

Bloomberg MSCI Euro Aggregate ex Fossil Fuel SRI Select Index

The Bloomberg MSCI Euro Aggregate ex Fossil Fuel SRI Select Bond Index is a fixed-rate, investment-grade, euro-denominated benchmark that follows the rules of the Bloomberg Euro Aggregate Index and applies additional ESG criteria for security eligibility. To be eligible, bonds must have at least EUR500mn amount outstanding. 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, including activities related to controversial military weapons, and those issuers with a “red” MSCI ESG Controversy Score. Additionally, the index is sector neutral to the flagship Euro Aggregate Index. The index was created in August 2022, with history backfilled to January 1, 2017.

Rules for Inclusion

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| Eligible Currencies | Principal and interest must be denominated in EUR. |
| Quality | <p>Securities must be rated investment grade (Baa3/BBB-/BBB- or higher) using the middle rating of Moody's, S&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"> Local currency treasury and hard currency sovereign issues are classified using the middle issuer level rating from each agency for all outstanding bonds, even if bond-level ratings are available. Expected ratings at issuance may be used to ensure timely index inclusion or to properly classify split-rated issuers. 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. |
| Amount Outstanding | EUR500mn minimum par amount outstanding. |
| Coupon | <ul style="list-style-type: none"> Fixed-rate coupon. Callable fixed-to-floating rate bonds are eligible during their fixed-rate term only. Step-up coupons and those that change according to a predetermined schedule are also eligible. |
| Maturity | <ul style="list-style-type: none"> At least one year until final maturity, regardless of optionality. CMBS and ABS must have a remaining average life of at least one year. Bonds that convert from fixed to floating rate, including fixed-to-float perpetual, will exit the index 1 year prior to conversion to floating-rate. Fixed-rate perpetual bonds are not included. |
| Taxability | Only fully taxable issues are eligible. |
| Market of Issue | Publicly issued in the global and regional markets. Private placements and retail issues are not eligible. |

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| Seniority of Debt | Senior and subordinated issues are included. | |
| Security Types | Included | Excluded |
| | <ul style="list-style-type: none"> ● Bullet, putable, sinkable/amortizing and callable bonds ● Original issue zero coupons ● Underwritten MTNs ● Fixed-rate and fixed-to-float (including fixed-to-variable) capital securities | <ul style="list-style-type: none"> ● Contingent capital securities, including traditional CoCos and contingent write-down securities, with explicit capital ratio or solvency/balance sheet-based triggers ● Bonds with equity type features (e.g. warrants, convertibles, preferreds) ● Floating-rate bonds, inflation-linked bonds ● Private placements and retail bonds ● Structured notes, pass-through certificates ● Illiquid securities with no available internal or third-party pricing source |

Environment, Social and Governance (ESG) Rules

Business Involvement Screens The index excludes Corporate issuers (as per BCLASS 1) that are involved in the following business lines/activities as per the standard Bloomberg MSCI SRI screen:

- 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

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](#)).

Additionally, the index excludes Corporate issuers (as per BCLASS 1) that have any ties to the business activities related to:

- Tobacco

- o Civilian Firearms
- o Landmines
- o Cluster Bombs
- o Any weapons
- o Nuclear Power
- o Genetically Modified Organisms (GMO)

From September 2020, the index additionally excludes any Corporate issuers (as per BCLASS1) that have any ties to Fossil Fuels.

MSCI ESG Controversies Score Excludes any Corporate issuer (as per BCLASS 1) with a “Red” MSCI ESG Controversies Score (equal to zero), which measures an issuer’s involvement in major ESG controversies and how well they adhere to international norms and principles.

Rebalancing Rules

Minimum ESG Exclusions From August 2022, the following criteria will be applied. On the last business day before month end, using the Forward Universe of the previous day, after applying the Non-ESG criteria rules for inclusion, defined above, and additionally removing any non-ESG rated bonds, the number of issuers for the eligible universe are defined.

If, after having additionally applied the ESG selection criteria above, less than 20% of the total number of issuers in the eligible universe are excluded, then the eligible issuers are ranked in the order below, according to the following criteria:

- MSCI ESG Rating score (higher Ticker ESG Rating score preferred to remain in the index)
- MSCI ESG Controversies score (higher Ticker Controversies score preferred to remain in the index)

Then based on this ranking, issuers will be excluded from the index, until the number of excluded issuers is higher than 20% of the eligible universe total number of issuers. If, more than one issuer has the same ESG Rating and Controversy score and is required to be removed to reach the 20% threshold, then all issuers with the same ESG Rating and Controversy score are removed.

Sector Neutral Reweighting The application of liquidity screens as well as screens based on MSCI ESG Controversies and MSCI ESG Business Involvement Screening Research (BISR) will alter the sector composition of the index versus the standard Euro Aggregate Index. The index’s sector weights are therefore adjusted to match the market value weights of 8 sectors (Treasury, Sovereign, Supranational, Agencies + Local Authorities, Industrials, Utilities, Financials, and Securitized) of the standard Euro Aggregate Index. These sector weights are fixed as of month end, and may drift intra-month as prices change and bonds are called or tendered.

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 Universe 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.

Timing

- 4:15pm (London time).
- On early market closes, prices are taken as of 12:15pm (London time), unless otherwise noted.
- If the last business day of the month is a UK holiday, prices from the previous business day are used.

Bid or Offer Side

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.

Settlement Assumptions

- T+1 calendar day settlement basis.
- 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.

Verification

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.

Calendar

The Bloomberg MSCI Euro Aggregate ex Fossil Fuel SRI Select Index follows the UK bond market holiday schedule. For month-end updates, 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

Bloomberg Terminal®

Bloomberg benchmarks are the global standard for capital markets investors.

- INDE<GO> - 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.
- IN<GO> - 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.

- DES<GO> - The index description page provides transparency into an individual index including membership information, aggregated characteristics and returns, and historical performance.
- INP<GO> - 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.
- PORT<GO> - Bloomberg's Portfolio & 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.

Bloomberg Indices Website
(www.bloomberg.com/indices)

The index website makes available limited index information including:

- Index methodology and factsheets
- Current performance numbers for select indices

Data Distribution

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

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- 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

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- Bond Pricing Service
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- Exchange Traded Funds (ETFs)
- Mutual Funds
- Separately Managed Accounts (SMAs)

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