

Component Universe Methodology for IQ Candriam Sustainable Indexes

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Introduction

- This document sets forth the methodology for determining the component universe for each of the following indexes (collectively, the “IQ Candriam Sustainable Indexes”, each an “Index”):
 - IQ[®] Candriam Sustainable US Equity Index
 - IQ[®] Candriam Sustainable World Equity Index
 - IQ[®] Candriam Sustainable International Equity Index
 - IQ[®] Candriam Sustainable European Equity Index
 - IQ[®] Candriam Sustainable Asia Pacific Equity Index

Eligibility Requirements

- Securities must meet the following criteria to be included in the Eligible Universe (“Eligible Universe”):
- Country/exchange classification:
 - Securities must be domiciled in the countries and traded on the exchanges as detailed in Appendix 1.
- Minimum Investability requirements:
 - Size: The universe consists of companies that comprise the top 85% of total Free Float-adjusted Market capitalization in developed markets.
 - The stocks are first sorted in descending order of Full Market Capitalization.
 - Next, stocks are selected to be part of the universe, starting with the largest stock, until the cumulative Free Float-adjusted Market Capitalization of selected stocks is 85% of the total Free Float-adjusted Market capitalization for each region consistent with Appendix 1.
 - Liquidity:
 - Securities must have traded on at least 80% of the days over the prior 3 months.
 - The average daily value (\$ADV) traded over the prior 3 months must exceed 15% of the free-float adjusted market capitalization.
- Each Index will exclude stocks which are subject to pending acquisitions.

Socially Responsible Rankings

Companies that have securities that are in the Eligible Universe are then assigned a score from 1 to 100 according to the following Macro and Micro socially responsible criteria:

- Sector Specific criteria for the following Macro factors (Exposure to Global Sustainability Trends):
 - Climate Change-renewable energy producers are enjoying growing markets
 - Resource Depletion-as rational resource use becomes inevitable, companies offering efficient resource utilization technologies stand to benefit
 - Developing Economies-companies providing infrastructure services will benefit from growing and developing populations
 - Demographic Evolutions-as people grow older, the need for tailor made service and products will be in string demand
 - Health & Wellness-healthy products offered by companies have a beneficial effect on health
 - Interconnectivity-as people interact across borders, companies offering video-conferencing tools address a genuine need

- Sector Specific criteria for the following Micro factors (Stakeholders Management):
 - Customers-after sales services impact customer loyalty
 - Employees-the quality of employee contracts, training and career management are all positive factors in attracting, developing and retaining talent
 - Environment-new environmental legislation may require a significant investment for some companies while others that already observe higher standards can focus on increasing market share
 - Suppliers-abuse of labor rights in the supply chain has a considerable impact on reputation and brand image of companies
 - Investors-the effective management of corporate governance issues is vital to maintain investor's confidence in a company
 - Society-in developing countries, integrating the expectations of the local population with the company's activities is a real asset

Companies ranked in the top 70% of the Eligible Universe based on their Combined Macro and Micro scores are then further reviewed to see if they violate the Controversial Activities criteria or the United Nations Global Compact as detailed below or are deemed to be high risk:

- Controversial Activities:
 - Armament: are involved in the production or sale of anti-personnel landmines, cluster bombs, depleted uranium, and/or chemical/nuclear/biological weapons, regardless of the revenues involved and/or generate more than 3% of their turnover from the production or the sale of conventional weapons
 - Activities in oppressive regimes: large presence (Revenues > 1%) in highly oppressive regimes
 - Adult content: Revenues > 5%
 - Alcohol: Revenues > 10% without any responsible policy
 - Animal Testing: Responsible policy of no legal requirement or breaches to legislation

- Gambling: Revenues > 5%
 - Genetic modification: Revenues > 10%
 - Nuclear: Revenues > 30%
 - Tobacco: Revenues > 5%
- United Nations Global Compact consists of 10 principles covering:
 - Human rights-businesses should:
 - Support and respect the protection of internationally proclaimed human rights; and
 - Make sure that they are not complicit in human rights abuses
 - Labor rights-businesses should:
 - Uphold the freedom of association and the effective recognition of the right to collective bargaining;
 - Eliminate all forms of forced and compulsory labor;
 - Abolish the child labor;
 - Eliminate discrimination in respect of employment and occupation.
 - Environment-businesses should:
 - Support a precautionary approach to environmental challenges;
 - Undertake initiatives to promote greater environmental responsibility; and
 - Encourage the development and diffusion of environmentally friendly technologies.
 - Corruption-businesses should:
 - Work against corruption in all its forms, including corruption and bribery.

Companies that are not excluded based on the preceding criteria form the Eligible Universe.

Appendix 1

<u>Region</u>	<u>Country</u>	<u>Exchange</u>	<u>IQ US</u>	<u>IQ World</u>	<u>IQ</u>	<u>IQ</u>	<u>IQ Asia</u>
			<u>Sustainable</u>	<u>Sustainable</u>	<u>International</u>	<u>European</u>	<u>Pacific</u>
			<u>Index</u>	<u>Index</u>	<u>Index</u>	<u>Index</u>	<u>Index</u>
North America							
	Canada	Toronto Stock Exchange		X			
	United States	NYSE Arca	X	X			
	United States	NYSE	X	X			
	United States	NASDAQ	X	X			
Europe							
	Austria	Vienna Stock Exchange		X	X	X	
	Belgium	Euronext Belgium		X	X	X	
	Denmark	Copenhagen Stock Exchange		X	X	X	
	Finland	Helsinki Stock Exchange		X	X	X	
	France	Euronext France		X	X	X	
	Germany	XETRA		X	X	X	
	Ireland	Irish Stock Exchange		X	X	X	
	Italy	Milan		X	X	X	
	Netherlands	Euronext Netherlands		X	X	X	
	Norway	Oslo Stock Exchange		X	X	X	
	Portugal	Euronext Portugal		X	X	X	
	Spain	Madrid Stock Exchange		X	X	X	
	Sweden	OM Stockholm Stock Exchange		X	X	X	
	Switzerland	SIX Swiss Exchange		X	X	X	
	United Kingdom	London Stock Exchange		X	X	X	
Middle East							
	Israel	Tel Aviv		X	X		
Asia Pacific							
	Australia	ASX National		X	X		X
	Hong Kong	Hong Kong		X	X		X
	Japan	Tokyo		X	X		X
	New Zealand	NZSE National Market		X	X		X
	Singapore	Singapore Exchange		X	X		X