

S&P 500 Net Zero 2050 Paris-Aligned Sustainability Screened Index Consultation on Eligibility Requirements and Constraints – Results (Updated)

AMSTERDAM, FEBRUARY 10, 2023: S&P Dow Jones Indices (“S&P DJI”) has conducted a [consultation](#) with market participants on potential changes to the S&P 500 Net Zero 2050 Paris-Aligned Sustainability Screened Index.

S&P DJI will make changes to the eligibility requirements and index construction constraints used in these indices. The changes are detailed below.

Index Construction Constraints

S&P DJI will replace the S&P DJI Environmental Score Constraint with an overall S&P DJI ESG Score Constraint. This change will help ensure the index continues to meet climate objectives without impacting other Social or Governance objectives. In addition, the constraint will also be amended to reflect an improvement on the weighted average ESG score of eligible members of the underlying index after 20% of the worst performing members (by weight) are removed.

Methodology	
Previous	Updated
Weighted-average S&P DJI Environmental Score (waE) \geq of eligible waE + (20% \times (max E score in eligible - eligible waE))	Weighted-average S&P DJI ESG Score (waESG) \geq of eligible waESG if 20% of the worst performing companies by weight are removed and weight redistributed. ¹

Exclusions Based on Business Activities

S&P DJI will introduce additional exclusions based on a company’s involvement in certain defined business activities. The additional exclusions cover Small Arms and Military Contracting. In addition, Significant Ownership exclusions will no longer be applied for categories where the Direct Level of Involvement Threshold is non-zero. The table below details the changes:

Category of Involvement	Previous	Updated
Small Arms: Military/Law Enforcement Customers	—	Level of Involvement Threshold: >0%
Military Contracting: Weapons ²	—	Level of Involvement Threshold: \geq5%
Military Contracting: Weapon Related Products and/or Services	—	Level of Involvement Threshold: \geq5%
Tobacco: Related Products/Services	Significant Ownership Threshold: \geq25%	—
Tobacco: Retail	Significant Ownership Threshold: \geq25%	—

IMPACT ANALYSIS

Additional analysis reflecting the theoretical historical impact of the change is available [here](#).

¹ Companies without an S&P DJI ESG Score are excluded from the waESG calculation

² This category includes companies which manufacture and distribute the weapons they produce.

IMPLEMENTATION TIMING

S&P DJI will implement the previously described methodology changes in conjunction with the Q2 2023 rebalancing, which takes effect prior to the market open on **Monday, July 3, 2023**. The changes will first be visible to clients beginning on **Friday, June 23, 2023**.

Please note that the methodology on S&P DJI's website is being updated to reflect these changes.

For more information about S&P Dow Jones Indices, please visit www.spglobal.com/spdji.

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