

**S&P Dow Jones
Indices**

A Division of **S&P Global**

iBoxx Global Core Banks Index Methodology

October 2024

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1 iBoxx Global Core Banks Index

The iBoxx Global Core Banks Index measures the performance of investment grade debt denominated in USD, EUR and GBP from Bank issuers. The index aims to provide broad coverage of the USD, EUR and GBP bank bond universe while upholding minimum standards of investability and liquidity.

Data Source. The index uses multi-source prices as described in the iBoxx Pricing Rules, available [here](#).

2 Bond selection rules

2.1 Bond type

Bonds issued by entities classified as Banks with cash flows that can be determined in advance are eligible for the index. The issuer's domicile is not relevant.

2.1.1 EUR denominated bonds

In addition to above, EUR denominated bonds with the following characteristics are eligible for the index:

- Fixed coupon bonds ("plain vanilla bonds")
- Zero coupon bonds
- Step-up bonds
- Event-driven bonds with step-up and step-down coupons, such as rating- or tax-driven bonds
- Dated and undated callable subordinated corporate bonds, including fixed-to-floating rate bonds
- Soft bullet bonds. These are bonds with an initial fixed-coupon period, and a variable or step-up coupon period thereafter, that are structured so that they are expected to be redeemed at the end of the initial period
- Bonds with call options where the first and subsequent call dates are on a date when the bond is otherwise no longer eligible for the index, i.e. bonds with American call options within the last year prior to maturity
- Subordinated financial debt with a contingent conversion feature at the point of non-viability, in line with the capital adequacy requirements of Basel III
- Subordinated financial fixed-to-floating rate bonds with a reset date on or after the first call date
- Senior bank bonds with call options where the first call date is 25 months or less prior to final maturity

The following bond types are ineligible for the index:

- Sinking funds and amortizing bonds
- Other callable and undated bonds
- Floating rate notes and other fixed-to-floater bonds
- Subordinated financial debt with mandatory contingent conversion features that are based on an observable trigger, or with any conversion options before the first call date, is ineligible for the index
- Retail bonds
- Private placements
- Bonds with differences between accrual and coupon payment periods and monthly-paying bonds
- Extended bonds as defined under section 'Maturity extension' in this document

2.1.2 GBP denominated bonds

In addition to above, GBP denominated bonds with the following characteristics are eligible for the index:

- Fixed coupon bonds (plain vanilla bonds)
- Zero coupon bonds
- Amortizing bonds and sinking funds with a fixed sinking schedule
- Step-up bonds step-up callable bonds with European options
- Callable/puttable and extendable bonds with European options

- Event-driven bonds with step-up and step-down coupons, such as rating- or tax-driven bonds
- Dated and undated callable subordinated corporate bonds, including fixed-to-floating rate bonds
- Soft bullet bonds. These are bonds with an initial fixed-coupon period, and a variable or step-up coupon period thereafter, that are structured so that they are expected to be redeemed at the end of the initial period
- Subordinated financial debt with a contingent conversion feature at the point of non-viability, in line with the capital adequacy requirements of Basel III
- Subordinated financial fixed-to-floating rate bonds with a reset date on or after the first call date
- Senior bank bonds with call options where the first call date is 25 months or less prior to final maturity

The following bond types are ineligible for the index:

- Other bonds with American call options, and undated bonds
- Floating-rate notes and other fixed-to-floater bonds
- Subordinated financial debt with mandatory contingent conversion features that are based on an observable trigger or with any conversion options before the first call date is ineligible for the index
- Bonds with differences between accrual and coupon payment periods and monthly-paying bonds
- Retail bonds
- Private placements
- Extended bonds as defined under section 'Maturity extension' in this document

2.1.3 USD denominated bonds

In addition to above, USD denominated bonds with the following characteristics are eligible for the index:

- Taxable municipals
- 144A-version only (i.e. there is no corresponding RegS security)
- Fixed coupon bonds
- Callable and Puttable bonds
- Step-ups and event-driven bonds such as rating-driven or registration-driven bonds
- Amortizing bonds and sinking funds with fixed sinking schedules
- Fixed-to-floaters
 - > Hybrid bank capital bonds
 - > Senior bonds issued by banks with a call option up to two years prior to maturity
 - > Undated fixed – to floaters
- Perpetual Bonds of all types
- Financial subordinated debt with a contingent conversion feature at the point of non-viability, in line with the capital adequacy requirements of Basel III
- Secured bonds
 - > First mortgaged bonds/ first priority security interest
 - > Secured bonds issued by an SPV with known cash-flows

The following bond types are ineligible for the index:

- Retail bonds
- Private placements
- Floating Rate Notes
- Zero coupon bonds and zero-coupon step-up bonds
- Convertibles
- Inflation and other index-linked bonds

- Bonds cum or ex-warrant
- Bonds whose complete coupons are paid at maturity, as they are similar to zero-coupon bonds with only one cash flow
- New bonds entering the index that have already been called prior to rebalancing
- Optional and mandatory convertible bonds
- Subordinated bank debt with mandatory contingent conversion features that are based on an observable trigger
- Extended bonds as defined under section 'Maturity extension' in this document

For retail bonds and private placements, publicly available information is not always conclusive and the classification of a bond as a retail bond or a private placement is made at S&P DJI's discretion based on the information available at the time of determination. Any bond classified as retail or private placement is added to the list of excluded private placements and retail bonds. The list is published on www.spglobal.com/spdji under *Indices News* for future reference and to ensure decision's consistency.

In instances where a new bond type is not specifically excluded or included according to the published index rules, S&P DJI analyzes the features of such securities in line with the principles set out in this methodology. Any decision as to the eligibility or ineligibility of a new bond type is published and the index rules are updated accordingly.

2.2 Credit rating

All bonds in the index must have an iBoxx Rating of investment grade. Ratings from the following three credit rating agencies are considered for the calculation of the iBoxx Rating:

- Fitch Ratings
- Moody's Investor Service
- S&P Global Ratings

Investment grade is defined as BBB- or higher from Fitch Ratings and S&P Global Ratings and Baa3 or higher from Moody's Investor Service.

If more than one of the above agencies rates a bond, then the iBoxx rating is the average of the provided ratings. The index consolidates ratings to the nearest rating grade and does not use rating notches. For more information on determining average ratings, please refer to the *iBoxx Rating Methodology* document available [here](#).

2.3 Time to maturity

All bonds must have a remaining time to maturity of at least one year at rebalancing.

USD denominated bonds must have a minimum time to maturity at issuance of 18 months.

Bonds are assigned to a maturity bucket according to their time to maturity. For non-hybrid capital bonds, the call/put schedule is not used to determine the time to maturity of the bond, regardless whether the call/put has been announced.

2.4 Amount outstanding

All bonds require a specific minimum amount outstanding in order to be eligible for the index, as mentioned below. The figures indicate minimum issue sizes.

USD denominated bonds: USD 500 million

EUR denominated bonds: EUR 500 million for EUR-issued bonds and EUR 1 billion for legacy bonds (converted from pre-EUR currencies)

GBP denominated bonds

First Settlement date	Insertions	Existing bonds
Before or on 12-31-2010	GBP 250 million	GBP 100 million
After 12-31-2010	GBP 250 million	GBP 250 million

The cut-off for Non-Gilts insertions was raised from GBP 100 million to GBP 250 million within the context of the Annual Index Review 2010 in order to reflect the increase in the average size of new issues. Legacy bonds, however, remain in the index as long as they have settled on or before December 31, 2010 and amount outstanding is GBP 100 million or above. For all new non-Gilts insertions, amount outstanding has to be GBP 250 million or above even if the bond used to be part of the index before and dropped at some point.

3 Classification

3.1 Bond classification

All bonds are classified based on the principal activities of the issuer and the main sources of the cash flows used to pay coupons and redemptions. In addition, a bond's specific collateral type or legal provisions are evaluated. Hence, it is possible that bonds issued from different subsidiaries of the same issuer carry different classifications.

The issuer classification is reviewed regularly based on updated information received by S&P DJI, and status changes are included in the index at the next rebalancing if necessary.

Where the sector classification of a specific entity is not clear due to the diversified business of the entity, a decision is made at S&P DJI's discretion. S&P DJI assigns the classification according to its evaluation of the business risk presented in the security prospectus and annual reports, if available. S&P DJI also compares the classification to peers in the potential sectors. Membership lists including classification are published on the FTP server and in the *Indices* section of the webpage for registered users.

3.1.1 Corporates

Bonds issued by public or private corporations. Bonds secured by a 'floating charge' over some or all assets of the issuer are considered corporate bonds. Corporate bonds are further classified into Financials and Non-Financials bonds and then into their multiple-level economic sectors, according to the issuer's business scope.

Bonds issued by banks are eligible for the index. Bank debt is further classified into senior and subordinated debt. Bank senior debt structure additionally differentiates between Bail-in and Preferred bonds. The Bail-in classification captures all senior notes which are subject to write-down or conversion into a subordinated instrument on the occurrence of a resolution event, as well as senior bank debt issued by bank holding companies.

Table 1: Overview of seniority levels

Market Sector	Seniority Level 1	Seniority Level 2	Seniority Level 3	
Bank	SEN	Preferred	*	
		Bail-in	*	
	SUB	T2 (post-Jan '13 issuances)		T2 callable
				T2 non-callable
		T2 (pre-Jan '13 issuances)		LT2 callable
				LT2 non-callable
				UT2
		T1		T1 step
				T1 non-step

4 Index Calculation

4.1 Static data

Information used in the index calculation is sourced from offering circulars and checked against standard data providers.

4.2 Bond prices

For more details, please refer to the *iBoxx Pricing Methodology* document, available in the *Methodology* section of the webpage at <https://www.spglobal.com/spdji/en/>.

4.3 Rebalancing process

The index rebalances monthly on the last business day of the month after the close of business. Changes to outstanding amounts are only taken into account if they are publicly known three business days before the end of the month. Changes in ratings are only taken into account if they are publicly known two business days before the end of the month. New bonds issued are taken into account if they are publicly known to settle until the last calendar day of the month, inclusive, and if their rating has become known at least three trading days before the end of the month.

A preliminary membership list is published on the sixth calendar day of the month (moved to the next business day in case of holiday or weekend). This list contains preliminary information on rating and amount outstanding of all bonds.

Three business days before the end of each month, a membership list with final amount outstanding for each bond is published. Two business days before the end of each month, the rating information for the constituents is updated and the list is adjusted for all rating changes which are known to have taken place two trading days before the end of the month.

On the last business day of each month, S&P DJI publishes the final membership with closing prices for the bonds and various bonds analytics based on the index prices of the bonds.

4.4 Index data

The calculation of the index is based on bid prices. New securities are included in the index at their respective ask prices when they enter the index family. In the event that no price can be established for a particular security, the index continues to be calculated based on the last available price. This might be the case in periods of market stress, or disruption as well as in illiquid or fragmented markets. If the required inputs become impossible to obtain, S&P DJI may consult market participants prior to the next rebalancing date. Decisions are made publicly available on a timely basis and S&P DJI may refer back to previous cases.

The rebalancing takes place after close of market on the last trading day of a rebalancing month.

4.5 Index calculus

For specific index formulas please refer to the *iBoxx Bond Index Calculus* document available on <https://www.spglobal.com/spdji/en/> under *Methodology*.

4.6 Index and analytics weights

The iBoxx Global Core Banks Index is market-value-weighted. The amount outstanding of a bond is only adjusted within the rebalancing process.

All calculations are based on the adjusted amount outstanding that reflects the outstanding bond notional at the last rebalancing. The bond prices relate to the nominal value of 100.

4.7 Treatment of the special intra-month events

Data for the application of corporate actions in the index may not be fully or timely available at all times, e.g. the final call prices for make-whole calls or the actual pay-in-kind percentage for PIK-payment options. In such cases, S&P DJI will estimate the approximate value based on the available data at the time of calculation.

4.7.1 Full redemptions: exercised calls, puts and buybacks

If a bond is fully redeemed intra-month, the bond effectively ceases to exist. In all calculations, the redeemed bond is treated as cash based on the last price, the call price or repurchase price, as applicable. The redemption factor, redemption and the redemption price are used to treat these events in the index and analytics calculation. In addition, the clean price of the bond is set to the redemption price, and the interest accrued until the redemption date is treated as an irregular coupon payment.

4.7.2 Funged bonds

Bonds may be issued in several tranches. The different tranches are initially legally separate and therefore trade independently for a certain period. On and after the fungo date, the tranches will be combined into one bond, i.e. the parent tranche will contain the original security, as well as the additional notional(s) from the new tranche(s). After the fungo date, the prices for both the securities are the same, because they constitute one uniform bond. This is reflected in the indices as follows:

4.7.2.1 Parent and new tranche are both index constituents

- After the fungo date, the price from the parent tranche is used for the funged tranche; no price for the funged bond
- Funged tranche leaves the index at the next rebalancing and parent amount outstanding increases accordingly

4.7.2.2 Parent is an index constituent, but the new tranche is not

- No special intra-month treatment necessary
- Parent amount outstanding increases at the next rebalancing

4.7.2.3 Parent is not an index constituent but the new tranche is

- No special intra-month treatment necessary
- Funged tranche leaves the index; parent tranche enters the index at the next rebalancing

4.7.3 Bonds trading flat of accrued

If a bond is identified as trading flat of accrued, the accrued interest of the bond is set to 0 in the total return index calculation and is excluded from the calculation of all bond and index analytical values.

Bonds will be considered trading flat of accrued in any of the following situations:

- a bond has been assigned a default rating and/or
- issuer has announced a failure to pay a coupon and/or
- issuer has announced an intention not to make a payment on an upcoming coupon (grace period).

4.7.4 Multi-coupon bonds

Some bonds have pre-defined coupon changes that lead to a change in the annual coupon over the life of the bond. In all instances, the coupon change must be a fixed amount on top of a fixed coupon, i.e. floating coupon bonds are not eligible for the indices. The two main categories of bonds are step-up bonds and event-driven bonds.

- **Step-up bonds:** These are bonds with a pre-defined coupon schedule that cannot change during the life of the bond. The coupon schedule is used in all bond calculations.
- **Event-driven bonds:** These are bonds whose coupon may change upon occurrence (or non-occurrence) of pre-specified events, such as rating changes, e.g. rating-driven bonds, failure to register (register-driven bonds), or failure to complete a merger (merger-driven bonds). In the calculation of the indices and the analytics, the coupon schedule as of the calculation date is used. That is to say, any events occurring after the calculation date are ignored in the determination of the applicable coupon schedule. *Example of an event-driven bond:* A bond's rating changes on 31 December 2003 from A- to BBB+ and the coupon steps up from 6% to 6.25% from 1 March 2004 onward. The coupon dates are 1 October and 1 April each year. The correct coupon schedule for the bond and index calculations is date dependent. The index calculation on 20 December 2003 uses the 6% coupon for the whole life of the bond, while the calculation on 31 January 2004 uses a 6% coupon for the current coupon period to 29 February 2004, and a 6.25% coupon for all later interest payments. The index calculation on 20 March uses a 6% coupon until 29 February, a 6.25% coupon for the remainder of the current coupon period and a 6.25% coupon for all future coupon payments. The index calculation after 1 April uses a 6.25% coupon.

4.7.5 Ex-dividend conventions

Some markets have ex-dividend conventions. Ex-dividend means that the next coupon is detached from the bond several days in advance of the coupon payment date. The date on which the next coupon is detached is the ex-dividend date and the period between the ex-dividend date and the coupon payment date is the ex-dividend period. If a bond is in the ex-dividend period, the next coupon payment will not be paid to a buyer of this bond, but will be paid to the original bond holder.

The indices and analytics calculations take ex-dividend conventions into account. During the ex-dividend period, the accrued interest of the bond is negative, while the next coupon payment is held separate in the variable coupon adjustment. If the bond enters the index during the ex-dividend period, then the next coupon payment and the coupon adjustment will not accrue to the index. However, if the bond was already in the index, the next coupon payment needs to be included in the total return calculations. This is controlled via the ex-dividend indicator which is 0 if the bond enters the index during the current ex-dividend period and 1 if not. The same treatment is also applied to all analytics calculation, i.e. the first cash flow is excluded from the calculations if the bond enters during the current ex-dividend period.

4.7.6 Maturity extension

4.7.6.1 Maturity extension for perpetuals & dated fixed-to-fixed bonds with a reset date

Maturity	Coupon/Call structure	Workout Date at issuance	Updated Workout date if not called
Perpetual	Reset*/Callable	Assume first call date as workout date	Extend workout date until the end of the next reset date*
Dated	Reset/Callable	Assume reset date as workout date	Extend workout date until the end of the next reset date or final maturity date*

*Assumes the bond terms allow for a redemption at the new assumed maturity date

4.7.6.2 Maturity extension for perpetual bonds without a reset date

Maturity	Coupon/call structure	Workout date at issuance	Updated Workout date if not called
Perpetual	Fixed/ Callable	Assume first call date as workout date	Extend workout date until the assumed next call date - 5 years from first call date*.

*Assumes the terms allow for a redemption at the new assumed maturity date.

4.8 Index history

The Index history starts on December 31, 2010. The index has a base value of 100 on that date.

4.9 Settlement conventions

All iBoxx indices calculate using the assumption of T+0 settlement days.

4.10 FX rates

FX spot rates are sourced from WMR. The index calculation uses the FX rates from 4:00 PM London Time. If the rebalancing day is a non-business day, the index calculation uses the 4:00 PM London Time FX rates from the previous business day.

4.11 Calendar

S&P DJI publishes an index calculation calendar available on <https://www.spglobal.com/spdji/en/> under *iBoxx Indices Calendars*. This calendar provides an overview of the index calculation holidays of the iBoxx bond index families each year.

4.12 Publication of the Index

The index calculates at end-of-day and distributes once daily after close of U.S. markets.

Bond and index analytical values calculate each day using that day's closing prices. In addition, bond and index analytical values calculate using the previous trading day's closing prices on the last calendar day of each month if that day is not a regular trading day as well as on common bank holidays as published in the iBoxx index calculation calendar. The index calculation calendar is available on <https://www.spglobal.com/spdji/en/> under *iBoxx Calendars*. Index data is also available from the main information vendors. Trading days and bank holidays are defined in the iBoxx USD Index calculation calendar.

Closing index values and key statistics publish at the end of each calculation day in the *Indices* section on <https://www.spglobal.com/spdji/en/> for registered users.

4.13 Data publication and access

The table below summarizes the publication of the index on the SFTP server.

Table 2: File types, frequency and access

Frequency	File Type	Access
Daily	Underlying file – Bond level	SFTP Server
	Indices file – Index level	SFTP Server / website / Bloomberg (index levels only)
Daily from the sixth calendar day of the month (or the next index publication day if the sixth calendar day falls on a non-business day)	Forwards	SFTP Server
Monthly	End of Month Components	SFTP Server

The index identifiers for the publication channels are:

Index Name	Version	ISIN	SEDOL	BBG
iBoxx Global Core Banks Index (USD Hedged)	CPI	GB00BSF3DN38	BSF3DN3	IBXXGCHP
	TRI	GB00BSF3DP51	BSF3DP5	IBXXGCHT
iBoxx Global Core Banks Index (USD Unhedged)	CPI	GB00BSF3DQ68	BSF3DQ6	IBXXGBUP
	TRI	GB00BSF3DR75	BSF3DR7	IBXXGBUT

4.14 Index review

In addition to the daily governance of indices and maintenance of index methodologies, at least once within any 12-month period, the Index Committee reviews the methodology to ensure the indices continue to achieve the stated objectives, and that the data and methodology remain effective. In certain instances, S&P Dow Jones Indices may publish a consultation inviting comments from external parties.

5 Index Governance

Index Committee

An S&P Dow Jones Indices Index Committee maintains the indices. All committee members are full-time professionals at S&P Dow Jones Indices. Meetings are held regularly. The Index Committee oversees the management of the indices, including determinations of intra-rebalancing changes, maintenance and inclusion policies, and other matters affecting the maintenance and calculation of the indices.

In fulfilling its responsibilities, the Index Committee has full and complete discretion to (i) amend, apply, or exempt the application of index rules and policies as circumstances may require and (ii) add, remove, or by-pass any bond in determining the composition of an index.

The Index Committee may rely on any information or documentation submitted to it or gathered by it that the Index Committee believes to be accurate. The Index Committee reserves the right to reinterpret publicly available information and to make changes to the indices based on a new interpretation of that information at its sole discretion. All Index Committee discussions are confidential.

The Index Committee is separate from and independent of other analytical groups at S&P Global. In particular, the Index Committee has no access to or influence on decisions by S&P Global Ratings analysts.

S&P Dow Jones Indices' Index Committees reserve the right to make exceptions when applying the methodology if the need arises. In any scenario where the treatment differs from the general rules stated in this document or supplemental documents, clients will receive sufficient notice, whenever possible.

In addition to the daily governance of indices and maintenance of index methodologies, at least once within any 12-month period, the Index Committee reviews the methodology to ensure the indices continue to achieve the stated objectives, and that the data and methodology remain effective. In certain instances, S&P Dow Jones Indices may publish a consultation inviting comments from external parties.

For more information on index governance policies, please refer [here](#).

6 Changes to iBoxx Global Core Banks Index

Oct 18, 2024	• Launch of iBoxx Global Core Banks Index
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7 Further information

Client support

For client support please contact index_services@spglobal.com.

Formal complaints

Formal complaints should be emailed to spdji_compliance@spglobal.com.

Please note: spdji_compliance@spglobal.com should only be used to log formal complaints.

General index inquiries

For general index inquiries, please contact index_services@spglobal.com.

A ESG Disclosures

EXPLANATION OF HOW ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY [1]		
1	Name of the benchmark administrator.	IHS Markit Benchmark Administration Limited (IMBA)
2	Underlying asset class of the ESG benchmark. [2]	N/A
3	Name of the S&P Dow Jones Indices benchmark or family of benchmarks.	iBoxx Benchmark Statement
4	Do any of the indices maintained by this methodology take into account ESG factors?	No
Appendix latest update:		October 2024
Appendix first publication:		October 2024

[1] The information contained in this Appendix is intended to meet the requirements of the European Union Commission Delegated Regulation (EU) 2020/1817 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the minimum content of the explanation of how environmental, social and governance factors are reflected in the benchmark methodology and the retained EU law in the UK (The Benchmarks (amendment and Transitional Provision) (EU Exit) Regulations 2019).

[2] The 'underlying assets' are defined in European Union Commission Delegated Regulation (EU) 2020/1816 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published.

Disclaimer

Performance Disclosure/Back-Tested Data

Where applicable, S&P Dow Jones Indices and its index-related affiliates (“S&P DJI”) defines various dates to assist our clients by providing transparency. The First Value Date is the first day for which there is a calculated value (either live or back-tested) for a given index. The Base Date is the date at which the index is set to a fixed value for calculation purposes. The Launch Date designates the date when the values of an index are first considered live: index values provided for any date or time period prior to the index’s Launch Date are considered back-tested. S&P DJI defines the Launch Date as the date by which the values of an index are known to have been released to the public, for example via the company’s public website or its data feed to external parties. For Dow Jones-branded indices introduced prior to May 31, 2013, the Launch Date (which prior to May 31, 2013, was termed “Date of introduction”) is set at a date upon which no further changes were permitted to be made to the index methodology, but that may have been prior to the Index’s public release date.

Please refer to the methodology for the Index for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations.

Information presented prior to an index’s launch date is hypothetical back-tested performance, not actual performance, and is based on the index methodology in effect on the launch date. However, when creating back-tested history for periods of market anomalies or other periods that do not reflect the general current market environment, index methodology rules may be relaxed to capture a large enough universe of securities to simulate the target market the index is designed to measure or strategy the index is designed to capture. For example, market capitalization and liquidity thresholds may be reduced. In addition, forks have not been factored into the back-test data with respect to the S&P Cryptocurrency Indices. For the S&P Cryptocurrency Top 5 & 10 Equal Weight Indices, the custody element of the methodology was not considered; the back-test history is based on the index constituents that meet the custody element as of the Launch Date. Also, the treatment of corporate actions in back-tested performance may differ from treatment for live indices due to limitations in replicating index management decisions. Back-tested performance reflects application of an index methodology and selection of index constituents with the benefit of hindsight and knowledge of factors that may have positively affected its performance, cannot account for all financial risk that may affect results and may be considered to reflect survivor/look ahead bias. Actual returns may differ significantly from, and be lower than, back-tested returns. Past performance is not an indication or guarantee of future results.

Typically, when S&P DJI creates back-tested index data, S&P DJI uses actual historical constituent-level data (e.g., historical price, market capitalization, and corporate action data) in its calculations. As ESG investing is still in early stages of development, certain datapoints used to calculate certain ESG indices may not be available for the entire desired period of back-tested history. The same data availability issue could be true for other indices as well. In cases when actual data is not available for all relevant historical periods, S&P DJI may employ a process of using “Backward Data Assumption” (or pulling back) of ESG data for the calculation of back-tested historical performance. “Backward Data Assumption” is a process that applies the earliest actual live data point available for an index constituent company to all prior historical instances in the index performance. For example, Backward Data Assumption inherently assumes that companies currently not involved in a specific business activity (also known as “product involvement”) were never involved historically and similarly also assumes that companies currently involved in a specific business activity were involved historically too. The Backward Data Assumption allows the hypothetical back-test to be extended over more historical years than would be feasible using only actual data. For more information on “Backward Data Assumption” please refer to the FAQ. The methodology and factsheets of any index that employs backward assumption in the back-tested history will explicitly state so. The methodology will include an Appendix with a table setting forth the specific data points and relevant time period for which backward projected data was used. Index returns shown do not

represent the results of actual trading of investable assets/securities. S&P DJI maintains the index and calculates the index levels and performance shown or discussed but does not manage any assets.

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