

# Bloomberg MSCI Global Corporate SRI Carbon ESG-Weighted 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 Corporate SRI Carbon ESG-Weighted Bond Index is a multi-currency index that tracks fixed-rate, investment grade, corporate debt. To be included, securities must have at least one year remaining until final maturity and a MSCI ESG Rating of BB or higher. The index excludes issuers per the standard Bloomberg MSCI SRI and ESG Controversy screens, while also negatively screening issuers involved in business activities that are restricted because they are inconsistent with certain value-based business involvement criteria, including activities with high carbon intensity. Issuer weights are tilted based on the MSCI ESG Rating and issuers are capped at a market value weight of 2%. The index was created in January 2021, with history backfilled to June 1, 2015.

The features specific to this Index are set out below.

**Description of Index Constituents** Global Investment Grade Bonds

**Index Ticker** I36069US Index: Total Return USD Unhedged

## Eligibility Requirements:

**Currency** Principal and coupon must be denominated in one of the following eligible currencies:

- Americas: CAD, CLP, COP, MXN, PEN, USD
- EMEA: CHF, CZK, DKK, EUR, GBP, HUF, ILS, NOK, PLN, RON, RUB, SEK
- Asian-Pacific: AUD, CNY, HKD, IDR, JPY, KRW, MYR, NZD, SGD, THB

**Sector** Corporate

**Credit Rating** Investment Grade

**Minimum Amount Outstanding** Fixed minimum issue sizes are set for all local currency markets:

- 150mn: CAD
- 200mn: GBP
- 300mn: USD, EUR, AUD, CHF
- 500mn: SGD, NZD
- 1bn: RON, PEN
- 2bn: DKK, NOK, PLN, ILS, HKD, MYR
- 2.5bn: SEK
- 5bn: CNY
- 10bn: MXN, CZK, THB
- 35bn: JPY
- 100bn: CLP
- 200bn: HUF
- 500bn: KRW
- 1trn: COP
- 2trn: IDR

<b>Maturity</b>	At least one year until final maturity, regardless of optionality
<b>Minimum Liquidity Requirements</b>	See Minimum Amount Outstanding specified above
<b>Rebalance Date</b>	Monthly
<b>Currency and Sector Neutral Reweighting</b>	The application of screens will alter the currency and sector composition of the index versus the standard Global Aggregate Corporate Index. The Global Aggregate Corporate Index is thus divided into 10 sub-indices, based on a combination of BCLASS 2 sector for three currencies (USD, EUR, and GBP) and one sub-index for the remaining currencies. The Global Corporate SRI Carbon ESG-Weighted Index's weights in each of these 10 sub-indices are then adjusted to match the market value weights of these 10 sub-indices in the Global Aggregate Corporate Index. These sub-index weights are fixed as of month end and may drift intra-month as prices change and bonds are called or tendered.
<b>Issuer Capping</b>	Issuers that exceed 2% of the market value of the uncapped Global Corporate SRI Carbon ESG-Weighted Index are limited to 2%. The excess market value over the 2% cap is redistributed on a pro rata basis to all other issuers' bonds in the index that are under the 2% cap. The process is repeated until no issuer exceeds the 2% 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 ESG annexes:

- Standard Bloomberg MSCI SRI screen, and
- Standard Bloomberg MSCI ESG Controversies score threshold.

Additional MSCI ESG screens:

<b>MSCI ESG Ratings</b>	Issuers must have a MSCI ESG Rating of BB or higher to be included. Unrated issuers are excluded.
<b>MSCI ESG Pillar Score</b>	Issuers must have an Environmental, Social, and Governance MSCI ESG Pillar Score of 2 or higher to be included. Issuers without scores are excluded.
<b>MSCI Carbon Intensity</b>	Issuers with reported or estimated Scope 1 and 2 sales based carbon intensity of 750mn metric tons or higher are excluded.
<b>Additional MSCI Business Involvement Screens</b>	<p>The index excludes issuers deriving revenue from, or being involved in, business activities related to:</p> <ul style="list-style-type: none"> <li>• Weapons Systems/Components/Support Systems/Services revenue &gt; 0%</li> <li>• Gambling Operations or Supply deriving aggregated revenue &gt;= 5%</li> <li>• Adult Entertainment revenue &gt;= 10%</li> <li>• Thermal Coal Power Generation revenue &gt;= 2.5%</li> <li>• Nuclear Weapons System or Component Manufacturers</li> </ul>

The index applies the below rating weighting scheme:

<b>MSCI ESG Rating Tilts</b>	The weight of each index eligible issuer (and security) is adjusted by a fixed multiplier (see table below), which is determined by its MSCI ESG Rating (AAA, AA, A, BBB, BB).
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ESG Rating	Tilt
AAA, AA, A	2.0x
BBB	1.0x
BB	0.5x

## Document Version History

Date	Update
September 2023	Publication in new format

## Environmental, Social and Governance (ESG) Disclosures

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

ESG Factors	
MSC ESG Rating	<p>MSCI ESG Ratings provide research, data, analysis and ratings of how well companies manage environmental, social and governance risks and opportunities. MSCI ESG Ratings provides an overall company ESG rating – a seven-point scale from ‘AAA’ to ‘CCC’. In addition, the product provides scores and percentiles indicating how well a company manages each key issue relative to industry peers, as well as underlying data and metrics used to compile the scores and ratings.</p> <p>The Index includes issuers with ESG ratings of BB and above using the MSCI ESG Corporate Rating model. Issuers not covered by MSCI ESG research are excluded.</p> <p>In addition to excluding issuers that do not meet the above described MSCI ESG Rating threshold, the index adjusts the weight of each issuer by a fixed multiplier which is determined by its MSCI ESG Rating (AAA, AA, A, BBB, BB). Please refer to the MSCI ESG Rating Tilts description in the Environment, Social, and Governance (ESG) section of this document.</p> <p>Please refer to the MSCI ESG Ratings Methodology that can be accessed <a href="#">here</a> and summary of what an MSCI ESG rating is can be found <a href="#">here</a>.</p>
MSCI ESG Pillar Score	<p>Includes researched companies that have an ESG Pillar Score of 2 or higher for each component:</p> <ul style="list-style-type: none"> <li>• The Environmental Pillar Score represents the weighted average of all Key Issues that fall under the Environment Pillar</li> <li>• The Social Pillar Score represents the weighted average of all Key Issues that fall under the Social Pillar</li> <li>• The Governance Pillar Score provides an assessment of risk and management practices related to Corporate Governance and Corporate Behavior. The 0-10 score is based on the sum of deductions derived from Key Metrics included in the Corporate Governance (including Board, Pay, Ownership &amp; Control, and Accounting) and Corporate Behavior (including Business Ethics and Tax Transparency) themes. Low scores correspond to companies with weak corporate governance practices, weak business ethics programs, high exposure to corruption risk, and/or involvement in business ethics-related controversies. (Score: 0-10)</li> </ul>
Carbon Emissions Intensity	Excludes researched companies that have reported or estimated Scope 1 + Scope 2 greenhouse gas emissions normalized by sales in USD greater than or equal to 750mn metric tons.
Weapons	Excludes researched companies deriving any revenue from weapons systems, components, and support systems and services.
Nuclear Weapons	<p>Excludes researched companies that:</p> <ul style="list-style-type: none"> <li>• manufacture nuclear weapons, including nuclear warheads, intercontinental ballistic missiles, and ballistic missile submarines, which are capable of the delivery of nuclear warheads</li> <li>• manufacture key nuclear weapons components.</li> </ul>
Gambling	<p>Excludes researched companies that:</p> <ul style="list-style-type: none"> <li>• own or operate gambling facilities such as casinos, racetracks, bingo parlors, or other betting establishments, including: horse, dog, or other racing events that permit wagering; lottery operations; online gambling; pari-mutuel wagering facilities; bingo; pachislot and pachinko parlors; slot machines; Jai-alai; mobile gambling; and sporting events that permit wagering; or</li> <li>• provide key products or services fundamental to gambling operations, including: slot machines, roulette wheels, or lottery terminals; gambling technology and support such as IT maintenance, software design, security or surveillance systems, and lottery ticket printing; and, gambling-related services such as credit lines, and casino management and consultation; and</li> <li>• derive 5% or more aggregated revenue from gambling-related business activities</li> </ul>
Adult Entertainment	Excludes researched companies that derive 10% or more revenue from adult entertainment
Thermal Coal Power Generation	Excludes researched companies that derive 2.5% or more revenue from thermal coal based power generation.

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  <a href="mailto:esgclientservice@msci.com">esgclientservice@msci.com</a>  <a href="https://www.msci.com/research-and-insights">https://www.msci.com/research-and-insights</a></p> <p>MSCI ESG Research relies on a proprietary methodology informed by a range of data sources.</p> <ul style="list-style-type: none"> <li>● Reported data <ul style="list-style-type: none"> <li>○ Corporate documents: annual reports, proxy filings, environmental and social reports, securities filings, websites and Carbon Disclosure Project responses. Externally sourced data</li> <li>○ 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.</li> <li>○ Popular, trade, and academic journals: accessed through websites, subscriptions and searches of online databases.</li> <li>○ News media: major news publications globally, including local-language sources across a range of markets.</li> <li>○ 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</li> </ul> </li> <li>● Modelled data <ul style="list-style-type: none"> <li>○ For climate-related metrics, when data is not disclosed by companies, MSCI ESG Research uses a proprietary GHG emission estimation model.</li> <li>○ 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.</li> </ul> </li> </ul> <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"> <li>● Comprehensive Environmental Data Archive (CEDA)</li> <li>● US Department of Energy; International Council on Clean Transportation</li> <li>● Lamont-Doherty Earth Observatory, Columbia University</li> <li>● Organization of Economic Co-Operation and Development (OECD)</li> <li>● Canadian Industrial Water Survey</li> <li>● Hoekstra, A.Y. and Mekonnen, M.M. (2011)</li> <li>● Ecorisk</li> <li>● World Development Indicators (WDI)</li> <li>● Annual Change of Forest Resources _ Food and Agriculture Organization (FAO)</li> <li>● World Wildlife Fund (WWF)</li> <li>● US EPA's Toxics Release Inventory (TRI)</li> <li>● Risk-Screening Environmental Indicators (RSEI)</li> <li>● US Bureau of Labor Statistics (BLS)</li> <li>● International Labour Organization (ILO)</li> <li>● US Occupational Health &amp; Safety Administration (OSHA)</li> </ul>

	<ul style="list-style-type: none"> <li>• UK Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR)</li> <li>• International Monetary Fund (IMF)</li> <li>• World Health Organization (WHO)</li> <li>• UN Principles for Responsible Investments (UN PRI)</li> <li>• World Resource Institute (WRI)</li> <li>• Consultative Group to Assist the Poor (CGAP)</li> <li>• US Census Bureau Current Population Survey Supplement</li> <li>• World Bank Governance Indicators (WGI)</li> <li>• Transparency International (TI)</li> <li>• World Bank (WB)</li> <li>• SNL Financial</li> <li>• Thomson Financial</li> </ul> <p>Refer to the <a href="#">MSCI ESG &amp; Climate Methodologies page</a> for further details on the data sources for the relevant ESG factors.</p>
<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><b>MSCI ESG Score</b></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"> <li>• Quality review process: Data quality checks are conducted on all companies prior to the publication of their ESG Rating.</li> <li>• 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.</li> <li>• 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"> <li>◦ Proposal to add a company-specific Key Issue in a company's assessment.</li> <li>◦ Ratings change of two letters or more.</li> <li>◦ New AAA- or CCC-rated company.</li> <li>◦ Requests for deviations from the weights for industry Key Issues due to significant differences in business model from the industry peer set.</li> <li>◦ Requests to deviate from standard methodology for including or excluding controversies cases in a company's ratings analysis.</li> </ul> </li> <li>• 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"> <li>◦ Updates to the ESG Industry Materiality Map, which determines the relevance of ESG Key Issues to sub-industries.</li> <li>◦ Changes to data sources or calculations used in ESG Ratings.</li> <li>◦ Methodology proposals for consultation.</li> </ul> </li> </ul> <p>Please see the MSCI ESG Ratings Methodology and Process via the MSCI <a href="#">ESG Methodologies website</a> for further detail.</p> <p><b>MSCI Business Involvement Screens</b></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 <a href="#">MSCI Business Involvement Methodology Overview</a> for further detail.</p>

<p>c) Reference standards <i>Describe the international standards used in the benchmark methodology.</i></p>	<p><b>MSCI ESG Score</b> 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><b>MSCI Business Involvement Screens</b> 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>September 2023 (first publication)</p>

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