

# **S&P Eurozone Bund/SV Climate Transition ESG Select Index *Methodology***

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# Introduction

## Index Objective

The S&P Eurozone Bund/SV Climate Transition ESG Select Index measures the performance of 60 companies selected to achieve a range of ESG and climate objectives while targeting specific sector and country allocations. The targeted objectives include collectively achieving decarbonization compatible with a 1.5°C global warming climate scenario<sup>1</sup> at the index level.

The index applies exclusions based on companies' involvement in specific business activities, violations of the principles of the United Nations' Global Compact (UNGC), inclusion on a list of disqualified companies defined by the Federal German Republic, and involvement in relevant ESG controversies, as defined in *Eligibility Criteria*. The index is weighted according to the Non-Market Capitalization weighting scheme defined in *Index Construction*.

## Highlights

The index aims to meet the minimum standards for EU Climate Transition Benchmarks (EU CTBs) under Regulation (EU) 2019/2089 amending Regulation (EU) 2016/1011.<sup>2</sup> The law proposes the definitions of minimum standards for the methodology of any 'EU Climate Transition' benchmark indices that would be aligned with the objectives of the Paris Agreement,<sup>3</sup> and addresses the risk of greenwashing.

Should a material change to the methodology be required as a consequence of any change made by the EU to the minimum standards for EU CTBs, S&P Dow Jones Indices will issue an announcement before the change is implemented (and in these circumstances, S&P Dow Jones Indices would not conduct a formal consultation). For clarity, any other methodology change will follow S&P Dow Jones Indices' standard processes, which may include a consultation.

The index has the following key features:

- companies are selected based on both their Ranking Score; a combination of their S&P DJI ESG score, free-float market capitalization and, for some constituents, carbon intensity
- except for German-domiciled companies where the collective German weight is targeted at 1.25 times its underlying index weight, companies are selected to target sector and country allocations close to those of the underlying index
- reduced overall greenhouse gas (GHG expressed in CO<sub>2</sub> equivalents) emissions intensity compared to its respective underlying parent index by at least 30%
- minimum self-decarbonization rate of GHG emissions intensity in accordance with the trajectory implied by Intergovernmental Panel on Climate Change's (IPCC) most ambitious 1.5°C scenario, equating to at least 7% GHG intensity reduction on average per annum
- exposure to sectors with high impact on climate change equivalent to its underlying index (to mitigate greenwashing)

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<sup>1</sup> A climate scenario of 1.5°C about preindustrial levels has been deemed important by the IPCC: Masson-Delmotte, V., Zhai, P., Pörtner, H. O., Roberts, D., Skea, J., Shukla, P. R. Waterfield, T. (2018). Global warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C. IPCC, available at <https://www.ipcc.ch/sr15/>.

<sup>2</sup> Pursuant to Articles 19(a)(2) and 19(b)(1) of Regulation (EU) 2019/2089, Commission Delegated Regulation (EU) 2020/1818 lays down the minimum standards for EU CTBs and EU PABs <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020R1818>.

<sup>3</sup> UNFCCC. (2015). The Paris Agreement: <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>.

- constituents are weighted by company level float-adjusted market capitalization within their climate impact groupings to support liquidity, and are capped to improve diversification and meet index-level carbon intensity targets

The index features exclusions of companies from the underlying parent index with:

- involvement in specific business activities
- non-compliant United Nations Global Compact (UNGC) principle violations
- low ESG score that falls within the worst 25% from each global GICS Industry Group
- involvement in relevant ESG controversies
- inclusion on a list of disqualified stocks as detailed by the Federal German Republic

The index also features rules which aim to avoid companies that have comparatively negative climate impact (subject to target sector and country allocation requirements) from the underlying parent index with:

- Carbon intensities within the highest decile of the parent index
- Fossil fuel or coal revenues (% from primary energy and electricity generation) higher than thresholds defined using energy mix levels that would be consistent with the IPCC's 1.5°C pathway at any given year from 2020 to 2050

### **The S&P DJI ESG Score**

The index uses S&P DJI ESG Scores to select constituents. S&P Global calculates these scores and derives them from their 'Corporate Sustainability Assessment' (CSA). A company's S&P DJI ESG score may either be calculated from data received directly by a company completing the comprehensive assessment (together with supporting documents), or – in the absence of this – by using publicly available information.

*For more information on the CSA Process, please refer to <https://www.spglobal.com/esg/csa/>.*

*For more information on S&P DJI ESG Scores, please refer to the S&P DJI ESG Score Methodology.*

For the purposes of ESG assessment, companies are assigned to industries defined by S&P Global, and the assessment is largely specific to each industry. S&P Global uses the Global Industry Classification Standard (GICS®) as its starting point for determining industry classification. At the industry group and sector levels, the CSA Industries<sup>4</sup> match the standard GICS classifications, but some non-standard aggregations are done at the industry level.

*For information on S&P Global CSA Industry-GICS Sub-Industry Mapping, please see [here](#).*

**Trucost Data Used:** GHG emissions, Fossil Fuel Sector Revenues.

*For information on Trucost's methodology, please refer [here](#).*

## 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	<a href="#">Equity Indices Policies &amp; Practices</a>
S&P Dow Jones Indices' Index Mathematics Methodology	<a href="#">Index Mathematics Methodology</a>
S&P Dow Jones Indices' Float Adjustment Methodology	<a href="#">Float Adjustment Methodology</a>
S&P Dow Jones Indices' Global Industry Classification Standard (GICS) Methodology	<a href="#">GICS Methodology</a>
S&P DJI ESG Score Methodology	<a href="#">S&amp;P DJI ESG Score Methodology</a>

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.

The Benchmark Administrator for the indices under this methodology is S&P DJI Netherlands B.V.

# Eligibility Criteria

## Index Universe

At each rebalancing reference date, the index is constructed from an index universe consisting of the constituents of an underlying index, as defined below:

Index	Underlying Index
S&P Eurozone Bund/SV Climate Transition ESG Select Index	S&P Eurozone LargeMidCap

For information on an underlying index, please refer to the respective index methodology, available at [www.spglobal.com/spdji](http://www.spglobal.com/spdji).

## Eligibility Factors

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

- Be EUR-denominated
- Be listed on an exchange in a Eurozone country
- Be a company incorporated in a Eurozone country
- Have a float-adjusted market capitalization of at least € 3 billion.
- Have a 12-month median daily value traded (MDVT) at least € 20 million
- Have greenhouse gas emissions data coverage from Trucost.<sup>5</sup>
- Have an S&P DJI ESG Score

## Exclusions Based on Sustainalytics’ Global Standards Screening

Sustainalytics’ Global Standards Screening (GSS) provides an assessment of a company’s impact on stakeholders and the extent to which a company causes, contributes, or is linked to violations of international norms and standards. The basis of the GSS assessments is the United Nations (UN) Global Compact Principles. Information regarding related standards is also provided in the screening, including the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, as well as their underlying conventions. Sustainalytics classifies companies into the following three statuses:

- **Non-Compliant:** classification given to companies that do not act in accordance with the UNGC principles and its associated standards, conventions, and treaties.
- **Watchlist:** classification given to companies that are at risk of violating one or more principles, for which all dimensions for Non-Compliant status could not be established or confirmed.
- **Compliant:** classification given to companies that act in accordance with the UNGC principles and its associated standards, conventions, and treaties.

As of each rebalancing reference date, companies classified as Non-Compliant, according to Sustainalytics, are ineligible for index inclusion. Companies not covered by Sustainalytics are excluded from index inclusion.

Please refer to <http://www.sustainalytics.com/> for more information.

<sup>5</sup> The data should include all Scope 1, Scope 2, and Scope 3 (upstream and downstream) emissions.

## Exclusions Based on Business Activities

As of each rebalancing reference date, companies with the following specific business activities are excluded from the eligible universe:

Sustainalytics Category of Involvement	Sustainalytics Category of Involvement Description	Sustainalytics Involvement Proxy	S&P DJI Level of Involvement Threshold	S&P DJI Significant Ownership Threshold
Controversial Weapons:	<b>Tailor Made and Essential:</b> 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%
Tobacco	<b>Production:</b> The company manufactures tobacco products.	Revenue	>0%	≥25%
	<b>Related Products/Services:</b> The company supplies tobacco-related products/services.		≥10%	≥25%
	<b>Retail:</b> The company derives revenues from the distribution and/or retail sale of tobacco products.		≥10%	≥25%
Nuclear Power:	<b>Production:</b> The company produces nuclear power.	Revenue	>0%	≥10%

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 the relevant involvement.

These exclusions use business involvement data sets from Sustainalytics. Companies not covered by Sustainalytics are excluded from index inclusion.

Please refer to <http://www.sustainalytics.com/> for more information.

## Exclusions Based on S&P DJI ESG Score

Companies with an S&P DJI ESG Score that falls within the worst 25% of ESG scores from each global GICS Industry Group are excluded from the index. The global universe for this categorization is defined as the combined constituents of the S&P Global LargeMidCap and S&P Global 1200 as of the last business day of March each year.

## Exclusions Based on Disqualified Companies List

All stocks issued by companies included on the active disqualified companies list, as determined by the Federal German Republic, are ineligible for index inclusion.

For the list of disqualified companies and Disqualification Expiration Dates, please see [here](#).



## **Controversies Monitoring: Media and Stakeholder Analysis Overlay**

In addition to the above, S&P Global uses RepRisk, a data science company, for daily filtering, screening, and analysis of ESG risk incidents and controversial activities related to companies within the indices<sup>6</sup>. In cases where risks are presented, S&P Global releases a Media and Stakeholder Analysis (MSA), which includes 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.

The Index Committee will review constituents that have been flagged by S&P Global's MSA to evaluate the potential impact of controversial company activities on the composition of the index. If the Index Committee decides to remove a company in question, that company would not be eligible for reentry into the index for one full calendar year, beginning with the subsequent rebalancing.

For more information on RepRisk, please refer to [www.reprisk.com](http://www.reprisk.com). This service is not considered a direct contribution to the index construction process.

## **Multiple Share Classes and Dual Listed Companies**

Each company is represented once by the Designated Listing. For more information regarding the treatment of multiple share classes, please refer to Approach B within the Multiple Share Classes section of the S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology. All publicly listed multiple share class lines of a company are assigned and assessed using the same S&P DJI ESG score.

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<sup>6</sup> RepRisk, an ESG data science company, leverages the combination of AI and machine learning with human intelligence to systematically analyze public information in 23 languages and identify material ESG risks. With daily data updates across 100+ ESG risk factors, RepRisk provides consistent, timely, and actionable data for risk management and ESG integration across a company's operations, business relationships, and investments.

# Index Construction

## Approach

The index aims to select constituents iteratively in a manner that targets sector and country allocations close to those of the underlying index. Initially, eligible companies are categorized and ranked by performing the following steps:

### Selection Group Categorization

To minimize the inclusion of companies that have comparatively negative climate impact, constituents are placed into Primary and Secondary selection groups. Primary Selection Group companies are a subset of the eligible universe that are not in the Secondary Selection Group as defined below.

### Secondary Selection Group Companies

Companies are classified as Secondary Selection Group Companies due to their comparatively negative climate impact. Such companies are not excluded but may only be selected to satisfy target sector and country allocation requirements when no further suitable eligible companies are available in the Primary Selection Group.

Secondary Selection Group Companies are classified as such when any of the following conditions are met:

- Carbon intensity is within the highest decile of intensities among the underlying index universe<sup>7</sup>
- Fossil fuel or coal revenues (% from primary energy and electricity generation) higher than thresholds defined using energy mix levels that would be consistent with the IPCC's 1.5°C pathway at any given year from 2020 to 2050

### Carbon Intensity

A 'Carbon Intensity' is calculated for each constituent, *i*, as follows using data as at the index rebalancing reference date:

$$\text{Carbon Intensity}_i = \frac{GHG1_i + GHG2_i + GHG3_i}{EVIC_i}$$

where:

*GHG1<sub>i</sub>* = Scope 1 GHG emissions in tCO<sub>2</sub>e for the company *i*

*GHG2<sub>i</sub>* = Scope 2 GHG emissions in tCO<sub>2</sub>e for the company *i*

*GHG3<sub>i</sub>* = Scope 3 (upstream and downstream) GHG emissions in tCO<sub>2</sub>e for the company *i*<sup>8</sup>

*EVIC<sub>i</sub>* = Enterprise value including cash of the company *i*

For information on Trucost's methodology, please refer [here](#).

<sup>7</sup> Constituents without greenhouse gas emissions data coverage are excluded from the group used to derive deciles.

<sup>8</sup> Prior to the anchor date, only Scope 1 and Scope 2 data was used in this calculation

## Fossil Fuel and Coal Revenues

Trucost's sector revenues dataset is used to define the following parameters:

- '% Revenues from Fossil Fuel Primary Energy' and '% Revenues from Coal Primary Energy': The percentage of company revenues derived from the following primary energy<sup>9</sup> Trucost sectors in sum:

Trucost Sectors	
<b>% Revenues from Fossil Fuel Primary Energy</b>	All other petroleum and coal products manufacturing Bituminous Coal and Lignite Surface Mining Bituminous Coal Underground Mining Crude Petroleum and Natural Gas Extraction Drilling oil and gas wells Industrial gas manufacturing Mining and oil and gas field machinery manufacturing Natural gas distribution Natural Gas Liquid Extraction Petrochemical manufacturing Petroleum lubricating oil and grease manufacturing Petroleum refineries Pipeline transportation Support activities for oil and gas operations Tar Sands Extraction
<b>% Revenues from Coal Primary Energy</b>	All other petroleum and coal products manufacturing Bituminous Coal and Lignite Surface Mining Bituminous Coal Underground Mining Pipeline transportation

- '% Revenues from Fossil Fuel Power Generation' and '% Revenues from Coal Power Generation': The percentage of company revenues derived from the following power generation Trucost sectors in sum:

Trucost Sectors	
<b>% Revenues from Fossil Fuel Power Generation</b>	Coal Power Generation Natural Gas Power Generation Petroleum Power Generation
<b>% Revenues from Coal Power Generation</b>	Coal Power Generation

The IPCC's 1.5°C with low overshoot ("1.5°C-low-OS") primary energy and power generation pathways<sup>10</sup> defines, for each year, the primary energy and power generation energy mixes for fossil fuels in aggregate, and coal individually, that are consistent with a 1.5°C global warming scenario. In addition to the carbon intensity decile criteria, the index uses these as the thresholds for assigning companies to the Primary or Secondary Selection Groups: At each annual rebalancing, the revenue percentages shown in the table below represent the threshold that should a company's respective revenue shares exceed for the corresponding year, determines if it is to be allocated to the Secondary Selection Group, notwithstanding the highest carbon intensity decile criteria. If a company derives more revenues in percentage terms than any of the stated values in the table below for the corresponding year to the rebalancing year, for any of the four parameters, the company is assigned to the Secondary Selection Group.

<sup>9</sup> 'Primary Energy' is comprised of commercially traded fuels, including fossil and modern renewable energy sources used to generate electricity (itself a secondary use of primary energy sources).

<sup>10</sup> As presented in Table 2.6 and Table 2.7 in IPCC (2018:132-3). Mitigation Pathways Compatible with 1.5°C in the Context of Sustainable Development. In: Global Warming of 1.5°C. (the "IPCC Report" hereafter) Available at [https://www.ipcc.ch/site/assets/uploads/sites/2/2019/06/SR15\\_Full\\_Report\\_High\\_Res.pdf](https://www.ipcc.ch/site/assets/uploads/sites/2/2019/06/SR15_Full_Report_High_Res.pdf)

## Fossil Fuel & Coal Energy Mix Pathways Used to Identify Secondary Selection Group Companies

Year	% Revenues from Fossil Fuel Primary Energy	% Revenues from Coal Primary Energy	% Revenues from Fossil Fuel Power Generation	% Revenues from Coal Power Generation
2010-2020	82.53	25.63	61.32	32.32
2021	80.93	24.03	58.19	29.82
2022	79.34	22.43	55.06	27.31
2023	77.74	20.83	51.94	24.81
2024	76.15	19.23	48.81	22.30
2025	74.55	17.63	45.68	19.80
2026	72.96	16.02	42.55	17.30
2027	71.37	14.42	39.42	14.79
2028	69.77	12.82	36.30	12.29
2029	68.18	11.22	33.17	9.78
2030	66.58	9.62	30.04	7.28
2031	64.99	8.02	26.91	4.77
2032	63.40	6.42	23.78	2.26
2033	61.81	4.82	20.65	0.75
2034	60.22	3.22	17.52	0.24
2035	58.63	1.62	14.39	0.00
2036	57.04	0.02	11.26	0.00
2037	55.45	0.00	8.13	0.00
2038	53.86	0.00	5.00	0.00
2039	52.27	0.00	1.87	0.00
2040	50.68	0.00	0.00	0.00
2041	49.09	0.00	0.00	0.00
2042	47.50	0.00	0.00	0.00
2043	45.91	0.00	0.00	0.00
2044	44.32	0.00	0.00	0.00
2045	42.73	0.00	0.00	0.00
2046	41.14	0.00	0.00	0.00
2047	39.55	0.00	0.00	0.00
2048	37.96	0.00	0.00	0.00
2049	36.37	0.00	0.00	0.00
2050	34.78	0.00	0.00	0.00

Source: IPCC (2018); S&P Dow Jones Indices<sup>11</sup>

The energy mix pathways data was taken from the IPCC Report for the years 2020, 2030, and 2050, and linearly extrapolated for the years between to accommodate a unique set of targets for the index at each annual reconstitution. The coal energy mix pathways companies have been modified to linearly reduce to zero from 2030 to 2038 to align with the German government's [Coal Phase-Out Act](#).

### Constituent Ranking

At each rebalancing, a 'Ranking Score' is calculated for each eligible constituent,  $i$ , as shown below.

- If the company is in the Primary Selection Group, the Ranking Score is determined as follows:

New Constituents	Existing Constituents (with Buffer)
$Ranking Score_i$ $= ESG Score_i$ $\times FMC Percentile Rank_i$	$Ranking Score_i$ $= ESG Score_i$ $\times FMC Percentile Rank_i + 0.2$

- If the company is in the Secondary Selection Group, the Ranking Score is determined as follows:

New Constituents	Existing Constituents (with Buffer)
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<sup>11</sup> As reported in the IPCC Report. Data source: IAMC 1.5°C Scenario Explorer and Data hosted by IIASA, 2018.

$\text{Ranking Score}_i$ $= \text{ESG Score}_i \times \text{FMC Percentile Rank}_i$ $\times \text{Carbon Intensity Percentile Rank}_i$	$\text{Ranking Score}_i$ $= \text{ESG Score}_i \times \text{FMC Percentile Rank}_i$ $\times \text{Carbon Intensity Percentile Rank}_i + 0.2$
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where:

$\text{ESG Score}_i$  = the company's S&P DJI ESG score divided by 100<sup>12</sup>

$\text{FMC Percentile Rank}_i$  = the percentile rank of the companies' float-adjusted market capitalization with respect to the underlying index

$\text{Carbon Intensity Percentile Rank}_i$  = the percentile rank of the companies' inverse carbon intensity with respect to the underlying index

### High Climate Impact Companies

Constituents in the underlying index are assigned a status of either 'High' or 'Low Climate Impact' based on their GICS Sub-Industry Group.

Please refer to Appendix I for more information on this process.

### Constituent Selection

At each annual reconstitution, eligible companies in the index universe are selected according to the following process until the target constituent count of 60 is reached:

1. **Determine the (country or sector) group for constituent selection.** Identify the most underrepresented group by either GICS Sector or Domicile (based on weight by company-level float-adjusted market capitalization) with respect to their target allocation.

This is determined as the highest 'Group Underrepresentation', where Group Underrepresentation is defined as shown:

$$\text{Group Underrepresentation}_{c/s}$$

$$= (\text{Group Target Weight}_{c/s} - \text{Group Weight in Selected Universe}_{c/s})$$

where:

$\text{Group Underrepresentation}_{c/s}$  = the extent to which the current cumulatively selected weight of constituents in each country, 'c', or sector, 's', is different to the level expected by the methodology's targeted constituent selection approach.

$\text{Group Target Weight}_{c/s}$  = the total weight in the underlying index of each country, 'c', or sector, 's'. For German domiciled companies the group target weight is 1.25 times its total weight in the underlying index.

$\text{Group Weight in Selected Universe}_{c/s}$  = the total weight of each country, 'c', or sector, 's' already selected for the index prior to when the next constituent is considered for selection.

The group identified as the most underrepresented at the point of each consecutive selection will be targeted for the next constituent selected subject to following rules.

<sup>12</sup> See the [S&P DJI ESG Score Methodology](#) for more details

2. **Current High Climate Impact Exposure.** Determine the current proportion of weight of constituents selected so far categorized as being 'High Climate Impact' (based on company-level float-adjusted market capitalization). If the High Climate Impact weight of the already selected constituents is below the corresponding percentage in the underlying index, the constituent selected at the current selection iteration will be a High Climate Impact company. Otherwise, all stocks remain eligible for selection.
3. **Current Domicile Exposure.** If the group determined in step 1 is a Domicile, then move on to step 4. Otherwise, determine the current weight of each Domicile group selected so far (based on company-level float-adjusted market capitalization). If any domicile's current weight is above its corresponding target weight (as defined in step 1) then constituents within that domicile are temporarily ineligible for selection.
4. **Constituent Selection.** From the most underrepresented group identified in step 1, and, subject to the limitations imposed in steps 2 and 3, select the constituent with the highest Ranking Score (which has not yet been selected) from the Primary Selection Group.
  - a. If there are no remaining unselected eligible companies from the Primary Selection Group, repeat step 4 including Secondary Selection Group Companies.
  - b. If there are still no remaining unselected eligible companies from the most underrepresented group, repeat from step 1 for the next most underrepresented group.
  - c. If there are still no remaining unselected eligible companies from any underrepresented group, repeat from step 4, selecting from the least overrepresented group.
5. **Repeat.** If fewer than 60 constituents have been selected so far in total, repeat from step 1.

### Constituent Weighting

At each rebalancing, constituents' weights are determined based on company float-adjusted market capitalization, subject to the following constraints:

- No single constituent can exceed 7.5% in weight
- The total weight of constituents from High Climate Impact companies must equal the total weight of High Climate Impact constituents in the underlying index.
- The index's weighted-average carbon intensity (WACI) is below both the targets defined below:
  - 30% carbon intensity reduction relative to underlying index target ('Relative WACI Target')
  - 7% self-decarbonization trajectory target ('Decarbonization Trajectory WACI Target')

Relative WACI Target	Decarbonization Trajectory WACI Target
$\leq \text{underlying WACI} \times 70\% \times \text{Buffer}^*$	$\leq \text{AnchorWACI}^{**} \times \frac{(1-7\%)^{(q/4)}}{1+Inf} \times \text{Buffer}$
	where: $q$ = number of quarterly rebalances since index launch date $Inf$ = Enterprise Value Including Cash (EVIC) growth of underlying index since index Anchor Date. <sup>13</sup>

\* Where Buffer = 95% to represent a 5% margin to allow for drift between targeted and realized WACI.

\*\* WACI of index on the index's Anchor Date. Prior to launch date, the 7% Decarbonization Trajectory WACI Target was reset to the index Anchor Date. Prior to the index Anchor Date, the 7% decarbonization Trajectory WACI Target was calculated based on the index's First Value Date.

<sup>13</sup> The index 'Anchor Date' is the date of the reference index composition and base carbon intensity calculation used to determine the index's decarbonization trajectory. It is the rebalancing reference date for the most recent index rebalancing prior to the index's launch date. For more information, please refer to *Appendix III*.

At each rebalancing, constituent weights are determined as follows:

1. Determine the total weight of High Climate Impact constituents in the underlying index. This is defined as the 'Underlying High Climate Impact Exposure'.
2. Divide selected constituents into two groups based on if they are High Climate Impact or not. Weight selected constituents within each group in proportion to company float-adjusted market capitalization (FMC) while also ensuring the following conditions:
3. The sum of High Climate Impact index constituent weights = 'Underlying High Climate Impact Exposure'
4. The sum of non-High Climate Impact index constituent weights =  $(1 - \text{'Underlying High Climate Impact Exposure'})$
5. Cap any constituent weights after step 2 to 7.5%. Divide any capped excess weight into the two groups (High Climate Impact and non-High Climate Impact) in proportion to their respective weights from step 2. Redistribute the capped excess weight proportionally by company FMC within each of these two groups.
6. Measure the weighted-average carbon-intensity (WACI) of the capped index.
7. If the WACI is higher than either the Relative WACI Target or the Decarbonization Trajectory WACI Target, perform the following steps repeatedly until either both targets are met, or until the last feasible solution is found:
8. Identify the maximum contribution to WACI (*mcWACI*) across all selected index constituents. Each constituent's contribution is calculated as its weight multiplied by its Carbon Intensity.
9. Repeat step 3 and 4, replacing the cap for each constituent, *i*, as the minimum of 7.5% or  $(0.95 \times mcWACI) / \text{Carbon Intensity}$ .
10. If the above steps produce an infeasible solution, then the constituent selection process is run again after classifying the stock from step 4 with the highest *mcWACI* as ineligible for selection.

### **Index Calculations**

The index is 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 the Non-Market Capitalization Weighted Indices section of S&P Dow Jones Indices' Index Mathematics Methodology.*

# Index Maintenance

## Rebalancing

The index reconstitutes annually, effective after the close on the third Friday of June and reweights quarterly, effective after the close on the third Friday of March, September, and December. The rebalancing reference date for each rebalance is the last trading day of the prior month. As part of the rebalancing process, constituent stock weights are updated. Weights calculated as a result of the reference date data are implemented in the index using closing prices seven business days prior to the rebalancing effective date.

## Federal German Republic Disqualified Stocks

The disqualified stocks list is reviewed monthly, after the close of the last business day of each month. Stocks are added to the disqualified stocks list with a Disqualification Notification Date and a Disqualification Expiration Date. The Disqualification Notification Date is the date from which current constituents will be ineligible for index inclusion. The Disqualification Expiration Date is the date from which the stock becomes re-eligible for index inclusion.

Active disqualified stocks are all stocks on the disqualified stocks list with a Disqualification Notification Date before, and a Disqualification Expiration Date after, the current date. Active disqualified stocks are removed from the index after the close on the third Friday of the month after each review.

Disqualified stocks are replaced in the index only at the annual reconstitution. Stocks added to the list after the review date, or whose Disqualification Notification Date is a date after the third Friday of the following month, are considered for removal during the subsequent monthly review.

## Additions and Deletions

**Additions.** Except for spin-offs, no stocks are added to the index between rebalancings. Spinoffs from the eligible universe are added to the index at the same Additional Weight Factor (AWF) as the parent and are evaluated for continued index inclusion at the subsequent rebalancing.

**Deletions.** If a stock is dropped from the underlying index, it is also removed from the 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.

In addition, at the discretion of the Index Committee, a deletion may occur if an MSA is raised, or if a constituent is added to the disqualified stocks list.

## Ongoing Maintenance

Index constituents are drawn from the underlying index. Specific changes to index constituents, 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.*



## 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 Non-Market Capitalization Indices section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

## Currency of Calculation and Additional Index Return Series

The index calculates in euros.

WM/Refinitiv 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 the following: 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](http://www.spglobal.com/spdji).*

## Base Dates and History Availability

Index history availability, base dates, and base values are shown in the table below.

Index	Launch Date	First Value Date	Base Date	Base Value
S&P Eurozone Bund/SV Climate Transition ESG Select Index	07/16/2021	06/18/2010	06/18/2010	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 indices. The Index Committee meets regularly. 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.spglobal.com/spdji](http://www.spglobal.com/spdji), 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 as well as their corresponding weights and index shares effective for the upcoming rebalancing.

*Please visit [www.spglobal.com/spdji](http://www.spglobal.com/spdji) 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/Refinitiv exchange rates services are not published.

A complete holiday schedule for the year is available at [www.spglobal.com/spdji](http://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](mailto:index_services@spglobal.com).

# Index Dissemination

Index levels are available through S&P Dow Jones Indices' Web site at [www.spglobal.com/spdji](http://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	Bloomberg
S&P Eurozone Bund/SV Climate Transition ESG Select Index (EUR)	Net Total Return	SPEE6BEN

## 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/contact-us](http://www.spglobal.com/spdji/contact-us).

## S&P DJI ESG Scores Data

Company-level S&P DJI ESG Scores data are available via subscription.

For product information, please contact S&P Dow Jones Indices, [www.spglobal.com/spdji/contact-us](http://www.spglobal.com/spdji/contact-us).

## Website

For further information, please refer to S&P Dow Jones Indices' Web site at [www.spglobal.com/spdji](http://www.spglobal.com/spdji).

# Appendix I

## GICS Sub-Industry Climate Impact

The 'High Climate Impact' concept was introduced in the EU Technical Expert Group on Sustainable Finance's 2019 'TEG Final Report on Climate Benchmarks and Benchmarks' ESG Disclosures'<sup>14</sup> ('TEG Final Report') as the 'High Climate Impact Sectors' concept: Sectors of the economy that are key to the low-carbon transition.

The TEG Final Report defines these as the following nine (of a total of 21) NACE Sections:

- A. Agriculture, Forestry and Fishing
- B. Mining and Quarrying
- C. Manufacturing
- D. Electricity, Gas, Steam and Air Conditioning Supply
- E. Water Supply; Sewerage, Waste Management and Remediation Activities
- F. Construction
- G. Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles
- H. Transportation and Storage
- L. Real Estate Activities.

NACE sections are a statistical classification of economic activities used within the European community and are the subject of legislation at the EU level, which imposes the use of the classification uniformly within all the Member States.<sup>15</sup> For the purposes of this index methodology, all NACE sections not assigned as 'High Climate Impact' are deemed 'Low Climate Impact'.<sup>16</sup>

EU Climate Transition Benchmarks ('EU CTBs') are required to ensure their exposure to High Climate Impact Sectors are at least as high as the level in their underlying index. The index achieves this at the index-level via its weighting approach, as explained in Constituent Weighting, facilitated by assigning each constituent a climate impact designation ('High' or 'Low') based on its GICS Sub-Industry, as shown in the table below. This is conducted by using a NACE-to-GICS mapping.<sup>17</sup>

### GICS Sub-Industry Climate Impact Designations

GICS Sub-Industry	GICS Code	Climate Impact	GICS Sub-Industry	GICS Code	Climate Impact
Oil & Gas Drilling	10101010	High	Food Distributors	30101020	High
Oil & Gas Equipment & Services	10101020	High	Food Retail	30101030	High
Integrated Oil & Gas	10102010	High	Hypermarkets & Super Centers	30101040	High

<sup>14</sup> The EU Technical Expert Group on Sustainable Finance. (2019). TEG Final Report on Climate Benchmarks and Benchmarks' ESG Disclosures, available at [https://ec.europa.eu/info/files/190930-sustainable-finance-teg-final-report-climate-benchmarks-and-disclosures\\_en](https://ec.europa.eu/info/files/190930-sustainable-finance-teg-final-report-climate-benchmarks-and-disclosures_en).

<sup>15</sup> Eurostat (2008). NACE Rev.2; Statistical classification of economic activities in the European Community; available via <https://ec.europa.eu/eurostat/documents/3859598/5902521/KS-RA-07-015-EN.PDF>.

<sup>16</sup> 'Low Climate Impact' companies referred to elsewhere in this methodology as 'non-High Climate Impact' companies.

<sup>17</sup> S&P & MSCI in The EU Technical Expert Group on Sustainable Finance. (2019). Handbook of Climate Transition Benchmarks, Paris-Aligned Benchmarks and Benchmarks' ESG Disclosures, available at [https://ec.europa.eu/info/sites/default/files/business\\_economy\\_euro/banking\\_and\\_finance/documents/192020-sustainable-finance-teg-benchmarks-handbook\\_en\\_0.pdf](https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/192020-sustainable-finance-teg-benchmarks-handbook_en_0.pdf).

GICS Sub-Industry	GICS Code	Climate Impact	GICS Sub-Industry	GICS Code	Climate Impact
Oil & Gas Exploration & Production	10102020	High	Brewers	30201010	High
Oil & Gas Refining & Marketing	10102030	High	Distillers & Vintners	30201020	High
Oil & Gas Storage & Transportation	10102040	High	Soft Drinks	30201030	High
Coal & Consumable Fuels	10102050	High	Agricultural Products	30202010	High
Commodity Chemicals	15101010	High	Packaged Foods & Meats	30202030	High
Diversified Chemicals	15101020	High	Tobacco	30203010	High
Fertilizers & Agricultural Chemicals	15101030	High	Household Products	30301010	High
Industrial Gases	15101040	High	Personal Products	30302010	High
Specialty Chemicals	15101050	High	Health Care Equipment	35101010	High
Construction Materials	15102010	High	Health Care Supplies	35101020	High
Metal & Glass Containers	15103010	High	Health Care Distributors	35102010	High
Paper Packaging	15103020	High	Health Care Services	35102015	Low
Aluminum	15104010	High	Health Care Facilities	35102020	Low
Diversified Metals & Mining	15104020	High	Managed Health Care	35102030	Low
Copper	15104025	High	Health Care Technology	35103010	Low
Gold	15104030	High	Biotechnology	35201010	Low
Precious Metals & Minerals	15104040	High	Pharmaceuticals	35202010	High
Silver	15104045	High	Life Sciences Tools & Services	35203010	High
Steel	15104050	High	Diversified Banks	40101010	Low
Forest Products	15105010	High	Regional Banks	40101015	Low
Paper Products	15105020	High	Thrifts & Mortgage Finance	40102010	Low
Aerospace & Defense	20101010	High	Other Diversified Financial Services	40201020	Low
Building Products	20102010	High	Multi-Sector Holdings	40201030	Low
Construction & Engineering	20103010	High	Specialized Finance	40201040	Low
Electrical Components & Equipment	20104010	High	Consumer Finance	40202010	Low
Heavy Electrical Equipment	20104020	High	Asset Management & Custody Banks	40203010	Low
Industrial Conglomerates	20105010	Low	Investment Banking & Brokerage	40203020	Low
Construction Machinery & Heavy Trucks	20106010	High	Diversified Capital Markets	40203030	Low
Agricultural & Farm Machinery	20106015	High	Financial Exchanges & Data	40203040	Low
Industrial Machinery	20106020	High	Mortgage REITs	40204010	Low
Trading Companies & Distributors	20107010	High	Insurance Brokers	40301010	Low
Commercial Printing	20201010	High	Life & Health Insurance	40301020	Low
Environmental & Facilities Services	20201050	High	Multi-line Insurance	40301030	Low
Office Services & Supplies	20201060	High	Property & Casualty Insurance	40301040	Low
Diversified Support Services	20201070	Low	Reinsurance	40301050	Low
Security & Alarm Services	20201080	Low	IT Consulting & Other Services	45102010	Low
Human Resource & Employment Services	20202010	Low	Data Processing & Outsourced Services	45102020	Low
Research & Consulting Services	20202020	Low	Internet Services & Infrastructure	45102030	Low
Air Freight & Logistics	20301010	High	Application Software	45103010	Low
Airlines	20302010	High	Systems Software	45103020	Low
Marine	20303010	High	Communications Equipment	45201020	High
Railroads	20304010	High	Technology Hardware, Storage & Peripherals	45202030	High
Trucking	20304020	High	Electronic Equipment & Instruments	45203010	High
Airport Services	20305010	High	Electronic Components	45203015	High
Highways & Railtracks	20305020	High	Electronic Manufacturing Services	45203020	High
Marine Ports & Services	20305030	High	Technology Distributors	45203030	High
Auto Parts & Equipment	25101010	High	Semiconductor Equipment	45301010	High
Tires & Rubber	25101020	High	Semiconductors	45301020	High
Automobile Manufacturers	25102010	High	Alternative Carriers	50101010	Low
Motorcycle Manufacturers	25102020	High	Integrated Telecommunication Services	50101020	Low
Consumer Electronics	25201010	High	Wireless Telecommunication Services	50102010	Low
Home Furnishings	25201020	High	Advertising	50201010	Low
Homebuilding	25201030	High	Broadcasting	50201020	Low
Household Appliances	25201040	High	Cable & Satellite	50201030	Low
Housewares & Specialties	25201050	High	Publishing	50201040	Low
Leisure Products	25202010	High	Movies & Entertainment	50202010	Low
Apparel, Accessories & Luxury Goods	25203010	High	Interactive Home Entertainment	50202020	Low
Footwear	25203020	High	Interactive Media & Services	50203010	Low

<b>GICS Sub-Industry</b>	<b>GICS Code</b>	<b>Climate Impact</b>	<b>GICS Sub-Industry</b>	<b>GICS Code</b>	<b>Climate Impact</b>
Textiles	25203030	High	Electric Utilities	55101010	High
Casinos & Gaming	25301010	Low	Gas Utilities	55102010	High
Hotels, Resorts & Cruise Lines	25301020	Low	Multi-Utilities	55103010	High
Leisure Facilities	25301030	Low	Water Utilities	55104010	High
Restaurants	25301040	Low	Independent Power Producers & Energy Traders	55105010	High
Education Services	25302010	Low	Renewable Electricity	55105020	High
Specialized Consumer Services	25302020	Low	Diversified REITs	60101010	High
Distributors	25501010	High	Industrial REITs	60101020	High
Internet & Direct Marketing Retail	25502020	High	Hotel & Resort REITs	60101030	High
Department Stores	25503010	High	Office REITs	60101040	High
General Merchandise Stores	25503020	High	Health Care REITs	60101050	High
Apparel Retail	25504010	High	Residential REITs	60101060	High
Computer & Electronics Retail	25504020	High	Retail REITs	60101070	High
Home Improvement Retail	25504030	High	Specialized REITs	60101080	High
Specialty Stores	25504040	High	Diversified Real Estate Activities	60102010	High
Automotive Retail	25504050	High	Real Estate Operating Companies	60102020	High
Homefurnishing Retail	25504060	High	Real Estate Development	60102030	High
Drug Retail	30101010	High	Real Estate Services	60102040	High



## Appendix II

The index employs a “Backward Data Assumption” method for some datapoints used in the derivation of historical index membership prior to the Live Data Effective Date (defined below). The “Backward Data Assumption” method involves applying the earliest available actual live data point for an index constituent to all prior, historical instances of that constituent in the index universe.

Backward Data Assumption affects only the historical, hypothetical constituents of any index back-test. Only actual live data is ever used in live index rebalancings and in the historical rebalancing calculation of an index after its Live Data Effective Date.

For more information on S&P DJI’s principles and processes for using Backward Data Assumption, please refer to the [FAQ](#).

### Designated Datasets Subject to Backward Data Assumption

The Backward Data Assumption within the historical back-test, with respect to the indices identified above, applies only to designated datasets and associated time horizons as defined below. For each designated dataset, all historical rebalancing events prior to the Live Data Reference Date listed below are subject to use of the Backward Data Assumption.

Data Provider	Designated Dataset	Live Data Reference Date	Live Data Effective Date
Sustainalytics	Product Involvement	05/29/2020	06/19/2020

The Live Data Reference Date refers to the first rebalancing reference date from which only actual live data is used.

The Live Data Effective Date refers to the first date from which index constituents are determined solely on actual live data for each respective dataset.

### Exclusions Based on Missing Coverage

This index excludes companies based on missing coverage with respect to the designated datasets above. However, for rebalancing dates prior to each respective Live Data Reference Date, the eligibility of companies is determined based on the coverage after applying the Backward Data Assumption and is not dictated by actual live data coverage.

### Historical Coverage Assessment per Designated Dataset

**Sustainalytics Business Activity Exclusions Coverage** (with respect to underlying index universe):

Rebalancing Date	Underlying Index Stock Count	Point-in-Time Data		After Using the Data Assumption	
		Stock Count	Index Weight	Stock Count	Index Weight
2010	240	0	0.0%	225	98.7%
2011	247	0	0.0%	234	98.9%
2012	247	0	0.0%	236	98.6%
2013	229	205	93.5%	221	98.5%
2014	246	227	98.7%	241	99.0%
2015	264	245	98.7%	260	99.2%
2016	274	264	99.5%	272	99.8%
2017	272	270	99.7%	271	99.8%
2018	271	268	99.7%	268	99.7%
2019	269	267	99.9%	268	99.9%

Rebalancing Date	Underlying Index Stock Count	Point-in-Time Data		After Using the Data Assumption	
		Stock Count	Index Weight	Stock Count	Index Weight
2020	255	253	99.9%	n/a	n/a

Coverage for each Sustainalytics Category of Involvement may differ due to the initiation of coverage for each sub-dataset. Actual live data coverage for each sub-dataset is therefore zero before its respective Coverage Initiation Date provided below:

Sustainalytics Category of Involvement	Coverage Initiation Date
Controversial Weapons: Tailor-made and Essential	12/31/2012
Controversial Weapons: Significant ownership (Tailor-made and Essential)	12/31/2018
Nuclear Power: Production	12/31/2012
Tobacco: Production	12/31/2012
Tobacco: Related Products/Services	12/31/2012
Tobacco: Retail	12/31/2012
Tobacco: Significant ownership (production)	12/31/2018
Tobacco: Significant ownership (related products/services)	12/31/2018
Tobacco: Significant ownership (retail)	12/31/2018

# Appendix III

## Index Anchor Date of Decarbonization Trajectory

The index 'Anchor Date' is the date of the reference index composition and base carbon intensity calculation used to determine the index's decarbonization trajectory. It is the rebalancing reference date for the most recent index rebalancing prior to the index's launch date.

Prior to the index 'Anchor Date' the index's 'First Value Date' is used to determine the index's decarbonization trajectory.

Index	First Value Date	Anchor Date	Launch Date	Base Value
S&P Eurozone Bund/SV Climate Transition ESG Select Index	06/18/2010	05/31/2021	07/16/2021	100

# Disclaimer

## Performance Disclosure/Back-Tested Data

S&P Dow Jones Indices defines various dates to assist our clients in 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 Dow Jones Indices 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. 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 S&P DJI's 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.

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