

Bloomberg MSCI Euro Corporate ESG BB+ Sustainable SRI Bond Index

The Bloomberg MSCI Euro Corporate ESG BB+ Sustainable SRI Bond Index is a fixed-rate, investment grade corporate bond benchmark that follows the rules of the Bloomberg Euro Corporate Bond Index and applies additional ESG criteria for security eligibility. The index includes issuers with MSCI ESG Ratings of BB or higher and negatively screens issuers that are involved in business activities that are restricted because they are inconsistent with certain values-based business involvement criteria. Additionally, the index excludes those issuers with a "red" MSCI ESG Controversy Score. The index was created in July 2021, with history backfilled to January 1, 2016.

Rules for Inclusion: Fixed Income Criteria

Sector	Corporate (industrial, utility, and financial institutions) are included.
Eligible Currencies	Principal and coupon 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"> • 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	EUR300mn 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. • Bonds with a step-up coupon that changes according to a predetermined schedule are eligible.
Maturity	<ul style="list-style-type: none"> • At least one year until final maturity, regardless of optionality. • Bonds that convert from fixed to floating rate, including fixed-to-float perpetuals, will exit the index before converting 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.
Seniority of Debt	Senior and subordinated issues are included.

Security Types	Included	Excluded
	<ul style="list-style-type: none"> Bullet, puttable, sinkable/amortizing and callable bonds Original issue zero coupon bonds Underwritten MTN Fixed-rate and fixed-to-float (including fixed-to-variable) capital securities 	<ul style="list-style-type: none"> Treasuries, government-related, securitized, and covered bonds 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, DRD/QDI-eligible issues) Inflation-linked bonds, floating-rate issues Private placements, retail bonds Structured notes, pass-through certificates Illiquid securities with no available pricing

Environment, Social and Governance (ESG) Rules

MSCI ESG Rating	<p>The following criteria apply:</p> <ul style="list-style-type: none"> Securities must have an MSCI ESG Rating of BB or higher. Unrated issuers from sectors with are excluded. Prior to April 2021, ratings were applied at the ticker level. Every bond within the same ticker had the same MSCI ESG Rating. MSCI ESG Ratings are generally updated annually, but may be reviewed more frequently as needed.
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Business Involvement Screens	<p>The index excludes issuers involved in the following business lines/activities as per the standard Bloomberg MSCI SRI screen:</p> <ul style="list-style-type: none"> Adult Entertainment Alcohol Gambling Tobacco Conventional Weapons Civilian Firearms Nuclear Weapons Controversial Weapons <ul style="list-style-type: none"> Cluster Munitions Landmines Depleted Uranium Biological/Chemical Blinding Lasers Non-Detectable Fragments
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- Incendiary
- Nuclear Power
- Thermal Coal
- Fossil Fuels
- Genetically Modified Organisms (GMO)

From September 2020, the index additionally excludes issuers that MSCI define as having a percentage of revenue from business activities related to:

- Thermal Coal greater than 0%
- Unconventional Oil and Gas greater than 0%
- Generation of Thermal Coal greater than 5%
- Any tie to Fossil Fuel

Involvement is defined for each restricted activity and may be based on % of revenue, total revenue, or any tie regardless of revenue (see page 15 for standard screen threshold in [ESG Methodology](#)).

MSCI ESG Controversies Excludes any issuer with a “Red” MSCI ESG Controversies score (equal to 0), which measures an Issuer’s involvement in major ESG controversies and how well they adhere to international norms and principles.

Rebalancing Rules

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, and ticker changes) are reflected daily in 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, but not necessarily settled on or before the month-end rebalancing date, qualify for inclusion in the following month’s index if the 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, except CHF-denominated bonds (which are priced by SIX) and JPY-denominated corporates (which are priced by JSDA).
Timing	<ul style="list-style-type: none">• 4:15 p.m. (London time) each day.• On early market closes, prices are taken as of 12:15 p.m. (London time) unless otherwise noted.• If the last business day of the month is a UK holiday and European markets remain open, European securities will use month-end prices.
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 for all bonds. 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 to identify outliers. Index users may also challenge price levels, which are then reviewed and updated as needed.
Currency Hedging	Returns hedged to various currencies are published for multi-currency indices. The indices' FX hedging methodology takes rolling one-month forward contracts that are reset at the end of each month and hedges each non-reporting currency-denominated bond in the index into the reporting currency terms. No adjustment is made to the hedge during the month to account for price movements of constituent securities in the Returns Universe of the index.
Calendar	The Euro Corporate ESG BB+ Sustainable SRI Bond Index follows the UK bond market holiday schedule. For month-end dates, 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®	<p>Bloomberg benchmarks are the global standard for capital markets investors.</p> <ul style="list-style-type: none"> • 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)	<p>The index website makes available limited index information including:</p> <ul style="list-style-type: none"> • Index methodology and factsheets • Current performance numbers for select indices
Data Distribution	<p>Index subscribers may choose to receive index data in files. Files may include:</p> <ul style="list-style-type: none"> • Index level and/or constituent level returns and characteristics for any indices • 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
Index Ticker	I36557EU: Total Return EUR Unhedged

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