iBoxx® MSCI ESG Advanced USD Liquid Investment Grade Index

Transparent, independent, objective, and multi-dimensional coverage across all asset classes.

The iBoxx MSCI ESG Advanced USD Liquid Investment Grade Index is designed to apply climate-based and values-based screens to the iBoxx USD Liquid Investment Grade Index while reflecting the performance of USD denominated investment grade corporate debt issuers with environmental, social, and governance (ESG) ratings that are average or above relative to their sector peers.

The climate-based screens remove issuers with an industry tie to fossil fuels (e.g., thermal coal, oil, and gas) including reserve ownership, related revenues and power generation (as captured by MSCI ESG Research data); issuers classified by iBoxx in the Oil & Gas sector; and issuers scoring below a defined threshold for environmental controversy scores to invest in eligible companies to reduce carbon relative to the parent benchmark.

The values-based screens remove a variety of controversial business activities (as captured by MSCI ESG Research data) including adult entertainment, alcohol, civilian firearms, controversial weapons, conventional weapons, for profit prisons, gambling, genetically modified organisms, nuclear power, nuclear weapons, palm oil, predatory lending, and tobacco; and issuers violating the United Nations Global Compact.

Additionally, the index removes issuers with MSCI ESG ratings of BB and below and issuers below a defined threshold for overall controversy scores. The index is market-value weighted with an issuer cap of 3%.

The index is part of the global iBoxx index families, fueled by multi-source pricing. iBoxx indices offer representative and objective benchmarks for assessing the performance of bond markets and investments.

Transparency
Documentation on our rules-based methodology for constituent selection, monthly rebalancing and daily total return calculations is publicly available.

Independence
iBoxx® products utilise independent multi-source pricing and reference data subject to rigorous quality testing, with a fully documented price challenge process in place. We are committed to administering all financial benchmarks in compliance with IOSCO benchmark principles and is an authorised benchmark administrator under the European Benchmark Regulation (BMR).

Multi-dimensional analysis
A wide range of analytical values are published to support risk, performance measurement and attribution analysis.

Flexibility
iBoxx® offers the ability to customize indices to meet specific criteria.

Depth of Data
A broad history of index and sub-index returns and analytics are available and published frequently to support index analysis.

Key Stats
- $5trn+
  Total value of derivative trades outstanding (OTC value linked to Indices)
- $140+bn
  AUM in ETFs
- 30,000+
  Bonds in Indices
- 180 +
  ETFs linked to Indices

Customers
- Asset managers
- ETF issuers
- Hedge funds
- Insurers/Pensions
- Investment banks

Index Identifiers

<table>
<thead>
<tr>
<th>Index Name</th>
<th>ISIN TRI</th>
<th>BBG Ticker TRI</th>
<th>RIC Code TRI</th>
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</thead>
<tbody>
<tr>
<td>iBoxx MSCI ESG Advanced USD Liquid Investment Grade</td>
<td>GB00BLOBOY32</td>
<td>IBXXUQ3T</td>
<td>.IBXXUQ3T</td>
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</tbody>
</table>
# Index Eligibility Criteria

## Issuer types
The bond must be corporate credit, i.e., debt instruments backed by corporate issuers that are not secured by specific assets. Debt issued by governments, sovereigns, quasi-sovereigns, and government-backed or guaranteed entities is excluded.

## Bond types
**Included:** Fixed coupon bonds, step-up bonds with coupon schedules known at issuance (or as functions of the issuer’s rating), sinking funds and amortizing bonds, medium term notes (MTNs), senior fixed-to-floating bonds issued by banks with a call option up to 25 months prior to maturity, Rule 144A offerings with a registration right, callable bonds, putable bonds

**Excluded:** Preferred shares, optionally and mandatory convertible bonds, subordinated bank or insurance debt with mandatory contingent conversion features or with any conversion options before the first call date, bonds with other equity features attached (e.g., options/warrants), perpetual bonds, fixed-to-floating bonds, floating rate notes, pay-in-kind bonds (during the pay-in-kind period), zero coupon bonds, zero step-ups (GAINS), bonds with differences between accrual and coupon payment periods and monthly-paying bonds, private placements, retail bonds

## Country
Bonds from countries classified as developed markets based on the “Markit Global Economic Development Classification” are eligible for the index.

## Time to maturity
At least 3 years expected remaining life for all bonds, 3.5 years expected remaining life for new insertions.

## Amount outstanding
Minimum $750 million. In addition, minimum issuer size of $2 billion (based on outstanding face value of all issuer bonds in the broader iBoxx USD Investment Grade benchmark).

## Issuer size
Minimum $2 billion

## Issuer cap
3%

## Rating
All bonds need to have an average rating of investment grade. Ratings from Fitch Ratings, Ratings from Moody’s, S&P and Fitch are considered. Investment grade is defined as BBB- or higher from Fitch Ratings or S&P Global Ratings and Baa3 or higher from Moody’s Investor Service. If a bond is rated by more than one of the above agencies, then the iBoxx Rating is the average of the provided ratings.

## Currency
US Dollar (USD)

## Lockout period
3 months, unless the exclusion is due to a violation of ESG screening criteria

## Minimum run
6 months, provided the bond is not downgraded to sub-investment grade, defaulted, or fully redeemed, or violating any of the ESG screening criteria in that period.

## ESG
Applies MSCI ESG Research data, see above for description. For further details, please refer to the index methodology guide available on ihsmarkit.com.

## Index Details

<table>
<thead>
<tr>
<th>Pricing sources</th>
<th>Multi-source pricing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calculation frequency</td>
<td>Daily</td>
</tr>
<tr>
<td>Rebalance frequency</td>
<td>Monthly</td>
</tr>
<tr>
<td>Calculation time</td>
<td>Close of Business 16.00 (EST/EDT). Please refer to the SFTP guide for standard publication times available on our website</td>
</tr>
<tr>
<td>History start date</td>
<td>31 December 2013</td>
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<tr>
<td>Weighting</td>
<td>Market capitalisation with an issuer cap at 3%</td>
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</table>

For further information, please refer to the relevant guide on ihsmarkit.com/iBoxx.