

S&P 500[®] ESG Leaders Index

Moderate-Conviction ESG

The S&P 500 ESG Leaders Index is a best-in-class ESG index that is designed to measure the performance of securities with stronger-than-average ESG characteristics while excluding controversial business activities with negative social or environmental impacts and has historically maintained a similar profile to the S&P 500.

What Sets the S&P 500 ESG Leaders Index Apart

- The index comprises only the most ESG-focused companies in the S&P 500.
- It applies a range of ESG exclusions including companies involved in controversial weapons, military contracting, tobacco products, small arms, alcoholic beverages, gambling or nuclear power, as well as fossil fuel screens.
- The index integrates S&P Global ESG Scores derived from the market-leading S&P Global Corporate Sustainability Assessment (CSA).
- Ongoing ESG controversy monitoring via the S&P Global Media & Stakeholder Analysis (MSA) ensures that any constituent that experiences a significant ESG incident between rebalances can quickly be removed from the index.
- The methodology incorporates E&S characteristics (via S&P DJI ESG Scores) and proxies for good governance (i.e., companies with low UNGC scores are excluded and controversies monitoring using the MSA). As a result, the index is **potentially Article 8-aligned** as per the EU Sustainable Finance Disclosure Regulation.



Index Characteristics				
	S&P 500	S&P 500 ESG Index	S&P 500 ESG Leaders Index	S&P 500 ESG Elite Index
Number of Constituents	505	310	194	100
Absolute ESG Score Improvement (%; ESG Index vs. Benchmark)	-	8.27	12.27	26.75
Carbon-to-Revenue Footprint	216.47	160.89	119.00	116.72

Five-Year Historical Performance (USD)				
	S&P 500	S&P 500 ESG Index	S&P 500 ESG Leaders Index	S&P 500 ESG Elite Index
Annualized Returns (%)	18.47	19.65	20.06	19.34
Standard Deviation (%)	15.39	15.39	15.55	15.47
Risk-Adjusted Return (%)	1.20	1.28	1.29	1.25
Tracking Error (%; ESG Index vs. Benchmark)	~	1.17	1.77	3.10

Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2021, adjusted market close. Past performance is no guarantee of future results. Tables are provided for illustrative purposes and reflect hypothetical historical performance. The S&P 500 ESG Index was launched Jan. 28, 2019. The S&P 500 ESG Elite Index was launched Dec. 21, 2020. The S&P 500 ESG Leaders Index was launched Feb. 7, 2022.

S&P 500 ESG Leaders Index: Measuring the Impact

Environmental



10%

Climate Strategy

Higher exposure to companies that have integrated a climate strategy into their business activities or risk management. This includes targets and initiatives to reduce emissions and manage climate change issues.

8%

Operational Eco-Efficiency

Higher exposure to companies that publicly report their Scope 1 & 2 CO₂e emissions, water consumption and waste and energy consumption data.

7%

Environmental Policy & Management Systems

Higher exposure to companies that have an environmental management policy covering suppliers, products and services.

Social



8%

Corporate Citizenship & Philanthropy

Higher exposure to companies with a group-wide strategy for corporate citizenship or philanthropic activities, including alignment with the UN Sustainable Development Goals.

9%

Human Rights

Higher exposure to companies that are committed to respecting human rights in accordance with the UN Guiding Principles on Business

9%

Talent Attraction & Retention

Higher exposure to companies that disclose metrics related to employee engagement, gender, performance appraisal methods related to compensation and provide long-term incentives to employees below senior management.

Governance



9%

Risk & Crisis Management

Higher exposure to companies that promote and enhance an effective risk culture throughout their organizations and have identified long-term emerging risks.

10%

Codes of Business Conduct

Higher exposure to companies that have a publicly available code of conduct, anti-corruption and bribery policy and are not involved in any ongoing investigations related to anti-competitive practices, corruption or bribery.

9%

Information Security/Cybersecurity

Higher exposure to companies that have processes in place to prevent IT system interruption and managed cybersecurity risks over the past three years.

Source: S&P Dow Jones Indices LLC. These are just a few examples of the numerous ways in which the S&P 500 ESG Leaders Index offers enhanced ESG representation. Increased index exposure to each ESG theme in the metrics above are calculated using the question-level data in S&P Global's Corporate Sustainability Assessments (2020 methodology year). These metrics are calculated using index data as of Dec. 31, 2020, as the percentage difference between the performance of the S&P 500 ESG Leaders Index and its benchmark index constituents across these metrics, on a weighted average basis. Chart is provided for illustrative purposes.

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