

# IHS Markit Benchmark Administration Limited Consultation on the Methodology update for the iBoxx MSCI EUR Senior Corporates Investment Grade ESG Factor Weighted (Version 3) Index – Results

**LONDON, NOVEMBER 28, 2022:** IHS Markit Benchmark Administration Limited (IMBA) has conducted a [consultation](#) with market participants on potential changes to the iBoxx MSCI EUR Senior Corporates Investment Grade ESG Factor Weighted (Version 3) index.

## BACKGROUND

The iBoxx MSCI EUR Senior Corporates Investment Grade ESG Factor Weighted (Version 3) index reweights the constituents of the iBoxx € Corporates Senior index (DE0001457554), adjusted for exclusions, based on Business Involvement Screening provided by MSCI ESG Research. The index constituent weights are adjusted according to the 'Issuer Score', which is composed of a Credit Quality score, a Sector Diversification score and a Liquidity Score.

Index Name	ISIN (TRi)	Ticker (TRi)
iBoxx MSCI EUR Senior Corporates Investment Grade ESG Factor Weighted (Version 3) Index	GB00B9N2TJ78	IBXXEIG5

## PROPOSAL

IMBA is updating the methodology of the iBoxx MSCI EUR Senior Corporates Investment Grade ESG Factor Weighted (Version 3) index to further extend the ESG screening in response to stakeholder feedback and to incorporate a more stringent ESG framework applying additional MSCI ESG research data. The changes are described in the table below:

Changes	Methodology	
	Previous	Updated
MSCI Climate Change Metrics	--	<ul style="list-style-type: none"> <li>Thermal Coal (GENERAT_MAX_REV_THERMAL_COAL)                             <ul style="list-style-type: none"> <li>All companies deriving more than 30% of their total revenue from thermal coal-based power generation are excluded</li> </ul> </li> <li>Oil &amp; Gas energy production (UNCONV_OIL_GAS_MAX_REV_PCT)                             <ul style="list-style-type: none"> <li>All companies deriving more than 10% of their total revenue from unconventional oil and gas mining energy production are excluded</li> </ul> </li> </ul>
MSCI ESG Ratings	--	<ul style="list-style-type: none"> <li>All issuers with an ESG rating of BB and below are excluded</li> <li>Issuers without MSCI ESG Ratings coverage as of two business days before the end of the month are excluded</li> </ul>

Additionally, IMBA is making updates to the Sector Scores and Liquidity Scores of the index as follows:

Economic Sector	Previous Sector Score	Updated Sector Score
Financial Services	1	2
Insurance	1	2
Real Estate	1	2
Retail (General Retailers)	3	5
Utilities	2	3

Issuer Weight in Universe	Previous Liquidity Score	Updated Liquidity Score
0% – 0.05%	0	0
>0.05% – 0.10%	0	1
>0.10% – 0.15%	0	2
>0.15% – 0.20%	0	3
>0.20% – 0.40%	1	4
>0.40% – 0.60%	2	5
>0.60% – 0.80%	3	5
>0.80% - 1.00%	4	5

IMBA will also replace the current Sector Diversification Corrections scores methodology, in absolute numbers of issuers, with the below:

% of Number of Issuers (TICKERS) in iBoxx Economic Sectors (based on custom universe*)	Updated Sector Diversification Correction Score
0% – 5%	0
>5% – 10%	1
>10%	1.5

\*Custom universe is defined as the iBoxx € Corporates Senior index (DE0001457554) after all exclusions are applied

## IMPLEMENTATION TIMING

IMBA will implement the previously described methodology changes following the November 2022 month-end rebalancing, which takes effect prior to the market open on **Thursday, December 1, 2022**.

## FOR MORE INFORMATION:

[indices@ihsmarkit.com](mailto:indices@ihsmarkit.com)