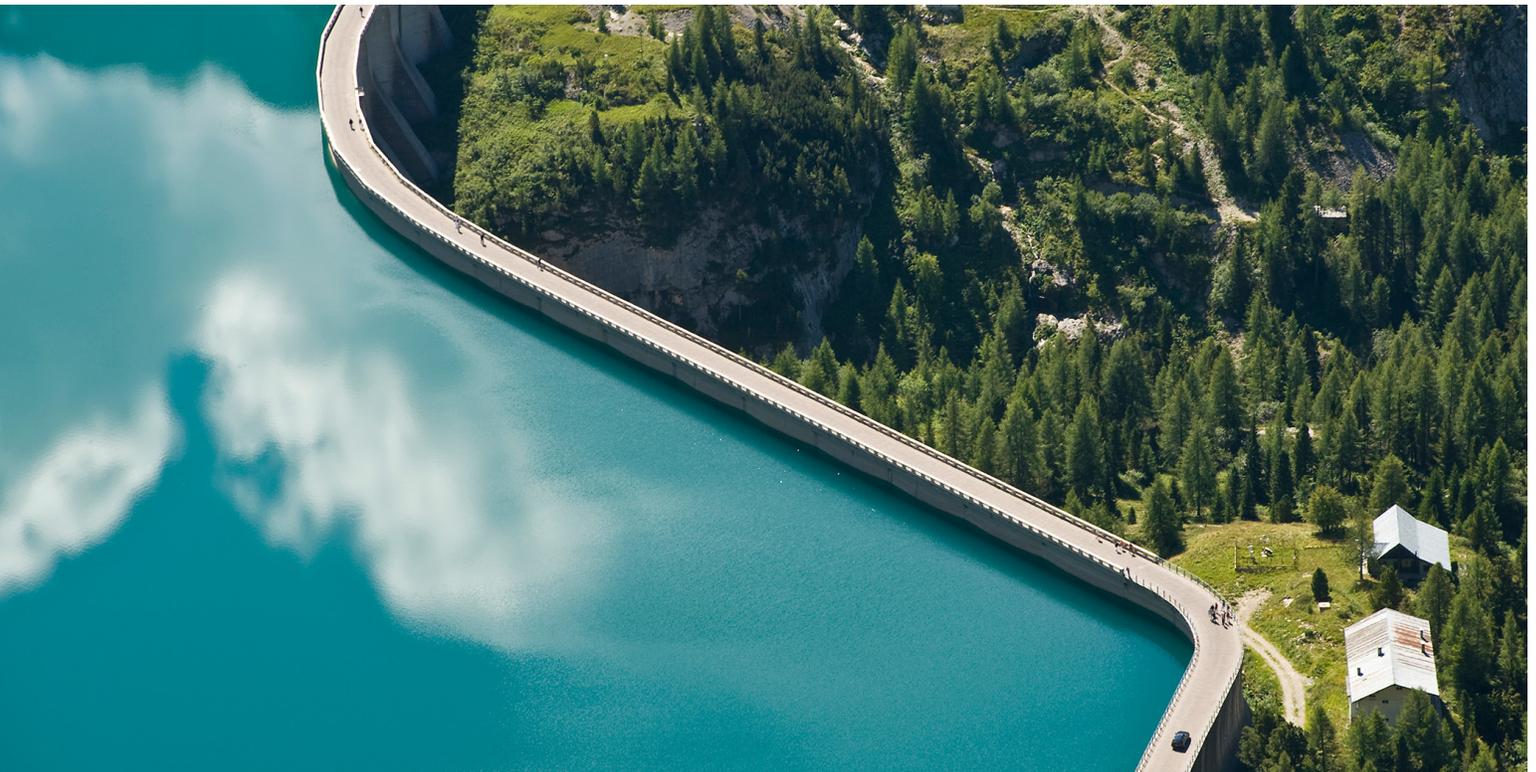


# S&P PACT™ Indices Aligning Climate Investing to Net Zero

S&P Paris-Aligned & Climate  
Transition Indices



For over 20 years, S&P Dow Jones Indices (S&P DJI) has been a pioneer of indexing sustainability. Designed to go beyond the requirements of the EU Low Carbon Benchmark minimum standards, the S&P Paris-Aligned & Climate Transition Indices (S&P PACT Indices) were created to help market participants looking to chart a path to net zero by 2050. Robust and science-based data sets help us to better assess companies' potential climate risks and opportunities.

**S&P Dow Jones  
Indices**

A Division of **S&P Global**

# What Makes the S&P PACT Index Framework the Net Zero Benchmark of Choice?

- Exceeds the requirements of the Paris Agreement and aligns with a 1.5°C trajectory.
- Aligns with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) by targeting climate-related risks and opportunities.
- Specifically addresses the physical risk associated with climate change.
- Applies sector-specific decarbonization pathways.
- Uses transparent optimization, stock selection and weighting processes, resulting in underlying index-like characteristics historically and investability.
- Achieves balance between forward-looking (Transition Pathway Model) and historical (GHG emissions) data to help achieve 1.5°C alignment.

## How Do the S&P PACT Indices Achieve these Goals?

### S&P Global Trucost data sets

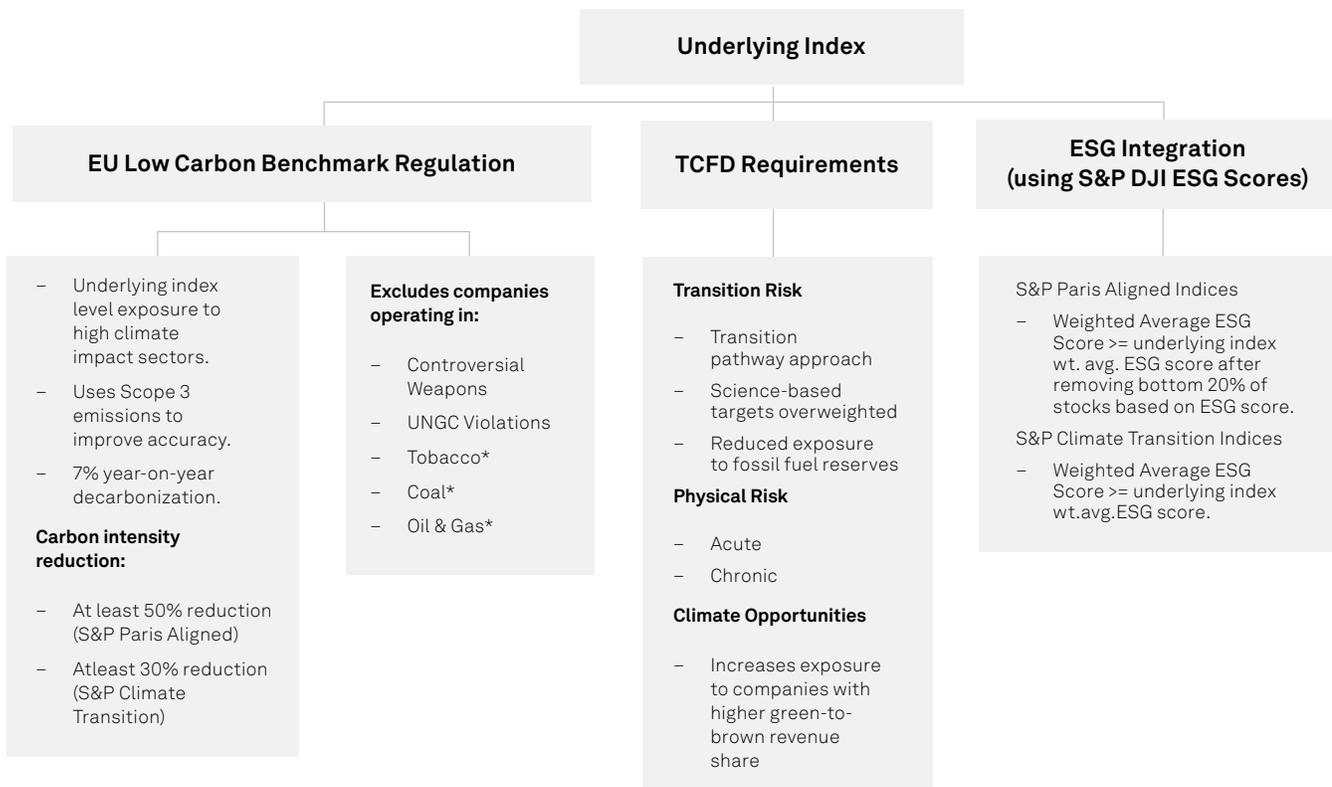
Assessing risks related to climate change since 2020, these datasets are utilized in the indices for:

- Historical carbon emissions data
- Forward-looking carbon emissions data with the Transition Pathway Model
- Physical risk data
- Green and brown sectors revenue

### Glass-Box Optimization

This transparent optimization model controls the deviation from the underlying index in terms of stock, sector and country weights, historically resulting in benchmark-like characteristics and investability.

## What Is (and Isn't) Inside the S&P PACT Indices?



## S&P PACT Indices

\* For the details on exclusions, please refer to S&P PACT Index Methodology [S&P Paris-Aligned & Climate Transition \(PACT\) Indices Methodology](#) | [S&P Dow Jones Indices \(spglobal.com\)](#).

## S&P PACT Index Offerings

### Global

- S&P Global LargeMidCap PACT Indices
- S&P World PACT Indices
- S&P Emerging Plus LargeMidCap PACT Indices

### The U.S. and Europe

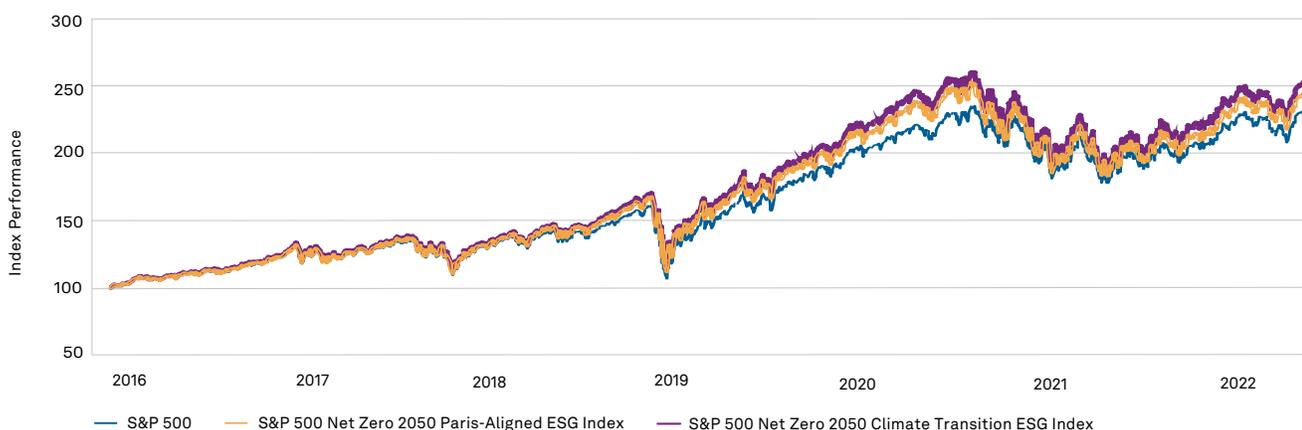
- S&P 500® PACT Indices
- S&P Eurozone LargeMidCap PACT Indices
- S&P Europe LargeMidCap PACT Indices
- S&P UK PACT Indices

### Asia Pacific

- S&P/ASX 300 PACT Indices
- S&P Japan LargeMidCap PACT Indices
- S&P China A 300 PACT Indices

## How Have the Indices Performed Historically?

### Index Performance



Metric	S&P 500	S&P 500 Net Zero 2050 Paris-Aligned ESG Index	S&P 500 Net Zero 2050 Climate Transition ESG Index
Return Since Inception (%)	13.4	14.8	14.2
Volatility Since Inception (%)	14.9	17.3	17.1
Tracking Error Since Inception (%)	-	1.7	1.4
Sharpe Ratio Since Inception	0.9	0.9	0.8
Active Share (%)	-	23.2	20.5
Stock Count	503.0	352.0	376.0
Weight Top 10 Stocks (%)	32.1	37.1	36.0

Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2023. Index performance based on total return in USD. The S&P 500 PACT Indices were launched June 1, 2020. All data prior to index launch date is back-tested hypothetical data. Past performance is no guarantee of future results. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

## Sustainability Profile

Metric	S&P 500	S&P 500 Net Zero 2050 Paris-Aligned ESG Index	S&P 500 Net Zero 2050 ClimateTransition ESG Index
Weighted Average Carbon Intensity	134.71	69.45	94.73
Fossil Fuel Reserves	470.95	0.00	220.01
Temperature Alignment	3°C	1.5°C	1.5°C
Physical Risk	33.8	29.8	31.1
Carbon Emissions (Scopes 1+2+3)/EVIC	195.5	54.1	81.4
Sustainable Investment by Weight	54.2	59.5	54.9
Positive Contribution by Weight	68.4	69.7	68.3
DNSH* by Weight	77.5	85.4	81.2

\* DNSH stands for Do No Significant Harm.

Source: S&P Dow Jones Indices LLC. Data as of Dec. 29, 2023. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

- Data for other S&P PACT Indices are available on request
- S&P DJI publishes detailed EU BMR reports under the following link, which include climate and sustainability data for various S&P PACT Indices:  
<https://www.spglobal.com/spdji/en/documents/additional-material/spdji-eu-low-carbon-benchmark-regulation-disclosure-report.xlsx>

## Performance Disclosure/Back-Tested Data

The S&P 500 PACT Indices were launched June 1, 2020. All information presented prior to an index's Launch Date is hypothetical (back-tested), not actual performance. The back-test calculations are based on the same methodology that was in effect on the index 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. Complete index methodology details are available at [www.spglobal.com/spdji](http://www.spglobal.com/spdji). Past performance of the Index is not an indication of future results. 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. 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. Back-tested performance is for use with institutions only; not for use with retail investors.

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.

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

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

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