

Dow Jones Sustainability Europe Diversified High Beta High Dividend Index *Methodology*

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Introduction

Index Objective

The Dow Jones Sustainability Europe Diversified High Beta High Dividend Index measures the performance of 50 liquid, high beta and high dividend companies within the Dow Jones Sustainability Europe Diversified Index, while meeting sector and country diversification requirements.

Highlights

The Dow Jones Sustainability Europe Diversified High Beta High Dividend Index is equal-weighted with constituents re-weighted semi-annually in April and October. The index is calculated and maintained in a manner consistent with other equal weight indices offered by S&P Dow Jones Indices.

Partnership

S&P Dow Jones Indices has partnered with RobecoSAM, a specialist in sustainability investing, to provide investors with objective benchmarks for managing their sustainability investment portfolios.

Supporting Documents

This methodology is meant to be read in conjunction with supporting documents providing greater detail with respect to the policies, procedures and calculations described herein. References throughout the methodology direct the reader to the relevant supporting document for further information on a specific topic. The list of the main supplemental documents for this methodology and the hyperlinks to those documents is as follows:

Supporting Document	URL
S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology	Equity Indices Policies & Practices
S&P Dow Jones Indices' Index Mathematics Methodology	Index Mathematics Methodology
S&P Dow Jones Indices' Global Industry Classification Standard (GICS) Methodology	GICS Methodology

This methodology was created by S&P Dow Jones Indices to achieve the aforementioned objective of measuring the underlying interest of each index governed by this methodology document. Any changes to or deviations from this methodology are made in the sole judgment and discretion of S&P Dow Jones Indices so that the index continues to achieve its objective.

Eligibility Criteria and Index Construction

Index Eligibility

To qualify for membership in the Dow Jones Sustainability Europe Diversified High Beta High Dividend Index, a stock must be a current member of the Dow Jones Sustainability Europe Diversified Index. The indices use a company's Total Sustainability Score (TSS), calculated under RobecoSAM's annual Corporate Sustainability Assessment (CSA).¹

For information on stock eligibility criteria and index management rules of the Dow Jones Sustainability Europe Diversified Index, please refer to the Dow Jones Sustainability Diversified Indices Methodology at www.spdji.com.

Liquidity. A stock must have been issued and trading for at least one calendar year prior to index inclusion, with no minimum number of days that a stock must have traded during that time. Stocks must have an average daily value traded (ADVT) of at least EUR 20 million for the three months prior to the rebalancing reference date.

Stability. Stocks must have a dividend payout ratio between 0% and 100%. The dividend payout ratio is calculated as the annual dividend per share divided by the annual earnings per share, using data from each company's most recent fiscal year as of the rebalancing reference date.

Multiple Share Classes. Each company is represented once by the Designated Listing.

For more information regarding the treatment of multiple share classes, please refer to Approach B within the Multiple Share Classes section of the S&P Dow Jones Indices' Equity Indices Policies & Practices document.

Dividend Payment Types. S&P Dow Jones Indices only considers cash dividend payments declared as regular by the paying company for index eligibility, selection, and weighting purposes. Cash dividend payments declared as special by the paying company, including recurring special cash dividends, are not considered. Dividend amounts are before application of withholding taxes.

Constituent Selection

The selection of index constituents is done as follows:

1. Using available price return data for the trailing 252 trading days leading up to each index rebalancing reference date, the realized beta of all stocks in the selection universe is calculated. Realized beta is defined as the slope of the regression line of each stock's 252 daily price returns against the Dow Jones Sustainability Europe Diversified Index. The stocks in the selection universe are then ranked in descending order and the top 75 stocks (i.e. stocks with the highest beta) are selected.
2. The selected stocks are ranked in descending order by their dividend yield, calculated as their trailing 12-month dividends per share divided by the stock price as of the rebalancing reference date.

¹ For a more detailed review of the CSA methodology and the CSA Questionnaires, refer to *RobecoSAM's Corporate Sustainability Assessment Methodology* available at www.sustainability-indices.com/images/Measuring_Intangibles_CSA_methodology.pdf.

3. The 50 stocks with the highest dividend yield are selected, provided that the following country and GICS sector allocations are not breached:
 - a. The maximum number of stocks from each country is 15.
 - b. The maximum number of stocks from each GICS sector is 15.

If the number of stocks in a given country or sector reaches the allowable limit, then the remaining highest yielding stocks from other countries or sectors are selected until the number of selected stocks reaches 50.

Constituent Weightings

Index constituents are equally weighted.

Index Calculations

The index is calculated by means of the divisor methodology used for all S&P Dow Jones equity indices.

For more information on the index calculation methodology, please refer to the Equal Weighted Indices section of S&P Dow Jones Indices' Index Mathematics Methodology.

Index Maintenance

Rebalancing

The Dow Jones Sustainability Europe Diversified High Beta High Dividend Index is rebalanced semi-annually, effective after the close of the last business day of April and October. The rebalancing reference dates are after the close of the last business day of the prior March and September, respectively.

Constituents' shares are calculated using closing prices ten calendar days prior to the rebalancing date as the reference price. Index shares are calculated for each stock to arrive at the weights determined on the reference date. Since index shares are assigned based on prices prior to rebalancing, the actual weight of each stock at the rebalancing will differ from these weights due to market movements.

Additions. With the exception of spun-off companies, there are no additions between semi-annual rebalancings. Please refer to *Corporate Actions* for details on spin-off treatment.

Deletions. Constituents removed from the Dow Jones Sustainability Europe Diversified Index due to changes in eligibility or a company's Total Sustainability Score are removed from the Dow Jones Sustainability Europe Diversified High Beta High Dividend Index at the next semi-annual rebalancing. All other deletions from the Dow Jones Sustainability Europe Diversified Index occurring between semi-annual rebalances are removed from the Dow Jones Sustainability Europe Diversified High Beta High Dividend Index simultaneously. A stock deleted from the index between semi-annual rebalancings is not replaced until the subsequent semi-annual rebalancing. Therefore, between semi-annual rebalancings, the index may consist of less than 50 constituents.

Corporate Actions

Corporate Action	Adjustment Made to Index	Divisor Adjustment?
Spin-off	The spun-off company is added at a zero price at the market close of the day before the ex-date (with no divisor adjustment). The spun-off company will be removed after at least one day of regular way trading (with a divisor adjustment). <i>For further information, please refer to the Treatment of Spin-offs in S&P Dow Jones Indices' Equity Indices Policies & Practices document.</i>	
Rights Offering	The price is adjusted to the Price of the Parent Company minus (the Price of the Rights Offering/Rights Ratio). Index shares change so that the company's weight remains the same as its weight before the rights offering.	No
Stock Dividend, Stock Split, Reverse Stock Split	Index shares are multiplied by and price is divided by the split factor.	No
Share Issuance, Share Repurchase, Equity Offering or Warrant Conversion	None.	No
Special Dividends	Price of the stock making the special dividend payment is reduced by the per share special dividend amount after the close of trading on the day before the dividend ex-date.	Yes
Constituent Change	There are no intra-rebalancing additions.	-
	Deletions due to de-listings, acquisition or any other corporate event resulting in the deletion of the stock from the index causes the weights of the rest of the stocks in the index to change. Relative weights stay the same.	Yes

For more information on corporate actions, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

Currency, Currency Hedged, and Risk Control Indices

The index is calculated in euros.

WM/Reuters foreign exchange rates are taken daily at 4:00 PM London Time and used in the end-of-day calculation of the index. These mid-market fixings are calculated by The WM Company based on Reuters data and appear on Reuters pages WMRA.

Additional currency, currency hedged, and risk control versions of the indices may be available. For a list of available currency, currency hedged, and risk control indices, please contact Client Services at index_services@spglobal.com.

For more information on currency, currency hedged, and risk control indices, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.

Base Date and History Availability

Index history availability, base date and base value are shown in the table below.

Index	Launch Date	First Value Date	Base Date	Base Value
Dow Jones Sustainability Europe Diversified High Beta High Dividend Index	09/29/2015	04/30/2015	04/30/2015	100

Other Adjustments

In cases where there is no achievable market price for a stock being deleted, it may be removed at a zero or minimal price at the Index Committee's discretion, in recognition of the constraints faced by investors in trading bankrupt or suspended stocks.

Index Data

Calculation Return Types

S&P Dow Jones Indices calculates multiple return types which vary based on the treatment of regular cash dividends. The classification of regular cash dividends is determined by S&P Dow Jones Indices.

- Price Return (PR) versions are calculated without adjustments for regular cash dividends.
- Gross Total Return (TR) versions reinvest regular cash dividends at the close on the ex-date without consideration for withholding taxes.
- Net Total Return (NTR) versions, if available, reinvest regular cash dividends at the close on the ex-date after the deduction of applicable withholding taxes.

In the event there are no regular cash dividends on the ex-date, the daily performance of all three indices will be identical.

For a complete list of indices available, please refer to the daily index levels file (“.SDL”).

For more information on the classification of regular versus special cash dividends as well as the tax rates used in the calculation of net return, please refer to S&P Dow Jones Indices’ Equity Indices Policies & Practices document.

For more information on the calculation of return types, please refer to S&P Dow Jones Indices’ Index Mathematics Methodology.

Index Governance

Index Committee

The Dow Jones Sustainability Europe Diversified High Beta High Dividend Index is maintained by the Europe (EMEA) Indices Index Committee. All committee members are full-time professional members of S&P Dow Jones Indices' staff. The committee meets quarterly. At each meeting, the Index Committee may review pending corporate actions that may affect index constituents, statistics comparing the composition of the index to the market, companies that are being considered as candidates for addition to the index, and any significant market events. In addition, the Index Committee may revise index policy covering rules for selecting companies, treatment of dividends, share counts or other matters.

S&P Dow Jones Indices considers information about changes to its indices and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

S&P Dow Jones Indices' Index Committees reserve the right to make exceptions when applying the methodology if the need arises. In any scenario where the treatment differs from the general rules stated in this document or supplemental documents, clients will receive sufficient notice, whenever possible.

In addition to the daily governance of indices and maintenance of index methodologies, at least once within any 12-month period, the Index Committee reviews the methodology to ensure the indices continue to achieve the stated objectives, and that the data and methodology remain effective. In certain instances, S&P Dow Jones Indices may publish a consultation inviting comments from external parties.

For information on Quality Assurance and Internal Reviews of Methodology, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

Index Policy

Announcements

All index constituents are evaluated daily for data needed to calculate index levels and returns. All events affecting the daily index calculation are typically announced in advance via the Index Corporate Events report (.SDE), delivered daily via ftp to all clients. Any unusual treatment of a corporate action or short notice of an event may be communicated via email to clients.

All methodology changes are posted to the S&P Dow Jones Indices' Web site and announced via email to all clients. The latest available version is posted on our Web site, www.spdji.com.

For more information, please refer to the Announcements section of S&P Dow Jones Indices' Equity Indices Policies & Practices document.

Pro-forma Files

In addition to the corporate events file (.SDE), S&P Dow Jones Indices provides constituent pro-forma files each time the index rebalances. The pro-forma file is typically provided daily in advance of the rebalancing date and contains all constituents and their corresponding weights and index shares effective for the upcoming rebalancing.

Please visit www.spdji.com for a complete schedule of rebalancing timelines and pro-forma delivery times.

Holiday Schedule

The index is calculated on all business days of the year except the following holidays:

- New Year's Day (January 1st)
- Good Friday
- Easter Monday
- Christmas (December 25th and 26th)

The index is calculated according to the Index Committee's decision on whether enough constituents are trading in the relevant markets.

A complete holiday schedule for the year is available at www.spdji.com.

Rebalancing

The Index Committee may change the date of a given rebalancing for reasons including market holidays occurring on or around the scheduled rebalancing date. Any such change will be announced with proper advance notice where possible.

Unexpected Exchange Closures

For information on Unexpected Exchange Closures, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

Recalculation Policy

For information on the recalculation policy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

For information on Calculations and Pricing Disruptions, Expert Judgment and Data Hierarchy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

Contact Information

For questions regarding an index, please contact: index_services@spglobal.com.

Index Dissemination

Index levels are available through S&P Dow Jones Indices' Web site at www.spdji.com, major quote vendors (see codes below), numerous investment-oriented Web sites, and various print and electronic media.

Tickers

The table below lists headline indices covered by this document. All currency, currency hedged, risk control, and return type versions of the below indices that may exist are also covered by this document. Please contact index_services@spglobal.com for a complete list of indices covered by this document.

Index	Return Type	Bloomberg
Dow Jones Sustainability Europe Diversified High Beta High Dividend Index (EUR)	Price Return	DJSHBDEP
	Total Return	DJSHBDET
	Net Total Return	DJSHBDEN
Dow Jones Sustainability Europe Diversified High Beta High Dividend Index (USD)	Price Return	DJSHBDUP
	Total Return	DJSHBDUT
	Net Total Return	DJSHBDUN

FTP

Daily constituent and index level data are available via FTP subscription.

For product information, please contact S&P Dow Jones Indices, www.spdji.com/contact-us.

Web site

For further information, please refer to S&P Dow Jones Indices' Web site at www.spdji.com.

Appendix

Methodology Changes

Methodology changes since January 1, 2015 are as follows:

Change	Effective Date (After Close)	Previous	Methodology Updated
Number of Highest Beta Stocks Selected	10/27/2017	100 Stocks with the highest Beta were selected from the eligible universe, then the top 50 highest yielding stocks were selected (based on GICS and country limits) for index inclusion.	75 Stocks with the highest Beta are selected from the eligible universe, then the top 50 highest yielding stocks are selected (based on GICS and country limits) for index inclusion.

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