

## Dow Jones Select Green Real Estate Securities Indices Consultation on Business Activity Exclusions

**NEW YORK, JULY 27, 2021:** S&P Dow Jones Indices (“S&P DJI”) is conducting a consultation with market participants on potential changes to the Dow Jones Select Green Real Estate Securities Indices (“RESI”). The indices consist of the Dow Jones Global Select Green RESI, Dow Jones Global Ex-U.S. Select Green RESI, and Dow Jones U.S. Select Green REIT Index.

In order to align the index methodology with market practice, S&P DJI is considering subjecting the indices to additional exclusion criteria based on Sustainalytics Product Involvement data. The exclusions cover Controversial Weapons, Tobacco Products, Fossil Fuel, Gambling, Adult Entertainment and Alcohol involvement areas. Details of the additional exclusions are described in the table below. Under this proposal, companies with these business activities<sup>1</sup> as of each rebalancing reference date would be ineligible for index inclusion.

Product Involvement Area	Category of Involvement	Sustainalytics Involvement Proxy	S&P DJI Level of Involvement Threshold
Controversial Weapons	Controversial Weapons: Tailor Made and Essential	NA	>0%
	Controversial Weapons: Tailor Made or Non-Essential		>0%
	Controversial Weapons: Significant Ownership (Tailormade and Essential)		≥10%
	Controversial Weapons: Significant Ownership (Non Tailormade and Non-Essential)		≥10%
Tobacco Products	Tobacco Products: Production	Revenue	>0%
	Tobacco Products: Related Products/Services		≥5%
	Tobacco Products: Retail		≥5%
	Tobacco Products: Significant ownership (Production)		≥10%
	Tobacco Products: Significant ownership (Related Products/Services)		≥10%
	Tobacco Products: Significant ownership (Retail)		≥10%
Fossil Fuel	Thermal Coal: Extraction	Revenue	>0%
	Thermal Coal: Power Generation		>0%
	Oil Sands: Extraction		>0%
	Shale Energy: Extraction		>0%
	Arctic Oil & Gas Exploration: Extraction		>0%
	Oil & Gas: Production		>0%
	Oil & Gas: Generation		>0%
	Oil & Gas: Supporting Products/Services		≥10%
Gambling	Gambling: Operations	Revenue	≥5%
	Gambling: Specialized Equipment		≥10%
	Gambling: Supporting Products/Services		≥10%
Adult Entertainment	Adult Entertainment: Production	Revenue	>0%
	Adult Entertainment: Distribution		≥5%
Alcohol	Alcoholic Beverages: Production	Revenue	≥5%
	Alcoholic Beverages: Retail		≥10%
	Alcoholic Beverages: Related Products/Services		≥10%

S&P DJI Level of Involvement Threshold refers to the company’s direct exposure to such products, while Significant Ownership indicates where the company has indirect involvement via some specified level of ownership of a subsidiary company with involvement.

<sup>1</sup> As determined by Sustainalytics. Please refer to [www.sustainalytics.com](http://www.sustainalytics.com) for more information.

For more information on the Dow Jones Select Green RESI Indices, please refer to the Dow Jones Select Green Real Estate Securities Indices Methodology available [here](#).

## IMPACT ANALYSIS

The table below shows the actual stock count as well as the hypothetical number of excluded stocks (and associated index weight) that would have resulted if the proposed additional exclusion criteria described above had been in effect at the respective rebalancing.

Rebalancing Date	Dow Jones Global Select Green RESI			Dow Jones Global Ex-U.S. Select Green RESI			Dow Jones U.S. Select Green REIT		
	Actual Stock Count	Hypothetical Excluded Stocks Number	Weight	Actual Stock Count	Hypothetical Excluded Stocks Number	Weight	Actual Stock Count	Hypothetical Excluded Stocks Number	Weight
12/31/2014	206	1	2.63%	118	0	0	88	1	4.51%
3/31/2015	207	1	2.29%	118	0	0	89	1	3.91%
6/30/2015	209	1	2.33%	119	0	0	90	1	4.10%
9/30/2015	212	1	2.06%	117	0	0	95	1	3.50%
12/31/2015	216	1	1.90%	118	0	0	98	1	3.08%
3/31/2016	216	1	1.98%	120	0	0	96	1	3.22%
6/30/2016	217	1	1.93%	118	0	0	99	1	3.00%
9/30/2016	217	1	1.88%	117	0	0	100	1	2.90%
12/30/2016	220	1	2.34%	118	0	0	102	1	3.53%
3/31/2017	211	1	2.20%	106	0	0	105	1	3.46%
6/30/2017	215	1	2.19%	109	0	0	106	1	3.50%
9/29/2017	213	1	2.14%	111	0	0	102	1	3.41%
12/29/2017	212	1	2.36%	111	0	0	101	1	3.75%
3/30/2018	213	1	2.35%	112	0	0	101	1	3.87%
6/29/2018	214	1	2.56%	113	0	0	101	1	4.20%
9/28/2018	211	1	2.52%	113	0	0	98	1	4.10%
12/31/2018	210	1	2.24%	113	0	0	97	1	3.84%
3/29/2019	213	1	2.31%	118	0	0	95	1	3.93%
6/28/2019	213	1	2.14%	118	0	0	95	1	3.63%
9/30/2019	215	1	1.97%	121	0	0	94	1	3.32%
12/31/2019	219	1	1.83%	125	0	0	94	1	3.04%
3/31/2020	217	1	0.53%	124	0	0	93	1	0.98%
6/30/2020	255	2	0.64%	139	1	0.29%	116	1	0.90%
9/30/2020	258	2	0.54%	143	1	0.27%	115	1	0.74%
12/31/2020	255	2	0.66%	140	1	0.27%	115	1	1.00%
3/31/2021	255	2	0.72%	141	1	0.25%	114	1	1.08%
6/30/2021	256	2	0.73%	141	1	0.28%	115	1	1.07%

## IMPLEMENTATION TIMING

S&P DJI is proposing to implement the previously described changes, if adopted, in conjunction with the upcoming index rebalancing, which takes effect prior to the market open on Friday, October 1, 2021. If adopted, the changes will first be visible to clients beginning on Thursday, September 23, 2021.

## QUESTIONS

Please answer the following questions and provide S&P DJI with the reasoning behind your answers:

1. Do you agree with the proposal to implement the business activity exclusion criteria as described above? If not, please explain your reasoning in question 3.
2. Should the proposed methodology changes be adopted, do you agree with the proposed implementation date?
3. Do you have any other comments or feedback regarding the proposed changes outlined above?

## CONSULTATION

Your participation in this consultation is important as we gather information from various market participants in order to properly evaluate your views and preferences. Please respond to this survey by **August 25, 2021**. After this date, S&P DJI will no longer accept survey responses. Prior to the Index Committee's final review, S&P DJI may request clarifications from respondents as part of that review.

To participate in this consultation, please visit the online survey available [here](#).

For further information about this consultation, please contact S&P Dow Jones Indices at [SPDJI\\_Index\\_Governance@spglobal.com](mailto:SPDJI_Index_Governance@spglobal.com).

*Please be advised that all comments from this consultation will be reviewed and considered before a final decision is made; however, S&P DJI makes no guarantees or is under any obligation to comply with any of the responses. The survey may result in no changes or outcome of any kind. If S&P DJI decides to change the index methodology, an announcement will be posted on our website.*

Thank you for taking the time to complete this survey.

For more information about S&P Dow Jones Indices, please visit [www.spdji.com](http://www.spdji.com).

## ABOUT S&P DOW JONES INDICES

S&P Dow Jones Indices is the largest global resource for essential index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500<sup>®</sup> and the Dow Jones Industrial Average<sup>®</sup>. More assets are invested in products based on our indices than products based on indices from any other provider in the world. Since Charles Dow invented the first index in 1884, S&P DJI has been innovating and developing indices across the spectrum of asset classes helping to define the way investors measure and trade the markets.

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### FOR MORE INFORMATION:

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