

# S&P World ESG Enhanced Sector Indices

The S&P World ESG Enhanced Sector Indices aim to measure the performance of sustainability-focused securities from their respective underlying S&P World Sector Indices. Index constituents are selected and weighted to meaningfully enhance the sustainability profile and reduce the carbon footprint at the index level.

The indices apply exclusions based on companies' sustainability characteristics, involvement in specific business activities, violation of United Nations Global Compact (UNGC) Principles, and involvement in relevant environmental, social, and governance (ESG) controversies.

## What Sets the S&P World ESG Enhanced Sector Indices Apart?

### Global developed universe:

- The indices comprise the most sustainability-focused companies across global developed markets, as represented by the S&P World Index universe.

### World-renowned sustainability data:

- S&P DJI ESG Scores—derived from the market-leading S&P Global Corporate Sustainability Assessment (CSA)—are embedded within the methodology.
- ESG exclusions are applied to remove controversial business activities, including companies involved in controversial weapons, military contracting, tobacco products, small arms, thermal coal and oil sands.

### Controversy monitoring:

- The indices exclude UNGC violators and integrate ongoing ESG controversy monitoring via the S&P Global Media & Stakeholder Analysis (MSA). The MSA process enables the S&P DJI Index Committee to determine whether a constituent experiencing a significant ESG incident should be removed between rebalances.

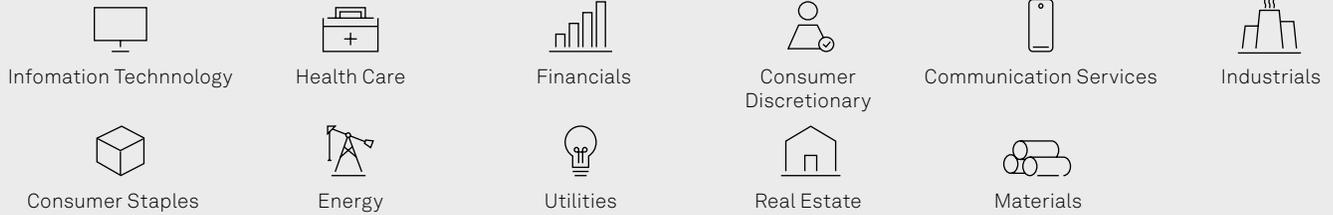
### Alignment with underlying indices:

- The methodology incorporates the S&P DJI's glass-box optimization, which seeks to minimize deviations from the underlying index while integrating multiple sustainability objectives such as an ESG profile improvement and a 30% decarbonization target.
- The methodology embeds diversification constraints to prevent concentration within the indices and adhere to UCITS 20/35 guidelines.
- Semiannual rebalances and quarterly constituent reviews help the indices to better reflect the constituents in the underlying index and avoid companies that have breached exclusion rules.

# Index Methodology

## Sector Universe

### 11 Underlying GICS Sectors



## Exclusions

**Low S&P DJI ESG Scores:** Companies with an S&P DJI ESG Score that falls within the lowest 20% (by count) of ESG scores in each underlying sector index.

**High Carbon Intensity:** Companies with high carbon intensity (Scopes 1, 2, and 3/EVIC).

**UNGC Violators:** Companies deemed UNGC non-compliant.

**MSA:** Companies with an open Media & Stakeholders Analysis (MSA) case.

**No Coverage:** Companies without an S&P DJI ESG Score or GHG emissions data (including Scope 3 emissions).

**Business Involvement Screens:** Companies involved in detrimental business activities.

## Optimizer

Transparent glass-box optimization, which minimizes the weight difference between the underlying index and ESG index, while targeting:

- S&P DJI ESG Score Improvement
- Decarbonization Pathway
- Diversification Constraints



## S&P World ESG Enhanced Sector Indices

Source: S&P Dow Jones Indices LLC. Chart is provided for illustrative purposes.

## Sustainability, Performance and Other Index Metrics

	S&P World Index	Energy	Energy Targeted & Screened	Health Care	ESG Enhanced Health Care	Financials	ESG Enhanced Financials	Information Technology	ESG Enhanced Information Technology
<b>Sustainability Metrics</b>									
Carbon Efficiency (tCO <sub>2</sub> e/USD Million)	226.27	625.57	508.39	31.88	25.49	45.93	12.06	60.29	53.19
Temperature Alignment (Forward-Looking)	>3°C	>3°C	>3°C	1.5°C	1.5°C	1.5°C	1.5°C	1.5°C	3°C
Physical Risk (High 2050 Scenario)	26.26	39.35	37.24	19.58	18.15	10.2	5.12	17.07	16.86
Fossil Fuel Reserves	1070.06	15744.47	11177.24	0	0	0	0	0	0
Board Gender Diversity (PAI 13)	34.48	38.6	32.58	32.48	31.34	36.24	37.09	34.5	34.89
Exposure to Controversial Weapons (PAI 14)	1.57	0	0	0	0	0	0	0	0
S&P DJI ESG Score	72.41	61.75	76.23	83.96	91.75	69.03	80.97	74.66	83.4
<b>Risk and Return</b>									
1-Month Return (%)	1.87	3.94	4.08	3.52	3.56	3.31	2.85	-0.36	0.09
1-Year Return (%)	3.61	15.11	11.32	4.6	6.28	2.48	2.9	5.76	7.65
3-Year Return (%)	13.33	31.34	27.52	9.81	10.69	16.57	16.13	16.42	17.14
5-Year Return (%)	8.53	6.04	4.77	10.9	12.06	4.39	4.04	17.03	17.95
5-Year Volatility (%)	17.98	31.48	29.81	15.11	14.74	22.41	23.38	22.83	23.07
<b>Concentration and Active Risk</b>									
Tracking Error 5 Year (%)			3.25		2.12		1.58		2.11
Active Share (%)			54.81		23.37		23.85		19.34
Sector Active Share (%)			0		0		0		0
Stock Count	1598	58	34	140	101	236	169	158	101
Weight in Top 10 Companies (%)	19	62.69	64.66	40.65	49.01	31.28	36.69	64.97	70.3
Effective Number of Shares	146.87	15.1	18.3	41.21	28.72	57.31	44.9	8.96	8.75

Source: S&P Dow Jones Indices LLC. Data as of April 28, 2023. The data show how the S&P World ESG Enhanced Sector Indices compare to their underlying indices on a range of financial and sustainability metrics. Colors are relative to the underlying broad index universe, the S&P World Index. Greener and lighter blue shades reflect better relative performance, while red and dark blue shades represent worse relative performance. The S&P World Energy Targeted & Screened Index, Health Care, Financials and Information Technology Indices were launched Jan. 23, 2023. All data prior to index launch date is back-tested hypothetical data. 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, Performance and Other Index Metrics (cont.)

	S&P World Index	Materials	ESG Enhanced Materials	Industrials	ESG Enhanced Industrials	Consumer Discretionary	ESG Enhanced Consumer Discretionary	Consumer Staples	ESG Enhanced Consumer Staples
<b>Sustainability Metrics</b>									
Carbon Efficiency (tCO <sub>2</sub> e/USD Million)	226.27	884.82	687.86	167.3	191.18	75.84	94.55	166.42	122.21
Temperature Alignment (Forward-Looking)	>3°C	2°C	>3°C	>3°C	1.5°C	1.5°C	1.5°C	3°C	>3°C
Physical Risk (High 2050 Scenario)	26.26	51.55	52.31	30.26	31.37	43.54	44.97	34.91	37.07
Fossil Fuel Reserves	1070.06	5918.13	418.9	112.82	154.07	0	0	0	0
Board Gender Diversity (PAI 13)	34.48	33.69	33.28	32.27	34.8	35.17	37.14	36.66	37.01
Exposure to Controversial Weapons (PAI 14)	1.57	0	0	13.32	0	0	0	0	0
S&P DJI ESG Score	72.41	74.7	82.55	71.05	82.09	62.17	71.52	77.39	83.23
<b>Risk and Return</b>									
1-Month Return (%)	1.87	-0.37	0.52	0.58	0.1	0.18	3.83	4.2	4.65
1-Year Return (%)	3.61	-1.97	-5.14	8.71	4.42	-1.21	7.88	4.81	5.88
3-Year Return (%)	13.33	15.96	10.7	15.29	15.1	10.94	10.56	10.83	10.31
5-Year Return (%)	8.53	6.83	6.99	6.57	7.22	7.31	8.27	8.46	8.88
5-Year Volatility (%)	17.98	21.23	19.56	20.77	20.64	22.47	21.05	13.06	13.66
<b>Concentration and Active Risk</b>									
Tracking Error 5 Year (%)			4.66		3.76		4.48		3
Active Share (%)			36.67		48.25		25.46		35.75
Sector Active Share (%)			0		0		0		0
Stock Count	1598	111	70	294	143	167	95	125	66
Weight in Top 10 Companies (%)	19	37.79	48.18	20.42	39.03	52.37	61.65	50.61	65.34
Effective Number of Shares	146.87	40.84	25.83	108.43	42.23	20.05	15.18	29.23	18.14

Source: S&P Dow Jones Indices LLC. Data as of April 28, 2023. The data show how the S&P World ESG Enhanced Sector Indices compare to their underlying indices on a range of financial and sustainability metrics. Colors are relative to the underlying broad index universe, the S&P World Index. Greener and lighter blue shades reflect better relative performance, while red and dark blue shades represent worse relative performance. The S&P World ESG Enhanced Materials, Industrials, Consumer Discretionary and Consumer Staples Indices were launched April 3, 2023. All data prior to index launch date is back-tested hypothetical data. 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, Performance and Other Index Metrics (cont.)

	S&P World Index	Communication Services	ESG Enhanced Communication Services	Utilities	ESG Enhanced Utilities	Real Estate	ESG Enhanced Real Estate
<b>Sustainability Metrics</b>							
Carbon Efficiency (tCO <sub>2</sub> e/USD Million)	226.27	36.16	32.13	1369.67	731.31	89.2	122.54
Temperature Alignment (Forward-Looking)	>3°C	3°C	>3°C	2°C	2°C	1.5°C	1.5°C
Physical Risk (High 2050 Scenario)	26.26	17.41	16.44	59.69	59.01	40.74	42.07
Fossil Fuel Reserves	1070.06	0	0	402.45	0	0	0
Board Gender Diversity (PAI 13)	34.48	32.18	32.52	35.92	37.79	28.53	28.77
Exposure to Controversial Weapons (PAI 14)	1.57	0	0	0	0	0	0
S&P DJI ESG Score	72.41	69.45	80.05	64.83	72.04	61.78	73.73
<b>Risk and Return</b>							
1-Month Return (%)	1.87	3.38	4.23	3.05	2.49	1.85	2.37
1-Year Return (%)	3.61	0.4	4.1	0.88	3.42	-14.46	-14.91
3-Year Return (%)	13.33	5.86	8.28	8.94	10.66	4.05	6.06
5-Year Return (%)	8.53	4.9	5.87	7.74	8.06	2.52	3.58
5-Year Volatility (%)	17.98	19.98	20.97	14.99	15.49	18.02	19.04
<b>Concentration and Active Risk</b>							
Tracking Error 5 Year (%)			4.95		2.61		2.73
Active Share (%)			33.96		53.1		23.89
Sector Active Share (%)			0		0		0
Stock Count	1598	101	51	90	35	118	87
Weight in Top 10 Companies (%)	19	73.82	77.73	41.64	66.69	42.97	50.83
Effective Number of Shares	146.87	11.83	11.91	35.47	16.88	34.42	22.87

Source: S&P Dow Jones Indices LLC. Data as of April 28, 2023. The data show how the S&P World ESG Enhanced Sector Indices compare to their underlying indices on a range of financial and sustainability metrics. Colors are relative to the underlying broad index universe, the S&P World Index. Greener and lighter blue shades reflect better relative performance, while red and dark blue shades represent worse relative performance. The S&P World ESG Enhanced Communication Services, Utilities and Real Estate Indices were launched April 3, 2023. All data prior to index launch date is back-tested hypothetical data. 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.

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