S&P Dow Jones Indices

A Division of S&P Global

S&P 500® Guarded Index

The S&P 500 Guarded Index is designed to provide improved ESG representation and Carbon Intensity reduction along with sector and stock weights that align with the underlying S&P 500, S&P DJI's widely adopted gauge of the U.S. large-cap market. The index applies exclusions based on companies' involvement in specific business activities, performance against the principles of the United Nations' Global Compact (UNGC) and involvement in relevant ESG controversies.

Using the glass-box optimization methodology, the S&P 500 Guarded Index seeks to improve the overall index-level S&P Global ESG Score and reduce the weighted average carbon intensity (WACI) with respect to the S&P 500 by over- and under-weighting specific companies. S&P DJI Global Scores are unique in that they focus on the most financially material and relevant ESG signals within specific industries.

S&P 500

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Exclude companies involved in coal, thermal coal, oil sands, tobacco, controversial weapons, military contracting, small arms, and ESG controversies. In addition, exclude companies not in compliance with the UNGC.

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Weight companies using an optimization algorithm to minimize the difference in sector and stock weights to the underlying parent with multiple model constraints, including:

- Improved S&P Global ESG Score compared to the respective underlying index.
- Reduced overall greenhouse gas (GHG expressed in CO^2 equivalents) emissions intensity compared to the respective underlying index.
- Constituent-level weight capping to address liquidity and diversification.

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S&P 500 Guarded Index

The S&P 500 Guarded Index has achieved a

10% Improvement in S&P DJI ESG Score and

17.79% Weighted Average Carbon Intensity (WACI)* vs. the S&P 500

	S&P 500 Guarded Index	S&P 500
Index Constituent Count	420	503
5-Year Annual Returns	16.28%	15.98%
5-Year Standard Deviation	21.55%	21.34%
5-Year Tracking Error	1.06%	–
Index ESG Score Improvement	10%	–
Index Weighted Average Carbon Intensity Improvement	18%	–

*The Weighted Average Carbon Intensity (WACI) includes Scope 1 and Scope 2 emissions.

Source: S&P Dow Jones Indices LLC. Data as of Sept. 30, 20243. Index performance based on total return in USD. The S&P 500 Guarded Index was launched Oct. 16, 2014. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

S&P 500 Guarded Index

Environmental

Environment Policy and Management Systems

10% higher exposure to companies that have a comprehensive, systematic, planned and documented environmental management program. This encompasses the organizational structure, planning, and resources for further development, and the procedure for the implementation and management of the company's policy on environmental resource management.

Climate Strategy

11% higher exposure to companies that have climate-related issues integrated into overall risk management, identified climate change risks and opportunities, report on emission reduction activities, provide low-carbon products and/or enable a third party to avoid GHG emissions (avoided emissions), have targets and initiatives in place to reach net-zero GHG emissions, or provide incentives for achieving targets in relation to management of climate change issues.

Water

7% higher exposure to companies that have taken measures with regards to water-related risks, managed water-related risks in terms of regulatory changes and potential changes in price structure, quantity or the quality of water available for company operations, and have effectively managed stakeholder conflicts concerning water resources.

Social

Stakeholder Engagement

31% higher exposure to companies that have a Stakeholder Engagement policy/procedure publicly disclosed and applied at all local operations, including a grievance mechanism for local stakeholders, stakeholder profiling, mapping, and categorization to identify high-priority stakeholders.

Talent Attraction and Retention

14% higher exposure to companies that disclose the type and coverage of the individual performance appraisals used for individual performance-related compensation, provide long-term incentives (tied to an employee's performance) for employees below the senior management level (more than two management levels away from the CEO), and have a percentage of actively DC-engaged employees and have implemented a recognized and scaled approach to measuring actively engaged employees.

Human Rights

12% higher exposure to companies that meet the implementation requirements of the UN guiding principles for business and human rights.

Governance and Economics

Information Security/ Cybersecurity and System Availability

9% higher exposure to companies that have processes in place to prevent IT system interruptions, implemented policies and procedures for all employees to ensure that they are aware of threat issues and the importance of information security/cybersecurity, and have been successful in managing information security/cybersecurity risks over the past three years.

Business Ethics

8% higher exposure to companies that are not involved in any ongoing investigations related to anti-competitive practices, have a publicly available group-wide anti-corruption and bribery policy (including bribes in any form and publicly disclosing political and charitable contributions), as well as not being currently involved in any ongoing corruption and bribery cases and not having ongoing confirmed cases of corruption and bribery during the past four fiscal years.

Materiality

17% higher exposure to companies that have conducted a materiality analysis to identify the most important material issues (Environmental, Social, or Governance) for their performance including business strategies, initiatives, or products that address these issues, and long-term targets or metrics to measure their progress on these issues in a systematic way.

Performance Disclosure/Back-Tested Data

The S&P 500 Guarded Index was launched October 16, 2024. All information presented prior to an index's Launch Date is hypothetical (back-tested), not actual performance. The back-test calculations are based on the same methodology that was in effect on the index Launch Date. However, when creating back-tested history for periods of market anomalies or other periods that do not reflect the general current market environment, index methodology rules may be relaxed to capture a large enough universe of securities to simulate the target market the index is designed to measure or strategy the index is designed to capture. For example, market capitalization and liquidity thresholds may be reduced. Complete index methodology details are available at www.spglobal.com/spdji. Past performance of the Index is not an indication of future results. Back-tested performance reflects application of an index methodology and selection of index constituents with the benefit of hindsight and knowledge of factors that may have positively affected its performance, cannot account for all financial risk that may affect results and may be considered to reflect survivor/look ahead bias. Actual returns may differ significantly from, and be lower than, back-tested returns. Past performance is not an indication or guarantee of future results. Please refer to the methodology for the Index for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations. Back-tested performance is for use with institutions only; not for use with retail investors.

S&P Dow Jones Indices defines various dates to assist our clients in providing transparency. The First Value Date is the first day for which there is a calculated value (either live or back-tested) for a given index. The Base Date is the date at which the index is set to a fixed value for calculation purposes. The Launch Date designates the date when the values of an index are first considered live: index values provided for any date or time period prior to the index's Launch Date are considered back-tested. S&P Dow Jones Indices defines the Launch Date as the date by which the values of an index are known to have been released to the public, for example via the company's public website or its data feed to external parties. For Dow Jones-branded indices introduced prior to May 31, 2013, the Launch Date (which prior to May 31, 2013, was termed "Date of introduction") is set at a date upon which no further changes were permitted to be made to the index methodology, but that may have been prior to the Index's public release date.

Typically, when S&P DJI creates back-tested index data, S&P DJI uses actual historical constituent-level data (e.g., historical price, market capitalization, and corporate action data) in its calculations. As ESG investing is still in early stages of development, certain datapoints used to calculate S&P DJI's ESG indices may not be available for the entire desired period of back-tested history. The same data availability issue could be true for other indices as well. In cases when actual data is not available for all relevant historical periods, S&P DJI may employ a process of using "Backward Data Assumption" (or pulling back) of ESG data for the calculation of back-tested historical performance. "Backward Data Assumption" is a process that applies the earliest actual live data point available for an index constituent company to all prior historical instances in the index performance. For example, Backward Data Assumption inherently assumes that companies currently not involved in a specific business activity (also known as "product involvement") were never involved historically and similarly also assumes that companies currently involved in a specific business activity were involved historically too. The Backward Data Assumption allows the hypothetical back-test to be extended over more historical years than would be feasible using only actual data. For more information on "Backward Data Assumption" please refer to the FAQ. The methodology and factsheets of any index that employs backward assumption in the back-tested history will explicitly state so. The methodology will include an Appendix with a table setting forth the specific data points and relevant time period for which backward projected data was used.

Index returns shown do not represent the results of actual trading of investable assets/securities. S&P Dow Jones Indices maintains the index and calculates the index levels and performance shown or discussed but does not manage actual assets. Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the Index or investment funds that are intended to track the performance of the Index. The imposition of these fees and charges would cause actual and back-tested performance of the securities/fund to be lower than the Index performance shown. As a simple example, if an index returned 10% on a US $100,000 investment for a 12-month period (or US $10,000) and an actual asset-based fee of 1.5% was imposed at the end of the period on the investment plus accrued interest (or US $1,650), the net return would be 8.35% (or US $8,350) for the year. Over a three-year period, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.10%, a total fee of US $5,375, and a cumulative net return of 27.2% (or US $27,200).

General Disclaimer