

# Bloomberg MSCI Euro Liquid Corporate ESG Weighted SRI Index

The Bloomberg MSCI Euro Liquid Corporate ESG Weighted SRI Bond Index measures the investment grade, fixed-rate, taxable, EUR-denominated securities issued by corporate issuers, and applies additional ESG criteria for security eligibility. The index negatively screens issuers that are involved in business activities that are restricted because they are inconsistent with certain values-based business involvement criteria. Additionally, the index includes bonds with minimum EUR500mn amount outstanding. The index was created in April 2020, with history backfilled to January 1, 2014.

From December 1, 2022 onwards, bonds must additionally have ESG Rating of at least BB. Also, bonds that do not have an ESG Rating or ESG Controversy score are excluded. Issuers are capped at 5% by market value.

## Rules for Inclusion: Fixed Income Criteria

<b>Sector</b>	Corporate (industrial, utility and financial institutions) issuers only.
<b>Eligible Currencies</b>	Principal and interest must be denominated in EUR.
<b>Quality</b>	<p>Securities must be rated investment grade (Baa3/BBB-/BBB- or higher) using the middle rating of Moody's, S&amp;P and Fitch; when a rating from only two agencies is available, the lower is used; when only one agency rates a bond, that rating is used. In cases where explicit bond level ratings may not be available, other sources may be used to classify securities by credit quality:</p> <ul style="list-style-type: none"> <li>• Expected ratings at issuance may be used to ensure timely index inclusion or to properly classify split-rated issuers.</li> <li>• Unrated securities may use an issuer rating for index classification purposes if available. Unrated subordinated securities are included if a subordinated issuer rating is available.</li> </ul>
<b>Amount Outstanding</b>	EUR500mn minimum par amount outstanding.
<b>Coupon</b>	<ul style="list-style-type: none"> <li>• Fixed-rate coupon.</li> <li>• Callable fixed-to-floating rate bonds are eligible during their fixed-rate term only.</li> <li>• Bonds with a step-up coupon that changes according to a predetermined schedule are eligible.</li> </ul>
<b>Maturity</b>	At least one year until final maturity, regardless of optionality.
<b>Taxability</b>	Only fully taxable issuers are eligible.
<b>Market of Issue</b>	Publicly issued in the global and regional markets.
<b>Seniority of Debt</b>	Senior and subordinated issues are included.

<b>Country Eligibility</b>	Bonds with EM country of risk are excluded.	
<b>EM Country Definition</b>	<p>Bloomberg uses a fixed list of emerging market countries that is reviewed annually to define country eligibility in dedicated EM hard currency, local currency, and inflation-linked benchmarks. Criteria for inclusion in the EM country list are rules-based and include:</p> <ul style="list-style-type: none"> <li>• Countries that meet one of the following two criteria: World Bank Income group classifications of <i>low/middle</i> income OR International Monetary Fund (IMF) classification as a <i>non-advanced</i> country.</li> <li>• Additional countries that bond investors classify as EM due to factors such as investability concerns, the presence of capital controls, and/or geographic considerations may also be included on the list and are also reviewed on an annual basis. As of April 2014, 4 additional markets are included in the Bloomberg EM country list: Czech Republic, Israel, South Korea and Taiwan.</li> </ul>	
<b>Security Types</b>	<p>Included</p> <ul style="list-style-type: none"> <li>• Bullet, puttable, sinkable/amortizing and callable bonds</li> <li>• Original issue zero coupon bonds</li> <li>• Underwritten MTN</li> <li>• Fixed-rate and fixed-to-floating (including fixed-to-variable) capital securities</li> </ul>	<p>Excluded</p> <ul style="list-style-type: none"> <li>• Treasuries, government related, securitized and covered bonds</li> <li>• Contingent capital securities, including traditional CoCos and contingent write-down securities, with explicit capital ratio or solvency/ balance sheet-based triggers</li> <li>• Bonds with equity type features (eg, warrants, convertibles, preferreds)</li> <li>• Inflation-linked bonds, floating-rate issuers</li> <li>• Private placements, retail bonds</li> <li>• Structured notes, pass-through certificates</li> <li>• Illiquid securities with no available internal or third-party pricing source</li> </ul>

## Environment, Social and Governance (ESG) Rules

<b>Timing and Coverage</b>	<ul style="list-style-type: none"> <li>• From December 1, 2022, securities must have an MSCI ESG Rating of BB or higher, and unrated issuers from sectors with ratings are excluded.</li> <li>• Prior to April 8, 2021, MSCI ESG Ratings, Controversy Scores and Business Involvement data were applied at the ticker level, where every bond within the same ticker would have the same MSCI ESG Rating, with MSCI mapping ESG data from the entity with the largest debt outstanding (by market value) to all companies with the same Bloomberg ticker.</li> <li>• From April 9, 2021, MSCI ESG data is applied at the bond level which may result in bonds with the same Bloomberg ticker having different MSCI ESG Ratings.</li> <li>• Factor tilts are based on beginning of the month ratings.</li> <li>• MSCI ESG Ratings are generally updated annually, but may be reviewed more frequently as needed.</li> </ul>
<b>Business Involvement Screens</b>	<p>The index excludes issuers involved in the following business lines/activities as per the Bloomberg MSCI screens:</p> <ul style="list-style-type: none"> <li>• Tobacco</li> <li>• Civilian Firearms</li> </ul>

- Military Weapons
  - Landmine Manufacturing
  - Cluster Bomb Manufacturing
  - Depleted Uranium Weapons
  - Chemical and Biological Weapons Components
  - Nuclear Weapons and Components
  - Conventional Weapons Systems and Components

From February 2020, the index additionally excludes issuers with 5% or more in revenue from the business activities related to:

- Thermal Coal
- Generation of Thermal Coal
- Oil Sands

From December 1, 2022, the index excludes issuers involved in the following business lines/activities as per the standard Bloomberg MSCI screens:

- Alcohol
- Tobacco
- Gambling
- Adult Entertainment
- Genetically Modified Organisms (GMO)
- Nuclear Power
- Civilian Firearms
- Conventional Weapons
- Nuclear Weapons
- Controversial Weapons
  - Landmine Manufacturing
  - Cluster Bomb Manufacturing
  - Depleted Uranium Weapons
  - Chemical and Biological Weapons Components
- Thermal Coal
- Fossil Fuels

As the index is using the standard SRI definition from December 1 2022, which screens out bonds with any ties to Cluster Bombs or Landmines, the 2 older screens for the manufacturers of these are removed.

Involvement is defined for each restricted activity and may be based on % of revenue, total revenue, or any tie regardless of revenue (see Figures 7-8 on pages 14-16 for standard screen threshold in ESG Methodology on the [Bloomberg Terminal](#) or on the [website](#)).

**MSCI ESG Controversy Score**

Excludes any issuer with a "Red" MSCI ESG Controversy Score (equal to zero), which measures an issuer's involvement in major ESG controversies and how well they adhere to international norms and principles.

From December 1, 2022, the index will additionally exclude bonds that do not have an ESG Controversy Score (are unrated).

### Factor Tilts

The weight of each index eligible issuer (and security) is adjusted by a fixed multiplier (see table), which is determined by its MSCI ESG Rating (AAA, AA, A, BBB, BB, B, CCC, NR).

Before December 1, 2022, bonds with ESG Ratings B or CCC were adjusted by 0.5x multiplier, and bonds with ESG Ratings of NR had 1.0x multiplier.

ESG Rating	Tilt
AAA, AA	2.0x
A, BBB, BB	1.0x

## Rebalancing Rules

### Issuer Capping Methodology

From December 1, 2022, issuers that exceed 5% of the market value of the uncapped Euro Liquid Corporate ESG Weighted SRI Index are limited at 5%. The excess market value over the 5% cap is redistributed on a pro rata basis to all other issuers' bonds in the index that are under the 5% cap. The process is repeated until no issuer exceeds the 5% limit. For example, an issuer that represents 6% of the uncapped index will have 1% of the index's market value redistributed to each bond from all issuers under the 5% cap on a pro rata basis. The 5% issuer cap is applied each month as the index is rebalanced.

### Frequency

For each index, Bloomberg maintains two universes of securities: the Returns (Backward) and the Projected (Forward) Universes. The composition of the Returns Universe is rebalanced at each month-end and represents the fixed set of bonds on which index returns are calculated for the next month. The Projected Universe is a forward-looking projection that changes daily to reflect issues dropping out of and entering the index but is not used for return calculations. On the last business day of the month (the rebalancing date), the composition of the latest Projected Universe becomes the Returns Universe for the following month.

### Index Changes

During the month, indicative changes to securities (credit rating change, sector reclassification, amount outstanding changes, corporate actions, ticker changes, etc.) are reflected daily in both the Projected and Returns Universes of the index. These changes may cause bonds to enter or fall out of the Projected Universe of the index on a daily basis, but will affect the composition of the Returns Universe at month-end only, when the index is next rebalanced.

### Reinvestment of Cash Flows

Intra-month cash flows from interest and principal payments contribute to monthly index returns but are not reinvested at a short-term reinvestment rate between rebalance dates. At each rebalancing, cash is effectively reinvested into the Returns Universe for the following month so that index results over two or more months reflect monthly compounding.

### New Issues

Qualifying securities issued/announced, but not necessarily settled, on or before the month-end rebalancing date, qualify for inclusion in the following month's index if required security reference information and pricing are readily available.

## Pricing and Related Issues

### Sources & Frequency

All index-eligible bonds are priced on a daily basis by Bloomberg's evaluated pricing service, BVAL.

### Pricing Quotes

Bonds are quoted as a percentage of par.

<b>Timing</b>	<ul style="list-style-type: none"> <li>• 4:15pm (London time) each day.</li> <li>• On early market closes, prices are taken as of 12:00pm (London time), unless otherwise noted.</li> <li>• If the last business day of the month is a public holiday, prices from the previous business day are used.</li> </ul>
<b>Bid or Offer Side</b>	Bonds in the index are priced on the bid side. The initial price for new corporate issues entering the index is the offer side; after the first month, the bid price is used.
<b>Settlement Assumptions</b>	<ul style="list-style-type: none"> <li>• T+1 calendar day settlement basis.</li> <li>• At month-end, settlement is assumed to be the first calendar day of the following month, even if the last business day is not the last day of the month, to allow for one full month of accrued interest to be calculated.</li> </ul>
<b>Verification</b>	Daily price moves for each security are analyzed by the index pricing team. Index users may also challenge price levels, which are then reviewed and updated as needed.
<b>Calendar</b>	The Bloomberg MSCI Euro Liquid Corporate ESG Weighted SRI Index follows the UK bond market holiday schedule. For month-end dates, the European Calendar may also be employed in the event a UK holiday falls on a month-end date but European markets remain open.

## Accessing Index Data

<b>Bloomberg Terminal®</b>	<p>Bloomberg benchmarks are the global standard for capital markets investors.</p> <ul style="list-style-type: none"> <li>• INDE&lt;GO&gt; - The Bloomberg Indices dashboard page, which contains daily, monthly, and year-to-date index returns for key indices from each index family as well as a link to index publications.</li> <li>• IN&lt;GO&gt; - The Bloomberg Index Browser displays the latest performance results and statistics for the indices as well as history. IN presents the indices that make up Bloomberg's global, multi-asset class index families into a hierarchical view, facilitating navigation and comparisons. The "My Indices" tab allows a user to focus on a set of favorite indices.</li> <li>• DES&lt;GO&gt; - The index description page provides transparency into an individual index including membership information, aggregated characteristics and returns, and historical performance.</li> <li>• INP&lt;GO&gt; - The Bloomberg Indices Publications page, which includes methodologies, factsheets, monthly reports, announcements and technical notes. A user may also subscribe to index publications via the "Actions" button.</li> <li>• PORT&lt;GO&gt; - Bloomberg's Portfolio &amp; Risk Analytics solution includes tools to analyze the risk, return, and current structure of indices. Analyze the performance of a portfolio versus a benchmark or use models for performance attribution, tracking error analysis, value-at-risk, scenario analysis, and optimization.</li> </ul>
<b>Bloomberg Indices Website (www.bloomberg.com/indices)</b>	<p>The index website makes available limited index information including:</p> <ul style="list-style-type: none"> <li>• Index methodology and factsheets</li> <li>• Current performance numbers for select indices</li> </ul>

**Data Distribution**

Index subscribers may choose to receive index data in files. Files may include:

- Index level and/or constituent level returns and characteristics for any indices
- Automatic delivery of files via email or SFTP following the completion of the index production process after market close
- Clients may receive standard files or may customize file contents
- Index data is also available via authorized redistributors

**Index Ticker**

I35552EU: Total Return EUR Unhedged

**Index Licensing**

Bloomberg requires index data licenses for services and products linked to the Indices

- Index or Constituent-Level Redistribution
- Exchange Traded Notes (ETNs)
- OTC Derivative Products
- Bond Pricing Service
- Index-Linked Insurance Products
- Custom Index Solutions
- Exchange Traded Funds (ETFs)
- Mutual Funds
- Separately Managed Accounts (SMAs)

## Disclaimer

This document and the information contained in it, including without limitation all text, data, graphs and charts (collectively, the "Information") is the property of MSCI Inc. and/or its affiliates (collectively, "MSCI"), Bloomberg Index Services Limited and/or its affiliates (collectively, "Bloomberg"), or their licensors, direct or indirect suppliers or any third party involved in making or compiling any Information (MSCI and Bloomberg, collectively, the "Information Providers") and is provided for informational purposes only. The Information may not be reproduced or disseminated in whole or in part without prior written permission from the authorized Information Provider(s). All rights in the Bloomberg MSCI Environmental, Social & Governance (ESG) fixed income indices (the "ESG Indices") vest in MSCI and Bloomberg. The Information may not be used to create derivative works or to verify or correct other data or information. For example (but without limitation), the Information may not be used to create indices, databases, risk models, analytics or software, or in connection with issuing, offering, sponsoring, managing or marketing securities, portfolios, financial products or other investment vehicles utilizing or based on, linked to, tracking or otherwise derived from the Information.

The user of the Information assumes the entire risk of any use it makes or permits to be made of the Information. NONE OF THE INFORMATION PROVIDERS MAKES ANY EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE INFORMATION (OR THE RESULTS TO BE OBTAINED BY THE USE THEREOF) AND, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH INFORMATION PROVIDER EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES (INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF ORIGINALITY, ACCURACY, TIMELINESS, NON-INFRINGEMENT, COMPLETENESS OR MERCHANTABILITY).

Without limiting any of the foregoing and to the maximum extent permitted by applicable law, in no event shall any Information Provider have any liability regarding any of the Information including with respect to any direct, indirect, special, punitive, consequential (including lost profits) or other damages even if notified of the possibility of such damages. The foregoing shall not exclude or limit liability that may not by applicable law be excluded or limited, including without limitation (as applicable), for death or personal injury to the extent such injury results from the negligence or willful default of itself or its servants, agents or sub-contractors.

Information containing historical information, data or analysis should not be taken as an indication or guarantee of future performance, analysis, forecast or prediction. Past performance does not guarantee future results. All levels, prices and spreads are historical and do not represent current market levels, prices or spreads, some or all of which may have changed since the publication of this document.

None of the Information constitutes an offer to sell (or a solicitation of an offer to buy), any security, financial product or other investment vehicle or any trading strategy.

MSCI's wholly-owned subsidiary, MSCI ESG Research LLC, is a Registered Investment Adviser under the Investment Advisers Act of 1940. Except with respect to any applicable products or services from MSCI ESG Research LLC, none of MSCI's products or services recommends, endorses, approves or otherwise expresses any opinion regarding issuers, securities, financial products or instruments or trading strategies and none of MSCI's products or services is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and no such products or services may be relied on as such.

The ESG Indices use ratings and other data, analysis and information from MSCI ESG Research LLC. Issuers mentioned or included in any MSCI ESG Research materials may include MSCI Inc., clients of MSCI, or suppliers to MSCI, and may also purchase research or other products or services from MSCI ESG Research LLC. MSCI ESG Research LLC materials, including materials utilized in ESG Indices or other products, have not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. ESG Indices are unmanaged indices that cannot be invested in directly. None of the ESG Indices recommend, endorse, approve or otherwise express any opinion regarding any issuer, securities, financial products or instruments or trading strategies and none of the ESG Indices are intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and they may not be relied on as such. Any funds, products or other securities or investment vehicles using or based on the ESG Indices are not sponsored, endorsed, or promoted by Bloomberg or MSCI.

Any use of or access to the ESG Indices requires a license from both MSCI and Bloomberg. Any use of or access to other products, services or information of Bloomberg requires a license from Bloomberg. Any use of or access to other products, services or information of MSCI requires a license from MSCI. MSCI, Barra, RiskMetrics, MSCI ESG Research, FEA, and other MSCI brands and product names are the trademarks or service marks of MSCI. BLOOMBERG is a trademark and service mark of Bloomberg Finance L.P. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and Standard & Poor's. "Global Industry Classification Standard (GICS)" is a service mark of MSCI and Standard & Poor's.

©2022 Bloomberg Finance L.P. All rights reserved

### Take the next step.

For additional information,  
email [indexhelp@bloomberg.net](mailto:indexhelp@bloomberg.net)  
or press the <HELP> key twice  
on the Bloomberg Terminal\*

[bloomberg.com/indices](https://www.bloomberg.com/indices)

<b>Beijing</b>	<b>Hong Kong</b>	<b>New York</b>	<b>Singapore</b>
+86 10 6649 7500	+852 2977 6000	+1 212 318 2000	+65 6212 1000
<b>Dubai</b>	<b>London</b>	<b>San Francisco</b>	<b>Sydney</b>
+971 4 364 1000	+44 20 7330 7500	+1 415 912 2960	+61 2 9777 8600
<b>Frankfurt</b>	<b>Mumbai</b>	<b>São Paulo</b>	<b>Tokyo</b>
+49 69 9204 1210	+91 22 6120 3600	+55 11 2395 9000	+81 3 4565 8900