

MAC Global Solar Index Consultation on the Addition of New Business Involvement Screens and Changes to the Governance Score Screen – Updated

AMSTERDAM, APRIL 13, 2023: S&P DJI Netherlands B.V., a wholly owned subsidiary of S&P Dow Jones Indices LLC., (“S&P Dow Jones Indices” or “S&P DJI”) is the benchmark administrator for the MAC Global Solar Index. MAC Global Solar Index is owned by MAC Solar.

S&P DJI is conducting a consultation with market participants on potential changes to the MAC Global Solar Index. The potential changes will include adding Business Involvement Screens and modifying the current S&P Governance Score Screen.

Adding Business Involvement Screens

The Business Involvement Screen will exclude (1) any companies with more than zero direct dollar revenue exposure to specific business involvement categories, or (2) companies that own 20% or more of a subsidiary company that itself has more than zero-dollar revenue exposure to these specific business involvement category as detailed in the below table. Any stock that does not have Business Involvement Screen coverage data will be included in the Index if it otherwise qualifies. The S&P Business Involvement Screens shall be applied only at quarterly rebalances, not at the annual reconstitution of the Solar Stock Universe List. The proposed Business Involvement Screens are detailed in the table below:

Exclusion Type	S&P Global Involvement Type	Direct Revenue Threshold (percent of total company revenue)	Indirect Ownership Threshold
Consumer Products & Services	Adult Entertainment (Production; Retail and Distribution)	> 0%	>= 20%
	Alcohol (Production; Related Products and Services; Retail and Distribution)	> 0%	>= 20%
	Gambling (Specialized Equipment; Operations; Supporting Products and Services)	> 0%	>= 20%
	Tobacco (Production; Related Products and Services; Retail and Distribution)	> 0%	>= 20%
Defense & Weapons	Anti-Personnel Mines (Customized Weapons; Related Products and Services)	> 0%	>= 20%
	Biological and Chemical Weapons (Customized Weapons; Related Products and Services)	> 0%	>= 20%
	Blinding Laser Weapons (Customized Weapons; Related Products and Services)	> 0%	>= 20%
	Cluster Munitions (Customized Weapons; Related Products and Services)	> 0%	>= 20%
	Depleted Uranium (Customized Weapons; Related Products and Services)	> 0%	>= 20%
	Incendiary Weapons	> 0%	>= 20%
	Military Contracting - Integral Military Weapons	> 0%	>= 20%
	Military Contracting - Weapons Related	> 0%	>= 20%
	Nuclear Weapons (Customized Weapons; Related Products and Services)	> 0%	>= 20%
	Small Arms (Production of Small Arms Weapons for Non-Civilian Use; Retail and Distribution of Small Arms Weapons; Production of Key Components; Production of Small Arms Weapons for Civilian Use)	> 0%	>= 20%

Exclusion Type	S&P Global Involvement Type	Direct Revenue Threshold (percent of total company revenue)	Indirect Ownership Threshold
Energy & Fossil Fuels	Artic Drilling (Extraction and/or Production)	> 0%	>= 20%
	Coal (Metallurgical Coal Mining; Thermal Coal Mining; Manufacturing Coal Products)	> 0%	>= 20%
	Nuclear (Transmission and Distribution; Generation; Supporting Products and Services)	> 0%	>= 20%
	Oil Sands or Tar Sands (Extraction and/or Production)	> 0%	>= 20%
	Shale Oil and Gas (Extraction and/or Production)	> 0%	>= 20%
	Thermal Coal (Transmission and Distribution; Generation; Supporting Products and Services)	greater than 0%	>= 20%
	Ultra Deep Sea Drilling (Extraction and/or Production)	greater than 0%	>= 20%

Modifying S&P Governance Score Screen

Per the current methodology, “At the annual reconstitution of the Solar Stock Universe List, stocks with an S&P Global Governance & Economic Score of zero as of the April 30 reference date shall be excluded from the Solar Stock Universe List and therefore cannot qualify for inclusion in the index. If a stock is not covered by S&P Global and does not have a S&P Global Governance & Economic score, that stock shall be included in the Solar Stock Universe List and therefore qualifies for inclusion in the index, provided the stock meets the eligibility criteria detailed above. Any IPOs or other stocks that may qualify to be added to the Solar Stock Universe List at the quarterly index rebalance shall be included in the Solar Stock Universe List if the stock does not have an S&P Global Governance and Economic score but shall be excluded from the Solar Stock Universe List if the stock has a current S&P Global Governance & Economic score of zero.”

The changes to the S&P Governance Score Screen will include raising the minimum to 5.00 from zero and a mandatory score requirement. Any stock with an S&P Governance Score of less than 5.00, or no S&P Governance score coverage, will be excluded from the Index. The frequency of this screen will change to quarterly rebalance from annual reconstitution of Solar Stock Universe List.

Proposed Change	Current	Methodology	Proposed
Eligibility Criteria: Governance Screen	At the annual reconstitution of the Solar Stock Universe List, stocks with an S&P Global Governance & Economic Score of zero as of the April 30 reference date shall be excluded from the Solar Stock Universe List and therefore cannot qualify for inclusion in the index. If a stock is not covered by S&P Global and does not have a S&P Global Governance & Economic score, that stock shall be included in the Solar Stock Universe List and therefore qualifies for inclusion in the index, provided the stock meets the eligibility criteria detailed above. Any IPOs or other stocks that may qualify to be added to the Solar Stock Universe List at the quarterly index rebalance shall be included in the Solar Stock Universe List if the stock does not have an S&P Global Governance and Economic score but shall be excluded from the Solar Stock Universe List if the stock has a current S&P Global Governance & Economic score of zero.		At each quarterly rebalance, stocks with an S&P Global Governance & Economic Score of less than 5.00 as of the quarterly Data Reference Date shall be excluded or dropped from the Index, whether that is an existing constituent or a stock that is being considered at the quarterly rebalance as a new addition to the Index. Any stock that does not have an S&P Global Governance & Economic Score due to lack of coverage by S&P Global shall be excluded or dropped from the Index until that Score becomes available. Any IPOs or other stocks that may qualify to be added to the Solar Stock Universe List at the quarterly rebalance shall not be added to the Index as a constituent if the stock does not have an S&P Global Governance and Economic score, or if the stock has a current S&P Global Governance & Economic score of less than 5.00. The screen for the S&P Global Governance & Economic Score shall be applied only at quarterly rebalances, not at the annual reconstitution of the Solar Stock Universe List.

IMPACT ANALYSIS

S&P DJI conducted a hypothetical impact analysis of the proposed changes for the March 2023 reconstitution and determined there was no impact on the reconstitution results compared to the actual results using current methodology rules.

CONSULTATION

IMPLEMENTATION TIMING

S&P DJI is proposing to add the Business Involvement Screen and modify the S&P Governance Score Screen, if adopted, effective prior to the open on **Thursday, June 1, 2023**.

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 add the Business Involvement Screens as shown in the table above?**
2. **Do you agree with the proposal to change the S&P Governance Score Screen?**
3. **Should any of the proposed changes be adopted, do you agree with S&P DJI's proposal to implement the changes effective prior to the open of Thursday, June 1, 2023.**
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 **April 24, 2023**. 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.

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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FOR MORE INFORMATION:

S&P Dow Jones Indices
index_services@spglobal.com

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