

S&P Paris-Aligned & Climate Transition (PACT) Indices *Methodology*

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Introduction

Index Objective

The S&P Net Zero 2050 Climate Transition ESG Index Series and S&P Net Zero 2050 Paris-Aligned Climate ESG Index Series measure the performance of eligible equity securities from an underlying parent index selected and weighted to be collectively compatible with a 1.5°C global warming climate scenario¹ at the index level. The S&P Net Zero 2050 Paris-Aligned Climate ESG Index Series encompasses all the elements of the S&P Net Zero 2050 Climate Transition ESG Index Series, but are differentiated by their additional restrictiveness and ambition, seen through their additional constraints and eligibility requirements. The indices apply exclusions based on companies' involvement in specific business activities, performance against the principles of the United Nations' Global Compact (UNGC), and involvement in relevant ESG controversies, all outlined in *Eligibility Criteria*.

Highlights

The indices aim to meet the minimum standards for EU Climate Transition Benchmarks (EU CTBs) and EU Paris-aligned Benchmarks (EU PABs) under Regulation (EU) 2019/2089 amending Regulation (EU) 2016/1011². The law proposes the definitions of minimum standards for the methodology of any 'EU Climate Transition' and 'EU Paris-Aligned' benchmark indices that would be aligned with the objectives of the Paris Agreement³, and addresses the risk of greenwashing. The indices also incorporate factors that seek to manage transition risk and climate change opportunities in a way that aligns them with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures' (TCFD) 2017 *Final Report*⁴, covering transition risk, climate change opportunities, and, for the S&P Net Zero 2050 Paris-Aligned Climate ESG Index Series, stranded asset, and physical risk.

Should a material change to the methodology be required as a consequence of any change made by the EU to the minimum standards for EU CTBs and/or EU PABs, S&P Dow Jones Indices will issue an announcement before the change is implemented (and in these circumstances, S&P Dow Jones Indices would not conduct a formal consultation). For clarity, any other methodology change will follow S&P Dow Jones Indices' standard processes, which may include a consultation.

Both index series' weighting strategies aim to minimize the difference in constituent weights to the underlying parent index. In addition, the indices incorporate a variety of specified decarbonization targets and align with certain specified criteria through the use of optimization with multiple model constraints, including:

- alignment to a 1.5°C climate scenario using Trucost's Transition Pathway Model
- reduced overall greenhouse gas (GHG expressed in CO₂ equivalents) emissions intensity compared to their respective underlying parent index by at least 30% and 50% for the S&P Net Zero 2050 Climate Transition ESG Index Series and S&P Net Zero 2050 Paris-Aligned Climate ESG Index Series respectively

¹ A climate scenario of 1.5°C above preindustrial levels has been deemed important by the IPCC: Masson-Delmotte, V., Zhai, P., Pörtner, H. O., Roberts, D., Skea, J., Shukla, P. R. Waterfield, T. (2018). Global warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C. IPCC, available at <https://www.ipcc.ch/sr15/>.

² Pursuant to Articles 19(a)(2) and 19(b)(1) of Regulation (EU) 2019/2089, Commission Delegated Regulation (EU) 2020/1818 lays down the minimum standards for EU CTBs and EU PABs <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020R1818>.

³ UNFCCC. (2015). The Paris Agreement: <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>.

⁴ Financial Stability Board's Task Force on Climate-related Financial Disclosures' (TCFD). (2017). *Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures*, available at <https://www.fsb-tcfd.org/wp-content/uploads/2017/06/FINAL-2017-TCFD-Report-11052018.pdf>.

- minimum self-decarbonization rate of GHG emissions intensity in accordance with the trajectory implied by Intergovernmental Panel on Climate Change's (IPCC) most ambitious 1.5°C scenario, equating to at least 7% GHG intensity reduction on average per annum
- increased exposure to companies with Science Based Targets from the Science Based Target Initiative (SBTI) that are credible and consistent with the above decarbonization trajectory
- improved S&P DJI ESG Score (further defined further below) compared to the parent index
- exposure to sectors with high impact on climate change at least equivalent to the parent index
- managed exposure to potential climate change opportunities through controlled green-to-brown revenue share in order to align with the recommendations of the TCFD
- capped exposure to non-disclosing carbon companies
- constituent-level weight capping to address liquidity and diversification

In addition to those listed above, the S&P Net Zero 2050 Paris-Aligned Climate ESG Index Series incorporates further constraints to target:

- reduced exposure to physical risks from climate change using Trucost's Physical Risk dataset
- improved exposure to potential climate change opportunities through substantially higher green-to-brown revenue share compared to the parent index
- reduced exposure to fossil fuel reserves compared to the parent index

All indices in the series feature the exclusion of companies from the underlying parent index with:

- involvement in controversial weapons, tobacco, small arms, military contracting, thermal coal, oil sands, shale energy, gambling, and alcohol business activities
- non-compliant United Nations Global Compact (UNGC) principle violations
- involvement in relevant ESG controversies

In addition to those listed above, the S&P Net Zero 2050 Paris-Aligned Climate ESG Index Series incorporates the further exclusion of companies whose revenues from coal, oil, or natural gas exploration or processing activities exceed defined thresholds, and electricity generation companies that exceed a stated revenues threshold.

Climate-Related Data

Trucost's Transition Pathway Model

The Trucost Transition Pathway approach is based on two models: the Sectoral Decarbonization Approach ("SDA") (Krabbe, et al., 2015)⁵, and the Greenhouse Gas Emissions per unit of Value Added Approach ("GEVA") (Randers, 2012)⁶, which are both recommended by the Science Based Targets Initiative (Science Based Targets Initiative, 2019).⁷

The approach allows for a forward-looking perspective on likely future greenhouse gas emissions, and uses a carbon budget allocation method to allocate each company a total amount of carbon emissions per year. These allocations allow companies, as a collective, to be 1.5°C aligned provided their emissions remain within the allocation budgets.

⁵ Krabbe, O., Linthorst, G., Blok, K., Crijns-Graus, W., van Vuuren, D., Höhne, N., Pineda, A. C. (2015). Aligning Corporate Greenhouse-Gas Emissions Targets with Climate Goals. Nature Climate Change.

⁶ Randers, J. (2012). Greenhouse gas emissions per unit of value added ("GEVA") – A corporate guide to voluntary climate action. Journal Energy Policy.

⁷ Science Based Targets Initiative. (2019, April). Science-Based Target Setting Manual, available at <https://sciencebasedtargets.org/wp-content/uploads/2017/04/SBTi-manual.pdf>.

The SDA approach is sector specific and is used for high emitting sectors.⁸ The SDA uses carbon intensity based on sector specific measures of output. For example, the unit of output for iron and steel companies is “tCO₂ per ton crude steel”. This allows an understanding of how carbon efficient companies are per unit of output. The SDA approach also sets carbon budgets for specific sectors as a whole, which allows some sectors to decarbonize more slowly where the opportunities for decarbonization are far lower. This is allowed by setting more aggressive targets for sectors with greater scope for decarbonization.

GEVA is applied to lower emitting or heterogeneous business activities. For GEVA, the unit of output used is gross profit. Companies have diverse business activities, most of which do not have distinct transition pathways defined in climate scenarios. For these companies, the methodology applies a contraction in carbon intensity principle under which a company should make emissions reductions. This is consistent with rates required for the overall economy, but from each company’s unique base year emissions intensity.

Trucost’s Physical Risk Data

Trucost’s Physical Risk dataset⁹ allows users to understand the risk and sensitivity of company assets to the physical risks of climate change. Climate modelling datasets and hazard models are overlaid with the asset locations of companies. Sensitivity analysis is carried out for each asset, to assess whether the company’s operations would be affected by each specific physical risk, based on the asset type.¹⁰

These climate modelling datasets and hazard models have been created for each specific physical risk. Physical risk is judged by a score ranging between 1 and 100. The physical risks covered are: wildfire, cold wave, heatwave, water stress, sea level rise, flood, and hurricanes. The index methodology uses a composite physical risk score that is an average of all 7 physical risk indicators, weighted for company specific sensitivity to each physical risk type.

Other Trucost Data Used: GHG Emissions, Emissions Disclosure Status, Green-to-Brown Share, Fossil Fuel Reserves, and Sector Revenues.

The indices are generated and published under agreements between S&P Dow Jones Indices and Trucost.

Please refer to Appendix III for the Trucost Methodology, and <http://www.trucost.com/> for more information on Trucost generally.

Science Based Target Initiative (SBTI)

The Science Based Targets initiative champions science-based target setting as a powerful way of boosting companies’ competitive advantage in the transition to a low-carbon economy. The initiative is a collaboration between CDP, World Resources Institute (WRI), the World Wide Fund for Nature (WWF), and the United Nations Global Compact (UNGC).

Targets adopted by companies to reduce greenhouse gas (GHG) emissions are considered “science-based” if they are in line with what the latest climate science says is necessary to meet the goals of the Paris Agreement—to limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.

For more information on the initiative, please refer to <https://sciencebasedtargets.org/>.

⁸ As referenced in section 5.7.2. of The EU Technical Expert Group on Sustainable Finance. (2019). *TEG Final Report on Climate Benchmarks and Benchmarks’ ESG Disclosures*, available at https://ec.europa.eu/info/files/190930-sustainable-finance-teg-final-report-climate-benchmarks-and-disclosures_en.

⁹ The 2050 High Climate Scenario is used.

¹⁰ Lord. R, Bullock, S. Birt, M. (2019). ‘Understanding Climate Risk at the Asset Level: The Interplay of Transition and Physical Risks’. <https://www.spqglobal.com/marketintelligence/en/documents/sp-trucost-interplay-of-transition-and-physical-risk-report-05a.pdf>.

The S&P DJI ESG Score

The S&P DJI ESG Score is built from S&P Global's 'Corporate Sustainability Assessment' (CSA). A company's S&P DJI ESG score may either be calculated from data received directly by a company completing the comprehensive assessment (together with supporting documents), or – in the absence of this – by using publicly available information. S&P Global uses the CSA results to then calculate the S&P DJI ESG Scores.

For more information on the CSA Process, please refer to <https://www.spglobal.com/esg/csa/>.

For more information on S&P DJI ESG Scores, please refer to the S&P DJI ESG Score Methodology.

For the purposes of ESG assessment, companies are assigned to industries defined by S&P Global, and the assessment is largely specific to each industry. S&P Global uses the Global Industry Classification Standard (GICS®) as its starting point for determining industry classification. At the industry group and sector levels, the S&P Global CSA Industries match the standard GICS classifications, but some non-standard aggregations are done at the industry level.

For information on S&P Global CSA Industry-GICS Sub-Industry Mapping, please see [here](#).

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	Equity Indices Policies & Practices
S&P Dow Jones Indices' Index Mathematics Methodology	Index Mathematics Methodology
S&P Dow Jones Indices' Float Adjustment Methodology	Float Adjustment Methodology
S&P Dow Jones Indices' Global Industry Classification Standard (GICS) Methodology	GICS Methodology
S&P DJI ESG Score Methodology	S&P DJI ESG Score Methodology

The methodology is created by S&P Dow Jones Indices 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 index continues to achieve its objective.

The Benchmark Administrator for the indices under this methodology is S&P DJI Netherlands B.V.

Eligibility Criteria

Index Universe

At each rebalancing reference date, the following indices are constructed from an Eligible Universe consisting of the constituents of an underlying index, as defined below:

S&P Net Zero 2050 Climate Transition ESG Index Series	Underlying Index
S&P 500 Net Zero 2050 Climate Transition ESG Index	S&P 500
S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Climate Transition ESG Index	S&P Developed ex-Korea LargeMidCap
S&P Europe LargeMidCap Net Zero 2050 Climate Transition ESG Index	S&P Europe LargeMidCap
S&P Eurozone LargeMidCap Net Zero 2050 Climate Transition ESG Index	S&P Eurozone LargeMidCap
S&P UK Net Zero 2050 Climate Transition ESG Index	S&P United Kingdom BMI

S&P Net Zero 2050 Paris-Aligned Climate ESG Index Series	Underlying Index
S&P 500 Net Zero 2050 Paris-Aligned ESG Index	S&P 500
S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Paris-Aligned ESG Index	S&P Developed ex-Korea LargeMidCap
S&P Europe LargeMidCap Net Zero 2050 Paris-Aligned ESG Index	S&P Europe LargeMidCap
S&P Eurozone LargeMidCap Net Zero 2050 Paris-Aligned ESG Index	S&P Eurozone LargeMidCap
S&P UK Net Zero 2050 Paris-Aligned ESG Index	S&P United Kingdom BMI

For information on an underlying index, please refer to the respective index methodology, available at www.spglobal.com/spdji.

Eligibility Factors

Listing. For the S&P Europe LargeMidCap Net Zero 2050 Climate Transition ESG Index, S&P Europe LargeMidCap Net Zero 2050 Paris-Aligned ESG Index, S&P Eurozone LargeMidCap Net Zero 2050 Climate Transition ESG Index, and S&P Eurozone LargeMidCap Net Zero 2050 Paris-Aligned ESG Index, constituents of the respective underlying index must be listed on an exchange in Europe or North America.

Index Exclusions

At each rebalancing reference date, companies are excluded from the eligible universe as described below:

Exclusion Type	S&P Climate Transition	S&P Paris-Aligned Climate
Exclusions Based on Business Activities ¹¹	Applicable	Applicable
UNGC Principle Violation	Applicable	Applicable
Fossil Fuel Operations and Power Generation	Not Applicable	Applicable
Controversies: Media and Stakeholder Analysis	Applicable	Applicable

¹¹ The specific exclusions will differ for each index family

Exclusions Based on Business Activities

As of each rebalancing reference date, companies with the following specific business activities, as relevant for each index family¹², are excluded from the eligible universe:

CT	PA	Sustainalytics Product Involvement	Sustainalytics Category of Involvement and Description	Sustainalytics Involvement Proxy	S&P DJI Level of Involvement Threshold	S&P DJI Significant Ownership Threshold
X	X	Controversial Weapons	Tailor Made and Essential: The company is involved in the core weapon system, or components/ services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon.	NA	>0%	≥25%
X	X	Tobacco	Production: The company manufactures tobacco products.	Revenue	>0%	≥25%
X	X		Related Products/Services: The company supplies tobacco-related products/services.		≥10%	≥25%
X	X		Retail: The company derives revenues from the distribution and/or retail sale of tobacco products.		≥5% for PA ≥10% for CT	≥25%
	X	Small Arms	Civilian Customers (Assault Weapons): The company manufactures and sells assault weapons to civilian customers.	Revenue	>0%	N/A
	X		Civilian Customers (Non-Assault Weapons): The company manufactures and sells small arms (non-assault weapons) to civilian customers.		>0%	N/A
	X		Military/Law Enforcement Customers: The company manufactures and sells small arms to military/law enforcement.		>0%	N/A
	X		Key Components: The company manufactures and sells key components of small arms.		>0%	N/A
	X		Retail/Distribution (Assault Weapons): The company is involved in the retail and/or distribution of assault weapons.		>0%	N/A
	X		Retail/Distribution (Non-Assault Weapons): The company is involved in the retail and/or distribution of small arms (non-assault weapons).		>0%	N/A
	X					

¹² "CT" refers to the S&P Climate Transition Indices and "PA" to the S&P Paris-Aligned Climate Indices. An "X" indicates an active exclusion for that family.

CT	PA	Sustainalytics Product Involvement	Sustainalytics Category of Involvement and Description	Sustainalytics Involvement Proxy	S&P DJI Level of Involvement Threshold	S&P DJI Significant Ownership Threshold
	X	Military Contracting	Weapons: The company manufactures military weapon systems and/or integral, tailor-made components or these weapons.	Revenue	>0%	N/A
	X		Weapon Related Products and/or services: The company provides tailor-made products and/or services that support military weapons.		>=5%	N/A
	X	Thermal Coal	Power Generation: The company generates electricity from thermal coal.	Revenue	>=5%	N/A
	X	Oil Sands	Extraction: The company extracts oil sands.	Revenue	>=5%	N/A
	X	Shale Energy	Extraction: The company is involved in shale energy exploration and/or production.	Revenue	>=5%	N/A
	X	Gambling	Operations: The company owns and/or operates a gambling establishment.	Revenue	>=10%	N/A
	X	Alcoholic Beverages	Production: The company manufactures alcoholic beverages.	Revenue	>=5%	N/A
	X		Related Products/Services: The company is a supplier of alcohol-related products/services to alcoholic beverage manufacturers.		>=10%	N/A
	X		Retail: The company derives revenues from the distribution and/or retail sale of alcoholic beverages.		>=10%	N/A

Level of Involvement refers to the company's direct exposure to such products, while Significant Ownership indicates where the company has indirect involvement via some specified level of ownership of a subsidiary company with involvement. These exclusions use business involvement datasets from Sustainalytics. Companies not covered by Sustainalytics are excluded from index inclusion.

Please refer to <http://www.sustainalytics.com/> for more information.

Exclusions Based on Sustainalytics' Global Standards Screening

Sustainalytics' Global Standards Screening (GSS) provides an assessment of a company's impact on stakeholders and the extent to which a company causes, contributes, or is linked to violations of international norms and standards. The basis of the GSS assessments is the United Nations (UN) Global Compact Principles. Information regarding related standards is also provided in the screening, including the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, as well as their underlying conventions. Sustainalytics classifies companies into the following three statuses:

- **Non-Compliant.** Classification given to companies that do not act in accordance with the UNGC principles and its associated standards, conventions, and treaties.
- **Watchlist.** Classification given to companies that are at risk of violating one or more principles, for which all dimensions for Non-Compliant status could not be established or confirmed.
- **Compliant.** Classification given to companies that act in accordance with the UNGC principles and its associated standards, conventions, and treaties.

As of each rebalancing reference date, companies classified as Non-Compliant, according to Sustainalytics, are ineligible for index inclusion. Companies not covered by Sustainalytics are excluded from index inclusion.

Please refer to <http://www.sustainalytics.com> for more information.

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

As of each rebalancing reference date, companies considered for the S&P Net Zero 2050 Paris-Aligned Climate ESG Index Series are excluded from the eligible universe if the sum of their 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%

These exclusions use a sector revenues dataset from Trucost.

Controversies Monitoring: Media and Stakeholder Analysis Overlay

In addition to the above, S&P Global uses RepRisk, a leading data science company, for daily filtering, screening, and analysis of ESG risk incidents and controversial activities related to companies within the indices¹³.

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 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 re-entry into the index for one full calendar year, beginning with the subsequent rebalancing.

For more information on RepRisk, please refer to www.reprisk.com. This service is not considered a direct contribution to the index construction process.

¹³ 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.

Multiple Classes of Stock

All publicly listed multiple share class lines are eligible for index inclusion subject to meeting the eligibility criteria. For more information regarding the treatment of multiple share classes, please refer to Approach A within the Multiple Share Classes section of the S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Index Construction

Constituent Selection

At each rebalancing, the eligible constituents of each underlying index are selected and form each index, subject to the optimization constraints below.

Constituent Weighting

At each rebalancing reference date, weights are determined to minimize the sum of the squared difference between the parent weight for each constituent (i) and its optimized weight, divided by its parent weight, subject to constraints. The objective function is as follows:

$$\begin{aligned} & \text{Minimize} \left(\frac{1}{n} \sum \left[\frac{(\text{Optimized Weight}_i - \text{Parent Weight}_i)^2}{\text{Parent Weight}_i} \right] \right) \\ & + \frac{1}{k} \sum \left[\frac{(\text{Optimized Sector Weight}_i - \text{Parent Sector Weight}_i)^2}{\text{Parent Sector Weight}_i} \right] \\ & + \frac{1}{m} \sum \left[\frac{(\text{Optimized Country Weight}_i - \text{Parent Country Weight}_i)^2}{\text{Parent Country Weight}_i} \right] \end{aligned}$$

For the S&P Europe LargeMidCap Net Zero 2050 Climate Transition ESG Index, S&P Europe LargeMidCap Net Zero 2050 Paris-Aligned ESG Index, S&P Eurozone LargeMidCap Net Zero 2050 Climate Transition ESG Index, and S&P Eurozone LargeMidCap Net Zero 2050 Paris-Aligned ESG Index the underlying index used as a reference for the optimization process has the weight of stocks not listed on European or North American exchanges transferred to other eligible share class lines from the same company (if available).

Optimization Constraints

As of each rebalancing reference date, the optimizer will seek to minimize the above objective function for each index in the series while satisfying the criteria that index constituents will have an index weight of at least 0.01%, and all applicable combinations of the below transition risk, physical risk, climate opportunities, and index construction constraints.

Table 1. Transition Risk Constraints

Constraint*	S&P Climate Transition Index Series	S&P Paris-Aligned Climate Index Series	Data Source
1.5°C Climate Scenario Transition Pathway Budget Index Alignment	See Table 2 for index specific constraint values.		Trucost
Weighted-average Carbon Intensity (WACI) Target	≤ underlying WACI × 70% × Buffer**	≤ underlying WACI × 50% × Buffer	Trucost
7% Decarbonization Trajectory WACI Target	$\leq \text{AnchorWACI}^{***} \times \frac{(1-7\%)^{(q/4)}}{1+Inf} \times \text{Buffer}$ where: q = number of rebalances since index launch date Inf = Enterprise Value Including Cash (EVIC) growth of parent index since index Anchor Date ¹⁴		Trucost
Weight of Eligible Science Based Targets Companies	≥ 120% × weight of group in underlying index		Trucost / Science Based

¹⁴ The index 'Anchor Date' is the date of the reference index composition and base carbon intensity calculation used to determine the index's decarbonization trajectory. It is the rebalancing reference date for the most recent index rebalancing prior to the index's launch date. Please see *Appendix V* for more details.

Constraint*	S&P Climate Transition Index Series	S&P Paris-Aligned Climate Index Series	Data Source
			Targets Initiative
Weighted-average S&P DJI ESG Score (waESG)	≥ of eligible index waESG****	≥ underlying index waESG after 20% of the lowest ESG scoring stocks by count are removed and their weight redistributed*****	S&P Global – S&P DJI
High Climate Impact Sectors Revenue Proportion (HCISRP)	≥ HCISRP of underlying index		Trucost
Weight of Non-Disclosing Carbon Companies	≤ 110% × weight in underlying index		Trucost
Fossil Fuel Reserves (FFR)	≤ FFR of underlying index	≤ 20% × FFR of underlying index	Trucost

* Constraints are defined in *Constraint-Related Definitions* below.

** Where Buffer = 95% to represent a 5% margin to allow for drift between targeted and realized WACI.

*** WACI of index on the index's Anchor Date. Prior to launch date, the 7% Decarbonization Trajectory WACI Target was reset to the index Anchor Date. Prior to launch, the 7% decarbonization Trajectory WACI Target was calculated based on the index Inception Date.

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

***** If a company does not have an S&P DJI ESG Score, the company is assigned the underlying index's waESG prior to ranking stocks by ESG score. The calculation of the lowest 20% of stocks by ESG Score selects stocks with ESG scores less than the ESG score associated with the 20th percentile of ESG scores among all stocks in the underlying index.

Table 2. Transition Pathway Constraint Alignment Value

Index	1.5°C Climate Scenario Transition Pathway Budget Index Alignment Constraint
S&P 500 Net Zero 2050 Climate Transition ESG Index	≤ 0
S&P 500 Net Zero 2050 Paris-Aligned ESG Index	
S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Climate Transition ESG Index	
S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Paris-Aligned ESG Index	
S&P Europe LargeMidCap Net Zero 2050 Climate Transition ESG Index	
S&P Europe LargeMidCap Net Zero 2050 Paris-Aligned ESG Index	
S&P Eurozone LargeMidCap Net Zero 2050 Climate Transition ESG Index	
S&P Eurozone LargeMidCap Net Zero 2050 Paris-Aligned ESG Index	
S&P UK Net Zero 2050 Climate Transition ESG Index	≤ C
S&P UK Net Zero 2050 Paris-Aligned ESG Index	where: 0 ≤ C ≤ [50% × (weighted average of TPBA of underlying index)]
	For more details see <i>Appendix II</i> .

Table 3. Physical Risk Constraints

Constraint	S&P Climate Transition Index Series	S&P Paris-Aligned Climate Index Series	Data Source
Weighted-average Physical Risk Score (waPR)	≤ waPR of underlying index	≤ 90% × waPR of underlying index	Trucost
Physical Risk Max Company Weight	$\leq A_i * Parent\ Weight_i$ <p>where:</p> $A_i = \rho * \frac{PR_i - 100}{PR_i - 10}$ <p>PR_i = is the Physical Risk score of the company i</p> $\rho = \frac{Physical\ Risk\ Score\ 95th\ percentile - 10}{Physical\ Risk\ Score\ 95th\ percentile - 100}$ <p>See <i>Appendix I</i> for more details. (This constraint is only applied to companies with a PR such that $A_i \leq 4$. And a Physical Risk Score higher than 10)</p>		Trucost

Table 4. Climate Opportunities Constraint

Constraint	S&P Climate Transition Index Series	S&P Paris-Aligned Climate Index Series	Data Source
Green-to-Brown Revenue Share (GBR)	≥ GBR of underlying index	≥ 4 × GBR of underlying index	Trucost

Table 5. Index Construction Constraints

Constraint	S&P Net Zero 2050 Climate Transition ESG Index Series & S&P Net Zero 2050 Paris-Aligned Climate ESG Index Series
Diversification Relative Company Weight	± 2% from underlying index company weight
Diversification Absolute Max Company Weight	≤ max(5%, underlying company weight)
Liquidity Max Stock Weight	$\leq \frac{\text{Hypothetical Days to Buy/Sell} \times \text{Daily Participation} \times \text{Liquidity}_i}{\text{Notional Portfolio Size}}$ <p>where: Hypothetical Days to Buy/Sell = 5 Daily Participation = 10% Liquidity = 3-month Median Daily Value Traded For Liquidity Currency and Notional Portfolio Size for each index see Table 6.</p>
Minimum Stock Weight Lower Threshold	Existing constituents: ≥ 0.01% ¹⁵ New constituents: ≥ max(0.01%, min(0.05, 0.5 × underlying stock weight))

Table 6. Index Specific Liquidity Currency and Notional Portfolio Size Values

Index	Liquidity Currency	Notional Portfolio Size
S&P 500 Net Zero 2050 Climate Transition ESG Index	USD	1 billion
S&P 500 Net Zero 2050 Paris-Aligned ESG Index		
S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Climate Transition ESG Index		
S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Paris-Aligned ESG Index		
S&P Europe LargeMidCap Net Zero 2050 Climate Transition ESG Index	EUR	
S&P Europe LargeMidCap Net Zero 2050 Paris-Aligned ESG Index		
S&P Eurozone LargeMidCap Net Zero 2050 Climate Transition ESG Index		
S&P Eurozone LargeMidCap Net Zero 2050 Paris-Aligned ESG Index		
S&P UK Net Zero 2050 Climate Transition ESG Index	GBP	500 million
S&P UK Net Zero 2050 Paris-Aligned ESG Index		

Constraint Relaxation Hierarchy

In the case that the optimization does not solve for a certain period each constraint in the hierarchy will be partially relaxed in the order listed below and repeated, if necessary, until a solution is found.

- Weighted-average S&P DJI ESG Score
- Weighted-average Physical Risk Score
- Weight of Non-Disclosing Carbon Companies
- Diversification Absolute Max Stock Weight
- Diversification Relative Stock Weight
- Liquidity Max Stock Weight
- Fossil Fuel Reserves
- Physical Risk Max Stock Weight
- Green-to-Brown Revenue Share
- 1.5°C Climate Scenario Transition Pathway Budget Index Alignment

¹⁵ Constraints relating to existing constituents do not apply to the historical rebalance on the index 'Anchor Date'. Please see *Appendix V* for more details on the 'Anchor Date'.

The following constraints are considered hard constraints and will not be relaxed:

- Weighted-average Carbon Intensity (WACI) Target
- 7% Decarbonization Trajectory WACI Target
- High Climate Impact Sectors Revenue Proportion
- Weight of Eligible Science Based Targets Companies

Constraint-Related Definitions

1.5°C Climate Scenario Transition Pathway Budget Index Alignment

The alignment of the index¹⁶ is calculated as follows:

$$\sum w_i \times \frac{\text{Winsorized TPBA}_i}{\text{EVIC}_i}$$

where:

w_i = weight of the company i in the index

Winsorized TPBA_i = max (2.5 percentile of the TPBA of underlying index, TPBA_i)

EVIC_i = enterprise value including cash of the company i

The Transition Pathway Budget Alignment (TPBA) of each company i is calculated as the sum of the difference between a company's carbon budget and emissions (either realized or predicted) both using history and future projections. A TPBA of 0 would be compatible with a 1.5°C climate scenario, a budget below 0 would be compatible with better than a 1.5°C climate scenario and a budget above 0 would not be compatible with a 1.5°C climate scenario.

This metric is calculated using the GHG emissions dataset and the 1.5°C Climate Transition Pathway Model Scenario dataset provided by Trucost.

Weighted-Average Carbon Intensity (WACI)

$$\sum w_i \times \frac{\text{GHG1}_i + \text{GHG2}_i + \text{GHG3}_i}{\text{EVIC}_i}$$

where:

w_i = weight of the company i in the index

GHG1_i = Scope 1 GHG emissions in tCO₂e for the company i

GHG2_i = Scope 2 GHG emissions in tCO₂e for the company i

GHG3_i = Scope 3 (upstream and downstream) GHG emissions in tCO₂e for the company i

EVIC_i = enterprise value including cash of the company i

This metric is calculated using the GHG emissions dataset provided by Trucost.

¹⁶ For history prior to November 2018, only the realized GHG data available at that point-in-time was used in the calculation of the Transition Pathway Budget Alignment (i.e., Predicted GHG was included from December 2018 onwards).

Eligible Science Based Targets

Eligible Science Based Targets Companies are those companies with publicly disclosed targets from the Science Based Targets Initiative (SBTI), subject to the following conditions:

1. The target is publicly disclosed and is 1.5°C aligned
2. The targets set include all scope 1, scope 2 and scope 3 (upstream and downstream) emissions
3. The company discloses their scope 1, scope 2 and scope 3 emissions sufficiently
4. Companies must show a 7% decarbonization year-on-year, for the past 3 years
5. Companies' targets must represent an annualized decarbonization rate of 7% when accounting for scopes 1, 2 and 3 (upstream and downstream) targets assuming the companies' current composition of emissions.

This metric is calculated using the GHG emissions dataset and the 1.5°C Climate Transition Pathway Model Scenario dataset provided by Trucost, and the register of approved science-based company targets from the SBTi.

High Climate Impact Sectors Revenue Proportion (HCISRP)

$$\frac{\sum w_i \times \frac{HCISR_i}{EVIC_i}}{\sum w_i \times \frac{TR_i}{EVIC_i}}$$

where:

w_i = weight of the company i in the index

$HCISR_i$ = revenue of the company i derived from High Climate Impact Sectors

TR_i = total revenue of the company i

$EVIC_i$ = enterprise value including cash of the company i

High Climate Impact Sectors are defined by the follow NACE sections:

- Agriculture, Forestry and Fishing
- Mining and Quarrying
- Manufacturing
- Electricity, Gas, Steam and Air Conditioning Supply
- Water Supply; Sewerage, Waste Management and Remediation Activities
- Construction
- Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles
- Transportation and Storage
- Real Estate Activities

NACE sections have been mapped to Trucost Sectors. This metric is calculated using the sector revenues dataset provided by Trucost.

For more information on High Climate Impact Sectors, including the classification of Trucost revenue sectors as either 'high' or 'low' climate impact sectors, please refer to the [Trucost Climate Impact Sectors Classification](#).

Non-Disclosing Carbon Companies

Non-disclosing carbon companies are those companies identified by Trucost as having insufficiently disclosed their GHG emissions (expressed in CO₂ equivalents). A 'Disclosed' status is achieved when Trucost identifies companies as having full or partial disclosure in its largest GHG emissions scope in absolute emissions terms (between scope 1 and 2).

This metric is calculated using the GHG emissions disclosure level dataset provided by Trucost.

Fossil Fuel Reserves (FFR)

$$\sum w_i \times \frac{\text{Fossil Fuel Reserves}_i}{EVIC_i}$$

where:

w_i = weight of the company i in the index

$\text{Fossil Fuel Reserves}_i$ = the embedded emissions (tCO₂) within the fossil fuel reserves owned by company i

$EVIC_i$ = enterprise value including cash of the company i

This metric is calculated using the fossil fuel reserves dataset provided by Trucost.

Green-to-Brown Revenue Share (GBR)

$$\frac{\sum w_i \times \frac{GR_i}{EVIC_i}}{\sum w_i \times \frac{BR_i}{EVIC_i}}$$

where:

w_i = weight of the company i in the index

GR_i = revenue of the company i derived from Green Sectors

BR_i = revenue of the company i derived from Brown Sectors

$EVIC_i$ = enterprise value including cash of the company i

S&P DJI defines Green Sectors as the following Trucost Sectors:

- Nuclear Electric Power Generation
- Biomass Power Generation
- Geothermal Power Generation
- Hydroelectric Power Generation
- Solar Power Generation
- Wave & Tidal Power Generation
- Wind Power Generation

S&P DJI defines Brown Sectors as the following Trucost Sectors:

- Coal Power Generation
- Petroleum Power Generation
- Natural Gas Power Generation

This metric is calculated using the sector revenues dataset provided by Trucost.

Please refer to <http://www.trucost.com/> for more information.

Index Calculations

The indices are calculated by means of the divisor methodology used in all S&P Dow Jones Indices' equity indices.

For more information on the index calculation methodology, please refer to the Non-Market Capitalization Weighted Indices and Capped Market Capitalization Weighted Indices sections, respectively, of S&P Dow Jones Indices' Index Mathematics Methodology.

Index Maintenance

Rebalancing

The indices rebalance quarterly, effective after the close of the last business day of March, June, September, and December. The rebalancing reference date for each rebalance is the last trading day of the prior month. As part of the rebalancing process, constituent stock weights are updated. Weights calculated as a result of the reference date data are implemented in the indices using closing prices seven business days prior to the rebalancing effective date.

Ongoing Maintenance

Index constituents are drawn from the underlying index or component indices. Specific changes to index constituents, such as share changes, Investable Weight Factor (IWF) changes, dividend distributions, and price adjustments, follow the policies of the underlying index.

For more information on Share Updates, Float Adjustment, and IWFs, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology and S&P Dow Jones Indices' Float Adjustment Methodology.

The indices are reviewed on an ongoing basis to account for corporate events such as mergers, takeovers, delistings, suspensions, spin-offs/demergers, or bankruptcies. Changes to index composition and related weight adjustments are made as soon as they are effective. These changes are typically announced prior to the implementation date.

Quarterly Updates

Changes to a constituent's shares and IWF as a result of the quarterly updates are effective after the close on the third Friday in March, June, September, and December.

Additions and Deletions

Additions. Except for spin-offs, no stocks are added to the indices between rebalance dates. Spinoffs are added to all indices where the parent security is a constituent at a zero price at the market close of the day before the ex-date (with no divisor adjustment) and are removed after at least one day of regular way trading (with a divisor adjustment).

Deletions. If a stock is dropped from an underlying index, it is also removed from the respective S&P Net Zero 2050 Climate Transition ESG Index Series and S&P Net Zero 2050 Paris-Aligned Climate ESG Index Series indices simultaneously. Between rebalancings, a stock can be deleted from an index due to corporate events such as mergers, takeovers, delistings, suspensions, spin-offs/demergers, or bankruptcies.

In addition, at the discretion of the Index Committee, a deletion may occur if an MSA is raised.

Corporate Actions

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

Currency of Calculation and Additional Index Return Series

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

WM/Refinitiv foreign exchange rates are taken daily at 04:00 PM London Time and used in the end-of-day calculation of the indices. These mid-market fixings are calculated by The WM Company based on Refinitiv data and appear on Refinitiv pages WMRA.

In addition to the indices detailed in this methodology, additional return series versions of the indices may be available, including, but not limited to: 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 various index calculations, 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.

Base Dates and History Availability

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

Index	Launch Date	First Value Date	Base Date	Base Value
S&P 500 Net Zero 2050 Climate Transition ESG Index	06/01/2020	12/31/2016	12/31/2016	1000
S&P 500 Net Zero 2050 Paris-Aligned ESG Index	06/01/2020	12/31/2016	12/31/2016	1000
S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Climate Transition ESG Index	06/01/2020	12/31/2016	12/31/2016	1000
S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Paris-Aligned ESG Index	06/01/2020	12/31/2016	12/31/2016	1000
S&P Europe LargeMidCap Net Zero 2050 Climate Transition ESG Index	05/04/2020	12/31/2016	12/31/2016	1000
S&P Europe LargeMidCap Net Zero 2050 Paris-Aligned ESG Index	05/04/2020	12/31/2016	12/31/2016	1000
S&P Eurozone LargeMidCap Net Zero 2050 Climate Transition ESG Index	04/20/2020	12/31/2016	12/31/2016	1000
S&P Eurozone LargeMidCap Net Zero 2050 Paris-Aligned ESG Index	04/20/2020	12/31/2016	12/31/2016	1000
S&P UK Net Zero 2050 Climate Transition ESG Index	10/25/2021	12/31/2016	12/31/2016	1000
S&P UK Net Zero 2050 Paris-Aligned ESG Index	10/25/2021	12/31/2016	12/31/2016	1000

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

The indices are managed by an S&P Dow Jones Indices' Index Committee. The Index Committee meets regularly. At each meeting, the Index Committee reviews pending corporate actions that may affect index constituents, statistics comparing the composition of the index to the market, companies that are being considered as candidates for addition to the 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.

Press releases are posted on our Web site, www.spglobal.com/spdji, and are released to major news services.

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 and contains all constituents, and their corresponding weights and index shares effective for the upcoming rebalancing.

Please visit www.spglobal.com/spdji for a complete schedule of rebalancing timelines and pro-forma delivery times.

Holiday Schedule

The indices are calculated daily, throughout the calendar year. The only days an index is not calculated are on days when all exchanges where an index's constituents are listed are officially closed or if WM/Reuters' exchange rates services are not published.

A complete holiday schedule for the year is available at 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 any questions regarding an index, please contact: index_services@spglobal.com.

Index Dissemination

Index levels are available through S&P Dow Jones Indices' Web site at 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	Return Type	Bloomberg
S&P 500 Net Zero 2050 Climate Transition ESG Index (EUR)	Price Return Total Return Net Total Return	SP50CTEP SP50CTET SP50CTEN
S&P 500 Net Zero 2050 Climate Transition ESG Index (USD)	Price Return Total Return Net Total Return	SP50CTUP SP50CTUT SP50CTUN
S&P 500 Net Zero 2050 Paris-Aligned ESG Index (EUR)	Price Return Total Return Net Total Return	SP50PAEP SP50PAET SP50PAEN
S&P 500 Net Zero 2050 Paris-Aligned ESG Index (USD)	Price Return Total Return Net Total Return	SP50PAUP SP50PAUT SP50PAUN
S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Climate Transition ESG Index (EUR)	Price Return Total Return Net Total Return	SPDKCTEP SPDKCTET SPDKCTEN
S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Climate Transition ESG Index (USD)	Price Return Total Return Net Total Return	SPDKCTUP SPDKCTUT SPDKCTUN
S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Paris-Aligned ESG Index (EUR)	Price Return Total Return Net Total Return	SPDPACEP SPDPACET SPDPACEN
S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Paris-Aligned ESG Index (USD)	Price Return Total Return Net Total Return	SPDPACUP SPDPACUT SPDPACUN
S&P Europe LargeMidCap Net Zero 2050 Climate Transition ESG Index (EUR)	Price Return Total Return Net Total Return	SPEUCTEP SPEUCTET SPEUCTEN
S&P Europe LargeMidCap Net Zero 2050 Climate Transition ESG Index (USD)	Price Return Total Return Net Total Return	SPEUCTUP SPEUCTUT SPEUCTUN
S&P Europe LargeMidCap Net Zero 2050 Paris-Aligned ESG Index (EUR)	Price Return Total Return Net Total Return	SPEUPAEP SPEUPAET SPEUPAEN
S&P Europe LargeMidCap Net Zero 2050 Paris-Aligned ESG Index (USD)	Price Return Total Return Net Total Return	SPEUPAUP SPEUPAUT SPEUPAUN
S&P Eurozone LargeMidCap Net Zero 2050 Climate Transition ESG Index (EUR)	Price Return Total Return Net Total Return	SPEUCTEP SPEUCTET SPEUCTEN

Index	Return Type	Bloomberg
S&P Eurozone LargeMidCap Net Zero 2050 Climate Transition ESG Index (USD)	Price Return Total Return Net Total Return	SPEUCTUP SPEUCTUT SPEUCTUN
S&P Eurozone LargeMidCap Net Zero 2050 Paris-Aligned ESG Index (EUR)	Price Return Total Return Net Total Return	SPEUPAEP SPEUPAET SPEUPAEN
S&P Eurozone LargeMidCap Net Zero 2050 Paris-Aligned ESG Index (USD)	Price Return Total Return Net Total Return	SPEUPAUP SPEUPAUT SPEUPAUN
S&P UK Net Zero 2050 Climate Transition ESG Index (EUR)	Price Return Total Return Net Total Return	SPGBCTEP SPGBCTET SPGBCTEN
S&P UK Net Zero 2050 Climate Transition ESG Index (USD)	Price Return Total Return Net Total Return	SPGBCTUP SPGBCTUT SPGBCTUN
S&P UK Net Zero 2050 Paris-Aligned ESG Index (EUR)	Price Return Total Return Net Total Return	SPGBPAEP SPGBPAET SPGBPAEN
S&P UK Net Zero 2050 Paris-Aligned ESG Index (USD)	Price Return Total Return Net Total Return	SPGBPAUP SPGBPAUT SPGBPAUN

Index Data

Daily constituent and index level data are available via subscription.

For product information, please contact S&P Dow Jones Indices, www.spglobal/spdji.com/contact-us.

S&P DJI ESG Scores Data

Company-level S&P DJI ESG Scores data are available via subscription.

For product information, please contact S&P Dow Jones Indices, www.spglobal/spdji.com/contact-us.

Website

For further information, please refer to S&P Dow Jones Indices' Web site at www.spglobal.com/spdji.

Appendix I

Physical Risk Max Stock Weight Constraint

This constraint is designed to avoid excessively overweighting companies with high physical risk score. The constraint is applied in proportion to the weight in the parent index.

$$\text{Strategy Weight}_i \leq A_i * \text{Parent Weight}_i$$

where:

$$A_i = \rho * \frac{\text{Physical Risk Score}_i - 100}{\text{Physical Risk Score}_i - 10}$$

$$\text{and } \rho = \frac{\text{Physical Risk Score 95th percentile} - 10}{\text{Physical Risk Score 95th percentile} - 100}$$

where *Physical Risk Score 95th percentile* is the Physical Risk Score value greater than the 95% of the parent index.

This constraint is only applied to companies that have a Physical Risk Score higher than 10 and such that $A_i \leq 4$.

Any stock with Physical Risk value greater than *Physical Risk Score 95th percentile* cannot have a weight greater than its parent index weight ($A_i \leq 1$). If the Physical Risk score is 100, A_i will be zero.

For example, for the indices where the 95th percentile Physical risk value for the stocks in the universe is 40, if a company has a Physical Score of 30 and a weight in the parent of 2%, the maximal allowed weight in the S&P Paris-Aligned and Climate Transition (PACT) Index Series is $2\% * 1.75 = 3.5\%$. If instead its Physical Risk Score were 70 the maximum allowed weight would be $2\% * 0.25 = 0.5\%$.

The following table shows the values of the multiplier A for each Physical Risk Score rounded to the third decimal point, for when the 95th percentile Physical risk value for the stocks in the universe is 40.

Physical Risk Score	A	Physical Risk Score	A	Physical Risk Score	A	Physical Risk Score	A
20	4.000	40	1.000	60	0.400	80	0.143
21	3.591	41	0.952	61	0.382	81	0.134
22	3.250	42	0.906	62	0.365	82	0.125
23	2.962	43	0.864	63	0.349	83	0.116
24	2.714	44	0.824	64	0.333	84	0.108
25	2.500	45	0.786	65	0.318	85	0.100
26	2.313	46	0.750	66	0.304	86	0.092
27	2.147	47	0.716	67	0.289	87	0.084
28	2.000	48	0.684	68	0.276	88	0.077
29	1.868	49	0.654	69	0.263	89	0.070
30	1.750	50	0.625	70	0.250	90	0.063
31	1.643	51	0.598	71	0.238	91	0.056
32	1.545	52	0.571	72	0.226	92	0.049

Physical Risk Score	<i>A</i>	Physical Risk Score	<i>A</i>	Physical Risk Score	<i>A</i>	Physical Risk Score	<i>A</i>
33	1.457	53	0.547	73	0.214	93	0.042
34	1.375	54	0.523	74	0.203	94	0.036
35	1.300	55	0.500	75	0.192	95	0.029
36	1.231	56	0.478	76	0.182	96	0.023
37	1.167	57	0.457	77	0.172	97	0.017
38	1.107	58	0.438	78	0.162	98	0.011
39	1.052	59	0.418	79	0.152	99	0.006
						100	0.000

Appendix II

1.5°C Climate Scenario Transition Pathway Budget Index Alignment Constraint

For the indices where the 1.5°C Climate Scenario Transition Pathway Budget Index Alignment constraint is not zero, the value of C is used as the constraint.

At each rebalancing reference date, C is defined as the Transition Pathway Budget Alignment (TPBA)¹⁷ of a specific underlying index stock that represents where the sum of Absolute Transition Pathway Budget Contributions for stocks with a TPBA below C is closest to 5% of the sum of Absolute Transition Pathway Budget Contributions for stocks with a TPBA above C.

The following steps describe the calculation of C in more detail:

1. Sort stocks by their TPBA values in ascending order (see *Table 7*).
2. Calculate the 'Transition Pathway Budget Contribution' for all stocks in the universe, by multiplying their TPBA by their weight in the underlying index as at the rebalancing reference date.
3. For each stock i calculate (S_i) as the sum of Absolute Transition Pathway Budget Contributions for all the stocks with a TPBA that is lower or equal than that of stock i .
4. For each stock i calculate (T_i) as the sum of Absolute Transition Pathway Budget Contributions for all the stocks with a TPBA that is higher than that of stock i .
5. The value C is the 1.5°C Climate Scenario Transition Pathway Budget Index Alignment constraint for the index and is defined as the TPBA of the stock whose $\frac{S_i}{T_i}$ ratio is closest to 5%. This can also be stated as the TPBA of the stock with the minimum absolute value of $\frac{S_i}{T_i}$ ratio minus 5% ($|\frac{S_i}{T_i} - 0.05|$).
 - If C is less than zero, zero is used instead.
 - If $C \geq [50\% \times (\text{weighted average TPBA of underlying index})]$ then C is set to equal $[50\% \times (\text{weighted average TPBA of underlying index})]$.

The following table illustrates an example of how to calculate the value C. The $\frac{S_i}{T_i}$ ratio value of 0.050575 (shown in bold in second-to-last column) is the closest $\frac{S_i}{T_i}$ ratio to 5%, just as the $|\frac{S_i}{T_i} - 0.05|$ value in that column is the lowest among all others. Therefore C will be taken to be equal to 10, as it is the Transition Pathway Budget Index Alignment constraint. It is also greater than 0 and less than half of the weighted average of the parent ($40.89 \times 50\%$).

¹⁷ The Transition Pathway Budget Alignment (TPBA) of each company i is calculated as the sum of the difference between a company's carbon budget and emissions (either realized or predicted) both using history and future projections. A TPBA of 0 would be compatible with a 1.5°C climate scenario, a budget below 0 would be compatible with better than a 1.5°C climate scenario and a budget above 0 would not be compatible with a 1.5°C climate scenario.

Table 7. Transition Pathway Budget Alignment Value Calculation Example

Stock	Transition Pathway Budget Alignment (TPBA)	Underlying Index Weight	Transition Pathway Budget Contribution	Absolute Transition Pathway Budget Contribution	S_i	T_i	$\frac{S_i}{T_i}$	$ \frac{S_i}{T_i} - 0.05 $
Stock A	-24	3%	-0.72	0.72	0.72	43.11	0.016701	0.033299
Stock B	-3	25%	-0.75	0.75	1.47	42.36	0.034703	0.015297
Stock C	4	6%	0.24	0.24	1.71	42.12	0.040598	0.009402
Stock D	10	4%	0.40	0.40	2.11	41.72	0.050575	0.000575
Stock E	27	9%	2.43	2.43	4.54	39.29	0.115551	0.065551
Stock F	55	19%	10.45	10.45	14.99	28.84	0.519764	0.469764
Stock G	68	21%	14.28	14.28	29.27	14.56	2.010302	1.960302
Stock H	112	13%	14.56	14.56	43.83	0	Inf	Inf
TOTAL		100%	40.89	43.83				

Appendix III

Trucost Methodology

Trucost has analyzed the environmental performance of over 16,000 companies worldwide. Trucost's standardized greenhouse gas ("GHG") emissions data provides a proxy for carbon performance. To calculate the carbon intensity of any company included in the indices, Trucost reviews company annual reports and accounts, environmental/sustainability reports, public disclosures, and corporate Web sites.

However, many companies do not disclose their environmental or carbon impacts. Where there is no public disclosure, Trucost employs its environmental profiling system. This proprietary Input-Output model maps the GHG impacts of business activities in 464 sectors. Trucost's broad coverage seeks to ensure that all non-disclosing companies are considered for index eligibility, not just those that disclose environmental information.

Six greenhouse gases (GHGs) are included in the analysis; these are all the GHGs regulated under the Kyoto protocol. Each gas has a different capacity to cause global warming. Although carbon dioxide ("CO₂") is the least potent of the GHGs, it is one of the most prevalent in terms of man-made emissions. The GHGs are calculated for each company and converted into tons of carbon dioxide equivalents based on the appropriate Global Warming Potential factors. The Global Warming Potential ("GWP") index, published by the Intergovernmental Panel on Climate Change ("IPCC"), assesses the effect of the emissions of different gases over a 100-year time period, relative to the emission of an equal mass of CO₂. GWP enables all the GHGs to be expressed in terms of CO₂ equivalents, or CO₂e, and is used as the basis for the analysis and for index calculation.

Quantities of greenhouse gas emissions are, then, normalized by sales to calculate the company's carbon footprint, or "carbon intensity". The smaller the carbon footprint, the less investments contribute to climate change and the lower an index's exposure to the rising costs of emitting carbon dioxide.

Trucost, a part of S&P Global, is a leader in carbon and environmental data and risk analysis and assesses risks relating to climate change, natural resource constraints, and broader environmental, social and governance factors.

For more information, please refer to <http://www.trucost.com/>.

Appendix IV

Methodology Changes

Methodology changes since April 20, 2020, are as follows:

Change	Effective Date (After Close)	Methodology	
		Previous	Updated
Diversification Relative Stock Weight: All Indices	03/31/2022	± 2% from underlying index stock weight	± 2% from underlying index company weight
Diversification Absolute Max Stock Weight: All Indices	03/31/2022	≤ max(5%, underlying stock weight)	≤ max(5%, underlying company weight)
Physical Risk Constraint: All Indices except S&P UK Net Zero 2050 Paris-Aligned ESG Index and S&P UK Net Zero 2050 Climate Transition ESG Index	03/31/2022	$\rho = -0.5$ Constraint is applied at the stock level	$\rho = \frac{\text{Physical Risk Score 95th percentile} - 10}{\text{Physical Risk Score 95th percentile} - 100}$ Constraint is applied at the company level
Physical Risk Constraint: S&P UK Net Zero 2050 Paris-Aligned ESG Index and S&P UK Net Zero 2050 Climate Transition ESG Index	03/31/2022	Constraint is applied at the stock level	Constraint is applied at the company level
Exclusions based on Business Activities: Alcoholic Beverages: Production S&P Net Zero 2050 Paris-Aligned ESG Indices	03/31/2022	level of involvement threshdd: > 0%	level of involvement threshdd: ≥ 5%
Exclusions based on Business Activities: Military Contracting: Weapon Related Products and/or Services S&P Net Zero 2050 Paris-Aligned ESG Indices	03/31/2022	level of involvement threshdd: > 0%	level of involvement threshdd: ≥ 5%

Change	Effective Date (After Close)	Methodology	
		Previous	Updated
Objective Function: All Indices	03/31/2022	Minimize $\left(\frac{\sum (Parent\ Weight_i - Optimized\ Weight_i)}{Parent\ Weight_i} \right)$	Minimize $\left(\frac{1}{n} \sum \frac{(Optimized\ Weight_i - Parent\ Weight_i)^2}{Parent\ Weight_i} \right)$ + $\frac{1}{k} \sum \frac{(Optimized\ Sector\ Weight_i - Parent\ Sector\ Weight_i)^2}{Parent\ Sector\ Weight_i}$ + $\frac{1}{m} \sum \frac{(Optimized\ Country\ Weight_i - Parent\ Country\ Weight_i)^2}{Parent\ Country\ Weight_i}$
Index Names: S&P Net Zero 2050 Climate Transition ESG Index Series and S&P Net Zero 2050 Paris-Aligned Climate ESG Index Series	06/26/2021	The index names are: <ul style="list-style-type: none">S&P 500 Climate Transition ESG IndexS&P 500 Paris-Aligned ESG IndexS&P Developed Ex-Korea LargeMidCap Climate Transition ESG IndexS&P Developed Ex-Korea LargeMidCap Paris-Aligned ESG IndexS&P Europe LargeMidCap Climate Transition ESG IndexS&P Europe LargeMidCap Paris-Aligned ESG IndexS&P Eurozone LargeMidCap Climate Transition ESG IndexS&P Eurozone LargeMidCap Paris-Aligned ESG Index	The index names are: <ul style="list-style-type: none">S&P 500 Net Zero 2050 Climate Transition ESG IndexS&P 500 Net Zero 2050 Paris-Aligned ESG IndexS&P Developed Ex-Korea LargeMidCap Net Zero 2050 Climate Transition ESG IndexS&P Developed Ex-Korea LargeMidCap Net Zero 2050 Paris-Aligned ESG IndexS&P Europe LargeMidCap Net Zero 2050 Climate Transition ESG IndexS&P Europe LargeMidCap Net Zero 2050 Paris-Aligned ESG IndexS&P Eurozone LargeMidCap Net Zero 2050 Climate Transition ESG IndexS&P Eurozone LargeMidCap Net Zero 2050 Paris-Aligned ESG Index
Environmental Score Constraint to ESG Score Constraint: S&P Net Zero 2050 Climate Transition ESG Indices	06/30/2021	Weighted-average S&P DJI Environmental Score (waE) of the CT Index should be \geq the waE of the eligible universe.	Weighted-average S&P DJI ESG Score (waESG) of the CT Index should be \geq the eligible waESG of the eligible universe.
Environmental Score Constraint to ESG Score Constraint: S&P Net Zero 2050 Paris-Aligned ESG Indices	06/30/2021	Weighted-average S&P DJI Environmental Score (waE) of the PA Index should be \geq the waE of the eligible universe + (20% x (max E score in eligible universe – eligible universe's waE))	Weighted-average S&P DJI ESG Score (waESG) of the PA Index should be \geq the waESG of the universe after 20% of the worst ESG score performing companies by count are removed and weight redistributed
Introduce buffer rule and revise stock cap: All Indices	06/30/2021	No buffer, minimum stock weight lower threshold of 0.01%, maximum weight of 5%.	Minimum stock weight threshold \geq 1 bps for existing constituents and max (1bps, min (5bps, 0.5 x weight in underlying index)) for new constituents. Max stock weight: max(5% weight in underlying index)
UNGC Exclusion: All Indices	06/30/2021	All companies at or below the bottom 5% of the Arabesque GC score universe globally are ineligible.	Companies that are deemed by Sustainalytics to be non-compliant are ineligible.
Exclusions based on Business Activities: S&P Net Zero 2050 Paris-Aligned ESG Indices	06/30/2021	Stocks are excluded for involvement in Controversial Weapons and Tobacco only. <u>Involvement Exclusion Threshold</u> 'Controversial Weapons: Tailor Made and Essential': >0% (no proxy) 'Controversial Weapons: Significant Ownership (Tailor Made and Essential)': \geq 25% Ownership of company 'Tobacco: Production': >0% Revenue 'Tobacco: Related Products/Services': \geq 10% Revenue 'Tobacco: Retail': \geq 10% Revenue 'Tobacco: Significant ownership (production)': \geq 25% Revenue 'Tobacco: Significant ownership (related products/services)': \geq 25% Revenue 'Tobacco: Significant ownership (retail)': \geq 25% Revenue	Stocks are excluded for involvement in Controversial Weapons, Tobacco, Small Arms, Military Contracting, Thermal Coal, Oil Sands, Shale Energy, Gambling and Alcohol, as defined in the methodology. 'Tobacco: Retail' exclusion amended from \geq 10% to \geq 5%. All other pre-existing exclusions remain unchanged.

Appendix V

Index Anchor Date of Decarbonization Trajectory

The index 'Anchor Date' is the date of the reference index composition and base carbon intensity calculation used to determine the index's decarbonization trajectory. It is the rebalancing reference date for the most recent index rebalancing prior to the index's launch date. Prior to the index 'Anchor Date' the index 'First Value Date' is used to determine the index's decarbonization trajectory.

Index	First Value Date	Anchor Date	Launch Date
S&P 500 Net Zero 2050 Climate Transition ESG Index	12/31/2016	02/28/2020	06/01/2020
S&P 500 Net Zero 2050 Paris-Aligned ESG Index	12/31/2016	02/28/2020	06/01/2020
S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Climate Transition ESG Index	12/31/2016	02/28/2020	06/01/2020
S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Paris-Aligned ESG Index	12/31/2016	02/28/2020	06/01/2020
S&P Europe LargeMidCap Net Zero 2050 Climate Transition ESG Index	12/31/2016	02/28/2020	05/04/2020
S&P Europe LargeMidCap Net Zero 2050 Paris-Aligned ESG Index	12/31/2016	02/28/2020	05/04/2020
S&P Eurozone LargeMidCap Net Zero 2050 Climate Transition ESG Index	12/31/2016	02/28/2020	04/20/2020
S&P Eurozone LargeMidCap Net Zero 2050 Paris-Aligned ESG Index	12/31/2016	02/28/2020	04/20/2020
S&P UK Net Zero 2050 Climate Transition ESG Index	12/31/2016	08/31/2021	10/25/2021
S&P UK Net Zero 2050 Paris-Aligned ESG Index	12/31/2016	08/31/2021	10/25/2021

Appendix VI

Indices in this Methodology Employing Backward Data Assumption

S&P 500 Net Zero 2050 Paris-Aligned ESG Index
S&P 500 Net Zero 2050 Climate Transition ESG Index
S&P Europe LargeMidCap Net Zero 2050 Climate Transition ESG Index
S&P Europe LargeMidCap Net Zero 2050 Paris-Aligned ESG Index
S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Paris-Aligned ESG Index
S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Climate Transition ESG Index
S&P Eurozone LargeMidCap Net Zero 2050 Climate Transition ESG Index
S&P Eurozone LargeMidCap Net Zero 2050 Paris-Aligned ESG Index

Backward Data Assumption

The index employs a “Backward Data Assumption” method for some datapoints used in the derivation of historical index membership prior to the Live Data Effective Date (defined below). The “Backward Data Assumption” method involves applying the earliest available actual live data point for an index constituent to all prior, historical instances of that constituent in the index universe.

Backward Data Assumption affects only the historical, hypothetical constituents of any index back-test. Only actual live data is ever used in live index rebalancings and in the historical rebalancing calculation of an index after its Live Data Effective Date.

For more information on S&P DJI’s principles and processes for using Backward Data Assumption, please refer to the [FAQ](#).

Designated Datasets Subject to Backward Data Assumption

The Backward Data Assumption within the historical back-test, with respect to the indices identified above, applies only to designated datasets and associated time horizons as defined below. For each designated dataset, all historical rebalancing events prior to the Live Data Reference Date listed below are subject to use of the Backward Data Assumption.

Data Provider	Designated Dataset	Live Data Reference Date	Live Data Effective Date
Trucost	Physical Risk	2/28/2020	3/31/2020
Trucost	Scope 3 Emissions	2/28/2020	3/31/2020

The Live Data Reference Date refers to the first rebalancing reference date from which only actual live data is used.

The Live Data Effective Date refers to the first date from which index constituents are determined solely on actual live data for each respective dataset.

Historical Coverage Assessment per Designated Dataset

Trucost Physical Risk Coverage (with respect to underlying index universe):

S&P 500 Net Zero 2050 Climate Transition ESG Index & S&P 500 Net Zero 2050 Paris-Aligned ESG Index

Rebalancing Date	Underlying Index Stock Count	Point-in-Time Data		After Using the Data Assumption	
		Stock Count	Index Weight	Stock Count	Index Weight
2016	505	0	0%	502	99.7%
2017	505	0	0%	504	99.9%
2018	505	0	0%	504	99.9%
2019	505	0	0%	504	99.9%
2020	505	500	99.7%	n/a	n/a

S&P Europe LargeMidCap Net Zero 2050 Climate Transition ESG Index & S&P Europe LargeMidCap Net Zero 2050 Paris-Aligned ESG Index

Rebalancing Date	Underlying Index Stock Count	Point-in-Time Data		After Using the Data Assumption	
		Stock Count	Index Weight	Stock Count	Index Weight
2016	485	0	0%	460	96.1%
2017	472	0	0%	453	97.0%
2018	476	0	0%	462	97.6%
2019	459	0	0%	440	97.6%
2020	458	439	97.6%	n/a	n/a

S&P Eurozone LargeMidCap Net Zero 2050 Climate Transition ESG Index & S&P Eurozone LargeMidCap Net Zero 2050 Paris-Aligned ESG Index

Rebalancing Date	Underlying Index Stock Count	Point-in-Time Data		After Using the Data Assumption	
		Stock Count	Index Weight	Stock Count	Index Weight
2016	271	0	0%	259	97.2%
2017	270	0	0%	260	97.1%
2018	271	0	0%	265	98.4%
2019	255	0	0%	246	97.7%
2020	255	246	97.6%	n/a	n/a

S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Climate Transition ESG Index & S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Paris-Aligned ESG Index

Rebalancing Date	Underlying Index Stock Count	Point-in-Time Data		After Using the Data Assumption	
		Stock Count	Index Weight	Stock Count	Index Weight
2016	1776	0	0%	1713	97.1%
2017	1741	0	0%	1699	98.1%
2018	1766	0	0%	1740	99.2%
2019	1690	0	0%	1643	98.9%
2020	1686	1639	98.9%	n/a	n/a

Trucost Scope 3 Emissions Coverage (with respect to underlying index universe):

S&P 500 Net Zero 2050 Climate Transition ESG Index & S&P 500 Net Zero 2050 Paris-Aligned ESG Index

Rebalancing Date	Underlying Index Stock Count	Point-in-Time Data		After Using the Data Assumption	
		Stock Count	Index Weight	Stock Count	Index Weight
2016	505	0	0%	466	95.7%
2017	505	0	0%	483	97.4%
2018	505	0	0%	493	98.6%
2019	505	0	0%	504	99.9%
2020	505	500	99.7%	n/a	n/a

S&P Europe LargeMidCap Net Zero 2050 Climate Transition ESG Index & S&P Europe LargeMidCap Net Zero 2050 Paris-Aligned ESG Index

Rebalancing Date	Underlying Index Stock Count	Point-in-Time Data		After Using the Data Assumption	
		Stock Count	Index Weight	Stock Count	Index Weight
2016	485	0	0%	469	96.9%
2017	472	0	0%	461	97.3%
2018	476	0	0%	471	97.9%
2019	459	0	0%	448	97.8%
2020	458	447	97.7%	n/a	n/a

S&P Eurozone LargeMidCap Net Zero 2050 Climate Transition ESG Index & S&P Eurozone LargeMidCap Net Zero 2050 Paris-Aligned ESG Index

Rebalancing Date	Underlying Index Stock Count	Point-in-Time Data		After Using the Data Assumption	
		Stock Count	Index Weight	Stock Count	Index Weight
2016	271	0	0%	265	98.8%
2017	270	0	0%	266	98.8%
2018	271	0	0%	271	100.0%
2019	255	0	0%	252	99.2%
2020	255	252	99.2%	n/a	n/a

S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Climate Transition ESG Index & S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Paris-Aligned ESG Index

Rebalancing Date	Underlying Index Stock Count	Point-in-Time Data		After Using the Data Assumption	
		Stock Count	Index Weight	Stock Count	Index Weight
2016	1776	0	0%	1725	97.4%
2017	1741	0	0%	1712	98.3%
2018	1766	0	0%	1754	99.4%
2019	1690	0	0%	1658	99.1%
2020	1686	1654	99.1%	n/a	n/a

Appendix VII

EU Required ESG Disclosures

EXPLANATION OF HOW ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY ¹⁸			
1.	Name of the benchmark administrator.	S&P DJI Netherlands B.V.	
2.	Underlying asset class of the ESG benchmark. ¹⁹	Equity	
3.	Name of the S&P Dow Jones Indices benchmark or family of benchmarks.	S&P Paris-Aligned & Climate Transition (PACT) Index Family Benchmark Statement	
4.	Do any of the indices maintained by this methodology take into account ESG factors?	Yes	
5.	If the response to (4) is “Yes,” the indices stated here take into account ESG factors.	For a list of the benchmarks within this family that take in account ESG factors, please refer to the S&P DJI Methodology & Regulatory Database .	
6.	Where the response to (4) is ‘Yes’, the section below lists those ESG factors that are taken into account by the ESG indices governed by the methodology, including those ESG factors listed in Annex II to Delegated Regulation (EU) 2020/1816.		
6.a	List of environmental factors considered	ESG Factor²⁰	S&P DJI ESG Factor
		Exposure of the benchmark portfolio to climate-related physical risks, measuring the effects of extreme weather events on companies’ operations and production or on the different stages of the supply chain (based on	Physical Risk Constraint: <i>Weighted-average Physical Risk Score; Physical Risk Max Stock Weight</i>
			Comment Weighting. For more information, please refer to the ‘Index Construction’ section of the methodology.

¹⁸ The information contained in this Appendix is intended to meet the requirements of the European Union Commission Delegated Regulation (EU) 2020/1817 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the minimum content of the explanation of how environmental, social and governance factors are reflected in the benchmark methodology.

¹⁹ The ‘underlying assets’ are defined in European Union Commission Delegated Regulation (EU) 2020/1816 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published.

²⁰ ‘ESG factors’ are defined in Annex II of European Union Commission Delegated Regulation (EU) 2020/1816 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published.

EXPLANATION OF HOW ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY ¹⁸			
	issuer exposure) (voluntary).		
	Weighted average ESG rating of the benchmark (voluntary).	<i>Weighted-average S&P DJI ESG Score</i>	Weighting. For more information, please refer to the ' <i>Index Construction</i> ' section of the methodology.
	Degree of exposure of the portfolio to the sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council as a percentage of the total weight in the portfolio.	<u>Transition Risk Constraints: High Climate Impact Sectors Revenue Proportion (HCISRP)</u>	Weighting. For more information, please refer to the ' <i>Index Construction</i> ' section of the methodology.
	Greenhouse gas (GHG) intensity of the benchmark.	Transition Risk Constraints: <i>Weighted-average Carbon Intensity (WACI) Target; 7% Decarbonization Trajectory WACI Target</i>	Weighting. For more information, please refer to the ' <i>Index Construction</i> ' section of the methodology.
	Percentage of GHG emissions reported versus estimated.	Transition Risk Constraints: <i>Weight of Non-Disclosing Carbon Companies</i>	Weighting. For more information, please refer to the ' <i>Index Construction</i> ' section of the methodology.
	N/A	Transition Risk Constraints: <i>Fossil Fuel Reserves</i>	Weighting. For more information, please refer to the ' <i>Index Construction</i> ' section of the methodology.
	N/A	Transition Risk Constraints: <i>1.5°C Climate Scenario Transition Pathway Budget Index Alignment</i>	Weighting. For more information, please refer to the ' <i>Index Construction</i> ' section of the methodology.
	N/A	Transition Risk Constraints: <i>Eligible Science Based Targets Companies</i>	Weighting. For more information, please refer to the ' <i>Index Construction</i> ' section of the methodology.
	N/A	Climate Opportunities Constraints: <i>Green-to-Brown Revenue Share (GBR)</i>	Weighting. For more information, please refer to the ' <i>Index Construction</i> ' section of the methodology.
	N/A	Fossil Fuel Operations and Power Generation	Exclusion. For more information, please refer to the ' <i>Eligibility Criteria</i> ' section of the methodology.
	N/A	Controversies Monitoring: Media and Stakeholder Analysis	Exclusion. For more information, please refer to the ' <i>Eligibility Criteria</i> ' section of the methodology.
	N/A	Business Activities: <i>Thermal Coal</i>	Exclusion. For more information, please refer to the ' <i>Eligibility Criteria</i> '

EXPLANATION OF HOW ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY ¹⁸			
			section of the methodology.
	N/A	Business Activities: <i>Oil Sands</i>	Exclusion. For more information, please refer to the 'Eligibility Criteria' section of the methodology.
	N/A	Business Activities: <i>Shale Energy</i>	Exclusion. For more information, please refer to the 'Eligibility Criteria' section of the methodology.
6.b List of social factors considered.	International treaties and conventions, United Nations principles or, where applicable, national law used in order to determine what constitutes a 'controversial weapon'.	Business Activities: <i>Controversial Weapons</i>	Exclusion. For more information, please refer to the 'Eligibility Criteria' section of the methodology.
	Weighted average percentage of benchmark constituents in the controversial weapons sector.	Business Activities: <i>Controversial Weapons</i>	Exclusion. For more information, please refer to the 'Eligibility Criteria' section of the methodology.
	Weighted average percentage of benchmark constituents in the tobacco sector.	Business Activities: <i>Tobacco</i>	Exclusion. For more information, please refer to the 'Eligibility Criteria' section of the methodology.
	Number of benchmark constituents subject to social violations (absolute number and relative divided by all benchmark constituents), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law.	UNGC Non-Compliant Companies	Exclusion. For more information, please refer to the 'Eligibility Criteria' section of the methodology.
	Weighted average ESG rating of the benchmark (voluntary).	<i>Weighted-average S&P DJI ESG Score</i>	Weighting. For more information, please refer to the 'Index Construction' section of the methodology.
	N/A	Controversies Monitoring: Media and Stakeholder Analysis	Exclusion. For more information, please refer to the 'Eligibility Criteria' section of the methodology.
	N/A	Business Activities: <i>Small Arms</i>	Exclusion. For more information, please refer to the 'Eligibility Criteria' section of the methodology.
	N/A	Business Activities: <i>Military Contracting</i>	Exclusion. For more information, please refer to the 'Eligibility Criteria' section of the methodology.

EXPLANATION OF HOW ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY¹⁸			
	N/A	Business Activities: <i>Gambling</i>	Exclusion. For more information, please refer to the 'Eligibility Criteria' section of the methodology.
	N/A	Business Activities: <i>Alcoholic Beverages</i>	Exclusion. For more information, please refer to the 'Eligibility Criteria' section of the methodology.
6.c List of governance factors considered.	Weighted average ESG rating of the benchmark (voluntary).	<i>Weighted-average S&P DJI ESG Score</i>	Weighting. For more information, please refer to the 'Index Construction' section of the methodology.
	N/A	Controversies Monitoring: Media and Stakeholder Analysis	Exclusion. For more information, please refer to the 'Eligibility Criteria' section of the methodology.
7.	Data and standards used.		
7.a	Data sources, verification and quality of data.	<p>The datasets are defined as either:</p> <ul style="list-style-type: none"> - Reported: All data in the dataset are provided as disclosed by companies, or as stated in the public domain. - Modeled: All data are derived using a proprietary modelling process with only proxies used in the creation of the dataset. - Reported and Modeled: The dataset is either a mix of reported and Modeled data or is derived by the vendor using reported data/information in a proprietary scoring or determination process. <p>The index methodology uses the following ESG datasets.</p>	
	Data Source.	Dataset.	
	S&P Trucost Limited (a part of S&P Global) (external data source)	<p>This methodology uses several datasets provided by S&P Trucost Limited:</p> <ul style="list-style-type: none"> • Transition pathway model (Reported and Modeled) • Physical risk scores dataset (Reported and Modeled) • Greenhouse gas emissions and emissions disclosure dataset (Reported and Modeled) • Green-to-brown share dataset (Reported and Modeled) • Fossil fuel reserves (Reported and Modeled) • Trucost sector revenues dataset (Reported and Modeled) <p><i>For more information on Trucost, please refer to Appendix III and http://www.trucost.com/.</i></p>	
	S&P Global (external data source)	<p>Media & Stakeholder Analysis (Reported and Modeled) – S&P Global uses RepRisk, a leading provider of business intelligence on environmental, social, and governance risks, for daily filtering, screening, and analysis of controversies related to companies within the indices. 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 will review constituents that have been flagged by S&P Global's MSA to evaluate the potential impact of controversial company activities on the composition of the indices. If a company is removed due to an MSA, that company is not eligible for re-entry into the index for one full calendar year, beginning with the subsequent rebalancing.</p>	

EXPLANATION OF HOW ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY ¹⁸		
		<p>For more information about S&P Global's Media and Stakeholder Analysis, please refer to the MSA Methodology Guidebook, available via https://www.spglobal.com/esg/csa/csa-resources/csa-methodology.</p>
	S&P Dow Jones Indices (internal data source)	<p>ESG score (Reported and Modeled) – The S&P DJI ESG Score is built from the S&P Global 'Corporate Sustainability Assessment' (CSA). A company's S&P DJI ESG score may either be calculated from data received directly by a company completing the comprehensive assessment (together with supporting documents), or – in the absence of this – by using publicly available information. S&P Global uses the CSA results to then calculate the S&P DJI ESG Scores used in the index methodology.</p> <p>For more information about the S&P DJI ESG scores please refer to the S&P DJI ESG Score Methodology and https://www.spglobal.com/spdji/en/landing/investment-themes/esg-scores/.</p>
	Sustainalytics (external data source)	<p>This methodology uses the following datasets provided by Sustainalytics, a global leader in sustainability research and analytics:</p> <ul style="list-style-type: none"> • Business Activities (Reported and Modeled) – Product involvement data • Global Standards Screening (Reported and Modeled) <p>For more information, please refer to www.sustainalytics.com.</p>
7.b	Reference standards and index methodology.	<p>Whilst there are no specific reference standards that apply to the data, where possible, S&P DJI uses international sustainability disclosure frameworks such as, SASB, GRI, UN Global Compact and the recommendations of the Financial Stability Board's Task Force for Climate-related Financial Disclosures as published in the 2017 Final Report.</p>
	Appendix latest update:	June 2021
	Appendix first publication:	December 2020

Disclaimer

Performance Disclosure/Back-Tested Data

S&P Dow Jones Indices 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 Dow Jones Indices 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.

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