied	DOW
A40000001	Cluster Bombs & Landmines*	FCL
A40000010	Gambling	GAM
	Nuclear**	NUC
A40100000	Other***	OTH
A40000100	Tobacco	TOB
A40??000?	Ex Gambling, Tobacco & Alcohol	X3X
A40?00000	Ex All & Adult Entertainment	X4X
A40??0???	Ex Alcohol	XAL
A40?????0	Ex Armaments	XAR
A40?????0?	Ex Gambling	XGA
A40????0??	Ex Tobacco	XTO
A40??0000	Ex All	XXX

* This tag is not in use, cluster bombs and land mines are integrated within the Armaments tag.

**The Nuclear screen is only applied to the DJSI World ex ANGET.

***The OTH tag is used to indicate that a company has passed all ethical screens applied to that index.

A question mark in the exclusion tag signifies wild card, i.e. all characters in that position.

Every effort is made to exclude companies based on their revenue stream from alcohol, gambling, tobacco, armaments, cluster bombs, landmines, firearms, nuclear and/or adult entertainment as defined above. However, due to the limited quality of revenue data in certain industries and regions throughout the world, no guarantee of accuracy and completeness can be given to the quality of exclusions.

5.5 Base Date & Base Value

The base date for the DJSI North America is 31 December 1998. The corresponding value is 100.

5.6 Currency Rates

5.6.1 US dollar denominated indices:

All non-US dollar stock prices are converted to US dollars based on the latest available relevant currency rates. The bid-price is used as the relevant intraday currency rate. The receipt of the first official opening stock price triggers the intraday updates of the relevant currency rate. Until then, the previous day's closing currency rate is used.

5.6.2 Euro denominated indices:

Additionally, all official closing stock prices are converted to Euros at the end of the index dissemination period.

The non-US dollar prices are converted to US dollars first.

The bid-price at the end of the index dissemination period is used as the relevant closing currency rate.

If a stock does not trade at all that day, then the previous day's closing price is converted at current day's closing currency rates. If there is a corporate action effective that day, then the adjusted closing price for the previous day is used instead.

5.6.3 Closing currency rates:

The applicable closing currency rate for the calculation of the closing index values is the official WM closing spot rates as reported by Reuters.

5.7 Index Dissemination Period

The calculation and dissemination of the DJSI North America begins when the first stock exchange/trading system in the DJSI North America/DJGTSM regional universe opens for trading. The receipt of the first official opening stock price triggers the calculation and dissemination of the relevant index. The index calculation and dissemination ends when the last stock exchange/trading system in the regional universe closes.

5.8 Index Calculation

The DJSI North America is calculated with the Laspeyres formula. Price and return indices are calculated reflecting different dividend treatments. These indices are calculated as price and return indices in USD,

whereas the DJSI North America ex All, DJSI North America Total Return ex All and DJSI North America NET Total Return ex All are also calculated in EUR.

5.9 Stock Prices

5.9.1 Official opening stock prices:

The official opening stock price for the index calculation is the first traded price during the official trading hours of the relevant stock exchange/trading system.

Until an official opening price is available, the previous day's official closing price is used as the opening price and subsequent intraday price for the index calculation. If there is a corporate action effective that day, then the adjusted closing price for the previous day is used instead.

5.9.2 Intraday stock prices:

The intraday stock price for the subsequent index calculation is the latest traded price during the index dissemination hours.

5.9.3 Official closing stock prices:

The official closing stock price for the index calculation is the last traded price at the close of the index dissemination period.

5.9.4 Suspended quotations:

If a stock quotation is suspended before the official opening of the relevant stock exchange/trading system, then the previous day's closing price is used for the subsequent index calculation that day. If there is a corporate action effective that day, then the adjusted closing price for the previous day is used instead. If a stock quotation is suspended during the official trading hours of the relevant stock exchange/trading system, then the last traded price before the suspension is used for the subsequent index calculation.

5.9.5 Stock exchange holidays:

If there is a stock exchange holiday in any of the countries covered by the DJSI North America, then the previous day's closing prices - from the relevant stock exchange/trading system - are used for the subsequent index calculation that day. If there is a corporate action effective that day, then the adjusted closing price for the previous day is used instead.

5.10 Day-End Dissemination

The calculation and dissemination of the DJSI North America takes place at the end of the index dissemination period at 17:59 EST, in the US. The index values are disseminated via major data vendors while the index component data is made available at RobecoSAM and S&P Dow Jones Indices' discretion to licensees via FTP Site or an authorized distributor.

5.11 Dividend Treatment

All dividend payments are imputed in the DJSI North America return index. Only extraordinary or special dividends - from either non-operating income or cash dividends - are imputed in the price indices. In

most indices, all dividends are imputed as net amounts, i.e. Net Dividend = Declared Dividend less the relevant Withholding Tax. Some indices from his family are gross return indices, e.g. Dow Jones Sustainability United States 40 Total Return Index and the Dow Jones Sustainability North America 40 Total Return index, dividends are treated accordingly.

5.12 Weightings

The DJSI North America is float adjusted market-capitalization weighted. The weighting of the components is based on the float adjusted portion of the total number of shares outstanding. float adjusted market capitalization is defined as the total number of shares outstanding less the block ownership. Block ownership is defined as the sum of all holdings larger than 5% - held by companies, governments, families and private investors, but excluding those by investment companies and funds - that have to be reported to the domestic regulatory agencies. The weightings are reviewed as part of the quarterly review.

The weighting of each component is capped at 10% of the total market capitalization of the DJSI North America index. At the reviews, any component weighting that is more than 10% is reduced to 10% then by a weighting cap factor.

The DJSI North America 40 and DJSI US 40 are weighted according to sustainability scores. The score for each component is normalized based on the best score that a company in the same industry has achieved. For example, if the component is assigned to the chemicals industry and has a score of 60 and the best company in the chemicals industry has achieved a score of 80, then the normalized score is 60/80=75%. The weighting of each component at the annual review date reflects the normalized score of the company divided by the total sum of the normalized scores of all components. As the weighting for the DJSI North America 40 and DJSI US 40 are based on a stock's normalized sustainability score, a weighting factor is introduced that reflects the initial stock's weighting at the annual review. The weighting factor for a company has a similar role as the product of the number of shares and float figures have for float adjusted market capitalization weighted indices.

The weighting factor for DJSI North America 40 and DJSI US 40 are calculated as follows:

Determine the initial weight of each company in the index based on the normalized sustainability score, i.e. initial weight = normalized sustainability score of a company / sum of the normalized sustainability scores for each company in the index.

Determine the weighting factor for each stock, i.e. weighting factor = 1'000'000'000 * initial weight / closing price of stock and rounded to integers.

The weighting factor will be adjusted in the event of a corporate action.

5.13 UCITS diversification requirement

As described in section 5.12 of the guidebook, the index methodology ensures that the weighting of each component is capped at 10% of the total market capitalization of the DJSI. In addition, the indices are screened at the reviews, to see if any stock is close to these thresholds to avoid that a single component can have an impact on the overall index return which exceeds the relevant UCITS directive diversification requirements (i.e. 20%/35%).

5.14 Index Divisors

Index divisors for the DJSI North America are adjusted to maintain the continuity of the indices and prevent distortions due to corporate actions affecting the market capitalization of the indices.

These corporate actions include changes in the index composition due to the addition, deletion or replacement of companies, and Investable Weight Factor (IWF) changes due to changes of 5% or more in a component's number of shares. Also included are mergers, takeovers, spin-offs, rights offerings, repurchase of shares, public offerings, return of capital, special cash distribution and special stock distribution of other than the same stock.

Shares outstanding changes of less than 5% will be accumulated and made quarterly on the third Friday of March, June, September, and December. Investable Weight Factor (IWF) changes will be implemented annually on the third Friday in September. Additionally, IWF will be reviewed any time a share change of 5% or more is implemented as a corporate action. If the change in shares outstanding causes the company's IWF to change by 5 percentage points or more, the IWF is updated at the same time as the share change. IWF changes resulting from partial tender offers are considered on a case-by-case basis.

5.15 Review, Implementation & Effective Dates

Changes to the index composition - as specified at the annual review of the DJSI North America - are announced on the review date in the second week of September. Following a minimum 1-week notification period, these changes are implemented - after the official closing prices have been determined - on the third Friday of September. All these changes are effective on the next trading day. The forthcoming review, implementation and effective dates for the annual reviews are updated as necessary and disseminated via www.sustainability-indices.com.

5.16 Historical Index Values

A historical perspective of the DJSI North America - dating back to 31 December 1998 is available to download via www.sustainability-indices.com.

To the extent information for this index for the period prior to its initial calculation date is made available, any such information will be back-tested (i.e., calculations of how the index might have performed during that time period if the index had existed). Any comparisons, assertions and conclusions regarding the performance of the index during the time period prior to the initial calculation

date will be based on back-testing. Back-tested performance information is purely hypothetical and is provided solely for informational purposes. Back-tested performance does not represent actual performance, and should not be interpreted as an indication of actual performance.

5.17 Data Vendor Codes

The data vendor codes for all the DJSI North America are available for downloading via www.sustainability-indices.com.

5.18 Publications

RobecoSAM provides additional information - e.g. index performance attribution reports and announcements of new products and services. These publications are disseminated via the most appropriate media and available upon request at indices@robecosam.com. Information on the index features and methodology are disseminated via www.sustainability-indices.com or can be made available upon request via indices@robecosam.com.

6. Annual and Quarterly Reviews

6.1 Introduction

6.1.1 Annual Review

The DJSI North America is reviewed annually and rebalanced quarterly to ensure that the index composition accurately represents the top 20% of the leading sustainable North America companies in each of the (59) RobecoSAM industries respectively. The annual review methodology selects leading sustainability companies from the DJSI North America investable stocks universe, which is also reviewed annually. The resulting changes to the index composition are announced on the annual review date in September. Following a minimum 1-week notification period, these changes are implemented - after the official closing prices have been determined - on the third Friday of September. All these changes are effective on the next trading day.

6.1.2 Quarterly Review

The quarterly reviews reflect changes in the investable stocks universe as well as changes with regard to the number of shares and free float factors. Changes that result from the quarterly review are announced at least 1 week prior to the implementation date, which is on the third Friday in March, June, September, and December and become effective on the next trading day. Changes to the index are implemented after the official closing values have been established. All adjustments are made before the start of the next trading day.

6.1.3 Communication of changes

The largest 10 additions and deletions based on float adjusted Market Capitalization as a result of the annual review of the index are disseminated via press releases and www.sustainability-indices.com. Complete results of the annual and quarterly reviews, including component additions and deletions, are disseminated to licensees only.

6.2 Investable Stocks Universe

The DJSI North America investable stocks universe is derived from the components of the S&P Global Broad Market IndexSM. In addition to the S&P Global Broad Market IndexSM component selection criteria, the stocks in the investable stocks universe must meet the following criteria:

Market capitalization:

The investable stocks universe consists of the largest – by float adjusted market capitalization - 600 Canadian and USA companies that are components of the S&P Global Broad Market IndexSM. In addition, it consists of all current DJSI North America components (as of end of July of the current year). For each

company only the stock with the largest float adjusted market capitalization is eligible⁵ In exceptional cases, the most liquid stock, based on 12 month average daily trading volume, may be eligible instead.

The index component selection is based on the market capitalization of the S&P Global Broad Market IndexSM components at the end of July of the current year.

If a non-component company is excluded from the S&P Global Broad Market IndexSM after the universe selection date, it is also excluded from the DJSI North America investable stocks universe. Further exclusions from the DJSI North America investable stocks universe can be made at the DJSI Index Design Committee's discretion.

6.3 Annual Selection DJSI North America

Starting with the DJSI North America investable stocks universe, the components of the DJSI North America are selected annually based on the following steps:

6.3.1 Industry Group Classification:

Each company in the DJSI North America investable stocks universe is assigned to a RobecoSAM industry.

6.3.2 Corporate Sustainability Assessment:

All companies in the DJSI North America investable stocks universe are invited to be evaluated against RobecoSAM's Corporate Sustainability Assessment criteria. Each assessed company within the investable stocks universe is assigned a Total Sustainability Score.

6.3.3 Industry Ranking:

The analyzed companies are ranked according to their Total Sustainability Score within their assigned RobecoSAM Industry.

6.3.4 Eligible Industries:

Only those RobecoSAM industries where the highest ranked company has a Total Sustainability Score of at least 40% of the maximum score (relative to the best scoring company in the eligible universe) are eligible for the DJSI North America. All other industries – and their associated companies – are deemed ineligible and are eliminated from the selection process.

6.3.5 Eligible Companies:

From each eligible RobecoSAM industry, only companies with a Total Sustainability Score of at least half of the highest ranked company in the DJSI universe are eligible for the DJSI North America. All other companies are deemed ineligible and are eliminated from the review process.

⁵ This does not apply to dual listed companies and sizeable spin-offs that occur during the assessment period.

6.3.6 Component Selection:

The target selection for each eligible RobecoSAM industry is 20% of the companies in the investable stocks universe in that group. In a first step, the top 15% of the eligible companies in each industry – by Total Sustainability Score ranking – are selected for the DJSI North America. In a second step, the eligible current DJSI North America component companies ranked in the buffer zone between the top 15% and the top 25% of the eligible companies – by Total Sustainability Score ranking – are selected for the DJSI North America. If after adding all component companies in the buffer zone the target selection number is not reached, then additional non-component companies – in their Total Sustainability Score ranking order – are added to the selection universe, but only until the target selection number of companies is reached. If the difference in the Total Sustainability Scores between the last selected company and the next company in the Total Sustainability Score ranking order is within 1 point, then this next ranked company is also selected for the DJSI North America in order to reach the target selection number of companies in each RobecoSAM industry. In exceptional circumstances, the Index Design Committee may decide to change the error margin.

6.3.7 Market Capitalization Coverage:

The target float adjusted market capitalization coverage for each Industry Group is 45% of the largest 600 North American components in the S&P Global Broad Market IndexSM for that Industry Group.

For each Industry Group, if the cumulative market capitalization of the selected companies exceeds this target, then no further companies from this market industry are selected for the DJSI North America.

If the market capitalization target is not yet exceeded, then further companies from this market industry are selected for the DJSI North America – according to their Total Sustainability Score ranking order – until the cumulative market capitalization is as close as possible to the market capitalization target. Only companies that belong to the top 25% in their RobecoSAM industry are eligible for inclusion. Selection priority is given to companies that have a higher percentage of the best company's score in their RobecoSAM industry in the DJSI universe. Finally, current components that are up for deletion and who are ranked just after the last company selected for inclusion in the index will be added from the list of eligible companies, provided their addition reduces the imbalance between the currency and industry distribution of the DJSI North America and the comparable currency and industry distribution of the S&P Global Broad Market IndexSM as of 31 July.

6.4 DJSI US

The annual review of the DJSI US is based on the annual review of the DJSI North America (see chapter 6.3).

1. Universe:

The universe for the annual review of the DJSI US is the subset of US companies in the reviewed DJSI North America, i.e. the DJSI North America as it will be implemented upon the next annual review date.

6.5 DJSI North America 40

The annual review of the DJSI North America 40 is based on the annual review of the DJSI North America (see chapter 6.3).

1. Universe:

The universe for the annual review of the DJSI North America 40 is the reviewed DJSI North America, i.e. the DJSI North America as it will be implemented upon the next annual review date.

2. Ranking List:

Each company in this universe is ranked according to its float adjusted market capitalization on 31 July of the current year.

3. Selection:

The target number of components for the DJSI North America 40 is 40. To reach this number, the 30 biggest companies by float adjusted market capitalization are selected in a first step, provided, however, that from each Industry Group (see chapter 5.3) a maximum of five companies can be selected. This restriction also applies for the two following steps. In a second step, all current components of the DJSI North America 40 between ranks 31 and 50 are selected in descending order until a total number of 40 components is reached. Third, provided that 40 components are not yet selected, additional companies which are not yet components of the DJSI North America 40 are selected in descending order as new components until the total number of 40 components has been reached.

6.6 DJSI US 40

The annual review of the DJSI US 40 is based on the annual review of the DJSI US (see chapter 6.4).

1. Universe:

The universe for the annual review of the DJSI US 40 are the companies in the reviewed DJSI US, i.e. the DJSI US as it will be implemented upon the next annual review date.

2. Ranking List:

Each company in this universe is ranked according to its float adjusted market capitalization on 31 July of the current year.

3. Selection:

The target number of components for the DJSI US 40 is 40. To reach this number, the 30 biggest companies by float adjusted market capitalization are selected in a first step, provided, however, that from each Industry Group (see chapter 5.3) a maximum of five companies can be selected. This restriction also applies for the two following steps. In a second step, all current components of the DJSI US 40 between ranks 31 and 50 are selected in descending order until a total number of 40 components is reached. Third, provided that 40 components are not yet selected, additional companies which are not yet components of the DJSI US 40 are selected in descending order as new components until the total number of 40 components has been reached.

Complete results of the annual and quarterly reviews, including component additions and deletions, are disseminated to licensees only.

7. Ongoing Maintenance

In addition to the annual and quarterly reviews, the DJSI North America is also continually reviewed for changes to the index composition necessitated by extraordinary corporate actions - e.g. mergers, takeovers, spin-offs, initial public offerings (IPOs), delisting and bankruptcy - affecting the component companies and their Total Sustainability Score.

7.1 Changes in the Corporate Sustainability Performance

Any deletions from the DJSI North America due to changes in the eligibility based on a DJSI Index Design Committee decision or the Total Sustainability Score of the DJSI North America components are effective immediately; whenever possible, changes to the index components will be announced at least two business days prior to their implementation date. The DJSI Index Design Committee is responsible for this decision.

A deleted component due to changes in its eligibility or Total Sustainability Score may be replaced by the next highest-ranked eligible non-component within the same RobecoSAM industry. Selection priority is given to companies that have a higher percentage of the best company's score in their RobecoSAM industry in the DJSI universe.

The replacement of any component deleted due to a change in its eligibility or Total Sustainability Score is effective immediately; whenever possible, changes to the index components will be announced at least two business days prior to their implementation date.

7.2 Changes due to Initial Public Offerings (IPOs)

If an initial public offering (IPO) stems from a component of the DJSI North America and is in the same industry as the component, then it is eligible for inclusion in the DJSI North America. In this case the IPO is allocated the same Total Sustainability Score as the parent company. The DJSI Index Design Committee is responsible for this decision. Whenever possible, changes to the index components will be announced at least two business days prior to their implementation date.

If the IPO is derived from a DJSI North America component but is not in the same RobecoSAM industry or the IPO is not derived from a company in the DJSI North America it is assessed as part of the next annual review.

7.3 Changes due to Spin-Offs

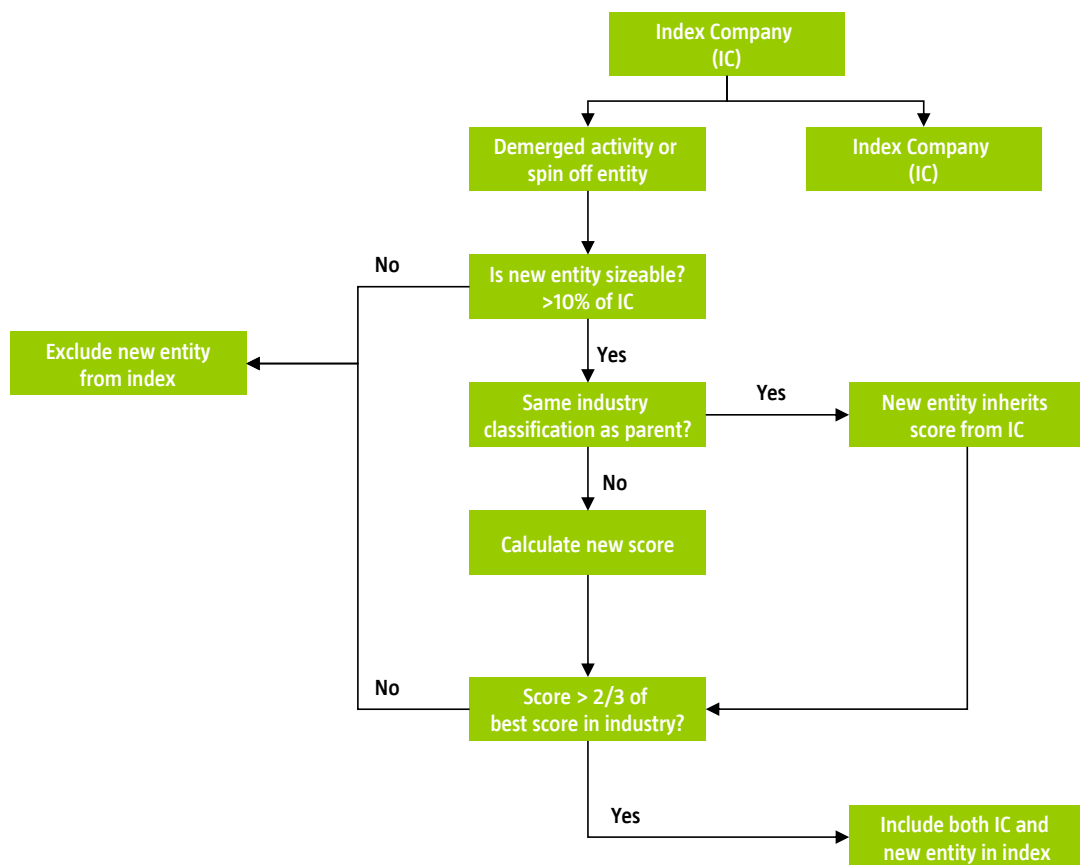
If a DJSI North America component is split to form two or more companies, and if the original company is delisted, then the original company is deleted from the DJSI North America and the relevant subset indices.

If any of the new spun-off companies qualify for the DJSI North America by fulfilling all the DJSI North America component selection criteria including the Corporate Sustainability Assessment and if the share of the market capitalization of the spun-off companies is sizeable (i.e. greater than 10%), then they are included in the DJSI North America.

Whenever possible, changes to the index components will be announced at least two business days prior to their implementation date.

A deleted component due to a spin-off may be replaced by the next highest-ranked eligible non-component within its RobecoSAM industry. Selection priority is given to companies that have a higher percentage of the best company's score in their RobecoSAM industry in the DJSI universe. The DJSI Index Design Committee is responsible for this decision. Whenever possible, changes to the index components will be announced at least two business days prior to their implementation date.

Figure 7 DJSI Corporate Action Decision Tree – Spin offs & Demergers



7.4 Changes due to Mergers & Takeovers

7.4.1 Component & component (acquisition target and acquirer are both index components):

The Total Sustainability Score of the two original companies are weighted according to their market capitalization and added together to form the Total Sustainability Score for the succeeding company.

If the succeeding company qualifies for the DJSI North America by fulfilling all the DJSI North America component selection criteria including the Corporate Sustainability Assessment, then it is added to the DJSI North America.

If the succeeding company does not meet the component selection criteria, then it is not added to the DJSI North America. The two original components are deleted from the DJSI North America. The deleted components may be replaced by the next highest-ranked eligible non-component within their RobecoSAM industry. Selection priority is given to companies that have a higher percentage of the best company's score in their RobecoSAM industry in the DJSI universe.

Whenever possible, changes to the index components will be announced at least two business days prior to their implementation date.

7.4.2 Component & non-component (acquisition target or acquirer is an index component):

If the share of the market capitalization of the non-component company is sizeable (i.e. greater than 75%), the original component is deleted from the DJSI North America.

The deleted component may be replaced by the next highest-ranked eligible non-component within its Industry Group. Selection priority is given to companies that have a higher percentage of the best company's score in their RobecoSAM industry in the DJSI universe.

If the share of the market capitalization of the non-component company is less than 10% of the newly merged company, then the newly merged company stays in the DJSI North America.

If the market capitalization of this non-component company is more than 10% of the newly merged company, and if the non-component company was not assessed at the last review, then the non-component is submitted to the MSA evaluation to rule out severe incidents and breaches that cast strong doubts on the company's procedures and ability to handle the situation. If the non-component company does not fulfill all the DJSI North America component selection criteria, then the newly merged company is non-eligible for the DJSI North America.

If the non-component company passes the MSA evaluation and the market capitalization of this non-component is less than 20% of the succeeding company, then the newly merged company is added to the DJSI North America.

If the non-component company fulfills all DJSI North America component selection criteria, and the market capitalization of this non-component is greater than 20% of the succeeding company, the management control of the newly merged company is reviewed.

If the component company holds majority management control of the newly merged company, then no further Corporate Sustainability Assessment is needed, and the newly merged company is added to the DJSI North America.

If the component company does not maintain majority management control, then the corporate sustainability of the non-component company is evaluated by means of the CSA. The Total Sustainability Scores of the two merging companies are weighted according to their market capitalization and added together to form the Total Sustainability Score for the merged company. If the merged company qualifies

for the DJSI North America by fulfilling all the DJSI North America component selection criteria including the Corporate Sustainability Assessment, then it is added to the DJSI North America.

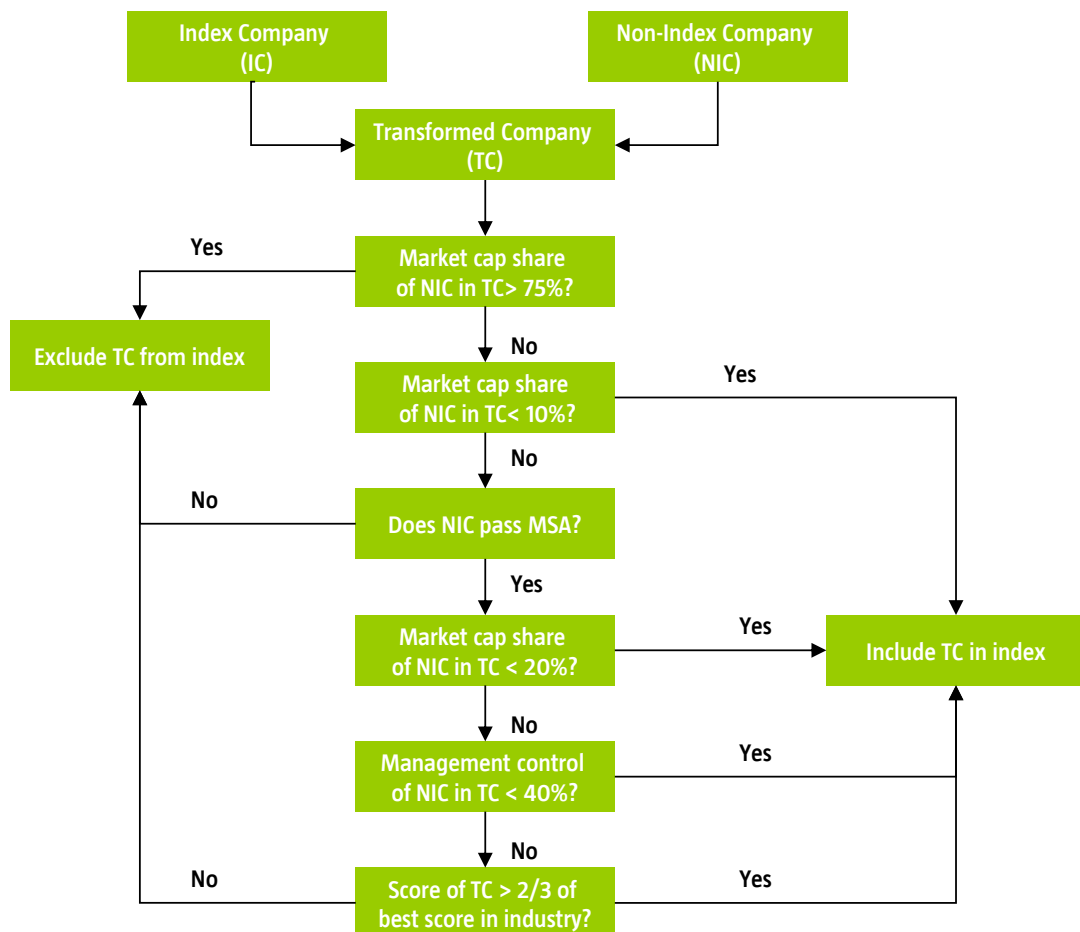
If the newly merged company does not fulfill the component selection criteria, then it is not added to the indices.

The original component is deleted from the DJSI North America.

The deleted component may be replaced by the next highest-ranked eligible non-component within its Industry Group. Selection priority is given to companies that have a higher percentage of the best company's score in their RobecoSAM industry in the DJSI universe.

Whenever possible, changes to the index components will be announced at least two business days prior to their implementation date.

Figure 8 DJSI Corporate Action Decision Tree – Mergers & Acquisitions



7.5 Changes due to Industry Classifications

If the industry reclassification is due to an extraordinary corporate action, whenever possible, changes to the index components will be announced at least two business days prior to their implementation date.

If the industry reclassification is due to a change in a company's largest source of revenue, then the resulting changes to the composition of the DJSI North America are effective at the next annual review;

i.e. on the same day the changes due to the annual review are effective following a minimum 1-week notification period.

In exceptional cases, the 1-week notification period may be reduced. Whenever possible, changes to the index components will be announced at least two business days prior to their implementation date. The DJSI Index Design Committee is responsible for this decision.

7.6 Changes to Weightings

A detailed overview of the float adjustment methodology and the S&P Dow Jones Indices policies and practices on corporate actions is available to download on the S&P Dow Jones Indices website.

The Corporate Actions Policies and Practices are available here:

http://www.djindexes.com/mdsidx/downloads/client_services/methodology-sp-corporate-actions-policies-practices.pdf and The Float Adjustment Methodology is available here:

<http://us.spindices.com/documents/index-policies/methodology-sp-float-adjustment.pdf>.

7.7 Changes to Liquidity

Stocks that are illiquid for the following reasons are considered for deletion from the DJSI North America:

- 10 consecutive non-trading days
- Suspension from trading
- Ongoing bankruptcy proceedings

Whenever possible, changes to the index components will be announced at least two business days prior to their implementation date. The deleted component may be replaced by the next highest-ranked eligible non-component within its RobecoSAM industry. Selection priority is given to companies that have a higher percentage of the best company's score in their RobecoSAM industry in the DJSI universe. The DJSI Index Design Committee is responsible for this decision.

8. Calculation Model

8.1 Input Data Specification

The calculation of the DJSI North America is based on the following input data:

- Real time stock prices
- Real time currency rates
- Number of free float shares
- Corporate action information and data

8.2 Input Data Monitoring

Various verification and audit procedures are implemented to ensure that the stock price and currency rate input-data feeds are of the highest accuracy and consistency. These procedures include:

- Data filters
- Quality assurance tools
- Computerized range-check warning systems for both ticker plant and real time index systems
- Verification against secondary sources

8.3 Input Data Corrections

Every effort is made to prevent erroneous input data from affecting the DJSI North America.

Any incorrect or missing data - e.g. stock prices, currency rates, number of shares outstanding and corporate actions - are corrected immediately.

8.4 Index Formula

The DJSI North America and its respective subset indices are calculated with the Laspeyres formula below:

$$\text{Index}_t = \frac{\sum_{i=1}^n (p_{it} \cdot q_{it} \cdot X_{it}^{\text{USD}})}{C_t \cdot \sum_{i=1}^n (p_{i0} \cdot q_{i0} \cdot X_{i0}^{\text{USD}})} \cdot \text{base value} = \frac{M_t}{B_t} \cdot \text{base value}$$

The divisor (D_t) is different for the price and return indices because of the different dividend treatments.

The formula can be simplified as follows:

$$\text{Index}_t = \frac{M_t}{D_t}$$

$$D_t = \frac{B_t}{\text{base value}} = \text{divisor at time (t)}$$

n	= the number of stocks in the index
P_{i0}	= the closing price of stock (i) at the base date (December 31, 1998)
Q_{i0}	= the number of shares of company (i) at the base date (December 31, 1998)
P_{it}	= the price of stock (i) at time (t)
Q_{it}	= the number of shares of company (i) at time (t)
C_t	= the adjustment factor for the base date market capitalization
t	= the time the index is computed
M_t	= market capitalization of the index at time (t)
B_t	= adjusted base date market capitalization of the index at time (t)
X_{it}^{USD}	= cross rate: domestic currency in USD of company (i) at time (t) {applies only to companies that are not traded in USD}
Base value	= 100 on the base date; i.e. December 31, 1998

8.5 Data Accuracy

Index values are available with six decimal precision (note: index values displayed by vendors are rounded to two decimal places). Index divisors are available with up to ten decimal places. Additional precision for index levels and divisors may be maintained internally for index adjustment purposes. Any values derived by the index calculation engine from a corporate action used for the divisor adjustments and index computations are rounded to six decimal places. The number of shares outstanding for a company is not rounded.

8.6 Index Divisor Adjustments

The index divisors are adjusted as follows in response to corporate actions:

$$D_{t+1} = D_t \cdot \frac{\sum (P_{it} Q_{it}) \pm \Delta MC_{t+1}}{\sum (P_{it} Q_{it})}$$

Where:

D_t	= divisor at time (t)
D_{t+1}	= divisor at time (t+1)
P_{it}	= stock price of company (i) at time (t)
Q_{it}	= number of shares of company (i) at time (t)

ΔMC_{t+1} = market capitalization calculated with adjusted closing prices and new number of shares at time (t+1) minus market capitalization calculated with closing prices and number of shares at time (t), of companies with corporate actions effective at time (t+1)

For the corporate actions listed below, the following assumptions apply:

Shareholders will receive 'B' new shares for every 'A' share held (where applicable)

If the new shares have a dividend disadvantage - i.e. the new shares have a different dividend from the old shares - the price for these new shares will be adjusted accordingly.

Cash dividend (applied for return index only): Divisor ↘

Adjusted price = closing price - dividend announced by the company

For the net total return versions of the index: Adjusted price = closing price - dividend announced by the company * (1 - withholding tax)

Special cash dividend (applied for price and return index): Divisor ↘

Adjusted price = closing price - dividend announced by the company)

For the net total return versions of the index: Adjusted price = closing price - dividend

Split and reverse split: Divisor ↔

Adjusted price = closing price * A / B

New number of shares = old number of shares * B / A

Rights offering: Divisor ↗

Adjusted price = (closing price * A + subscription price * B) / (A + B)

New number of shares = old number of shares * (A + B) / A

Stock dividend: Divisor ↔

Adjusted price = closing price * A / (A + B)

New number of shares = old number of shares * (A + B) / A

Stock dividend of another company: Divisor ↘

Adjusted price = (closing price * A - price of the other company * B) / A

Return of capital and share consolidation: Divisor ↘

Adjusted price = (closing price - dividend announced by company) * A / B

New number of shares = old number of shares * B / A

For the net total return versions of the index: Adjusted price = [closing price - dividend announced by company * (1 - withholding tax)] * A / B

New number of shares = old number of shares * B / A

Repurchase of shares / self-tender: Divisor ↘

Adjusted price = $\frac{[(\text{price before tender} * \text{old number of shares}) - (\text{tender price} * \text{number of tendered shares})]}{(\text{old number of shares} - \text{number of tendered shares})}$
 New number of shares = old number of shares - number of tendered shares

Spin-off: Divisor ➡

Adjusted price = $(\text{closing price} * A - \text{price of spun-off shares} * B) / A$

Combination stock distribution (dividend or split) and rights offering.

For the above corporate action, the following additional assumptions apply:

- Shareholders receive B new shares from the distribution and C new shares from the rights offering for every A shares held.
- If A is not equal to one, then all the following 'new number of shares' formulae need to be divided by A:
- Rights are applicable after stock distribution: Divisor ➡
 Adjusted price = $[\text{closing price} * A + \text{subscription price} * C * (1 + B / A)] / [(A + B) * (1 + C / A)]$
 new number of shares = $\text{old number of shares} * [(A + B) * (1 + C / A)] / A$
- Stock distribution is applicable after rights: Divisor ➡
 Adjusted close = $[\text{closing price} * A + \text{subscription price} * C] / [(A + C) * (1 + B / A)]$
 new number of shares = $\text{old number of shares} * [(A + C) * (1 + B / A)] / A$
- Stock distribution and Rights: Divisor ➡
 Adjusted price = $[\text{closing price} * A + \text{subscription price} * C] / [A + B + C]$
 new number of shares = $\text{old number of shares} * [A + B + C] / A$

8.7 Index Divisor Corrections

If an incorrect index divisor is discovered within five days of its occurrence, then it is corrected immediately.

If a divisor error is discovered more than five days after occurrence, the adjustment will depend upon how significant the error is, how far back the error occurred and the feasibility of performing the adjustment. This decision is the responsibility of the DJSI Index Design Committee.

8.8 Retrospective changes to previously published index values

The DJSI Methodology does not allow retrospective changes to previously published index values ("backfilling"). Divisor corrections, index input changes due to late dividend announcements and other similar adjustments as described in guidebook sections 8.1 through 8.7 are not considered "backfilling".

9. Index Management & Responsibilities

9.1 DJSI Index Design Committee

The responsibilities of the DJSI Design Committee include the following:

- Evaluating exclusions of components of the Indices as a result of reputational issues and crisis situations
- Reviewing the Indices' composition at the annual and quarterly reviews
- Deciding on the composition and accuracy of the Indices according to the Dow Jones Sustainability Indices Guidebooks
- Approval of changes to the DJSI Guidebooks
- Approving changes to index methodology
- Ongoing review of all extraordinary corporate actions for possible changes to index composition
- Verifying the integrity of input price, currency rate and other related market data

All new indices and changes to the index composition and methodology will be announced - with a sufficient notification period - before they become effective.

9.2 Customer Service

RobecoSAM Customer Service:

Tel.: +41 44 653 18 00 (during Central European Time business hours).

Email: indices@robecosam.com

S&P Dow Jones Indices Customer Service:

Tel.:

U.S.	+1.212.438.2046
EMEA	+44.20.7176.8888
China	+86.10.6569.2905
Japan	+813.4550.8564
Australia	+61.2.9255.9802
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Dubai	+971.4.3727131
India	+91.22.2272.8971

Email: index_services@spdji.com

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