

S&P Sustainability Enhanced Indices Consultation

AMSTERDAM, DECEMBER 20, 2024: S&P Dow Jones Indices (“S&P DJI”) is conducting a consultation with market participants on potential changes to the S&P World Sustainability Enhanced Indices included in the S&P Sustainability Enhanced Indices methodology.

In order to reduce the indices’ tracking error relative to the respective underlying index universe, S&P DJI is proposing to remove the exclusions based on S&P Global Environmental Score and Revenue Thresholds in Fossil Fuel Power Generation. Additionally, S&P DJI will change the Optimization Constraints to remove the Weighted-average S&P Global Environmental Score constraint and modify the Weighted-average S&P Global ESG Score constraint. More details on the proposals are below.

Eligibility Requirements

	Current	Proposed						
Exclusions based on S&P Global ESG and Environmental Scores	At each rebalancing, exclude companies without an S&P Global ESG Score or S&P Global Environmental Score.	At each rebalancing, exclude companies without an S&P Global ESG Score.						
	Any company with an S&P Global Environmental Score ranking in the lowest 5% (by count) of Environmental Scores in each index universe.	--						
Exclusions Based on Revenue Thresholds in Fossil Fuel Power Generation	As of each rebalancing reference date, exclude the following: <ul style="list-style-type: none"> companies without coverage companies where the sum of a company’s revenue derived from the relevant Trucost sectors breaches the revenue thresholds: 	--						
	<table border="1"> <thead> <tr> <th>Exclusion Type</th> <th>Trucost Revenue Sectors</th> <th>Revenue Threshold</th> </tr> </thead> <tbody> <tr> <td>Power Generation</td> <td>Petroleum Power Generation Natural Gas Power Generation</td> <td>≥ 30%</td> </tr> </tbody> </table>	Exclusion Type	Trucost Revenue Sectors	Revenue Threshold	Power Generation	Petroleum Power Generation Natural Gas Power Generation	≥ 30%	
	Exclusion Type	Trucost Revenue Sectors	Revenue Threshold					
Power Generation	Petroleum Power Generation Natural Gas Power Generation	≥ 30%						

Optimization Constraints

Constraint	Current	Proposed
Weighted-average S&P Global ESG Score (waESG)	≥ min(110% x underlying index waESG*, ESG Score ceiling**)	≥ min(underlying index waESG*)
Weighted-average S&P Global Environmental Score (waE)	≥ min(110% x underlying index waE***, Environmental Score ceiling****)	--

* Stocks without an S&P Global ESG Score are excluded from the waESG calculation.

** ESG Score ceiling is defined as the eligible universe waESG after 50% by index market capitalization (IMC) weight of the lowest S&P Global ESG scoring stocks are removed and the weight redistributed.

*** Stocks without an S&P Global Environmental Score are excluded from the waE calculation.

**** Environmental Score ceiling is defined as the eligible universe waE after 50%, by IMC weight, of the lowest S&P Global Environmental scoring stocks are removed and the removed weight redistributed.

IMPACTED INDICES

Index Name	Index Code
S&P World Sustainability Enhanced Communication Services Index (USD)	SPDSECUP
S&P World Sustainability Enhanced Consumer Discretionary Index (USD)	SPDSEDUP
S&P World Sustainability Enhanced Energy Index (USD)	SPDSEEUP
S&P World Sustainability Enhanced Financials Index (USD)	SPDSEFUP
S&P World Sustainability Enhanced Health Care Index (USD)	SPDSEHUP
S&P World Sustainability Enhanced Industrials Index (USD)	SPDSEIUP
S&P World Sustainability Enhanced Materials Index (USD)	SPDSEMUP
S&P World Sustainability Enhanced Real Estate Index (USD)	SPDSEUP
S&P World Sustainability Enhanced Consumer Staples Index (USD)	SPDSESUP
S&P World Sustainability Enhanced Information Technology Index (USD)	SPDSETUP
S&P World Sustainability Enhanced Utilities Index (USD)	SPDSEUUP
S&P World Sustainability Enhanced Banks Index (USD)	SPDSEBUP

IMPACT ANALYSIS

An impact analysis on the proposed changes is available [here](#).

Additional data and analysis may be made available in the Client Resource Center www.spglobal.com/spdji/en/client-services/, which may be updated from time to time throughout the consultation without notice. Additional data and analysis may also be made available upon request.

IMPLEMENTATION TIMING

S&P DJI is proposing to implement the previously described methodology changes, if adopted, in conjunction with the next rebalance which will take effect prior to the market open on **Thursday, May 1, 2025**. If adopted, the changes will first be visible to clients in pro-forma files beginning on **Wednesday, April 23, 2025**.

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 remove the exclusion based on S&P Global Environmental Score?**
- 2. Do you agree with the proposal to remove the exclusion based on Revenue Thresholds in Fossil Fuel Power Generation?**
- 3. Do you agree with the proposal to change the Optimization Constraints?**
- 4. If any of the proposed changes are adopted, do you agree with the proposed implementation date?**
- 5. Do you have any other comments or feedback regarding the proposed changes outlined above?**

Participation in this consultation is important as S&P DJI gathers information from various market participants to properly evaluate the market participants' views and preferences. Please respond to this survey by **Friday, January 3, 2025**, as S&P DJI does not accept responses post the survey closure date. 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](#).

CONSULTATION

Please be advised that S&P DJI reviews and considers all feedback before a final decision is made. However, S&P DJI makes no guarantees and is under no 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, the change(s) will be announced to clients and posted on the S&P DJI website with prior notice ahead of the effective date.

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.

S&P Dow Jones Indices is a division of S&P Global (NYSE: SPGI), which provides essential intelligence for individuals, companies and governments to make decisions with confidence. For more information, visit www.spglobal.com/spdji.

FOR MORE INFORMATION:

S&P Dow Jones Indices

index_services@spglobal.com