

S&P ESG Exclusion Indices *Methodology*

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Introduction

Highlights

This document contains the methodologies for certain S&P Dow Jones Indices' (S&P DJI) equity indices that exclude companies based on one or a combination of an environmental, a social, or a governance (ESG) criteria. These indices are tailored versions of an S&P or Dow Jones branded underlying index. The indices may be tailored in a variety of ways such as by the exclusion of certain categories of involvement or by the level of involvement using thresholds. Unless detailed in the following pages, the indices follow the standard policies and procedures as documented in the underlying index's methodology and in S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology. Such policies and procedures include, but are not limited to, corporate action treatments and error correction.

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
S&P Dow Jones Indices' Index Mathematics Methodology	Index Mathematics Methodology
S&P Dow Jones Indices' Float Adjustment Methodology	Float Adjustment Methodology

The methodology is 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.

Index Eligibility & Construction

S&P 500 ESG Exclusions II Index

Index Objective. The S&P 500 ESG Exclusions II Index measures the performance of companies in the S&P 500 (the “underlying index”) that are not involved in the controversial business activities as specified in Index Exclusions. Index constituents are float-adjusted market capitalization weighted.

Index Universe. The index is constructed from constituents of the underlying index.

S&P ESG Exclusion Index	Underlying Index
S&P 500 ESG Exclusions II Index	S&P 500

Index Exclusions. As of each rebalancing reference date, companies with specific Levels of Involvement, as specified and measured by Sustainalytics, are excluded from the eligible universe:

Product Involvement Product	Category of Involvement and Description	Involvement Proxy	Level of Involvement Threshold	Significant Ownership Threshold
Controversial Weapons	Tailor Made and Essential: The company is involved in the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon.	NA	>0%	≥10% ¹
Tobacco	Production: The company manufactures tobacco products.	Revenue	>0%	Not Relevant
Small Arms	Civilian Customers (Assault and Non-Assault Weapons): The company manufactures and sells assault weapons and/or small arms (Non-assault weapons) to civilian customers.		>0%	≥10%
	Military/Law Enforcement Customers: The company manufactures and sells small arms to military/law enforcement customers.		>0%	
	Key Components: The company manufactures and sells key components of small arms.		>0%	
	Retail/Distribution (Assault and Non-Assault Weapons): The company is involved in the retail and/or distribution of assault weapons and/or small arms (Non-assault weapons).		≥10%	
Thermal Coal	Extraction: The company extracts thermal coal.	Revenue	≥25%	Not Relevant
	Power Generation: The company generates electricity from thermal coal.		≥25%	

¹ Prior to January 2019 Sustainalytics did not collect data on the corporate ownership indicators shown above, so the index history does not reflect the impact of the indicator. From January 2019 forward the indicator is applied, along with the other categories of involvement indicators, at each rebalancing.

Level of Involvement refers to the company's direct exposure to such products, while Significant Ownership indicates where the company has indirect involvement via some specified level of ownership of a subsidiary company with involvement.

In addition, as of each rebalancing reference date, companies identified and deemed by Sustainalytics to be non-compliant with the United Nations Global Compact (UNGC) are excluded from the eligible universe.

Except for spin-offs, companies without Sustainalytics coverage will be ineligible for index inclusion until they receive such coverage. Spin-offs are assigned the exclusion designations of the respective parent company as of the ex-date and will retain these designations until assessed by Sustainalytics at the subsequent rebalancing.

Sustainalytics is a global leader in sustainability research and analysis, serving investors and financial institutions around the world.

For more information on Sustainalytics, please refer to www.sustainalytics.com.

Controversies Monitoring. Companies within the index are monitored on a daily basis by RepRisk, a leading provider of business intelligence on environmental, social, and governance risks. RepRisk analyzes companies for related controversies, including a range of issues such as economic crime and corruption, fraud, illegal commercial practices, human rights issues, labor disputes, workplace safety, catastrophic accidents, and environmental disasters. Using this data, each company is assigned a daily RepRisk Index (RRI) indicator. A company is defined as a risk if their RRI indicator is equal to or above 70.

If a company is reported by RepRisk to have violated the RRI indicator threshold of 70, the impacted company will be removed from the index with two business days' notice on a best efforts basis from when S&P Dow Jones Indices is notified of the violation. A company removed as a risk will only be considered for addition to the index on any future rebalancing date if its RRI score is below 70 for all days since the previous rebalancing date.

Non-constituents may not be added to the index if their RRI has reached 70 or above any day since the previous rebalancing date.

For more information on RepRisk, please refer to www.reprisk.com.

Multiple Classes of Stock. All publicly listed multiple share class lines are eligible for index inclusion, subject to meeting the eligibility criteria. For more information regarding the treatment of multiple share classes, please refer to Approach A within the Multiple Share Classes section of the S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Constituent Selection. At each rebalancing, all eligible companies in the underlying index form the index.

Constituent Weighting. The index is float-adjusted market capitalization weighted.

Index Additions. Except for spin-offs, no stocks are added to the indices between rebalancings. Spinoffs added to the underlying index are added to the index and remain until the subsequent rebalancing when they are evaluated for inclusion using the full eligibility criteria.

Index Deletions. If a stock is dropped from the underlying index, it is also removed from the respective index simultaneously. Between rebalancings, a stock can be deleted from an index due to corporate events such as mergers, takeovers, delistings, suspensions, spin-offs/demerger, or bankruptcies.

Rebalancing. The index is rebalanced quarterly, effective after the close of the third Friday of March, June, September, and December. The rebalancing reference date is the last trading day of February,

May, August, and November respectively. The reference universe for the index is the composition of the underlying index at the open of the upcoming rebalancing effective date.

S&P Global 100 Ex-Controversial Weapons Index

Index Objective. The index measures the performance of the constituents of the underlying index, excluding those classified as controversial weapons as specified in *Index Exclusions*. Index constituents are float-adjusted market capitalization weighted.

Index Universe. The index is constructed from constituents of the underlying index.

S&P ESG Exclusion Index	Underlying Index
S&P Global 100 ex Controversial Weapons	S&P Global 100 (WM)

Index Exclusions. As of each rebalancing reference date, companies with specific Levels of Involvement, as specified and measured by Sustainalytics, are excluded from the eligible universe:

Product Involvement Product	Category of Involvement and Description	Involvement Proxy	Level of Involvement Threshold	Significant Ownership Threshold
Controversial Weapons	Tailor Made and Essential: The company is involved in the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon.	NA	>0%	≥25%

Level of Involvement refers to the company's direct exposure to such products, while Significant Ownership indicates where the company has indirect involvement via some specified level of ownership of a subsidiary company with involvement.

Except for spin-offs, companies without Sustainalytics coverage will be ineligible for index inclusion until they receive such coverage. Spin-offs are assigned the exclusion designations of the respective parent company as of the ex-date and will retain these designations until assessed by Sustainalytics at the subsequent rebalancing.

Sustainalytics is a global leader in sustainability research and analysis, serving investors and financial institutions around the world.

For more information on Sustainalytics, please refer to www.sustainalytics.com.

Multiple Classes of Stock. All publicly listed multiple share class lines are eligible for index inclusion, subject to meeting the eligibility criteria. For more information regarding the treatment of multiple share classes, please refer to Approach A within the Multiple Share Classes section of the S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Constituent Selection. At each rebalancing, all eligible companies in the underlying index form the index.

Constituent Weighting. The index is float-adjusted market capitalization weighted.

Index Additions. Except for spin-offs, no stocks are added to the indices between rebalancings. Spinoffs are added to the index, at a zero price prior to the open of trading 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).

Index Deletions. If a stock is dropped from the underlying index, it is also removed from the respective index simultaneously. Between rebalancings, a stock can be deleted from an index due to corporate events such as mergers, takeovers, delistings, suspensions, spin-offs/demergers, or bankruptcies.

Index Maintenance. All index adjustments and corporate action treatments follow the underlying index.

Rebalancing. The index is rebalanced quarterly, effective after the close of the third Friday of March, June, September, and December. The rebalancing reference date is the last trading day of February, May, August, and November respectively. The reference universe for the index is the composition of the underlying index at the open of the upcoming rebalancing effective date.

Index Maintenance

Ongoing Maintenance

The constituents of the indices are drawn from the underlying index. Specific changes to an index constituent, such as share changes, Investable Weight Factor (IWF) changes, dividend distributions, and price adjustments, follow the policies of the underlying index.

For more information on Share Updates, Float Adjustment, and IWFs, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology and S&P Dow Jones Indices' Float Adjustment Methodology.

The indices are reviewed on an ongoing basis to account for corporate events such as mergers, takeovers, delistings, suspensions, spin-offs/demergers, or bankruptcies. Changes to index composition and related weight adjustments are made as soon as they are effective. These changes are typically announced one to five business days prior to the implementation date.

Quarterly Updates

Changes to a constituent's shares and IWF as a result of the quarterly updates are effective after the close on the third Friday in March, June, September, and December.

Corporate Actions

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

Index Calculations

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

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

Currency of Calculation and Additional Index Return Series

The indices are calculated in the following currencies:

S&P ESG Exclusion Index	Currency of Calculation
S&P 500 ESG Exclusions II Index	U.S. dollars (USD)
S&P Global 100 Ex-Controversial Weapons Index	New Zealand dollars (NZD)

WM/Reuters foreign exchange rates are taken daily at 04:00 PM London Time and used in the end-of-day calculation of the indices. These mid-market fixings are calculated by the WM Company based on Refinitiv data and appear on Refinitiv pages WMRA.

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 [S&P DJI's All Indices by Methodology Report](#).

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.spdji.com.

Base Dates and History Availability

Index history availability, base dates, and base values are:

Index	Launch Date	First Value Date	Base Date	Base Value
S&P 500 ESG Exclusions II Index	08/26/2019	06/19/2009	06/19/2009	100
S&P Global 100 Ex Controversial Weapons	07/06/2020	09/30/2015	09/30/2015	1000

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

The indices within this methodology document are managed by the S&P Dow Jones Indices' ESG Indices Committee. At each meeting, the Index Committee reviews pending corporate actions that may affect index constituents, statistics comparing the composition of the index to the market, companies that are being considered as candidates for addition to the 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.

Press releases are posted on our Web site, www.spdji.com, and are released to major news services.

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.

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

Holiday Schedule

The indices are calculated daily, throughout the calendar year. The only days an index is not calculated are on days when all exchanges where an index's constituents are listed are officially closed or if WM Reuters' exchange rates services are not published.

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

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.spdji.com, 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 [S&P DJI's All Indices by Methodology Report](#) for a complete list of indices covered by this document.

Index (Currency)	Return Type	Bloomberg
S&P 500 ESG Exclusions II Index (USD)	Price Return	SPXCX2UP
	Total Return	SPXCX2UT
	Net Total Return	SPXCX2UN

Index Data

Daily constituent and index level data are available via subscription.

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

Website

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

Appendix

Methodology Changes

Methodology changes since August 26, 2019 are as follows:

Change	Effective Date (After Close)	Previous	Methodology Updated
Deletions due to RRI Indicator Violations: S&P 500 ESG Exclusions II Index	09/17/2019	If a company is reported by RepRisk to have violated the RRI indicator threshold of 70, the impacted company will be removed from the index with a minimum of two business days' advance notice.	If a company is reported by RepRisk to have violated the RRI indicator threshold of 70, the impacted company will be removed from the index with two business days' notice on a best efforts basis from when S&P Dow Jones Indices is notified of the violation.

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