

## S&P Global Clean Energy Index Consultation on Exposure Scores, Target Constituent Count and Constituent Weightings - Results

**NEW YORK, MARCH 24, 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 further reduce constituent concentration, ease liquidity limitations, and improve index replication further than would have been achieved from the result of the prior [consultation<sup>1</sup>](#), S&P DJI is making the following additional changes. First, S&P DJI is adding an additional exposure score level of 0.75. Second, S&P DJI is expanding the index’s target constituent count to 100. Finally, S&P DJI is further modifying the index’s constituent weightings scheme by adding multiple, single constituent capping thresholds based on a constituent’s respective exposure score. The table below outlines the changes.

Change	Previous	Methodology	Updated
Exposure Scores	<ul style="list-style-type: none"> <li>0 = Eliminated, no exposure</li> <li>0.5 = Multi-industry with significant clean energy exposure</li> <li>1 = Primary business is clean energy</li> </ul>		<ul style="list-style-type: none"> <li>0 = Eliminated, no exposure</li> <li>0.5 = Moderate clean energy exposure</li> <li><b>0.75 = Significant clean energy exposure</b></li> <li>1 = Maximum clean energy exposure</li> </ul>
Target Constituent Count	<p>After determining the eligible universe, the index components are selected as follows:</p> <ol style="list-style-type: none"> <li>1. S&amp;P Dow Jones Indices defines exposure scores for each company based on its primary business.</li> <li>2. All exposure score 1 stocks from the eligible universe are selected. If there are fewer than 35 qualifying stocks with an exposure score of 1, the largest companies, as ranked by FMC, from within the eligible universe with an exposure score of 0.5 are selected until the count reaches 35.</li> </ol>		<p>After determining the eligible universe, index constituents are selected as follows:</p> <ol style="list-style-type: none"> <li>1. S&amp;P Dow Jones Indices defines exposure scores for each company based on its primary business.</li> <li>2. <b>All exposure score 1 stocks are selected, with a target constituent count of 100. If more than 100 exposure score 1 stocks are eligible, all exposure score 1 stocks are selected. If fewer than 100 exposure score 1 stocks are eligible the following selection steps are performed:</b></li> <li>3. <b>Stocks are ranked by FMC, and the highest ranking stock with an exposure score of 0.75 is selected and added to the index. This process continues iteratively until the target constituent count is reached.</b></li> <li>4. <b>If, after step 3 there are still not 100 constituents, the highest ranking stock with an exposure score of 0.5 is selected until the target constituent count of 100 is reached, all eligible companies with exposure scores of 1, 0.75, and 0.5 are selected, or the index’s weighted average exposure score<sup>2</sup> falls to 0.85.</b></li> </ol> <p><b>If there are 100 constituents, and the index’s weighted average exposure score falls below 0.85, the lowest ranking stock with an exposure score of 0.5 is removed until the index’s weighted average exposure score reaches 0.85. Therefore, it is possible for the final index constituent count to be below 100.</b></p>

<sup>1</sup> Please note that S&P DJI will implement the change to the index rebalancing schedule, to add quarterly re-weightings, as previously announced on February 11, 2021.

<sup>2</sup> Weighted Average Exposure Score is the sum of the product between each constituents’ exposure score and its final optimized weights.

Change	Methodology	
	Previous	Updated
Constituent Weightings	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%.	<p>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 either a <b>single constituent weight cap by exposure score</b>, or five times its liquidity weight.<sup>3</sup> In addition, the cumulative weight of all stocks within the index which have a weight greater than 4.5% cannot exceed 40%.</p> <p>The single constituent weight caps by exposure score are:</p> <ol style="list-style-type: none"> <li>1. Constituents with an exposure score of 1 are capped at 8%.</li> <li>2. Constituents with an exposure score of 0.75 are capped at 6%.</li> <li>3. Constituents with an exposure score of 0.5 are capped at 4%.</li> </ol>

These changes become effective prior to the market open on **Monday, April 19, 2021**. **The changes will first be visible in pro-forma files beginning 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](http://www.spdji.com).

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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](http://www.spdji.com).

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<sup>3</sup> Liquidity Weight Multiple Cap = Multiple \*(Stock Liquidity / Aggregate Liquidity of all Stocks), where Stock Liquidity = Six-month MDVT.