

Bloomberg MSCI Global Liquid Corporate ESG Weighted SRI Sustainable Bond Index

This document is intended to be read in conjunction with the [Bloomberg Global Aggregate Corporate Index Methodology](#) and the [Bloomberg MSCI ESG Fixed Income Indices Methodology](#); these documents collectively constitute the index methodology for this Index.

The Bloomberg MSCI Global Liquid Corporate ESG Weighted SRI Sustainable Bond Index tracks multi-currency, investment grade, fixed-rate, corporate issuers with a MSCI ESG Rating of BBB or higher. The index includes securities with at least one year until final maturity. The index excludes issuers per the standard Bloomberg MSCI SRI screen and also issuers involved in nuclear weapons, conventional weapons, biochemical weapons, and firearms. Additionally, the index excludes issuers with a “red” MSCI ESG Controversy score, or those that are not covered by MSCI ESG Controversy research. The index uses MSCI ESG Ratings to tilt allocations compared to their market values in the Global Aggregate Corporate Index, along with limiting the market value weight of issuers to a cap of 5%. The index was created in December 2020, with history backfilled to March 1, 2013.

The features specific to this Index are set out below.

Index ID	38470
Index Ticker	I38470US Index: Total Return USD Unhedged

Eligibility Requirements:

Currency	Principal and interest must be denominated in one of the eligible currencies. To be eligible, a currency must have total debt outstanding of at least USD200bn equivalent in the Global Aggregate Corporate Index as of the previous March month-end rebalance. Once included, a currency will exit if its total debt outstanding falls below USD100bn equivalent in the Global Aggregate Corporate Index as of the previous March month-end rebalance. Eligible currencies are updated annually on the June month-end rebalance.
Sector	Corporate bonds only
Credit Rating	Investment Grade
Minimum Amount Outstanding	Fixed minimum issue sizes are set for each sector: <ul style="list-style-type: none"> • USD 1bn: Industrial and Financial Institutions • USD 500mn: Utilities • EUR 750mn • GBP 500mn • CAD 500mn
Maturity	At least one year until final maturity, regardless of optionality
Minimum Liquidity Requirements	See Minimum Amount Outstanding specified above
Region	Emerging Market Issuers are excluded

Rebalance Date

Monthly

Issuer capping

Issuers that exceed 5% of the market value of the uncapped Global Liquid Corporate ESG Weighted SRI Sustainable Bond 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

Environmental, Social and Governance (ESG)

This section is not intended to be exhaustive and is being provided for information purposes only - detailed ESG disclosures set out in dedicated section below.

The Index applies the standard ESG factors outlined in the [Bloomberg MSCI ESG Fixed Income Indices Methodology Appendix A: Bloomberg MSCI SRI Indices and Appendix B: Sustainability Indices](#) ESG annexes:

- Standard Bloomberg MSCI SRI screen,
- Standard Bloomberg MSCI ESG Controversies Score threshold, and
- Standard Bloomberg MSCI ESG Ratings

Additionally, the index applies the following MSCI ESG factors:

Additional MSCI Business Involvement Screens

The index excludes issuers deriving revenue from, or being involved in, business activities related to:

- Biological or Chemical Weapons revenue $\geq 0.001\%$
- Civilian Firearms
- Nuclear Weapons revenue $\geq 0.001\%$
- Conventional Weapons revenue $\geq 0.001\%$
- Oil Sands $\geq 5\%$

Additional MSCI ESG Controversies

In addition to applying the standard Bloomberg MSCI ESG Controversy screen, the index also excludes corporate issuers not covered by MSCI ESG Controversy research.

MSCI ESG Rating Tilts

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

ESG Rating	Tilt
AAA	2.5x
AA	2.0x
A	1.5x
BBB	1.0x

Document Version History

Date	Update
January 2024	Publication in new format

Environmental, Social and Governance (ESG) Disclosures

This document should be read in conjunction with [Bloomberg MSCI ESG Fixed Income Indices Methodology Appendix A: Bloomberg MSCI SRI Indices and Appendix B: Bloomberg MSCI Sustainability Indices](#) disclosures annexes. These annexes and the information below collectively constitute the ESG factors taken into account in this Index and associated disclosures.

Where an index applies MSCI screens and a security/issuer is not included in the MSCI research coverage for that screen, unless otherwise noted, this index will include such security/issuer, provided it meets the relevant index eligibility rules. This applies to Government, securitized issuers (ABS, CMBS, and MBS), and corporate issuers not covered by MSCI ESG Business Involvement Screening Data, and MSCI ESG Climate Data & Metrics, and also to Corporate issuers not covered by MSCI ESG Research. Corporate issuers not covered by MSCI ESG Controversies research are excluded from the Index.

ESG Factors	
MSCI ESG Rating Tilts	<p>The index adjusts the weight of each issuer by a fixed multiplier which is determined by its MSCI ESG Rating (AAA, AA, A, BBB). Please refer to the MSCI ESG Rating Tilts description in the Environment, Social, and Governance (ESG) section above.</p> <p>Please refer to the MSCI ESG Ratings Methodology that can be accessed here and summary of what an MSCI ESG rating is can be found here.</p>
Biological and Chemical Weapons	Excludes researched companies deriving 0.001% or more revenue from Biological or Chemical Weapons.
Conventional Weapons	Excludes researched companies deriving 0.001% or more revenue from the production of conventional weapons and components.
Civilian Firearms	Excludes researched companies with any tie to civilian firearms.
Nuclear Weapons	Excludes researched companies deriving 0.001% or more revenue from the production of nuclear weapons.
Oil Sands	<p>This factor identifies the maximum percentage of revenue (either reported or estimated) greater than 0% that a company derives from oil sands extraction for a set of companies that own oil sands reserves and disclose evidence of deriving revenue from oil sands extraction. This factor does not include revenue from non-extraction activities (e.g. exploration, surveying, processing, refining); ownership of oil sands reserves with no associated extraction revenues; revenue from intra-company sales.</p> <p>Exclusion applies to researched companies that have >= 5% of revenue from this factor.</p>
Data and standards used	
<p>a) Data input.</p> <p>(i) Describe whether the data are reported, modelled or, sourced internally or externally.</p> <p>(ii) Where the data are reported, modelled or sourced externally, please name the third party data provider.</p>	<p>All ESG data for the benchmarks is sourced externally from:</p> <p>MSCI Research esgclientservice@msci.com https://www.msci.com/research-and-insights</p> <p>MSCI ESG Research relies on a proprietary methodology informed by a range of data sources.</p> <ul style="list-style-type: none"> • Reported data <ul style="list-style-type: none"> ○ Corporate documents: annual reports, proxy filings, environmental and social reports, securities filings, websites and Carbon Disclosure Project responses. Externally sourced data. ○ Government data: central bank data, U.S. Toxic Release Inventory, Comprehensive Environmental Response and Liability Information System (CERCLIS), RCRA Hazardous Waste Data Management System, etc. We continue to assess the value of other, similar information sources, particularly for European companies. ○ Popular, trade, and academic journals: accessed through websites, subscriptions and searches of online databases. ○ News media: major news publications globally, including local-language sources across a range of markets. ○ Relevant organizations and professionals: reports from and interviews with trade groups, industry experts and nongovernmental organizations familiar with the companies' operations and any related controversies • Modelled data

	<ul style="list-style-type: none"> ○ For climate-related metrics, when data is not disclosed by companies, MSCI ESG Research uses a proprietary GHG emission estimation model. ○ When companies do not report exact revenue figures for a covered business activity, MSCI ESG Research provides an estimate of the extent of companies' involvement in the subject activity. <p>For top level scores (ESG Ratings, Environmental, Social and Governance pillars), MSCI ESG Research estimates macro-level risk exposure for companies' based on the type and location of operations, distribution of products. Data sources used in the exposure calculations include, but not limited to:</p> <ul style="list-style-type: none"> • Comprehensive Environmental Data Archive (CEDA) • US Department of Energy; International Council on Clean Transportation • Lamont-Doherty Earth Observatory, Columbia University • Organization of Economic Co-Operation and Development (OECD) • Canadian Industrial Water Survey • Hoekstra, A.Y. and Mekonnen, M.M. (2011) • Ecorisk • World Development Indicators (WDI) • Annual Change of Forest Resources _ Food and Agriculture Organization (FAO) • World Wildlife Fund (WWF) • US EPA's Toxics Release Inventory (TRI) • Risk-Screening Environmental Indicators (RSEI) • US Bureau of Labor Statistics (BLS) • International Labour Organization (ILO) • US Occupational Health & Safety Administration (OSHA) • UK Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) • International Chemical Secretariat (ChemSec) Substitute It Now (SIN) List • International Monetary Fund (IMF) • World Health Organization (WHO) • UN Principles for Responsible Investments (UN PRI) • World Resource Institute (WRI) • Consultative Group to Assist the Poor (CGAP) • US Census Bureau Current Population Survey Supplement • World Bank Governance Indicators (WGI) • Transparency International (TI) • World Bank (WB) • SNL Financial • Thomson Financial <p>Refer to the MSCI ESG & Climate Methodologies page for further details on the data sources for the relevant ESG factors.</p>
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<p>b) Verification of data and guaranteeing the quality of those data. <i>Describe how data are verified and how the quality of those data is ensured.</i></p>	<p>MSCI ESG Score</p> <p>The ESG Ratings process includes multiple steps to review the quality of the analysis and consistent application of the methodology.</p> <p>The following quality assurance and oversight processes are observed:</p> <ul style="list-style-type: none"> • Quality review process: Data quality checks are conducted on all companies prior to the publication of their ESG Rating. • Analytical review: All ESG Ratings are subject to review by an analyst and a reviewer. In cases where the analyst review results in a proposal for a change to an ESG Rating, and for defined other circumstances, the Rating is subject to a review by a second senior analyst. • Ratings Methodology Committee: This committee addresses the following specific cases, as well as other escalations related to methodology application: <ul style="list-style-type: none"> • Proposal to add a company-specific Key Issue in a company’s assessment. • Ratings change of two letters or more. • New AAA- or CCC-rated company. • Requests for deviations from the weights for industry Key Issues due to significant differences in business model from the industry peer set. • Requests to deviate from standard methodology for including or excluding controversies cases in a company’s ratings analysis. • ESG Methodology Committee: This committee addresses escalations from the Ratings Methodology Committee and reviews changes to the ESG Ratings methodology, including: <ul style="list-style-type: none"> ○ Updates to the ESG Industry Materiality Map, which determines the relevance of ESG Key Issues to sub-industries. ○ Changes to data sources or calculations used in ESG Ratings. ○ Methodology proposals for consultation. <p>Please see the MSCI ESG Ratings Methodology and Process via the MSCI ESG Methodologies website for further detail.</p> <p>MSCI Business Involvement Screens</p> <p>Initial company research and analysis is followed by a rigorous quality review process. Data accuracy and company profiles are peer-reviewed, then sent to content leads for final approval. In specific cases in which a company’s business activity is not clearly defined by MSCI ESG Research’s methodology and there is no precedent, the case is escalated to the Head of Screening Research. Cases that require further interpretation or an update to the methodology are brought to the MSCI ESG Impact and Screening Methodology Committee for resolution.</p> <p>Please see the MSCI Business Involvement Methodology Overview for further detail.</p>
<p>c) Reference standards <i>Describe the international standards used in the benchmark methodology.</i></p>	<p>MSCI ESG Score</p> <p>MSCI ESG Research relies on a proprietary methodology informed by a range of data sources. MSCI ESG Research does not explicitly mandate reporting along specific disclosure standards. Commonly utilized disclosure frameworks for data collected and used by MSCI ESG Research include GRI, SASB, UN Global Compact; and, for specific performance indicators, GHG Protocol, and applicable ISO standards.</p> <p>MSCI Business Involvement Screens</p> <p>The MSCI ESG Research team utilised a combination of industry classifications, business descriptions and keyword searches in company filings to identify potential involvement in each of the screening topics.</p>
<p>Date on which information has been last updated and reason for the update:</p>	<p>January 2024 (first publication)</p>

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