

# S&P Global Eco Index Objective and Index Construction Modification

**NEW YORK, SEPTEMBER 20, 2023:** S&P Dow Jones Indices (“S&P DJI”) announces changes to the S&P Global Eco Index.

To increase transparency and operational efficiency, S&P DJI is changing the Index Objective and Index Construction for the S&P Global Eco Index, as detailed below.

Change		Methodology
	Previous	Updated
Index Objective	The index measures the performance of 40 of the largest companies in ecology related industries. The index is FMC weighted, subject to exposure score adjustments and a single constituent weight cap, as well as target stock counts, as detailed in Eligibility Criteria and Index Construction.	The index measures the performance of 40 companies from the S&P Global Clean Energy Index, the S&P Global Water Index, and the S&P Global BMI Environmental & Facilities Services GICS Sub-Industry that also operate in the waste management industry. <b>The index uses RBICS data to define companies related to the waste management industry.</b> The index is FMC weighted, subject to exposure score adjustments and a single constituent weight cap, as well as target stock counts, as detailed in Eligibility Criteria and Index Construction.

## Index Construction

### Previous:

To be eligible for the S&P Global Eco Index, a company must be a current constituent of the corresponding S&P Global Thematic Index for the clean energy and water clusters at the open of the upcoming rebalancing effective date. For the remaining cluster, Environmental Services, the company must be a member of the S&P Global BMI Environmental & Facilities Services GICS Sub-Industry and must operate in the waste management industry.

The clusters are chosen based on the relevant indices as follows:

Cluster	Index	Companies per Cluster
Clean Energy	S&P Global Clean Energy Index	15
Environmental Services	S&P Global BMI Environmental & Facilities Services	10
Water	S&P Global Water Index	15

1. All stocks in the eligible universe that meet the eligibility criteria are classified in one of the three clusters.
2. Stocks are, then, assigned an exposure score of 1, 0.75, or 0.5 using the corresponding exposure score designated to the stock in its respective S&P Global Thematic Index (refer to the corresponding methodology for details on the calculation of exposure scores for the S&P Global Clean Energy and S&P Global Water indices). For stocks in the Environmental Services cluster, scores of 1 and 0.5 are assigned based on the measure of the level of exposure to that industry.
3. In each cluster, stocks are sorted first by exposure score and then by FMC. For each cluster, the largest stocks with an exposure score of 1 are chosen for the index.

For the Environmental Services and Water clusters, if there are not enough stocks with an exposure score of 1, the largest stocks with an exposure score of 0.5 are chosen until the count reaches the target number of companies.

For the Clean Energy cluster, if there are not enough stocks with an exposure score of 1, the largest stocks with an exposure score of 0.75 are chosen until the count reaches the target number of companies. If there are still not 15 constituents, the highest-ranking stock with an exposure score of 0.5 is selected until the target constituent count is reached. All three clusters are subject to the following selection buffer:

- All stocks ranked in the top 80% of the target number of companies are selected.
- Current constituents ranked in the top 120% of the target number of companies are selected in order until the target constituent count of 40 is met.
- If, after step 2, there are still not 40 constituents, the highest-ranking non-constituent is selected and added to the index until the target constituent count is reached.

Index	Exposure Scores		
	0	0.5	1
S&P Global BMI Environmental & Facilities Services	Eliminated, no exposure.	Multi-industry with significant exposure in environmental services	Primary business is in environmental services

#### Updated:

At the open of the upcoming rebalancing effective date, to be eligible for the S&P Global Eco Index, a company must be a current constituent of the corresponding S&P Global Thematic Index for the Clean Energy and Water clusters. For the Environmental Services cluster, the company must be a member of the S&P Global BMI Environmental & Facilities Services GICS Sub-Industry and must operate in the waste management industry, **as defined by FactSet's Revere Business Industry Classification System ("RBICS") data (see Eligible FactSet RBICS below).**

Select the clusters based on the relevant indices as follows:

Cluster	Index	Companies per Cluster
Clean Energy	S&P Global Clean Energy Index	15
Environmental Services	S&P Global BMI Environmental & Facilities Services	10
Water	S&P Global Water Index	15

1. Classify all stocks in the eligible universe that meet the eligibility criteria into one of the three clusters.
2. Assign stocks an exposure score of 1, 0.75, or 0.5 using the corresponding exposure score designated to the stock in its respective S&P Global Thematic Index (refer to the corresponding methodology for details on the calculation of exposure scores for the S&P Global Clean Energy and S&P Global Water indices). **For stocks in the Environmental Services cluster, assign scores based on aggregate revenue in each respective L6.**

Criteria	Exposure Scores			
	0	0.5	0.75	1
Aggregated percentage revenue based on relevant L6	<25%	>=25% and <50%	>=50% and <75%	>=75%

3. In each cluster, sort stocks first by exposure score and then by FMC. For each cluster, choose for the index the largest stocks with an exposure score of 1. Within each cluster, if there are not enough stocks with an exposure score of 1, choose the largest stocks with an exposure score of 0.75 until the count reaches the target number of companies. If there are still fewer constituents than the target count, select the highest-ranking stock with an exposure score of 0.5 until the

#### INDEX ANNOUNCEMENT

target constituent count is reached. All three clusters are subject to the following selection buffer:

- Select all stocks ranked in the top 80% of the target number of companies.
- Select current constituents ranked in the top 120% of the target number of companies in order until the target constituent count of 40 is met.
- If, after step 2, there are still not 40 constituents, add the highest-ranking non-constituent to the index until the target constituent count is reached.

## Eligible FactSet RBICS

L6 Name	L6 Code
Diversified General Waste Collection	101025101010
Diversified Hazardous Materials Disposal	101025151010
Electronic Waste Services	101025151510
Environmental Consulting	101025301510
Environmental Services	101025301010
Garbage Services	101025101510
Hazardous/Industrial Waste Disposal	101025152510
Healthcare General Support Services	351510252010
Landfill Services	101025102010
Metal Recycling Providers	451510202520
Other Waste Services	101025201010
Recycling Services	101025102510
Solid Waste Recycling Equipment Manufacturing	401020151540
Wastewater Residual Management	101025303510
Soil Remediation	101025302510

For more information on RBICS, please refer [here](#).

This change takes effect prior to the market open on **Monday, October 23, 2023**. Clients will first see the change in pro-forma files on **Friday, October 13, 2023**.

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

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

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<sup>®</sup> and the Dow Jones Industrial Average<sup>®</sup>. 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.

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