

S&P World ESG Enhanced Sector Indices Methodology Update

AMSTERDAM, JANUARY 8, 2025: S&P Dow Jones Indices (“S&P DJI”) announces updates to the methodology for most of the S&P World ESG Enhanced Sector Indices.

Except for the S&P World ESG Enhanced Energy Index, S&P DJI is introducing the following additional Exclusions Based on Revenue Thresholds for companies with certain levels of involvement in fossil fuel operations and power generation, to ensure the indices’ names remain compliant with the upcoming ESMA regulatory changes. The S&P World ESG Enhanced Energy Index will not be amended and instead will undergo a name change to the S&P World Energy Targeted & Screened Index effective February 10, 2025.

Exclusions Based on Revenue Thresholds in Fossil Fuel Operations and Power Generation

As of each rebalancing reference date, exclude companies from the index universe if the sum of revenues derived from the relevant Trucost sectors breach the following revenue thresholds:

Exclusion Type	Trucost Revenue Sectors	Revenue Threshold
Coal Exploration or Processing	Bituminous Coal and Lignite Surface Mining Bituminous Coal Underground Mining All Other Petroleum and Coal Products Manufacturing Pipeline Transportation	≥ 1%
Oil Exploration or Processing	All Other Petroleum and Coal Products Manufacturing Crude Petroleum and Natural Gas Extraction Drilling Oil and Gas Wells Support Activities for Oil and Gas Operations Petroleum Lubricating Oil and Grease Manufacturing Mining and Oil and Gas Field Machinery Manufacturing Tar Sands Extraction Petroleum Refineries Petrochemical Manufacturing Pipeline Transportation	≥ 10%
Natural Gas Exploration or Processing	Crude Petroleum and Natural Gas Extraction Drilling Oil and Gas Wells Support Activities for Oil and Gas Operations Mining and Oil and Gas Field Machinery Manufacturing Natural Gas Liquid Extraction Natural Gas Distribution Industrial Gas Manufacturing Pipeline Transportation	≥ 50%
Power Generation	Coal Power Generation Petroleum Power Generation Natural Gas Power Generation Biomass Power Generation	≥ 50%

Additionally, to reduce the potential for Diversification 20/35 Rule weight capping breaches, S&P DJI is updating the constituent weight review rules for all S&P World ESG Enhanced Sector Indices, as defined below:

Methodology	
Previous	Updated
<p>Outside of the semi-annual rebalancings, the indices are also reviewed to limit the likelihood of breaching the Diversification 20/35 Rule. Capping is only performed when either an index's largest closing company's weight exceeds 33% or the second largest closing company's weight exceeds 19%. The review reference dates are the close of the last business day of June and December. Ad-hoc weight capping becomes effective after the close of the last business day of July and January, respectively.</p>	<p>Constituent Weightings Reviews. In addition to the semi-annual rebalancings, the indices review constituents' company weights semi-annually and mid-quarter per the below schedule to limit the likelihood of Diversification 20/35 Rule breaches. Ad-hoc weight capping is performed when:</p> <ol style="list-style-type: none"> 1. an index's largest closing company's weight exceeds 33%; or 2. the second largest closing company's weight exceeds 19%. <p>Semi-annual Weight Review. The semiannual review is effective after the close of the last business days of July and January, using reference dates as of after the close of the last business days of June and December.</p> <p>Mid-Quarter Weight Review. The mid-quarter review is effective after the close of the third Friday in March, June, September and December, using reference dates as of after the close of the last business days of February, May, August, and November.</p>

These changes take effect prior to the open on **Thursday, May 1, 2025**.

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

INDEX ANNOUNCEMENT