

**S&P Low Carbon Low Volatility  
High Dividend Indices  
*Methodology***

October 2023

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# Introduction

## Index Objective

The S&P Low Carbon Low Volatility High Dividend Indices measure the performance of a subset of stocks from an underlying index that meets specific criteria for low carbon footprint, high dividend yield, and low volatility. Index constituents are equal weighted.

## Index Family

**S&P Europe 350 Low Carbon Low Volatility High Dividend Index.** The index measures the equal weighted performance of 40 companies in the S&P Europe 350 (the “Underlying Index”) that have a low carbon footprint, a high dividend yield, and low volatility.

*For information on the S&P Europe 350, please refer to the S&P Europe 350 Index Family Methodology, available at [www.spglobal.com/spdji/](http://www.spglobal.com/spdji/).*

**S&P Global 1200 Low Carbon Low Volatility High Dividend Index.** The index measures the equal weighted performance of up to 170 companies in the S&P Global 1200 (the “Underlying Index”) that have a low carbon footprint, a high dividend yield, and low volatility, while meeting regional diversification criteria.

*For information on the S&P 1200, please refer to the S&P 1200 Index Methodology, available at [www.spglobal.com/spdji/](http://www.spglobal.com/spdji/).*

**S&P 500 Low Carbon Low Volatility High Dividend Index.** The index measures the equal weighted performance of 60 companies in the S&P 500 (the “Underlying Index”) that have a low carbon footprint, a high dividend yield, and low volatility.

*For information on the S&P 500, please refer to the S&P U.S. Indices Methodology, available at [www.spglobal.com/spdji/](http://www.spglobal.com/spdji/).*

## Supporting Documents

This methodology is meant to be read in conjunction with supporting documents providing greater detail with respect to the policies, procedures and calculations described herein. References throughout the methodology direct the reader to the relevant supporting document for further information on a specific topic. The list of the main supplemental documents for this methodology and the hyperlinks to those documents is as follows:

Supporting Document	URL
S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology	<a href="#">Equity Indices Policies &amp; Practices</a>
S&P Dow Jones Indices’ Index Mathematics Methodology	<a href="#">Index Mathematics Methodology</a>
S&P Dow Jones Indices’ Global Industry Classification Standard (GICS) Methodology	<a href="#">GICS Methodology</a>

This methodology was created by S&P Dow Jones Indices (S&P DJI) to achieve the aforementioned objective of measuring the underlying interest of each index governed by this methodology document. Any changes to or deviations from this methodology are made in the sole judgment and discretion of S&P Dow Jones Indices so that the indices continue to achieve their objectives.

# Eligibility Criteria

## Index Eligibility

At each rebalancing, stocks must satisfy the following criteria as of the rebalancing reference date to be eligible for index inclusion:

1. Be a member of the respective underlying index.

Index	Underlying Index
S&P Europe 350 Low Carbon Low Volatility High Dividend Index	S&P Europe 350
S&P Global 1200 Low Carbon Low Volatility High Dividend Index	S&P Global 1200
S&P 500 Low Carbon Low Volatility High Dividend Index	S&P 500

2. Have a Carbon-to-Revenue Footprint calculated by S&P Trucost Limited (“Trucost”).
3. Have an indicated annual dividend (IAD) yield greater than zero (0), defined as a stock’s indicated annual dividend (not including any special dividends) divided by its price.

**Dividend Payment Types.** S&P Dow Jones Indices only considers cash dividend payments declared as regular by the paying company for index eligibility, selection, and weighting purposes. Cash dividend payments declared as special by the paying company, including recurring special cash dividends, are not considered. For both eligibility and weighting purposes, annualized cash dividend amounts, before withholding tax, are used.

If at any rebalancing S&P DJI determines a company’s 12-month IAD yield to be unsustainable, S&P may, at its discretion, exclude from or not consider that company for index membership.

4. Satisfy the following issued and trading requirements:
  - **S&P Europe 350 Low Carbon Low Volatility High Dividend Index and S&P Global 1200 Low Carbon Low Volatility High Dividend Index.** Each stock must have been issued and trading for at least six months prior to becoming an index constituent. However, there is no minimum number of days that each stock must have actually traded.
  - **S&P 500 Low Carbon Low Volatility High Dividend Index.** Each stock must have been issued and trading for at least six months leading up to the rebalancing reference date. Generally, a stock must have traded on all trading days in the six months leading up to the rebalancing reference date. However, Index Committee discretion may be used in situations where a stock was subject to a temporary trading halt during that period.

## Multiple Share Classes and Dual-Listed Companies

Each company is represented once by the Designated Listing. For more information regarding the treatment of multiple share classes, please refer to Approach B within the Multiple Share Classes section of the S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology.

## **Controversies: Media and Stakeholder Analysis Overlay**

In addition to the above, S&P Global uses RepRisk for daily filtering, screening, and analysis of ESG risk incidents and controversial activities related to companies within the indices.<sup>1</sup>

In cases where risks are presented, S&P Global releases a Media and Stakeholder Analysis (MSA), which includes a range of issues such as economic crime and corruption, fraud, illegal commercial practices, human rights issues, labor disputes, workplace safety, catastrophic accidents, and environmental disasters.

The Index Committee reviews constituents flagged by S&P Global's MSA for Environmental reasons to evaluate the potential impact of controversial company activities on the composition of the indices. If the Index Committee decides to remove a company in question, that company is ineligible for reentry into the index for one full calendar year, beginning with the subsequent rebalancing.

*For more information on RepRisk, please refer to [www.reprisk.com](http://www.reprisk.com). This service is not considered a direct contribution to the index construction process.*

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<sup>1</sup> RepRisk, an ESG data science company, leverages the combination of AI and machine learning with human intelligence to systematically analyze public information in 23 languages and identify material ESG risks. With daily data updates across 100+ ESG risk factors, RepRisk provides consistent, timely, and actionable data for risk management and ESG integration across a company's operations, business relationships, and investments.

# Index Construction

## Constituent Selection

At each rebalancing, each index selects constituents according to the following process:

1. Rank eligible stocks in ascending order by Carbon Normalized Score<sup>2</sup>, selecting the lowest-scoring number of stocks per index.

Index	Selected Stocks
S&P Europe 350 Low Carbon Low Volatility High Dividend Index	200
S&P Global 1200 Low Carbon Low Volatility High Dividend Index	700
S&P 500 Low Carbon Low Volatility High Dividend Index	300

*For information on Carbon Normalized Score calculation, please refer to Appendix I.*

2. Rank the selected stocks from step 1 in descending order by IAD yield, selecting the highest-ranking number of stocks per index.

Index	Selected Stocks
S&P Europe 350 Low Carbon Low Volatility High Dividend Index	100
S&P Global 1200 Low Carbon Low Volatility High Dividend Index	350
S&P 500 Low Carbon Low Volatility High Dividend Index	150

At the discretion of S&P Dow Jones Indices, a company may be excluded from an index, or not considered for membership, at an index rebalancing if S&P Dow Jones Indices determines the company's 12-month indicated dividend yield to be unsustainable.

3. Rank the selected stocks in ascending order by realized volatility, selecting the lowest ranking number of stocks per index as constituents for each index, subject to the selection buffer detailed below. Calculate realized volatility using available price return data for the trailing six months of trading days leading up to the rebalancing reference date. Volatility is defined as the standard deviation of the security's daily price returns in local currency over the last six months.

**S&P Europe 350 Low Carbon Low Volatility High Dividend Index:** Select 40 stocks.

**S&P Global 1200 Low Carbon Low Volatility High Dividend Index:** Select the defined number of stocks per region:

- Europe: 60
- North America: 60
- Asia Pacific & Australia: 25
- South America: all eligible securities up to a maximum of 25

**S&P 500 Low Carbon Low Volatility High Dividend Index:** Select 60 stocks.

<sup>2</sup> The Carbon Normalized Score is derived from the Carbon-to-Revenue Footprint, calculated by Trucost, which is defined as the company's annual greenhouse gas (GHG) emissions, expressed as tons of carbon dioxide equivalent (CO<sub>2</sub>e), divided by annual revenues. The Carbon Normalized Score of each company is calculated using the winsorized Carbon-to-Revenue Footprint and Carbon Z-scores within its GICS sector. For more information, please refer to *Appendix I*.

**Selection Buffer.** At each rebalancing each index applies a 20% buffer rule based on realized volatility selection buffer:

1. Automatically select all securities ranked within the top 80% of the target stock count for index inclusion.
2. Select current constituents ranked within the top 120% of the target stock count in rank order until the target stock count is reached.
3. If, following Step 2, the target stock count is not reached, select non-constituent securities ranked from 80% to 100% of the target stock count in rank order until the target stock count is reached.

### **Constituent Weightings**

At each rebalancing, each index is equal weighted.

### **Index Calculations**

The indices calculate by means of the divisor methodology used for all S&P Dow Jones equity indices.

*For more information on the index calculation methodology, please refer to the Equal Weighted Indices section of S&P Dow Jones Indices' Index Mathematics Methodology.*



# Index Maintenance

## Rebalancing

Index	Rebalancing Frequency	Effective Dates (after close)	Reference Dates (after close)
S&P Europe 350 Low Carbon Low Volatility High Dividend Index	Quarterly	Last business day of January, April, July, and October	Last business day of December, March, June and September, respectively
S&P Global 1200 Low Carbon Low Volatility High Dividend Index	Semi-annually	Last business day of January and July	Last business day of December and June, respectively
S&P 500 Low Carbon Low Volatility High Dividend Index			

Constituents' shares are calculated using closing prices seven business days prior to the rebalancing effective date as the reference price. Index shares are calculated and assigned to each stock to arrive at the weights determined on the reference date. Since index shares are assigned based on reference prices prior to rebalancing, the actual weight of each stock at the rebalancing will differ from these weights due to market movements.

## Additions and Deletions

Except for major corporate actions, such as mergers and spin-offs, additions and deletions of companies generally only take place at the index rebalancings. In addition, constituents removed from an underlying index are also removed from the respective S&P Low Carbon Low Volatility High Dividend Index simultaneously.

**Spin-offs.** The spin-off company is added to all the indices of which the parent is a constituent, at a zero price at the market close of the day before the ex-date (no divisor adjustment). The spin-off company is removed after at least one day of regular way trading with the weight reinvested back into the parent stock (no divisor adjustment).

*For more information on spin-offs, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.*

## Other Adjustments

In cases where there is no achievable market price for a stock being deleted, it may be removed at a zero or minimal price at the Index Committee's discretion, in recognition of the constraints faced by investors in trading bankrupt or suspended stocks.

## Corporate Actions

For information on corporate actions, please refer to the Equal Weighted Indices section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

## Currency of Calculation and Additional Index Return Series

The indices calculate in U.S. dollars and euros.

WMR foreign exchange rates are taken daily at 4:00 PM London Time and used in the calculation of the indices. These mid-market fixings are calculated by WMR based on LSEG data and appear on LSEG pages.

In addition to the indices detailed in this methodology, additional return series versions of the indices may be available, including, but not limited to the following: currency, currency hedged, decrement, fair value, inverse, leveraged, and risk control versions. For a list of available indices, please refer to the [S&P DJI Methodology & Regulatory Status Database](#).

*For information on the calculation of different types of indices, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.*

*For the inputs necessary to calculate certain types of indices, including decrement, dynamic hedged, fair value, and risk control indices, please refer to the Parameters documents available at [www.spglobal.com/spdji](http://www.spglobal.com/spdji).*

### **Base Dates and History Availability**

Index history availability, base dates, and base values are shown in the table below.

<b>Index</b>	<b>Launch Date</b>	<b>First Value Date</b>	<b>Base Date</b>	<b>Base Value</b>
S&P Europe 350 Low Carbon Low Volatility High Dividend Index	02/22/2016	01/30/2009	01/30/2009	100
S&P Global 1200 Low Carbon Low Volatility High Dividend Index	03/28/2016	01/30/2009	01/30/2009	100
S&P 500 Low Carbon Low Volatility High Dividend Index	05/12/2016	01/30/2009	01/30/2009	100

# Index Data

## Calculation Return Types

S&P Dow Jones Indices calculates multiple return types which vary based on the treatment of regular cash dividends. The classification of regular cash dividends is determined by S&P Dow Jones Indices.

- Price Return (PR) versions are calculated without adjustments for regular cash dividends.
- Gross Total Return (TR) versions reinvest regular cash dividends at the close on the ex-date without consideration for withholding taxes.
- Net Total Return (NTR) versions, if available, reinvest regular cash dividends at the close on the ex-date after the deduction of applicable withholding taxes.

In the event there are no regular cash dividends on the ex-date, the daily performance of all three indices will be identical.

For a complete list of indices available, please refer to the daily index levels file (“SDL”).

*For more information on the classification of regular versus special cash dividends as well as the tax rates used in the calculation of net return, please refer to S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology.*

*For more information on the calculation of return types, please refer to S&P Dow Jones Indices’ Index Mathematics Methodology.*

# Index Governance

## **Index Committee**

An S&P Dow Jones Indices Index Committee maintains the indices. The Index Committee meets regularly. All committee members are full-time professional members of S&P Dow Jones Indices' staff. At each meeting, the Index Committee may review pending corporate actions that may affect index constituents, statistics comparing the composition of an index to the market, companies that are being considered as candidates for addition to an index, and any significant market events. In addition, the Index Committee may revise index policy covering rules for selecting companies, treatment of dividends, share counts or other matters.

S&P Dow Jones Indices considers information about changes to its indices and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

S&P Dow Jones Indices' Index Committees reserve the right to make exceptions when applying the methodology if the need arises. In any scenario where the treatment differs from the general rules stated in this document or supplemental documents, clients will receive sufficient notice, whenever possible.

In addition to the daily governance of indices and maintenance of index methodologies, at least once within any 12-month period, the Index Committee reviews the methodology to ensure the indices continue to achieve the stated objectives, and that the data and methodology remain effective. In certain instances, S&P Dow Jones Indices may publish a consultation inviting comments from external parties.

*For information on Quality Assurance and Internal Reviews of Methodology, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.*

# Index Policy

## Announcements

All index constituents are evaluated daily for data needed to calculate index levels and returns. All events affecting the daily index calculation are typically announced in advance via the Index Corporate Events report (.SDE), delivered daily to all clients. Any unusual treatment of a corporate action or short notice of an event may be communicated via email to clients.

*For more information, please refer to the Announcements section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.*

## Pro-forma Files

In addition to the corporate events file (.SDE), S&P Dow Jones Indices provides constituent pro-forma files each time the indices rebalance. The pro-forma file is typically provided daily in advance of the rebalancing date. The pro-forma file contains all constituents as well as their corresponding weights and index shares, effective for the upcoming rebalancing.

*Please visit [www.spglobal.com/spdji](http://www.spglobal.com/spdji) for a complete schedule of rebalancing timelines and pro-forma delivery times.*

## Holiday Schedule

The indices calculate daily throughout the year, except on days when all exchanges where an index's constituents are listed are officially closed.

*A complete holiday schedule for the year is available at [www.spglobal.com/spdji](http://www.spglobal.com/spdji).*

## Rebalancing

The Index Committee may change the date of a given rebalancing for reasons including market holidays occurring on or around the scheduled rebalancing date. Any such change will be announced with proper advance notice where possible.

## Unexpected Exchange Closures

For information on Unexpected Exchange Closures, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

## Recalculation Policy

For information on the recalculation policy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

*For information on Calculations and Pricing Disruptions, Expert Judgment and Data Hierarchy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.*

## Contact Information

For questions regarding an index, please contact: [index\\_services@spglobal.com](mailto:index_services@spglobal.com).

# Index Dissemination

Index levels are available through S&P Dow Jones Indices' Web site at [www.spglobal.com/spdji](http://www.spglobal.com/spdji), major quote vendors (see codes below), numerous investment-oriented Web sites, and various print and electronic media.

## Tickers

The table below lists headline indices covered by this document. All versions of the below indices that may exist are also covered by this document. Please refer to the [S&P DJI Methodology & Regulatory Status Database](#) for a complete list of indices covered by this document.

Index (Currency)	Return Type	BBG
S&P Europe 350 Low Carbon Low Volatility High Dividend Index (USD)	Price Return Total Return Net Total Return	SPECLDUP SPECLDUT SPECLDUN
S&P Europe 350 Low Carbon Low Volatility High Dividend Index (EUR)	Price Return Total Return Net Total Return	SPECLDEP SPECLDET SPECLDEN
S&P Global 1200 Low Carbon Low Volatility High Dividend Index (USD)	Price Return Total Return Net Total Return	SPGCLDUP SPGCLDUT SPGCLDUN
S&P Global 1200 Low Carbon Low Volatility High Dividend Index (EUR)	Price Return Total Return Net Total Return	SPGCLDEP SPGCLDET SPGCLDEN
S&P 500 Low Carbon Low Volatility High Dividend Index (EUR)	Price Return Total Return Net Total Return	SPXCLDEP SPXCLDET SPXCLDEN

## Index Data

Daily constituent and index level data are available via subscription.

For product information, please contact S&P Dow Jones Indices, [www.spglobal.com/spdji/en/contact-us](http://www.spglobal.com/spdji/en/contact-us).

## Web site

For further information, please refer to S&P Dow Jones Indices' Web site at [www.spglobal.com/spdji](http://www.spglobal.com/spdji).

# Appendix I

## Carbon Normalized Score Computation

1. Companies are ranked based on their Carbon-to-Revenue Footprints within their respective GICS Sector as of the rebalancing reference date. Carbon-to-Revenue Footprints are calculated by Trucost and are defined as a company's annual greenhouse gas (GHG) emissions, expressed as metric tons of carbon dioxide equivalent (CO<sub>2</sub>e), divided by annual revenues, expressed in USD.
  - a. Outlier Carbon-to-Revenue Footprints are then winsorized to remove distortion from the overall Carbon Normalized Scores.
    - i. The Carbon-to-Revenue Footprints of all stocks are ranked in ascending order.
    - ii. Stocks with Carbon-to-Revenue Footprints that lie above the 97.5 percentile rank or below the 2.5 percentile rank within their respective GICS sector are set equal to the 97.5 percentile or 2.5 percentile rank of that sector, respectively.
2. Carbon-to-Revenue Footprints are standardized for each company within the underlying index by computing a Carbon Z-score for each company within its respective GICS sector as of the rebalancing reference date.
  - a. The Carbon Z-score for each stock is calculated using the mean and standard deviation of the winsorized Carbon-to-Revenue Footprint within each of the index's GICS sectors.

The Carbon Z-score is calculated as follows:

$$z_{\alpha i} = \frac{(x_{\alpha i} - \mu_i)}{\sigma_i}$$

where:

$z_{\alpha i}$  = Carbon Z-score for a given stock in GICS Sector  $i$

$x_{\alpha i}$  = Winsorized Carbon-to-Revenue Footprint for a given stock in GICS Sector  $i$

$\mu_i$  = Arithmetic mean of the winsorized Carbon-to-Revenue Footprint for GICS Sector  $i$

$\sigma_i$  = Standard deviation of the winsorized Carbon-to-Revenue Footprint for GICS Sector  $i$

- b. Outlier Carbon Z-scores are then winsorized to remove distortion from the overall Carbon-Normalized Scores.
  - i. The value for all stocks is ranked in ascending order.
  - ii. Stocks with values above 4 or below -4, their value is set to 4 or -4, respectively. The winsorized Z-score results are the Carbon Normalized Scores within the underlying index.

# Appendix II

## Methodology Changes

Methodology changes since January 1, 2015, are as follows:

Change	Effective Date (After Close)	Previous	Methodology Updated
Reference Price Date	11/30/2021	<p><b>S&amp;P Europe 350 Low Carbon Low Volatility High Dividend Index.</b> Constituents' shares are calculated using closing prices <b>six</b> business days prior to the rebalancing effective date as the reference price.</p> <p><b>S&amp;P 500 Low Carbon Low Volatility High Dividend Index and S&amp;P Global 1200 Low Carbon Low Volatility High Dividend Index.</b> Constituents' shares are calculated using closing prices <b>five</b> business days prior to the rebalancing effective date as the reference price.</p>	Constituents' shares are calculated using closing prices <b>seven</b> business days prior to the rebalancing effective date as the reference price.
Consideration of recurring special cash dividends for eligibility, selection, and weighting purposes	1/31/2018	Recurring special cash dividends that S&P Dow Jones Indices considers to be part of the normal payment pattern established by the company are considered regular for eligibility, selection, and weighting purposes	S&P Dow Jones Indices only considers cash dividend payments declared as regular by the paying company for index eligibility, selection, and weighting purposes. Cash dividend payments declared as special by the paying company, including recurring special cash dividends, are not considered.
Index Family Name Change	11/06/2017	Previously the family was named the S&P Climate Change Low Volatility High Dividend Indices.	The family is named the S&P Low Carbon Low Volatility High Dividend Indices.
Dual Listed Companies	06/19/2017	--	Some companies may have more than one listing in the respective benchmark index. In the S&P Low Carbon Low Volatility High Dividend Indices, each company is represented once by the primary listing, which is generally the most liquid listing.
Intra-rebalancing Drop Treatment	09/16/2016	Companies involved in environmental crisis situations are not dropped from the indices between rebalancings.	Any constituent raised as an environmental Media and Stakeholder Analysis (MSA) case by S&P Global will be brought to the governing Index Committee for possible immediate removal. In the event of removal, the constituent in question would not be eligible for re-entry into the indices for one year beginning with the subsequent rebalancing.
Treatment of Spin-offs	05/11/2016	<p>For additions due to spin-offs, the indices follow their respective parent index's treatment of the action.</p> <p>In general, both the parent and spun-off stocks remain in the index and are reevaluated at the next index rebalancing.</p>	The spun-off company is added to all the indices of which the parent is a constituent, at a zero price at the market close of the day before the ex-date (no divisor adjustment). The spun-off company is removed after at least one day of regular way trading with the weight reinvested back into the parent stock (no divisor adjustment).



# Disclaimer

## Performance Disclosure/Back-Tested Data

Where applicable, S&P Dow Jones Indices and its index-related affiliates (“S&P DJI”) defines various dates to assist our clients in providing transparency. The First Value Date is the first day for which there is a calculated value (either live or back-tested) for a given index. The Base Date is the date at which the index is set to a fixed value for calculation purposes. The Launch Date designates the date when the values of an index are first considered live: index values provided for any date or time period prior to the index’s Launch Date are considered back-tested. S&P DJI defines the Launch Date as the date by which the values of an index are known to have been released to the public, for example via the company’s public website or its data feed to external parties. For Dow Jones-branded indices introduced prior to May 31, 2013, the Launch Date (which prior to May 31, 2013, was termed “Date of introduction”) is set at a date upon which no further changes were permitted to be made to the index methodology, but that may have been prior to the Index’s public release date.

Please refer to the methodology for the Index for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations.

Information presented prior to an index’s launch date is hypothetical back-tested performance, not actual performance, and is based on the index methodology in effect on the launch date. However, when creating back-tested history for periods of market anomalies or other periods that do not reflect the general current market environment, index methodology rules may be relaxed to capture a large enough universe of securities to simulate the target market the index is designed to measure or strategy the index is designed to capture. For example, market capitalization and liquidity thresholds may be reduced. In addition, forks have not been factored into the back-test data with respect to the S&P Cryptocurrency Indices. For the S&P Cryptocurrency Top 5 & 10 Equal Weight Indices, the custody element of the methodology was not considered; the back-test history is based on the index constituents that meet the custody element as of the Launch Date. Back-tested performance reflects application of an index methodology and selection of index constituents with the benefit of hindsight and knowledge of factors that may have positively affected its performance, cannot account for all financial risk that may affect results and may be considered to reflect survivor/look ahead bias. Actual returns may differ significantly from, and be lower than, back-tested returns. Past performance is not an indication or guarantee of future results.

Typically, when S&P DJI creates back-tested index data, S&P DJI uses actual historical constituent-level data (e.g., historical price, market capitalization, and corporate action data) in its calculations. As ESG investing is still in early stages of development, certain datapoints used to calculate certain ESG indices may not be available for the entire desired period of back-tested history. The same data availability issue could be true for other indices as well. In cases when actual data is not available for all relevant historical periods, S&P DJI may employ a process of using “Backward Data Assumption” (or pulling back) of ESG data for the calculation of back-tested historical performance. “Backward Data Assumption” is a process that applies the earliest actual live data point available for an index constituent company to all prior historical instances in the index performance. For example, Backward Data Assumption inherently assumes that companies currently not involved in a specific business activity (also known as “product involvement”) were never involved historically and similarly also assumes that companies currently involved in a specific business activity were involved historically too. The Backward Data Assumption allows the hypothetical back-test to be extended over more historical years than would be feasible using only actual data. For more information on “Backward Data Assumption” please refer to the FAQ. The methodology and factsheets of any index that employs backward assumption in the back-tested history will explicitly state so. The methodology will include an Appendix with a table setting forth the specific data points and relevant time period for which backward projected data was used. Index returns shown do not represent the results of actual trading of investable assets/securities. S&P DJI maintains the index and calculates the index levels and performance shown or discussed but does not manage any assets.

Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the Index or investment funds that are intended to track the performance of the Index. The imposition of these fees and charges would cause actual and back-tested performance of the securities/fund to be lower than the Index performance shown. As a simple example, if an index returned 10% on a US \$100,000 investment for a 12-month period (or US \$10,000) and an actual asset-based fee of 1.5% was imposed at the end of the period on the investment plus accrued interest (or US \$1,650), the net return would be 8.35% (or US \$8,350) for the year. Over a three-year period, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.10%, a total fee of US \$5,375, and a cumulative net return of 27.2% (or US \$27,200).

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