

Bloomberg MSCI US Corporate 1-5 Year ESG Sustainability SRI Index

This document is intended to be read in conjunction with the [Bloomberg US 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 US Corporate 1-5 Year ESG Sustainability SRI Index is a subset of the Bloomberg US Corporate Index. It is designed to track the USD-denominated, fixed-rate, investment grade corporate bonds. To be included, securities must have between one, and up to but not including, five years remaining until maturity. The index includes issuers that meet the standard Bloomberg MSCI Sustainability thresholds, in addition to excluding issuers per the standard Bloomberg MSCI SRI screens. The index was created in January 2023, with history backfilled to March 1, 2013.

The features specific to this Index are set out below.

Description of Index Constituents US Investment Grade Corporate Bonds

Index Ticker I37545US Index: Total Return USD Unhedged

Eligibility Requirements:

Currency Principal and interest must be denominated in USD.

Sector Corporate (industrial, utility, and financial institutions) issuers from developed markets only.

Credit Rating Investment Grade

Country Emerging market countries as excluded, as per Bloomberg Emerging Markets definition.

Minimum Amount Outstanding USD 300mn minimum par amount outstanding

Maturity

- Securities must have remaining time to maturity between one and up to, but not including, five years, regardless of optionality.

Minimum Liquidity Requirements See Minimum Amount Outstanding specified above.

Rebalance Date Monthly

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: Bloomberg MSCI Sustainability Indices ESG annexes:

- Securities must use the standard Bloomberg MSCI ESG Rating thresholds,
- Standard Bloomberg MSCI SRI screen, and
- Standard Bloomberg MSCI ESG Controversies score threshold.

The index additionally excludes issuers that MSCI define as having a percentage of revenue from, or being involved in, business activities related to:

- Any issuers that derive at least 10% of their revenue from Tobacco and are:
 - o Tobacco Distributors,
 - o Tobacco Retailers, or
 - o Tobacco Suppliers
- Any issuers that derive 5% or more aggregate revenue from weapons systems, components, and support systems and services
- Oil Sands revenue > 5%
- Arctic Oil revenue > 0%
- Arctic Gas revenue > 0%

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 and Appendix B: Bloomberg MSCI Sustainability 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		
Oil Sands	Exclusion	<ul style="list-style-type: none"> 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>Exclusion applies to researched companies that have $\geq 5\%$ of revenue from this factor.</p>
Tobacco	Exclusion	<ul style="list-style-type: none"> Excludes researched companies deriving 10% or more revenue from tobacco-related business activities, and that are either: <ul style="list-style-type: none"> Companies that distribute tobacco products to retailers and other distributors. This data point does not include a manufacturer that distributes its own tobacco products, unless it also provides logistics or distribution services to other tobacco companies, or Companies that retail tobacco products, or Companies that manufacture and supply key products necessary for the production of tobacco products, such as tobacco flavoring, cigarette filters (acetate tow), tobacco roll paper, cigarette manufacturing machines, and tobacco packaging; specifically cigarette cartons, films, and aluminum foil.
Weapons	Exclusion	<ul style="list-style-type: none"> The recent-year percent of revenue, or maximum estimated percent, a company has derived from weapons systems, components, and support systems and services. <p>Exclusion applies to researched companies that have $\geq 5\%$ of revenue from this factor.</p>
Arctic Oil	Exclusion	<ul style="list-style-type: none"> This factor identifies the maximum percentage of revenue (either reported or estimated) greater than 0% that a company derives from Arctic Oil production. The definition of Arctic is geographical and includes production activities north of the 66.5 latitude. This factor includes offshore or onshore oil production. <p>Exclusion applies to researched companies that have $> 0\%$ of revenue from this factor.</p>
Arctic Gas	Exclusion	<ul style="list-style-type: none"> This factor identifies the maximum percentage of revenue (either reported or estimated) greater than 0% that a company derives from Arctic Gas production. The definition of Arctic is geographical and includes production activities north of the 66.5 latitude. This factor includes offshore or onshore gas production. <p>Exclusion applies to researched companies that have $> 0\%$ 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

	<p>sourced data</p> <ul style="list-style-type: none"> ○ 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 <p>● Modelled data</p> <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 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)
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	<ul style="list-style-type: none"> • 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>
<p>b) Verification of data and guaranteeing the quality of those data.</p> <p><i>Describe how data are verified and how the quality of those data is ensured.</i></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</p> <p><i>Describe the international standards used in the benchmark methodology.</i></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>

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