

Bloomberg MSCI Global Corporate High Yield SRI Sustainable Index

The Bloomberg MSCI Global Corporate High Yield SRI Sustainable Bond Index is a fixed-rate, high-yield corporate bond benchmark that tracks the performance of USD-, EUR-, and GBP-denominated debt. Starting June 2019, the index includes issuers with MSCI ESG Ratings of BBB or higher, and excludes issuers that are involved in business activities that are restricted according to pre-defined Business Involvement Screens and issuers with a "Red" MSCI ESG Controversy Score. The index was created in November 2019, with history backfilled to June 1, 2013.

Rules for Inclusion

Sector	Corporate (industrial, utility and financial institutions) issuers only from developed markets.
Eligible Currencies	Principal and interest must be denominated in EUR, GBP, or USD.
Quality	<p>Securities must be rated high yield (Ba1/BB+/BB+ or below) 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	Minimum EUR300mn, GBP300mn, or USD300mn par amount outstanding for each of the 3 markets.
Coupon	<ul style="list-style-type: none"> Fixed-rate coupon. Pay-in-kind (PIK) bonds and toggle notes are eligible. Partial PIKs are excluded. Callable fixed-to-floating rate and fixed-to-variable 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 perpetual, will exit the index 1 year prior to conversion to floating-rate. Fixed-rate perpetual bonds are not included.
Market of Issue	<ul style="list-style-type: none"> Fully taxable, publicly issued in the global and regional markets. SEC-registered bonds and debt issued under Rule 3(a)(2), which is exempt from registration with SEC, are index eligible. The 144A securities that do not also have a Reg-S tranche are excluded.

Seniority of Debt	Senior and subordinated issues are included.	
Security Types	Included <ul style="list-style-type: none"> • Bullet, puttable, sinkable/amortizing and callable bonds • Fixed-rate and fixed-to-floating capital securities 	Excluded <ul style="list-style-type: none"> • Treasury, government related and securitized bonds • Floating-rate bonds, inflation-linked bonds • Private placements and retail bonds • Emerging Market Issuers

Environment, Social and Governance (ESG) Rules

MSCI ESG Rating	<p>The following criteria apply starting June 2019:</p> <ul style="list-style-type: none"> • Securities must have an MSCI ESG Rating of BBB or higher. • Unrated issuers from sectors with ratings are excluded. • Prior to April 8, 2021, MSCI ESG Ratings, Controversy Scores and Business Involvement data were applied at the ticker level, where every bond within the same ticker would have the same MSCI ESG Rating, with MSCI mapping ESG data from the entity with the largest debt outstanding (by market value) to all companies with the same Bloomberg ticker. • From April 9, 2021, MSCI ESG data is applied at the bond level which may result in bonds with the same Bloomberg ticker having different MSCI ESG Ratings. • MSCI ESG Ratings are generally updated annually, but may be reviewed more frequently as needed. 	
Business Involvement Screens	<p>Starting June 2019, 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"> • Alcohol • Tobacco • Gambling • Adult Entertainment • Genetically Modified Organisms (GMO) • Nuclear Power • Civilian Firearms • Conventional Weapons • Nuclear Weapons • Controversial Weapons <ul style="list-style-type: none"> ◦ 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](#)).

From October 2020 until September 2021, the index additionally excluded issuers with greater than 5% revenue from the business activities related to:

- Thermal Coal
- Generation of Thermal Coal
- Unconventional Oil and Gas
- Arctic Gas
- Arctic Oil

From September 2021, the index additionally excludes issuers with greater than 5% revenue from business activities related to:

- Arctic Gas
- Arctic Oil

MSCI ESG Controversy Score

Starting June 2019, excludes any issuer with a “Red” MSCI ESG Controversy 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 28 February 2021, 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.

Issuer Capping Methodology

Issuers that exceed 3% of the market value of the uncapped Global Corporate High Yield SRI Sustainable Index are limited at 3%. The excess market value over the 3% cap is redistributed on a pro rata basis to all other issuers' bonds in the index that are under the 3% cap. The process is repeated until no issuer exceeds the 3% limit. For example, an issuer that represents 4% of the uncapped index will have 1% of the index's market value redistributed to each bond from all issuers under the 3% cap on a pro rata basis. The 3% issuer cap is applied each month as the index is rebalanced.

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 Universes 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

- Prior to January 14, 2021, bonds are priced at 3pm (New York time). On early market closes, prices are taken as of 1pm (New York time), unless otherwise noted.
- From January 14, 2021 and onwards, bonds are priced at 4pm (New York time). On early market closes, prices are taken as of 1pm (New York time), unless otherwise noted.
- Prices are snapped at 4:15pm (London time) for EUR- and GBP-denominated securities. On early market closes, prices may be snapped earlier.
- If the last business day of the month is a public 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 Global Corporate High Yield SRI Sustainable Index follows the US and UK bond market holiday schedules.

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	I35333US: Total Return USD Unhedged

Index Licensing

Bloomberg requires index data licenses for services and products linked to the Indices

- | | | |
|---|-----------------------------------|--------------------------------------|
| • Index or Constituent-Level Redistribution | • Bond Pricing Service | • Exchange Traded Funds (ETFs) |
| • Exchange Traded Notes (ETNs) | • Index-Linked Insurance Products | • Mutual Funds |
| • OTC Derivative Products | • Custom Index Solutions | • Separately Managed Accounts (SMAs) |

Disclaimer

This document and the information contained in it, including without limitation all text, data, graphs and charts (collectively, the "Information") is the property of MSCI Inc. and/or its affiliates (collectively, "MSCI"), Bloomberg Index Services Limited and/or its affiliates (collectively, "Bloomberg"), or their licensors, direct or indirect suppliers or any third party involved in making or compiling any Information (MSCI and Bloomberg, collectively, the "Information Providers") and is provided for informational purposes only. The Information may not be reproduced or disseminated in whole or in part without prior written permission from the authorized Information Provider(s). All rights in the Bloomberg MSCI Environmental, Social & Governance (ESG) fixed income indices (the "ESG Indices") vest in MSCI and Bloomberg. The Information may not be used to create derivative works or to verify or correct other data or information. For example (but without limitation), the Information may not be used to create indices, databases, risk models, analytics or software, or in connection with issuing, offering, sponsoring, managing or marketing securities, portfolios, financial products or other investment vehicles utilizing or based on, linked to, tracking or otherwise derived from the Information.

The user of the Information assumes the entire risk of any use it makes or permits to be made of the Information. NONE OF THE INFORMATION PROVIDERS MAKES ANY EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE INFORMATION (OR THE RESULTS TO BE OBTAINED BY THE USE THEREOF) AND, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH INFORMATION PROVIDER EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES (INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF ORIGINALITY, ACCURACY, TIMELINESS, NON-INFRINGEMENT, COMPLETENESS OR MERCHANTABILITY).

Without limiting any of the foregoing and to the maximum extent permitted by applicable law, in no event shall any Information Provider have any liability regarding any of the Information including with respect to any direct, indirect, special, punitive, consequential (including lost profits) or other damages even if notified of the possibility of such damages. The foregoing shall not exclude or limit liability that may not by applicable law be excluded or limited, including without limitation (as applicable), for death or personal injury to the extent such injury results from the negligence or willful default of itself or its servants, agents or sub-contractors.

Information containing historical information, data or analysis should not be taken as an indication or guarantee of future performance, analysis, forecast or prediction. Past performance does not guarantee future results. All levels, prices and spreads are historical and do not represent current market levels, prices or spreads, some or all of which may have changed since the publication of this document.

None of the Information constitutes an offer to sell (or a solicitation of an offer to buy), any security, financial product or other investment vehicle or any trading strategy.

MSCI's wholly-owned subsidiary, MSCI ESG Research LLC, is a Registered Investment Adviser under the Investment Advisers Act of 1940. Except with respect to any applicable products or services from MSCI ESG Research LLC, none of MSCI's products or services recommends, endorses, approves or otherwise expresses any opinion regarding issuers, securities, financial products or instruments or trading strategies and none of MSCI's products or services is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and no such products or services may be relied on as such.

The ESG Indices use ratings and other data, analysis and information from MSCI ESG Research LLC. Issuers mentioned or included in any MSCI ESG Research materials may include MSCI Inc., clients of MSCI, or suppliers to MSCI, and may also purchase research or other products or services from MSCI ESG Research LLC. MSCI ESG Research LLC materials, including materials utilized in ESG Indices or other products, have not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. ESG Indices are unmanaged indices that cannot be invested in directly. None of the ESG Indices recommend, endorse, approve or otherwise express any opinion regarding any issuer, securities, financial products or instruments or trading strategies and none of the ESG Indices are intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and they may not be relied on as such. Any funds, products or other securities or investment vehicles using or based on the ESG Indices are not sponsored, endorsed, or promoted by Bloomberg or MSCI.

Any use of or access to the ESG Indices requires a license from both MSCI and Bloomberg. Any use of or access to other products, services or information of Bloomberg requires a license from Bloomberg. Any use of or access to other products, services or information of MSCI requires a license from MSCI. MSCI, Barra, RiskMetrics, MSCI ESG Research, FEA, and other MSCI brands and product names are the trademarks or service marks of MSCI. BLOOMBERG is a trademark and service mark of Bloomberg Finance L.P. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and Standard & Poor's. "Global Industry Classification Standard (GICS)" is a service mark of MSCI and Standard & Poor's.

©2021 Bloomberg Finance L.P. All rights reserved

Take the next step.

For additional information,
email indexhelp@bloomberg.net
or press the <HELP> key twice
on the Bloomberg Terminal*

[bloomberg.com/indices](https://www.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