

S&P Sustainability Screened Indices *Methodology*

September 2020

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Introduction

Index Objective

The S&P Sustainability Screened Indices measure the performance of stocks in the relevant underlying index, excluding companies involved in the certain controversial business activities specified in *Eligibility Criteria*. Index constituents are float-adjusted market capitalization weighted.

Index Family

The index family currently includes the following:

- S&P 500 Sustainability Screened Index
- S&P MidCap 400 Sustainability Screened Index
- S&P SmallCap 600 Sustainability Screened Index

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.

Eligibility Criteria

Index Universe

The index is constructed from constituents of the underlying index.

S&P ESG Screened Index	Underlying Index
S&P 500 Sustainability Screened Index	S&P 500
S&P MidCap 400 Sustainability Screened Index	S&P MidCap 400
S&P SmallCap 600 Sustainability Screened Index	S&P SmallCap 600

For more information on an underlying index, please refer to the underlying index methodology, available www.spdji.com.

Index Exclusions

As of each rebalancing reference date companies with specific fossil fuel reserves, as measured by S&P Trucost Limited (Trucost), are excluded from the eligible universe¹.

Trucost Category of Involvement	Trucost Category of Involvement Description	Trucost Involvement Proxy	S&P DJI Level of Involvement Threshold
Thermal Coal	The company has proven and probable (2P) thermal coal reserves (coal used to generate power – also known as ‘steam coal’).	2P ² Fossil Fuel Reserves (millions of tonnes (Mt)/ millions of barrels (mmbbl)/billion cubic feet (bcf)/ million barrels of oil equivalents (mmboe))	>0
‘Other’ (non-Metallurgical) Coal	The company has proven and probable (2P) coal reserves used for all other non-metallurgical or thermal coal uses, such uses as chemical biproducts, coal briquettes, residential use, liquid fuel, cement production, paper manufacturing, pharmaceutical, alumina refineries, ferrochrome, anthracite. This also includes all coal reserves reported where reserves are not disclosed transparently as for either thermal or metallurgical uses.		
Conventional and Unconventional Oil	The company has proven and probable (2P) conventional (crude) or unconventional oil reserves. Unconventional oils include natural gas liquids (NGL), oil sands, condensates and liquid petroleum gas (LPG).		
Natural Gas	The company has proven and probable (2P) natural gas reserves – a naturally occurring hydrocarbon gas mixture consisting primarily of methane.		
Shale Gas	The company has proven and probable (2P) shale gas – gas trapped in rock, commonly shale or tight siltstone limestone or dolomite, below the earth’s surface.		
‘Other’ Oil and Gas	The company has proven and probable (2P) oil and/or gas reserves, but these are not disclosed transparently as specific types of oil or gas, or are disclosed as one aggregate quantity of oil and gas reserves combined.		

For information on the Trucost methodology please refer to Appendix I, and <http://www.trucost.com/> for more information on Trucost generally.

¹ Prior to 2012 Trucost did not collect data on fossil fuel reserves. For the purposes of index history, fossil fuel reserves data from the earliest available date for each company in the underlying index has been applied to all historical rebalances.

² 2P, or ‘proven and probable’ reserves, are those with more than a 50% probability level of being recovered.

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	Sustainalytics Category of Involvement and Description	Involvement Proxy	S&P DJI Level of Involvement Threshold	S&P DJI Significant Ownership Threshold
Controversial Weapons	Tailor Made and Essential & Non Tailor Made and Non Essential: The company is involved in the core weapon system, or components/services of the core weapon system that are, and are not, considered tailor-made and essential for the lethal use of the weapon.	NA	>0%	≥25%
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.	Revenue	>0%	Not Relevant
	Military/Law Enforcement Customers: The company manufactures and sells small arms to military/law enforcement customers.			
	Key Components: The company manufactures and sells key components of small arms.			
	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).			
Tobacco	Production: The company manufactures tobacco products.		>0%	Not Relevant
	Related Products/Services: The company supplies tobacco-related products/services.		≥10%	
	Retail (≥10% total revenues): The company derives 10 per cent or more of its revenues from the distribution and/or retail sale of tobacco products.		≥10%	≥25%
Oil Sands	Extraction: The company extracts oil sands.	≥5%	Not Relevant	
Shale Energy	Extraction: The company is involved in shale energy exploration and/or production.			
Thermal Coal	Extraction: The company extracts thermal coal.			
	Power Generation: The company generates electricity from thermal coal.			

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 from companies with coverage, companies without exclusions coverage are ineligible for index inclusion until they receive such coverage. Spin-offs from existing index constituents are assigned the exclusions designations of the parent company as of the ex-date and will retain these designations until they are assessed by the relevant exclusions provider in their own right.

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.

Index Construction

Constituent Selection

At each rebalancing, all eligible companies in each underlying index form each respective S&P Sustainability Screened Index.

Constituent Weighting

The indices are float-adjusted market capitalization weighted.

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 Market Capitalization Weighted Indices section of S&P Dow Jones Indices' Index Mathematics Methodology.

Index Maintenance

Rebalancing

The indices rebalance 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 each index is the composition of the underlying index at the close of the rebalancing reference date.

Ongoing Maintenance

The constituents of each index are drawn from their underlying indices. 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 the 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.

Additions and Deletions

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 criteria described in *Eligibility Criteria*.

Deletions. If a stock is dropped from an 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.

A constituent flagged by the SAM (part of S&P Global) Media and Stakeholder Analysis (MSA) may also be removed if the Index Committee determines that the company in question is no longer eligible for index inclusion.

Media and Stakeholder Analysis Overlay

SAM uses RepRisk, a leading provider of business intelligence on environmental, social, and governance risks, for daily filtering, screening, and analysis of controversies related to companies within the indices.

In cases where risks are presented, SAM 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 SAM's MSA to evaluate the potential impact of controversial company activities on the composition of the indices. In the event that 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. This service is provided for most of S&P Dow Jones Indices' Sustainability Indices and is not considered a direct contribution to the index construction process.

Corporate Actions

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

Currency of Calculation and Additional Index Return Series

The indices calculate in U.S. dollars.

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 Reuters data and appear on Reuters 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 the index calculation, 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 shown in the table below.

Index	Launch Date	First Value Date	Base Date	Base Value
S&P 500 Sustainability Screened Index	07/06/2020	06/18/2010	06/18/2010	1000
S&P MidCap 400 Sustainability Screened Index	07/06/2020	06/18/2010	06/18/2010	1000
S&P SmallCap 600 Sustainability Screened Index	07/06/2020	06/18/2010	06/18/2010	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

An S&P Dow Jones Indices' Index Committee manages the indices. 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 S&P Sustainability Screened Indices are calculated when the U.S. equity markets are open.

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 (USD)	Return Type	Bloomberg	RIC
S&P 500 Sustainability Screened Index	Price Return	SP5ESUP	.SP5ESUP
	Total Return	SP5ESUT	.SP5ESUT
	Net Total Return	SP5ESUN	.SP5ESUN
S&P MidCap 400 Sustainability Screened Index	Price Return	SP4ESUP	.SP4ESUP
	Total Return	SP4ESUT	.SP4ESUT
	Net Total Return	SP4ESUN	.SP4ESUN
S&P SmallCap 600 Sustainability Screened Index	Price Return	SP6ESUP	.SP6ESUP
	Total Return	SP6ESUT	.SP6ESUT
	Net Total Return	SP6ESUN	.SP6ESUN

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 I

Trucost Methodology

Trucost has analyzed the environmental performance of over 16,000 companies worldwide. Trucost's standardized greenhouse gas ("GHG") emissions data provides a proxy for carbon performance. To calculate the carbon intensity of any company included in the indices, Trucost reviews company annual reports and accounts, environmental/sustainability reports, public disclosures and corporate Web sites.

However, many companies do not disclose their environmental or carbon impacts. Where there is no public disclosure, Trucost employs its environmental profiling system. This proprietary Input-Output model maps the GHG impacts of business activities in 464 sectors. Trucost's broad coverage seeks to ensure that all non-disclosing companies are considered for index eligibility, not just those that disclose environmental information.

Six greenhouse gases (GHGs) are included in the analysis; these are all the GHGs regulated under the Kyoto protocol. Each gas has a different capacity to cause global warming. Although carbon dioxide ("CO₂") is the least potent of the GHGs, it is one of the most prevalent in terms of man-made emissions. The GHGs are calculated for each company and converted into tons of carbon dioxide equivalents based on the appropriate Global Warming Potential factors. The Global Warming Potential ("GWP") index, published by the Intergovernmental Panel on Climate Change ("IPCC"), assesses the effect of the emissions of different gases over a 100-year time period, relative to the emission of an equal mass of CO₂. GWP enables all the GHGs to be expressed in terms of CO₂ equivalents, or CO₂e, and is used as the basis for the analysis and for index calculation. Quantities of greenhouse gas emissions are, then, normalized by sales to calculate the company's carbon footprint, or "carbon intensity". The smaller the carbon footprint, the less investments contribute to climate change and the lower an index's exposure to the rising costs of emitting carbon dioxide.

Trucost, a part of S&P Global, is a leader in carbon and environmental data and risk analysis and assesses risks relating to climate change, natural resource constraints, and broader environmental, social and governance factors.

For more information please refer to <http://www.trucost.com/>.

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