

# Robeco Climate Equities Indices

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Key elements of the methodology

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## 1. Introduction

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The Robeco Climate Equities Indices are a family of indices that seek efficient exposure to stocks that support the global efforts to reduce carbon emissions and the mitigation of climate change. The objective of the Robeco Climate Equities Indices is to reflect the market returns within their geographical markets, subject to screening of the investable universe for stocks based on carbon footprint and its contribution to the transition towards a low carbon economy, e.g., by having credible and ambitious emission reduction targets or by providing solutions to enable such transition.

This document describes the key elements of the methodology. In addition, a document describing the index policies, practices and benchmark statement are available for all index families on the Robeco Indices website, [Indices \(robeco.com\)](https://www.robeco.com).

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### Version history

#4	December, 2025	Update for Revised Benchmark Regulation, name change Paris-Aligned benchmark
#3	September, 2025	Update of index methodology (incorporate Scope 3 upstream in GHG emission) Change underlying benchmark
#2	March, 2025	Annual update
#1	August, 2024	Initial publication upon launch of the new index family

## 2. Constructing the Robeco Climate Equities Indices

### 2.1 Defining the universe

The universe of the Robeco Climate Equities Indices are based on underlying S&P indices. All stocks of the indices in this family are also constituent of these underlying S&P indices.

<i>Robeco Climate Equities Index</i>	<i>Universe / Underlying market-cap weighted index</i>
<i>Low Carbon Climate Leaders Tilt Equities Indices</i>	
Robeco Developed Low Carbon Climate Leaders Tilt Equities Index	S&P World Index
<i>Climate Leaders Tilt Equities PAB Indices</i>	
Robeco Developed Climate Leaders Tilt Equities PAB Index	S&P World Index
<i>Climate Leaders Indices</i>	
Robeco Developed Climate Leaders Index	S&P World Index

For more information on the construction of the underlying universe or market-cap weighted indices, please refer to the methodology of the indices which is published on the S&P DJI website, [Index Finder | S&P Dow Jones Indices \(spglobal.com\)](https://www.spglobal.com/dowjones/en-us/indices/methodology)

### 2.2 Applying weights to the constituents

#### 2.2.1 *Low Carbon Climate Leaders Tilt Equities Index Methodology*

##### Carbon footprint reduction:

The index has as objective to significantly reduce its carbon footprint relative to the universe. The carbon footprint of a company is measured by normalizing the greenhouse gas (GHG) emissions<sup>1</sup>, Scope 1, 2 and 3 upstream, by Enterprise Value Including Cash (EVIC). As part of the index construction algorithm, a restriction is included that the index' carbon footprint is 30% lower than the underlying universe at the moment of rebalancing.

##### Climate SDG score:

The index overweights stocks that are considered to have a positive contribution to climate change mitigation and the transition towards a low carbon economy. To qualify as such, a stock must have a positive Robeco Climate SDG score<sup>2</sup>. As part of the index construction algorithm, a restriction is included that the index' average Climate SDG score is higher than the underlying universe at the moment of rebalancing.

##### Climate Beta:

The index underweights stocks that are considered to be more susceptible to climate risk. Climate risk is measured through the Climate Beta<sup>3</sup> of a company which estimates the correlation of a company's stock returns with the estimated financial risk of climate change. As such, the Climate Beta of a company tells us whether the company is positively or negatively exposed to climate risks and the global transition to a low carbon economy. Companies with a high Climate Beta are expected to lose value from this transition, while companies with a low Climate Beta are expected to gain value. As part of the index construction algorithm, a restriction is included that the index' average Climate Beta is lower than the underlying universe at the moment of rebalancing.

<sup>1</sup> GHG emission data is sourced from Trucost Environmental Data. See also the Benchmark Statement, Appendix IV, B vii.

<sup>2</sup> For more information on the Robeco SDG Framework, please refer to the Benchmark Statement, Appendix IV, A i and B iv.

<sup>3</sup> For more information on Climate Beta, please refer to the Benchmark Statement, Appendix IV, B v.

**Exclusions:**

The index applies Robeco's Exclusion Policy<sup>4</sup>, which is based on exclusion criteria with regards to products and business practices that Robeco believes are detrimental to society and incompatible with sustainable investment strategies. The Robeco Exclusion Policy distinguishes between behavior-based and product-based exclusion criteria. The behavior-based criteria center around meeting global and regulatory standards (ILO, UNGP, UNGC and OECD), regardless of the products or services in which a company is active. The product-based criteria on the other hand focus on involvement in certain products or services, e.g., involvement in controversial weapons, palm oil and tobacco. At the moment of rebalancing the index has 0% exposure to excluded securities based on Level 1 'Exclusions' criteria.

The efficient index construction algorithm tilts the index towards stocks with a positive Climate SDG score, 'Aligned' Climate Traffic Light and a low Climate Beta, while keeping turnover low. The algorithm also ensures appropriate diversification and prevents unintended geographic or sector biases, as well as undue concentration to individual stocks or segments of the equity markets.

### 2.2.2 *Climate Leaders Tilt Equities PAB Index Methodology*

The Robeco Climate Leaders Tilt Equities PAB Index methodology incorporates the minimum requirements as set out for EU Paris-aligned Benchmarks pursuant to Delegated Regulation (EU) 2020/1818.

**Carbon footprint reduction:**

The index has as objective to reduce its carbon footprint relative to the universe. The carbon footprint of a company is measured by normalizing the greenhouse gas (GHG) emissions<sup>5</sup>, Scope 1, 2 and 3 (split into up- and downstream emissions), by Enterprise Value Including Cash (EVIC). For companies that have no carbon footprint data, it is assumed equal to the weighted average of the universe for which coverage exists. As part of the index construction algorithm, a restriction is included that the index' carbon footprint is 50% lower than the underlying universe at the moment of rebalancing, by applying the following formulas:

$$(1) \quad CF_I^{S1+2+3Up} \leq 0.5 \ CF_B^{S1+2+3Up}$$

where  $CF_I^{S1+2+3Up}$  is the carbon footprint based on Scope 1 + 2 + 3 upstream of the index and  $CF_B^{S1+2+3Up}$  the carbon footprint based on Scope 1 + 2 + 3 upstream of the underlying universe at the moment of rebalancing, and

$$(2) \quad CF_I^{S3Down} \leq 0.5 \ CF_B^{S3Down}$$

where  $CF_I^{S3Down}$  is the carbon footprint based on Scope 3 downstream of the index and  $CF_B^{S3Down}$  the carbon footprint based on Scope 3 downstream of the underlying universe at the moment of rebalancing. See appendix I for more details.

**Year-on-year decarbonization:**

The index has as objective to reduce its carbon footprint year-on-year with at least 7%. For determining the year-on-year decarbonization trajectory and comparison of the carbon footprint from one period to the next, an adjustment for inflation in the carbon footprint's denominator (EVIC) is applied. The decarbonization trajectories follow the following formulas:

$$(3) \quad CF_{I,t}^{S1+2+3Up} \leq 0.93^{t/4} CF_{I,base}^{S1+2+3Up} EIF_t, \text{ and}$$

$$(4) \quad CF_{I,t}^{S3Down} \leq 0.93^{t/4} CF_{I,base}^{S3Down} EIF_t.$$

<sup>4</sup> For more information on the Robeco Exclusion Policy, see [here](#). For more information on the excluded companies, see [here](#).

<sup>5</sup> GHG emission data is sourced from Trucost Environmental Data. See also the Benchmark Statement, Appendix IV, B vii.

where  $EIF_t$  is the EVIC Inflation Factor at quarter  $t$ . See appendix I for more details.

The base date for the Robeco Climate Leaders Tilt Equities PAB Indices is shown in the table below.

<i>Climate Leaders Tilt Equities PAB Indices</i>	<i>Base date</i>
Robeco Developed Climate Leaders Tilt Equities PAB Index	21-06-2024

#### **Equity allocation constraint**

The index' aggregated exposure to the sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006<sup>6</sup> that is at least equivalent to the aggregated exposure of the underlying universe to those sectors.

#### **Companies setting and publishing GHG emission reduction targets**

The index overweights stocks credible carbon reduction targets. To qualify as such, a company meets each of the following criteria:

- Companies that have near-term carbon reduction targets aligned with the goals of the Paris Agreement
- Companies that disclose their carbon emissions consistently and accurately
- Companies that have shown a decarbonization rate of at least 7% on average per annum for the past three years

The targets that companies set must be science-based targets verified by the Science Based Targets initiative (SBTi)<sup>7</sup>, who determines if these targets are aligned with the 1.5 / well-below 2 degrees Celsius scenario as agreed upon with the Paris Agreement. Historical emissions data is also sourced from Trucost.

#### **Climate SDG score:**

The index overweights stocks that are considered to have a positive contribution to climate change mitigation and the transition towards a low carbon economy. To qualify as such, a stock must either have a positive Robeco Climate SDG score. As part of the index construction algorithm, a restriction is included that the index' average Climate SDG score is 1.5 higher than the underlying universe at the moment of rebalancing.

#### **Climate Beta:**

The index underweights stocks that are considered to be more susceptible to climate risk. Climate risk is measured through the Climate Beta<sup>8</sup> of a company which estimates the correlation of a company's stock returns with the estimated financial risk of climate change. As such, the Climate Beta of a company tells us whether the company is positively or negatively exposed to climate risks and the global transition to a low carbon economy. Companies with a high Climate Beta are expected to lose value from this transition, while companies with a low Climate Beta are expected to gain value. As part of the index construction algorithm, a restriction is included that the index' average Climate Beta is 0.1 lower than the underlying universe at the moment of rebalancing.

#### **Exclusions:**

##### *Robeco Climate Traffic Light Exclusions*

The index excludes stocks that are misaligned with the goals of the Paris Agreement. Robeco's Climate Traffic Light<sup>9</sup> is a forward-looking assessment of a company's alignment with the goals of the Paris Agreement, taking into consideration the "common but differentiated responsibilities" of different nations. The assessment is based on a company's emission reduction targets and the credibility of those targets, compared to what is needed from that company to achieve global warming of Below 2°C by 2100. All stocks with a 'Misaligned' assessment are excluded from the universe.

<sup>6</sup> The index construction algorithm uses GICS classification and as such a mapping from NACE to GICS is used. See also the Benchmark Statement, Appendix IV, B vi

<sup>7</sup> Targets are sourced from the Science Based Targets Initiative. See also the Benchmark Statement, Appendix IV, B xi.

<sup>8</sup> For more information on Climate Beta, please refer to the Benchmark Statement, Appendix IV, B v.

<sup>9</sup> For more information on the Robeco Climate Traffic Light, please refer to the Benchmark Statement, Appendix IV, B iii.

### *Paris-Aligned Benchmark Exclusions*

The index applies the exclusion criteria pursuant to article 12 of Delegated Regulation (EU) 2020/1818<sup>10</sup>. The index does not apply specific exclusion criteria based on the level of carbon footprint or the level of fossil fuel reserves.

### *'Do no significant harm' Exclusions*

The index excludes stocks that do significant harm to the UN Sustainable Development Goals. The Robeco SDG Framework rigorously measures and scores companies based on their SDG contributions. It is a systematic approach to capturing SDG impact of equity and credit issuers that is objective, disciplined and replicable. It consists of a three-step sequence that starts with an assessment of the impact of a company's products and services. Step two consists of an in-depth analysis of the impact of its operations, internal policies and structures. The process ends with a screening and review of corporate controversies that could negatively influence SDG progress, and hence a company's SDG impact. The final results of this three-step analysis are quantified in an SDG score (from -3, -2, ..., to +3). All stocks with an SDG score of -2 and -3 are excluded from the universe.

### *Additional Robeco Exclusion criteria*

The index also applies the Robeco's Exclusion Policy, which is based on exclusion criteria with regards to products and business practices that Robeco believes are detrimental to society and incompatible with sustainable investment strategies. The Robeco Exclusion Policy distinguishes between behavior-based and product-based exclusion criteria. The behavior-based criteria center around meeting global and regulatory standards (ILO, UNGP, UNGC and OECD), regardless of the products or services in which a company is active. The product-based criteria on the other hand focus on involvement in certain products or services, e.g., involvement in controversial weapons, palm oil and tobacco. This index has 0% exposure to excluded securities based on Level 2 'Exclusions' criteria.

The efficient index construction algorithm tilts the index towards stocks with a positive Climate SDG score, 'Aligned' Climate Traffic Light and a low Climate Beta, while keeping turnover low. The algorithm also ensures appropriate diversification and prevents unintended geographic or sector biases, as well as undue concentration to individual stocks or segments of the equity markets.

### **2.2.3 Climate Leaders Equities Index Methodology**

#### Climate Traffic Light:

The index overweights stocks that align with the goals of the Paris Agreement. The Robeco Climate Traffic Light is a forward-looking assessment of a company's alignment with the goals of the Paris Agreement, taking into consideration the "common but differentiated responsibilities" of different nations. The assessment is based on a company's emission reduction targets and the credibility of those targets, compared to what is needed from that company to achieve global warming of Below 2°C by 2100. The index construction algorithm specifically allocates to stocks that have an 'Aligned' assessment.

#### Climate SDG score:

The index overweights stocks that are considered to have a positive contribution to climate change mitigation and the transition towards a low carbon economy. To qualify as such, a stock must have a positive Robeco Climate SDG score. The index construction algorithm specifically allocates to stocks that have a positive Climate SDG score.

#### Climate Beta:

The index underweights stocks that are considered to be more susceptible to climate risk. Climate risk is measured through the Climate Beta of a company which estimates the correlation of a company's stock returns with the estimated financial risk of climate change. As such, the Climate Beta of a company tells us whether the company is positively or negatively exposed to climate risks and the global transition to a low carbon economy. Companies with a high Climate Beta are expected to lose value from this transition, while companies with a low Climate Beta are

<sup>10</sup> See also the Benchmark Statement, Appendix IV, B xii.

expected to gain value. As part of the index construction algorithm, a restriction is included that the index' average Climate Beta is lower than the average Climate Beta of the underlying universe at the moment of rebalancing.

#### **Exclusions:**

##### *'Do no harm' Exclusions*

The index excludes stocks that do any harm to the UN Sustainable Development Goals. The Robeco SDG Framework rigorously measures and scores companies based on their SDG contributions. It is a systematic approach to capturing SDG impact of equity and credit issuers that is objective, disciplined and replicable. It consists of a three-step sequence that starts with an assessment of the impact of a company's products and services. Step two consists of an in-depth analysis of the impact of its operations, internal policies and structures. The process ends with a screening and review of corporate controversies that could negatively influence SDG progress, and hence a company's SDG impact. The final results of this three-step analysis are quantified in an SDG score (from -3, -2, ..., to +3). All stocks with a negative or neutral SDG score are excluded from the universe.

##### *Additional Robeco Exclusion criteria*

The index also applies the Robeco's Exclusion Policy, which is based on exclusion criteria with regards to products and business practices that Robeco believes are detrimental to society and incompatible with sustainable investment strategies. The Robeco Exclusion Policy distinguishes between behavior-based and product-based exclusion criteria. The behavior-based criteria center around meeting global and regulatory standards (ILO, UNGP, UNGC and OECD), regardless of the products or services in which a company is active. The product-based criteria on the other hand focus on involvement in certain products or services, e.g., involvement in controversial weapons, palm oil and tobacco. This index has 0% exposure to excluded securities based on Level 2 'Exclusions' criteria.

The efficient index construction algorithm tilts the index towards stocks with a positive Climate SDG score, 'Aligned' Climate Traffic Light and a low Climate Beta, while keeping turnover low. The algorithm also ensures appropriate diversification and prevents unintended geographic or sector biases, as well as undue concentration to individual stocks or segments of the equity markets.

### **2.3 ESG methodology statement**

Regulation (EU) 2016/1011 requires benchmark administrators to explain how environmental, social and governance factors ('ESG') are reflected in the benchmark methodology. Appendix I describes how ESG factors are reflected in the benchmark methodology.

### **2.4 Discretion in constructing the indices**

Applying weights to the constituents is fully based on the Robeco Climate Equities Indices' rules-based methodology, which eliminates the exercise of discretion by an individual in this process.

## 2.5 Main constituents of EU Climate Benchmarks in the family of benchmarks

Regulation (EU) 2016/1011 requires benchmark administrators to publish the main constituents of EU Climate Transition and/or EU Paris-aligned benchmarks in the family of benchmarks.

### Robeco Developed Climate Leaders Tilt Equities PAB Index

<i>Top 20 constituents as of July 31, 2024</i>	<i>Weight</i>
Apple Inc	5.5%
Microsoft Corp	5.3%
NVIDIA Corp	4.1%
Tesla Inc	1.4%
Eli Lilly & Co	1.2%
Novo Nordisk A/S	0.9%
Johnson & Johnson	0.8%
ASML Holding NV	0.8%
Costco Wholesale Corp	0.8%
AbbVie Inc	0.7%
Salesforce Inc	0.7%
Roche Holding AG	0.7%
Thermo Fisher Scientific Inc	0.7%
Walmart Inc	0.6%
Merck & Co Inc	0.6%
Netflix Inc	0.6%
Cisco Systems Inc	0.6%
Nestle SA	0.6%
Danaher Corp	0.6%
Advanced Micro Devices Inc	0.5%
<b>Total</b>	<b>27.5%</b>

### 3. Maintaining the Robeco Climate Equities Indices

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Robeco Indices B.V. ("Robeco") has outsourced the calculation and maintenance of the Robeco Climate Equities Indices to S&P DJI acting as the calculation agent.

#### 3.1 Rebalancing

Rebalancing of the Low Carbon Climate Leaders Tilt Equities Indices and Climate Leaders Tilt Equities PAB Indices is performed quarterly (March, June, September and December), and rebalancing of the Climate Leaders Indices is performed semi-annually (March and September). Constituent changes are typically communicated to clients two days before they are scheduled to be implemented. Constituent changes are communicated to all clients at the same time and are not made publicly available.

#### 3.2 Index calculation

The Robeco Climate Equities Indices are calculated end-of-day by S&P DJI. Index calculations include price-, total- and net- return series:

- Price return indices reflect the market price performance for all securities in the index, which do not take into account dividends payouts
- Gross total return (Total Return) indices reflect the return to an investor where dividends are reinvested without deduction of a withholding tax. Cash dividends are in general applied on the ex-date of the dividend.
- Net total return (Net Return) indices reflect the return to an investor where dividends are reinvested after the deduction of a withholding tax. The tax rate applied is the rate to non-resident institutions that do not benefit from double taxation treaties.

The Robeco Climate Equities Indices are calculated in U.S. dollars and euros.

For more information on the index calculation methodology, please refer to S&P DJI's Index Mathematics Methodology, which is available on the S&P DJI website, [Methodologies - Governance | S&P Dow Jones Indices \(spglobal.com\)](https://www.spglobal.com/marketintelligence/en/research-and-insights/methodologies/governance/s-and-p-dow-jones-indices.html).

#### 3.3 Input data

Data used by S&P DJI for determination of the Robeco Climate Equities Indices include (in order of priority):

- a. Completed transaction data (closing prices) from stock exchanges;
- b. For certain corporate actions, theoretical prices may be derived using the existing security price and the specifics of the corporate action.

In addition, WM/Refinitiv foreign exchange rates are taken daily at 04:00 PM London time and used in the calculation of the indices. These mid-market fixings are calculated by the WM Company based on Reuter's data and appear on Refinitiv pages WMRA.

The Robeco Climate Equities Indices are calculated based on the values of the underlying equities, which are determined by its last closing price on the primary exchange where it is listed. The closing prices are received from S&P DJI's third party vendors, who receive the closing prices from the primary exchanges. Closing prices received by S&P DJI from one of its third party vendors are verified by comparing them with prices from an alternative vendor.

### 3.4 Exceptional circumstances

The Robeco Climate Equities Indices rely on the continued availability of closing prices from stock exchanges. The potential limitations of the indices include circumstances where a significant portion of the closing prices of constituents of the indices are unavailable, for example due to unexpected market or exchange closures.

In general, all constituents (underlying equities) of the index will receive a daily closing price. Based on these closing prices the indices are calculated daily throughout the calendar year. The only days an index is not calculated are on days when all exchanges where the index constituents are listed are officially closed. In certain circumstances, for example unexpected market or exchange closures, not all securities in the index will receive a closing price on a particular day. Unexpected market/exchange closures are usually due to unforeseen circumstances, such as natural disasters, inclement weather, outages, or other events. Generally, if all exchanges are closed due to these unforeseen circumstances, the day will be treated as an unscheduled market holiday and no index will be calculated. Indices containing multiple markets will be calculated as normal, provided that at least one market is open that day.

For information on the policies in case of unexpected exchange closures, please refer to S&P DJI's Equity Indices Policies & Practices document located on the S&P DJI website, [Methodologies - Governance | S&P Dow Jones Indices \(spglobal.com\)](https://www.spglobal.com/marketintelligence/en/research-and-insights/methodologies/governance/s-and-p-dow-jones-indices.html).

### 3.5 Discretion in constructing and maintaining the indices

The Robeco Climate Equities Indices are constructed and calculated following the methodology as described in this benchmark statement and the standard policies and practices of S&P DJI. Certain events beyond the control of Robeco and S&P DJI, and which are not addressed by the methodology and standard policies and practices, may affect the construction and calculation of the indices, including, but not limited to:

- Possible market disruption
- New or complex corporate actions
- Excessive index changes or adjustments
- Country specific regulations
- Unnecessary turnover
- Unavailability of necessary input data

In such circumstances discretion may be used in the construction and calculation of the indices. In addition, as part of the rebalance process, expert judgement can be exercised to improve the investability, or lower the risk, of the indices; as long as it is immaterial and meeting the objectives of the methodology. The exercise of expert judgement and impact on the index are reviewed and signed off by a senior portfolio manager of Robeco Indices.

In case the calculation agent S&P DJI encounters any event where discretion is required in the calculation of the indices, S&P DJI consults with Robeco to decide on the appropriate action to be taken.

Any exercise of discretion in special circumstances which could have a material effect on the benchmark will be escalated to the Oversight Committee.

### 3.6 Error correction policy

In the event of an error in the construction or calculation of the Robeco Climate Equities Indices, the following procedures apply.

*Input data errors*

Where an error in the calculation of the indices is due to incorrect input data, S&P DJI shall follow the procedures described in its standard Equity Indices Policies & Practices document located on the S&P DJI website, [Methodologies - Governance | S&P Dow Jones Indices \(spglobal.com\)](#).

<i>Recalculation Events</i>	<i>Treatment</i>
Closing Price	Incorrect constituent closing prices are generally corrected and reposted.
Missed or Misapplied Corporate Action	Missed corporate action events are corrected & reposted.
Late Announcement of a Corporate Action	<u>Divisor Impact:</u> Divisor-impacting information is corrected and reposted. <u>No Divisor Impact:</u> Late information, including regular cash dividends, that does not impact the index divisor are applied at the earliest opportunity when S&P DJI becomes aware of the event. For late announced or canceled dividends, S&P DJI may elect to use a Post Ex-date Dividend Adjustment in certain instances. Stock splits, bonus issues or stock dividends and reverse stock splits are applied on the correct ex-date. If these are announced on the same day (either that this is taking place or that a previously announced event is being postponed or cancelled), they are applied on the correct ex-date and files are not reposted. Same day corporate actions are included in the current day files, so previous day files are not reposted. If these are announced after the ex-date, then it is applied on the correct ex-date and files are regenerated and reposted.
Incorrect Calculation or Data Entry Error	Incorrect calculations or data entry mistakes caused by S&P DJI are corrected and impacted indices are recalculated.

In the event one of these recalculation events is discovered within two trading days of its occurrence, in general the index will be recalculated. In the event any such recalculation event is discovered beyond such two trading day period, Robeco and S&P DJI will decide on the appropriate action to be taken.

*Construction and calculation errors*

Where an error is detected in the construction or calculation of the indices, which is not an input data error, but that was caused by the incorrect application of the index methodology and results in the incorrect composition and/or weighting of index constituents, Robeco and S&P DJI will discuss the appropriate action to be taken in order to resolve the error. In case the error is discovered before the new index composition is sent to clients, Robeco and S&P DJI will recalculate the index within the original rebalance timelines, if deemed feasible by S&P DJI. In the event an error is discovered beyond the rebalance period, after the new index composition has been sent out to clients, Robeco and S&P DJI will decide on the appropriate action to be taken. In the event Robeco chooses to recalculate an index, that shall be done within a reasonable timeframe following the detection and review of the issue. If it is determined that an index will be recalculated, the following steps will be taken upon completion of the recalculation:

- All impacted files are regenerated and reposted.
- All clients are notified of the recalculation and alerted when files have been successfully reposted.

### 3.7 Holiday Schedule

The Robeco Climate Equities Indices are calculated on all business days of the year. S&P DJI publishes a calendar of holidays annually during the fourth quarter on their website, [Methodologies - Governance | S&P Dow Jones Indices \(spglobal.com\)](#).

### 3.8 Corporate Actions

Corporate actions (such as stock splits, stock dividends, spin-offs and rights offerings) are applied after the close of trading on the day prior to the ex-date. The Robeco Climate Equities Indices follow the standard S&P DJI policy for Corporate Actions. For the main corporate actions, the treatment is described in the table.

Corporate Action	Standard SPDJI Treatment	Divisor Change
Company Addition/Deletion	<p><u>Addition</u>: The indices do not add companies between rebalancings.</p> <p><u>Deletion</u>: The weights of all stocks in the index will proportionately change but relative weights will stay the same. The index divisor will change due to the net change in the index market capitalization.</p>	Yes
Change in shares outstanding	Shares outstanding changes are offset by an adjustment factor (AWF). There is no change to the index market capitalization.	No
Split/Reverse Split	Shares outstanding are adjusted by split ratio. Stock price is adjusted by split ratio. There is no change to the index market capitalization.	No
Spin-off	<p>The spin-off is added to the index on the ex-date at a price of zero. The spin-off index shares are based on the spin-off ratio. On the ex-date the spin-off will have the same attributes and capping adjustment factor (AWF) as its parent company, and will remain in the index for at least one trading day. As a result, there will be no change to the index divisor on the ex-date.</p> <p>If the spin-off is ineligible for continued inclusion, it will be removed after the ex-date. The weight of the spin-off being deleted is reinvested across all the index components proportionately such that the relative weights of all index components are unchanged. The net change in index market capitalization will cause a divisor change.</p>	Depending on type of spin-off
Change in IWF	IWF changes are offset by an adjustment factor (AWF). There is no change to the index market capitalization.	No
Ordinary dividend	When a company pays an ordinary cash dividend, also referred to as a regular cash dividend, the index does not make any adjustments to the price or shares of the stock.	No
Special dividend	The stock price is adjusted by the amount of the dividend.	Yes
Rights offering	All rights offerings that are in the money on the ex-date are applied under the assumption the rights are fully subscribed. The stock price is adjusted by the value of the rights and the shares outstanding are increased by the rights ratio. The change in price and shares is offset by an adjustment factor (AWF) to keep the index market capitalization (stock weight) unchanged.	No

For more information on corporate actions treatment, please refer to S&P DJI's Equity Indices Policies & Practices document located on the S&P DJI website, [Methodologies - Governance | S&P Dow Jones Indices \(spglobal.com\)](https://www.spglobal.com/en/solutions-products/indices/governance-methodologies.html).

## 4. Internal approval and review process

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### 4.1 Design and validation of new methodologies

Our dedicated team of experienced specialists in the field of index construction and sustainability research is responsible for the design of new methodologies. When designing new methodologies, the team runs index simulations to verify the results of proposed methodologies. Survivorship bias and look-ahead biases can normally arise from back testing. In order to ensure the prevention of these biases, the historical databases, which are used for running back tests, are free from survivorship biases. In addition, look-ahead biases are prevented in the back tests by lagging accounting data.

New methodologies are internally reviewed and are presented to and reviewed by the Oversight Committee as part of its responsibility to supervise the design, development and approval of index methodologies.

### 4.2 Approval of new indices

Next to approving new methodologies, a separate procedure is in place for approval of new indices. The procedure for approval of a new index is as follows:

- A proposal to set up a new index is prepared.
- The Oversight Committee is informed, and in case required by the Oversight Committee, consulted about the set-up of the new index.
- The proposal to set up a new index is reviewed on appropriateness and impact, and approved by the relevant control functions, including Compliance and Risk Management.
- The Board of Directors of Robeco Indices B.V. reviews and approves the new index proposal.
- Robeco will launch the new index after approval of the Board of Directors of Robeco Indices B.V.

### 4.3 Review of methodology

The methodologies will be reviewed regularly, at least annually, internally, to ensure that the methodology still reflects its objective and complies with the Robeco standards. In addition, certain circumstances may trigger ad-hoc methodology reviews, including, but not limited to:

- Changes in underlying market structure
- Changes in the underlying S&P DJI indices
- Client feedback
- Market events

If a review of the methodology results in a revised composition of constituents, an interim rebalancing will take place in case Robeco establishes that the benchmark no longer represents the underlying market or economic reality it seeks to measure.

The Oversight Committee reviews the methodologies at least annually, to ensure the indices continue to achieve the stated objectives, taking into consideration feedback received from internal control functions, regulators, clients and other stakeholders.

## 5. Index changes and cessations

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Robeco realizes to the fullest that changes to, or the cessation of a Benchmark may have a significant impact on financial contracts and financial instruments that reference to the Benchmark or use the Benchmark for the measurement of the performance of investment funds. To safeguard client interests and to provide transparency to the users of Benchmarks, the change and cessation procedure describes in detail what situations may cause a material change to or cessation of a Benchmark and what actions are to be taken as part of this procedure.

### 5.1 Material change

Several factors, including external factors beyond the control of the Robeco may necessitate changes to, or the cessation of, one or more Benchmarks or family of Benchmarks. These situations may include, *but are not limited to*:

- Methodology review outcomes;
- Changes in or cessation of the underlying Benchmark universe;
- Changes to the structure of the underlying market;
- Regulatory changes;
- Low usage.

A change is considered to be material in case the change:

- would lead to the insertion or deletion of any of the key elements of the methodology of the Benchmark;
- would have a potentially significant impact on the users of the benchmark, e.g., high turnover;
- would significantly impact the key ESG factors that are reflected in the index methodology.

Methodology updates that are not deemed as material change include minor adjustments to inclusion and/or exclusion criteria, parameter updates or other minor edits which do not lead to any of the aforementioned consequences that are affiliated with a material change.

### 5.2 Market consultation

In case of a material change, a market consultation will be part of the procedure in case of multiple Users of the benchmarks. Such market consultation, which includes the scope and rationale for the change or cessation, allows Robeco to get familiar with essential feedback from Benchmark users, while it also provides transparency.

The timeframe and duration of the consultation period will be determined by Robeco. The minimum time frame for the consultation period is at least 5 business days and must be concluded at least 2 weeks before the effective date of the change or cessation.

A summary of comments by the Users, external stakeholders and Robeco's response will be made accessible to all stakeholders after the consultation period, except where the commenter requested confidentiality.

### 5.3 Change & cessation procedure

Any proposed change to a Benchmark or proposed cessation of a Benchmark shall be submitted to the control functions of Robeco (amongst which in each case Compliance and Risk Management) for review on appropriateness and impact, and approval.

Following the review and approval by the control functions of Robeco, the proposed change or cessation, including whether a consultation will take place, will be submitted to the Board of Directors for approval.

Robeco's Oversight Committee has the responsibility of overseeing any changes to and/or cessation of a Benchmark. For each proposed change, the Oversight Committee has the ability to provide feedback on such changes.

Robeco shall announce the change or cessation of the Benchmark on the website of Robeco and/or via e-mail well in advance to the Users and at least 2 weeks before the effective date of the change or cessation. As per the effective date, Robeco will implement the change and adjust the applicable documentation (i.e. the benchmark statement and key elements of the methodology, which are published on the Robeco website).

Upon specific approval of the Board of Directors, a change in the methodology of a Benchmark may be implemented with a shorter notice and/or consultation period, e.g., in the event that urgent action is required, for example but without limitation, where the representativeness of the Benchmark and its appropriateness for its intended use are at risk.

#### **5.4 Cessation of a benchmark**

In case Robeco decides to terminate provision of a Benchmark, users will be informed as soon as possible of the cessation via an announcement on the website of Robeco and/or via e-mail. The process of the cessation and the expected timelines for the termination of the Benchmark will also be communicated in this announcement. Further, Robeco shall propose an appropriate alternative if such is available within the Robeco index range.

### **Disclaimer**

*This document has been carefully prepared by Robeco Indices B.V. (Robeco). The information contained in this publication is based upon sources of information believed to be reliable. Robeco is not answerable for the accuracy or completeness of the information referred to therein. Whilst every care has been taken in the preparation of this document, we do not accept any responsibility for damage of any kind resulting from incorrect or incomplete information. This document is subject to change without notice.*

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## Appendix I: Carbon footprint calculations

### Introduction

Regulation (EU) 2016/1011 requires benchmark administrators to outline the formulas that are used to determine whether emissions of the EU Climate Benchmarks are in line with the objectives of the Paris Agreement.

The carbon footprint based on Scope 1 + 2 + 3 upstream of the index is calculated as

$$CF_I^{S1+2+3Up} = \sum w_i^I \frac{CO2_i^{S1+2+3Up}}{EVIC_i},$$

where  $w_i^I$  is the weight of stock  $i$  in the Index,  $CO2_i^{S1+2+3Up}$  is the Scope 1 + 2 + 3 upstream GHG emissions in tCO<sub>2</sub>e of stock  $i$ , and  $EVIC_i$  is the Enterprise Value Including Cash of stock  $i$ .

The carbon footprint based on Scope 1 + 2 + 3 upstream of the underlying S&P index is calculated as

$$CF_B^{S1+2+3Up} = \sum w_i^B \frac{CO2_i^{S1+2+3Up}}{EVIC_i},$$

where  $w_i^B$  is the weight of stock  $i$  in the underlying S&P index.

Similarly, the carbon footprint based on Scope 3 downstream of the index is calculated as

$$CF_I^{S3Down} = \sum w_i^I \frac{CO2_i^{S3Down}}{EVIC_i},$$

where  $CO2_i^{S3Down}$  is the Scope 3 downstream GHG emissions in tCO<sub>2</sub>e of stock  $i$ .

The carbon footprint based on Scope 3 downstream of the underlying S&P index is calculated as

$$CF_B^{S3Down} = \sum w_i^B \frac{CO2_i^{S3Down}}{EVIC_i}.$$

For companies that have no carbon footprint data, we assume it is equal to weighted average of the underlying S&P Index for which coverage exists.

For determining the year-on-year decarbonization trajectory and compare carbon footprints from one period to the next, an adjustment for inflation in the carbon footprint's denominator (EVIC) is applied. The EVIC Inflation Factor at quarter  $t$  ( $EIF_t$ ) is calculated as follows:

$$EIF_t = \frac{EVIC_{base}^B}{EVIC_t^B},$$

where  $EVIC_t^B = \sum w_{i,t}^B EVIC_{i,t}$  is the weighted average EVIC of the underlying S&P index at time  $t$  and  $EVIC_{base}^B = \sum w_{i,base}^B EVIC_{i,base}$  is the EVIC of the underlying S&P index at the base date ( $t = 0$ ).

The carbon footprint metrics are calculated based on the emissions and EVIC dataset provided by Trucost. For more information on Trucost's methodology, please refer to their website here: [Trucost Environmental Dataset | S&P Global Marketplace \(spglobal.com\)](https://www.spglobal.com/trucost/environmental-dataset)

## Appendix II: ESG methodology statement

### Introduction

Regulation (EU) 2016/1011 requires benchmark administrators to explain how environmental, social and governance factors ('ESG') are reflected in the benchmark methodology.

#### ESG factors as reflected in the key elements of the benchmark methodology

Item 1	Name of the benchmark administrator	Robeco Indices B.V.
Item 2	Type of benchmark or family of benchmarks	Equity
Item 3	Name of the benchmark or family of benchmarks	Robeco Climate Equities Indices
Item 4	Does the benchmark methodology for the benchmark or family of benchmarks take into account ESG factors?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Item 5	Reflection of ESG factors in benchmark methodology of the family of benchmarks	See item 6
Item 6	Reflection of ESG factors in benchmark methodology of each benchmark:	

#### *Low Carbon Climate Leaders Tilt Equities Indices*

a)	List of environmental factors:	<ul style="list-style-type: none"> <li>Reduction of the index carbon footprint relative to the universe. The carbon footprint of company is measured by normalizing the greenhouse gas (GHG) emissions, Scope 1, 2 and 3 upstream, by Enterprise Value Including Cash (EVIC). A restriction is included that the index carbon footprint is 30% lower than the universe.</li> <li>Overweighing of stocks that have a positive contribution to climate change mitigation and the transition towards a low carbon economy. To qualify as such, a stock must have a positive Robeco Climate SDG score .A restriction is included that the index' average Climate SDG score is higher than the universe's.</li> <li>Underweighting of stocks that are considered to be more susceptible to climate risk, based on the Climate Beta of a company. A restriction is in place that the average Climate Beta of the index is lower than the universe.</li> <li>Exclusions based on the Robeco Exclusion Policy 'Level 1' criteria. Environmental factors that are considered in the exclusion criteria include a level of involvement in thermal coal, arctic drilling, oil sands and the production of palm oil.</li> </ul>
b)	List of social factors	<ul style="list-style-type: none"> <li>Exclusions based on the Robeco Exclusion Policy 'Level 1' criteria. Social factors that are considered in the exclusion criteria include a level of involvement in the manufacturing of controversial weapons and the production, supply and sales of tobacco related products.</li> </ul>
c)	List of governance factors:	<ul style="list-style-type: none"> <li>Exclusions based on the Robeco Exclusion Policy 'Level 1' criteria. Governance factors that are considered in the exclusion criteria includes an assessment of controversial behaviour and a good governance test, which determines whether a company follows minimum good governance standards.</li> </ul>

#### *Climate Leaders Tilt Equities PAB Indices*

a)	List of environmental factors:	<ul style="list-style-type: none"> <li>Reduction of the index carbon footprint relative to the universe. The carbon footprint of company is measured by normalizing the greenhouse gas (GHG) emissions, Scope 1, 2 and 3, by Enterprise Value Including Cash (EVIC). A restriction is included that the index carbon footprint is 50% lower than the universe.</li> <li>Reduction of the index carbon footprint year-on-year with at least 7% relative (base date of 21 June 2024).</li> </ul>
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- Overweighting of stocks that have a positive contribution to climate change mitigation and the transition towards a low carbon economy. To qualify as such, a stock must have a positive Robeco Climate SDG score. A restriction is included that the index' average Climate SDG score is 1.5 higher than the universe's.
- Underweighting of stocks that are considered to be more susceptible to climate risk, based on the Climate Beta of a company. A restriction is in place that the average Climate Beta of the index is 0.1 lower than the universe.
- Exclusions based on the assessment of a company's alignment with the goals of the Paris Agreement, based on the Robeco Climate Traffic Light. All stocks with a 'Misaligned' assessment are excluded from the universe.
- The index' aggregated exposure to the sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006 that is at least equivalent to the aggregated exposure of the underlying investable universe to those sectors.
- The index overweights stocks credible carbon reduction targets. To qualify as such, a company meets each of the following criteria; 1) near-term carbon reduction targets aligned with the goals of the Paris Agreement, 2) sufficient disclosure of carbon emissions and 3) a decarbonization rate of at least 7% on average for the past three years.
- Exclusions based on criteria pursuant with the minimum requirements for EU Paris-aligned Benchmarks, as set in article 12 of Delegated Regulation (EU) 2020/1818.
- Exclusions based on a company's contribution towards the UN Sustainable Development Goals. Relevant SDGs that relate to environmental factors include SDG 12 ('Responsible Consumption & Productions'), 13 ('Climate Action'), 14 ('Life Below Water') and 15 ('Life on Land'). All stocks with a severely negative SDG score (-3 and -2) are excluded from the universe.
- Exclusions based on the Robeco Exclusion Policy 'Level 2' criteria. Environmental factors that are considered in the exclusion criteria include a level of involvement in thermal coal, arctic drilling, oil sands and the production of palm oil.
- Exclusions based on a company's contribution towards the UN Sustainable Development Goals. Relevant SDGs that relate to social factors include SDG 1 ('No Poverty'), SDG 2 ('Zero Hunger'), SDG 3 ('Good Health and Well-Being'), SDG 4 ('Quality Education'), SDG 5 ('Gender Equality'), SDG 6 ('Clean Water & Sanitation'), SDG 7 ('Affordable & Clean Energy'), SDG 8 ('Decent Work & Economic Growth'), SDG 9 ('Industry, Innovation & Infrastructure'), SDG 10 ('Reduced Inequalities'), SDG 11 ('Sustainable Cities & Communities'), SDG 16 ('Peace, Justice & Strong Institutions') and SDG 17 ('Partnerships for the Goals'). All stocks with a severely negative SDG score (-3 and -2) are excluded from the universe.
- Exclusions based on the Robeco Exclusion Policy 'Level 2' criteria. Social factors that are considered in the exclusion criteria include a level of involvement in the manufacturing of controversial weapons, military contracting, firearms and the production, supply and sales of tobacco related products.
- Exclusions based on the Robeco Exclusion Policy 'Level 2' criteria. Governance factors that are considered in the exclusion criteria includes an assessment of controversial behaviour and a good governance test, which determines whether a company follows minimum good governance standards.

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*Climate Leaders Index*

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a) List of environmental factors:

- The index overweights stocks that align with the goals of the Paris Agreement. The index construction algorithm specifically allocates to stocks that have an 'Aligned' assessment based on the Robeco Climate Traffic Light.
- The index overweights stocks that are considered to have a positive contribution to climate change mitigation and the transition towards a low carbon economy. The index construction algorithm specifically allocates to stocks that have a positive Climate SDG score.
- Underweighting of stocks that are considered to be more susceptible to climate risk, based on the Climate Beta of a company. A restriction is in place that the average Climate Beta of the index is lower than the universe.
- Exclusions based on a company's contribution towards the UN Sustainable Development Goals. Relevant SDGs that relate to environmental factors include SDG 12 ('Responsible Consumption & Productions'), 13 ('Climate Action'), 14 ('Life Below Water') and 15 ('Life on Land'). All stocks with a severely negative SDG score (-3 and -2) are excluded from the universe.
- Exclusions based on the Robeco Exclusion Policy 'Level 2' criteria. Environmental factors that are considered in the exclusion criteria include a level of involvement in thermal coal, arctic drilling, oil sands and the production of palm oil.

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b)

List of social factors

- Exclusions based on a company's contribution towards the UN Sustainable Development Goals. Relevant SDGs that relate to social factors include SDG 1 ('No Poverty'), SDG 2 ('Zero Hunger'), SDG 3 ('Good Health and Well-Being'), SDG 4 ('Quality Education'), SDG 5 ('Gender Equality'), SDG 6 ('Clean Water & Sanitation'), SDG 7 ('Affordable & Clean Energy'), SDG 8 ('Decent Work & Economic Growth'), SDG 9 ('Industry, Innovation & Infrastructure'), SDG 10 ('Reduced Inequalities'), SDG 11 ('Sustainable Cities & Communities'), SDG 16 ('Peace, Justice & Strong Institutions') and SDG 17 ('Partnerships for the Goals'). All stocks with a severely negative SDG score (-3 and -2) are excluded from the universe.
- Exclusions based on the Robeco Exclusion Policy 'Level 2' criteria. Social factors that are considered in the exclusion criteria include a level of involvement in the manufacturing of controversial weapons, military contracting, firearms and the production, supply and sales of tobacco related products.

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c)

List of governance factors:

- Exclusions based on the Robeco Exclusion Policy 'Level 2' criteria. Governance factors that are considered in the exclusion criteria includes an assessment of controversial behaviour and a good governance test, which determines whether a company follows minimum good governance standards.

Item 7 Data and standards used:

a) Data input:

- Data sourced from external providers:
  - Emissions Data: Sourced from Trucost Environmental Data.
  - Carbon reduction targets: Sourced from the Science Based Target initiative
  - Paris-aligned Exclusions: Underlying data to determine level of involvement sourced from Sustainalytics
- Data sourced from Robeco Institutional Asset Management:
  - SDG scores
  - Climate Traffic Light
  - Robeco Exclusions
- Proprietary research data of Robeco Indices B.V.:
  - Climate Beta
- Data sourced from external providers:  
Robeco scrutinizes the data quality of each provider during due diligence assessments. At the initial stage, this involves activities such

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b) Verification and quality of data:

reviewing the data model, including choice of identifier, inclusion of units where relevant and so on. As we proceed through the process, we perform deep-dive statistical checks to identify outliers, patterns or other distortion in the data. We evaluate to what extent our portfolios and benchmark universes are covered, and in relevant cases assess the impact of different sources on our portfolio decisioning. Where possible, furthermore, we compare our internal research-driven assessments with provider data to identify that with the most aligned approach. Through these steps, we aim to obtain to a sufficient degree of confidence in our chosen providers.

- [Data sourced from Robeco Institutional Asset Management:](#)  
Each research domain at Robeco has an assigned owner or committee which is responsible for maintaining, updating, and improving the applicable Robeco research framework. This owner is also responsible for oversight of content, methodology, process controls and, ultimately, quality. This covers both internally generated and external data used for the development of the framework. Where necessary, data owners also work with stakeholders to determine the best approach to estimating content in their domain. This is covered in more detail in the research-specific methodology documents.
- [Proprietary research data of Robeco Indices B.V:](#)  
Calibration and verification of the proprietary research data is subject to the internal control framework of Robeco Indices B.V.
- [Emissions Data : Trucost FAQ / Methodology Insights](#)
- [Carbon reduction targets: Science Based Targets Initiative](#)
- [Paris-aligned Exclusions: Minimum requirements EU PAB](#)
- [SDG scores: SDG Framework Methodology Document](#)
- [Climate Traffic Light: Climate Analytics Methodology](#)
- [Robeco Exclusions: Robeco Exclusion Policy](#)
- Climate Beta: N/A

c) Reference standards:

Date on which information has been last updated and reason for the update:

September 2025, index methodology update