

Bloomberg MSCI Euro Corporate ESG Sustainability SRI Index

This document is intended to be read in conjunction with the [Bloomberg Euro 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 Euro Corporate ESG Sustainability SRI Bond Index is a fixed-rate, investment-grade corporate bond benchmark that follows the rules of the Bloomberg Euro Aggregate Corporate Index 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, and excludes those issuers with a "red" MSCI ESG Controversies Score. The index was created in April 2020, with history backfilled to January 1, 2014.

The features specific to this Index are set out below.

Index ID	35570
Base Currency Index Ticker	I35570EU Index: Total Return EUR Unhedged

Eligibility Requirements: Fixed Income Criteria

Sector	Corporate
Currency	Principal and interest must be denominated in EUR
Credit Rating	Investment Grade
Amount Outstanding	EUR 300mn minimum par amount outstanding
Maturity	At least one year until final maturity, regardless of optionality
Liquidity Requirements	Minimum amount outstanding as specified above
Rebalance Date	Monthly

Eligibility Requirements: 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 SRI and Sustainability factors outlined in Appendices A and B of the [Bloomberg MSCI ESG Fixed Income Indices Methodology](#) 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:

- Oil Sands revenue $\geq 5\%$
- Tobacco revenue from distribution, retailing, or supplying $\geq 10\%$
- Weapons revenue $\geq 5\%$
- Arctic Oil $> 0\%$
- Arctic Gas $> 0\%$
- Human Rights controversies with severity of "very severe", "severe" or "moderate."

Minimum ESG Exclusions

On T-2 business days before month-end (where T is the month-end date), using the Forward Universe of the previous day (T-3), 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.

Publication Currency

Bloomberg may offer these indices in additional currencies for both unhedged and hedged indices:

- See Appendix 2 of the [Bloomberg Fixed Income Index Methodology](#) for Currency Hedging and Currency Returns
- See Appendix 12 of the [Bloomberg Fixed Income Index Methodology](#) for Index Identification and Publication Currency

Document Version History

Date	Update
September 2023	First publication
November 2024	Update to the implementation date at month-end for the minimum ESG Exclusions, and correction of disclosures

Environmental, Social and Governance (ESG) Disclosures

This document should be read in conjunction with Bloomberg MSCI SRI and Sustainability Appendices of 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		
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. The recent-year percentage of revenue, or maximum estimated percent, a company has derived from the manufacture and retail of civilian firearms and ammunition. <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>
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"> The recent-year percent of revenue, or maximum estimated percent, a company has derived from tobacco-related business activities., and are one of the following: <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. <p>Exclusion applies to researched companies that have $\geq 10\%$ of revenue from this factor.</p>
Human Rights Concerns Assessment	Exclusion	<ul style="list-style-type: none"> This indicator measures the severity of controversies related to the impact of a firm's operations on human rights. Factors affecting this evaluation include, but are not limited to, a history of involvement in human rights-related legal cases, widespread or egregious complicity in killings, physical abuse, or violation of other rights, resistance to improved practices, and criticism by NGOs and/or other third-party observers. <p>Exclusion applies to researched companies that have been assessed as "moderate," "severe," or "very severe" on 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)
---	---

	<ul style="list-style-type: none"> • 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>
<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 Controversies and Global Norms</p> <p>The consistency of ESG controversies assessments and scoring based on MSCI ESG Controversies and Global Norms Methodology is ensured through ongoing peer review and MSCI ESG Controversies Methodology Committee (CMC) reviews. The CMC has direct oversight of the content of the company ESG Controversies reports and of the consistent application of the methodology.</p> <p>The following situations require CMC review and approval:</p> <ul style="list-style-type: none"> • Proposed downgrades of controversy cases to Red Flag status must first be approved by the CMC before being escalated to the MSCI ESG Methodology Committee (EMC). • Proposed upgrades of controversy cases from Red Flag status. • Proposed significant score changes to existing controversy cases. • Proposed designation of a case as of Historical Concern (whereby the case no longer has a score or a corresponding flag, but is retained in the company’s ESG Controversies report for context and reference). <p>In addition to ESG controversy case reviews and approvals, the CMC reviews and approves clarifications and updates to the MSCI ESG Controversies and Global Norms methodology.</p> <p>The CMC escalates selected individual ESG controversy cases, including upgrades from and downgrades to Red Flag status, to the EMC, which governs all MSCI ESG solutions and presides over the development, review and interpretation of all ESG Research methodologies, including the MSCI ESG Controversies and Global Norms methodology. The EMC is also responsible for the review and approval of revisions to the MSCI ESG Controversies and Global Norms methodology</p> <p>Please see the MSCI ESG Controversies and Global Norms Process via their 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 Controversies and Global Norms</p> <p>The evaluation framework used in MSCI ESG Controversies is designed to be consistent with international norms represented by the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact principles.</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>November 2024 (correction of disclosures)</p>

Disclaimer

The Bloomberg MSCI Fixed Income ESG Indices are administered and calculated by Bloomberg Index Services Limited (“BISL” and collectively with its affiliates, “Bloomberg”) and MSCI ESG Research LLC (“MSCI ESG Research” and collectively with its affiliates “MSCI”) provides the environmental, social and governance research implemented in the selection criteria of the Bloomberg MSCI Fixed Income ESG Indices. All rights in the Bloomberg MSCI Fixed Income ESG Indices vest in Bloomberg and MSCI and their respective licensors. Any funds, products or other securities or investment vehicles using or based on the Bloomberg MSCI Fixed Income ESG Indices are not sponsored, endorsed, or promoted by Bloomberg or MSCI or their respective affiliates.

NEITHER BLOOMBERG NOR MSCI NOR THEIR RESPECTIVE AFFILIATES OR LICENSORS APPROVE OR ENDORSE THIS MATERIAL OR GUARANTEE THE ACCURACY OF COMPLETENESS OF ANY INFORMATION HEREIN, NOR SHALL EACH BLOOMBERG, MSCI, THEIR RESPECTIVE AFFILIATES OR LICENSORS MAKE ANY WARRANTY, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED THEREFROM, AND BE LIABLE (INCLUDING IN NEGLIGENCE) FOR ANY LOSS ARISING OUT OF USE OF OR RELIANCE ON THE BLOOMBERG MSCI FIXED INCOME ESG INDICES BY ANY PERSON.

©2024 Bloomberg Finance L.P. All rights reserved

Take the next step.

For additional information, please contact the Bloomberg Help Desk or log into the Customer Service Center at

<https://service.bloomberg.com>

bloomberg.com/indices

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