

S&P France 40 Paris-Aligned Transition ESG Index Consultation on Eligibility Requirements

AMSTERDAM, NOVEMBER 17, 2022: S&P Dow Jones Indices (“S&P DJI”) is conducting a consultation with market participants on potential changes to the S&P France 40 Paris-Aligned Transition ESG Index.

In order to better align with the index objective, S&P DJI is proposing to make changes to the eligibility requirements and index construction constraints used in this index. The proposed changes are detailed below and on the following pages.

Eligibility Requirements

S&P DJI is proposing to exclude any company that does not have coverage for Sustainalytics Risk Rating and Trucost Climate data (Transition Pathway, GHG Emissions (Scope 1, 2 and 3), High Climate Impact Sector Revenue or Fossil Fuel Reserves).

| Methodology | |
|--|---|
| Current | Proposed |
| If a company does not have an Sustainalytics ESG Risk Rating, it is assigned the underlying index waESG. | If a company does not have an Sustainalytics ESG Risk Rating, it will be excluded. |
| – | If a company does not have Trucost data related to Transition Pathway, GHG Emissions (Scope 1, 2 and 3), High Climate Impact Sector Revenue or Fossil Fuel Reserves, it will be excluded. |

Exclusions Based on Business Activities

S&P DJI is considering introducing additional and revised exclusions based on a company’s involvement in certain defined business activities. The additional exclusions cover Controversial Weapons, Small Arms, and Military Contracting. The revised exclusion covers Tobacco retail. These changes are being considered following feedback about our current exclusions. The table below and on the following page details the proposed changes:

| Category of Involvement | Current | Proposed |
|---|---------|--|
| Controversial Weapons: Non-Tailor made or Non-Essential: The company provides components/services for the core weapon system, which are either not considered tailor-made or not essential to the lethal use of the weapon. | -- | Level of Involvement Threshold: >0% Significant Ownership Threshold: ≥25% |
| Small Arms: Civilian Customers (Assault Weapons): The company manufactures and sells assault weapons to civilian customers. | -- | Level of Involvement Threshold: >0% Significant Ownership Threshold: ≥25% |
| Small Arms: Civilian Customers (Non-Assault weapons): The company manufactures and sells small arms (non-assault weapons) to civilian customers | -- | Level of Involvement Threshold: >0% Significant Ownership Threshold: ≥25% |
| Small Arms: Key Components: The company manufactures and sells key components of small arms. | -- | Level of Involvement Threshold: >0% Significant Ownership Threshold: ≥25% |

| Category of Involvement | Current | Proposed |
|---|--|--|
| Small Arms: Retail/distribution (Assault weapons): The company is involved in the retail and/or distribution of assault weapons. | -- | Level of Involvement Threshold: >0% Significant Ownership Threshold: ≥25% |
| Small Arms: Retail/distribution (Non-Assault weapons): The company is involved in the retail and/or distribution of small arms (Non-assault weapons). | -- | Level of Involvement Threshold: >0% Significant Ownership Threshold: ≥25% |
| Small Arms: Military/Law Enforcement Customers: The company manufactures and sells small arms to military/law enforcement. | -- | Level of Involvement Threshold: >0% Significant Ownership Threshold: ≥25% |
| Military Contracting: Weapons: The company manufactures military weapon systems and/or integral, tailor-made components of these weapons. | -- | Level of Involvement Threshold: ≥0% Significant Ownership Threshold: ≥25% |
| Military Contracting: Weapon Related Products and/or Services: The company provides tailor-made products and/or services that support military weapons. | -- | Level of Involvement Threshold: ≥5% Significant Ownership Threshold: N/A |
| Tobacco: Retail: The company derives revenue from the distribution and/or retail sale of tobacco products. | Level of Involvement Threshold: ≥10% Significant Ownership Threshold: N/A | Level of Involvement Threshold: ≥5% Significant Ownership Threshold: N/A |

IMPACT ANALYSIS

There is no impact to current constituents.

IMPLEMENTATION TIMING

S&P DJI is proposing to implement the previously described methodology changes, if adopted, in conjunction with the upcoming rebalancing, which takes effect prior to the market open on **Monday, January 2, 2023**. If adopted, the changes will first be visible to clients beginning on **Thursday, December 22, 2022**.

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 update the Eligibility Requirements as detailed above?
2. Do you agree with the proposal to update the Exclusions Based on Business Activities for the S&P France 40 Paris-Aligned Transition ESG Index?
3. If any of the proposed changes are adopted, do you agree with the proposed implementation date?
4. Do you have any other comments or feedback regarding the proposed changes outlined above?

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 **November 28, 2022**. 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.

CONSULTATION

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.spglobal.com/spdji.

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® and the Dow Jones Industrial Average®. 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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