

# **S&P DJI Sustainability Metrics** *Reference Guide*

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# Table of Contents

<b>TABLE OF CONTENTS .....</b>	<b>1</b>
<b>INTRODUCTION.....</b>	<b>3</b>
DATASET COVERAGE .....	3
<b>I. COMBINED ESG FACTORS .....</b>	<b>4</b>
<i>S&amp;P Global ESG Scores Dataset .....</i>	<i>4</i>
<i>Supporting Documents .....</i>	<i>4</i>
<i>[SP-ESG-1] – Weighted-Average ESG Score .....</i>	<i>4</i>
<b>II. ENVIRONMENTAL FACTORS .....</b>	<b>5</b>
<i>Trucost Environmental Dataset .....</i>	<i>5</i>
<i>Trucost Physical Risk Scores Dataset .....</i>	<i>5</i>
<i>Trucost Sector Revenues Dataset .....</i>	<i>5</i>
<i>[SP-ESG-2E] – Weighted-Average Environmental Score .....</i>	<i>6</i>
<i>[SP-ENV-1] – Carbon-to-Value Footprint (tCO2e / USDmn Invested) .....</i>	<i>7</i>
<i>[SP-ENV-2(a)] – Greenhouse Gas Emissions Disclosed.....</i>	<i>8</i>
<i>[SP-ENV-2(b)] – Greenhouse Gas Emissions Not Disclosed.....</i>	<i>8</i>
<i>[SP-ENV-2(c)] – GHG Emissions Not Covered.....</i>	<i>8</i>
<i>[SP-ENV-4] – Weighted Average Physical Risk Score .....</i>	<i>8</i>
<i>[SP-ENV-5] – Green Sectors Exposure (Weighted Revenues, %) .....</i>	<i>9</i>
<i>[SP-ENV-5(a)] – Green Sectors Exposure (Constituent Count) .....</i>	<i>10</i>
<i>[SP-ENV-7] – High Climate Impact NACE Sections Exposure (Weighted Revenues, %).....</i>	<i>10</i>
<i>[SP-ENV-7(a)] – High Climate Impact NACE Sections Exposure (Constituent Count).....</i>	<i>11</i>
<i>[SP-ENV-8] – NACE Divisions 05-09, 19 and 20 Exposure (Weighted Revenues, %) .....</i>	<i>11</i>
<i>[SP-ENV-8(a)] – NACE Divisions 05-09, 19 and 20 Exposure (Constituent Count) .....</i>	<i>12</i>
<b>III. SOCIAL FACTORS .....</b>	<b>13</b>
<i>Sustainalytics’ Product Involvement Dataset (External).....</i>	<i>13</i>
<i>Sustainalytics’ Global Standards Screening Dataset (External) .....</i>	<i>13</i>
<i>S&amp;P EU Sustainable Finance Disclosure Regulation (SFDR) Dataset.....</i>	<i>13</i>
<i>Supporting Documents .....</i>	<i>13</i>
<i>[SP-ESG-2S] – Weighted-Average Social Score .....</i>	<i>14</i>
<i>[SP-BAC-1] – Controversial Weapons Exposure .....</i>	<i>15</i>
<i>[SP-BAC-2] – Tobacco Exposure .....</i>	<i>15</i>
<i>Controversial Weapons Definition.....</i>	<i>16</i>
<i>[SP-SVC-2] – Global Standards Screening: Non-Compliant Companies Exposure.....</i>	<i>16</i>
<i>[SP-SVC-3] – Global Standards Screening: Lack of Due Diligence (ILO) Exposure .....</i>	<i>17</i>
<i>[SP-ESG-SFDR-12] – S&amp;P Global SFDR Dataset: Weighted Average Mean Gender Pay Gap .....</i>	<i>18</i>
<i>[SP-ESG-SFDR-14] – S&amp;P Global SFDR Dataset: Weighted Average Ratio of Female to Male Board Members .....</i>	<i>19</i>
<i>[SP-ESG-SFDR-15] – S&amp;P Global SFDR Dataset: Weighted Average Score of accidents, injuries, fatalities (Employees and Contractors).....</i>	<i>19</i>
<i>[SP-ESG-SFDR-16] – S&amp;P Global SFDR Dataset: Weighted Average Anti-Corruption &amp; Anti-Bribery Policy Score.....</i>	<i>20</i>
<b>IV. GOVERNANCE FACTORS .....</b>	<b>21</b>
<i>S&amp;P EU Sustainable Finance Disclosure Regulation (SFDR) Dataset.....</i>	<i>21</i>
<i>[SP-ESG-2G] – Weighted-Average Governance Score.....</i>	<i>22</i>
<i>[SP-ESG-SFDR-17] – S&amp;P Global SFDR Dataset: Weighted Average Independent Board Members .....</i>	<i>22</i>
<i>[SP-ESG-SFDR-13] – S&amp;P Global SFDR Dataset: Weighted Average Women Board Members .....</i>	<i>23</i>
<b>EU LOW CARBON BENCHMARK REGULATION METRICS .....</b>	<b>24</b>

<i>Supporting Documents .....</i>	<i>24</i>
<i>Annex I Section 1: Consideration of ESG Factors .....</i>	<i>24</i>
<i>Annex I Section 2: Additional Disclosure Requirements for EU Climate Transition and EU Paris-aligned Benchmarks.....</i>	<i>26</i>
<i>Annex I Section 3: Disclosure of the Alignment with the Objectives of the Paris Agreement .....</i>	<i>26</i>
<b>APPENDIX I - GLOSSARY .....</b>	<b>28</b>
<b>APPENDIX II – CHANGES.....</b>	<b>30</b>
<b>DISCLAIMER .....</b>	<b>33</b>

# Introduction

The S&P DJI Sustainability Metrics Reference Guide ('Guide')<sup>1</sup> is designed to aid in understanding the sustainability metrics used by S&P Dow Jones Indices ('S&P DJI'), including the metrics' calculations and disclosures. The Guide contains information on a range of commonly disclosed sustainability, ESG, and climate metric definitions, formulas (where relevant), and data sources.

The '**S&P DJI Sustainability Metrics**' chapter provides information on a range of index-level sustainability metrics, organized into Combined ESG Factors, Environmental Factors, Social Factors, and Governance Factors.

The ('**EU Low Carbon Benchmark Regulation Metrics**') chapter provides an overview of the key disclosure requirements applicable to benchmark administrators in the European Union, including the specific index-level ESG metrics required by [Regulation \(EU\) 2016/1011](#) (EU Benchmark Regulation or 'EU BMR').

S&P DJI's disclosures under the EU Benchmark Regulation for Equity benchmarks are here: [S&P DJI Equity EU Low Carbon Benchmark Regulation Disclosure Report](#).

For more information on the EU Benchmark Regulation, please refer to the 'ESG Disclosure – EU Low Carbon Benchmark Regulation' section of the S&P DJI [Regulatory Information](#) page.

## Dataset Coverage

The following approach is used to calculate dataset coverage metrics for all datasets discussed in the Guide. The formula is generalized using squared parentheses ("[" , "]") below:

- 'Dataset Coverage: "[DATASET]" (Index Weight, %)'** is calculated as the sum of index constituent weights with a "[DATASET]", and ranges between 0% and 100%.
- 'Dataset Coverage: "[DATASET]" (Constituent Count)'** is calculated as the count of index constituents with a "[DATASET]", and ranges between 0 and the total count of index constituents.

### Equations: Dataset Coverage:

$$\text{Dataset Coverage: "[DATASET]" (Index Weight, \%)} = \sum w_{i,t} * \text{Coverage}_i \begin{cases} \text{is covered} & 1 \\ \text{else} & 0 \end{cases}$$

$$\text{Dataset Coverage: "[DATASET]" (Constituent Count)} = \sum \text{Coverage}_{i,t} \begin{cases} \text{is covered} & 1 \\ \text{else} & 0 \end{cases}$$

where:

$w_{i,t}$  = index weight of constituent,  $i$ , as at metric calculation date  $t$

$\text{Coverage}_{i,t}$  = coverage status of a constituent,  $i$ , in the specific dataset, as at metric calculation date  $t$

For example, the '*Dataset Coverage: S&P Global ESG Scores (Index Weight, %)*' metric is calculated as the sum of index constituent weights with an S&P Global ESG Score and ranges between 0% and 100%. Similarly, the '*Dataset Coverage: Environmental (Constituent Count)*' calculates as the count of index constituents covered by S&P Global Sustainable1's Environmental dataset and ranges between 0 and the total count of index constituents.

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<sup>1</sup> S&P DJI first published the Guide on December 23rd, 2020, and supports S&P DJI's EU Benchmark Regulation disclosure requirements. For information on Guide updates, please refer to *Appendix II*.

# I. Combined ESG Factors

## S&P Global ESG Scores Dataset

S&P Global ESG Scores are derived from the S&P Global Corporate Sustainability Assessment ('CSA'). The CSA is a questionnaire-based sustainability assessment operated by S&P Global. Companies are encouraged to actively participate in the CSA. Participating companies are assessed on a combination of private and public data. Companies that do not actively participate are assessed solely on publicly available data. The S&P Global ESG Scores dataset contains a company-level ESG score for a given financial year, and individual Environmental, Social, and Governance dimension scores, as well as other more detailed data points. S&P Global ESG Scores are constructed from approximately 21 industry-specific criteria scores that can each be used as specific E, S, and G signals. ESG scores are a weighted average of the dimension-level scores, which are themselves weighted averages of criteria-level scores. Final scores range from 0-100, with 100 representing the best performance.

## Supporting Documents

Supporting Document	URL
S&P Global ESG Scores Methodology	<a href="#">S&amp;P Global ESG Scores Methodology</a>
S&P Global CSA and ESG Scores website	<a href="#">S&amp;P Global CSA and ESG Scores website</a>

**Data Dissemination.** S&P Global ESG Score data is available via subscription.

For product information, please contact [S&P Global Sustainable1](#).

**Table 1: Combined ESG Factors**

S&P DJI ESG Metric ID	S&P DJI ESG Metric Name	EU BMR ESG Factor/Metric
SP-ESG-1	Weighted-Average ESG Score	Yes
	Dataset Coverage: S&P Global ESG Scores	Yes

## [SP-ESG-1] – Weighted-Average ESG Score

**EU BMR ESG Factor/Metric:** “EU-Weighted average ESG rating of the benchmark (voluntary).”<sup>2</sup>

The ‘Weighted-Average ESG Score’ is calculated as a weighted average of the S&P Global ESG Scores and index weights, adjusted for ESG score coverage. Scores range between 0 (worst) and 100 (best).

## Equations [SP-ESG-1]:

$$\text{Weighted Average ESG}_{i,t} = \sum w'_{i,t} \times \text{ESG}_{i,t}$$

where:

$w'_{i,t}$  = ESG Score coverage-adjusted index weight<sup>3</sup> of index constituent  $i$ , as at metric calculation date  $t$

$\text{ESG}_{i,t}$  = most recent S&P Global ESG Score of index constituent,  $i$ , as at metric calculation date  $t$

## Related Metrics:

**Dataset Coverage: S&P Global ESG Scores.** The dataset covers index weight and index constituent counts.

<sup>2</sup> Annex II Section 1 Regulation (EU) 2020/1816.

<sup>3</sup> ‘Adjusted index weights’ for the index constituents are calculated by dividing the constituent weights of companies covered by the specific ESG dataset used to calculate the metric (here the S&P Global ESG Scores) by the sum of all companies covered. The sum of the resulting adjusted index weights equals 100%.

## II. Environmental Factors

The index-level metrics described in this section are calculated using the following datasets:

### **S&P Global ESG Scores Dataset**

The S&P Global Environmental Scores are dimension scores from the S&P Global ESG Scores Dataset that evaluate companies through a blend of private and public data. The dataset provides company-level scores across Environmental, Social, and Governance dimensions based on approximately 21 industry-specific criteria. Scores range from 0 to 100, reflecting comprehensive ESG performance.

*For more information on the S&P Global ESG Scores, please refer to the [S&P Global ESG Scores Methodology](#).*

### **Trucost Environmental Dataset**

S&P Trucost Ltd (Trucost) standardized greenhouse gas (“GHG”) emissions data provides a proxy for carbon performance. To calculate the carbon intensity of any company included within an index, Trucost reviews company annual reports and accounts, environmental/sustainability reports, public disclosures and corporate websites.

Not all companies disclose specific environmental or carbon impacts, so in cases where a company does not publicly disclose, Trucost employs its environmental profiling system. Trucost’s proprietary Input-Output model maps a company’s business activities to any number of Trucost’s 464 sectors. Trucost’s broad coverage seeks to ensure that all non-disclosing companies, not just those that disclose environmental information, are considered for index eligibility.

*For more information on greenhouse gas emissions data please refer [here](#).*

### **Trucost Physical Risk Scores Dataset**

Trucost’s Physical Risk Scores Dataset assesses company exposure to physical risk at the asset level based on a database of over 500,000 assets mapped to over 15,000 listed companies in the S&P Global Sustainable1 database. The dataset includes:

- Seven climate change physical risk indicators, including heat and cold waves, water stress, hurricanes, wildfires, floods, and sea level rise.
- Low, moderate, and high future climate change scenarios based on the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathways (RCP).
- Estimates of climate change physical impacts in 2030 and 2050.

*For more information on Trucost’s physical risk scores, please refer [here](#).*

### **Trucost Sector Revenues Dataset**

Trucost employs an environmental profiling system as an input to the Input-Output model, which maps the environmental impacts of business activities to any of 464 sectors. S&P DJI uses Sector revenue data to calculate several exposure metrics.

*For more information on the Sector revenue dataset, please refer to <https://www.trucost.com/>.*

**Table 2: Environmental Factors**

S&P DJI ESG Metric ID	S&P DJI ESG Metric Name	EU BMR ESG Factor/Metric
<b>SP-ESG-2E</b>	<b>Weighted-Average Environmental Score</b>	<b>Yes</b>
	Dataset Coverage: S&P Global Environmental Scores	Yes
<b>SP-ENV-1</b>	<b>Carbon-to-Value Footprint (tCO<sub>2</sub>e / USDmn Invested)</b>	<b>Yes</b>
<b>SP-ENV-2(a)</b>	<b>Greenhouse Gas Emissions Disclosed</b>	<b>Yes</b>
<b>SP-ENV-2(b)</b>	<b>Greenhouse Gas Emissions Not Disclosed</b>	<b>Yes</b>
<b>SP-ENV-2(c)</b>	<b>Greenhouse Gas Emissions Not Covered</b>	<b>Yes</b>
<b>SP-ENV-4</b>	<b>Weighted Average Physical Risk Score</b>	<b>Yes</b>
	Dataset Coverage: Physical Risk Scores	Yes
<b>SP-ENV-5</b>	<b>Green Sectors Exposure (Weighted Revenues, %)</b>	<b>Yes</b>
SP-ENV-5(a)	Green Sectors Exposure (Constituent Count)	Yes
	Dataset Coverage: Trucost Sector Revenues	Yes
<b>SP-ENV-7</b>	<b>High Climate Impact NACE Sections Exposure (Weighted Revenues, %)</b>	<b>Yes</b>
SP-ENV-7(a)	High Climate Impact NACE Sections Exposure (Constituent Count)	Yes
	Dataset Coverage: Trucost Sector Revenues	Yes
<b>SP-ENV-8</b>	<b>NACE Divisions 05-09, 19 and 20 Exposure (Weighted Revenues, %)</b>	<b>Yes</b>
SP-ENV-8(a)	NACE Divisions 05-09, 19 and 20 Exposure (Constituent Count)	Yes
	Dataset Coverage: Trucost Sector Revenues	Yes

Several of the Environmental Factors metrics above are calculated in equivalent ways to one another by swapping one data point in place of another. For example, the *Carbon-to-Value Footprint (Scopes 1+2+3 Emissions / USDmn Invested)* [SP-ENV-1] metric is calculated in the same way as the *Carbon-to-Value Footprint (Scopes 1+2 Emissions / USDmn Invested)* [SP-ENV-1] metric by using a different emissions scope. Likewise, alternative apportionment variables can be used to derive apportionment factors used in some of the metrics. For more information on a metric, see the ‘Other metrics using this calculation’ sections for each relevant metric.

#### [SP-ESG-2E] – Weighted-Average Environmental Score

**EU BMR ESG Factor/Metric:** “*Weighted average environmental rating of the benchmark (voluntary).*”<sup>4</sup> The ‘Weighted-Average Environmental Score’ is calculated as a weighted average of the S&P Global Environmental Scores and index weights, adjusted for Environmental score coverage. Scores range between 0 (worst) and 100 (best).

#### Equations [SP-ESG-2E]:

$$Weighted\ Average\ Environmental_{i,t} = \sum w'_{i,t} \times Environmental_{i,t}$$

where:

$w'_{i,t}$  = Environmental Score coverage-adjusted index weight<sup>5</sup> of index constituent  $i$  as at metric calculation date  $t$

$Environmental_{i,t}$  = most recent S&P Global Environmental Score of constituent  $i$  as at metric calculation date  $t$

#### Related Metrics:

<sup>4</sup> Annex II Section 1 Regulation (EU) 2020/1816.

<sup>5</sup> ‘Adjusted index weights’ for the index constituents are calculated by dividing the constituent weights of companies covered by the specific ESG dataset used to calculate the metric (here the S&P Global Environmental Score) by the sum of all companies covered. The sum of the resulting adjusted index weights equal 100%.

**Dataset Coverage: S&P Global Environmental Scores:** The dataset covers index weight and index constituent count.

#### **[SP-ENV-1] – Carbon-to-Value Footprint (tCO<sub>2</sub>e / USDmn Invested)**

**EU BMR ESG Factor/Metric:** “Greenhouse gas (GHG) intensity of the benchmark.”

The metric tons of greenhouse gas emissions are apportioned to the index per US\$ 1 million invested.

Each constituent’s GHG data is divided by an apportionment variable to derive an emissions intensity. The Carbon-to-Value Footprint is calculated as the weighted average of dataset coverage-adjusted index weights and this emissions intensity. The metric is used to calculate the quantity of greenhouse gas emissions associated with each US\$ 1 million investment in an index by calculating the quantity of emissions the index is responsible for on an ownership, financing or other basis.

#### **Equation [SP-ENV-1]:**

$$\text{Carbon to Value} = \sum w'_i \times \frac{\text{Emissions}_i}{\text{Apportionment}_i}$$

where:

- $w'_i$  = Adjusted index weight<sup>6</sup> of company  $i$  in the index as at metric calculation date
- $\text{Emissions}_i$  = GHG emissions (of any scope) in tCO<sub>2</sub>e for company  $i$
- $\text{Apportionment}_i$  = The chosen apportionment variable for company,  $i$ , in millions of USD

The metric disclosed in the [S&P DJI Equity EU Low Carbon Benchmark Regulation Disclosure Report](#) is [SP-ENV-1] Carbon-to-Value Footprint (Scopes 1+2 Emissions / USDmn Invested), using scope 1 and 2 emissions and Enterprise Value Including Cash (EVIC)<sup>7</sup> as the apportionment variable.

#### **Other metrics using this calculation:**

The index-level Carbon-to-Value Footprint metric calculation can vary by changing the scope of greenhouse gas emissions data used in the calculation, and/or by using a different variable to apportion the emissions to the index. Table [SP-ENV-1] shows some common choices for emissions scopes and apportionment variables.

**Table [SP-ENV-1]: Common Emissions Intensity Variables**

<b>Emissions Scopes</b>	<b>Apportionment Variables</b>
Scopes 1 and 2	Market Capitalization
Scopes 1, 2 and 3	Enterprise Value (EV)
Direct and First-Tier Indirect	Enterprise Value Including Cash (EVIC)

*For descriptions of the above variables, please refer to Appendix I - Glossary of Terms.*

#### **Related Metrics:**

**Dataset Coverage: Trucost Environmental Dataset:** covers the index constituent count and weights

<sup>6</sup> Adjusted index weights for the index constituents are calculated by dividing the constituent weights of companies covered by the Trucost Environmental dataset by the sum of all companies covered. The sum of the resulting adjusted index weights equal 100%.

<sup>7</sup> Enterprise value including cash (EVIC) is defined in Article 1(d) Regulation (EU) 2020/1818 as the sum at fiscal year-end, of the market capitalization of ordinary shares, the market capitalization of preferred shares, and the book value of total debt and non-controlling interests, without deduction of cash or cash-equivalents.



## [SP-ENV-2(a)] – Greenhouse Gas Emissions Disclosed

### **EU BMR ESG Factor/Metric: “Percentage of GHG emissions reported versus estimated.”**

The index weight of constituents with sufficient GHG emissions disclosures, as determined by Trucost.

Companies are divided into those that Trucost has identified as having sufficiently disclosed 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 GHG emissions scope (between scope 1 and 2), which is its largest in absolute terms.

Trucost reviews company annual reports and accounts, environmental/sustainability reports, public disclosures and corporate websites for a wide range of environmental key performance indicators. Not all companies disclose environmental or carbon impacts, so where there is no public disclosure Trucost employs its environmental profiling system. The proprietary Input-Output model maps the company’s business activities to any number of 464 sectors. Where Trucost is able to take any publicly disclosed information in its determination of the GHG emissions, Trucost deems the company to have disclosed it emissions. Where Trucost must model the GHG emissions of companies, Trucost considers the company to have not sufficiently disclosed emissions.

### **Equations [SP-ENV-2]:**

$$GHG \text{ Disclosure (Index Weight, \%)} = \sum w_i * Disclosure_i \begin{cases} \text{is disclosed} & 1 \\ \text{else} & 0 \end{cases}$$
$$GHG \text{ Disclosure (Constituent Count)} = \sum Disclosure_i \begin{cases} \text{is disclosed} & 1 \\ \text{else} & 0 \end{cases}$$

here:

$w_i$  = Index weight of constituent  $i$ , as at metric calculation date

$Disclosure_i$  = Greenhouse gas emissions data disclosure status assigned to constituent,  $i$ .

Other metrics using this calculation:

## [SP-ENV-2(b)] – Greenhouse Gas Emissions Not Disclosed

### **EU BMR ESG Factor/Metric: “Percentage of GHG emissions reported versus estimated.”**

Index constituent count and weights whose GHG emissions are modeled by Trucost.

## [SP-ENV-2(c)] – GHG Emissions Not Covered

Index constituent count and weights that were not covered by Trucost as of the Index Effective Date.

## [SP-ENV-4] – Weighted Average Physical Risk Score

### **EU BMR ESG Factor/Metric: “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 issuer exposure) (voluntary).”**

An Weighted Average Physical Risk Score is a weighted average of index constituent Composite Physical Risk Scores and their index weight, allowing for the comparison of one index’s composite level of exposure to physical risks versus another. Trucost’s ‘High’ 2050 climate scenario Composite Physical Risk Score is used to calculate this metric. High Physical Risk Scores signal that companies are relatively more exposed to physical risks.

Weighted Average Physical Risk Scores are a weighted average of constituent Composite Physical Risk Scores and dataset coverage-adjusted index weights (to ensure that the measure is comparable to other

indices). Trucost provides the Composite Physical Risk Scores, which range between 1 and 100. Lower scores represent lower levels of physical risk.

**Equation [SP-ENV-4]:**

$$\text{Physical Risk Score} = \sum w'_i * PR\ Score_i$$

where:

$w'_i$  = Adjusted index weight<sup>8</sup> of the company  $i$  in the index as at the metric calculation date

$PR\ Score_i$  = Trucost's Sensitivity Weight-adjusted Composite High 2050 scenario Physical Risk Score for company  $i$

**Related Metrics:**

**Dataset Coverage: Physical Risk Scores:** index constituent count and weights covered by Trucost's Physical Risk Dataset.

**[SP-ENV-5] – Green Sectors Exposure (Weighted Revenues, %)**

**EU BMR ESG Factor/Metric:** “Exposure of the benchmark portfolio to activities included in the environmental goods and services sector, as defined in Article 2, point (5) of Regulation (EU) No 691/2011 of the European Parliament and of the Council.”

The index's 'Green Sectors Exposure (Weighted Revenues, %)' is a measure of the index's average percentage of constituent revenues derived from green business activities, defined by the following Trucost revenue sectors:

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

S&P DJI uses the Trucost Sector Revenues Dataset to calculate this metric. This metric is calculated as the ratio of:

- i. The weighted average of the dataset coverage adjusted-constituent index weights, and their revenues derived from green business activities divided by Enterprise Value Including Cash (EVIC), and;
- ii. The weighted average of dataset coverage adjusted-constituent index weights, and their total revenues divided by EVIC.

**Equation [SP-ENV-5]:**

$$\text{Green Sectors Exposure} = \frac{\sum w'_i \times \frac{\text{Green Rev}_i}{\text{EVIC}_i}}{\sum w'_i \times \frac{\text{Rev}_i}{\text{EVIC}_i}}$$

where:

<sup>8</sup> Adjusted index weights for the index constituents are calculated by dividing the constituent weights of companies covered by the Trucost Physical Risk Score Dataset by the sum of all companies covered. The sum of the resulting adjusted index weights equal 100%.

$w'_i$	= adjusted index weight <sup>9</sup> of index company $i$ as at the metric calculation date
$Green Rev_i$	= annual revenues in millions of USD of company $i$ derived from Green Sectors
$Rev_i$	= annual revenues in millions of USD of company $i$
$EVIC_i$	= enterprise value, including cash, of company $i$

### **Related Metrics:**

#### **[SP-ENV-5(a)] – Green Sectors Exposure (Constituent Count)**

The count of index constituents with any involvement revenues derived from green business activities.

#### **Equation [SP-ENV-5(a)]:**

$$Green\ Sectors\ Exposure\ (Constituent\ Count) = \sum exposure_i \begin{cases} is\ green & 1 \\ else & 0 \end{cases}$$

where:

$exposure_i$  = exposure status assigned to constituent  $i$ , for deriving revenues from Green Sectors.

**Dataset Coverage: Trucost Sector Revenues:** index constituent count and weights of index constituents covered by the Trucost Sector Revenues Dataset.

#### **[SP-ENV-7] – High Climate Impact NACE Sections Exposure (Weighted Revenues, %)**

***EU BMR ESG Factor/Metric: “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.”***

The index's 'High Climate Impact NACE Section Exposure (Weighted Revenues, %)' is a measure of the index's average percentage of constituent revenues that are derived from High Climate Impact NACE Sections. NACE Sections are a classification of economic activities used within the European Community.

S&P DJI uses the Trucost Sector Revenues dataset to calculate this metric. Each Trucost revenue sector is mapped to a NACE Section, and then determined to be either a High or non-High ("Low") Climate Impact Sector based on the mapping of NACE Sections to the designation of High Climate Impact Sections, as per the EU Technical Expert Group on Sustainable Finance's 2019 “*TEG Final Report on Climate Benchmarks and Benchmarks' ESG Disclosures*”.<sup>10</sup>

The classification of Trucost revenue sectors as either High' or 'Low' is available [here](#).

The 'High Climate Impact NACE Sections Exposure (Weighted Revenues, %)' metric is calculated as the ratio of:

- i. The weighted average of the constituent index weights and their High Climate Impact Sector Revenues divided by Enterprise Value Including Cash (EVIC), and;
- ii. The weighted average of constituent index weights and their total revenues divided by EVIC.

#### **Equation [SP-ENV-7]:**

<sup>9</sup> Adjusted index weights for the index constituents are calculated by dividing the constituent weights of companies covered by the Trucost Sector Revenues Dataset by the sum of all companies covered. The sum of the resulting adjusted index weights equals 100%.

<sup>10</sup> 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](https://ec.europa.eu/info/files/190930-sustainable-finance-teg-final-report-climate-benchmarks-and-disclosures_en).

$$\frac{\sum w'_i \times \frac{HCISR_i}{EVIC_i}}{\sum w'_i \times \frac{Rev_i}{EVIC_i}}$$

where:

$w'_i$  = adjusted weight<sup>11</sup> of index company  $i$  as at the metric calculation date

$HCISR_i$  = annual revenues in millions of USD of company  $i$  derived from High Climate Impact Sectors

$Rev_i$  = annual revenues in millions of USD of company  $i$

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

### **Related Metrics:**

#### **[SP-ENV-7(a)] – High Climate Impact NACE Sections Exposure (Constituent Count)**

The index's 'High Climate Impact NACE Section Exposure (Constituent Count)' is the total number of index constituents that derive any revenues from sectors mapped to NACE Sections designated to be 'High Climate Impact'.

The count of index constituents with any revenues derived from Trucost revenue sectors that have been classified as High Climate Impact, as per the approach described above.

#### **Equation [SP-ENV-7(a)]:**

$$\text{High Climate Impact Exposure (Constituent Count)} = \sum exposure_i \begin{cases} \text{is HCI} & 1 \\ \text{else} & 0 \end{cases}$$

where:

$exposure_i$  = climate impact designation made for constituent  $i$

**Dataset Coverage: Trucost Sector Revenues:** count and weight of index constituents covered by the Trucost Sector Revenues dataset.

#### **[SP-ENV-8] – NACE Divisions 05-09, 19 and 20 Exposure (Weighted Revenues, %)**

***EU BMR ESG Factor/Metric: “Exposure of the benchmark portfolio to companies the activities of which fall under Divisions 05 to 09, 19 and 20 of Annex I to Regulation (EC) No 1893/2006.”***

The index's 'NACE Divisions 05-09, 19 and 20 Exposure (Weighted Revenues, %)' measures the index's average percentage of constituent revenues derived from business activities that fall under NACE Divisions 05 to 09, 19 and 20. NACE Divisions are a classification of economic activities used within the European Community.

S&P DJI uses the Trucost Sector Revenues dataset to calculate this metric. Each Trucost revenue sector is mapped to a NACE Division. The 'NACE Divisions 05-09, 19 and 20 Exposure (Weighted Revenues, %)' metric is calculated as the ratio of:

- i. The weighted average of the constituent index weights and their revenues derived from activities falling under NACE Divisions 05, 06, 07, 08, 09, 19 and 20 divided by Enterprise Value Including Cash (EVIC), and;
- ii. The weighted average of constituent index weights and their total revenues divided by EVIC.

<sup>11</sup> Adjusted index weights for the index constituents are calculated by dividing the constituent weights of companies covered by the Trucost Sector Revenues dataset by the sum of all companies covered. The sum of the resulting adjusted index weights equal 100%.

**Equation [SP-ENV-8]:**

$$\frac{\sum w'_i \times \frac{NACE_i}{EVIC_i}}{\sum w'_i \times \frac{Rev_i}{EVIC_i}}$$

where:

$w'_i$  = adjusted weight<sup>12</sup> of company  $i$  in the index as at the metric calculation date

$NACE_i$  = annual revenues in millions of USD of company  $i$  derived from NACE Divisions 05-09, 19, and 20

$Rev_i$  = annual revenues in millions of USD of company  $i$

$EVIC_i$  = enterprise value, including cash, of company  $i$  as at the metric calculation date

**Related Metrics:****[SP-ENV-8(a)] – NACE Divisions 05-09, 19 and 20 Exposure (Constituent Count)**

The count of index constituents with any involvement in business activities is defined by NACE Divisions 05 to 09, 19, or 20.

**Equation [SP-ENV-8(a)]:**

*NACE 05 to 09, 19 and 20 Exposure*

$$(Constituent\ Count) = \sum exposure_i \begin{cases} is\ 05\ to\ 09,\ 19\ and\ 20\ NACE & 1 \\ else & 0 \end{cases}$$

where:

$exposure_i$  = exposure status assigned to constituent  $i$ , for deriving any revenues from any Trucost revenue sectors mapped to NACE Divisions 05, 06, 07, 08, 09, 19, or 20.

**Dataset Coverage: Trucost Sector Revenues:** count and weight of index constituents covered by the Trucost Sector Revenues Dataset.

<sup>12</sup> Adjusted index weights for the index constituents are calculated by dividing the constituent weights of companies covered by the Trucost Sector Revenues dataset by the sum of all companies covered. The sum of the resulting adjusted index weights equal 100%.

# III. Social Factors

The index-level metrics described in this section are calculated using the following datasets:

The S&P Global Social Scores are dimension scores from the S&P Global ESG Scores Dataset which is derived from the Corporate Sustainability Assessment ('CSA'), evaluating companies through a blend of private and public data. As previously detailed in the Combined ESG Factors section, this dataset provides company-level scores across Environmental, Social, and Governance dimensions, based on approximately 21 industry-specific criteria. Scores range from 0 to 100, reflecting comprehensive ESG performance.

For more information on S&P Global ESG Scores, please refer to the [S&P Global ESG Scores Methodology](#).

## Sustainalytics' Product Involvement Dataset (External)

Sustainalytics' Product Involvement Dataset helps identify companies involved in, or with exposure to, a variety of specific products, services and business activities for screening purposes.

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

## Sustainalytics' Global Standards Screening Dataset (External)

Sustainalytics' Global Standards Screening Dataset assesses the extent to which a company causes, contributes or is linked to violations of internal norms and standards, covering the UNGC, International Labour Organization ('ILO') Conventions, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

For more information on Sustainalytics' Global Standards Screening dataset please refer to <http://www.sustainalytics.com/>.

## S&P EU Sustainable Finance Disclosure Regulation (SFDR) Dataset

The SFDR Dataset is central to S&P Global's efforts to enhance transparency in sustainable finance. It assists Financial Market Participants (FMPs) in meeting the EU SFDR disclosure requirements, aligning with the EU Action Plan to direct capital towards sustainability and address rising sustainability risks.

The dataset supports detailed reporting on climate, environmental, social, and governance factors; incorporating 17 mandatory and 33 opt-in indicators from S&P Global datasets such as Trucost Environmental Data and S&P Global ESG Scores. These indicators are vital for assessing the Principal Adverse Impacts (PAIs) of investment decisions.

Aligned with the Regulatory Technical Standards (RTS) from the European Supervisory Authorities (ESAs), the SFDR Dataset ensures consistent and relevant disclosures for each PAI, helping to combat greenwashing and improve market transparency.

For inquiries or further assistance regarding SFDR, please contact [S&P Global Sustainable1](#).

## Supporting Documents

Supporting Document	URL
The EU Sustainable Finance Disclosure Regulation (SFDR) Dataset Methodology 2025	<a href="#">SFDR Dataset Methodology</a>
S&P Global SFDR Reporting website	<a href="#">S&amp;P Global SFDR Reporting website</a>

**Table 3: Social Factors**

S&P DJI ESG Metric ID	S&P DJI ESG Metric Name	EU BMR ESG Factor/Metric
<b>SP-ESG-2S</b>	<b>Weighted-Average Social Score</b>	<b>Yes</b>
	Dataset Coverage: S&P Global Social Scores	Yes
<b>[SP-BAC-1]</b>	<b>Controversial Weapons Exposure</b>	<b>Yes</b>
	Controversial Weapons Definition	Yes
<b>[SP-BAC-2]</b>	<b>Tobacco Exposure</b>	<b>Yes</b>
	Dataset Coverage: Product Involvement	Yes
<b>[SP-SVC-2]</b>	<b>Global Standards Screening: Non-Compliant Companies</b>	<b>Yes</b>
<b>[SP-SVC-3]</b>	<b>Global Standards Screening: Lack of Due Diligence (ILO) Exposure</b>	Yes
	Dataset Coverage: Global Standards Screening	Yes
<b>[SP-ESG-SFDR-12]</b>	<b>S&amp;P Global SFDR Dataset: Weighted average gender pay gap</b>	<b>Yes</b>
<b>[SP-ESG-SFDR-14]</b>	<b>S&amp;P Global SFDR Dataset: Weighted Average Ratio of Female to Male Board Members</b>	<b>Yes</b>
<b>[SP-ESG-SFDR-15]</b>	<b>S&amp;P Global SFDR Dataset: Weighted Average Score of accidents, injuries, fatalities (Employees and Contractors)</b>	<b>Yes</b>
<b>[SP-ESG-SFDR-16]</b>	<b>S&amp;P Global SFDR Dataset: Weighted Average Anti-Corruption &amp; Anti-Bribery Policy Score</b>	<b>Yes</b>
	Dataset Coverage: S&P Global SFDR Dataset	

**[SP-ESG-2S] – Weighted-Average Social Score**

**EU BMR ESG Factor/Metric:** “*Weighted average social rating of the benchmark (voluntary).*”<sup>13</sup>

The ‘Weighted-Average Social Score’ is calculated as a weighted average of the S&P Global Social Scores and index weights, adjusted for Social Score coverage. Scores range between 0 (worst) and 100 (best).

**Equations [SP-ESG-2S]:**

$$\text{Weighted Average Social}_{i,t} = \sum w'_{i,t} \times \text{Social}_{i,t}$$

Where:

$w'_{i,t}$  = Social Score coverage-adjusted index weight<sup>14</sup> of index constituent  $i$  as at metric calculation date  $t$

$\text{Social}_{i,t}$  = most recent S&P Global Social Score of constituent  $i$  as at metric calculation date  $t$

**Related Metrics:**

**Dataset Coverage: S&P Global Social Scores:** count and weight of index constituents covered by the S&P Global Social Scores Dataset.

<sup>13</sup> Annex II Section 1 Regulation (EU) 2020/1816.

<sup>14</sup> ‘Adjusted index weights’ for the index constituents are calculated by dividing the constituent weights of companies covered by the specific ESG dataset used to calculate the metric (here the S&P Global Social Score) by the sum of all companies covered. The sum of the resulting adjusted index weights equal 100%.

## [SP-BAC-1] – Controversial Weapons Exposure

**EU BMR ESG Factor/Metric:** “*Weighted average percentage of benchmark constituents in the controversial weapons sector.*”

The index weight and count of constituents involved in controversial weapons-related activities, as identified by Sustainalytics. S&P DJI calculates this metric using Sustainalytics' Product Involvement Dataset.

- i) **‘Controversial Weapons Exposure (Index Weight, %)’** is derived by summing the constituent weights of companies identified to have exposure to controversial weapons, as defined in Table [SP-SCR]. This metric ranges between 0% and 100%.
- ii) **‘Controversial Weapons Exposure (Constituent Count)’** is derived by counting the number of constituents identified to have exposure to controversial weapons, as defined in Table [SP-SCR]. This metric ranges between 0 and the total count of index constituents.

### **Equations [SP-BAC-1]:**

$$CW \text{ Exposure (Index Weight, \%)} = \sum w_i * exposure_i \begin{cases} \text{is involved} & 1 \\ \text{else} & 0 \end{cases}$$
$$CW \text{ Exposure (Constituent Count)} = \sum exposure_i \begin{cases} \text{is involved} & 1 \\ \text{else} & 0 \end{cases}$$

where:

$w_i$  = index constituent  $i$  weight as at the metric calculation date

$exposure_i$  = exposure status assigned to constituent  $i$  for controversial weapons.

Other metrics using this calculation:

## [SP-BAC-2] – Tobacco Exposure

**EU BMR ESG Factor/Metric:** “*Weighted average percentage of benchmark constituents in the tobacco sector.*”

The [SP-BAC-2] – Tobacco Exposure metric calculates in a similar manner by substituting the controversial weapons dataset with the tobacco product involvement dataset.

For each Business Activities Exposures metric, ‘exposure’ is defined as shown in Table [SP-BAC].

**Table [SP-BAC]: Business Activity Metrics Exposure Definitions**

S&P DJI ESG Metric ID	S&P DJI ESG Metric Name	Business Activity Exposure Definition
SP-BAC-1	Controversial Weapons Exposure	The company has direct involvement in core weapon systems that are considered tailor-made and essential, as well as non-tailor-made and non-essential, for the lethal use of weapons.
SP-BAC-2	Tobacco Exposure	The company derives any (>0%) revenue from manufacturing tobacco products, 5% or more of its revenues from supplying tobacco-related products and services, and 5% or more of its revenues from the distribution and/or retail sale of tobacco products.

### **Related Information/Metrics:**



## Controversial Weapons Definition

***EU BMR ESG Factor/Metric:*** “*International treaties and conventions, United Nations principles or, where applicable, national law used in order to determine what constitutes a ‘controversial weapon’.*”

This indicator, provided by Sustainalytics, assesses whether companies are involved in the manufacturing of controversial weapons or their components or services.

The indicator covers two involvement categories:

- 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.
- Non-tailor-made or non-essential: The company provides components/services for the core weapon system that are either not considered tailor-made or not essential to the weapon's lethal use.

Controversial weapons are classified by Sustainalytics as any of the following:

- Anti-Personnel mines
- Biological and chemical weapons
- Cluster weapons
- Depleted Uranium
- Nuclear weapons
- White Phosphorus

International treaties and conventions used to define Controversial Weapons include: Non-proliferation Treaty (1968), Biological and Toxin Weapons Convention (1972), Chemical Weapons Convention (1997), Anti-Personnel Mine Ban Convention (1999), Convention on Cluster Munitions (2008), United Nations Convention on Certain Conventional Weapons (1980), and Convention on the Physical Protection of Nuclear Material (1980).

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

## Dataset Coverage: Product Involvement

The count and index weight of index constituents covered by the Sustainalytics Product Involvement Dataset.

## [SP-SVC-2] – Global Standards Screening: Non-Compliant Companies Exposure

***EU BMR ESG Factor/Metric:*** “*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.*”

The index weight and count of index constituents non-compliant with, or in violation of, any of the 10 principles of the UNGC, ILO's Conventions, the UN Guiding Principles on Business and Human Rights, and Chapters of the OECD Guidelines for Multinational Enterprises.

Sustainalytics data is used to identify non-compliant constituents or constituents in violation of UNGC principles, ILO Conventions and OECD Guidelines for Multinational Enterprises.

- i) **‘Global Standards Screening: Non-Compliant Companies (Index Weight, %)’** is calculated as the sum of index constituent weights that are determined to be non-compliant by Sustainalytics, and ranges between 0% and 100%.
- ii) **‘Global Standards Screening: Non-Compliant Companies (Constituent Count)’** is calculated as the count of index constituents that are determined to be non-compliant by Sustainalytics, and ranges between 0 and the total count of index constituents.

#### **Equations [SP-SVC-2]:**

$$UNGC_{Sust.} (Index Weight, \%) = \sum w_i * UNGC Exclusion_i \begin{cases} Non - Compliant & 1 \\ else & 0 \end{cases}$$

$$UNGC_{Sust.} (Constituent Count) = \sum UNGC Exclusion_i \begin{cases} Non - Compliant & 1 \\ else & 0 \end{cases}$$

Where:

$w_i$  = The index weight of constituent,  $i$ , as at the metric calculation date.

$UNGC Exclusion_i$  = The exclusion status of constituent,  $i$ , considering whether its Sustainalytics Global Standards Screening designation is ‘non-compliant’.

#### **Related Metrics:**

##### **Dataset Coverage: Sustainalytics' Global Standards Screening**

The index weight and count of index constituents covered by Sustainalytics' Global Standards Screening Dataset.

#### **[SP-SVC-3] – Global Standards Screening: Lack of Due Diligence (ILO) Exposure**

**EU BMR ESG Factor/Metric:** *“Exposure of the benchmark portfolio to companies without due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8.”*

This metric evaluates the benchmark portfolio's exposure to companies that lack due diligence policies in alignment with the fundamental ILO Conventions 1 to 8. These conventions cover essential labour rights, including freedom of association, elimination of forced labour, equal remuneration, non-discrimination, prohibition of child labour, collective bargaining, and prevention of human trafficking.

Sustainalytics data is used to identify constituents without due diligence policies addressing the ILO conventions and principles. This data helps assess the presence of policies related to human rights and labour standards.

- i) **‘Global Standards Screening: Lack of Due Diligence (ILO) Exposure (Index Weight, %)’** is calculated as the sum of the index weights of constituents identified as lacking due diligence policies for ILO conventions. The result ranges between 0% and 100%.
- ii) **‘Global Standards Screening: Lack of Due Diligence (ILO) Exposure (Constituent Count)’** is calculated as the count of index constituents identified as lacking at least one due diligence policy in alignment with the ILO conventions, and ranges between 0 and the total count of index constituents.

### **Equations [SP-SVC-3]:**

$$ILO \text{ Due Diligence Exposure (Index Weight, \%)} = \sum w_i * ILO \text{ Policy Absence}_i \begin{cases} \text{Lacking} & 1 \\ \text{Not – Lacking} & 0 \end{cases}$$

$$ILO \text{ Due Diligence Exposure (Constituent Count)} = \sum ILO \text{ Policy Absence}_i \begin{cases} \text{Lacking} & 1 \\ \text{Not – Lacking} & 0 \end{cases}$$

Where:

$w_i$  = The index weight of constituent,  $i$ , as at the metric calculation date.

$ILO \text{ Policy Absence}_i$  = The exclusion status of constituent,  $i$ , considering whether its Sustainalytics Global Standards Screening shows a lack of a due-diligence policy in alignment with the ILO Conventions

### **Related Metrics:**

#### **Dataset Coverage: Sustainalytics' Global Standards Screening**

The index weight and count of index constituents covered by Sustainalytics' Global Standards Screening Dataset.

### **[SP-ESG-SFDR-12] – S&P Global SFDR Dataset: Weighted Average Mean Gender Pay Gap**

#### **EU BMR ESG Factor/Metric: “Weighted average gender pay gap.”**

This metric is calculated using the index weight of constituents with available gender pay data. S&P DJI utilizes data from the S&P Global SFDR Dataset to assess the gender pay gap within the index. The metric evaluates gender pay equity by calculating an index-weighted average of the average difference in gross hourly earnings between men and women, presented as a men to women pay ratio.

- i) **S&P Global SFDR Dataset: Weighted Average Mean Gender Pay Gap (Index Weight):** is calculated as the sum of index constituent weights, weighted by the men to women pay ratio. The result provides an indication of gender pay equity across the index.

### **Equation [SP-ESG-SFDR-12]:**

$$\text{Mean Gender Pay Gap (Index Weight)} = \sum w_i * \text{Gender Pay Ratio}_i$$

Where:

$w_i$  = The index weight of constituent,  $i$ , as at the metric calculation date.

$\text{Gender Pay Ratio}_i$  = The men to women pay ratio for constituent  $i$ , as provided by the S&P Global SFDR dataset.

### **Related Metrics:**

#### **Dataset Coverage: S&P Global SFDR Dataset.**

The index weight of index constituents covered by the S&P Global SFDR Dataset.

## **[SP-ESG-SFDR-14] – S&P Global SFDR Dataset: Weighted Average Ratio of Female to Male Board Members**

**EU BMR ESG Factor/Metric:** “*Weighted average ratio of female to male board members.*”

This metric is calculated using the index weight of constituents with board representation. S&P DJI utilizes data from the S&P Global SFDR Dataset to assess the ratio of female to male board members within the index.

- i) **S&P Global SFDR Dataset: Weighted-Average Female-to-Male Board Members Ratio):** is calculated as the sum of index constituent weights, weighted by the ratio of female to male board members. This measure provides an indication of gender balance within corporate boards. A measure less than 1 implies companies in the index, on average, have more male board members than female, and a value greater than 1 implies the opposite.

**Equation [SP-ESG-SFDR-14]:**

$$\text{Ratio of Female to Male Board Members} = \sum w_i \times \frac{\text{Number of Female Board Members}_i}{\text{Number of Male Board Members}_i}$$

Where:

$w_i$  = The index weight of constituent,  $i$ , as at the metric calculation date.

$\text{Number of Female Board Members}_i$  = The total number of female board members for constituent  $i$ .

$\text{Number of Male Board Members}_i$  = The total number of male board members for constituent  $i$ .

### **Related Metrics:**

**Dataset Coverage: S&P Global SFDR Dataset.**

The index weight of index constituents covered by the S&P Global SFDR dataset.

## **[SP-ESG-SFDR-15] – S&P Global SFDR Dataset: Weighted Average Score of accidents, injuries, fatalities (Employees and Contractors)**

**EU BMR ESG Factor/Metric:** “*Weighted average ratio of accidents, injuries, fatalities.*”

This metric is calculated using the index weight of constituents with available data on fatalities, lost time due to injuries, restricted work cases and medical treatment cases. S&P DJI utilizes data from the S&P Global SFDR Dataset to assess workplace safety incidents within the index.

- i) **S&P Global SFDR Dataset: Weighted-Average score of accidents, injuries, fatalities (Employees and Contractors) (Index Weight, %):** is calculated as the weighted-average Total Recordable Injury Rate for the index, reflecting the workplace safety risk. The score ranges from 0 to 100, with lower scores indicating higher risk and higher scores suggesting decreased risk. A score below 50 highlights potential safety risks.
- ii) The score formula rewards a company for:
- Transparency: points rewarded for disclosure on the topic.
  - Trend (4 years of data is collected): a decrease in injuries = a better score.
  - Performance against peers: better than industry peers = a better score.
  - Completeness of information: companies that report for their whole business = a better score.

- Reliability: companies that have their data externally verified = a better score.

**Equation [SP-ESG-SFDR-15]:**

$$\text{Score of accidents, injuries, fatalities (Index Weight \%)} = \sum w'_i \times \text{TRIR Score}_i$$

Where:

$w'_i$  = Adjusted index weight of the company  $i$  in the index as at the metric calculation date.

$\text{TRIR Score}_i$  = The Total Recordable Injury Rate score for employees and contractors of constituent  $i$ , as provided by the S&P Global SFDR dataset.

**Related Metrics:**

**Dataset Coverage: S&P Global SFDR Dataset**

The index weight of index constituents covered by the S&P Global SFDR Dataset.

**[SP-ESG-SFDR-16] – S&P Global SFDR Dataset: Weighted Average Anti-Corruption & Anti-Bribery Policy Score**

**EU BMR ESG Factor/Metric:** “Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws.”

This metric evaluates the adequacy of anti-corruption and anti-bribery policies across the index using a weighted average derived from the S&P Global SFDR dataset. The score is composed of two main components: firstly, whether the company publicly maintains a code of conduct policy; and secondly, whether the company discloses policy violations in relation to bribery and corruption.

- i) **S&P Global SFDR Dataset: Weighted-Average Anti-Corruption & Anti-Bribery Policy Score (Index Weight, %):** This metric is calculated as the weighted average of the index's Anti-Corruption & Anti-Bribery Policy Score, reflecting companies' governance practices. The index weight of constituents with available data on their anti-corruption and anti-bribery policies is used to calculate this metric. Scores range from 0 to 100. A score of 25 or above indicates that the issue is partially addressed; 50 and above the issue is satisfactorily addressed; 75 and above the issue is fully and comprehensively addressed.

**Equation [SP-ESG-SFDR-16]:**

$$\begin{aligned} &\text{Anti – Corruption \& Anti – Bribery Policy Score (Index Weight, \%)} \\ &= \sum w_i * \text{Anti – Corruption \& Anti – Bribery Score}_i \end{aligned}$$

Where:

$w_i$  = The index weight of constituent  $i$ , as at the metric calculation date.

$\text{Anti – Corruption \& Anti – Bribery Score}_i$  = The score assessing the adequacy of anti-corruption and anti-bribery policies for constituent  $i$ .

**Related Metrics:**

**Dataset Coverage: S&P Global SFDR Dataset**

The index weight of index constituents covered by the S&P Global SFDR Dataset.

## IV. Governance Factors

The index-level metrics described in this section are calculated using the following datasets:

### S&P Global ESG Scores Dataset

The S&P Global Governance Scores are dimension scores from the S&P Global ESG Scores Dataset, which is derived from the Corporate Sustainability Assessment ('CSA'), which evaluates companies through a blend of private and public data. As previously detailed in the Combined ESG Factors section, this dataset provides company-level scores across Environmental, Social, and Governance dimensions based on approximately 21 industry-specific criteria. Scores range from 0 to 100, reflecting comprehensive ESG performance.

For more information on the S&P Global ESG Scores, please refer to the [S&P Global ESG Scores Methodology](#).

### S&P EU Sustainable Finance Disclosure Regulation (SFDR) Dataset

The S&P EU Sustainable Finance Disclosure Regulation (SFDR) Dataset, as previously detailed in the Social Factors section, offers comprehensive insights into governance practices, including board composition and executive practices, to support robust governance analysis.

For more information on S&P Global's SFDR dataset, please consult the [SFDR Methodology Guidebook 2025](#).

**Table 4: Governance Factors**

S&P DJI ESG Metric ID	S&P DJI ESG Metric Name	EU BMR ESG Factor/Metric
[SP-ESG-2G]	Weighted-Average Governance Score	Yes
	Dataset Coverage: S&P Global Governance Scores	Yes
[SP-ESG-SFDR-17]	Weighted average percentage of board members who are independent.	Yes
[SP-ESG-SFDR-13]	Weighted average percentage of female board members.	Yes
	Dataset Coverage: S&P Global SFDR	Yes

## [SP-ESG-2G] – Weighted-Average Governance Score

**EU BMR ESG Factor/Metric:** “*Weighted average governance rating of the benchmark (voluntary).*”<sup>15</sup>

The ‘Weighted-Average Governance Score’ is calculated as a weighted average of the S&P Global Governance Scores and index weights, adjusted for Governance score coverage. Scores range between 0 (worst) and 100 (best).

### **Equations [SP-ESG-2G]:**

$$\text{Weighted Average Governance}_{i,t} = \sum w'_{i,t} \times \text{Governance}_{i,t}$$

where:

$w'_{i,t}$  = Governance Score coverage-adjusted index weight<sup>16</sup> of index constituent  $i$  as at metric calculation date  $t$

$\text{Governance}_{i,t}$  = most recent S&P Global Governance Score of constituent  $i$  as at metric calculation date  $t$

### **Related Metrics:**

**Dataset Coverage: S&P Global Governance Scores:** count and weight of index constituents covered by the S&P Global Governance Scores Dataset.

## [SP-ESG-SFDR-17] – S&P Global SFDR Dataset: Weighted Average Independent Board Members

**EU BMR ESG Factor/Metric:** “*Weighted average percentage of independent board members.*”

This metric is calculated using the index weight of constituents with independent board representation. S&P DJI utilizes data from the S&P Global SFDR dataset to assess the percentage of independent board members within the index.

- i) **S&P Global SFDR Dataset: Weighted-Average Independent Board Members (Index Weight, %):** is calculated as the sum of index constituent weights, weighted by the percentage of independent board members. The result ranges between 0% and 100%.

### **Equation [SP-ESG-SFDR-17]:**

$$\text{Independent Board Members (Index Weight, \%)} = \sum w_i * \text{Independent Board Percentage}_i$$

where:

$w_i$  = The index weight of constituent,  $i$ , as at the metric calculation date.

$\text{Independent Board Percentage}_i$  = The proportion of board members for constituent  $i$  that are designated as independent according to the S&P Global SFDR Dataset.

### **Related Metrics:**

<sup>15</sup> Annex II Section 1 Regulation (EU) 2020/1816.

<sup>16</sup> ‘Adjusted index weights’ for the index constituents are calculated by dividing the constituent weights of companies covered by the specific ESG dataset used to calculate the metric (here the S&P Global Governance Score) by the sum of all companies covered. The sum of the resulting adjusted index weights equal 100%.

**Dataset Coverage: S&P Global SFDR Dataset:** index weight covered by the S&P Global SFDR Dataset.

**[SP-ESG-SFDR-13] – S&P Global SFDR Dataset: Weighted Average Women Board Members**

**EU BMR ESG Factor/Metric:** “*Weighted average percentage of female board members.*”

This metric is calculated using the index weight of constituents with women board representation. S&P DJI utilizes data from the S&P Global SFDR Dataset to assess the percentage of women board members within the index.

- i) **S&P Global SFDR Dataset: Weighted-Average Women Board Members (Index Weight, %)** is calculated as the sum of index constituent weights, each weighted by the proportion of women board members. The result ranges between 0% and 100%.

**Equation [SP-ESG-SFDR-13]:**

$$Women\ Board\ Members\ (Index\ Weight, \%) = \sum w_i * Women\ Percentage_i$$

where:

- |                       |                                                                                                                   |
|-----------------------|-------------------------------------------------------------------------------------------------------------------|
| $w_i$                 | = Index weight of constituent $i$ as at the metric calculation date                                               |
| $Women\ Percentage_i$ | = Proportion of board members for constituent $i$ that identify as women according to the S&P Global SFDR Dataset |

**Related Metrics:**

**Dataset Coverage: S&P Global SFDR Dataset:** index weight covered by S&P Global's SFDR Dataset.



# EU Low Carbon Benchmark Regulation Metrics

This section provides information on disclosing ESG factors in the Benchmark Statement, as specified under Commission Delegated Regulation (EU) 2020/1816.<sup>17</sup> The disclosure requirements under Delegated Regulation 2020/1816 are twofold:

1. **Consideration of ESG factors (for ESG benchmarks)**<sup>18</sup>
  - *Annex I Section 1: Consideration of ESG Factors*
2. **Additional disclosure requirements for EU CTB and EU PAB (only)**<sup>19</sup>
  - *Annex I Section 2: Additional Disclosure Requirements for EU Climate Transition and EU Paris-aligned Benchmarks*
  - *Annex I Section 3: Disclosure of the Alignment with the Objectives of the Paris Agreement*

This document should be read in conjunction with S&P DJI's [Equity EU Low Carbon Benchmark Regulation Disclosure Report](#).

## Supporting Documents

Supporting Document	URL
Frequently Asked Questions: EU Low Carbon Benchmark Regulation	<a href="#">FAQ: EU Low Carbon Benchmark Regulation</a>
Frequently Asked Questions: S&P DJI's Approach to the EU Low Carbon Benchmark Regulation Disclosure Requirements	<a href="#">FAQ: S&amp;P DJI's Approach to the Regulation</a>
S&P DJI Equity EU Low Carbon Benchmark Regulation Disclosure Report	<a href="#">Report</a>
S&P Paris-Aligned & Climate Transition (PACT™) Index Family Benchmark Statement	<a href="#">Benchmark Statement</a>
ESG Disclosure – EU Low Carbon Benchmark Regulation S&P DJI Regulatory website	<a href="#">Website</a>

## Annex I Section 1: Consideration of ESG Factors

Delegated Regulation 2020/1816 specifies ESG metrics to be disclosed for 'equity', 'fixed income', 'sovereign debt', 'commodity' and 'other' asset class indices.<sup>20</sup>

The metrics required for 'equity' benchmarks are outlined in Annex II of Delegated Regulation 2020/1816, and shown in the table below, alongside the metric used by S&P DJI.

*For definitions and more information on all 'S&P DJI ESG Metrics' and 'S&P DJI ESG Metric IDs' please refer to Appendix I.*

**Table 5: 'Equity' EU BMR Annex II 'ESG Factors'/S&P DJI ESG Metrics**

ESG Factors	(EU BMR Annex II) 'ESG Factors'/Metric	(S&P DJI) ESG Factor/Metric
Combined ESG Factors	Weighted average ESG rating of the benchmark (voluntary).	[SP-ESG-1] – Weighted-Average ESG Score

<sup>17</sup> Commission Delegated Regulation (EU) 2020/1816 is available via <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R1816&from=EN>

<sup>18</sup> Section 1 Annex I of Commission Delegated Regulation (EU) 2020/1816.

<sup>19</sup> Sections 2 and 3 Annex I of Commission Delegated Regulation (EU) 2020/1816.

<sup>20</sup> The 'underlying assets' are defined in Annex II of European Union Commission Delegated Regulation (EU) 2020/1816.

ESG Factors	(EU BMR Annex II) 'ESG Factors'/Metric	(S&P DJI) ESG Factor/Metric
	Overall ESG rating of top ten benchmark constituents by weighting in the benchmark (voluntary).	<i>S&amp;P DJI does not disclose this voluntary data.</i>
Environmental	Weighted average environmental rating of the benchmark (voluntary).	<b>[SP-ESG-2E] – Weighted-Average Environmental Score</b>
	Exposure of the benchmark portfolio to renewable energy as measured by capital expenditures (CapEx) in those activities (as a share of total CapEx by energy companies included in the portfolio) (voluntary).	<i>The data required to calculate this metric is not widely collected, so S&amp;P DJI does not disclose this voluntary metric.</i>
	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 issuer exposure) (voluntary).	<b>[SP-ENV-4] – Weighted-Average Physical Risk Score</b>
	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.	<b>[SP-ENV-7] – High Climate Impact NACE Sections Exposure</b>
	Greenhouse gas (GHG) intensity of the benchmark.	<b>[SP-ENV-1] – Carbon-to-Value Footprint (tCO<sub>2</sub>e / USDmn Invested)</b>
	Percentage of GHG emissions reported versus estimated.	<b>[SP-ENV-2(a)] – GHG Emissions Disclosed;</b> <b>[SP-ENV-2(b)] – GHG Emissions Not Disclosed;</b> <b>[SP-ENV-2(c)] – GHG Emissions Not Covered;</b>
	Exposure of the benchmark portfolio to companies the activities of which fall under Divisions 05 to 09, 19 and 20 of Annex I to Regulation (EC) No 1893/2006.	<b>[SP-ENV-8] – NACE Divisions 05-09, 19 and 20 Exposure</b>
	Exposure of the benchmark portfolio to activities included in the environmental goods and services sector, as defined in Article 2, point (5) of Regulation (EU) No 691/2011 of the European Parliament and of the Council.	<b>[SP-ENV-5] – Green Sectors Exposure</b>
Social	Weighted average social rating of the benchmark (voluntary).	<b>[SP-ESG-2S] – Weighted-Average Social Score</b>
	International treaties and conventions, United Nations principles or, where applicable, national law used in order to determine what constitutes a 'controversial weapon'.	<b>Controversial Weapons Definition</b>
	Weighted average percentage of benchmark constituents in the controversial weapons sector.	<b>[SP-BAC-1] Controversial Weapons Exposure</b>
	Weighted average percentage of benchmark constituents in the tobacco sector.	<b>[SP-BAC-2] – Tobacco Exposure</b>

ESG Factors	(EU BMR Annex II) 'ESG Factors'/Metric	(S&P DJI) ESG Factor/Metric
	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.	[SP-SVC-2] – Global Standards Screening: Non-Compliant Companies Exposure
	Exposure of the benchmark portfolio to companies without due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8.	[SP-SVC-3] – Global Standards Screening: Lack of Due Diligence (ILO) Exposure
	Weighted average gender pay gap.	[SP-ESG-SFDR-12] Weighted Average Mean Gender Pay Gap
	Weighted average ratio of female to male board members.	[SP-ESG-SFDR-14] Weighted-Average Female-to-Male Board Members Ratio
	Weighted average ratio of accidents, injuries, fatalities.	[SP-ESG-SFDR-15] S&P Global SFDR Dataset: Weighted Average Score of accidents, injuries, fatalities (Employees and Contractors)
	Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws.	[SP-ESG-SFDR-16] S&P Global SFDR Dataset: Weighted Average Anti-Corruption & Anti-Bribery Policy Score
Governance	Weighted average governance rating of the benchmark (voluntary).	[SP-ESG-2G] Weighted-Average Governance Score
	Weighted average percentage of board members who are independent.	[SP-ESG-SFDR-17] S&P Global SFDR Dataset: Weighted-Average Independent Board Members
	Weighted average percentage of female board members.	[SP-ESG-SFDR-13] Weighted-Average Women Board Members

Benchmarks labelled 'EU Climate Transition Benchmark/EU CTB' or 'EU Paris-aligned Benchmark/EU PAB' must disclose the following information:

#### **Annex I Section 2: Additional Disclosure Requirements for EU Climate Transition and EU Paris-aligned Benchmarks**

- forward-looking year-on-year decarbonization trajectory;
- degree to which the IPCC's decarbonization trajectory (1.5°C with no or limited overshoot) has been achieved on average per year since creation;
- Overlap between those benchmarks and their investable universe, as defined in Article 1, point (e) of Commission Delegated Regulation (EU) 2020/1818, using the active share at asset level.

#### **Annex I Section 3: Disclosure of the Alignment with the Objectives of the Paris Agreement**

- Does the benchmark align with the target of reducing greenhouse gas emissions or the attainment of the objectives of the Paris Agreement;
- the temperature scenario used, in accordance with international standards, used for the alignment with the target of reducing GHG emissions or attaining of the objectives of the Paris Agreement;

- c. The name of the provider of the temperature scenario used for the alignment with the target of reducing GHG emissions or the attainment of the objectives of the Paris Agreement;
- d. the methodology used for the measurement of the alignment with the temperature scenario.
- e. The hyperlink to the website of the temperature scenario used.

S&P DJI discloses this information in the [Equity EU Low Carbon Benchmark Regulation Disclosure Report](#), and the explanatory information in *Appendix – EU ESG Disclosure* in the [S&P Paris-Aligned & Climate Transition \(PACT™\) Index Family Benchmark Statement](#).

# Appendix I - Glossary

**Direct and First-Tier Indirect:** Direct and Indirect emissions are another way to categorize greenhouse gas emissions: Scope 1 emissions are another way of defining direct emissions, and scopes 2 and 3 are both considered indirect emissions sources.

Direct GHG emissions are emissions from sources that are owned or controlled by the reporting entity. Indirect GHG emissions are emissions that are a consequence of the activities of the reporting entity, but occur at sources owned or controlled by another entity.

Trucost defines direct emissions as the GHG Protocol's scope 1 emissions, plus any other direct emissions derived from a wider range of greenhouse gases relevant to a company's operations.<sup>21</sup>

Trucost uses its classification of 'First-Tier Indirect' emissions, defined as GHG Protocol scope 2 emissions, plus the company's first-tier upstream supply chain (upstream scope 3) – their direct suppliers.

The goal of this enhancement is to include some of the company's most relevant upstream scope 3 emissions over which a company may yield some indirect influence, while limiting the extent of the double counting of emissions by not accounting for all scope 3 emissions.

**Enterprise Value ('EV'):** The sum of the value of a company's market capitalization, short- and long-term debt, minus the value of all cash on the balance sheet.

**Enterprise Value Including Cash ('EVIC'):** The sum of the value of a company's market capitalization of ordinary shares at fiscal year-end, the market capitalization of preferred shares at fiscal year-end, and the book values of total debt and minorities' interests. Unlike enterprise value, no deductions of cash or cash equivalents are made to avoid the possibility of negative enterprise values.

**EU BMR ESG Factor/Metric:** This indicates if the S&P DJI ESG Metric is one of those defined as an "ESG Factor" 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. 'BMR' stands for 'Benchmark Regulation'. Each S&P DJI Metric that is used to respond to an EU BMR ESG Factor/Metric is indicated in its respective section of this document.

**Market Capitalization:** The sum of the value of a company's outstanding shares of stock, calculated by multiplying the total quantity of a company's outstanding shares by the current market price of one share.

**Scope 1:** Greenhouse gas emissions from directly emitting point sources that are owned or controlled by a company. For example, scope 1 includes the emissions produced by the internal combustion engines of a trucking company's trucking fleet.

**Scope 2:** Greenhouse gas emissions from the consumption of purchased electricity, steam, or other sources of energy generated upstream from a company's direct operations.

**Scope 3:** All other greenhouse gas emissions associated with a company's operations that are not directly owned or controlled by the company. Therefore, scope 3 emissions include several sources of emissions in both the company's upstream supply chain, and downstream from the company's owned or controlled operations (e.g., the emissions from the in-use phase of a company's products or services, such as the driving of a truck produced by an automobile manufacturer). By virtue of this definition, scope 3 emissions are often attributed the largest quantity of a company's emissions footprint.

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<sup>21</sup> The Greenhouse Gas Protocol's Scope 1 emissions only consider seven gases.

**S&P DJI ESG Metric ID:** These are defined by S&P DJI to codify the index-level ESG metrics calculated and disclosed in various S&P DJI documentation. The IDs are also used to identify the index-level metrics calculated and disclosed by S&P DJI that map to the specific metrics requested by the EU Low Carbon Benchmark Regulation, as elaborated in the *EU Low Carbon Benchmark Regulation Metrics* section of this guide.

Each S&P DJI Metric may have 'related metrics' that are calculated and disclosed in support of the calculation of each headline metric. The related metrics are denoted with "(a)", "(b)", "(c)" (etc.).

**S&P DJI ESG Metric Name:** The names assigned by S&P DJI to the index-level ESG metrics calculated and disclosed by S&P DJI in various S&P DJI documentation.

## Appendix II – Changes

The table below documents changes made to the guide.

Publish Date	Change	Previously
March 2025	<p><b>Change to Document Layout</b></p> <p>The layout of the document has been reorganized to enhance clarity and accessibility, aligning with the categories set out in Commission Delegated Regulation (EU) 2020/1816. Key changes include:</p> <ul style="list-style-type: none"> <li>- Metrics have been consolidated into the following broader categories: "Combined ESG Factors", "Environmental Factors", "Social Factors" and "Governance Factors".</li> <li>- The Table of Contents has been updated to reflect these changes, ensuring related datasets and metrics are grouped under their respective categories.</li> </ul>	<p>The document was structured with separate sections for "ESG Scores Metrics," "ESG Standards Violations and Controversies Metrics," "Business Activities Exposures Metrics," and "Environmental and Climate Metrics."</p>
March 2025	<p><b>New Metrics Added</b></p> <p>The following metrics have been added to the Guide:</p> <p>Financial Metrics:</p> <ul style="list-style-type: none"> <li>- Index Market Capitalization (USDmn)</li> <li>- Ratio of Index and Underlying Index Market Capitalization (USDmn)</li> <li>- Tracking Error (%)</li> </ul> <p>For more information on these metrics, please refer to the 'I. Combined ESG Factors' section of this Guide.</p> <p>Social Factors:</p> <ul style="list-style-type: none"> <li>- Global Standards Screening Metric: (i) Lack of Due Diligence (ILO) Exposure</li> <li>- SFDR Dataset Metrics: (i) Weighted-Average Mean Gender Pay Gap, (ii) Weighted-Average Female-to-Male Board Members Ratio, (iii) Weighted Average Score of accidents, injuries, fatalities (Employees and Contractors), (iv) Weighted Average Anti-Corruption &amp; Anti-Bribery Policy Score</li> </ul> <p>For more information on these metrics, please refer to the 'III. Social Factors' section of this Guide.</p> <p>Governance Factors:</p>	<p>These metrics were not in the Guide.</p>

Publish Date	Change	Previously
	<ul style="list-style-type: none"> <li>(i) Weighted-Average Independent Board Members, (ii) Weighted-Average Women Board Members</li> </ul> <p>For more information on these metrics, please refer to the 'IV. Governance Factors' section of this Guide.</p>	
March 2025	<p><b>Removal of Metric:</b></p> <p>The 'SP-SVC-1: S&amp;P Global Media &amp; Stakeholder Analysis (MSA): Active Index Exclusions Exposure' metric will no longer be calculated and disclosed.</p>	The metric was calculated and disclosed under the designated S&P DJI Metric ID.
March 2025	<p><b>Change to Index-level ESG, E, S and G Scores Metrics:</b></p> <p>The following metrics are now calculated in place of the previously calculated metrics and take on the Metric IDs of the previously calculated metrics:</p> <ul style="list-style-type: none"> <li>Weighted-Average ESG Score</li> <li>Weighted-Average Environmental Score</li> <li>Weighted-Average Social Score</li> <li>Weighted-Average Governance Score</li> </ul> <p>These metrics use the S&amp;P Global ESG Scores dataset from Sustainable1.</p> <p>For more information on these metrics, please refer to the 'I. Combined ESG Factors', 'II. Environmental Factors', 'Social Factors' and 'Governance Factors' sections of this Guide.</p> <p>All references to these metrics in other S&amp;P DJI materials will be changed to reflect these changes.</p>	<p>The following metrics will no longer be calculated and disclosed, nor have active Metric IDs:</p> <ul style="list-style-type: none"> <li>Index-Level S&amp;P DJI ESG Score</li> <li>Index-Level S&amp;P DJI Environmental Score</li> <li>Index-Level S&amp;P DJI Social Score</li> <li>Index-Level S&amp;P DJI Governance Score</li> </ul> <p>These metrics used the S&amp;P DJI ESG Scores dataset from Sustainable1.</p> <p>For more information on these metrics, please refer to 'Previous Document Section #1' in Appendix III in this Guide.</p>
March 2025	<p><b>Change to Controversial Weapons Exposure and Tobacco Exposure Metrics:</b></p> <p>The following metrics are now calculated using the Sustainable1 Business Involvement Screens dataset with these new versions of the metrics taking on the Metric IDs of the previously calculated metrics that will no longer be disclosed:</p> <ul style="list-style-type: none"> <li>Controversial Weapons Exposure</li> <li>Controversial Weapons Definition</li> <li>Tobacco Exposure</li> </ul> <p>For more information on these metrics, please refer to the 'III. Social Factors' section of this Guide.</p> <p>All references to these metrics in other S&amp;P DJI materials will be changed to reflect these changes.</p>	The metrics were calculated using the Sustainability Product Involvement dataset and Controversial Weapons Radar Methodology and Dataset.
March 2025	<p><b>Document Renamed:</b></p> <p>Now called the "S&amp;P DJI Sustainability Metrics Reference Guide".</p>	The document name is "S&P DJI ESG Metrics Reference Guide".



Publish Date	Change	Previously
	All references to this document in other S&P DJI materials will be changed to reflect this new name.	
October 2022	<p><b>Removal of Metric and Re-identification of another metric:</b></p> <p>The 'SP-SVC-2: UNGC: Bottom 5% Companies Exposure' metric will no longer be calculated and disclosed.</p> <p>The 'SP-SVC-3: Global Standards Screening: Non-Compliant Companies Exposure' metric has been reassigned the S&amp;P DJI Metric ID of 'SP-SVC-2'.</p>	Both metrics were calculated and disclosed under their previous S&P DJI Metric ID.
October 2022	<p><b>Change to Business Activity Exposure Definitions:</b></p> <p>The Business Activity Exposure Definition for the following metrics changed to the following:</p> <ul style="list-style-type: none"> <li>- <u>"SP-BAC-1: Controversial Weapons Exposure"</u>: The company has direct involvement in core weapon systems that are considered tailor-made and essential, and non-tailor made and non-essential, for the lethal use of weapons.</li> <li>- <u>"SP-BAC-2: Tobacco Exposure"</u>: The company derives any (&gt;0%) revenue from manufacturing tobacco products, 5% or more of their revenues from supplying tobacco-related products and services, 5% or more of their revenues from the distribution and/or retail sale of tobacco products.</li> </ul>	<p>Previous Business Activity Exposure Definitions:</p> <ul style="list-style-type: none"> <li>- <u>"SP-BAC-1: Controversial Weapons Exposure"</u>: The company has direct involvement in core weapon systems that are considered tailor-made and essential for the lethal use of weapons, or owns at least 25% of another company with such involvement.</li> <li>- <u>"SP-BAC-2: Tobacco Exposure"</u>: The company derives any (&gt;0%) revenue from manufacturing tobacco products, 10% or more of their revenues from supplying tobacco-related products and services, 10% or more of their revenues from the distribution and/or retail sale of tobacco products, or companies that have 25% or more ownership of another company with such involvement.</li> </ul>

# 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.

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