

The Australian SAM Sustainability Index Guide

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1 INTRODUCTION TO THE AUSTRALIAN SAM SUSTAINABILITY INDEX

The Australian SAM Sustainability Index (AuSSI) was established in February 2005 to track the performance of Australian companies listed on the Australian Securities Exchange, which lead the field in terms of corporate sustainability. Companies are assessed using the same Corporate Sustainability Assessment™ applied by SAM Indexes (SAM Indexes) to create the Dow Jones Sustainability suite of indexes (DJSI).

SAM focuses exclusively on sustainability investing and is a subsidiary of the Dutch investment manager Robeco, itself a member of the Dutch Rabobank Group. The firm's offering comprises asset management, indexes and private equity. Its asset management capabilities include a broad range global equity, regional, and theme-based strategies in the areas of Water, Smart Energy, Smart Materials, Climate Change, Healthy Living and Agribusiness. In addition, it offers large institutional investors customized investment solutions and mandates that incorporate sustainability criteria, including optimized, active and unconstrained strategies. Furthermore, SAM is the center of expertise for Cleantech private equity within Robeco.

SAM Indexes partners with Dow Jones Indexes to develop and license the globally recognized Dow Jones Sustainability Index (DJSI), launched in September of 1999. The DJSI family has since grown to include global, European, Eurozone, North American, US and Asian benchmarks.

SAM Indexes selects the components, publishes and markets the AuSSI. Dow Jones Indexes signs responsible for the index calculation and disseminates the index data.

Transcap Investments Pty Ltd. (Transcap) has been granted the right to market and license the AuSSI in Australia (www.transcap.com.au).

2 AUSTRALIAN SAM SUSTAINABILITY INDEX

The Australian SAM Sustainability Index (AuSSI) tracks the performance of the top 20-40% of Australian companies in the Dow Jones Global Total Stock Market Index (DJGTSM) in terms of corporate sustainability.

Stocks included in the AuSSI are drawn from the 200 largest companies by market capitalization listed on the Australian Securities Exchange (ASX). These 200 companies represent the investment universe for the AuSSI and are assessed using the Corporate Sustainability Assessment™ on an annual basis.

The index is calculated as price and return index in Australian dollars.

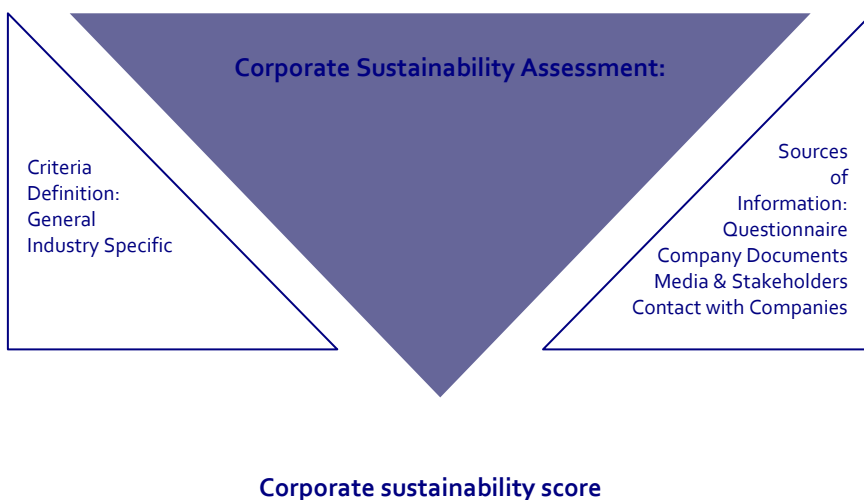
3 CORPORATE SUSTAINABILITY ASSESSMENT

3.1 Concept

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

3.2 Methodology

SAM's Corporate Sustainability Assessment™ identifies the leading sustainability companies from the AuSSI investment universe for each AuSSI Sector (for more information on the sectors see chapter 3.2).



The methodology is based on criteria focussed on opportunities and risks deriving across economic, environmental and social dimensions. These criteria consist of both general criteria applicable to all industries and specific criteria applicable to companies in a certain sector. SAM Identifies criteria are from its research of long-term global and industry sustainability trends and challenges.

The Corporate Sustainability Assessment™ calculates a score for assessment criteria, for each of the three dimensions (economic, environmental and social) and for the company overall The company score is referred to as the corporate sustainability score and is used to rank the

company within its industry sector peer group and to identify companies for inclusion in the AuSSI.

Sources of information consist of the responses to an online questionnaire, documentation, policies and reports submitted with the questionnaire, publicly available information and information obtained from direct contact with companies

Information and data provided in the questionnaire are verified. Verification includes cross checking answers with documentation provided by the company and cross checking incident and crisis management answers against media and stakeholder reports. SAM is also able to cross check answers to the company's track record using its corporate sustainability database. SAM has been conducting sustainability assessments since 1999 and has thus created an extensive database of corporate sustainability data. In some cases answers are verified directly with the company.

Quality and objectivity are ensured through internal quality assurance procedures and an external verification. The Corporate Sustainability Assessment™ has been verified by independent parties since 1999. The external verification is conducted by Deloitte.

3.3 Criteria Definition and Weightings

SAM identifies general criteria applicable across all sectors and industry sector specific criteria.

General criteria include corporate governance, human capital development, risk and crisis management, talent retention and labour practices. They account for approximately forty percent of the corporate sustainability score.

Industry sector specific criteria take into account the long-term developments and challenges affecting specific industry sectors. They account for approximately sixty percent of the corporate sustainability score.

The assessment is divided into three sections, covering the economic, environmental and social dimensions and includes the results from Media and Stakeholder Analysis (MSA) (see section 4).

Corporate Sustainability Assessment Criteria

Dimension	Criteria	Sub-Criteria
Economic	Corporate Governance	<ul style="list-style-type: none"> ▪ Board structure ▪ Non-Executive Chairman/Lead Director ▪ Responsibilities and Committees ▪ Corporate Governance Policy ▪ Audit Conflict of Interest ▪ Diversity: Gender ▪ Board Effectiveness ▪ Entrenchment provisions ▪ Senior Management Remuneration <p>MSA: Corporate Governance (MSA = Media and Stakeholder Analysis – See chapter 4)</p>
	Risk & Crisis Management	<ul style="list-style-type: none"> ▪ Risk Governance ▪ Risk Optimization ▪ Risk Map ▪ Risk Review ▪ Risk Strategy <p>MSA: Risk & Crisis Management</p>
	Codes of Conduct/Compliance/Corruption & Bribery	<ul style="list-style-type: none"> ▪ Codes of Conduct: Focus ▪ Codes of Conduct: Systems/Procedures ▪ Corruption and Bribery: Scope of Policy ▪ Codes of Conduct: Report on Breaches ▪ Codes of Conduct/Anti-Corruption & Bribery: business relationships <p>MSA: Codes of Conduct/Compliance/ Corruption & Bribery</p>
	Industry Specific Criteria	<ul style="list-style-type: none"> ▪ Brand Management, Customer Relationship Management, Innovation Management, Gas Portfolio, Grid Parity, etc. <p>MSA: Selected Industry Specific Criteria</p>
Environment	Environmental Reporting*	<ul style="list-style-type: none"> ▪ Assurance ▪ Coverage ▪ Environmental Reporting; Qualitative Data ▪ Environmental Reporting; Quantitative Data
	Industry Specific Criteria	<ul style="list-style-type: none"> ▪ Environmental Management Systems ▪ Climate Strategy ▪ Biodiversity ▪ Product Stewardship ▪ Eco-efficiency <p>MSA: Selected Industry Specific Criteria</p>
Social	Human Capital Development	<ul style="list-style-type: none"> ▪ Human resource skill mapping and developing process ▪ Human Capital performance indicators ▪ Personal and organizational learning and development

	Talent Attraction & Retention	<ul style="list-style-type: none"> ▪ Coverage of employees through predefined performance appraisal process ▪ Percentage of performance related compensation for each employee category ▪ Balance of variable compensation based on corporate and individual performance ▪ Corporate Indicators for performance-related compensation ▪ Type of individual performance appraisal ▪ Communication of individual performance to upper management ▪ Payout type of total performance-related compensation ▪ Trend of employee satisfaction <p>MSA Talent Attraction & Retention</p>
	Labor Practice Indicators	<ul style="list-style-type: none"> ▪ Grievance Resolution ▪ Labor KPIs <p>MSA: Labor Practice Indicators</p>
	Corporate Citizenship and Philanthropy	<ul style="list-style-type: none"> ▪ Group Wide Strategy – financial focus ▪ Input ▪ Measuring benefits ▪ Type of Philanthropic activities
	Social Reporting*	<ul style="list-style-type: none"> ▪ Assurance ▪ Coverage ▪ Social Reporting; Qualitative Data ▪ Social Reporting; Quantitative Data
	Industry Specific	<ul style="list-style-type: none"> ▪ Social Integration ▪ Occupational Health & Safety, ▪ Healthy Living ▪ Bioethics ▪ Standard for Suppliers <p>MSA: selected Industry Specific Criteria</p>

* Criteria assessed based on publicly available information only

3.4 Information Sources

Four sources of information are used in the Corporate Sustainability Assessment.

1. Company Questionnaire

Questionnaires are sent to the Chief Executive Officer and the head of investor relations of those companies that are both in the DJSI and in the AuSSI investment universe. The questionnaire is

the most important source of information for the assessment. All other companies are analysed by SAM using publically available information.

2. Company Documentation

Further insight is sought from company documentation.

Documents requested include:

- Sustainability reports
- Environmental reports
- Health and safety reports
- Social reports
- Annual financial statements
- Special reports (e.g. on intellectual capital management, corporate governance, R&D, employee relations)
- All other sources of company information; e.g. internal documentation, brochures and website.

3. Media and stakeholders

The Media and Stakeholder Analysis (MSA) involves the assessment of issues that may present major financial, reputation and compliance risks not identified in the questionnaire responses.

SAM uses the RepRisk monitoring tool to conduct the MSA. SAM also reviews media coverage, stakeholder commentaries and other public sources.

4. Contact with Companies

SAM analysts contact individual companies to check issues arising from the analysis of the questionnaires, company documents and the MSA.

3.5 Corporate Sustainability Score

The Corporate Sustainability Assessment™ generates a sustainability performance score for each company in the AuSSI investment universe. The score is calculated in SAM's Sustainability Information Management System (SIMS).

Each response to a question has a score, each question has a predefined weighting in the criterion score and each criterion has a predefined weighting in the corporate sustainability score. For example:

Answer	Score	Weight of Question	Weight of Criteria
Answer A	25	.05	.042
Answer B	100		
Answer C	0		
Not Applicable, Please specify	N/A*		
Not Known	0		
No answer	0		

* If a question is marked Not Applicable its weight proportionally redistributed across other questions for the same criterion

If a company has ticked Answer A in the preceding Table, the contribution to the corporate sustainability score for that question would be:

$$25 \times .05 \times .042 = 0.0525$$

A company's total corporate sustainability score is the sum of the contributions from all questions and criteria as illustrated above:

$$TS = \sum (ANS * QUW * CRW)$$

Where:

TS = Total Score

ANS = Answer Score

QUW = Question Weight

CRW = Criterion Weight

4 MEDIA AND STAKEHOLDER ANALYSIS

4.1 Concept

The Media and Stakeholder Analysis (MSA) involves the assessment of issues that may present major financial, reputation and compliance risks not identified in the questionnaire responses. These issues are assessed in detail during the annual sustainability assessment and are monitored continuously in respect to companies included in the AuSSI

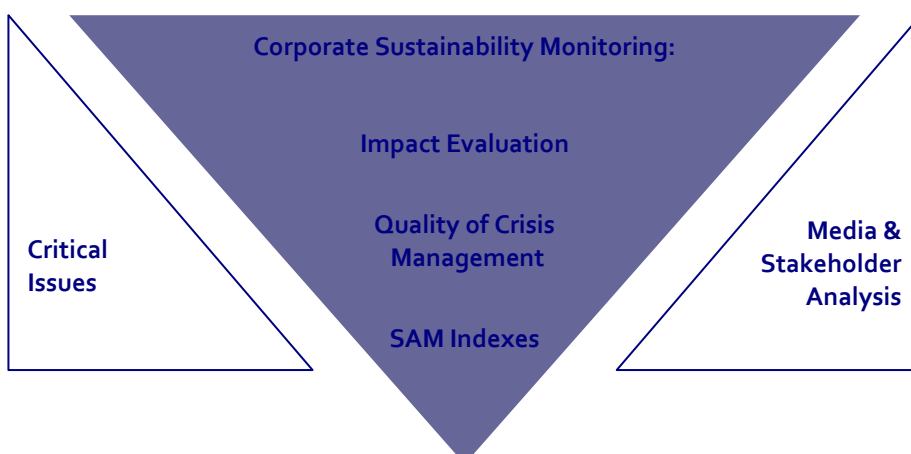
Issues that are assessed and monitored include:

- Commercial practices including tax fraud, money laundering, antitrust behaviour, accounting fraud and corruption.
- Human rights issues including discrimination, forced resettlements, child labour and discrimination against indigenous people.
- Labour force conflicts including strikes and extensive layoffs.
- Adverse events involving fatalities, workplace safety, technical failures, ecological disasters and product recalls.

Monitoring is conducted using RepRisk’s monitoring tool. RepRisk is an environmental and social data supplier.

The MSA during the Corporate Sustainability Assessment™ may result in the reduction of the initially assessed corporate sustainability score and may thus change a company’s industry sector ranking and likelihood of becoming an AuSSI constituent. If an MSA issue is identified outside annual assessment and considered highly material it may result in the exclusion of the company from the AuSSI regardless of how well it performed in the most recent annual assessment.

4.2 MSA Monitoring Process



Impact Evaluation

The SAM analyst responsible for the relevant industry sector is responsible for identifying critical issues impacting a company and assessing their impact.

Quality of Crisis Management

If the impact on a company's reputation or core business is far reaching or an important concern, the analyst reviews the company's crisis management against its stated policies and procedures including how well the public is informed, engagement with stakeholders, the acknowledgement of responsibility, the provision of relief measures and development and implementation of solutions.

Review by SAM Indexes

The SAM analyst can make a proposal to SAM Indexes to exclude a company from indexes if the issue is considered severe and damaging and the company's response is considered unsatisfactory. SAM Indexes reviews the corporate sustainability monitoring proposals against the company's track record. SAM Indexes can then decide to exclude the company from the AuSSI.

SAM informs the affected company of its exclusion. Information on excluded companies is communicated through the Dow Jones Sustainability Indexes website. The implementation of changes in the composition of the affected indexes is made at the discretion of SAM Indexes, and can for example be effective immediately or with the following quarterly rebalancing.

5 INDEX FEATURES & DATA DISSEMINATION

5.1 AuSSI Investment Universe

The AuSSI investment universe is derived from the assessment of the largest companies in terms of free float capitalization listed on the Australian Securities Exchange and in the Dow Jones Total Global Stock Market Index. The investment universe is determined annually, at the end of September.

Listed Investment Companies are not included in the investment universe. Neither are stocks whose 120 day median trading volume is less than 0.04 percent of free float market capitalization.

Existing members of the AuSSI are included in the AuSSI investment universe although they may no longer be included in the largest 200 companies by free float capitalization or may no longer meet the trading volume criterion.

The index values are disseminated via major data vendors while the index component data is made available to licensees via FTP as appropriate.

Information on the index features and methodology are disseminated via or available upon request via indexes@sam-group.com.

5.2 Sector Classification

Companies in the AuSSI investment universe are assigned to one of the 21 AuSSI and 58 DJSI sectors indicated in the following table. The AuSSI sectors typically combine more than one of the DJSI sectors. Companies in the AuSSI investment universe are assessed on questionnaires based on the DJSI sector indicated.

DJSI Sectors

AIR Airlines
 ALU Aluminum
 BLD Building Materials & Fixtures
 BLD Building Materials & Fixtures
 BNK Banks
 BTC Biotechnology
 BVG Beverages
 CHM Chemicals
 CNO Gambling

AuSSI sectors

Transportation
 Mining & Metals
 Capital Goods
 Materials
 Banks
 Pharmaceuticals & Biotechnology
 Food Beverage & Tobacco
 Materials
 Hotels Restaurants & Leisure

AuSSI Sectors (2011 Review)

Transportation
 Mining
 Materials
 Materials
 Banks
 Health
 Food Beverage & Tobacco
 Materials
 Hotels Restaurants & Leisure

CON Heavy Construction	Capital Goods	Capital Goods
CSV Specialized Consumer Services	Commercial Services & Supplies	Commercial Services & Supplies
CTR Containers & Packaging	Commercial Services & Supplies	Commercial Services & Supplies
CTR Containers & Packaging	Materials	Materials
CTS Mobile Telecommunications	Information Technology	Telecommunications
DHP Durable Household Products	Capital Goods	Capital Goods
DRG Pharmaceuticals	Pharmaceuticals & Biotechnology	Health
ELC Electricity	Energy	Energy
ELC Electricity	Utilities	Energy
FBN Financial Services	Commercial Services & Supplies	Commercial Services & Supplies
FBN Financial Services	Diversified Financials	Financial Services
FDR Food & Drug Retailers	Pharmaceuticals & Biotechnology	Health
FDR Food & Drug Retailers	Food Retailing	Food Retailing
FOA Food Producers	Food Beverage & Tobacco	Food Beverage & Tobacco
FTS Fixed Line Communications	Information Technology	Telecommunications
GAS Gas Distribution	Utilities	Utilities
HEA Healthcare Providers	Health Care Equipment & Services	Health
HOU Nondurable Household Products	Commercial Services & Supplies	Commercial Services & Supplies
ICS Support Services	Commercial Services & Supplies	Commercial Services & Supplies
IEQ Industrial Engineering	Capital Goods	Capital Goods
INS Insurance	Insurance	Insurance
LEG Leisure Goods	Retailing	Retailing
MNX Mining	Capital Goods	Capital Goods
MNX Mining	Mining & Metals	Mining
MNX Mining	Gold	Mining
MTC Medical Products	Health Care Equipment & Services	Health
OIE Oil Equipment & Services	Energy	Capital Goods
OIE Oil Equipment & Services	Commercial Services & Supplies	Materials
OIX Oil & Gas Producers	Energy	Energy
PIP Pipelines	Utilities	Utilities
POL Waste & Disposal Services	Mining & Metals	Mining
PUB Media	Media	Media
REA Real Estate	Real Estate	Real Estate
REA Real Estate	Real Estate Investment Trusts	Real Estate Investment Trusts
RTS General Retailers	Retailing	Retailing
STL Steel	Mining & Metals	Mining
TEX Clothing, Accessories & Footwear	Retailing	Retailing
TRA Industrial Transportation	Transportation	Transportation
TRT Travel & Tourism	Hotels Restaurants & Leisure	Hotels Restaurants & Leisure
TSV Computer Services & Internet	Commercial Services & Supplies	Commercial Services & Supplies

Due to the small number of companies in some sectors in the AuSSI investable universe, the AuSSI sectors might be merged for the selection of the AuSSI components.

5.3 Base Date & Base Value

The base date for the AuSSI is 29 October 2004. The corresponding value is 1000.

5.4 Index Calculation

The AuSSI is calculated with the Laspeyres formula.

Price and return indexes are calculated reflecting different dividend treatments.

All these indexes are denominated in Australian dollars.

5.5 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 Australian Securities Exchange.

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.

Official closing stock prices:

The official closing stock price for the index calculation is the last traded price at the close of the Australian Securities Exchange.

Suspended quotations:

If a stock quotation is suspended before the official opening of the relevant Australian Securities Exchange, 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 Australia, then the previous day's closing prices - from the Australian Securities Exchange - 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.

5.6 Day-End Dissemination

The calculation and dissemination of the AuSSI takes place at the end of the index dissemination period between 16:00 and 19:00 EST, which translates to between 10:00 and 13:00 EDT the next day.

5.7 Dividend Treatment

All dividend payments are imputed in the AuSSI 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.

5.8 Weightings

The AuSSI 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. In addition, the weighting of each component is adjusted on each annual review to optimize the index composition in terms of its industry and size allocation compared to the AuSSI universe.

The weightings are reviewed during the third month of each calendar quarter. Changes are implemented following the third Friday of that month.

The weightings are effective on the next trading day, following a minimum notification period of 2 trading days.

5.9 Index Divisors

Index divisors for the AuSSI 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 weighting changes due to changes of more than 10% 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.

5.10 Review, Implementation & Effective Dates

Changes to the index composition - as specified at the annual review of the AuSSI - are announced on the review date in the second week of December.

Following a minimum 1-week notification period, these changes are implemented - after the official closing prices have been determined - on the third Friday of December.

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.

5.11 Historical Index Values

A historical perspective of the AuSSI - dating back to 29 October 2004 can be provided upon request via indexes@sam-group.com.

5.12 Publications

SAM Indexes also provides additional information - e.g. index performance reports and announcements of new products and services - via the following publications:

- Press Releases
- Monthly reports

These publications are disseminated via the most appropriate media and available upon request at indexes@sam-group.com.

6 ANNUAL AND QUARTERLY REVIEWS

6.1 Investment Universe

The AuSSI investment universe, i.e. the companies that can potentially be included in the AuSSI, comprise the largest 200 companies that are listed on an Australian stock exchange, that are not Listed Investment Companies, that are included in the Dow Jones Global Total Stock Market Index (DJGTSMI) on the universe selection date, and that have a 120 day median trading volume which exceeds 0.04 percent of their free float market capitalization on the universe selection date. In addition, current components of the AuSSI are included in the AuSSI investment universe.

If a company is excluded from the Dow Jones Global Total Stock Market Index (DJGTSMI) after the universe selection date, it is also excluded from the AuSSI investment universe. For the AuSSI as launched on 17 February 2005, the universe selection date was 29 October 2004. For the 2011 annual review the universe selection date was 30 June 2011. Further exclusions from the AuSSI investment universe can be made at SAM Indexes discretion.

6.2 Annual Selection

Starting from the AuSSI investment universe, the components of the AuSSI are selected annually based on the following steps:

1. Industry Group Classification:

Each company in the AuSSI investment universe is assigned to an AuSSI and DJSI Sector.

2. Corporate Sustainability Assessment:

Each company in the AuSSI investment universe is assessed using SAM's Corporate Sustainability Assessment™.

3. Sector Ranking:

The analyzed companies are ranked according to their corporate sustainability score within an AuSSI sector.

4. Eligible Sectors:

Only those AuSSI sectors where the highest ranked company has a corporate sustainability score of at least one-third of the maximum score are eligible for the AuSSI. All other sectors – and their associated companies – are deemed ineligible and are eliminated from the selection process.

5. Component Selection:

From the remaining universe, every company that is among the top 20% in its industry cluster is included as an AuSSI member, provided that it has received at least one third of the score that

the best company in its industry cluster has achieved. In addition, every company that is a current AuSSI member and that is among the top 60% in its industry cluster and every company that is not a current AuSSI member and that is among the top 40% in its industry cluster, is included as an AuSSI member, provided that it has received at least 42 percent of the score that the best company in its industry cluster has achieved. If the difference in the corporate sustainability scores of the company and the minimum score hurdle is within the specified average error margin, then the company is also selected for the AuSSI. The average error margin for the corporate sustainability performance assessment is determined by reviewing a random sample of companies analyzed by SAM. The average error margin is reviewed annually.

6.3 Quarterly Review

In addition to the annual reviews of a company sustainability score, quarterly reviews are implemented during March, June, September, and December to reflect possible changes to the number of shares or the float factor of each company in the AuSSI. Changes become effective at the opening on the first Monday after the third Friday of the review month.

Changes to the indexes are implemented after the official closing values have been established. All adjustments are made before the start of the next trading day. Constituent changes that result from the periodic review will be announced at least two business days prior to the implementation date.

7 ONGOING MAINTENANCE

In addition to the annual and quarterly reviews, the AuSSI 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 corporate sustainability performance.

7.1 Changes due to Corporate Sustainability Performance

Any deletions from the AuSSI due to changes in the corporate sustainability scores of the AuSSI components are effective immediately; i.e. on the same day the change is effective following a minimum notification period of 2 trading days. SAM Indexes is responsible for this decision.

A deleted component due to changes in its corporate sustainability performance will be replaced by the next highest-ranked eligible non-component from the same AuSSI sector, provided that such replacement component meets all the inclusion criteria as described in chapter 6.2.

The replacement of any component deleted due to a change in its corporate sustainability performance is effective immediately; i.e. on the same day the change is effective following a minimum notification period of 2 trading days.

7.2 Changes due to Initial Public Offerings (IPOs)

If an initial public offering (IPO) stems from a component of the AuSSI and is in the same industry group of the component, then it is eligible for inclusion in the AuSSI. In this case the IPO is allocated the same corporate sustainability score as the parent company. The IPO is effective immediately; i.e. on the same day the change is effective following a minimum notification period of 2 trading days. SAM Indexes is responsible for this decision.

If the IPO is derived from a component of the AuSSI but is not in the same sector or the IPO is not derived from a company in the AuSSI it is assessed as part of the next annual review.

7.3 Changes due to Spin-Offs

If an AuSSI component is split to form two or more companies, and if the original company is delisted, then the original company is deleted from the AuSSI.

If any of the new spun-off companies qualify for the AuSSI by fulfilling all the component selection criteria including the corporate sustainability performance assessment, then they are included in the AuSSI.

The changes to the composition due to a spin-off are effective immediately; i.e. on the same day the corporate action is effective following a minimum notification period of 2 trading days.

A deleted component due to a spin-off may be replaced by the next highest-ranked non-component within its industry cluster, provided that this non-component fulfils all inclusion criteria.

The replacement of any component deleted due to a spin-off is effective immediately; i.e. on the same day the deletion is effective following a minimum notification period of 2 trading days.

SAM Indexes is responsible for this decision.

7.4 Changes due to Mergers & Takeovers

Component & component:

The corporate sustainability scores of the two original companies are weighted according to their market capitalization and added together to form the adjusted corporate sustainability score for the succeeding company.

If the succeeding company qualifies for the AuSSI by fulfilling all the AuSSI component selection criteria including the corporate sustainability performance assessment, then it is added to the AuSSI.

If the succeeding company does not fulfil the component selection criteria, then it is not added to the AuSSI and the two original components are deleted from the AuSSI.

The deleted components are replaced by the next highest-ranked eligible non-component within their industry cluster, provided that these replacements meet all the selection criteria.

The replacement of any component deleted due to a merger is effective immediately; i.e. on the same day the deletion is effective following a minimum notification period of 2 trading days.

Component & non-component:

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 AuSSI.

If the market capitalization of this non-component company is more than 10% of the newly merged company, and if the corporate sustainability performance of the non-component

company had not been assessed at the last review, then the corporate sustainability performance of this non-component company is assessed immediately.

The non-component undergoes corporate sustainability monitoring. If the non-component company fails to fulfil the corporate sustainability monitoring process, then the newly merged company is excluded from the AuSSI.

If the non-component company fulfils the corporate sustainability monitoring process 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 AuSSI and subset indexes.

If the non-component company fulfils the corporate sustainability monitoring process, 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 full management control of the newly merged company, then no further corporate sustainability assessment is needed, and the newly merged company is added to the AuSSI.

If the component company does not maintain full management control, then the corporate sustainability performance of the non-component company is assessed. The corporate sustainability scores of the two merging companies are weighted according to their market capitalization and added together to form the adjusted corporate sustainability score for the merged company. If the merged company qualifies for the AuSSI by fulfilling all the AuSSI selection criteria including the corporate sustainability performance assessment, then it is added to the AuSSI.

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

The original component is deleted from the AuSSI.

The deleted component is replaced by the next highest-ranked eligible non-component within its industry cluster, provided that that non-component meets all the AuSSI selection criteria.

The changes to the composition of the AuSSI due to a merger/takeover are effective immediately; i.e. on the same day the corporate action is effective following a minimum notification period of 2 trading days.

7.5 Changes due to Sector Classifications

If the sector reclassification is due to an extraordinary corporate action, then the resulting changes to the composition of the AuSSI are effective immediately; i.e. on the same day the corporate action is effective following a minimum notification period of 2 trading days.

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 AuSSI 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. SAM Indexes is responsible for this decision.

7.6 Changes to Weightings

If, due to an extraordinary corporate action, the number of free floating shares outstanding for an index component changes immediately by more than 10%, then the new number of shares and weighting are effective immediately; i.e. on the same day the corporate action is effective following a minimum notification period of 2 trading days.

Changes in the number of free floating shares outstanding and weighting - due to stock dividends, splits, rights issues and other corporate actions - are also effective immediately; i.e. on the same day the corporate action is effective following a minimum notification period of 2 trading days.

If, due to an extraordinary corporate action, the number of free floating shares outstanding for an index component changes immediately by less than 10% or if the changes occur over a period, then the new number of shares and weighting are effective at the next relevant quarterly review, following a minimum notification period of 2 trading days.

7.7 Changes to Liquidity

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

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

The changes to the composition of the AuSSI due to the deletion of an illiquid stock are effective immediately; i.e. on the same day the corporate action is effective following a minimum notification period of 2 trading days.

The deleted component may be replaced by the next highest-ranked eligible non-component within its industry cluster, provided that such non-component meets all the AuSSI selection criteria. SAM Indexes is responsible for this decision.

8 CALCULATION MODEL

8.1 Input Data Specification

The calculation of the AuSSI is based on the following input data:

- End-of-day stock prices
- End-of-day currency rates
- Number of free float shares
- Corporate action information and data
- Optimization factors

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 AuSSI.

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 AuSSI is calculated with the Laspeyres formula below:

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

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	= $\frac{B_t}{\text{base value}}$ = divisor at time (t)
n	= the number of stocks in the index
P_{i0}	= the closing price in AUD of stock (i) at the base date (29/10/2004)
Q_{i0}	= the number of free float shares of stock (i) at the base date (29/10/2004)
w_{i0}	= the optimization factor at the base date (29/10/2004)
P_{it}	= the price in AUD of stock (i) at time (t)
Q_{it}	= the number of free float shares of stock (i) at time (t)
w_{it}	= the optimization factor of stock (i) at time (t)
t	= the time the index is computed
M_t	= the adjusted free float market capitalization based of the index at time (t)
B_t	= adjusted base date market capitalization of the index

base value = 1,000 on the base date; i.e. October 29, 2004

8.5 Data Accuracy

The accuracy of the input, computational and output data is specified below:

Input and other underlying computational data: rounded to 7 decimal places

Index divisors: rounded to integers

Index values: rounded to 2 decimal places

8.6 Index Divisor Adjustments

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

$$D_{t+1} = D_t \cdot \frac{\sum (p_{it} q_{it} w_{it}) \pm \Delta MC_{t+1}}{\sum (p_{it} q_{it} w_{it})}$$

where:

D_t	= divisor at time (t)
D_{t+1}	= divisor at time (t+1)
P_{it}	= stock price of company (i) at time (t)
Q_{it}	= number of free float shares of company (i) at time (t)
w_{it}	= the optimization factor of stock (i) at time (t)

ΔMC_{t+1} = adjusted free float market capitalization calculated with adjusted closing prices and new number of free float shares at time (t+1) minus adjusted free float market capitalization calculated with closing prices and number of free float 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 'A' currently held shares (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 (taking into account the withholding tax).

Cash dividend (applied for return index only): Divisor \Downarrow

adjusted price = closing price - dividend announced by the company * (1 - withholding tax)

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

adjusted price = closing price - dividend announced by the company * (1 - withholding tax)

Split and reverse split: Divisor \leftrightarrow

adjusted price = closing price * A / B

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

Rights offering: Divisor \nearrow

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

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

Stock dividend: Divisor \leftrightarrow

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

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

Stock dividend of another company: Divisor \Downarrow

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

Return of capital and share consolidation: Divisor \Downarrow

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 \Downarrow

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 = (closing price * A - price of spun-off shares * B) / A

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

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

- Shareholders receive B new shares from the distribution and C new shares from the rights offering for every A shares held.
- If A is not equal to one, then all the following 'new number of shares' formulae need to be divided by A:

- **Rights are applicable after stock distribution:** Divisor ↗

adjusted price = [closing price * A + subscription price * C * (1 + B / A)] / [(A + B) * (1 + C / A)]

new number of shares = old number of shares * [(A + B) * (1 + C / A)] / A

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

adjusted price = [closing price * A + subscription price * C] / [A + B + C]

new number of shares = old number of shares * [A + B + C] / A

- **Stock distribution and Rights:** Divisor ↗

adjusted price = [closing price * A + subscription price * C] / [A + B + C]

new number of shares = old number of shares * [A + B + C] / A

8.7 Index Divisor Corrections

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

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

9 INDEX MANAGEMENT & RESPONSIBILITIES

9.1 AuSSI Index Management

SAM Indexes is responsible for:

- Auditing the index composition at the annual and quarterly reviews
- Ongoing review of all extraordinary corporate actions for possible changes to the index composition
- Deciding on the composition and accuracy of the AuSSI. In particular, SAM Indexes is solely responsible for all changes to the index methodology, which is detailed in the current AuSSI Index Guide.

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 Indexes Customer Service:

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

E-mail: indexes@sam-group.com