

## S&P 500 ESG Elite Index Consultation on Eligibility Requirements – Results

**AMSTERDAM, APRIL 1, 2022:** S&P Dow Jones Indices (“S&P DJI”) has conducted a [consultation](#) with market participants on potential changes to the S&P 500 ESG Elite Index.

S&P DJI will make changes to the eligibility requirements used in the index. The changes are detailed below.

### EXCLUSIONS BASED ON THE UNITED NATIONS GLOBAL COMPACT (“UNGC”)

S&P DJI will change the provider of UNGC data from Arabesque to Sustainalytics, and will exclude companies that are deemed by Sustainalytics to be Non-Compliant. The aim of this change is to move away from the use of a continuous data set and towards a discrete data set.

### EXCLUSIONS BASED ON BUSINESS ACTIVITIES

S&P DJI will no longer apply Significant Ownership exclusions for categories where the Direct Level of Involvement Threshold is non-zero. This change aims to avoid situations where companies could potentially end up being treated more harshly, as a result of the level of their indirect involvement, than they would be for their direct involvement. All significant Ownership thresholds will be set at  $\geq 10\%$ . The tables below and on the following page detail the changes for the impacted categories:

Product Involvement	Category of Involvement and Description	Direct Involvement Threshold (Current)	Significant Ownership
Thermal Coal	Extraction: The company extracts thermal coal.	>0%	Added
	Generation: The company generates electricity from thermal coal.	>0%	Added
Tobacco Products	Production: The company manufactures tobacco products.	>0%	No change
	Related Products/Services: The company supplies tobacco-related products/ services. Retail: The company derives revenues from the distribution and/or retail sale of tobacco products	$\geq 5\%$	Removed
Oil Sands	Extraction: The company extracts oil sands.	>0%	Added
Shale Energy	Extraction: The company is involved in shale energy exploration and/or production	>0%	Added
Arctic Oil & Gas Exploration	Extraction: The company is involved in oil and gas exploration in Arctic regions.	>0%	Added
Oil & Gas	Production: The company is involved in oil and gas exploration, production, refining, transportation and storage.	>0%	Added
	Generation: The company generates electricity from oil and/or gas.	>0%	Added

Product Involvement	Category of Involvement and Description	Direct Involvement Threshold (Current)	Significant Ownership
Small Arms	Civilian customers (assault weapons): The company manufactures and sells assault weapons to civilian customers.	>0%	Added
	Civilian customers (non-assault weapons): The company manufactures and sells small arms (non-assault weapons) to civilian customers.	>0%	Added
	Military/law enforcement customers: The company manufactures and sells small arms to military/law enforcement.	>0%	Added
	Key components: The company manufactures and sells key components of small arms.	>0%	Added
	Retail/Distribution (assault weapons): The company is involved in the retail and/or distribution of assault weapons.	>0%	Added
	Retail/distribution (non-assault weapons): The company is involved in the retail and/or distribution of small arms (non-assault weapons).	>0%	Added
Adult Entertainment	Production: The company is involved in the production of adult entertainment and/or owns/operates adult entertainment establishments.	>0%	Added
Nuclear Power	Production: The company produces nuclear power.	>0%	Added
	Distribution: The company distributes electricity generated from nuclear power.	>0%	Added
Predatory Lending	Operations: The company is involved predatory lending activities.	>0%	Added
Palm Oil	Production and Distribution: The company is involved in the production and/or distribution of palm oil.	>0%	Added

## QUARTERLY ELIGIBILITY CHECK FOR BUSINESS INVOLVEMENT AND UNGC EXCLUSIONS

S&P DJI will introduce a quarterly eligibility check, whereby any current member of the index that is now found to be failing the Business Involvement or UNGC eligibility criteria will be removed from the index. The aim of this is to ensure that any changes to a company's eligibility are handled in a timely manner. No constituent will be added to the index as a result of any deletion that may take place.

## IMPLEMENTATION TIMING

S&P DJI will implement the previously described methodology changes in conjunction with the upcoming rebalancing, which takes effect prior to the market open on Monday, May 2, 2022. The changes will first be visible to clients beginning on Friday, April 22, 2022.

Please note that the methodology on S&P DJI's website is being updated to reflect these changes.

For more information about S&P Dow Jones Indices, please visit [www.spglobal.com/spdji](http://www.spglobal.com/spdji).

## ABOUT S&P DOW JONES INDICES

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