

**S&P/Drucker Institute Corporate
Effectiveness Index
*Methodology***

March 2025

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Introduction

Index Objective and Highlights

The S&P/Drucker Institute Corporate Effectiveness Index selects and weights companies from the S&P 500 (the underlying index) based on dimensions of the Drucker Institute Company Ranking. The index combines the scores of four Drucker dimensions of corporate performance (Customer Satisfaction, Employee Engagement and Development, Innovation, and Social Responsibility) with S&P Quality Scores and then applies a measure of consistency for the Drucker components and S&P Quality to determine the index constituents. Based on these scores, the top 100 constituents from the S&P 500 are selected. Index constituents are weighted by combined score, which is the weighted average of the four Drucker dimension scores at two-thirds weighting and the S&P Quality Score at one-third weighting.

For information on the underlying index, please refer to S&P U.S. Indices Methodology available at www.spglobal.com/spdji/.

For information on S&P Quality Scores, please refer to S&P Quality Indices Methodology available at www.spglobal.com/spdji/.

Collaboration

The index was developed in collaboration with the Drucker Institute, and is a long-termism index that incorporates the Drucker Institute’s data and scores. The Drucker Institute, a part of Claremont Graduate University in Claremont, Calif., developed a holistic measure of corporate effectiveness. This measure is the basis of the Drucker Institute’s Company Ranking, as well as The Wall Street Journal’s “Management Top 250” annual ranking. The measure seeks to assess how well a company follows a core set of principles on corporate performance advanced by the late Peter Drucker, professor, author, and Wall Street Journal columnist, who has been described as "the founder of modern management."

For information on the Drucker Institute and their Company Ranking, please refer to their website at <https://www.drucker.institute/programs/company-rankings/>.

Supporting Documents

This methodology is meant to be read in conjunction with supporting documents providing greater detail with respect to the policies, procedures and calculations described herein. References throughout the methodology direct the reader to the relevant supporting document for further information on a specific topic. The list of the main supplemental documents for this methodology and the hyperlinks to those documents is as follows:

Supporting Document	URL
S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology	Equity Indices Policies & Practices Methodology
S&P Dow Jones Indices’ Index Mathematics Methodology	Index Mathematics Methodology

This methodology was created by S&P Dow Jones Indices to achieve the aforementioned objective of measuring the underlying interest of each index governed by this methodology document. Any changes to or deviations from this methodology are made in the sole judgment and discretion of S&P Dow Jones Indices so that the index continues to achieve its objective.

Eligibility Criteria

Index Universe

At each rebalancing, the index universe is all constituents of the underlying index.

Eligibility Factors

As of the rebalancing reference date, stocks in the index universe must satisfy the following criteria to be eligible of index inclusion:

- **Trading History:** have been issued and trading at least 12 months.
- **Drucker Score and S&P Quality Score:** have computed Drucker and S&P Quality Scores, as defined in *Index Construction*.
- **Multiple Share Classes:** Each company is represented once by the Designated Listing. For more information regarding the treatment of multiple share classes, please refer to Approach B in the Multiple Share Classes section of the S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Index Construction

Score Definitions

The following scores are used in the selection process:

1. **Drucker Score:** The Drucker Institute computes the Drucker Score, which is the average of the z-scores for the four Drucker components: Customer Satisfaction, Employee Engagement and Development, Innovation, and Social Responsibility.
2. **S&P Quality Score:** S&P DJI calculates the S&P Quality Score. Quality scores are transformed into z-scores for consistency.¹
3. **Combined Score:** The combined score is calculated by weighting the average of the scores of the four Drucker components at two-thirds weighting and the S&P Quality Score at one-third weighting.
4. **Consistency Score:** The consistency score represents the average of the percent ranks for the four Drucker components and the S&P Quality Score.

Constituent Selection

At each rebalancing, select the index from the eligible universe as follows:

1. Rank stocks in descending order by combined score.
2. Rank the top 200 stocks by consistency score.
3. Select the top 100 stocks and form the index.

Buffer Rule

A 20% buffer is applied to stocks already in the index in order to reduce turnover, and is implemented as follows:

1. Stocks are ranked based on consistency score, and those ranked within the top 80% of the target stock count are automatically chosen for index inclusion.
2. Current constituents within the top 120% of the target stock count are then chosen for index inclusion in order of their consistency score until the target count is reached.
3. If, at this point, the target stock count has still not been met, the remaining stocks are chosen based on their consistency score.

Constituent Weightings

At each rebalancing, constituents are weighted by combined score.

Index Calculations

The index is calculated by means of the divisor methodology used in most S&P Dow Jones Indices' equity indices.

For more information on the index calculation methodology please refer to the Non-Market Capitalization Weighted Indices section of S&P Dow Jones Indices' Index Mathematics Methodology.

¹ For z-score and quality score calculations, please see *Appendix I*.

Index Maintenance

Rebalancing

The index is rebalanced semi-annually after the close on the third Friday of June and December. The Drucker Institute releases scores annually in December; these scores are used in that December's rebalancing as well as in the subsequent June rebalancing, which will only take into account updated S&P Quality scores. The rebalancing reference date is the last business day of May and November, respectively; the fundamental data reference date used to determine the S&P Quality Score is five weeks prior to the rebalancing date. Index share amounts are assigned to each constituent to arrive at the weights calculated above using closing prices as of the Wednesday prior to the second Friday of June and December.

Rebalancing Schedule	
Rebalancing Frequency	Semi-annual
Rebalancing Date	After the close on the third Friday of June and December
Fundamental Data Reference Date	Five weeks prior to the rebalancing date
Reference Date	The last business day of May and November
Weights Reference Date	Closing prices as of the Wednesday prior to the second Friday of June and December

Additions and Deletions

Additions. Except for spin-offs (see *Corporate Actions* below), no additions are made to the index between rebalancings.

Deletions. Constituents removed from the index universe are removed from the index simultaneously.

Corporate Actions

Spin-Offs. The spun-off company is added to the index of which the parent is a constituent, at a zero price prior to the market open on the ex-date (with no divisor adjustment). The spun-off company is removed after at least one day of regular way trading (with a divisor adjustment).

For more information on Spin-offs, and Corporate Actions, please refer to the Non-Market Capitalization Indices Section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Currency of Calculation and Additional Index Return Series

In addition to the indices detailed in this methodology, additional return series versions of the indices may be available, including, but not limited to: currency, currency hedged, decrement, fair value, inverse, leveraged, and risk control versions. For a list of available indices, please refer to the [S&P DJI Methodology & Regulatory Status Database](#).

For information on various index calculations, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.

For the inputs necessary to calculate certain types of indices, including decrement, dynamic hedged, fair value, and risk control indices, please refer to the Parameters documents available at www.spglobal.com/spdji/.

Other Adjustments

In cases where there is no achievable market price for a stock being deleted, it can be removed at a zero or minimal price at the Index Committee's discretion, in recognition of the constraints faced by investors in trading bankrupt or suspended stocks.

Base Dates and History Availability

Index history availability, base date, and base value are shown in the table below.

Index	Launch Date	First Value Date	Base Date	Base Value
S&P/Drucker Institute Corporate Effectiveness Index	02/04/2019	12/30/2012	12/30/2012	100

Index Data

Calculation Return Types

S&P Dow Jones Indices calculates multiple return types which vary based on the treatment of regular cash dividends. The classification of regular cash dividends is determined by S&P Dow Jones Indices.

- Price Return (PR) versions are calculated without adjustments for regular cash dividends.
- Gross Total Return (TR) versions reinvest regular cash dividends at the close on the ex-date without consideration for withholding taxes.
- Net Total Return (NTR) versions, if available, reinvest regular cash dividends at the close on the ex-date after the deduction of applicable withholding taxes.

In the event there are no regular cash dividends on the ex-date, the daily performance of all three indices will be identical.

For a complete list of indices available, please refer to the daily index levels file (“.SDL”).

For more information on the classification of regular versus special cash dividends as well as the tax rates used in the calculation of net return, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

For more information on the calculation of return types, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.

Index Governance

Index Committee

An S&P Dow Jones Indices' Index Committee maintains the index. All committee members are full-time professional members of S&P Dow Jones Indices' staff. The Index Committee meets regularly. At each meeting, the Index Committee may review pending corporate actions that may affect index constituents, statistics comparing the composition of the indices to the market, companies that are being considered as candidates for addition to an index, and any significant market events. In addition, the Index Committee may revise index policy covering rules for selecting companies, treatment of dividends, share counts or other matters.

S&P Dow Jones Indices considers information about changes to its indices and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

S&P Dow Jones Indices' Index Committees reserve the right to make exceptions when applying the methodology if the need arises. In any scenario where the treatment differs from the general rules stated in this document or supplemental documents, clients will receive sufficient notice, whenever possible.

In addition to the daily governance of indices and maintenance of index methodologies, at least once within any 12-month period, the Index Committee reviews the methodology to ensure the indices continue to achieve the stated objectives, and that the data and methodology remain effective. In certain instances, S&P Dow Jones Indices may publish a consultation inviting comments from external parties.

For information on Quality Assurance and Internal Reviews of Methodology, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Index Policy

Announcements

All index constituents are evaluated daily for data needed to calculate index levels and returns. All events affecting the daily index calculation are typically announced in advance via the Index Corporate Events report (.SDE), delivered daily to all clients. Any unusual treatment of a corporate action or short notice of an event may be communicated via email to clients.

For more information, please refer to the Announcements section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Pro-forma Files

In addition to the corporate events file (.SDE), S&P Dow Jones Indices provides constituent pro-forma files each time the indices rebalance. The pro-forma file is typically provided daily in advance of the rebalancing date and contains all constituents and their corresponding weights and index shares effective for the upcoming rebalancing. Since index shares are assigned based on prices prior to the rebalancing, the actual weight of each stock at the rebalancing will differ from these weights due to market movements.

Please visit www.spglobal.com/spdji/ for a complete schedule of rebalancing timelines and pro-forma delivery times.

Holiday Schedule

The index is calculated on all business days of the year when the U.S. equity market is open.

A complete holiday schedule for the year is available at www.spglobal.com/spdji/.

Rebalancing

The Index Committee may change the date of a given rebalancing for reasons including market holidays occurring on or around the scheduled rebalancing date. Any such change will be announced with proper advance notice where possible.

Unexpected Exchange Closures

For information on Unexpected Exchange Closures, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Recalculation Policy

For information on the recalculation policy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

For information on Calculations and Pricing Disruptions, Expert Judgment and Data Hierarchy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Contact Information

For any questions regarding an index, please contact: index_services@spglobal.com.

Index Dissemination

Index levels are available through S&P Dow Jones Indices' Web site at www.spglobal.com/spdji/, major quote vendors (see codes below), numerous investment-oriented Web sites, and various print and electronic media.

Tickers

The table below lists headline indices covered by this document. All versions of the below indices that may exist are also covered by this document. Please refer to the [S&P DJI Methodology & Regulatory Status Database](#) for a complete list of indices covered by this document.

Index	Return Type	BBG
S&P/Drucker Institute Corporate Effectiveness Index	Total Return	SPDICEUT

Index Data

Daily constituent and index level data are available via subscription.

For product information, please contact S&P Dow Jones Indices, www.spglobal.com/spdji/en/contact-us.

Web site

For further information, please refer to S&P Dow Jones Indices' Web site at www.spglobal.com/spdji/.

Appendix A

Z-score and Quality Score Calculation

Z-score Calculation. Calculating a z-score is a widely adopted method of standardizing a variable in order to combine it with other variables that may have a different scale or unit of measurement. After winsorizing all the three fundamental ratios, the z-score for each of the three ratios for each security is calculated using the mean and standard deviation of the relevant variable within each of the index universes.

- **Quality Score.** The z-score calculates as follows:

$$z\alpha = \frac{(x\alpha - \mu\alpha)}{\sigma\alpha}$$

where:

$z\alpha$ = Z-score for a given security

$x\alpha$ = Winsorized variable for a given security (Quality Score)

$\mu\alpha$ = Arithmetic mean of the winsorized variable in a given index universe, excluding any missing values

$\sigma\alpha$ = Standard deviation of the winsorized variable in a given index universe

Appendix B

Methodology Changes

Methodology changes since January 1, 2015, are as follows:

Change	Effective Date (After Close)	Methodology	
		Previous	Updated
Buffer Rule	06/21/2019		<p>A 20% buffer is applied to stocks already in the index in order to reduce turnover, and is implemented as follows:</p> <ol style="list-style-type: none"> 1. Stocks ranked based on consistency score, and those ranked within the top 80% of the target stock count, are automatically chosen for index inclusion. 2. Current constituents within the top 120% of the target stock count are then chosen for index inclusion in order of their consistency score until the target count is reached. 3. If at this point the target stock count has still not been met, the remaining stocks are chosen based on their consistency scores.

Disclaimer

Performance Disclosure/Back-Tested Data

Where applicable, S&P Dow Jones Indices and its index-related affiliates (“S&P DJI”) defines various dates to assist our clients by providing transparency. The First Value Date is the first day for which there is a calculated value (either live or back-tested) for a given index. The Base Date is the date at which the index is set to a fixed value for calculation purposes. The Launch Date designates the date when the values of an index are first considered live: index values provided for any date or time period prior to the index’s Launch Date are considered back-tested. S&P DJI defines the Launch Date as the date by which the values of an index are known to have been released to the public, for example via the company’s public website or its data feed to external parties. For Dow Jones-branded indices introduced prior to May 31, 2013, the Launch Date (which prior to May 31, 2013, was termed “Date of introduction”) is set at a date upon which no further changes were permitted to be made to the index methodology, but that may have been prior to the Index’s public release date.

Please refer to the methodology for the Index for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations.

Information presented prior to an index’s launch date is hypothetical back-tested performance, not actual performance, and is based on the index methodology in effect on the launch date. However, when creating back-tested history for periods of market anomalies or other periods that do not reflect the general current market environment, index methodology rules may be relaxed to capture a large enough universe of securities to simulate the target market the index is designed to measure or strategy the index is designed to capture. For example, market capitalization and liquidity thresholds may be reduced. In addition, forks have not been factored into the back-test data with respect to the S&P Cryptocurrency Indices. For the S&P Cryptocurrency Top 5 & 10 Equal Weight Indices, the custody element of the methodology was not considered; the back-test history is based on the index constituents that meet the custody element as of the Launch Date. Also, the treatment of corporate actions in back-tested performance may differ from treatment for live indices due to limitations in replicating index management decisions. Back-tested performance reflects application of an index methodology and selection of index constituents with the benefit of hindsight and knowledge of factors that may have positively affected its performance, cannot account for all financial risk that may affect results and may be considered to reflect survivor/look ahead bias. Actual returns may differ significantly from, and be lower than, back-tested returns. Past performance is not an indication or guarantee of future results.

Typically, when S&P DJI creates back-tested index data, S&P DJI uses actual historical constituent-level data (e.g., historical price, market capitalization, and corporate action data) in its calculations. As ESG investing is still in early stages of development, certain datapoints used to calculate certain ESG indices may not be available for the entire desired period of back-tested history. The same data availability issue could be true for other indices as well. In cases when actual data is not available for all relevant historical periods, S&P DJI may employ a process of using “Backward Data Assumption” (or pulling back) of ESG data for the calculation of back-tested historical performance. “Backward Data Assumption” is a process that applies the earliest actual live data point available for an index constituent company to all prior historical instances in the index performance. For example, Backward Data Assumption inherently assumes that companies currently not involved in a specific business activity (also known as “product involvement”) were never involved historically and similarly also assumes that companies currently involved in a specific business activity were involved historically too. The Backward Data Assumption allows the hypothetical back-test to be extended over more historical years than would be feasible using only actual data. For more information on “Backward Data Assumption” please refer to the FAQ. The methodology and factsheets of any index that employs backward assumption in the back-tested history

will explicitly state so. The methodology will include an Appendix with a table setting forth the specific data points and relevant time period for which backward projected data was used. Index returns shown do not represent the results of actual trading of investable assets/securities. S&P DJI maintains the index and calculates the index levels and performance shown or discussed but does not manage any assets.

Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the Index or investment funds that are intended to track the performance of the Index. The imposition of these fees and charges would cause actual and back-tested performance of the securities/fund to be lower than the Index performance shown. As a simple example, if an index returned 10% on a US \$100,000 investment for a 12-month period (or US \$10,000) and an actual asset-based fee of 1.5% was imposed at the end of the period on the investment plus accrued interest (or US \$1,650), the net return would be 8.35% (or US \$8,350) for the year. Over a three-year period, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.10%, a total fee of US \$5,375, and a cumulative net return of 27.2% (or US \$27,200).

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ESG Indices Disclaimer

S&P DJI provides indices that seek to select, exclude, and/or weight index constituents based on, but not limited to, certain environmental, social or governance (ESG) indicators, or a combination of those indicators, including the following: environmental indicators (including the efficient use of natural resources, the production of waste, greenhouse gas emissions, or impact on biodiversity); social indicators (such as, inequality and investment in human capital); governance indicators (such as sound management structures, employee relations, remuneration of staff, tax compliance, respect for human rights, anti-corruption and anti-bribery matters), specific sustainability or values-related company involvement indicators (for example, production/distribution of controversial weapons, tobacco products, or thermal coal), or controversies monitoring (including research of media outlets to identify companies involved in ESG-related incidents).

S&P DJI ESG indices use ESG metrics and scores in the selection and/or weighting of index constituents. ESG scores or ratings seek to measure or evaluate a company's, or an asset's, performance with respect to environmental, social and corporate governance issues.

The ESG scores, ratings, and other data used in S&P DJI ESG indices is supplied directly or indirectly by third parties (note these parties can be independent affiliates of S&P Global or unaffiliated entities) so an S&P DJI ESG index's ability to reflect ESG factors depends on these third parties' data accuracy and availability.

ESG scores, ratings, and other data may be reported (meaning that the data is provided as disclosed by companies, or an asset, or as made publicly available), modelled (meaning that the data is derived using a proprietary modelling process with only proxies used in the creation of the data), or reported and modelled (meaning that the data is either a mix of reported and modelled data or is derived from the vendor using reported data /information in a proprietary scoring or determination process).

ESG scores, ratings, and other data, whether from an external and/or internal source, is based on a qualitative and judgmental assessment, especially in the absence of well-defined market standards, and due to the existence of multiple approaches and methodologies to assess ESG factors and considerations. An element of subjectivity and discretion is therefore inherent in any ESG score, rating, or other data and different ESG scoring, rating, and/or data sources may use different ESG assessment or estimation methodologies. Different persons (including ESG data ratings, or scoring providers, index administrators or users) may arrive at different conclusions regarding the sustainability or impact of a particular company, asset, or index.

Where an index uses ESG scores, ratings or other data supplied directly or indirectly by third parties, S&P DJI does not accept responsibility for the accuracy or completeness of such ESG scores, ratings, or data. No single clear, definitive test or framework (legal, regulatory, or otherwise) exists to determine 'ESG', 'sustainable', 'good governance', 'no adverse environmental, social and/or other impacts', or other equivalently labelled objectives. In the absence of well-defined market standards and due to the existence of multitude approaches, the exercise of judgment is necessary. Accordingly, different persons may classify the same investment, product and/or strategy differently regarding 'ESG', 'sustainable', 'good governance', 'no adverse environmental, social and/or other impacts', or other equivalently labelled

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