

S&P/TOPIX 150 ESG Factor Weighted Index *Methodology*

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Introduction

Index Objective

The S&P/TOPIX 150 Environmental, Social, and Governance (ESG) Factor Weighted Index is designed to measure the performance of companies in the S&P/TOPIX 150 (the underlying index), with a weighting scheme based on an ESG Factor Score. These scores are derived from RobecoSAM's annual Corporate Sustainability Assessment (CSA).

Highlights

As part of the semi-annual rebalancing process, each index constituent is assigned its most recent ESG Factor Score. Constituent weights are then determined based on the ESG Factor Scores and the underlying index GICS sector allocations. This allows for the creation of an index where the overall sustainability profile is greater than its underlying index.

Collaboration

This index is generated and published under agreements between S&P Dow Jones Indices and RobecoSAM.

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' Float Adjustment Methodology	Float Adjustment 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 Universe

At each semi-annual rebalancing, the index is constructed from the constituents of the underlying index.

For more information on the underlying index, please refer to its respective methodology document available at www.spdji.com.

Sustainability Scoring

Index constituent weights are determined in part from a company's ESG Factor Score. The ESG Factor Scores are derived from RobecoSAM's annual Corporate Sustainability Assessment (CSA). The first CSA was undertaken in 1999, with the launch of the original family of Dow Jones Sustainability Indices (DJSI).

The RobecoSAM CSA is conducted on an annual basis. Company sustainability data is assessed at each semi-annual rebalancing using the latest RobecoSAM CSA scores.

Companies in the invited universe of the DJSI family are asked to respond to an extensive CSA questionnaire. RobecoSAM identifies 60 industries within its research universe. Approximately 50% of RobecoSAM's questions are industry specific. The remaining questions are more general in nature. All questions underpin one of the three dimensions of Environmental, Social, and Governance.

Not all companies choose to respond to the CSA questionnaire. For all companies in the underlying index that do not respond to the questionnaires, RobecoSAM completes the CSA questionnaire, to the extent possible, based only on publically available information.

This process forms the basis of the DJSI scoring methodology (Classic Scores). However, to arrive at the ESG Factor Scores required for the index, the Classic Scores are subjected to the following:

1. ESG Factor Scores are tilted towards financial materiality.
2. ESG Factor Scores are neutralized with respect to factors such as GICS industries, sub-industries, and countries; traditional quantitative equity factors such as momentum, value, and size are also neutralized.

As a result of the yearly corporate assessment, RobecoSAM generates a fully neutralized ESG Factor Score for each constituent of the underlying index. These ESG Factor Scores are then used as inputs for the index.

For more information with respect to RobecoSAM's research processes, please visit www.robecosam.com.

Constituent Weight Adjustments

For the index, the constituent weights, W_i , are derived as follows:

$$W_i = \frac{P_{ESG_i}}{\sum_{i=1}^n P_{ESG_i}} * W_s$$

where:

ESG_i = ESG Factor Score for given constituent i .

P_{ESG_i} = Percentile rank of a given constituent i with respect to its ESG Factor Score across its underlying index, at rebalancing.

n = Number of constituents in a GICS sector.

W_s = Underlying index sector weight of constituent i at rebalancing.

The above weight adjustments ensure that the constituents of each underlying index are tilted toward ESG Factor Score while preserving the underlying index sector weights.

Multiple Classes of Stock

All publicly listed multiple share class lines are eligible for index inclusion, subject to meeting the eligibility criteria. In this index, all eligible share class lines are assigned identical ESG Factor Scores. For more information regarding the treatment of multiple share classes, please refer to Approach A within the Multiple Share Classes section of the S&P Dow Jones Indices' Equity Indices Policies & Practices document.

Shares Outstanding

The share counts used as inputs in the weighting model are common shares outstanding. The counts are float-adjusted to reflect only shares available to the general market. Specific share counts and float factors are calculated by S&P Dow Jones Indices.

For float adjustment methodology, please refer to S&P Dow Jones Indices' Float Adjustment Methodology.

Index Calculations

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

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

Index Maintenance

Rebalancing

The index is rebalanced semi-annually, effective after the market close on the third Friday of March and September. The reference dates for the composition of the underlying index are the close of trading on the last business day of January and July, respectively. The reference dates for the GICS sector weights used to calculate ESG Factor Score weights are the close of trading on the last business day of February and August, respectively.

Constituent shares for the index are calculated using closing prices on the Wednesday prior to the second Friday of the rebalancing month as the reference price. Index share amounts are calculated and assigned to each stock to arrive at the weights determined on the reference date. Since index shares are assigned based on the reference prices, the actual weight of each stock at the rebalancing differs from these weights due to market movements.

Additions. Index additions are generally made only during the semi-annual rebalancing. However, spin-offs may require the addition of the spun-off company to an index intra-rebalancing. The spun-off company is added to all the indices of which the parent is a constituent at a zero price at the market close of the day before the ex-date (with no divisor adjustment). If the spun-off company is to remain in the underlying index, it will subsequently remain in the index. If the spun-off company is removed from the underlying index after at least one day of regular way trading (with a divisor adjustment), the index will follow the same treatment. Spun-off companies added following the composition reference date will be assigned the same ESG Factor Score as the parent company.

Deletions. Index constituents may be removed from the index following a takeover, merger, delisting, bankruptcy, indefinite suspension or if dropped from the underlying index.

In the event that an index constituent is removed from the underlying index, it is also removed from the index and not replaced. As a result, the components of the index may differ slightly from those of the underlying index.

Corporate Actions

The index follows the methodology and maintenance procedures of its underlying index with respect to the treatment of corporate actions.

For more information on the corporate action treatment of the S&P/TOPIX 150, please refer to its methodology document available at www.spdji.com.

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

Investable Weight Factor (IWF)

All issues in the index are assigned a float factor, called an Investable Weight Factor (IWF). The IWF ranges between 0 and 1 and is an adjustment factor that accounts for the publicly available shares of a company.

Please refer to S&P Dow Jones Indices' Float Adjustment Methodology for more information on float adjustment and IWFs.

Currency, Currency Hedged, and Risk Control Indices

The index is calculated in U.S. dollars and Japanese yen.

WM/Reuters foreign exchange rates are taken daily at 04:00 PM London time and used in the 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.

Other Adjustments

In cases where there is no achievable market price for a stock being deleted, it can 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.

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
S&P/TOPIX 150 ESG Factor Weighted Index	02/01/2016	03/19/2009	03/19/2009	100

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 index is maintained by the Europe (EMEA) Indices Index Committee. The Index Committee meets regularly. All committee members are full-time professional members of S&P Dow Jones Indices' staff. At each meeting, the Index Committee reviews 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 up to in advance via the Index Corporate Events report (.SDE), delivered daily 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 daily, throughout the calendar year. The only days the index is not calculated are on days when all exchanges where the index's constituents are listed are officially closed.

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 (Currency)	Return Type	Bloomberg
S&P/TOPIX 150 ESG Factor Weighted Index (USD)	Price Return	SPTESGUP
	Total Return	SPTESGUT
	Net Total Return	SPTESGUN
S&P/TOPIX 150 ESG Factor Weighted Index (JPY)	Price Return	SPTESGJP
	Total Return	SPTESGJT
	Net Total Return	SPTESGJN

Index Data

Daily stock level and index data are available via 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 February 1, 2016 are as follows:

Change	Effective Date (After Close)	Previous	Methodology Updated
Index Name	05/19/2017	1. S&P/TOPIX 150 ESG Index	1. S&P/TOPIX 150 ESG Factor Weighted Index
Index Name	04/15/2016	1. S&P/TOPIX 150 RobecoSAM ESG Index	1. S&P/TOPIX 150 ESG Index

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