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1 Introduction to the Dow Jones Sustainability World Index

The Dow Jones Sustainability World Index (DJSI World) was established in September 1999 to track the performance of the world’s largest companies that lead the field in terms of corporate sustainability. These companies are assessed by SAM using the annual Corporate Sustainability Assessment (CSA).

SAM focuses exclusively on exploiting sustainability insights to generate attractive long-term investment returns. As one of the pioneers in Sustainability Investing since 1995, SAM is one of the market leaders when it comes to integrating financial and sustainability insights into a structured investment process. SAM maintains one of the largest proprietary databases for corporate sustainability, which forms an integral part of its investment process. This research also underpins the globally recognized Dow Jones Sustainability Indexes (DJSI). SAM maintains a unique, cross-disciplinary research team combining leading-edge financial analytical skills with in-house technology and scientific know-how. Additionally, SAM is supported by an unparalleled global sustainability network. SAM is a member of Robeco, which was established in 1929 and offers a broad range of investment products and services worldwide. Robeco is a subsidiary of the Rabobank Group, which has the highest credit rating of all privately owned banks, awarded by rating agencies Moody’s, Standard & Poor’s, Fitch and DBRS. SAM was founded in 1995, is headquartered in Zurich and employs over 100 professionals. As of June 30, 2012, SAM’s total assets amounted to EUR 9.1 billion.

SAM partners with S&P Dow Jones Indices to develop and license the globally recognized DJSI, 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 subsidiary of The McGraw-Hill Companies, is the world's largest, global resource for index-based concepts, data and research. Home to iconic financial market indicators, S&P Dow Jones Indices LLC has over 115 years of experience constructing innovative and transparent solutions that fulfill the needs of institutional and retail investors. S&P Dow Jones Indices offers over 830,000 indices covering a wide range of assets classes across the globe, and more assets are invested in products based upon these indices than upon indices of any other provider.

SAM selects the components, and jointly publishes and markets the DJSI World 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 World Index

The Dow Jones Sustainability World Index (DJSI World) tracks the performance of the top 10% of the 2500 largest companies in the Dow Jones Global Total Stock Market Index™ that lead the field in terms of sustainability. These 2500 companies represent the eligible universe for the DJSI World and are assessed using the CSA on an annual basis.

2.1 Composite Index

Dow Jones Sustainability World Index (DJSI World)

2.2 Subset Indexes

- Dow Jones Sustainability World Index ex Alcohol, Gambling, Tobacco, Armaments & Firearms (DJSI World ex. All)
- Dow Jones Sustaininability World Index ex Alcohol, Gambling, Tobacco, Armaments & Firearms and Adult Entertainment (DJSI World ex. All/AE)
- Dow Jones Sustatinability World Index ex Europe, Armaments & Firearms, Nuclear, Gambling and Tobacco (DJSI World ex ANGET)
- Dow Jones Sustainability World Index ex Australia (DJSI World ex Australia)
- Dow Jones Sustainability World 80 Price Index
- Dow Jones Sustainability World 80 Total Return Index
- Dow Jones Sustainability World ex US 80 Price Index
- Dow Jones Sustainability World ex US 80 Total Return Index
- Dow Jones Sustainability World Index ex Tobacco
- Dow Jones Sustainability World Total Return Index ex Tobacco
- Dow Jones Sustainability World Index ex Gambling
- Dow Jones Sustainability World Total Return Index ex Gambling
- Dow Jones Sustainability World ex Australia Index ex Tobacco
- Dow Jones Sustainability World ex Australia Total Return Index ex Tobacco

Each subset index is derived from the DJSI World index.

2.3 Customized Indexes

The DJSI methodology facilitates the design, development and delivery of customized sustainability indexes; e.g. indexes covering different regions, indexes covering different segments of the leading sustainability companies, indexes covering additional exclusion criteria and indexes denominated in different currencies.
3 Corporate Sustainability Assessment

3.1 Concept

Corporate Sustainability is an approach to creating long-term shareholder value by embracing opportunities and managing risks deriving from economic, environmental and social trends and challenges.

3.2 Methodology

As an investment boutique focused exclusively on sustainability investing, SAM 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. SAM 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, SAM 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 SAM’s conviction that sector-specific sustainability opportunities and risks play a key role in a company’s long-term success and allows SAM to compare companies against their own peers in order to identify sustainability leaders. SAM’s CSA identifies the leading sustainability companies within the DJSI World eligible universe from each SAM Sector (for the sector classification see chapter 5.2).
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 sector. 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 SAM Sector 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 SAM’s 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 58 SAM Sectors. The general criteria account for approximately 40 – 50% of the assessment, depending on the sector. 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 SAM Sectors 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 calculated, companies within the same industry are ranked against their peers in order to determine which companies are eligible for inclusion in the DJSI World. The 58 SAM Sectors roll up into 19 global Supersectors, and the top scoring company from each is named the Supersector Leader and is profiled on the DJSI website.
Figure 2 Comparison of criteria and relative dimension weights for the Banking, Electricity and Pharmaceutical sectors (SAM Sectors) in 2011

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Banking</th>
<th>Electricity</th>
<th>Pharmaceuticals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic Dimension</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anti-crime policy/measure</td>
<td>X</td>
<td></td>
<td>industry-specific</td>
</tr>
<tr>
<td>Brand Management</td>
<td>X</td>
<td></td>
<td>industry-specific</td>
</tr>
<tr>
<td>Codes of Conduct/Compliance/Corruption &amp; Bribery</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Corporate Governance</td>
<td>X</td>
<td>X</td>
<td>general</td>
</tr>
<tr>
<td>Customer Relationship Management</td>
<td>X</td>
<td>X</td>
<td>industry-specific</td>
</tr>
<tr>
<td>Innovation Management</td>
<td></td>
<td></td>
<td>industry-specific</td>
</tr>
<tr>
<td>Market Opportunities</td>
<td></td>
<td>X</td>
<td>industry-specific</td>
</tr>
<tr>
<td>Marketing Practices</td>
<td></td>
<td></td>
<td>industry-specific</td>
</tr>
<tr>
<td>Price Risk Management</td>
<td></td>
<td>X</td>
<td>industry-specific</td>
</tr>
<tr>
<td>Research &amp; Development</td>
<td></td>
<td></td>
<td>industry-specific</td>
</tr>
<tr>
<td>Risk &amp; Crisis Management</td>
<td>X</td>
<td>X</td>
<td>general</td>
</tr>
<tr>
<td>Stakeholder Engagement</td>
<td></td>
<td></td>
<td>industry-specific</td>
</tr>
<tr>
<td>Scorecards/Measurement Systems</td>
<td></td>
<td></td>
<td>industry-specific</td>
</tr>
<tr>
<td><strong>Total Economic Dimension Weight</strong></td>
<td>38%</td>
<td>35%</td>
<td>40%</td>
</tr>
</tbody>
</table>

| **Environmental Dimension**   |         |             |                 |
| Biodiversity                  |         |             | industry-specific |
| Business Opportunities Financial Services/Products | X  |             | industry-specific |
| Business Risks Large Projects / Export Finance       | X       |             | industry-specific |
| Climate Change Governance     |         |             | industry-specific |
| Climate Strategy              |         | X           | industry-specific |
| Electricity Generation        |         |             | industry-specific |
| Environmental footprint       |         |             | industry-specific |
| Environmental Policy/Management System  | X | X | X | general |
| Environmental Reporting       |         | X           | 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 | X | X | X | general |
| Controversial Issues, Dilemmas in Lending/Financing | X |             | industry-specific |
| Financial Inclusion/Capacity Building | X |             | industry-specific |
| Health Outcome Contribution   |         |             | industry-specific |
| Human Capital Development     |         | X           | general         |
| Labor Practice Indicators     |         | X           | general         |
| Social Reporting              |         | X           | general         |
| Stakeholder Engagement        |         |             | industry-specific |
| Standards for Suppliers       |         |             | industry-specific |
| Strategy to Improve Access to Drugs or Products | X  |             | 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.
3.4 Total Sustainability Score

The CSA generates a Total Sustainability Score for companies in the DJSI World 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, SAM 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

<table>
<thead>
<tr>
<th>Question</th>
<th>Please indicate your company’s approaches to improve accessibility of drugs in both developing and developed countries. Please provide supporting documents.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Question Points</td>
<td>0–100</td>
</tr>
<tr>
<td>Question weight within criterion</td>
<td>50%</td>
</tr>
<tr>
<td>Criterion</td>
<td>Strategy to improve access to drugs or products</td>
</tr>
<tr>
<td>Dimension</td>
<td>Social</td>
</tr>
<tr>
<td>SAM Rationale</td>
<td>Underserved 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.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Possible Answers</th>
<th>Number of Points Awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td>A) list of potential approaches (company can check all that apply)</td>
<td>0–100 (depending on which approaches have been selected)</td>
</tr>
<tr>
<td>B) not applicable</td>
<td>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.</td>
</tr>
<tr>
<td>C) not known</td>
<td>0</td>
</tr>
</tbody>
</table>

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

\[
\text{Question Score} = \frac{0.75 \text{ of Total Sustainability Score}}{100} = \frac{0.50 \times 3}{100} = 0.03
\]

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

\[
\text{Total Sustainability Score} = \sum (\text{Number of Question points received} \times \text{Question Weight} \times \text{Criterion Weight})
\]
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, SAM 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, SAM 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.
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 Indexes 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 World Eligible Universe

In order to compile an invitation list for the annual Corporate Sustainability Assessment, the DJSI World eligible universe is determined annually at the end of December. The DJSI World eligible universe is derived from the assessment of the 2500 largest listed companies in terms of free float capitalization in the Dow Jones Global Total Stock Market Index℠.

In addition, it consists of all current DJSI World components (as of end of December of the preceding year) with a free float market capitalization above USD 500 million. For each company only the stock with the largest free float market capitalization is eligible\(^1\).

5.2 Sector Classification

Companies in the DJSI World eligible universe are assigned to one of the 58 SAM Sectors. SAM Sectors are based on the S&P Dow Jones Indices classification whereas the starting universe is a subset of the Dow Jones Global Total Stock Market Index℠.

Due to the small number of companies in some sectors in the DJSI World investable stocks universe, one or several SAM Sectors might be merged for the selection of the DJSI World components.

5.3 Supersector Classification

The 58 SAM Sectors roll up into 19 Supersectors as indicated in the following table:

---

\(^1\) This does not apply to dual listed companies and sizeable spin-offs that occur during the assessment period.
<table>
<thead>
<tr>
<th>Supersector</th>
<th>SAM Sector name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automobiles &amp; Parts</td>
<td>AUT Automobiles</td>
</tr>
<tr>
<td></td>
<td>ATX Auto Parts &amp; Tires</td>
</tr>
<tr>
<td>Banks</td>
<td>BNK Banks</td>
</tr>
<tr>
<td>Basic Materials</td>
<td>FRP Forestry &amp; Paper</td>
</tr>
<tr>
<td></td>
<td>ALU Aluminum</td>
</tr>
<tr>
<td></td>
<td>MNX Mining</td>
</tr>
<tr>
<td></td>
<td>STL Steel</td>
</tr>
<tr>
<td>Chemicals</td>
<td>CHM Chemicals</td>
</tr>
<tr>
<td>Construction &amp; Materials</td>
<td>BLD Building Materials &amp; Fixtures</td>
</tr>
<tr>
<td></td>
<td>CON Heavy Construction</td>
</tr>
<tr>
<td>Financial Services</td>
<td>FBN Financial Services</td>
</tr>
<tr>
<td>Food &amp; Beverage</td>
<td>BVG Beverages</td>
</tr>
<tr>
<td></td>
<td>FOA Food Producers</td>
</tr>
<tr>
<td>Healthcare</td>
<td>HEA Healthcare Providers</td>
</tr>
<tr>
<td></td>
<td>MTC Medical Products</td>
</tr>
<tr>
<td></td>
<td>BTC Biotechnology</td>
</tr>
<tr>
<td></td>
<td>DRG Pharmaceuticals</td>
</tr>
<tr>
<td>Industrial Goods &amp; Services</td>
<td>ARO Aerospace &amp; Defense</td>
</tr>
<tr>
<td></td>
<td>CTR Containers &amp; Packaging</td>
</tr>
<tr>
<td></td>
<td>IDD Diversified Industrials</td>
</tr>
<tr>
<td></td>
<td>ELQ Electric Components &amp; Equipment</td>
</tr>
<tr>
<td></td>
<td>ITC Electronic Equipment</td>
</tr>
<tr>
<td></td>
<td>IEQ Industrial Engineering</td>
</tr>
<tr>
<td></td>
<td>TRA Industrial Transportation</td>
</tr>
<tr>
<td></td>
<td>ICS Support Services</td>
</tr>
<tr>
<td></td>
<td>POL Waste &amp; Disposal Services</td>
</tr>
<tr>
<td>Insurance</td>
<td>INS Insurance</td>
</tr>
<tr>
<td>Media</td>
<td>PUB Media</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>OIX Oil &amp; Gas Producers</td>
</tr>
<tr>
<td></td>
<td>OIE Oil Equipment &amp; Services</td>
</tr>
<tr>
<td></td>
<td>PIP Pipelines</td>
</tr>
<tr>
<td></td>
<td>ALT Renewable Energy Equipment</td>
</tr>
<tr>
<td>Personal &amp; Household Goods</td>
<td>DHP Durable Household Products</td>
</tr>
<tr>
<td></td>
<td>HOU Nondurable Household Products</td>
</tr>
<tr>
<td></td>
<td>FTR Furnishing</td>
</tr>
<tr>
<td></td>
<td>HOM Home Construction</td>
</tr>
<tr>
<td></td>
<td>LEG Leisure Goods</td>
</tr>
<tr>
<td></td>
<td>TEX Clothing, Accessories &amp; Footwear</td>
</tr>
<tr>
<td></td>
<td>COS Personal Products</td>
</tr>
<tr>
<td></td>
<td>TOB Tobacco</td>
</tr>
<tr>
<td>Real Estate</td>
<td>REA Real Estate</td>
</tr>
<tr>
<td>Retail</td>
<td>FDR Food &amp; Drug Retailers</td>
</tr>
<tr>
<td></td>
<td>RTS General Retailers</td>
</tr>
<tr>
<td></td>
<td>CSV Specialized Consumer Services</td>
</tr>
<tr>
<td>Technology</td>
<td>TSV Computer Services &amp; Internet</td>
</tr>
<tr>
<td></td>
<td>SOF Software</td>
</tr>
<tr>
<td></td>
<td>THQ Computer Hardware &amp; Electronic Office Equipement</td>
</tr>
<tr>
<td></td>
<td>SEM Semiconductors</td>
</tr>
<tr>
<td></td>
<td>CMT Communication Technology</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>FTS Fixed Line Communications</td>
</tr>
<tr>
<td></td>
<td>CTS Mobile Telecommunications</td>
</tr>
<tr>
<td>Travel &amp; Leisure</td>
<td>AIR Airlines</td>
</tr>
<tr>
<td></td>
<td>CNO Gambling</td>
</tr>
<tr>
<td></td>
<td>REX Hotels, Restaurants, Bars &amp; Recreational Services</td>
</tr>
<tr>
<td></td>
<td>TRT Travel &amp; Tourism</td>
</tr>
<tr>
<td>Utilities</td>
<td>ELC Electricity</td>
</tr>
<tr>
<td></td>
<td>GAS Gas Distribution</td>
</tr>
<tr>
<td></td>
<td>WAT Water</td>
</tr>
</tbody>
</table>
5.4 Ethical Exclusion Classification

Component companies of the DJSI World 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 indexes. 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 bar Japan

Alcohol: companies that produce alcoholic beverages

Armaments: companies that produce and/or supply armaments for military sales. The US Department of Defense’s definition of armaments is used. This definition includes companies that produce and/or supply for military proposes one of the following:
- Ships (Aircraft Carriers, Cruisers, Frigates, Destroyers)
- Submarines (Attack Submarines, Ballistic Missile Submarines)
- Missiles (Strategic Missiles)
- Ground Combat Systems (Tanks, Multiple Launch Rocket System, Artillery, Helicopters)
- Aircraft (Conventional Bombers, Fighter/Attack Aircraft, Specialized Aviation Forces)
- Defence electronics (space systems, communications), if clearly developed and supplied to/for military purposes

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

Firearms: companies that manufacture firearms for non-military markets – this includes whole firearms, parts and ammunition and associated equipment and services

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:

<table>
<thead>
<tr>
<th>Exclusion Tag</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A&amp;A</td>
<td>Alcohol &amp; Armaments</td>
</tr>
<tr>
<td>A&amp;E</td>
<td>Alcohol &amp; Adult Entertainment</td>
</tr>
<tr>
<td>A&amp;G</td>
<td>Alcohol &amp; Gambling</td>
</tr>
<tr>
<td>A&amp;T</td>
<td>Alcohol &amp; Tobacco</td>
</tr>
<tr>
<td>ADE</td>
<td>Adult Entertainment</td>
</tr>
<tr>
<td>AGE</td>
<td>Alcohol, Gambling &amp; Adult Entertainment</td>
</tr>
<tr>
<td>AGT</td>
<td>Alcohol, Gambling &amp; Tobacco</td>
</tr>
<tr>
<td>ALC</td>
<td>Alcohol</td>
</tr>
<tr>
<td>ARM</td>
<td>Armaments</td>
</tr>
<tr>
<td>ATE</td>
<td>Alcohol, Tobacco &amp; Adult Entertainment</td>
</tr>
<tr>
<td>DOW</td>
<td>No ethical screening has been applied</td>
</tr>
<tr>
<td>E&amp;G</td>
<td>Adult Entertainment &amp; Gambling</td>
</tr>
<tr>
<td>FCL*</td>
<td>Cluster Bombs &amp; Land Mines</td>
</tr>
<tr>
<td>GAM</td>
<td>Gambling</td>
</tr>
<tr>
<td>NUC**</td>
<td>Nuclear</td>
</tr>
<tr>
<td>OTH***</td>
<td>Company passes all ethical screens</td>
</tr>
<tr>
<td>TOB</td>
<td>Tobacco</td>
</tr>
</tbody>
</table>

* 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.

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 sectors 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 World, DJSI World ex All/AE is 31 December 1993. The corresponding value is 440.11. The base date for the Dow Jones Sustainability World 80 and Dow Jones Sustainability World ex US 80 is 30 September 2002. The corresponding value is 1000.

5.6 Currency Rates

US dollar denominated indexes:

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.
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 World begins when the first stock exchange/trading system in the DJSI World 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 World is calculated with the Laspeyres formula. Price and return indexes are calculated reflecting different dividend treatments. These indexes are calculated as price and return indexes in USD and EUR. Some indexes are calculated in AUD and others in CHF.

5.9 Stock Prices
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.

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

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.

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.

**Stock exchange holidays:**
If there is a stock exchange holiday in any of the countries covered by the DJSI World, 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 **Real Time Dissemination**
The DJSI World EUR and USD-denominated price indexes are disseminated real time. The net return indexes are only disseminated at the end of the index dissemination period. The real time index values are based on the intraday stock prices and relevant currency rates.

5.11 **Day-End Dissemination**
The calculation and dissemination of the DJSI World takes place at the end of the index dissemination period. The index values are disseminated via major data vendors while the index component data is made available at SAM and S&P Dow Jones Indices’ discretion to licensees via FTP Site, an authorized distributor or email delivery.

5.12 **Dividend Treatment**
All dividend payments are imputed in the DJSI World return index. Only extraordinary or special dividends - from either non-operating income or cash dividends - are imputed in the price indexes. All dividends are imputed as net amounts, i.e. Net Dividend = Declared Dividend less the relevant Withholding Tax.

5.13 **Weightings**
The DJSI World is free-float market-capitalization weighted. The weighting of the components is based on the free-float portion of the total number of shares outstanding. Free-float 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 World index. At the reviews, any component weighting that is more than 10% is reduced to 10% then by a weighting cap factor.

5.14 Index Divisors

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

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 World - 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-indexes.com.

5.16 Historical Index Values

A historical perspective of the DJSI World - dating back to 30 September 2005 is available to download via www.sustainability-indexes.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 World are available for downloading via www.sustainability-indexes.com.

5.18 Publications

SAM 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 indexes@sam-group.com.

Information on the index features and methodology are disseminated via www.sustainability-indexes.com or can be made available upon request via indexes@sam-group.com.
6 Annual and Quarterly Reviews

6.1 Introduction

Annual Review
The DJSI World is reviewed annually and rebalanced quarterly to ensure that the index composition accurately represents the top 10% of the leading sustainable World companies in each of the (58) SAM Sectors respectively.

The annual review methodology selects leading sustainability companies from the DJSI World 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.

Quarterly Review
The quarterly reviews reflect changes in the investable stocks universe as well as changes with regard to the number of shares. 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.

Communication of changes
The largest 10 additions and deletions based on Free Float Market Capitalization as a result of the annual review of the DJSI World index are disseminated via press releases and www.sustainability-indexes.com. Complete results of the annual and quarterly reviews, including component additions and deletions, are disseminated to DJSI World licensees only.

6.2 Investable Stocks Universe
The DJSI World investable stocks universe is derived from the components of the Dow Jones Global Total Stock Market Index℠. In addition to the Dow Jones Global Total Stock Market Index℠ 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 free floating market capitalization - 2500 companies that are components of the Dow Jones Global Total Stock Market Index℠.
In addition, it consists of all current DJSI World components (as of end of July of the current year). For each company only the stock with the largest free float market capitalization is eligible\(^2\) 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 Dow Jones Global Total Stock Market Index℠ components at the end of July of the current year.

If a non-component company is excluded from the Dow Jones Global Total Stock Market Index℠ after the universe selection date, it is also excluded from the DJSI World investable stocks universe. Further exclusions from the DJSI World investable stocks universe can be made at the DJSI Index Design Committee’s discretion.

### 6.3 Annual Selection DJSI World

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

1. **Industry Group Classification:**
   Each company in the DJSI World investable stocks universe is assigned to a SAM Sector.

2. **Corporate Sustainability Assessment:**
   All companies in the DJSI World investable stocks universe are invited to be evaluated against SAM’s corporate sustainability assessment criteria. Each assessed company within the investable stocks universe is assigned a Total Sustainability Score.

3. **Sector Ranking:**
   The analyzed companies are ranked according to their Total Sustainability Score within their assigned SAM Sector.

4. **Eligible Sectors:**
   Only those SAM Sectors 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 World. All other sectors – and their associated companies – are deemed ineligible and are eliminated from the selection process.

5. **Eligible Companies:**
   From each eligible SAM Sector, 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 World.

\(^2\) This does not apply to dual listed companies and sizeable spin-offs that occur during the assessment period.
All other companies are deemed ineligible and are eliminated from the review process.

6. Component Selection:
The target selection for each eligible SAM Sector is 10% of the companies in the investable stocks universe in that group. In a first step, the top 7% of the eligible companies in each sector – by Total Sustainability Score ranking – are selected for the DJSI World. In a second step, the eligible current DJSI World component companies ranked in the buffer zone between the top 7% and the top 13% of the eligible companies – by Total Sustainability Score ranking – are selected for the DJSI World. 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 World in order to reach the target selection number of companies in each SAM Sector. In exceptional circumstances, the Index Design Committee may decide to change the error margin.

7. Market Capitalization Coverage:
The target free float market capitalization coverage for each Supersector is 15% of the largest 2500 components in the Dow Jones Global Total Stock Market Index℠ for that Supersector.
For each Supersector, if the cumulative market capitalization of the selected companies exceeds this target, then no further companies from this market sector are selected for the DJSI World.
If the market capitalization target is not yet exceeded, then further companies from this market sector are selected for the DJSI World – according to their Total Sustainability Score ranking – until the cumulative market capitalization is as close as possible to the market capitalization target. Only companies that belong to the top 13% in their SAM Sector are eligible for inclusion. Selection priority is given to companies that have a higher percentage of the best company’s score in their SAM Sector 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 sector distribution of the DJSI World and the comparable currency and sector distribution of the Dow Jones Global Total Stock Market Index℠ as of 31 July.

6.4 DJSI World 80
The annual review of the DJSI World 80 is based on the annual review of the DJSI World (see chapter 6.3).
1. **Universe:**
The universe for the annual review of the DJSI World 80 is the reviewed DJSI World, i.e. the DJSI World as it will be implemented upon the next annual review date.

2. **Ranking List:**
Each company in this universe is ranked according to its free float market capitalization on 31 July.

3. **Selection:**
The target number of components for the DJSI World 80 is 80. To reach this number, the 60 biggest companies by free float market capitalization are selected in a first step, provided, however, that from each super sector (see chapter 5.6) a maximum of ten companies can be selected. This restriction also applies for the two following steps. In a second step, all current components of the DJSI World 80 between ranks 61 and 100 are selected in descending order until a total number of 80 components is reached. Third, provided that 80 components are not yet selected, additional companies which are not yet components of the DJSI World 80 are selected in descending order as new components until the total number of 80 components has been reached.

6.5 **DJSI World ex US 80**
The annual review of the DJSI World ex US 80 is based on the annual review of the DJSI World (see chapter 6.3).

1. **Universe:**
The universe for the annual review of the DJSI World ex US 80 is the reviewed DJSI World ex US, i.e. the DJSI World ex 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 free float market capitalization on 31 July.

3. **Selection:**
The target number of components for the DJSI World ex US 80 is 80. To reach this number, the 60 biggest companies by free float market capitalization are selected in a first step, provided, however, that from each super sector (see chapter 5.6) a maximum of ten companies can be selected. This restriction also applies for the two following steps. In a second step, all current components of the DJSI World ex US 80 between ranks 61 and 100 are selected in descending order until a total number of 80 components is reached. Third, provided that 80 components are not yet selected, additional companies which are not yet components of the DJSI World ex US 80 are selected in descending order as new components until the total number of 80 components has been reached.

Complete results of the annual and quarterly reviews, including component additions and deletions, are disseminated to DJSI World licensees only.
7 Ongoing Maintenance

In addition to the annual and quarterly reviews, the DJSI World 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 Total Sustainability Score

Any deletions from the DJSI World due to changes in eligibility based on a DJSI Index Design Committee decision or the Total Sustainability Score of DJSI World 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 SAM Sector. Selection priority is given to companies that have a higher percentage of the best company’s score in their SAM Sector 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 World and is in the same sector as the component, then it is eligible for inclusion in the DJSI World. 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 World component but is not in the same SAM Sector or the IPO is not derived from a company in the DJSI World it is assessed as part of the next annual review.

7.3 Changes due to Spin-Offs

If a DJSI World 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 World and the relevant subset indexes.

If any of the new spun-off companies qualify for the DJSI World by fulfilling all the DJSI World 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 World.
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 SAM Sector. Selection priority is given to companies that have a higher percentage of the best company’s score in their SAM Sector 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 5 DJSI Corporate Action Decision Tree – Spin offs & Demergers

7.4 Changes due to Mergers & Takeovers

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 World by fulfilling all the DJSI World component selection criteria including the Corporate Sustainability Assessment, then it is added to the DJSI World.
If the succeeding company does not meet the component selection criteria, then it is not added to the DJSI World. The two original components are deleted from the DJSI World. The deleted components may be replaced by the next highest-ranked eligible non-component within their SAM Sector. Selection priority is given to companies that have a higher percentage of the best company’s score in their SAM Sector in the DJSI universe.

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

**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 World.

The deleted component may be replaced by the next highest-ranked eligible non-component within its Supersector. Selection priority is given to companies that have a higher percentage of the best company’s score in their SAM Sector 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 World.

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 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 World component selection criteria, then the newly merged company is non-eligible for the DJSI World.

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 World.

If the non-component company fulfills all DJSI World 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 World.

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

If the newly merged company does not fulfill the component selection criteria, then it is not added to the indexes.
The original component is deleted from the DJSI World.
The deleted component may be replaced by the next highest-ranked eligible non-component within its Supersector. Selection priority is given to companies that have a higher percentage of the best company’s score in their SAM Sector 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 6 DJSI Corporate Action Decision Tree – Mergers & Acquisitions

7.5 Changes due to Sector Classifications

If the sector 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 sector reclassification is due to a change in a company’s largest source of revenue, then the resulting changes to the composition of the DJSI World 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


7.7 Changes to Liquidity

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

- 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 SAM Sector. Selection priority is given to companies that have a higher percentage of the best company’s score in their SAM Sector 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 World 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 World. 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 World and its respective subset indexes are calculated with the Laspeyres formula below:

\[
\text{Index}_t = \frac{\sum_{i=1}^{n} \left( p_{i0} \cdot q_{i0} \cdot X_{i0}^{\text{USD}} \right)}{\sum_{i=1}^{n} \left( p_{i} \cdot q_{i} \cdot X_{i}^{\text{USD}} \right)} \text{ base value} = \frac{M_t}{B_t} \cdot \text{ base value}
\]

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

The formula can be simplified as follows:

\[
\text{Index}_t = \frac{M_t}{D_t}
\]

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

\[
n = \text{ the number of stocks in the index}
\]

\[
p_{i0} = \text{ the closing price of stock (i) at the base date (December 31, 1993)}
\]
\[ q_{i0} = \text{the number of shares of company (i) at the base date (December 31, 1993)} \]

\[ p_{st} = \text{the price of stock (i) at time (t)} \]

\[ q_{it} = \text{the number of shares of company (i) at time (t)} \]

\[ C_t = \text{the adjustment factor for the base date market capitalization} \]

\[ t = \text{the time the index is computed} \]

\[ M_t = \text{market capitalization of the index at time (t)} \]

\[ B_t = \text{adjusted base date market capitalization of the index at time (t)} \]

\[ X_{USD}^{it} = \text{cross rate: domestic currency in USD of company (i) at time (t) \{applies only to companies that are not traded in USD\}} \]

Base value = 440.11 on the base date; i.e December 31, 1993)

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:

\[ D_{t+1} = D_t \frac{\sum (p_{st}q_{st}) \pm \Delta MC_{t+1}}{\sum (p_{st}q_{st})} \]

Where:

\[ D_t = \text{divisor at time (t)} \]

\[ D_{t+1} = \text{divisor at time (t+1)} \]

\[ p_{st} = \text{stock price of company (i) at time (t)} \]

\[ q_{st} = \text{number of shares of company (i) at time (t)} \]

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

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 announced by the company * (1 - withholding tax)

**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 = [(price before tender * old number of shares) - (tender price * number of tendered shares)] / (old number of shares - number of tendered shares)

New number of shares = old number of shares - number of tendered shares
**Spin-off: Divisor**

Adjusted price = \( \frac{(\text{closing price} \times A - \text{price of spun-off shares} \times B)}{A} \)

**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 = \( \frac{[\text{closing price} \times A + \text{subscription price} \times C \times (1 + B / A)]}{[(A + B) \times (1 + C / A)]} \)

new number of shares = \( \frac{\text{old number of shares} \times [(A + B) \times (1 + C / A)]}{A} \)

**Stock distribution is applicable after rights:** Divisor

Adjusted close = \( \frac{[\text{closing price} \times A + \text{subscription price} \times C]}{[(A + C) \times (1 + B / A)]} \)

new number of shares = \( \frac{\text{old number of shares} \times [(A + C) \times (1 + B / A)]}{A} \)

**Stock distribution and Rights:** Divisor

Adjusted price = \( \frac{[\text{closing price} \times A + \text{subscription price} \times C]}{[A + B + C]} \)

new number of shares = \( \frac{\text{old number of shares} \times [A + B + C]}{A} \)

### 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.
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 Indexes as a result of reputational issues and crisis situations
- Reviewing the Indexes’ composition at the annual and quarterly reviews
- Deciding on the composition and accuracy of the Indexes according to the Dow Jones Sustainability Indexes 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
- Advising on strategic matters to SAM Sustainable Asset Management AG and to S&P Dow Jones Indices LLC related to commercializing indexes in the DJSI family of indexes

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

9.2 Customer Service

SAM Customer Service:
Tel.: +41 44 653 18 00 (during Central European Time business hours).
Email: indexes@sam-group.com
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