

S&P Dow Jones Indices

A Division of **S&P Global**

PRESS RELEASE

S&P Dow Jones Indices and S&P Global Sustainable1 Launch S&P Net Zero 2050 Carbon Budget Index Series

LONDON AND NEW YORK, September 8, 2022: S&P Dow Jones Indices (“S&P DJI”), the world’s leading index provider, in collaboration with **Sustainable1, S&P Global’s** (NYSE: SPGI) single source for environmental, social and governance (ESG) intelligence, today announced the launch of a new family of climate-focused market benchmarks called the **S&P Net Zero 2050 Carbon Budget Indices**.

These indices’ design is based on the most recent 2021 Intergovernmental Panel on Climate Change (IPCC) report, which assesses the state of climate change and progress towards keeping global temperature increases below 1.5°C compared to pre-industrial levels with 83% probability.

Utilizing the IPCC’s report as the basis of index construction, the S&P Net Zero 2050 Carbon Budget Indices’ methodology enables the indices within this suite to allocate and adjust a carbon budget across their constituents based on the year of the indices’ launch. Therefore, for these series of 2022 vintage indices, this means an initial 25% cut in volumes of emissions as well as approximately 10% yearly emissions reduction based on their published index methodology.

This new index series, which utilizes climate data from S&P Global Sustainable1, complements S&P DJI’s existing innovative suite of climate and ESG indices, and provides an alternative tool and index-based approach to measure climate and environmental-related risks and returns in investment portfolios.

More than half of global assets under management are now committed to net zero by 2050 through the Net Zero Asset Managers initiative which is part of the Glasgow Financial Alliance for Net Zero (GFANZ). These indices are designed to help address investors and more broadly, global corporations and the financial market’s needs to meet decarbonization targets and decrease carbon emissions to net zero by 2050.

“Drawing on more than two decades of experience developing innovative sustainability-focused benchmarks, S&P Dow Jones Indices continues to develop trusted rules-based market gauges that increase transparency and promote long-term sustainability in global markets,” said **Reid Steadman, Global Head of ESG & Innovation at S&P Dow Jones Indices**. “This new series of indices reflects the need to provide indexing solutions that support investors and companies in meeting their net zero goals as we continue to contribute to and build upon the progress the financial services industry has achieved to date,” he added.

“The 2021 IPCC report signaled a ‘code red’ for humanity and the investment community is responding to this alarm call, with over half the world’s assets under management now committed to net zero by 2050,” said **Richard Mattison, President of S&P Global Sustainable1**. “It is essential that investors have access to simple, transparent and scalable tools to support their decision making, and we are proud to be launching this new series of indices to support investors in navigating the transition to a sustainable future.”

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The equity securities in the S&P Net Zero 2050 Carbon Budget Indices are selected from an underlying universe of broad-market parent indices including the S&P 500, S&P Global BMI, S&P Europe BMI, S&P Developed BMI and S&P Emerging BMI.

The S&P Net Zero 2050 Carbon Budget Indices are rebalanced annually. At each annual rebalance, the most up-to-date carbon emissions of the companies will be used to achieve the decarbonizations required while minimizing sector deviations. At launch the indices remain broadly invested with low tracking error relative to their parent indices.

By basing the rate of decarbonization on the carbon budget remaining for the planet, these indices reflect the time urgency of the net zero challenge. For future index launches, the -10% annual decarbonization required will increase with time as the carbon budget gradually shrinks.

For 2022, this maiden S&P Net Zero 2050 Carbon Budget Indices launch includes:

- S&P Global Net Zero 2050 Carbon Budget (2022 Vintage) Index
- S&P 500 Net Zero 2050 Carbon Budget (2022 Vintage) Index
- S&P Europe Net Zero 2050 Carbon Budget (2022 Vintage) Index
- S&P Emerging Net Zero 2050 Carbon Budget (2022 Vintage) Index
- S&P Developed Net Zero 2050 Carbon Budget (2022 Vintage) Index

The S&P Net Zero 2050 Carbon Budget Indices' methodology is published and available at S&P Dow Jones Indices' website: <https://www.spglobal.com/spdji/en/>.

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 <https://www.spglobal.com/spdji/en/>.

ABOUT S&P GLOBAL SUSTAINABLE1

S&P Global Sustainable1 is the central source for sustainability intelligence from S&P Global. Sustainable1 matches customers with the ESG products, insights, and solutions from across S&P Global's divisions to help meet their unique needs. Our comprehensive coverage across global markets combined with in-depth ESG intelligence provides financial institutions, corporations, and governments an unmatched level of clarity and confidence to successfully navigate the transition to a sustainable future. Our data and well-informed point of view on critical topics like energy transition, climate resilience, positive impact and sustainable finance allow us to go deep on the details that define the big picture so customers can make decisions with conviction. To learn more, please visit: www.spglobal.com/esg

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