

S&P Global 1200 Fossil Fuel Free Indices Consultation on Fossil Fuel Reserves Exclusion Screening

NEW YORK, APRIL 30, 2020: S&P Dow Jones Indices (“S&P DJI”) is conducting a consultation with market participants on potential changes to the S&P Global 1200 Fossil Fuel Free Indices.

S&P DJI is considering changing the fossil fuel reserves (“FFR”) screening data source from SAM (a part of S&P Global) (“SAM”) to S&P Trucost Limited (“Trucost”). In order to align with the Trucost data, S&P DJI is also considering amending the scope of the quarterly FFR exclusion screenings for all S&P Global 1200 Fossil Fuel Free Indices. The table below summarizes the proposed changes.

Proposed Change	Current	Methodology Proposed
Exclusion Screening Data Source	SAM Exclusion Data	Trucost Exclusion Data
Scope of Quarterly Exclusion Screening	FFR exclusion screening is performed on the entire index universe once per year as part of the June quarterly rebalancing. For the March, September and December quarterly rebalancings, only universe additions are subject to FFR exclusion screening.	FFR exclusion screening is performed on the entire index universe as part of each quarterly rebalancing.

Trucost Fossil Fuel Data Dictionary

Companies are excluded from the eligible universe if they have any exposure to the following categories, as specified and measured by Trucost:

Trucost Screen Category	Short Description	Full Description
Reserves 1P Thermal Coal (m tonnes)	Proven reserves of coal used to generate power	Proven reserves (>90% chance of being present) in million tonnes of coal used to generate power. Also known as steam coal.
Reserves 2P Thermal Coal (m tonnes)	Probable reserves of coal used to generate power	Probable reserves (>50% chance of being present) in million tonnes of coal used to generate power. Also known as steam coal.
Reserves 1P Other Coal (m tonnes)	Proven reserves of other coal types	Proven reserves (>90% chance of being present) in million tonnes of all other coal uses, or where coal disclosure is not transparent. Could include the following uses of coal: chemical biproducts, coal briquettes, residential use, liquid fuel, cement production, paper manufacturing, pharmaceutical, alumina refineries, ferrochrome, anthracite.
Reserves 2P Other Coal (m tonnes)	Probable reserves of other coal types	Probable reserves (>50% chance of being present) in million tonnes of all other coal uses, or where coal disclosure is not transparent. Could include the following uses of coal: chemical biproducts, coal briquettes, residential use, liquid fuel, cement production, paper manufacturing, pharmaceutical, alumina refineries, ferrochrome, anthracite.
Reserves 1P Conventional Oil (mmbbl)	Proven reserves of conventional oil	Proven reserves (>90% chance of being present) in million barrels of crude oil.

Trucost Screen Category	Short Description	Full Description
Reserves 2P Conventional Oil (mmbbl)	Probable reserves of conventional oil	Probable reserves (>50% chance of being present) in million barrels of crude oil.
Reserves 1P Unconventional Oil (mmbbl)	Proven reserves of unconventional oil	Proven reserves (>90% chance of being present) in million barrels of unconventional oil - including natural gas liquids (NGL), oil sands, condensates and liquid petroleum gas (LPG).
Reserves 2P Unconventional Oil (mmbbl)	Probable reserves of unconventional oil	Probable reserves (>50% chance of being present) in million barrels of unconventional oil - including natural gas liquids (NGL), oil sands, condensates and liquid petroleum gas (LPG).
Reserves 1P Natural Gas (bcf)	Proven reserves of natural gas	Proven reserves (>90% chance of being present) in billion cubic feet of natural gas - a naturally occurring hydrocarbon gas mixture consisting primarily of methane.
Reserves 2P Natural Gas (bcf)	Probable reserves of natural gas	Probable reserves (>50% chance of being present) in billion cubic feet of natural gas - a naturally occurring hydrocarbon gas mixture consisting primarily of methane.
Reserves 1P Shale Gas (bcf)	Proven reserves of shale gas	Proven reserves (>90% chance of being present) in billion cubic feet of shale gas - gas trapped in rock, commonly shale or tight siltstone limestone or dolomite, below the earth's surface.
Reserves 2P Shale Gas (bcf)	Probable reserves of shale gas	Probable reserves (>50% chance of being present) in billion cubic feet of shale gas - gas trapped in rock, commonly shale or tight siltstone limestone or dolomite, below the earth's surface.
Reserves 1P Oil + Gas (mmboe)	Total proven reserves of oil and gas where disclosed in aggregate	Total proven reserves (>90% chance of being present) in million barrels of oil equivalent of oil and gas where disclosed as one aggregate figure (not as separate values for each fossil fuel).
Reserves 2P Oil + Gas (mmboe)	Total probable reserves of oil and gas where disclosed in aggregate	Total probable reserves (>50% chance of being present) in million barrels of oil equivalent of oil and gas where disclosed as one aggregate figure (not as separate values for each fossil fuel).

IMPACT ANALYSIS

Using Trucost data from the close of March 31, 2020, the table below shows those companies excluded by SAM based on the current index methodology that passed the FFR screen of Trucost.

SAM FFR Exclusions Passing Trucost FFR Screen	
Company Name	Country of Domicile
AGL Energy Ltd	AU
Franco-Nevada Corp	CA
Empresas COPEC SA	CL
RWE AG	DE
Engie	FR
Rio Tinto Ltd	AU
Rio Tinto Plc	GB
Hong Kong and China Gas Co Ltd	HK
CLP Holdings Ltd.	HK
JXTG Holdings Inc	JP
Osaka Gas Co	JP
Tokyo Gas Co	JP
Southern Copper Corp.	PE
FirstEnergy Corp	US
Kinder Morgan Inc	US

Using Trucost data from the close of March 31, 2020, the table below shows those companies included by SAM based on the current index methodology that failed the FFR screen of Trucost.

SAM FFR Inclusions Failing Trucost FFR Screen	
Company Name	Country of Domicile
ArcelorMittal Inc	LU
Mitsubishi Corp	JP
Mitsui & Co	JP

CONSULTATION

IMPLEMENTATION TIMING

S&P DJI is proposing to implement the previously described changes, if adopted, in conjunction with the next quarterly rebalancing, which takes effect prior to the market open on Monday, June 22, 2020.

QUESTIONS

Please answer the following questions and provide S&P DJI with the reasoning behind your answers:

1. **Do you agree with the proposal to change the fossil fuel reserves exclusion screening data source from SAM to Trucost for all S&P Global 1200 Fossil Fuel Free Indices?**
2. **Do you agree with the proposal to amend the scope of the quarterly fossil fuel reserves exclusion screening for all S&P Global 1200 Fossil Fuel Free Indices in order to align with the Trucost data?**
3. **If any of the proposed changes are adopted, do you agree with the proposed implementation date?**
4. **Do you have any other comments or feedback regarding the proposed changes outlined above?**

Your participation in this consultation is important as we gather information from various market participants in order to properly evaluate your views and preferences. Please respond to this survey by **May 29, 2020**. After this date, S&P DJI will no longer accept survey responses. Prior to the Index Committee's final review, S&P DJI may request clarifications from respondents as part of that review.

To participate in this consultation, please visit the online survey available [here](#).

For further information about this consultation, please contact S&P Dow Jones Indices at SPDJI_Index_Governance@spglobal.com.

Please be advised that all comments from this consultation will be reviewed and considered before a final decision is made; however, S&P DJI makes no guarantees or is under any obligation to comply with any of the responses. The survey may result in no changes or outcome of any kind. If S&P DJI decides to change the index methodology, an announcement will be posted on our website.

Thank you for taking the time to complete this survey.

For more information about S&P Dow Jones Indices, please visit www.spdji.com.

ABOUT S&P DOW JONES INDICES

S&P Dow Jones Indices is the largest global resource for essential index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500® and the Dow Jones Industrial Average®. More assets are invested in products based on our indices than products based on indices from any other provider in the world. Since Charles Dow invented the first index in 1884, S&P DJI has been innovating and developing indices across the spectrum of asset classes helping to define the way investors measure and trade the markets.

S&P Dow Jones Indices is a division of S&P Global (NYSE: SPGI), which provides essential intelligence for individuals, companies and governments to make decisions with confidence. For more information, visit www.spdji.com.

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