S&P Dow Jones Indices
A Division of S&P Global

# S&P World Climate Resilience Tilted Index
## *Methodology*

December 2024

# Table of Contents

# Introduction

## Index Objective and Highlights

The S&P World Climate Resilience Tilted Index measures the performance of eligible equity securities from the S&P World Index, selected and weighted to provide an enhanced exposure to companies identified as relatively more carbon efficient, climate resilient and with revenues related to climate impact solutions. The index excludes companies classified as high non-disclosing carbon emitters, and other sustainability-related exclusions, as defined in *Eligibility Criteria*.

The index employs a tilted weighting algorithm that *overweights* / *underweights* companies that have:

- *lower* / *higher* levels of greenhouse gas (GHG) emissions per unit of revenue,
- *higher* / *lower* revenues from business activities that positively contribute to climate impact solutions,
- *better* / *worse* physical risk adaptation plans, and
- *better* / *worse* climate governance and strategy, as defined in *Index Construction*.

Constituents' weights are adjusted within each Global Industry Classification Standard (GICS)® Industry Group in each region[1] to reflect each company's relative climate metrics while maintaining the respective region-industry group weights of its underlying index, as of the rebalancing reference date.

## Additional Information

The *S&P World Climate Resilience Tilted Index* is a broad-market index with wide sectoral representation and includes companies with fossil fuel reserves and fossil fuel-related business activities. The index only screens stocks of companies involved in relevant tobacco and controversial business activities, companies determined to not be compliant with established global corporate standards and norms, companies involved in significant controversial events of an environmental, social or governance nature, and companies among the world's largest greenhouse gas emitters that do not sufficiently report their greenhouse gas emissions inventory publicly. Therefore, the index does not employ minimum performance criteria in relation to the theme of 'climate resilience' for constituents to be eligible and selected for the index: All index constituents are not 'climate resilient'. Instead, the index seeks to adjust the starting underlying index weights of stocks using the climate resilience proxy datasets employed in the methodology.

*'Climate resilience'* relates to the ability to anticipate, prepare for, and respond to hazardous or harmful events or trends relating to global warming and climate change. The index methodology uses several proxies for climate resilience to derive index weight tilting factors to adjust the resulting index's relative exposure within each GICS Industry Group and region towards companies with relatively better performance against such proxies.

The methodology does not protect index users from any detrimental impacts to index performance deriving from the impacts of global warming and climate change processes, nor does it claim any of its constituents will not be adversely impacted by these impacts and processes. Index constituents and their index weight 'tilts' (the weight adjustment factors derived from the methodology's climate-related input data) will change over time, in part due to how company performance against the climate-related metrics used by the change methodology change over time, independently and relative to other industry peer

[1] Companies are classified into three regions (North America, EMEA, APAC) based on country of domicile.

companies. Therefore, an index constituent's increased tilt at one index rebalancing does not guarantee its continual increased tilting or its continued level of performance against any (or all) climate-related performance criteria used by the methodology.

The index evaluates security-level sustainability data and related eligibility criteria at scheduled review periods (see *Rebalancing*). Constituents included in the index may cease to meet relevant sustainability criteria but nevertheless remain index constituents until the next scheduled review. As a result, certain constituents in the index may not meet relevant sustainability objectives or constraints at all times.

**Climate-related Data**

**Carbon-to-Revenue Footprint**

Constituents within Sustainable1's coverage universe are assigned an annual carbon-to-revenue footprint. The carbon-to-revenue footprint metric is calculated as a company's annual GHG emissions (Scope 1+2+3), expressed as metric tons of carbon dioxide equivalent ($tCO_2e$) emissions, divided by annual revenues for the corresponding financial year, expressed in millions of US dollars. At each annual rebalancing, the latest available carbon-to-revenue footprint data with a Sustainable1 financial year of less than four years prior to the rebalancing reference date's year are used. Any carbon-to-revenue footprint data with a Sustainable1 financial year of four years or more prior to the rebalancing reference date's year are considered as not covered.

*For information on Sustainable1's methodology, please refer here.*

**Impact Cubed's Climate Impact Revenue Data**

Climate impact solutions are categorized from Impact Cubed's taxonomy of over 2,000 products and services. Activities included are the ones with positive climate impact, such as renewable energy, alternative vehicles, public transport, plant-based foods and more.

*For information on Impact Cubed's methodology, please refer here.*

**Sustainable1's Physical Risk Data**

Sustainable1's Physical Risk dataset 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.[2]

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. Physical risks covered include extreme heat, extreme cold, coastal flooding, wildfire, drought, fluvial flooding, pluvial flood, tropical cyclone and water stress. The index methodology uses a composite physical risk score[3] that is an average of all physical risk indicators, weighted for company specific sensitivity to each physical risk type.

*For information on Sustainable1's methodology, please refer here.*

**Sustainable1's Physical Risk Adaptation Strategy and Climate Governance and Strategy Assessment Data**

Sustainable1's Physical Risk Adaptation Strategy and Climate Governance and Strategy Assessments are two of the pillars of the Sustainable1 Climate Action Framework.

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[2] Lord. R, Bullock, S. Birt, M. (2019). 'Understanding Climate Risk at the Asset Level: The Interplay of Transition and Physical Risks'. *www.spglobal.com/marketintelligence/en/documents/sp-trucost-interplay-of-transition-and-physical-risk-report-05a.pdf*.
[3] The 2050 High Climate Scenario is used.

In the Physical Risk Adaptation Strategy Assessment, Sustainable1 classifies companies into three categories (advanced, basic and poor), based on the comprehensiveness of the company's physical risk adaptation strategy and the company having conducted a scenario analysis, both to address and mitigate its physical risks.

Climate Governance and Strategy Assessment relies on the availability of effective governance structure and integrated risk management process. It classifies companies into advanced, basic and poor categories based on the company's total scoring in five aspects of the analysis (climate governance, climate strategy, value chain management, strategy time horizon, emission reduction related incentives).

*For information on S&P Global Sustainable1's Climate Action Framework methodology, please refer here.*

**Other Sustainable1 Data Used.** Emissions Disclosure Status, TCFD Framework Status.

**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' Global Industry Classification Standard (GICS) Methodology | GICS Methodology |

This methodology was 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.

# Eligibility Criteria

### Index Universe

At each rebalancing, the index universe is all constituents of the underlying index.

| Index | Underlying Index |
|---|---|
| S&P World Climate Resilience Tilted Index | S&P World Index |

*For more information on an underlying index, please refer to its respective methodology document available at [www.spglobal.com/spdji](www.spglobal.com/spdji).*

### Eligibility Screens

As of the rebalancing reference date, the index universe is screened for the following:

**High Non-Disclosing Carbon Emitters.** All companies classified as a 'High Non-Disclosing Carbon Emitter' are ineligible.

High non-disclosing carbon emitters are any companies in the underlying index with absolute Scopes 1+2+3 (upstream and downstream) GHG emissions that meet or exceed the threshold identified (the GHG emissions of the 100th highest-ranked company by Scope 1+2+3 GHG emissions in the S&P Global LargeMidCap), and that is not identified by S&P Global Sustainable1 ("Sustainable1") as having sufficiently disclosed their GHG emissions as outlined in *Disclosure Status*.

**Liquidity.** New candidates must satisfy the three-month median daily value traded (3M MDVT) threshold as below:

| Index | 3M MDVT |
|---|---|
| S&P World Climate Resilience Tilted Index | USD $3 million (Current constituents USD $2.4 million) |

Companies with fewer than three months' MDVT data are evaluated over the available period.

### Exclusions Based on Business Activities

As of each rebalancing reference date, exclude the following:

- companies without coverage
- companies involved in the following specific business activities, at the relevant level of involvement as determined by S&P Global[4]: Revenue is used as proxy for all categories.

| S&P Global Category of Involvement | S&P Global Category of Involvement Description | S&P DJI Individual Level of Involvement Threshold | S&P DJI Significant Ownership Threshold |
|---|---|---|---|
| Controversial Weapons | **Customized Weapons**: This screen includes companies involved in the manufacturing of the components of a weapon. These components are intended solely for use in the production and are essential for the functioning of Anti-Personnel Mines, | >0% | ≥25% |

[4] For history prior to May 2023, equivalent Sustainalytics data was used for exclusions based on business activities.

| S&P Global Category of Involvement | S&P Global Category of Involvement Description | S&P DJI Individual Level of Involvement Threshold | S&P DJI Significant Ownership Threshold |
|---|---|---|---|
| | Biological and Chemical Weapons, Blinding Laser Weapons, Cluster Munitions, Depleted Uranium, Incendiary Weapons and Nuclear Weapons. | | |
| Tobacco | **Production:** The screen includes the companies that are involved in the manufacturing of tobacco. | >0% | ≥25% |
| | **Related Products and Services:** The screen includes the companies that supply essential products/services for the tobacco industry. | ≥10% | N/A |
| | **Retail and Distribution:** The company derives revenues from the distribution and/or retail sale of tobacco products. | ≥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.

For more information on the S&P Global Business Involvement Screens data set, please refer here.

**Exclusions Based on Sustainalytics' Global Standards Screening**

As of each rebalancing reference date, exclude the following:

- Companies not covered by Sustainalytics
- Companies classified as Non-Compliant

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 Global Compact (UNGC) 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.

Please refer to *www.sustainalytics.com* for more information.

**Controversies Monitoring: 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.[5] 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.

[5] 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.

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 at least 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.*

**Multiple Share Classes**

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

As of each rebalancing reference date, select all stocks in the eligible universe and form each index.

### Calculation of Final Tilt Factors

The *Final Tilts* used in the eligible constituents' weight adjustments within each tilting group (region-industry group) calculate as the product of four tilting factors:

i. Carbon Efficiency
ii. Climate Impact Solutions
iii. Physical Risk Adaptation Strategy
iv. Climate Governance and Strategy

$$Final\ Tilt\ = Tilt_{Carbon\ Efficiency} \times Tilt_{Climate\ Impact\ Solutions} \times Tilt_{Physical\ Risk\ Adaptation\ Strategy} \times Tilt_{Climate\ Governance\ and\ Strategy}$$

### i) Carbon Efficiency Tilt

### Calculation of Carbon Weight Adjustment

The Carbon Efficiency Tilt calculates as follows:

$$Tilt_{Carbon\ Efficiency} = 1 + Carbon\ Weight\ Adjustment$$

The *Carbon Weight Adjustment* is determined by multiplying each company's Disclosure and TCFD Framework Status-specific Decile Weight Adjustment by its Industry Group Impact Factor as detailed below:

| | | | | Industry Group Impact Factor | | |
|---|---|---|---|---|---|---|
| | | | | Low | Mid | High |
| | Disclosure Status | | | x0.5 | x1 | x3 |
| **Decile Classification** | **GHG Emissions** | **TCFD Framework** | **Decile Weight Adjustment** | **Carbon Weight Adjustment** | | |
| 1st Decile[6] | Disclosed | Integrated | 40% | **20%** | **40%** | **120%** |
| | | Not Integrated | 35% | **17.5%** | **35%** | **105%** |
| | Non-disclosed | Not Relevant | 30% | **15%** | **30%** | **90%** |
| 2nd Decile | Disclosed | Integrated | 30% | **15%** | **30%** | **90%** |
| | | Not Integrated | 25% | **12.5%** | **25%** | **75%** |
| | Non-disclosed | Not Relevant | 20% | **10%** | **20%** | **60%** |
| 3rd Decile | Disclosed | Integrated | 20% | **10%** | **20%** | **60%** |
| | | Not Integrated | 15% | **7.5%** | **15%** | **45%** |
| | Non-disclosed | Not Relevant | 10% | **5%** | **10%** | **30%** |
| 4th to 7th Decile[7] | Disclosed | Integrated | 10% | **5%** | **10%** | **30%** |
| | | Not Integrated | 5% | **2.5%** | **5%** | **15%** |
| | Non-disclosed | Not Relevant | 0% | **0%** | **0%** | **0%** |
| 8th Decile | Disclosed | Integrated | 0% | **0%** | **0%** | **0%** |
| | | Not Integrated | -5% | **-2.5%** | **-5%** | **-15%** |

[6] The 1st Decile classification represents companies with the lowest carbon-to-revenue footprint. If any company's carbon-to-revenue footprint falls on the decile boundary threshold, it is assigned as the next decile.
[7] Constituents without emissions data coverage are assigned to this group (deemed to have 'Not-disclosed') and are treated neutrally by receiving a 0% carbon weight adjustment.

| | | | | Industry Group Impact Factor | | |
|---|---|---|---|---|---|---|
| | | | | Low | Mid | High |
| | Disclosure Status | | | x0.5 | x1 | x3 |
| Decile Classification | GHG Emissions | TCFD Framework | Decile Weight Adjustment | Carbon Weight Adjustment | | |
| | Non-disclosed | Not Relevant | -10% | **-5%** | **-10%** | **-30%** |
| 9th Decile | Disclosed | Integrated | -10% | **-5%** | **-10%** | **-30%** |
| | | Not Integrated | -15% | **-7.5%** | **-15%** | **-45%** |
| | Non-disclosed | Not Relevant | -20% | **-10%** | **-20%** | **-60%** |
| 10th Decile | Disclosed | Integrated | -20% | **-10%** | **-20%** | **-60%** |
| | | Not Integrated | -25% | **-12.5%** | **-25%** | **-75%** |
| | Non-disclosed | Not Relevant | -30% | **-15%** | **-30%** | **-90%** |

**Decile Classification.** As of the rebalancing reference date, decile thresholds are determined within each GICS industry group of the underlying index based on the carbon-to-revenue footprints of companies. The carbon-to-revenue footprint metric is defined as a company's annual GHG emissions (Scopes 1+2+3)[8], expressed as metric tons of carbon dioxide equivalent ($tCO_2e$) emissions, divided by annual revenues for the corresponding year, expressed in millions of U.S. dollars.

**Disclosure Status.** Companies are classified into those that have been identified by Trucost as having sufficiently disclosed their GHG emissions ("Disclosed") and those that have not ("Not Disclosed"). The "Disclosed" status is achieved when Trucost identifies companies as having full or partial disclosure in its GHG emissions scope (between Scope 1 and 2)[9] that is its largest in absolute terms. Companies identified by Sustainable1 as having sufficiently disclosed their GHG emissions receive an additional increase in their Decile Weight Adjustment.

**TCFD Framework Status**. Disclosed companies are additionally classified by Sustainable1 as having sufficiently integrated the Taskforce on Climate Related Financial Disclosures (TCFD) framework in their public reporting ("Integrated") and those that have not ("Not Integrated"). Integrated companies receive an additional increase in their Decile Weight Adjustment. Companies without coverage by this data set are considered Not Integrated.

*For more information, please refer to the "TCFD Disclosure" section of the Sustainable1 CSA Companion.*

**Global Industry Group Classification.** As of the rebalancing reference date, each industry group is identified as high, mid, or low impact. This classification is based on the range of carbon-to-revenue footprints (Scope 1+2+3) across the companies within that industry group in the S&P Global LargeMidCap (the reference index) and the industry group's contribution to the index-level carbon intensity. The range for each industry group calculates as the spread between its first and last decile threshold. The Global Industry Group Classification is then applied to the industry groups of the underlying index.

Industry groups are ranked by range in descending order and the cumulative contribution to the index level carbon intensity is calculated. Industry groups are then classified as follows:

- **High impact**: The top industry groups that in aggregate contribute closest to 80% of index level carbon intensity
- **Low impact:** The bottom industry groups that in aggregate contribute closest to 5% of index-level carbon intensity
- **Mid impact:** All remaining industry groups

The four components listed above are used to derive the Carbon Weight Adjustments used for index constituent weighting through multiplying the Decile Weight Adjustment by the Industry Group Impact Factor.

[8] Companies must have both Scope 1+2 and Scope 3 data available to calculate Scope 1+2+3 emissions; otherwise, Scope 1+2+3 emissions is considered not covered.
[9] Scope 3 emissions are not considered in the Disclosure Status.

### ii) Climate Impact Solutions Tilt

The Tilting Factor for climate impact solutions calculates as follows:

$$Tilt_{Climate\ Impact\ Solution} = 1 + Impact\ Cubed\ Climate\ Impact\ Revenue$$

Impact Cubed's Climate Impact Revenue is defined as the percentage of revenue a company derives from climate impact solutions.

*For information on Impact Cubed's methodology, please refer here.*

### iii) Physical Risk Adaptation Strategy Tilt

The Tilting Factor relating to company physical risk adaption strategy ($Tilt_{Physical\ Risk\ Adaptation\ Strategy}$) is assigned as follows:

| | | Physical Risk Score Quintile | |
|---|---|---|---|
| | | **1-4 or Unknown** | **Quintile 5** |
| **Physical Risk Adaptation Strategy Quality** | **'Advanced'** | 1.5 | |
| | **'Basic' or Unknown** | 1 | 0.75 |
| | **'Poor'** | 0.75 | 0.5 |

**Physical Risk Score Quintiles.** As of the rebalancing reference date, quintile thresholds are determined based on the physical risk scores of companies in the underlying index. Companies in the top four quintiles (physical risk score ≤ Quintile 4 threshold) are assigned a higher tilt than companies in the fifth quintile (with highest physical risk scores). Companies without physical risk score coverage are not penalized and are treated as the same as the companies classified in the top four quintiles.

*For information on Sustainable1's methodology, please refer here.*

**Physical Risk Adaptation Strategy Categories.** Companies are classified into three physical risk adaptation strategies categories – 'Advanced', 'Basic', or 'Poor' –based on the Sustainable1 Physical Risk Adaptation Strategy Assessment. Companies without data coverage are treated as the same as companies with 'Basic' physical risk adaptation strategy.

### iv) Climate Governance and Strategy Tilt

The Tilting Factor relating to the quality of company performance on Climate Governance and Strategy issues is assigned as follows based on Sustainable1 Climate Governance and Strategy Assessment:

| | | Climate Governance and Strategy Tilt |
|---|---|---|
| **Climate Governance and Strategy Quality** | **'Advanced'** | 2 |
| | **'Basic' or Unknown** | 1 |
| | **'Poor'** | 0.75 |

**Climate Governance and Strategy Categories.** Companies are classified into three climate governance and strategy categories – 'Advanced', 'Basic', or 'Poor' – based on the Sustainable1 Climate Governance and Strategy pillar. Companies with 'Advanced' climate governance and strategy receive a higher tilt. Companies without data coverage are treated neutrally by receiving a tilt of 1.

## Constituent Weighting

At each rebalancing, the weights of all tilting groups (region-industry groups) are made neutral to their weights in the parent universe.

$$\textbf{Final Constituent Weight} = \textit{Target Tilting Group Weight} \times \textit{Capped Constituent Weight in Tilting Group}$$

### i) Calculation of Target Tilting Group Weight

At each rebalancing, the target industry group weight is set to be the corresponding industry group weight in the underlying index, which is then allocated into all remaining regions[10] within that industry group after applying eligibility criteria, based on the region FMC.

$$\textbf{Target Industry Group Weight} = \textit{Parent Industry Group Weight} = \frac{\textit{Industry Group FMC}}{\textit{Parent Index FMC}}$$

$$\textbf{Target Tilting Group Weight} = \textit{Target Industry Group Weight} \times \frac{\textit{Parent FMC of a remaining region in the industry group}}{\sum \textit{Parent FMC of all remaining regions in the industry group}}$$

### ii) Calculation of Capped Constituent Weight in Tilting Group

Constituent weights in each tilting group of the eligible universe are determined based on 'Final Tilts' (see *Calculation of Final Tilt Factors* above) as follows:

$$\textbf{Uncapped Constituent Weight in Tilting Group} = \frac{\textit{Constituent FMC in Tilting Group} * \textit{Final Tilt}}{\sum[\textit{Constituent FMC in Tilting Group} * \textit{Final Tilt}]}$$

Capped constituent weights in the tilting group are then derived by adjusting uncapped constituent weights in the tilting group to meet the stock caps at the tilting group level calculated as below, while redistributing the extra weights to other uncapped constituents within the same tilting group of the eligible universe via an iterative process.

$$\textbf{Stock Cap at Tilting Group Level} = \textit{Stock Cap at Parent Index Level} / \textit{Target Tilting Group Weight}$$

where:

$$\textbf{Stock Cap at Parent Index Level} = Min[Max(5\% * \textit{Share of Eligible Company Weight}, \textit{Parent Stock Weight}), \textit{Liquidity Max Stock Weight}]$$

$$\textbf{Share of Eligible Company Weight} = \frac{\textit{Stock FMC}}{\textit{Sum of FMC of All Share Classes of the Company in the Eligible Universe}}$$

$$\textbf{Liquidity Max Stock Weight} = \frac{\textit{Hypothetical Days to Buy/Sell} \times \textit{Daily Participation} \times \textit{Liquidity}_i}{\textit{Notional Portfolio Size}}$$

$$\textbf{Hypothetical Days to Buy/Sell} = 5$$

$$\textbf{Daily Participation} = 10\%$$

$$\textbf{Liquidity} = \textit{Three-month Median Daily Value Traded}$$

$$\textbf{Liquidity Currency and Notional Portfolio Size} = \textit{US\$ 1 Billion}$$

If after the iterative capping process, the sum of adjusted eligible constituent weights in one tilting group is less than 1, the Liquidity Max Stock Weight for constituents in that tilting group is relaxed by adding one day each time to Hypothetical Days to Buy/Sell and repeating the capping process described above.

[10] Companies are classified into three regions (North America, EMEA, APAC) based on their country of domiciles.

If the sum of adjusted eligible constituent weights in that tilting group is still less than 1 after the Hypothetical Days to Buy/Sell has been increased to 10 days, the relaxation process stops and the adjusted weights achieved at that stage are simply renormalized to make the sum of adjusted eligible constituent weights in that tilting group equal to 1.

**Index Calculations**

The index calculates 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 section of S&P Dow Jones Indices' Index Mathematics Methodology.*

# Index Maintenance

### Rebalancing

The index rebalances annually, effective after the close of the third Friday of June. The rebalancing reference date, and the parent universe for constituent selection, is the third Friday of May.

Index share amounts calculate using closing prices seven business days prior to the rebalancing effective date (reference prices) and are assigned to each stock to arrive at the weights determined on the rebalancing reference date. Since index shares are assigned based on the reference prices, the actual weight of each stock at the rebalancing differs from these weights due to market movements.

### Additions and Deletions

**Additions.** Except for spin-offs, index additions are generally made only during rebalancings.

**Spin-offs.** A spin-off is added to the index of which the parent is a constituent at a zero price at the market close of the day before the ex-date (with no divisor adjustment), and removed from the index after at least one day of regular way trading (with a divisor adjustment).

**Deletions.** Stocks removed from an underlying index are removed from the respective index simultaneously. Between rebalancings, a stock can be deleted from an index due to corporate events such as mergers, takeovers, delistings, suspensions, indefinite suspension, spin-offs/demergers, or bankruptcies, or as part of the quarterly eligibility review process.

### Corporate Actions

For more information on Corporate Actions, please refer to the Non-Market Capitalization Indices section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

### Currency of Calculation and Additional Index Return Series

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 *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.*

### Base Date 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 World Climate Resilience Tilted Index (USD) | 12/09/2024 | 06/20/2014 | 06/20/2014 | 1000 |
| S&P World Climate Resilience Tilted Index (CAD) | 12/09/2024 | 06/20/2014 | 06/20/2014 | 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**

An index committee maintains the indices. The committees meet 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.

### 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 as well as 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 calculate daily, throughout the calendar year. The only days an index does not calculate are on days when all exchanges where an index's constituents are listed are officially closed or if WMR 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, numerous investment-oriented Web sites, and various print and electronic media.

**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.*

**Website**

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

# Appendix A

**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](FAQ).*

**Designated Datasets Subject to Backward Data Assumption**

The Backward Data Assumption within the historical back-test, with respect to the index, 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 |
|---|---|---|---|
| S&P Global Sustainable1 | Physical Risk Scores | 5/15/2020 | 6/19/2020 |
| S&P Global Sustainable1 | Scope 3 Emissions | 5/15/2020 | 6/19/2020 |
| S&P Global Sustainable1 | TCFD Framework Status | 5/19/2023 | 6/16/2023 |
| Impact Cubed | Climate Impact Revenue | 5/19/2023 | 6/16/2023 |
| S&P Global Sustainable1 | Physical Risk Adaptation Strategy | 5/17/2024 | 6/21/2024 |
| S&P Global Sustainable1 | Climate Governance & Strategy | 5/17/2024 | 6/21/2024 |
| Sustainalytics | Business Activity Exclusions | 5/15/2020 | 6/19/2020 |

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**

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

**S&P World Climate Resilience Tilted Index**

| Rebalancing Date | Underlying Index Stock Count | Point-in-Time Data | | After Using the Data Assumption | |
|---|---|---|---|---|---|
| | | Stock Count | Index Weight | Stock Count | Index Weight |
| 2014 | 1,686 | 0 | 0% | 1,552 | 94.6% |
| 2015 | 1,737 | 0 | 0% | 1,619 | 95.0% |
| 2016 | 1,766 | 0 | 0% | 1,683 | 96.4% |
| 2017 | 1,770 | 0 | 0% | 1,717 | 97.5% |
| 2018 | 1,735 | 0 | 0% | 1,703 | 98.5% |
| 2019 | 1,764 | 0 | 0% | 1,737 | 99.4% |
| 2020 | 1,681 | 1,634 | 99.0% | n/a | n/a |

| Rebalancing Date | Underlying Index Stock Count | Point-in-Time Data | | After Using the Data Assumption | |
|---|---|---|---|---|---|
| | | Stock Count | Index Weight | Stock Count | Index Weight |
| 2021 | 1,648 | 1,568 | 98.2% | n/a | n/a |
| 2022 | 1,704 | 1,584 | 98.2% | n/a | n/a |
| 2023 | 1,596 | 1,557 | 99.4% | n/a | n/a |
| 2024 | 1,536 | 1,505 | 99.4% | n/a | n/a |

**Scope 3 Emission Coverage** (with respect to underlying index universe)**:**

**S&P World Climate Resilience Tilted Index**

| Rebalancing Date | Underlying Index Stock Count | Point-in-Time Data | | After Using the Data Assumption | |
|---|---|---|---|---|---|
| | | Stock Count | Index Weight | Stock Count | Index Weight |
| 2014 | 1,686 | 0 | 0% | 1,670 | 99.7% |
| 2015 | 1,737 | 0 | 0% | 1,727 | 99.8% |
| 2016 | 1,766 | 0 | 0% | 1,761 | 99.9% |
| 2017 | 1,770 | 0 | 0% | 1,768 | 100.0% |
| 2018 | 1,735 | 0 | 0% | 1,733 | 100.0% |
| 2019 | 1,764 | 0 | 0% | 1,749 | 99.7% |
| 2020 | 1,681 | 1,654 | 99.4% | n/a | n/a |
| 2021 | 1,648 | 1,597 | 99.0% | n/a | n/a |
| 2022 | 1,704 | 1,661 | 99.4% | n/a | n/a |
| 2023 | 1,596 | 1,580 | 99.8% | n/a | n/a |
| 2024 | 1,536 | 1,513 | 99.6% | n/a | n/a |

**TCFD Framework Status Coverage** (with respect to underlying index universe)**:**

**S&P World Climate Resilience Tilted Index**

| Rebalancing Date | Underlying Index Stock Count | Point-in-Time Data | | After Using the Data Assumption | |
|---|---|---|---|---|---|
| | | Stock Count | Index Weight | Stock Count | Index Weight |
| 2014 | 1,686 | 0 | 0% | 1,472 | 92.6% |
| 2015 | 1,737 | 0 | 0% | 1,538 | 93.0% |
| 2016 | 1,766 | 0 | 0% | 1,600 | 94.5% |
| 2017 | 1,770 | 0 | 0% | 1,634 | 95.6% |
| 2018 | 1,735 | 0 | 0% | 1,636 | 96.8% |
| 2019 | 1,764 | 0 | 0% | 1,696 | 98.1% |
| 2020 | 1,681 | 0 | 0% | 1,642 | 99.3% |
| 2021 | 1,648 | 0 | 0% | 1,630 | 99.5% |
| 2022 | 1,704 | 0 | 0% | 1,691 | 99.8% |
| 2023 | 1,596 | 1,576 | 99.8% | n/a | n/a |
| 2024 | 1,536 | 1,520 | 99.8% | n/a | n/a |

**Impact Cubed Climate Impact Solutions Revenue Coverage** (with respect to underlying index universe)**:**

**S&P World Climate Resilience Tilted Index**

| Rebalancing Date | Underlying Index Stock Count | Point-in-Time Data | | After Using the Data Assumption | |
|---|---|---|---|---|---|
| | | Stock Count | Index Weight | Stock Count | Index Weight |
| 2014 | 1,686 | 0 | 0% | 1,438 | 91.9% |
| 2015 | 1,737 | 0 | 0% | 1,502 | 92.2% |
| 2016 | 1,766 | 0 | 0% | 1,556 | 93.7% |
| 2017 | 1,770 | 0 | 0% | 1,590 | 94.9% |
| 2018 | 1,735 | 0 | 0% | 1,601 | 96.1% |
| 2019 | 1,764 | 0 | 0% | 1,659 | 97.4% |
| 2020 | 1,681 | 0 | 0% | 1,610 | 98.7% |
| 2021 | 1,648 | 0 | 0% | 1,600 | 98.8% |
| 2022 | 1,704 | 0 | 0% | 1,674 | 99.3% |
| 2023 | 1,596 | 1,586 | 99.7% | n/a | n/a |
| 2024 | 1,536 | 1,517 | 99.8% | n/a | n/a |

**S&P Global Sustainable1 Physical Risk Adaptation Strategy and Climate Governance & Strategy Data Coverage** (with respect to underlying index universe)**:**

**S&P World Climate Resilience Tilted Index**

| Rebalancing Date | Underlying Index Stock Count | Point-in-Time Data | | After Using the Data Assumption | |
|---|---|---|---|---|---|
| | | Stock Count | Index Weight | Stock Count | Index Weight |
| 2014 | 1,686 | 0 | 0% | 1,444 | 91.8% |
| 2015 | 1,737 | 0 | 0% | 1,512 | 92.2% |
| 2016 | 1,766 | 0 | 0% | 1,572 | 93.7% |
| 2017 | 1,770 | 0 | 0% | 1,601 | 94.8% |
| 2018 | 1,735 | 0 | 0% | 1,604 | 95.9% |
| 2019 | 1,764 | 0 | 0% | 1,662 | 97.2% |
| 2020 | 1,681 | 0 | 0% | 1,607 | 98.5% |
| 2021 | 1,648 | 0 | 0% | 1,604 | 98.9% |
| 2022 | 1,704 | 0 | 0% | 1,677 | 99.4% |
| 2023 | 1,596 | 0 | 0% | 1,577 | 99.5% |
| 2024 | 1,536 | 1,504 | 99.3% | n/a | n/a |

**Sustainalytics Business Activity Exclusions Coverage** (with respect to underlying index universe)**:**

**S&P World Climate Resilience Tilted Index**

| Rebalancing Date | Underlying Index Stock Count | Point-in-Time Data | | After Using the Data Assumption | |
|---|---|---|---|---|---|
| | | Stock Count | Index Weight | Stock Count | Index Weight |
| 2014 | 1,686 | 1,532 | 97.1% | 1,661 | 99.4% |
| 2015 | 1,737 | 1,614 | 97.3% | 1,720 | 99.5% |
| 2016 | 1,766 | 1,699 | 99.2% | 1,756 | 99.7% |
| 2017 | 1,770 | 1,746 | 99.8% | 1,767 | 100.0% |
| 2018 | 1,735 | 1,723 | 99.8% | 1,734 | 100.0% |
| 2019 | 1,764 | 1,746 | 99.7% | 1,761 | 100.0% |
| 2020 | 1,681 | 1,673 | 99.9% | n/a | n/a |
| 2021 | 1,648 | 1,639 | 99.8% | n/a | n/a |
| 2022 | 1,704 | 1,697 | 100.0% | n/a | n/a |
| 2023 | 1,596 | 1,583 | 99.8% | n/a | n/a |
| 2024 | 1,536 | 1,529 | 99.9% | n/a | n/a |

# 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 by 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. Also, the treatment of corporate actions in back-tested performance may differ from treatment for live indices due to limitations in replicating index management decisions. 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.

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