

S&P/TSX 60 ESG Factor Weighted Index *Methodology*

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Introduction

Index Objective and Highlights

The S&P/TSX 60 Environment, Social and Governance (ESG) Factor Weighted Index is designed to measure the performance of companies in the S&P/TSX 60 (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). As part of the semi-annual rebalancing process, each 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.

The S&P/TSX indices are calculated and managed by S&P Dow Jones Indices. The TMX Group Inc. (TMX) is the owner and distributor of all S&P/TSX equity index data.

Collaboration

This index series 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 the eligibility criteria of the underlying index, please refer to the S&P/TSX Canadian Indices Methodology document.

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.

Multiple Classes of Stock

All publicly listed multiple share class lines are eligible for index inclusion, subject to meeting the eligibility criteria. 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. For those companies having multiple share class lines in the index, each share class line is assigned identical ESG Factor Scores.

Constituent Weight Adjustments

For each 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.

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 in all S&P Dow Jones Indices' equity indices.

For more information on the Index Calculation methodology, please refer to 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 and Deletions

Additions. Index additions are generally made only during the semi-annual rebalancing.

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 an 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.

Investable Weight Factor (IWF)

Please refer to the S&P/TSX Canadian Indices Methodology for further information on treatment of Investable Weight Factor changes.

Please refer to S&P Dow Jones Indices' Float Adjustment Methodology document for details of the float calculation methodology used by S&P Dow Jones Indices.

Currency, Currency Hedged, and Risk Control Indices

The index is calculated in Canadian dollars.

Additional currency, currency hedged, and risk control versions of the index 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.

Corporate Actions

Corporate Action	Adjustment Made to Index	Divisor Adjustment?
Spin-off	Spin-offs, may require the addition of the spun-off company to an index. The spun-off company is added to the index 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 parent universe index, it will subsequently remain in the S&P/TSX 60 ESG Factor Weighted Index. If the spun-off company is removed from the parent universe index after at least one day of regular way trading (with a divisor adjustment), the corresponding S&P/TSX 60 ESG Factor Weighted 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.	
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	Except for spin-offs, there are no intra-rebalancing additions.	-
	Deletions due to delistings, 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, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

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.

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/TSX 60 ESG Factor Weighted Index	06/03/2014	03/20/2008	03/20/2008	1000

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 Methodology.

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 S&P/TSX 60 ESG Factor Weighted Index is maintained by the S&P/TSX Canadian Index Committee. The Index Committee is comprised of four members representing S&P Dow Jones Indices and three members representing the Toronto Stock Exchange (“TSX”). The Index Committee is chaired by a member designated by S&P Dow Jones Indices. Meetings are held regularly.

The Index Committee is responsible for setting rules and policies for the index, determining the composition of the index and administering the methodology. In fulfilling its responsibilities, the Index Committee has full and complete discretion to amend, apply or exempt the application of the methodology and other index policies as circumstances may require, and add, remove or by-pass any security in determining the composition of the index.

The Index Committee may rely on any information or documentation submitted to or gathered by it that the Index Committee believes to be accurate. Where a public document used by the Index Committee is available in both official languages, the Index Committee shall assume that the contents of both versions are identical. The Index Committee reserves the right to reinterpret publicly available information and to make changes to the index based on a new interpretation of that information at its sole and absolute discretion.

Index corrections and changes to index composition are implemented at such time and in such manner, as the Index Committee deems appropriate. The timing of any index change made in response to a correction shall be at the sole and absolute discretion of the Index Committee.

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

Whenever possible, announcements of additions or deletions of stocks or other index adjustments are made five trading days before the adjustments are implemented. In those cases when it is not possible to trade a stock five days after an announcement, the announcement period may be shortened. However, the implementation of an index adjustment is never earlier than the market close of the day following the announcement.

Announcements of additions and deletions for the index are generally made at 05:15 PM Eastern Time. Press releases are released to major news services.

In addition, TMX Datalinx offers a fee-based subscription to Index Notices. The Index Notices provide the most detailed and comprehensive coverage of index changes. Complete data for index replication (including share counts, tickers and data on index levels and returns) are also available through TMX Datalinx. In order to subscribe, contact TMX Datalinx by phone at +1.416.947.4778 or by email at marketdata@tmx.com.

Holiday Schedule

The index is calculated when the Canadian equity market is open.

A complete holiday schedule for the year is available on the TMX Web site at www.tmx.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

The TMX Group (TMX) serves as the distributor of both real-time and historical index data. In addition, index levels are available on S&P Dow Jones Indices' Web site at www.spdji.com, through major quote vendors, through 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	Reuters
S&P/TSX 60 ESG Factor Weighted	Price Return	TESG	.GSPTESG
	Total Return	TESGAR	.TRGSPTESG
	Net Total Return	TESGN	.NTRGSPTESG

Index Data

Daily constituent and index level data are available from the Toronto Stock Exchange on subscription. Please contact Market Data at 416-947-4778 or, by email, at marketdata@tmx.com.

For further information, please refer to the TMX Web site at www.tmx.com.

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)	Methodology	
		Previous	Updated
Index Name	05/19/2017	S&P/TSX 60 ESG Index	S&P/TSX 60 ESG Factor Weighted Index
Weighting Scheme	05/31/2016	The index employs a tilted weighting scheme based on companies' original float adjusted market capitalization weights, with a tilt proportional to the deviation of the companies' size-neutralized adjusted Total Sustainability Scores from the index average.	The index is fully weighted on the basis of the new ESG Factor Scores (percentile ranks).
Multiple Share Class Lines	08/20/2015	Companies that have more than one class of common stock outstanding were represented only once in the index. The stock price was based on one class, and the share count was based on the total shares outstanding of all classes.	All multiple share class lines are considered for inclusion and are assigned identical Total Sustainability Scores. Each share class line is assigned a percentage of the target company weight that is proportional to its float-adjusted market cap as of the pricing reference date.

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