Bloomberg SASB US Corporate ESG Bond Index

The Bloomberg SASB US Corporate ESG Bond Index measures USD-denominated, investment grade corporate bonds from both developed and emerging markets issuers. The Bloomberg SASB US Corporate ESG Bond Index is based on the flagship US Corporate index and uses R-Factor™ scores by State Street Global Advisors® to tilt issuer allocations above or below their baseline market weights. The index was created in July 2019, with history backfilled to February 2014.

This document is intended to be read in conjunction with the Bloomberg US Corporate Bond Index Methodology; these documents collectively constitute the index methodology for this Index.

The features specific to this Index are set out below.

Description of Index Constituents	Corporate (industrial, financial institutions, utility) issues only
Index Ticker	I35085US Index: Total Return USD Unhedged

Eligibility Requirements:

Currency	Principal and coupon must be denominated USD
Credit Rating	Investment Grade
Minimum Amount Outstanding	USD300mn minimum par amount outstanding
Maturity	At least one year until final maturity, regardless of optionality
Minimum Liquidity Requirements	See Minimum Amount Outstanding specified above
Rebalance Date	Monthly

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Environment, Social and Governance (ESG) Rules

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.

R-Factor™ (Responsibility Factor)

State Street Global Advisors' Responsibility Factor or R-Factor™ measures the performance of a company's business operations and governance as it relates to financially material ESG challenges facing the company's industry. The Index uses R-Factor™ scores by State Street Global Advisors® to tilt issuer allocations above or below their baseline market weights based on the Market Value Adjustments described below and excludes all companies without an R-Factor score. Refer to the below for further information on the R-Factor™:

• https://www.ssga.com/global/en/our-insights/viewpoints/r-factor.html

• https://www.ssga.com/investment-topics/environmental-social-governance/2019/04/inst-r-factor-reinventing-esg-through-scoring-system.pdf

All companies must have an R-Factor score to be eligible.

Ticker Mapping

All bonds with the same corporate bond ticker will have the same R-Factor score. If two or more underlying issuers have different R-Factor scores, State Street Global Advisors will select a single issuer's R-Factor score to apply to all bonds in the bond ticker grouping.

Market Value Adjustments Based on R-Factor score

Factor Tilts

The weight of each index-eligible issuer (and security) is adjusted by a fixed multiplier, which is determined by State Street's R-Factor score (0–100). Security weights are then normalized using these adjusted market values.

R-Factor score (Inclusive on lower bound)	Tilt
0-50	0.5x
50-60	0.75x
60-65	1.0x
65-70	1.25x
70-100	1.5x

Timing and Coverage

- Excludes all companies without an R-Factor score.
- R-Factor scores are updated monthly.

Version History

Date	Update
September 2023	Publication in new format

Environment, Social and Governance (ESG) Factor Disclosures

All companies without an R-Factor score are excluded.

EXPLANATION OF HOW ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY	
1. Name of the benchmark administrator.	Bloomberg Index Services Limited ("BISL")
2. Type of benchmark	Fixed Income
3. Name of the benchmark or family benchmarks.	Bloomberg SASB US Corporate ESG Index
4. Does the benchmark methodology for the benchmark or family of benchmarks take into account ESG factors?	Yes

5. Where the response to Item 4 is positive, please list below, for each family of benchmarks, those ESG factors that are taken into account in the benchmark methodology, taking into account the ESG factors listed in Annex II to Delegated Regulation (EU) 2020/1816.
Please explain how those ESG factors are used for the selection, weighting or exclusion of underlying assets.
The ESG factors shall be disclosed at an aggregated weighted average value at the level of the family of benchmarks.

| a) List of combined ESG factors considered | R-Factor | Weighting & Exclusion | ESG scoring system developed by State Street Global Advisors which captures environmental, social and governance factors. It measures the performance of a company's business operations and governance as it relates to financially material ESG issues facing the company's industry. The R-Factor™ score has two components: an ESG component and a corporate governance, or "CorpGov", component.

• "ESG": This component is created by mapping the raw data from three third-party providers (ISSESG, Sustainalytics, and Vigeo-EIRIS) to the financial materiality framework published by the Sustainability Accounting Standards Board ("SASB"). The SASB framework identifies financially material ESG issues that are industry-specific for each of 77 industries in 11 sectors.

• "CorpGov": The corporate governance component is created by mapping the raw data from ISS Governance to 17 region-specific corporate governance codes developed by investors or regulators. These transparent codes describe minimum governance expectations of a particular region.

The total R-Factor score combines the ESG and CorpGov components into one final score. Further information available here:

https://www.ssga.com/us/en/intermediary/ic/capabilities/esg/data-scoring/r-factor-transparent-esg-scoring

https://www.ssga.com/investment-topics/environmental-social-governance/2019/04/inst-r-factor-reinventing-esg-through-scoring-system.pdf

The Bloomberg SASB US Corporate ESG Bond Index uses R-Factor scores to tilt issuer allocations above or below their baseline market |
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			weights. The base index is the Bloomberg US Corporate Bond Index. All companies without an R-Factor score are excluded.
b) List of environmental factors considered:			The family of benchmarks does not apply this factor in the pursuit of its ESG objectives.
c) List of social factors considered:			The family of benchmarks does not apply this factor in the pursuit of its ESG objectives.
d) List of governance factors considered:			The family of benchmarks does not apply this factor in the pursuit of its ESG objectives.

6. Where the response to Item 4 is positive, please list below, for each benchmark, those ESG factors that are taken into account in the benchmark methodology, taking into account the ESG factors listed in Annex II to Delegated Regulation (EU) 2020/1816, depending on the relevant underlying asset concerned.
Please explain how those ESG factors are used for the selection, weighting or exclusion of underlying assets.
The ESG factors shall not be disclosed for each constituent of the benchmark, but shall be disclosed at an aggregated weighted average value of the benchmark.
Alternatively, all of this information may be provided in the form of a hyperlink to a website of the benchmark administrator included in this explanation. The information on the website shall be easily available and accessible. Benchmark administrators shall ensure that information published on their website remains available for five years

a) List of environmental factors considered:	As above
b) List of social factors considered:	As above
c) List of governance factors considered:	As above

7. Data and standards used.	
a) Data input. *(i) Describe whether the data are reported, modelled or, sourced internally or externally.* *(ii) Where the data are reported, modelled or sourced externally, please name the third party data provider.*	ESG data for the benchmarks is sourced externally from: State Street Global Advisors – State Street Global Advisors (SSGA) provides the list of constituents that will be excluded from the Base index based on business involvement. SSGA additionally provides R-Factor (ESG) scores for index constituents, which determine the weight of constituents in the index. R-Factor scores are proprietary scores generated by SSgA from a composite framework of underlying ESG score providers (ISS-ESG, Sustainalytics, and Vigeo-EIRIS.) Please see below for an additional explanation of R-Factor. https://www.ssga.com/us/en/intermediary/ic/capabilities/esg/data-scoring/r-factor-transparent-esg-scoring https://www.ssga.com/library-content/products/esg/inst-r-factor-reinventing-esg-through-scoring-system.pdf
b) Verification of data and guaranteeing the quality of those data. *Describe how data are verified and how the quality of those data is ensured.*	BISL conducts verification of the SSGA data by conducting various checks on the data received, including, but not limited to, the following: • Calculation of the coverage of relevant ESG scores on the security universe. If there is a significant variance from previous quarter the team will engage with the ESG data provider. • Review of the quantile-quantile plot to compare distribution from the previous quarter to identify any unexpected or abnormal distribution characteristics.

| c) Reference standards
Describe the international standards used in the benchmark methodology. | The Sustainability Accounting Standards Board (SASB) standards serve as the basis for the "ESG" component of the R-Factor score. The SASB framework attempts to identify ESG risks that are financially material to the issuer-based on its industry classification. This component of the R-Factor™ score is determined using only those metrics from the ESG data providers that specifically address ESG risks identified by the SASB framework as being financially material to the issuer-based on its industry classification. Link to relevant standards below:

https://www.sasb.org/standards-overview/download-current-standards/.

The second component of the score, the CorpGov score, is generated using region-specific corporate governance codes developed by investors or regulators. Corporate governance codes are made publicly available by the relevant regulator / investor network |
| **Date on which information has been last updated and reason for the update:** | September 2023, Publication in new format |

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