

Frequently Asked Questions

Index Name Changes in Response to the ESMA Guidelines on Funds' Names Using ESG- or Sustainability-Related Terms¹

- 1. Who is ESMA?** The European Securities and Markets Authority (ESMA) is the EU's financial markets regulator and supervisor.
- 2. What are the ESMA Guidelines?** The [ESMA Guidelines on funds' names using environmental, social and governance \(ESG\) or sustainability-related terms](#) aim to ensure that European Undertakings for the Collective Investment in Transferable Securities (UCITS) and alternative investment funds (AIFs) present clear information on their investment products and prevent greenwashing. The Guidelines aim to improve the level of transparency around investment products, protect investors, prevent misleading claims about the sustainability credentials of funds and promote market integrity. Fund providers must provide clear and accurate information to investors and ensure consistency and reliability in ESG-related fund names. Key aspects include:
 - **Quantitative Minimum Investment Thresholds:** Funds must allocate a certain percentage of their portfolio to investments with specific ESG- and/or sustainability-related attributes and implement minimum safeguards to use ESG- or sustainability-related terms in their names;
 - **Clear Disclosure:** Funds should provide transparent information about their ESG strategies and criteria; and
 - **Avoiding Misleading Names:** Funds should ensure that fund names accurately reflect their ESG characteristics.
- 3. Who do the Guidelines apply to?** The ESMA Guidelines apply to (i) management companies of UCITS, within the meaning of the UCITS Directive,² including UCITS that have not designated such management company, (ii) alternative investment fund managers (AIFMs) within the meaning of the Alternative Investment Fund Managers Directive (AIFMD), including internally managed AIFs, (iii) the managers of European venture capital funds, European social entrepreneurship funds, European long-term

¹ ESMA (2024). [ESMA Guidelines on funds' names using ESG or sustainability-related terms](#), referred to as "the Guidelines" hereafter.

² Directive 2009/65/EC of the European Parliament and of the Council of July 13, 2009, relating to UCITS.

investment funds and money market funds and (iv) national competent authorities.

There is some uncertainty whether the Guidelines apply to (a) funds that are closed to further subscription by investors and (b) non-EU AIFMs and non-EU AIFs marketed in the EU. Finally, the Guidelines do not capture all financial products in the scope of the Sustainable Financial Disclosure Regulation.³

- 4. When do the Guidelines apply?** National competent authorities must notify ESMA by Oct. 21, 2024, whether they (i) comply, (ii) do not comply, but intend to comply, or (iii) do not comply and do not intend to comply with the Guidelines. New funds are expected to comply with the Guidelines starting Nov. 21, 2024. Existing funds are expected to comply with the Guidelines by May 21, 2025.
- 5. How do the Guidelines affect S&P DJI and its clients?** The Guidelines do not apply to indices or index providers directly. The Guidelines do impose fund design requirements (i.e., quantitative minimum investment thresholds and minimum safeguards) where specific ESG- or sustainability-related terms are used in the fund name. The Guidelines have an indirect application to S&P DJI due to the close connection between an index name and the name of a fund that is tracking such index. As of the time of publication of this FAQ, no S&P DJI index has been designed to meet the requirements of the Guidelines. Because of this, clients using a current S&P DJI ESG/sustainable index name within the name of a European investment fund may not be compliant with the Guidelines. Therefore, to meet the requirements of the Guidelines, clients have a choice to either change the name of the fund or change the investment criteria of the fund. To help our clients meet the Guidelines, S&P DJI has decided to change the index name for specific ESG/sustainable indices used with funds in the EU.
- 6. What actions will S&P DJI be taking to help our clients in response to the Guidelines?** As announced on Oct. 7, 2024, to help facilitate our clients, S&P DJI will be changing the names of some sustainability- and ESG-related indices only. As of the date of this FAQ, no other changes to S&P DJI's ESG/sustainability indices have been announced because of the Guidelines.
- 7. Which indices are changing their names?** As outlined in the index announcement published Oct. 7, 2024, 165 headline indices, spanning 12 methodologies, will change their names to accommodate index users in light of the Guidelines. Some methodology names will also be updated to reflect the new names of their corresponding indices, as announced. Please review the [Index Announcement](#) for more details. Exhibit 1 provides the new names for the four headline indices that have been announced.

³ Regulation (EU) 2019/2088 of the European Parliament and of the Council of Nov. 27, 2019, on sustainability-related disclosures in the financial services sector.

Exhibit 1: Examples of Headline Index Name Changes

Current Index Name	New Index Name
S&P 500® ESG Index	S&P 500 Scored & Screened Index
S&P 500 ESG+ Index	S&P 500 Scored & Screened+ Index
S&P 500 ESG Leaders Index	S&P 500 Scored & Screened Leaders Index
S&P 500 Equal Weight ESG Index	S&P 500 Equal Weight Scored & Screened Index
S&P 500 Equal Weight ESG Leaders Select Index	S&P 500 Equal Weight Scored & Screened Leaders Select Index
Dow Jones Sustainability World Index	Dow Jones Best-in-Class World Index
S&P Global Clean Energy Index	S&P Global Clean Energy Transition Index

Source: S&P Dow Jones Indices LLC. Data as of Oct. 7, 2024. Table is provided for illustrative purposes.

- 8. When are the index name changes effective?** The index name changes announced on Tuesday, Oct. 7, 2024, will be effective before open on Monday Feb. 10, 2025. For more information, please refer to the [Index Announcement](#).
- 9. Why is S&P DJI changing index names despite the Guidelines not directly applying to index providers?** The planned name changes reflect S&P DJI's efforts to support clients during their transition to aligning with the Guidelines. Indeed, while the Guidelines do not require index name or index methodology changes, they do require changes to some index-user investment products.
- 10. Do the index name changes apply only to indices used in the EU?** Yes, the overall approach to the name changes announced on Oct. 7, 2024, is aimed to be as limited in scope as possible to avoid unnecessary disruption to index users not impacted by the Guidelines. However, the approach is also intended to be simple and consistent across index families. To this effect, the strategy adopted to rename indices used for relevant investment products in the EU will also result in a change of index names for all other indices in the same methodologies,⁴ even though those indices may not be used in the EU and may be used by non-EU-domiciled investment products.
- 11. Did S&P DJI consider any other alternatives?** One of the questions S&P DJI asked market participants in the survey conducted in August 2024 was whether users would be supportive of having the same index (same index identifiers and data files) exist under different names and marketed differently in different jurisdictions. The overwhelming feedback from respondents was that there was no interest in having the same index exist under different names. In addition, the survey asked whether S&P DJI needed to take any action (i.e., to change neither index names nor index methodologies). Some respondents were supportive of maintaining current index names. However, given the current market practice for passive tracking investment

⁴ This excludes the S&P Thematic Indices Methodology, which contains the S&P Global Clean Energy Index. Only this index in the methodology will see its name changed.

funds to use an index name as part or all of the fund name, S&P DJI believes that it is prudent to change the names of specific indices that are used in the EU with relevant funds.

12. What resources on S&P DJI's approach to the ESMA Guidelines are available for clients?

- The official announcement and file of impacted indices are available.
- External FAQs are available to clients.
- Clients have access to supporting analysis resources that were posted to the S&P DJI Client Resource Center (CRC) during the Customer Engagement Survey in August 2024. These resources are in the "Supplemental Analysis: Index Classifications and EU Paris-Aligned Benchmark Fossil Fuel Screens" section of the "S&P DJI Index Data" page of the CRC. The supplemental analysis highlights the hypothetical impact of incorporating the EU Paris-Aligned Benchmark (PAB) fossil fuel screens on several indices.
- The Product teams are also available to discuss any specific issues or concerns with clients.

13. Do you expect any further index changes in response to the Guidelines? S&P DJI continues to closely monitor and assess how the ESMA fund-naming guidelines might impact other indices that are not currently covered in this renaming process. Any related actions or changes would be announced in accordance to the [S&P DJI Equity Policies and Practices](#).

14. Which index asset classes are covered by the announced index name changes?

The index name changes are applicable to S&P DJI equity indices only. Any changes to S&P DJI's fixed income indices as a consequence of the Guidelines will be communicated in due course.

Index Name Changes

15. How were the names chosen? In keeping with S&P DJI's standard index-naming framework, the guiding principles are to ensure that each index name is appropriate, simple, consistent across index families, clear, logical and not misleading, and that they incorporate client feedback (where possible) and minimize disruption. Exhibit 2 provides additional rationale for index-specific decisions.

Exhibit 2: Index Name Change Explanations and Rationales

Proposed Index Name	Name Change Rationale
S&P 500 Scored & Screened Index	The new name is consistent with the index's methodology, which uses ESG scores (Scored), specific business activities and United Nations Global Compact (UNGC) violation screens (Screens) in its index construction and maintenance processes. Furthermore, the name does not use any additional qualifying terms such as "Leaders" or "Elite" to suggest a higher sustainability or ESG eligibility threshold. To help maintain clarity, the name describes in precise and objective terms what the index seeks to achieve.
Dow Jones Best-in-Class World Index	"Best-in-class" reflects the objective of the index, which selects constituents based on their exceptional performance against ESG criteria reflected in S&P Global's Corporate Sustainability Assessment (CSA). The index methodology selects constituents that are best-in-class, meaning the top 20% of constituents in CSA industries based on their S&P Global CSA Score. Best-in-class is an established term in investing (sustainable or otherwise) and the sustainability market and is aligned with how the Dow Jones Sustainability Indices have been marketed for the past 25+ years. While the new name omits a specific reference to sustainability, it represents the index methodology.
S&P Global Clean Energy Transition Index	The inclusion of "Transition" in the index name has been made to enhance the existing focus of the index on clean energy-related business activities, which are essential to the global energy transition required to mitigate global warming. Transition products under the Guidelines are expected to use the EU Climate Transition Benchmark (CTB) screens, which this index already incorporates.

Source: S&P Dow Jones Indices LLC. Data as of Oct. 7, 2024. Table is provided for illustrative purposes.

16. What are the next steps? Between now and the index name change effective date (Feb. 10, 2025) S&P DJI will update all of its relevant materials (e.g., index webpages, factsheets, index methodology documents, regulatory databases, client data files, third-party vendor platforms and files, etc.). Going forward, indices will see their new names used in Thought Leadership, marketing content and regulatory disclosures. All Thought Leadership and marketing materials published prior to Oct. 7, 2024, will not be updated to reflect the new index names.

17. Does the change to index names alter the way S&P DJI will position or market the indices? No, S&P DJI still considers all the renamed indices to be sustainability indices, and most (with the exception of the S&P Global Clean Energy Index) are also considered ESG indices.⁵ As highlighted earlier, S&P DJI's index-naming framework seeks to ensure that each index name accurately and clearly reflects the index objective. To this end, the indices will continue to be marketed on the S&P DJI website under the Sustainability investment theme. Therefore, the indices that are changing names will be positioned and marketed in index peer groups alongside other ESG and sustainability-related indices that are not subject to name changes.

18. Are any indices changing methodology? No. As outlined previously, following our market survey, respondents were not in favor of methodology changes. For more information, please refer to the [Index Announcement](#).

⁵ S&P DJI views all ESG and climate-themed indices, alongside sustainability-related thematic indices, as sustainability indices. ESG indices are a subset of this parent sustainability indices group.

19. Will all ESG and sustainability indices see their names change? No. ESG and sustainability indices used exclusively by clients outside of Europe will not be affected by the name changes.

20. Why don't the Guidelines impact other S&P DJI ESG- or sustainability-related indices? The Guidelines only impact EU funds that use ESG and sustainability terms in the name of the fund. S&P DJI has decided to change the name of a subset of ESG/sustainability indices used in the EU to help facilitate our clients. Other S&P DJI ESG/sustainability indices either do not fall within the scope of the ESMA Guidelines, or they already meet the Guidelines' requirements.⁶

21. Who do I contact if I have further questions? For any questions regarding the announced index name changes, or anything else discussed in this FAQ document, please contact index_services@spglobal.com.

The ESMA Guidelines

22. How do the Guidelines classify product types? The Guidelines specify the following ESG/sustainable fund classifications: Sustainable, ESG, Environmental, Social, Governance, Transitional and Impact funds.⁷

23. Does S&P DJI classify its indices into the classifications set out in the Guidelines? The Guidelines apply to investment fund providers and not to index providers. Therefore, as an index provider, S&P DJI does not classify its indices into the Guidelines' classifications.

24. What are the minimum requirements for each classification? With some fund classifications sharing the same fund design requirements, each fund classification can be summarized into five sets of combined fund design requirements, as outlined in Exhibit 3.

⁶ These are predominantly S&P DJI's EU CTB and EU PAB indices, but also include select sustainability indices. See the [Index Classifications and EU Paris-Aligned Benchmark Fossil Fuel Screens Analysis – Equity](#) file in the S&P DJI Client Resource Center for the Guidelines compliance status assigned to all headline equity sustainability indices (as of June 2024).

⁷ See Section 5.1: Explanations of Key Terms under these Guidelines for additional context.

Exhibit 3: Quantitative Requirements for Each Guideline's Naming Category

ESMA ESG/Sustainability Fund Naming Guidelines Element	Sustainable	ESG or Environmental	Social or Governance	Transitional	Impact
The fund shall allocate a minimum proportion of 80% of investments to meet the ESG-/sustainability-related characteristics or objectives. ⁸	✓	✓	✓	✓	✓
Comply with the exclusions required for EU CTBs ⁹ or EU PABs. ¹⁰	EU PAB	EU PAB	EU CTB	EU CTB	Dependent on name focus ¹¹
Invest "meaningfully" in sustainable investments, as defined under the EU Sustainable Finance Disclosure Regulation (SFDR). ¹²	✓	-	-	-	-
Invest with the intention to generate positive, measurable social or environmental impact alongside a financial return, or are on a clear and measurable path to social or environmental transition.	-	-	-	-	✓

Source: S&P Dow Jones Indices LLC. Data as of Oct. 7, 2024. Table is provided for illustrative purposes.

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⁸ If a fund has any ESG- or Sustainability-related words in its name, a minimum proportion of at least 80% of its investments should be used to meet the environmental or social characteristics or sustainable investment objectives in accordance with the binding elements of the investment strategy, as disclosed in Annexes II and III of SFDR Delegated Regulation ([Commission Delegated Regulation \(EU\) 2022/1288](#)).

⁹ Article 12(1)a-c and Article 12(2) of [Commission Delegated Regulation \(EU\) 2020/1818](#).

¹⁰ Defined here as only Article 12(1)d-g of [Commission Delegated Regulation \(EU\) 2020/1818](#). Exclusions under Article 12(1)a-c and Article 12(2) of Commission Delegated Regulation (EU) 2020/1818 (the EU CTB Exclusions) are also required for EU PABs.

¹¹ Exclusions required will depend on whether the impact targeted is environmentally (EU PAB exclusions) or socially (EU CTB exclusions) focused.

¹² While the term "meaningful" is not defined, ESMA had previously proposed in the initial 2022 consultation paper a minimum threshold of 50% sustainable investments, but this was revised (assumably downwards). For more information on the EU SFDR, see [Commission Delegated Regulation \(EU\) 2022/1288](#).

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