

S&P Global Clean Energy Index Consultation on Constituent Weighting, Liquidity Screen, Target Constituent Count and Rebalancing Results

NEW YORK, FEBRUARY 11, 2021: S&P Dow Jones Indices (“S&P DJI”) has conducted a consultation with market participants on potential changes to the S&P Global Clean Energy Index.

In order to apply a more rigorous liquidity screen and diminish the effect of random spikes and outliers on the liquidity measure, S&P DJI is changing the liquidity screen for constituent selection to utilize six-month median daily value traded (MDVT) instead of three-month average daily value traded (ADVT).

In addition, to reduce constituent concentration, ease liquidity limitations, and improve index replication, S&P DJI is changing the constituent weighting scheme by introducing liquidity weight multiple capping.¹ Under the new weighting scheme constituents’ weights are restricted to the lower of 9% or five times the constituent’s liquidity weight, and the cumulative weight of all stocks with weights greater than 4.5% cannot exceed 40% of the total index weight.

Finally, S&P DJI is expanding the target constituent count to a minimum of 35 while including all eligible stocks with an exposure score of 1 and introducing quarterly reweightings to the rebalancing schedule. The table below outlines the changes.

| Change | Previous | Methodology | Updated |
|--------------------------|--|-------------|--|
| Constituent Weighting | Constituents are weighted based on the product of each constituent’s FMC and exposure score, subject to a single constituent weight cap of 4.5%. | | Constituents are weighted based on the product of each constituent’s FMC and exposure score, with the weights of constituents capped at the lower of 9% or five times its liquidity weight. The cumulative weight of all stocks within the index which have a weight greater than 4.5% cannot exceed 40%. |
| Target Constituent Count | Stock count of 30. | | All exposure score 1 stocks are selected, with a minimum constituent count of 35. If there are fewer than 35 score 1 stocks, the highest-ranking stock from the eligible universe with an exposure score of 0.5 is selected, until the minimum target constituent count of 35 is reached. |
| Liquidity Screen | To qualify for index inclusion, a stock must have an ADVT of at least US\$ 3 million (US\$ 2 million for current constituents) for the three-months prior to the rebalancing reference date. | | To qualify for index inclusion, a stock must have an MDVT of at least US\$ 3 million (US\$ 2 million for current constituents) for the six-months prior to the rebalancing reference date. |
| Rebalancing Schedule | Semi-annual index reconstitutions occur after the close on the third Friday of April and October. The reference date is after the close of the third Friday of March and September. | | Semi-annual index reconstitutions occur after the closing on the third Friday of April and October. In addition, quarterly reweightings occur after the close on the third Friday of January and July. The reference date is after the close of the third Friday of March and September. |

¹ Liquidity Weight Multiple Cap = Multiple *(Stock Liquidity / Aggregate Liquidity of all Stocks), where Stock Liquidity = Six-month MDVT.

These changes become effective after the market close on **Friday, April 2, 2021**, in conjunction with a one-time, early pro-forma file delivery for the semi-annual reconstitution.

Please note that the S&P Global Thematic Indices Methodology on S&P DJI's website will be updated to reflect this change.

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

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