

Main Commentary & Highlights

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EQUITY INDEX	Return 3 M (%)	Return YTD (%)	Return 3 Y Annualised (%)	Tracking Error 3 Y Annualised (%)	Stock Count
1. S&P 500 Net Zero 2050 Paris-Aligned ESG	9.1	9.1	18.8	2.0	313
2. S&P 500 Net Zero 2050 Climate Transition ESG	8.6	8.6	18.3	1.8	348
3. S&P 500 Carbon Efficient	7.3	7.3	18.6	0.6	485
4. S&P 500 Fossil Fuel Free	8.0	8.0	17.9	0.8	487
5. S&P 500 ESG	8.1	8.1	19.9	1.5	303
6. S&P 500 ESG Leaders	9.5	9.5	20.5	2.2	208
7. S&P 500 ESG Elite	8.4	8.4	18.4	3.2	96
8. S&P 500® (Parent Benchmark)	7.5	7.5	18.6	N/A	503
9. S&P Developed Ex-K LMC Net Zero 2050 Paris-Aligned ESG	9.6	9.6	16.2	2.2	705
10. S&P Developed Ex-K LMC Net Zero 2050 Climate Transition ESG	8.9	8.9	16.5	1.9	763
11. S&P Developed Ex-K LMC ESG	8.4	8.4	17.7	1.2	877
12. S&P Developed Ex-K LMC (Parent Benchmark)	7.9	7.9	16.6	N/A	1,598
13. S&P Eurozone LMC Net Zero 2050 Paris-Aligned ESG	14.3	14.3	16.8	2.4	103
14. S&P Eurozone LMC Net Zero 2050 Climate Transition ESG	14.7	14.7	17.2	2.7	89
15. S&P Eurozone LMC (Parent Benchmark)	12.3	12.3	17.4	N/A	222

ESG Score Improvement vs Tracking Error 3 Years



EQUITY INDEX:	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
WACI Improvement (%)	61.8	48.8	24.4	8.1	20.8	38.7	41.7	N/A	61.3	52.1	17.2	N/A	74.1	70.1	N/A
FFR Improvement (%)	100.0	40.9	9.8	100.0	5.8	61.2	100.0	N/A	100.0	38.3	35.9	N/A	100.0	77.9	N/A
ESG Score Improvement	9.3	0.8	0.4	0.8	8.8	12.4	22.9	N/A	4.6	1.2	8.8	N/A	4.2	1.2	N/A
Temperature Alignment (Forward-Looking)	1.5°C	1.5°C	2°C	2°C	>3°C	>3°C	2°C	3°C	1.5°C	1.5°C	3°C	3°C	1.5°C	1.5°C	2°C
% (under)/over 2°C Carbon Budget	-35.9	-32.8	-2.0	-3.2	22.2	24.1	-5.8	5.3	-37.3	-35.2	14.6	9.5	-39.6	-41.4	-4.0
Financial Impact of Physical Climate Risk (%)	3.7	3.6	3.6	3.7	3.6	3.6	3.8	3.6	3.8	3.7	3.7	3.7	4.5	4.8	4.1
Carbon Earnings at Risk as a % of EBITDA	3.0	4.5	7.4	9.2	8.3	7.6	6.2	7.1	2.8	3.8	9.1	14.2	1.9	2.0	44.2
WAECI Improvement (%)	49.4	40.7	22.1	7.6	18.8	31.2	18.1	N/A	45.8	39.3	13.9	N/A	60.1	45.6	N/A
% Board Female Representation	34.0	33.7	33.5	33.4	34.1	34.5	33.7	33.5	34.1	33.6	34.1	33.3	41.2	42.3	41.0

Ex-K: Ex-Korea; LMC: LargeMidCap. Source for climate metrics: S&P Global Trucost. Source for ESG scores: S&P Dow Jones Indices. See definitions in Appendix [P9].

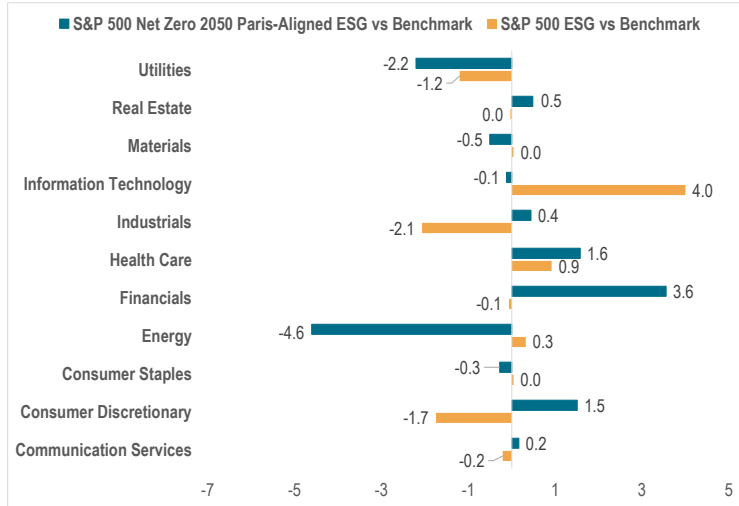
**COMMENTARY**

- Return Performance:**
  - The **S&P 500 ESG Leaders**, the **S&P 500 ESG Elite**, and the **S&P 500 ESG** indices outperformed their benchmark by +2.0%, +0.9%, and +0.6%, respectively. The **S&P 500 ESG Leaders** benefitted from: 1) an under-weight in Health Care, which underperformed the S&P 500 by -11.8% and 2) positive Selection Effects in Energy and Financials. The **S&P 500 ESG Elite** benefitted from: 1) an under-weight in Energy, which underperformed the S&P 500 by -12.2% and 2) a strong Selection Effect in Financials. The **S&P 500 ESG** benefitted from an over-weight in Communication Services, which outperformed the S&P 500 by +13.0%.
  - Similar to the S&P 500 ESG Elite, an underweight in the poorly-performing **Energy** sector drove most of our reported **Climate-focused** indices to outperformance in Q1.
- New Climate / ESG Metrics:** This quarter, we included two new metrics into our inventory: 1) **Financial Impact of Physical Climate Risk**, a measure of potential losses as a proportion of assets associated with physical climate risks, 2) **% Board Female Representation**, which is the index weighted average of the number of women on a company's board of directors/supervisory board divided by the total number of board directors.
- Point-in-Time Carbon Reduction ≠ Alignment with the Paris Agreement's Goals:**
  - S&P 500 ESG index reduced Weighted Average Carbon Intensity (WACI) by 21% as of 31 March 2023. This is just point-in-time, however. Temperature Alignment considers a forward-looking transition pathway assessment. Based on this assessment, the S&P 500 ESG is only aligned with >3 °C scenario and is over its 2 °C Carbon budget by 22%. An overweight in the Energy sector is the primary reason - see [P2] for more details on sector exposures;
  - Only the Paris-Aligned ESG index family aligns with a 1.5 °C scenario: its S&P 500 variant is under its 2 °C Carbon budget by -36%.
- Quarterly Insight:** This quarter, we welcome our newly-launched flagship Fixed Income Climate index into this dashboard: **iBoxx Euro Corporates Net Zero Paris-Aligned ESG Index** (see [P8]). We take a closer look at its carbon-related portfolio exposures and associated performance attribution on [P7].

RESOURCES

- [Measuring Board Gender Diversity across S&P ESG Indices](#)
- [International Women's Day Embraces Equity, blog by Barbara Velado](#)

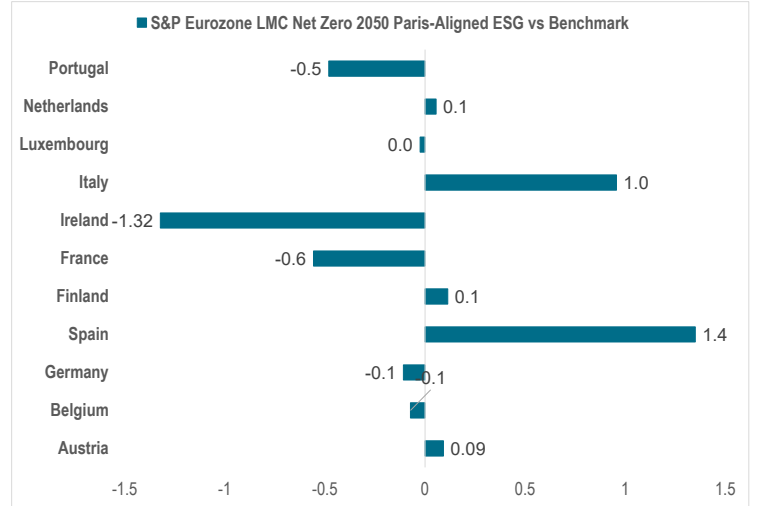
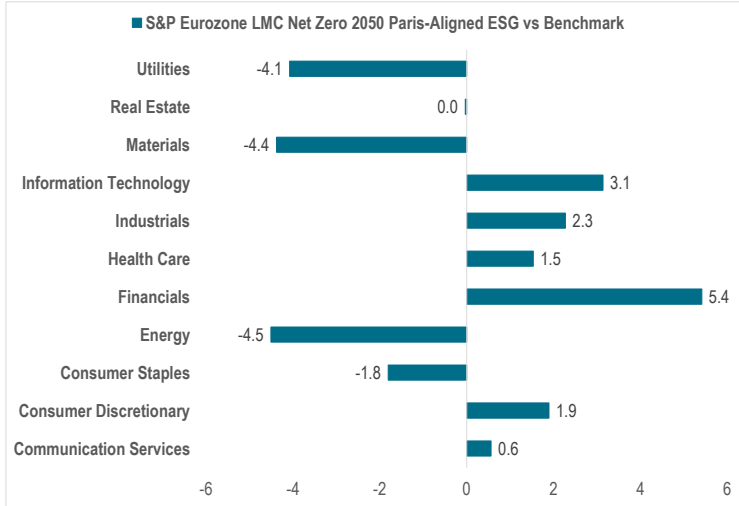
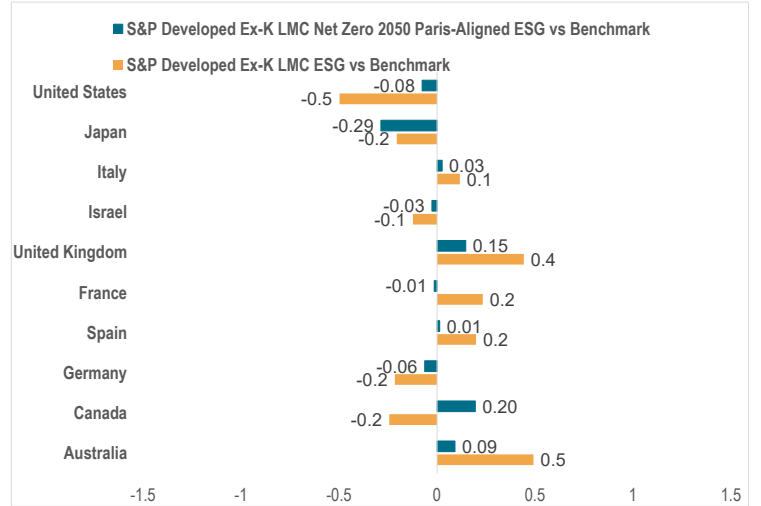
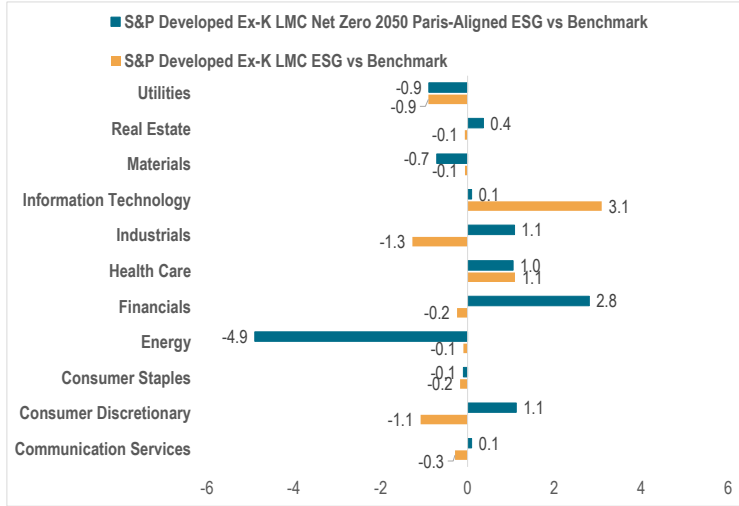
Active Weights - Sector Exposure (%)



**Greener sectors such as Information Technology and Healthcare tend to be overweighted, whereas Carbon intensive sectors like Utilities and Energy tend to be under-weighted:**

- S&P Paris-Aligned ESG indices hold no exposure to Energy sector by design, whereas the S&P 500 ESG index has a slight over-weight to this sector (+0.3%);
- Consumer Discretionary is heavily under-weight in S&P ESG indices, both within the U.S. (-1.7%) and Developed (-1.1%) indices, whereas it has an over-weight in the S&P Paris-Aligned ESG indices;
  - This is particularly apparent in the S&P 500 ESG with an under-weight of -1.7%, driven by deletion of Tesla from the index, while the Paris Aligned

Active Weights - Country Exposure (%)



RESOURCES

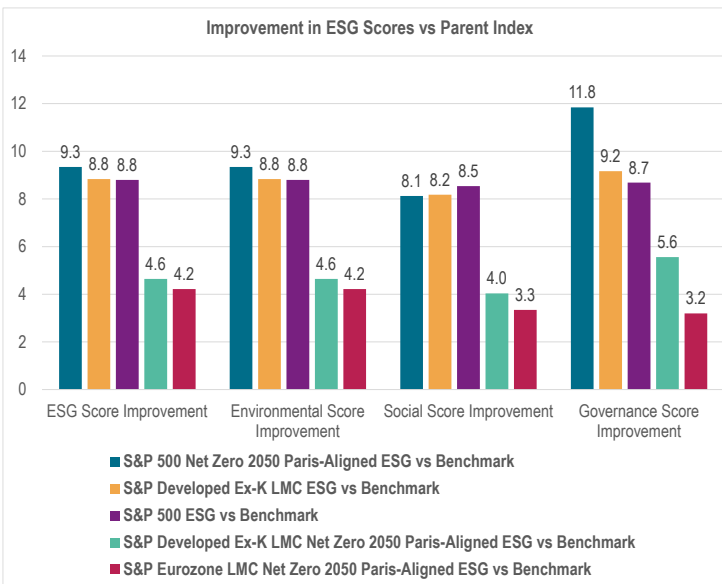
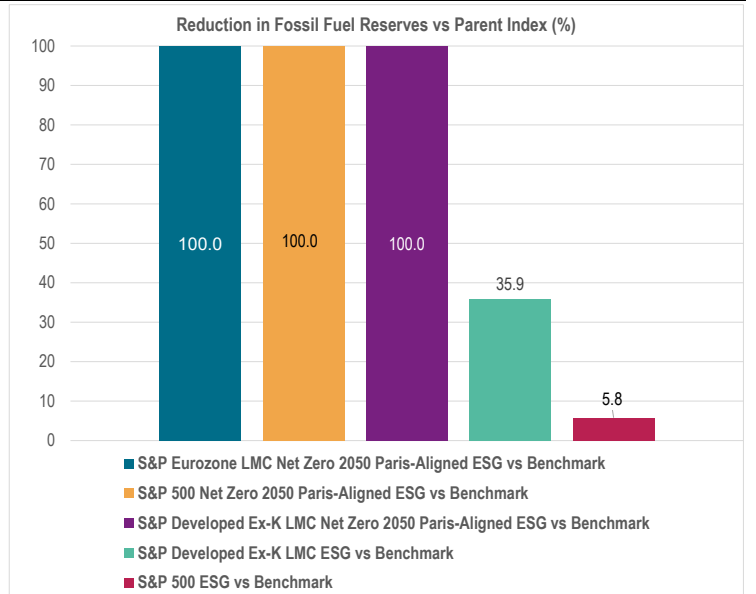
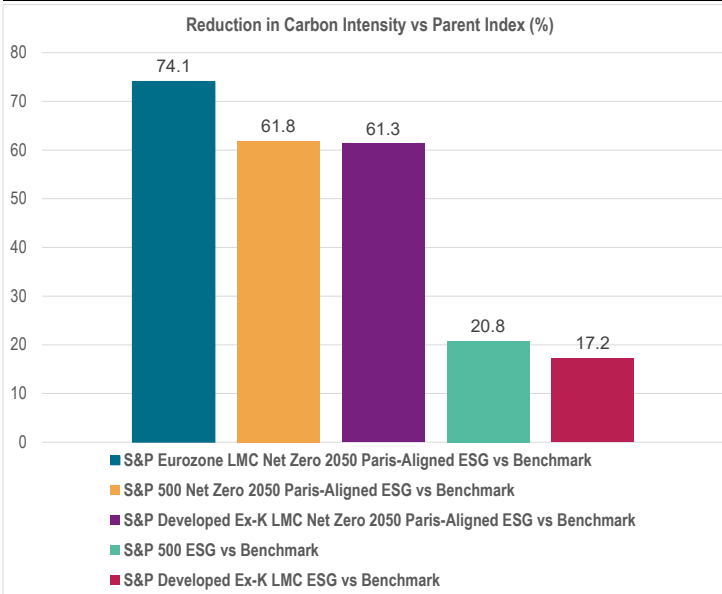
[S&P Paris-Aligned and Climate Transition \(PACT\) Indices Methodology](#)

[S&P PACT Indices Target Sector Neutrality, blog by Ben Leale-Green](#)

[S&P ESG Index Series Methodology](#)

[The \(Re\)Balancing Act of the S&P 500 ESG Index, blog by Margaret Dorn](#)

Climate & ESG Performance Improvement vs Parent Index



ESG ≠ Climate:

S&P Paris-Aligned ESG: Significant improvements in Climate metrics with a considerable increase in ESG score.

S&P ESG: Material improvements in ESG score with only modest enhancements in Climate metrics.

- Compared to S&P ESG indices, S&P Paris-Aligned ESG indices achieved greater improvements in Climate metrics relative to their parent benchmarks;
- S&P ESG indices achieved material improvements in ESG scores, but with typically modest enhancements in Carbon Footprint. This offers a reminder that **ESG indices do not prioritize climate goals over other factors, including Social and Governance as well as other Environmental elements not linked to the climate.**
- Within the ESG score, the largest improvements for nearly all the examined indices are in their Governance score; i.e. the "G" of ESG. The S&P Eurozone LMC Net Zero Paris-Aligned ESG Index provides the exception.
- Environmental scores are higher than Social and Governance, across all the flagship ESG Climate and Core ESG indices, as well as their benchmarks.

Carbon Footprint and ESG Scoring Summary

	WACI (tCO2e/\$M Revenues)	FFR (tCO2e/\$M Invested)	ESG Score	Environmental Score	Social Score	Governance Score
1. S&P 500 Net Zero 2050 Paris-Aligned ESG	73.0	0.0	77.6	81.8	70.2	75.9
2. S&P 500 Net Zero 2050 Climate Transition ESG	97.9	237.2	69.1	73.6	58.6	70.0
3. S&P 500 Carbon Efficient	144.6	362.1	68.7	74.1	58.7	69.1
4. S&P 500 Fossil Fuel Free	175.7	0.0	69.1	74.8	59.0	69.4
5. S&P 500 ESG	151.3	378.1	77.1	82.2	67.0	75.8
6. S&P 500 ESG Leaders	117.2	155.5	80.7	86.0	70.7	78.9
7. S&P 500 ESG Elite	111.5	0.0	91.1	92.5	88.2	88.2
8. S&P 500® (Parent Benchmark)	191.2	401.3	68.3	73.6	58.3	68.7
9. S&P Developed Ex-K LMC Net Zero 2050 Paris-Aligned ESG	74.3	0.0	76.8	79.6	70.8	75.5
10. S&P Developed Ex-K LMC Net Zero 2050 Climate Transition ESG	92.0	639.8	73.4	76.5	65.5	73.4
11. S&P Developed Ex-K LMC ESG	159.1	664.7	81.0	83.8	74.4	79.2
12. S&P Developed Ex-K LMC (Parent Benchmark)	192.2	1036.6	72.2	75.6	65.2	71.5
13. S&P Eurozone LMC Net Zero 2050 Paris-Aligned ESG	49.4	0.0	91.5	90.7	90.4	89.6
14. S&P Eurozone LMC Net Zero 2050 Climate Transition ESG	57.0	227.3	88.5	89.1	87.9	85.3
15. S&P Eurozone LMC (Parent Benchmark)	190.8	1029.3	87.3	87.3	87.3	83.4

Source for WACI and FFR: S&P Trucost. ESG scores range: 0-100. Source: S&P Dow Jones Indices. See definitions in Appendix [P9].

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**Carbon Sector Attribution**

[P5] Carbon Quintile Performance Attribution

[P6] Excess Return and Tracking Error

[P7] Quarterly Insight

[P8] Further Indices

- In the below analysis, we ran a Carbon Sector Attribution, where we show the relative contribution of sector and stock-level weightings in the improvement in Weighted Average Carbon Intensity (WACI) in S&P Dow Jones' flagship Core ESG and ESG Climate indices compared to their parent benchmarks, showing the contribution of each sector to the improvement in WACI;
- For example, when an ESG Climate index under-weights a carbon-intensive sector versus its parent benchmark, this analysis shows the impact of that "bet" on index's relative WACI, in the form of an Allocation Effect;
- Then within each sector, we also report the company-level Selection Effect. Combining the Selection Effect and the Allocation Effect effects gives the Total Effect, which is equal to the total reduction in WACI relative to parent benchmark (see [P3] for Climate Profile).

### Carbon Sector Attribution

Index: S&P 500 Net Zero 2050 Paris-Aligned ESG Parent Benchmark: S&P 500	WACI (tCO2e/\$M Revenues)		Attribution Analysis (As a % of Benchmark)		
	Index	Benchmark	Allocation Effect	Selection Effect	Total Effect
<b>Totals/Averages</b>	<b>74.61</b>	<b>191.88</b>	<b>43.83</b>	<b>17.29</b>	<b>61.12</b>
Communication Services	2.88	2.73	0.49	0.02	0.51
Consumer Discretionary	5.90	11.04	0.75	3.67	4.43
Consumer Staples	12.75	12.49	(0.07)	(0.79)	(0.86)
Energy	0.00	29.11	10.56	0.00	10.56
Financials	1.58	6.51	1.60	3.14	4.73
Health Care	6.22	6.04	0.89	0.16	1.05
Industrials	16.60	17.73	0.00	0.53	0.54
Information Technology	13.41	13.37	1.82	0.64	2.46
Materials	6.88	23.61	2.52	5.50	8.03
Real Estate	4.41	2.89	0.10	(0.65)	(0.56)
Utilities	3.97	66.34	25.17	5.06	30.23

Index: S&P 500 ESG Parent Benchmark: S&P 500	WACI (tCO2e/\$M Revenues)		Attribution Analysis (As a % of Benchmark)		
	Index	Benchmark	Allocation Effect	Selection Effect	Total Effect
<b>Totals/Averages</b>	<b>143.01</b>	<b>191.88</b>	<b>17.97</b>	<b>7.50</b>	<b>25.47</b>
Communication Services	2.69	2.73	(0.13)	(0.01)	(0.14)
Consumer Discretionary	11.58	11.04	(0.73)	(1.24)	(1.97)
Consumer Staples	13.72	12.49	0.01	(0.57)	(0.56)
Energy	30.70	29.11	(0.81)	0.33	(0.48)
Financials	1.47	6.51	0.01	2.64	2.65
Health Care	6.23	6.04	0.85	0.15	1.00
Industrials	17.73	17.73	0.13	(2.16)	(2.02)
Information Technology	14.43	13.37	3.07	0.57	3.64
Materials	17.35	23.61	2.40	0.21	2.61
Real Estate	3.39	2.89	(0.01)	(0.27)	(0.27)
Utilities	23.73	66.34	13.17	7.84	21.01

Index: S&P Developed Ex-K LMC Net Zero 2050 Paris-Aligned ESG Parent Benchmark: S&P Developed Ex-K LMC	WACI (tCO2e/\$M Revenues)		Attribution Analysis (As a % of Benchmark)		
	Index	Benchmark	Allocation Effect	Selection Effect	Total Effect
<b>Totals/Averages</b>	<b>76.37</b>	<b>192.85</b>	<b>26.59</b>	<b>33.80</b>	<b>60.40</b>

Index: S&P Developed Ex-K LMC ESG Parent Benchmark: S&P Developed Ex-K LMC	WACI (tCO2e/\$M Revenues)		Attribution Analysis (As a % of Benchmark)		
	Index	Benchmark	Allocation Effect	Selection Effect	Total Effect
<b>Totals/Averages</b>	<b>152.31</b>	<b>192.85</b>	<b>11.48</b>	<b>9.54</b>	<b>21.02</b>

Index: S&P Eurozone LMC Net Zero 2050 Paris-Aligned ESG Benchmark: S&P Eurozone LMC	WACI (tCO2e/\$M Revenues)		Attribution Analysis (As a % of Benchmark)		
	Index	Benchmark	Allocation Effect	Selection Effect	Total Effect
<b>Totals/Averages</b>	<b>52.57</b>	<b>195.44</b>	<b>47.35</b>	<b>25.75</b>	<b>73.10</b>

Source for WACI: S&P Trucost. Analysis carried out using the [Portfolio Analytics tool](#) on S&P Capital IQ Pro.

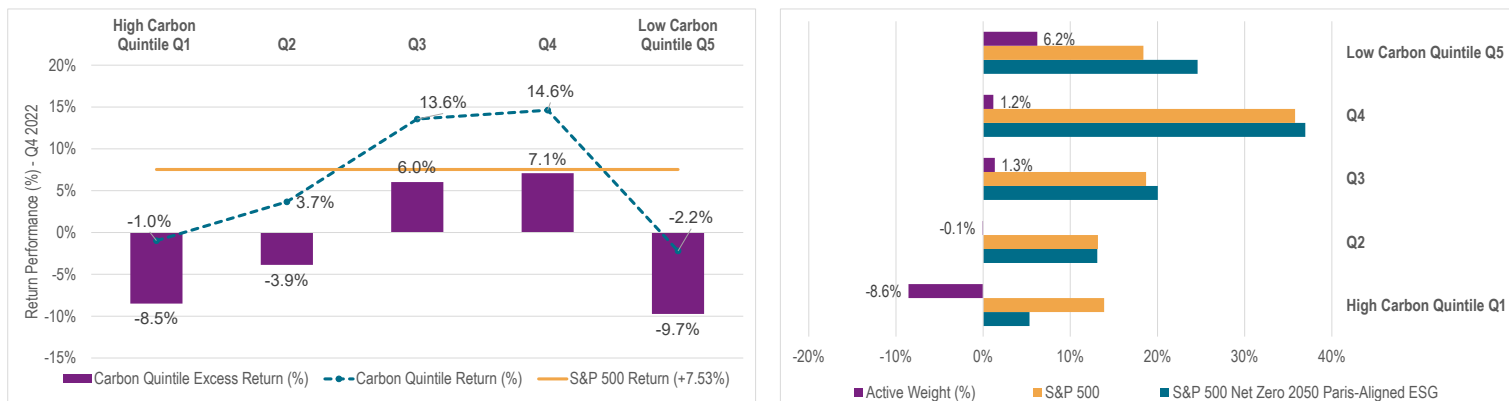
Ex-K: Ex-Korea; LMC: LargeMidCap. See definitions in [Appendix \[P9\]](#).

### COMMENTARY

- The S&P 500 Net Zero 2050 Paris Aligned ESG reduced WACI by 61% relative to its parent benchmark, the S&P 500. Out of this 61%, c. 44% came from a Sector Allocation effect;
  - Under-weighting Utilities** and holding **no exposure to Energy** contributed most to index's relative carbon footprint;
- The S&P 500 ESG reduced WACI by 26% versus S&P 500. Allocation Effects accounted for 18% of the reduction;
  - Similar to Net Zero 2050 Paris Aligned ESG, under-weighting Utilities contributed most to index's relative carbon footprint differential;
  - However, **under-weighting Consumer Discretionary** and **over-weighting Energy** sectors **detracted** from the index's relative carbon footprint improvement.

- In the below analysis, we slice up the parent benchmark universe into five Carbon quintiles from High Carbon to Low Carbon, based on each quintile's Weighted Average Carbon Intensity (WACI);
- We then run a Brinson Attribution to measure the Allocation Effect of over/under-weighting a given Carbon Quintile versus the parent benchmark;
- For example, if the High Carbon Quintile, Q1, is under-weight in a given ESG Climate index versus its parent benchmark and if this quintile portfolio under-performed the parent benchmark, it would mean that this "bet" contributed negatively to the index's relative performance;
- Similarly, if the Low Carbon Quintile, Q5, is overweight and the quintile portfolio under-performed the parent benchmark, this would imply that such overweight detracted from the index's relative performance.

Carbon Quintile Performance Attribution: Q1 2023



Carbon quintiles are determined using the Weighted Average Carbon Intensity. This is the index weighted average of individual company intensities (operational and first-tier supply chain emissions over revenues).

Source for Carbon scores: S&P Global Trucost. Analysis carried out using the Portfolio Analytics tool on S&P Capital IQ Pro.

Brinson Attribution by Carbon Quintiles

Index: S&P 500 Net Zero 2050 Paris-Aligned ESG Benchmark: S&P 500	Index	Benchmark	Attribution		
	Average Weight	Average Weight	ALLOCATION EFFECT	SELECTION EFFECT	TOTAL EFFECT
<b>Totals/Averages</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.34%</b>	<b>1.28%</b>	<b>1.62%</b>
High Carbon Quintile Q1	5.32%	13.87%	0.81%	0.13%	0.94%
Q2	13.10%	13.17%	0.01%	(0.21%)	(0.20%)
Q3	20.04%	18.70%	0.06%	1.53%	1.59%
Q4	36.95%	35.78%	0.12%	(0.64%)	(0.52%)
Low Carbon Quintile Q5	24.59%	18.38%	(0.64%)	0.46%	(0.18%)

Brinson Attribution by Carbon Quintiles

Index: S&P 500 ESG; Benchmark: S&P 500	Index	Benchmark	Attribution		
	Average Weight	Average Weight	ALLOCATION EFFECT	SELECTION EFFECT	TOTAL EFFECT
<b>Totals/Averages</b>	<b>100.00%</b>	<b>100.00%</b>	<b>(0.03%)</b>	<b>0.61%</b>	<b>0.58%</b>
High Carbon Quintile Q1	11.21%	13.87%	0.24%	0.02%	0.26%
Q2	13.91%	13.17%	(0.03%)	(0.05%)	(0.08%)
Q3	16.82%	18.70%	(0.12%)	0.91%	0.79%
Q4	37.40%	35.78%	0.12%	(0.10%)	0.02%
Low Carbon Quintile Q5	20.65%	18.38%	(0.24%)	(0.17%)	(0.40%)

COMMENTARY

- In Q1 2023, the **High Carbon Quintile Q1** underperformed the **S&P 500** by **-8.5%**,
- Both the **S&P 500 Net Zero 2050 Paris Aligned ESG** and **S&P 500 ESG** **under-weighted this carbon quintile**; by **-8.6%** and **-2.7%**; respectively,
- This positioning **contributed** positively to their relative performance versus the **S&P 500**,
- In Q1 2023, the **Low Carbon Quintile Q5** underperformed **S&P 500** by **-9.7%**,
- Both the **S&P 500 Net Zero 2050 Paris Aligned ESG** and **S&P 500 ESG** **over-weighted this carbon quintile**; by **+6.2%** and **+1.3%**; respectively,
- This **detracted** from the relative index performance versus the **S&P 500**,
- A similar analysis for our flagship Fixed Income Climate index, the **iBoxx Euro Corporates Net Zero Paris-Aligned ESG**, can be found on [\[P7\]](#).
- For further details on this analysis, please refer to the blog "[Connecting Climate Goals with Relative Index Returns](#)".

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[P3] ESG & Climate Performance

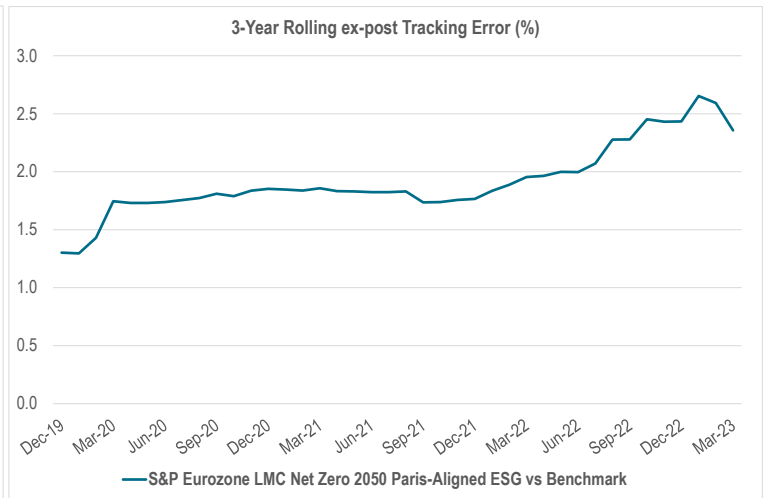
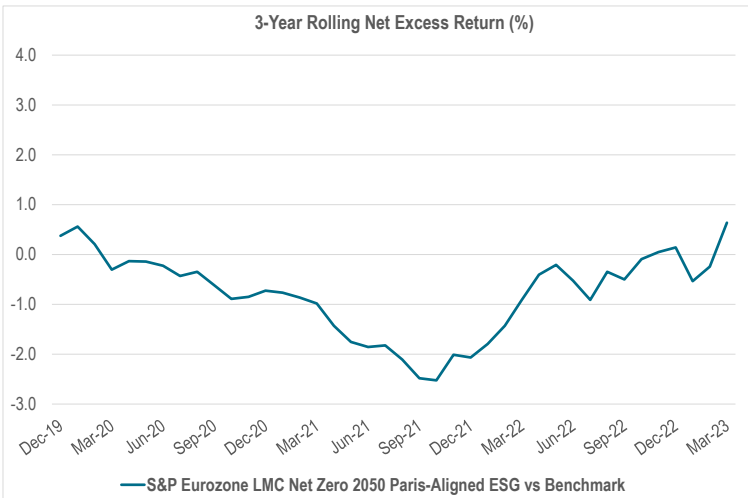
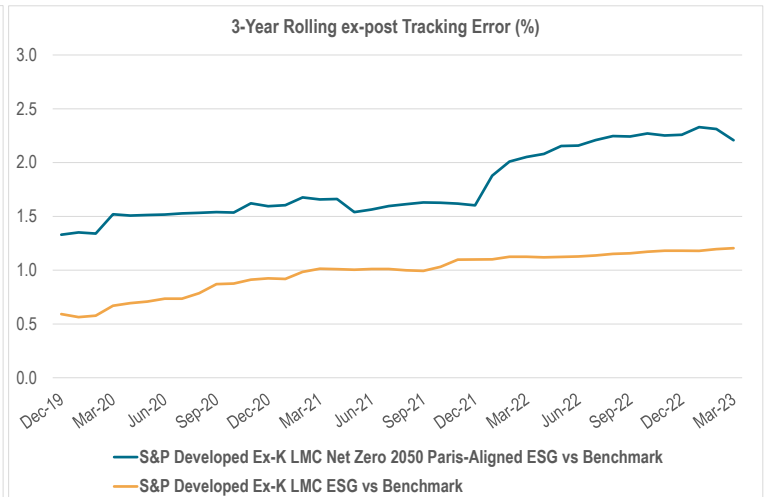
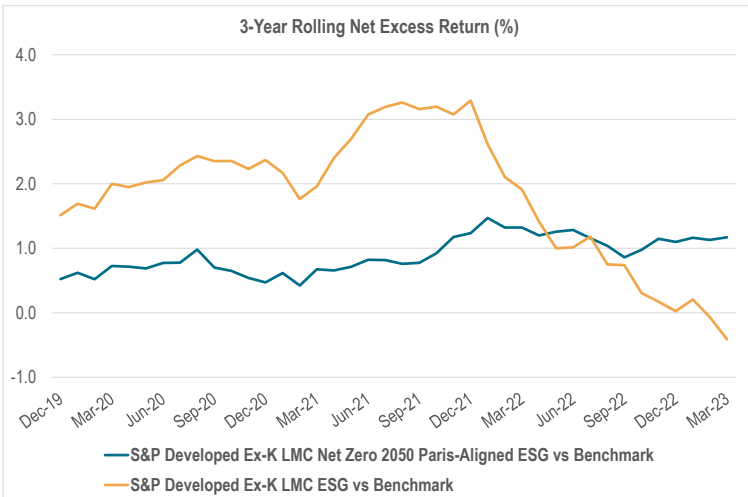
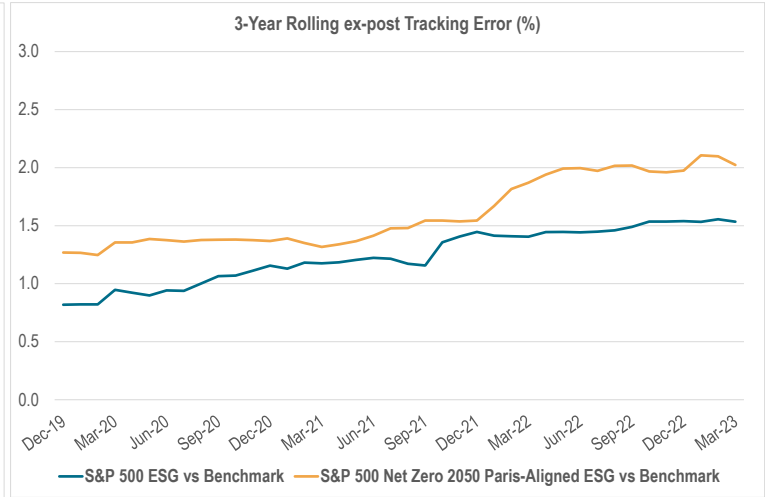
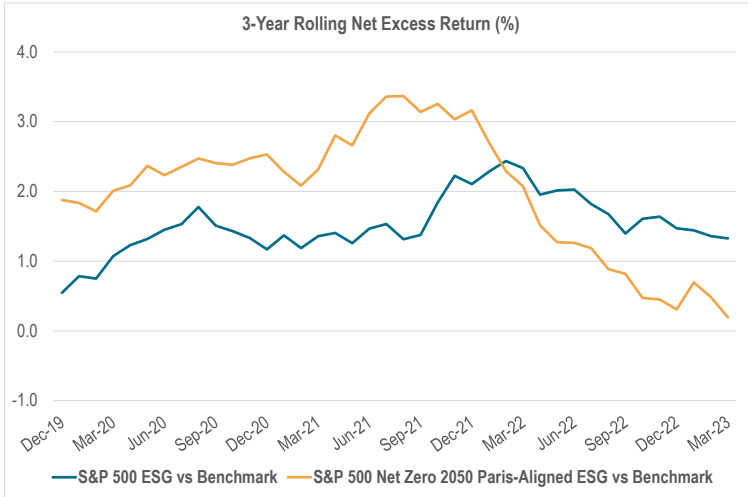
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[P5] Carbon Quintile Performance Attribution

**Excess Return and Tracking Error**

[P7] Quarterly Insight

[P8] Further Indices



Launch Date for S&P Net Zero 2050 Paris-Aligned ESG Indices is Jun 01, 2020. The index Backward Data Assumption Date is Mar 31, 2020. Launch Date for S&P 500 ESG Index is Jan 28, 2019. The index Backward Data Assumption Date is May 3, 2010. Launch Date for S&P Developed ex-K LMC ESG Index is Mar 22, 2019. All information for an index prior to its Launch Date is hypothetical back-tested, not actual performance, based on the index methodology in effect on the Launch Date. 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. This back-tested data may have been created using a "Backward Data Assumption". For more information on "Backward Data Assumption" and back-testing in general, please see the Performance Disclosure.

**RESOURCES**

[Explaining the Outperformance of Net Zero Indices, blog by Ben Leale-Green and Barbara Velado](#)

This quarter, we examine our recently-launched flagship Fixed Income Climate index, the [iBoxx Euro Corporates Net Zero Paris-Aligned ESG Index](#). In particular, we take a closer look at the impact of its improved CO<sub>2</sub> exposure on its relative returns over the 6 months since the index went live.

- We previously ran a [similar analysis](#) for the U.S. exposure of our [flagship Equity Climate index](#), within the suite of [S&P PACT indices](#) (S&P Paris-Aligned and Climate Transition Indices). We use here the same methodology, expanding this analysis into fixed income.
- In our analysis, we ranked each iBoxx Euro Corporates (parent benchmark) security according to their CO<sub>2</sub> scores, and then sliced up the underlying parent benchmark universe into five quintile portfolios, from highest to lowest, each with an equal number of benchmark constituents. This is not a one-time exercise as the quintile portfolios are reconstituted annually, in line with the update of CO<sub>2</sub> scores.

Exhibit 1: Carbon Quintile Performance Attribution – September 30, 2022-March 31, 2023

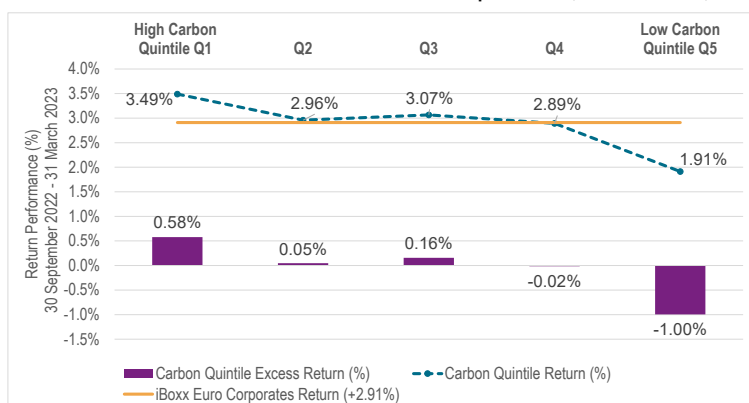
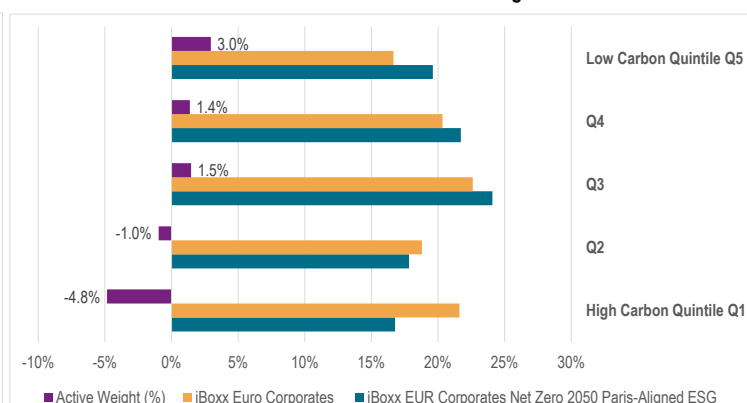


Exhibit 2: Carbon Quintile Active Weights

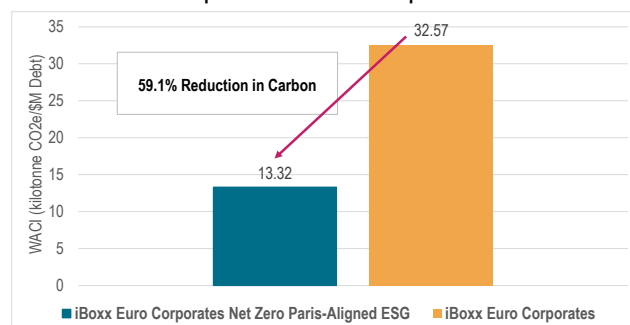


Source: S&P Global and S&P Dow Jones Indices LLC. Data as of 31 March 2023. Source for Carbon scores: S&P Global Trucost based on Scope 1, 2, and 3 emissions. Analysis carried out using Factset. Chart is provided for illustrative purposes.

Exhibit 3: Carbon Quintile Attribution – September 30, 2022-March 31, 2023

Quintile	iBoxx Euro Corporates Net Zero Paris-Aligned ESG		iBoxx Euro Corporates			Attribution		
	Average Weight (%)	Return (%)	Average Weight (%)	Return (%)	WACI (kilotonne CO <sub>2</sub> e/\$M Debt)	Allocation Effect (%)	Selection Effect (%)	Total Effect (%)
Totals/Averages	100	2.93	100	2.91	32.57	-0.12	0.14	0.02
High Carbon Quintile 1	16.78	3.67	21.61	3.49	95.33	-0.05	0.07	0.02
Q2	17.83	2.67	18.79	2.96	33.91	-0.02	0.08	0.06
Q3	24.08	3.21	22.61	3.07	14.74	0.0	0.14	0.18
Q4	21.71	2.95	20.34	2.89	7.05	-0.02	-0.20	-0.22
Low Carbon Quintile 5	19.61	2.17	16.65	1.91	5.38	-0.06	0.05	-0.01

Exhibit 4: Improvement in Carbon Exposure



Source: S&P Global and S&P Dow Jones Indices LLC. Data from September 30, 2022, to March 31, 2023. WACI: Weighted Average Carbon Intensity based on Scope 1, 2, and 3 emissions, sourced by S&P Global Trucost. Analysis carried out using Factset. Chart is provided for illustrative purposes.

COMMENTARY:

- The **iBoxx Euro Corporates Net Zero Paris-Aligned ESG index** had a very similar return performance as its benchmark, with a marginal outperformance of **0.02%** over the period, 30 September 2022 to 31 March 2023,
  - This very similar return performance is in line with its (live and back-tested) **tracking error of 0.2% over the past three years** (see [P8]).
- The index **under-weighted** the **High Carbon Quintile Q1** by **-4.8%**,
  - This quintile outperformed the iBoxx Euro Corporates by **+0.6%**, detracting from the index's relative return performance,
  - The **Low Carbon Quintile Q5** **underperformed** the iBoxx Euro Corporates by **-1.0%**,
  - The index **over-weighted** this quintile by **+3.0%** - This positioning also detracted from its relative performance,
  - However, the index benefitted from **positive Selection Effects** that cancelling out the overall negative Allocation Effect.
- The **iBoxx Euro Corporates Net Zero Paris-Aligned ESG index** maintained a benchmark-like return performance, whilst achieving to reduce the Carbon exposure by **59%** against its benchmark.

RESOURCES

- [iBoxx EUR Corporates Net Zero 2050 Paris-Aligned ESG Index Guide](#)
- [iBoxx EUR Corporates Net Zero 2050 Paris-Aligned ESG Index Fact Sheet](#)

[P1] Main Commentary & Highlights	[P2] Sector and Country Exposure	[P3] ESG & Climate Performance	[P4] Carbon Sector Attribution
[P5] Carbon Quintile Performance Attribution	[P6] Excess Return and Tracking Error	[P7] Quarterly Insight	<b>Further Indices</b>

To supplement our headline indices shown on [P1], below we give information on broader S&P Dow Jones Core ESG, ESG Climate and thematic indices.

EQUITY INDEX	Return 3 M (%)	Return YTD (%)	Return 3 Y Annualised (%)	Tracking Error 3 Y Annualised (%)	Stock Count
1. S&P 500 Sustainability Screened	9.1	9.1	18.5	1.4	451
2. S&P 500 ESG Tilted	9.0	9.0	19.5	1.4	448
3. S&P 500 Net Zero 2050 Paris-Aligned Sustainability Screened	9.5	9.5	18.7	2.5	326
4. S&P 500® (Parent Benchmark)	7.5	7.5	18.6	N/A	503
5. S&P Europe LargeMidCap Net Zero 2050 Paris-Aligned ESG	10.3	10.3	14.9	2.7	241
6. S&P Europe LargeMidCap (Parent Benchmark)	8.7	8.7	15.8	N/A	444
7. S&P Europe 350 Fossil Fuel Free	9.8	9.8	15.4	1.4	350
8. S&P Europe 350 (Parent Benchmark)	8.7	8.7	16.2	N/A	362
9. Dow Jones Sustainability Eurozone	13.0	13.0	16.8	3.5	89
10. S&P Eurozone BMI (Parent Benchmark)	11.7	11.7	17.4	N/A	846
11. Dow Jones Sustainability World	7.8	7.8	15.7	3.8	331
12. S&P Global Clean Energy	-0.5	-0.5	29.0	26.6	96
13. S&P Global BMI (Parent Benchmark)	6.9	6.9	15.8	N/A	13,836
14. S&P/ASX 200 ESG	3.8	3.8	16.4	2.2	84
15. S&P/ASX 200 (Parent Benchmark)	9.4	-1.1	5.6	N/A	200
16. S&P/B3 Brazil ESG	-7.2	-7.2	2.3	6.4	158
17. S&P Brazil BMI (Parent Benchmark)	-6.4	-6.4	9.9	N/A	206
18. S&P BOCHK China Hong Kong GBA Net Zero 2050 Climate Transition	2.0	2.0	-0.2	1.7	185
19. S&P China-Hong Kong GBA (Parent Benchmark)	4.5	4.5	-0.2	N/A	312
20. S&P/TSX Composite ESG	3.9	3.9	14.9	2.5	121
21. S&P/TSX Composite (Parent Benchmark)	4.6	4.6	18.0	N/A	234
22. S&P Developed Ex-North America & Korea LargeMidCap ESG	8.7	8.7	14.0	1.0	559
23. S&P EPAC Ex-Korea LargeMidCap (Parent Benchmark)	8.3	8.3	13.2	N/A	1,029
24. S&P Developed Ex-Korea LargeMidCap ESG Enhanced Energy	-3.4	-3.4	30.9	3.6	38
25. S&P Developed Ex-Korea LargeMidCap Energy (Parent Benchmark)	-2.8	-2.8	36.2	N/A	58
26. S&P Developed Ex-Korea LargeMidCap ESG Enhanced Health Care	-1.3	-1.3	13.3	1.9	99
27. S&P Developed Ex-Korea LargeMidCap Health Care (Parent Benchmark)	-1.4	-1.4	12.6	N/A	140
28. S&P Developed Ex-Korea LargeMidCap ESG Enhanced Information Technology	23.4	23.4	21.9	2.2	110
29. S&P Developed Ex-Korea LargeMidCap Information Technology (Parent Benchmark)	21.6	21.6	21.6	N/A	160
30. S&P Developed Ex-Korea LargeMidCap ESG Enhanced Financials	-1.9	-1.9	18.1	1.7	178
31. S&P Developed Ex-Korea LargeMidCap Financials (Parent Benchmark)	-1.5	-1.5	18.0	N/A	236

GBA: Greater Bay Area.

FIXED INCOME INDEX	Return 3 M (%)	Return YTD (%)	Annual Yield (%)	Tracking Error 3 Y Annualised (%)	Bond Count
32. iBoxx Euro Corporates Net Zero Paris-Aligned ESG	1.7	1.7	4.3	0.2	3,168
33. iBoxx Euro Corporates (Parent Benchmark)	1.7	1.7	4.2	N/A	3,632

EQUITY INDEX:	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
WACI Improvement (%)	29.8	25.6	62.5	N/A	58.6	N/A	10.7	N/A	10.6	N/A	45.2	-36.7	N/A	16.8	N/A	-17.7	N/A	35.1	N/A	17.0	N/A	11.1	N/A
FFR Improvement (%)	100.0	18.9	100.0	N/A	100.0	N/A	100.0	N/A	-56.1	N/A	62.0	100.0	N/A	29.8	N/A	76.2	N/A	0.1	N/A	81.0	N/A	20.7	N/A
ESG Score Improvement	1.4	14.3	5.9	N/A	3.9	N/A	0.5	N/A	11.1	N/A	30.4	-16.4	N/A	6.8	N/A	-8.4	N/A	-4.2	N/A	10.9	N/A	7.3	N/A
Temperature Alignment (Forward-Looking)	3°C	3°C	1.5°C	3°C	1.5°C	2°C	2°C	2°C	3°C	2°C	3°C	2°C	3°C	>3°C	>3°C	>3°C	>3°C	1.5°C	2°C	3°C	>3°C	3°C	3°C
% (under)/over 2°C Carbon Budget	3.5	17.1	-36.1	5.3	-33.7	-1.5	-12.0	-2.4	2.8	-2.3	9.8	-0.1	10.6	66.8	82.0	64.2	48.2	-43.0	-1.7	12.2	30.9	10.6	11.7
Financial Impact of Physical Climate Risk (%)	3.7	3.6	3.7	3.6	4.2	3.9	4.0	3.9	4.6	4.0	3.8	5.1	3.7	3.3	3.3	2.6	2.4	3.7	3.6	4.1	3.8	3.9	3.8
Carbon Earnings at Risk as a % of EBITDA	7.1	8.0	3.0	10.4	2.2	27.3	26.9	27.2	12.7	40.7	7.5	17.3	17.8	13.8	20.2	25.9	19.9	9.6	23.9	14.3	19.5	11.0	22.7
% Board Female Representation	33.5	33.9	34.4	33.5	39.4	39.5	39.4	39.8	42.0	40.6	33.5	27.0	30.7	39.2	38.4	18.3	16.9	16.3	16.9	38.6	37.4	33.4	32.5
EQUITY INDEX:	24	25	26	27	28	29	30	31	FIXED INCOME INDEX:					32	33								
WACI Improvement (%)	-0.3	N/A	13.4	N/A	6.2	N/A	66.0	N/A						59.1	N/A								
FFR Improvement (%)	30.6	N/A	N/A	N/A	N/A	N/A	N/A	N/A						100.0	N/A								
ESG Score Improvement	9.9	N/A	8.5	N/A	8.4	N/A	11.9	N/A						2.2	N/A								
Temperature Alignment (Forward-Looking)	>3°C	>3°C	2°C	2°C	2°C	2°C	2°C	1.5°C						4.8	4.6								
% (under)/over 2°C Carbon Budget	83.0	100.1	-20.9	-11.0	-7.3	-8.6	-19.2	-52.8															
Financial Impact of Physical Climate Risk (%)	1.4	1.5	4.3	4.2	3.1	3.1	4.3	4.0															
Carbon Earnings at Risk as a % of EBITDA	39.3	46.4	1.2	1.8	1.8	1.9	0.3	1.7															
% Board Female Representation	32.3	36.0	31.6	32.4	34.5	33.9	36.0	34.9															

Source for climate metrics: S&P Global Trucost. Source for ESG scores: S&P Dow Jones Indices. Source for ESG Risk Score: Sustainalytics. See definitions in Appendix [P9].

RESOURCES
<a href="#">Applying Sustainability to Sector Indices</a>
<a href="#">How to Bring Paris Agreement Goals to Fixed Income Indices, blog by Smadar Shulman</a>
<a href="#">Resilience to Rising Carbon Prices: Do Eurozone S&amp;P PACT Indices Stand the Test?, blog by Barbara Velado</a>
<a href="#">Carbon Pricing, In Various Forms, Is Likely To Spread In The Move To Net Zero</a>

Source: S&P Dow Jones Indices. Total Returns in USD with the exception of: S&P Brazil BMI in BRL; S&P/ASX 200 in AUD, S&P Europe LargeMidCap, S&P China-Hong Kong GBA in HKD, S&P Europe 350 and S&P Eurozone BMI in EUR. Data as of March 31, 2023.



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## APPENDIX

**WACI:** Weighted Average Carbon Intensity. The index weighted average of individual company intensities (operational and first-tier supply chain emissions per USD revenues for equities and per USD debt for fixed income).

**FFR:** Fossil Fuel Reserves. The carbon footprint that could be generated if the proven and probable fossil fuel reserves owned by index constituents were burned per USD 1 million invested.

**Financial Impact of Physical Climate Risk:** Financial losses (e.g. CapEx, OpEx, Business Interruption) reflected as a percentage of asset value due to exposure to climate-related physical hazards across scenarios and time periods. High Risk Scenario and 2050 time period are used for this dashboard. For more information please go to:

[https://www.marketplace.spglobal.com/en/solutions/climanomics-\(e8fd532d-ae10-4e53-8c5c-1fcc4f3fbbbf\)](https://www.marketplace.spglobal.com/en/solutions/climanomics-(e8fd532d-ae10-4e53-8c5c-1fcc4f3fbbbf))

**Carbon Earnings at Risk as a % of EBITDA:** This dataset helps to understand and assess the potential impact to a company's earnings today if the company has to pay a future price for their greenhouse gas emissions. For more information please go to: [https://www.marketplace.spglobal.com/en/datasets/trucost-carbon-earnings-at-risk-\(184\)](https://www.marketplace.spglobal.com/en/datasets/trucost-carbon-earnings-at-risk-(184))

**WAECI:** Weighted Average Environmental Cost Intensity. This dataset helps to assess the index weighted average of environmental costs across key dimensions such as carbon emissions, land, water, air pollutants, and waste disposal, natural resource and water use. For more information please go to: [https://www.marketplace.spglobal.com/en/datasets/trucost-environmental-\(46\)](https://www.marketplace.spglobal.com/en/datasets/trucost-environmental-(46))

**% Board Female Representation:** The index weighted average of the number of women on a company's board of directors/supervisory board divided by the total number of board directors. For more information please go to:

[https://www.marketplace.spglobal.com/en/datasets/eu-sustainable-finance-disclosure-regulations-sfdr-\(1665414946\)#data-dictionary](https://www.marketplace.spglobal.com/en/datasets/eu-sustainable-finance-disclosure-regulations-sfdr-(1665414946)#data-dictionary)

## PERFORMANCE DISCLOSURE/BACK-TESTED DATA

Please refer to the methodology for any particular index for more details about that 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.

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.

All information presented prior to an index's Launch Date is hypothetical (back-tested), not actual performance. The back-test calculations are based on the same methodology that was in effect on the index 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. Complete index methodology details are available at [www.spdji.com](http://www.spdji.com). Past performance of the Index is not an indication of future results. 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. 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. Back-tested performance is for use with institutions only; not for use with retail investors.

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

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