

**iBoxx MSCI ESG
Advanced USD Liquid
Investment Grade
Index Methodology**

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iBoxx MSCI ESG Advanced USD Liquid Investment Grade Index

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 average or above environmental, social, and governance (ESG) ratings 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 S&P DJI 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 scoring below a defined threshold for MSCI ESG ratings and issuers below a defined threshold for overall controversy scores. The index is market-value weighted with an issuer cap of 3%.

The iBoxx MSCI ESG Advanced USD Liquid Investment Grade Index is rebalanced once a month at the month-end and consists of investment grade USD denominated bonds issued by corporate issuers from developed countries and rated by at least one of three rating services: Fitch Ratings, Moody's Investors Service, or S&P Global Ratings.

The bonds in the iBoxx MSCI ESG Advanced USD Liquid Investment Grade Index must meet all the criteria described below as of the close of business three business days prior to the rebalancing date provided that the relevant bond data can be verified as of such date (bond selection cut-off date). The new index composition becomes effective on the first business day of the next month.

All iBoxx indices are priced based on multiple data inputs. The iBoxx MSCI ESG Advanced USD Liquid Investment Grade Index uses multi-source prices as described in the document *iBoxx Pricing Rules* publicly available on www.spglobal.com/spdji.

This document covers the index selection rules and calculation methodology.

Bond selection rules

The following selection criteria are applied to select the constituents for the iBoxx MSCI ESG Advanced USD Liquid Investment Grade Index:

- Bond type
- Credit rating
- Expected remaining life
- Amount outstanding
- Lockout period
- Minimum run
- Market sector
- MSCI ESG Research

Bond type

Only fixed-rate bonds whose cash flow can be determined in advance are eligible for the indices. The indices are comprised solely of bonds. T-Bills and other money market instruments are not eligible. The iBoxx MSCI ESG Advanced USD Liquid Investment Grade Index include only USD denominated bonds.

In particular, bonds with the following characteristics are 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-float bonds issued by banks with a call option up to 25 months prior to maturity
- Rule 144A offerings with a registration right. Only 144A bonds where the Registration S version of the bond is eligible for the iBoxx USD Benchmark Index are eligible.
- Callable bonds
- Puttable bonds

The following instrument bond types are specifically excluded from the indices:

- 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 is ineligible for the index
- Bonds with other equity features attached (e.g., options/warrants)
- Perpetual bonds
- Fixed-to-floater bonds (except Senior fixed-to-float bonds issued by banks with a call option up to 25 months prior to maturity)

- 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

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 will be 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 will analyse the features of such securities in line with the principles set out in 2.1 of this guide. S&P DJI may consult the specific Index Advisory Committees. Any decision as to the eligibility or ineligibility of a new bond type will be published and the index rules will be updated accordingly.

Credit Rating

All bonds in the indices 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. Bonds with an RD/SD rating are excluded from the indices. 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. If a new tranche of a bond is not rated, the rating of its parent applies.

For corporate bonds, only issue ratings are considered in the bond selection process. Issuer ratings or MTN program ratings are not taken into account.

For more information on average ratings, please refer to the iBoxx Rating Methodology, available at www.spglobal.com/spdji.

Expected remaining life

All bonds must have at the rebalancing day an expected remaining life:

- of at least three years, and
- all new insertions must have an expected remaining life of at least three years and 6 months.

The expected remaining life is expressed in years and calculated as follows:

- For plain vanilla bonds, the expected remaining life of the bond is its time to maturity, calculated as the number of days between the last calendar day of the current month and its maturity.
- For dated and undated callable hybrid capital bonds, the first call date is always assumed to be the expected redemption date. The expected remaining life is calculated as the number of days

between the last calendar day of the month and the expected redemption date.

- For soft bullets, the expected remaining life of the bond is its time to the expected maturity and not to its final maturity date.

Amount outstanding

Issue amount outstanding

The outstanding face value of a bond must be greater than or equal to USD 750 million as of the bond selection cut-off date. Partial buybacks or increases affect the outstanding face value of a prospective bond. S&P DJI considers changes to the outstanding face value of a candidate bond as a result of partial or full buybacks or increases, provided that S&P DJI is aware of such changes as of the bond selection cut-off date. In the case of RegS securities that are registered as global securities, the remaining amount of the RegS version and the registered version are recombined if the bond is not exchanged in full and if the remaining amount of the RegS version reduces the amount outstanding below the eligibility threshold.

Issuer Amount Outstanding

The outstanding face value of all bonds denominated in USD from the issuer in the broader iBoxx USD Investment Grade Corporate Index (excluding fixed-to-floater and perpetual bonds) must be greater than or equal to USD 2 billion as of the bond selection cut-off date.

Lockout period and Minimum run

Lockout period

A bond that drops out of the iBoxx MSCI ESG Advanced USD Liquid Investment Grade Index at the rebalancing day is excluded from reentering the index for a three-month period unless the exclusion is due to a violation of an ESG screening criteria. The rule for the lockout period takes precedence over the other rules for the iBoxx MSCI ESG Advanced USD Liquid Investment Grade Index selection. A locked out bond will not be selected, even if it qualifies for the index.

Minimum run

Any bond that enters the iBoxx MSCI ESG Advanced USD Liquid Investment Grade Index must remain in the index for a minimum of six months provided it is not downgraded to sub-investment grade, defaulted, fully redeemed, or violating any of the ESG screening criteria in that period.

Market sector

Bonds classified as “Oil & Gas” using Level 5 market sector conventions are excluded from the index.

Furthermore, “Oil & Gas” exclusions were supplemented historically prior to April 30, 2017 by using the April 30, 2017 starting universe of constituents to conservatively remove any bonds involved in “Oil & Gas” prior to the convention change.

MSCI ESG Research

The iBoxx MSCI ESG Advanced USD Liquid Investment Grade Index screens out the bonds based on the following criteria. Corporate issuers with incomplete MSCI ESG Research data coverage for the below screening criteria as of the bond selection cut-off date are excluded from the index.

For information on MSCI’s ESG Ratings Methodology, please refer [here](#).

For information on MSCI’s ESG Symbols and Definitions, please refer [here](#).

MSCI ESG Business Involvement Screening – exclusion driven by exposure to the following activities and at the following involvement thresholds:

- *Adult Entertainment*

- > all companies that produce, direct, or publish adult entertainment materials that fall into the following categories: producer of X-rated films, pay-per-view programming or channels, sexually explicit video games, books or magazines with adult content, live entertainment of an adult nature, adults-only material on the internet.

- > all companies deriving 5% or more aggregate revenue from the production, distribution and retail of adult entertainment materials.

- *Alcohol*

- > all companies classified as a “Producer” that derive 5% or more in revenue from manufacturing, distributing, retailing, licensing, and supplying alcoholic products.

- > all companies classified as a “Producer” that derive USD 500 million or more in revenue from manufacturing, distributing, retailing, licensing, and supplying alcoholic products.

- > all companies deriving 15% or more aggregate revenue from the manufacture, distribution, retailing, licensing, and supply of alcoholic products.

- *Civilian Firearms*

- > all companies that manufacture firearms and small arms ammunitions for civilian markets. It does not include companies that cater to the military, government, and law enforcement markets.

- > all companies deriving 5% or more aggregate revenue from the production and distribution (wholesale or retail) of firearms or small arms ammunition intended for civilian use.

- > all companies deriving USD 20 million or more revenue from the production and distribution (wholesale or retail) of firearms or small arms ammunition intended for civilian use. Only excluded starting from May 31, 2014. Prior to May 31, 2014, exclusions were supplemented historically by using the May 31, 2014 starting universe of constituents to conservatively remove any issuers involved in the screen.

- *Controversial Weapons*

- > all companies that manufacture cluster munitions whole weapons systems, components, or delivery platforms.

- > all companies that manufacture landmines whole systems or components.

- > all companies involved in the production of depleted uranium (DU) weapons, ammunition, and armor, including companies that manufacture armor piercing, fin stabilized, discarding sabot tracing rounds (APFSDS-T); Kinetic Energy Missiles made with DU penetrators; and DU-enhanced armor, including composite tank armor.

- *Conventional Weapons*

- > all companies deriving 5% or more revenue from the production of conventional weapons and components.

- > all companies deriving 10% or more aggregate revenue from weapons systems, components, and support systems and services.

- *For Profit Prisons*

- > all companies deriving 50% or more revenue from involvement in the operation of “For Profit Prisons” or the provision of integral services to these types of facilities. These facilities may be alternatively known as private prisons. Only excluded starting from March 31, 2020. Prior to March

31, 2020, exclusions were supplemented historically by using the March 31, 2020 starting universe of constituents to conservatively remove any issuers involved in the screen.

- *Gambling*

- > all companies classified as involved in “Operations” that derive 5% or more in revenue from ownership or operation of gambling facilities, provision of key products or services fundamental to gambling operations, and licensing of gambling products.

- > all companies classified as involved in “Operations” that derive USD 500 million or more in revenue from ownership or operation of gambling facilities, provision of key products or services fundamental to gambling operations, and licensing of gambling products.

- > all companies deriving 15% or more aggregate revenue from ownership or operation of gambling facilities, provision of key products or services fundamental to gambling operations, and licensing of gambling products.

- *Genetically Modified Organisms*

- > all companies deriving more than 0% revenue from genetically modifying plants, such as seeds and crops, and other organisms intended for agricultural use or human consumption.

- *Nuclear Power*

- > all companies that own or operate nuclear power plants.

- > all companies that own or operate active uranium mines. Only excluded starting from August 31, 2017. Prior to August 31, 2017, exclusions were supplemented historically by using the August 31, 2017 starting universe of constituents to conservatively remove any issuers involved in the screen.

- > all companies that are involved in uranium enrichment and processing. Only excluded starting from May 31, 2014. Prior to May 31, 2014, exclusions were supplemented historically by using the May 31, 2014 starting universe of constituents to conservatively remove any issuers involved in the screen.

- > all companies that are involved in the design and engineering of nuclear power reactors.

- > all companies deriving 15% or more aggregate revenue from ownership or operation of nuclear power plants and supply of key nuclear-specific products or services. Only excluded starting from October 31, 2014. Prior to October 31, 2014, exclusions were supplemented historically by using the October 31, 2014 starting universe of constituents to conservatively remove any issuers involved in the screen.

- *Nuclear Weapons*> all companies that manufacture nuclear warheads and/or whole nuclear missiles. It includes assembly and integration of warhead and missile body, as well as companies with contracts to operate/manage government-owned facilities that manufacture nuclear warheads and missiles. Only excluded starting from May 31, 2016. Prior to May 31, 2016, exclusions were supplemented historically by using the May 31, 2016 starting universe of constituents to conservatively remove any issuers involved in the screen. > all companies that manufacture components that were developed or are significantly modified for exclusive use in nuclear weapons (warheads and missiles). It includes companies with contracts to operate/manage government-owned facilities that manufacture components for nuclear warheads and missiles. Only excluded starting from May 31, 2016. Prior to May 31, 2016, exclusions were supplemented historically by using the May 31, 2016 starting universe of constituents to conservatively remove any issuers involved in the screen. > all companies that manufacture or assemble delivery platforms that were developed or significantly modified for the exclusive delivery of nuclear weapons. Only excluded starting from May 31, 2016. Prior to May

31, 2016, exclusions were supplemented historically by using the May 31, 2016 starting universe of constituents to conservatively remove any issuers involved in the screen. > all companies that manufacture components that were not developed or not significantly modified for exclusive use in nuclear weapons (warheads and missiles) but can be used in nuclear weapons. Only excluded starting from May 31, 2016. Prior to May 31, 2016, exclusions were supplemented historically by using the May 31, 2016 starting universe of constituents to conservatively remove any issuers involved in the screen. > all companies that manufacture or assemble delivery platforms that were not developed or not significantly modified for the exclusive delivery of nuclear weapons but have the capability to deliver nuclear weapons. Only excluded starting from April 30, 2017. Prior to April 30, 2017, exclusions were supplemented historically by using the April 30, 2017 starting universe of constituents to conservatively remove any issuers involved in the screen. > all companies that manufacture components for nuclear-exclusive delivery platforms. Only excluded starting from April 30, 2017. Prior to April 30, 2017, exclusions were supplemented historically by using the April 30, 2017 starting universe of constituents to conservatively remove any issuers involved in the screen. > all companies that manufacture components for dual-use delivery platforms. Only excluded starting from March 31, 2019. Prior to March 31, 2019, exclusions were supplemented historically by using the March 31, 2019 starting universe of constituents to conservatively remove any issuers involved in the screen.

- *Palm Oil*

> all companies deriving more than 0% revenue from cultivating oil palm trees and harvesting fresh fruit bunches (FFBs) used to produce palm oil products. Only excluded starting from March 31, 2020. Prior to March 31, 2020, exclusions were supplemented historically by using the March 31, 2020 starting universe of constituents to conservatively remove any issuers involved in the screen.

- *Predatory Lending*

> all companies deriving 5% or more revenue from products and services associated with certain controversial lending practice. Only excluded starting from March 31, 2020. Prior to March 31, 2020, exclusions were supplemented historically by using the March 31, 2020 starting universe of constituents to conservatively remove any issuers involved in the screen.

- *Tobacco*

> all companies that manufacture tobacco products, such as cigars, blunts, cigarettes, e-cigarettes, inhalers, beedis, kreteks, smokeless tobacco, snuff, snus, dissolvable and chewing tobacco. It includes companies that grow or process raw tobacco leaves.

> all companies deriving 5% or more aggregate revenue from the manufacture, distribution, retailing, licensing, and supply of tobacco products.

For information on MSCI Business Involvement Screening, please refer [here](#).

MSCI Climate Change Metrics

- *Fossil Fuels*

> all companies that have an industry tie to fossil fuels (thermal coal, oil and gas) – in particular, reserve ownership, related revenues and power generation. This list does not include companies providing evidence of owning metallurgical coal reserves. Only excluded starting from October 31, 2018. Prior to October 31, 2018, exclusions were supplemented historically by using the October 31, 2018 starting universe of constituents to conservatively remove any issuers involved in the screen.

MSCI ESG Ratings

- all issuers with an ESG rating of BB and below are excluded.

MSCI ESG Controversies and Global Norms – exclusion driven by the following measures:

- *Environmental Controversies Score*

> all companies that are involved in very serious and serious controversies involving the environmental impact of their operations and/or products and services. In particular, companies with an MSCI Environmental Controversies Score of less than 2 are excluded.

- *Overall Controversies Score*

> all companies that are involved in very serious controversies involving the environmental, social, or governance impact of their operations and/or products and services. In particular, companies with an MSCI ESG Controversies Score of 0 are excluded. MSCI ESG Controversies Scores are designed to assess controversies across three pillars (Environmental, Social and Governance). A company's overall score is determined by its worst controversy. For example, a company scoring 0 for a Governance-related controversy will have an MSCI ESG Controversies Score of 0 and be excluded from the Index. Please refer to MSCI ESG documentation for further information.

- *UNGC Compliance*

> all companies that fail to comply with the United Nations Global Compact. Only excluded starting from July 31, 2015. Prior to July 31, 2015, exclusions were supplemented historically by using the July 31, 2015 starting universe of constituents to conservatively remove any issuers involved in the screen.

Corporate issuers that have incomplete MSCI ESG data coverage as of the bond selection cut-off date are excluded from the iBoxx MSCI ESG Advanced USD Liquid Investment Grade Index.

In addition to the above, the following applies for:

- **MSCI ESG Business Involvement Screening** prior to 30th September 2019 issuers not covered under this screen are considered eligible as long as they do not breach any of the other selection criteria.
- **MSCI ESG Controversies and Global Norms** prior to 30th September 2019 issuers not covered under this screen are considered eligible as long as they do not breach any of the other selection criteria.
- **MSCI ESG Ratings** prior to 30th September 2019 issuers not covered under this screen are considered eligible as long as they do not breach any of the other selection criteria.
- **MSCI Climate Change Metrics** prior to 30th September 2019 issuers not covered under this screen are considered eligible as long as they do not breach any of the other selection criteria.

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 indices 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.

Denomination

Bonds must be denominated in USD with clearance and settlement available through Depository Trust and Clearing Corporation (DDTC). The securities need to be either publicly registered in the U.S. with the Securities and Exchange Commission or Rule 144A offerings with registration rights. Eurobonds are excluded.

Issuer

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.

For the purposes of selecting candidates for the index, an *issuer* is defined by the Bloomberg ticker (*i.e.*, all bonds sharing a ticker are attributed to the same issuer).

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. The category Guaranteed & Wrapped is added under Financials for corporate bonds whose timely coupon and/or principal payments are guaranteed by a non-affiliated insurer or through a letter of credit from a non-affiliated bank. Each bond in the index is assigned to one of the following sectors.

iBoxx Corporates Sector Overview

	Economic Sector	Market Sector	Market Sub-Sector	
Financials	Core Financials	Banks	Banks	
		Insurance	Life Insurance Nonlife Insurance	
	Financial Services	Financial Services	General Financial	General Financial
			Equity Investment Instruments	Equity Investment Instruments
			Nonequity Investment Instruments	Nonequity Investment Instruments
		Guaranteed & Wrapped	*	
	Real Estate	Real Estate	Real Estate Investment & Services	Real Estate Investment & Services
			Real Estate Investment Trusts	Real Estate Investment Trusts
	Non-Financials	Energy	Oil & Gas	Oil & Gas Producers Oil Equipment / Services & Distribution
			Renewable Energy	Renewable Energy
Basic Materials		Chemicals	Chemicals	
		Basic Resources	Industrial Metals	Industrial Metals
			Mining	Mining
		Forestry & Paper	Forestry & Paper	
Industrials		Construction & Materials	Construction & Materials	
		Industrial Goods & Services	Aerospace & Defense	Aerospace & Defense
			Electronic & Electrical Equipment	Electronic & Electrical Equipment
			General Industrials	General Industrials
			Industrial Engineering	Industrial Engineering
			Industrial Transportation	Industrial Transportation
Support Services		Support Services		
Consumer Goods		Automobiles & Parts	Automobiles & Parts	
		Food & Beverage	Beverages	Beverages
			Food Producers	Food Producers
		Personal & Household Goods	Household Goods	Household Goods
			Personal Goods	Personal Goods
			Tobacco	Tobacco
		Leisure Goods	Leisure Goods	
Health Care		Health Care	Pharmaceuticals & Biotechnology	Pharmaceuticals & Biotechnology
			Health Care Equipment & Services	Health Care Equipment & Services
Consumer Services		Retail	Food & Drug Retailers General Retailers	
		Media	Media	
		Travel & Leisure	Travel & Leisure	
		Education	Academic & Educational Services	
Telecommunications		Telecommunications	Integrated Telecommunications	Integrated Telecommunications
			Wireless Telecommunications	Wireless Telecommunications
Utilities		Utilities	Electricity	Electricity
			Gas / Water & Multiutilities	Gas / Water & Multiutilities
Technology	Technology	Software & IT Services	Software & IT Services	
		Technology Hardware & Equipment	Technology Hardware & Equipment	

Additional Classification

Corporate 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.

Hybrid capital issued by banking and insurance institutions is further detailed into the respective tiers of subordination.

The market information on the tier of subordination for insurance capital is often less standardized and clear than the equivalent issues by banks. In these cases, the classification is based on the maturity, coupon payment and deferral provisions of the bond from the offering circulars of the bonds. The table below displays the seniority classification of debt issued by both financial and non-financial sectors.

Seniority Levels Overview

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 callable
			T2 non-callable	T2 non-callable
		T2 (pre-Jan '13 issuances)	LT2 callable	LT2 callable
			LT2 non-callable	LT2 non-callable
			UT2	UT2
T1	T1 step	T1 step		
	T1 non-step	T1 non-step		
Insurance	SEN	*	*	
	SUB	T3	*	
		T2 dated	T2 dated callable	T2 dated callable
			T2 dated non-callable	T2 dated non-callable
		T2 perpetual	*	*
T1	*	*		
Financial Services	SEN	*	*	
	SUB	T3	*	
		T2	T2 callable	T2 callable
			T2 non-callable	T2 non-callable
		T2 dated	T2 dated callable	T2 dated callable
			T2 dated non-callable	T2 dated non-callable
		T2 perpetual	*	*
		T1	*	*
			T1 step	T1 step
			T1 non-step	T1 non-step
Other	Hybrid**	Hybrid**		
Non-hybrid	Non-hybrid	Non-hybrid		
Other sectors	SEN	*	*	
	SUB	Other	Hybrid** Non-hybrid	

** Bonds must satisfy the following criteria to be considered hybrids:

- Subordinated
- Deferrable coupons
- First non-call period \geq 5 years
- Either perpetual or 'long-dated', where 'long-dated' is defined as $>$ 25 years of the time to maturity at issuance

Issuer country

Bonds from countries classified as developed markets based on the *S&P Global iBoxx Global Economic Development Classification Methodology* are eligible for the index. The issuer or, in the case of a finance

subsidiary, the issuer's guarantor, must be domiciled, incorporated and the country of risk must be in the countries listed as developed markets in *iBoxx Country Classifications*.

The classification is available at www.spglobal.com/spdji/ under *Methodology*.

Inclusion and exclusion of countries

A new country is added to the index if it is classified as developed market based on the *S&P Global iBoxx Global Economic Development Classification Methodology*. A country is no longer eligible for the index if it is classified as emerging market based on the *S&P Global iBoxx Global Economic Development Classification Methodology*. The *S&P Global iBoxx Global Economic Development Classification Methodology* is updated once per year. The results are published at the end of July. The inclusion/exclusion of a country becomes effective at the end of October.

Index calculation

Static data

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

Bond prices

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

Rebalancing Process

The index is rebalanced monthly on the last business day of the month. Any inclusion after the index cutoff day (t-3) will not be considered in the rebalancing process, but will become effective at the end of the following 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 and amount outstanding has become known at least three trading days before the end of the month.

Two business days before the end of each month, the rating and amount information for the constituents is updated and the list is adjusted for all rating and amount changes which are known to have taken place three business days before the end of the month which could also result in exclusion of the bond. However, if bonds which are part of broader US Dollar indices become eligible into the Index two business days prior to rebalancing because of rating and/or amount changes, will be included in the index.

Rebalancing procedure

In a first step the selection criteria set out in chapter 2 are applied to the universe of the broader iBoxx USD Investment Grade Corporate Index.

- Bond ratings and amount outstanding are used as of the bond selection cut-off date
- Maturity dates remain fixed for the life of the bond
- Only bonds with a first settlement date on or before the rebalancing date are included in the selection process

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. 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 index is calculated if at least one bond matches all inclusion criteria. If no bonds qualify for the index, then its level remains constant. If at least one bond becomes available again, the index calculation resumes and is chained to the last calculated level. The index is computed and disseminated Monday to Friday (except during common US trading holidays). The index is based on end of day prices. The index

is also calculated on the last calendar day of each month irrespective of holidays and weekends. If the index is calculated on a day that is a non-business day, then the prices from the previous trading day will be carried forward and the index will be calculated using those prices and the current accrued interest and coupon payment data.

On the last trading day of a rebalancing month, the rebalancing takes place after close of market.

Index weights

Once the eligible bond universe has been defined, the weight for each bond is determined and if necessary capped; applying an issuer cap of 3%. The weights and capping factors are determined on the last business day of each month using the end-of-month market values.

Index calculus

The components of the total return are price changes, accrued interest, coupon payments, and reinvestment income on cash flows received during the composition month.

$$TR_t = TR_{t-s} \frac{\sum_{i=1}^n (P_{i,t} + A_{i,t} + XD_{i,t-s}(CP_{i,t} + G_{i,t}))N_{i,t-s} + CASH_{t-1}(1 + \frac{Y_{LIBID,t-1}}{360})}{\sum_{i=1}^n (P_{i,t-s} + A_{i,t-s} + (XD_{i,t-s}CP_{i,t-s}))N_{i,t-s}}$$

Where:

$A_{i,t}$ is the accrued interest of bond i at calculation day t

$A_{i,t-s}$ is the accrued interest of bond i on the previous rebalancing day t-s

$CASH_{t-1}$ is the cash at the previous business day

$CP_{i,t}$ is the value of the next coupon payment of bond i during an ex-dividend period. Outside the ex-dividend period, this value is 0

$G_{i,t}$ is the value of any coupon payment received from bond i at time t. If none the value is 0

$N_{i,t-s}$ is the amount outstanding of bond i at the previous rebalancing day t-s

$P_{i,t}$ is the clean price of bond i at time t

$P_{i,t-s}$ is the closing price of bond i on the last business day on or before the previous rebalancing day

TR_t is the total return index level at time t

TR_{t-s} is the closing total return index level on the previous rebalancing day

$XD_{i,t-s}$; the value is 0, if the bond enters the index at the ex-dividend period. The value is 1, if (a) coupon payments are not ex-dividend, (b) has not entered the index during an ex-dividend period, or (c) entered the index during a previous ex-dividend period

$Y_{LIBID,t-1}$ is the overnight interest rate for cash

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

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.

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.

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).

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 nonoccurrence) 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.

Tender offers and calls

Any bond subject to a firm call or tender offer, with the exception of exchange offers, in the month immediately following the rebalancing date will be excluded from the index, provided that S&P DJI is aware of such tender offer or call as of the bond selection cut-off date.

Index history

The Index history starts on 31 December 2013. The index has a base value of 100 on that date.

Settlement conventions

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

Calendar

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

Publication of the Index

The index is calculated at the end of each business day and re-balanced at the end of each month.

The index is calculated on the basis of end-of-day prices on each trading day defined in the iBoxx USD Index calculation calendar. The index calculation calendar is available in the *Indices* section on www.spglobal.com/spdji under Calendar for data subscribers. Index data and bond price information is also available from the main information vendors.

The index calculation calendar conforms to the recommendations of the Securities Industry and Financial Markets Association (SIFMA):

- Pricing Takes Place on All SIFMA Recommended US Trading Days
- Index Calculation Occurs on All SIFMA Recommended US Trading Days and the Last Calendar Day of the Month

Data publication and access

The table below summarizes the publication of iBoxx MSCI ESG Advanced USD Liquid Investment Grade Index in the *Indices* section of the S&P DJI website www.spglobal.com/spdji for registered users and on the FTP server.

Data publication frequency, file types and access

Frequency	File Type	Access
Daily	Underlying file – Bond level	FTP Server
	Indices files – Index level	FTP Server / S&P DJI website / Bloomberg (index levels only)
Daily (6th calendar day of the month and onwards)	Preview components	FTP Server / S&P DJI website
Monthly	End of month components	FTP Server / S&P DJI website
	XREF files	FTP Server

Below is a summary of the identifiers for each publication channel:

Index identifiers

Index Name	Ticker
iBoxx MSCI ESG Advanced USD Liquid Investment Grade Total Return Index	IBXXUQ3T
iBoxx MSCI ESG Advanced USD Liquid Investment Grade Clean Price Index	IBXXUQ3P

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.

Summary of Key ESG Factors

<p>Explanation of how ESG factors are reflected in the key elements of the benchmark methodology <i>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].</i></p>	
Item 1: Name of Benchmark Administrator	S&P Dow Jones Indices Limited
Item 2: Type of benchmark or family of benchmarks <i>The "type of benchmark" refers to the type of 'underlying asset', as selected from the list provided in Annex II to 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.</i>	Fixed Income
Item 3: Name of benchmark or family of benchmarks	iBoxx MSCI ESG Advanced USD Liquid Investment Grade Index
Item 4: Does the benchmark methodology for the benchmark or family of benchmarks take into account ESG factors?	Yes
Item 5. If the response to (4) is "Yes," the indices stated here take into account ESG factors.	For a list of the benchmarks within this family that take in account ESG factors, please refer to the S&P Dow Jones Indices Limited Benchmark Register .
Item 6: Where the response to (4) is 'Yes', the section below lists those ESG Factors* that are taken into account by the ESG indices governed by the methodology, including those ESG factors listed in Annex II to Delegated Regulation (EU) 2020/1816. <i>*ESG factors' are defined in Annex II of 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.</i>	
Item 6a: List of Environmental factors considered	<p>Exclusion driven by exposure to the following factors:</p> <ul style="list-style-type: none"> • Environmental Controversy Score • Ties to Fossil Fuels <p>See section 'MSCI ESG Research' of this guide for details The S&P DJI Fixed Income EU Low Carbon Benchmark Regulation Disclosure Report can be accessed here.</p>
Item 6b: List of Social factors considered	<p>Exclusion driven by exposure to the following factors:</p> <ul style="list-style-type: none"> • Adult Entertainment • Alcohol • Civilian Firearms • Controversial Weapons • Conventional Weapons • For Profit Prisons • Gambling

	<ul style="list-style-type: none"> Genetically Modified Organisms
	<ul style="list-style-type: none"> Nuclear Power Nuclear Weapons Palm Oil Predatory Lending Tobacco <p>See section 'MSCI ESG Research' of this guide for details The S&P DJI Fixed Income EU Low Carbon Benchmark Regulation Disclosure Report can be accessed here.</p>
Item 6c: List of Governance factors considered	Exclusion driven by exposure to the following factors: N/A
Item 6d: List of any other overall ESG factors	Exclusion driven by additional factors: <ul style="list-style-type: none"> Overall ESG Rating Overall Controversy Score UNGC Compliance <p>See section 'MSCI ESG Research' of this guide for details</p>
Item 7: Data and standards used	
Item 7a(i): Source of input	Data is sourced externally from MSCI ESG Research LLC ("MSCI ESG Research")
Item 7a(ii): Data input	<p>MSCI ESG Research relies on a proprietary methodology informed by a range of data sources. a) Reported data</p> <ul style="list-style-type: none"> Corporate documents: annual reports, proxy filings, environmental and social reports, securities filings, websites and Carbon Disclosure Project responses. <p style="text-align: center;">Externally sourced data</p> <ul style="list-style-type: none"> Government data: central bank data, U.S. Toxic Release Inventory, Comprehensive Environmental Response and Liability Information System (CERCLIS), RCRA Hazardous Waste Data Management System, etc. We continue to assess the value of other, similar information sources, particularly for European companies. Popular, trade, and academic journals: accessed through websites, subscriptions and searches of online databases. News media: major news publications globally, including local-language sources across a range of markets. Relevant organizations and professionals: reports from and interviews with trade groups, industry experts and nongovernmental organizations familiar with the companies' operations and any related controversies <p>1. Modelled data</p> <p>For climate-related metrics, when data is not disclosed by companies, MSCI ESG Research uses proprietary GHG emission</p>

	<p>estimation model (full methodology is available for MSCI ESG Research clients).</p> <p>1. Internally sourced data</p> <p>For international standards and global norms violations, MSCI ESG Research uses data reported via media sources and NGO reports. MSCI ESG Research's assessment of this data is informed by international standards and global norms definitions.</p> <p>For top level scores (ESG Ratings, Environmental, Social and Governance pillars), MSCI ESG Research estimates macro-level risk exposure for companies' based on the type and location of</p>
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	<p>operations, distribution of products. Data sources used in the exposure calculations include, but not limited to:</p> <ul style="list-style-type: none"> • Comprehensive Environmental Data Archive (CEDA) • US Department of Energy; International Council on Clean Transportation • Lamont-Doherty Earth Observatory, Columbia University • Organization of Economic Co-Operation and Development (OECD) • Canadian Industrial Water Survey • University of New Hampshire's Water Systems Analysis Group (country data) • Hoekstra, A.Y. and Mekonnen, M.M. (2011) • Ecorisk • World Development Indicators (WDI) • Annual Change of Forest Resources – Food and Agriculture Organization (FAO) • World Wildlife Fund (WWF) • US EPA's Toxics Release Inventory (TRI) • Risk-Screening Environmental Indicators (RSEI) • US Bureau of Labor Statistics (BLS) • International Labour Organization (ILO) • US Occupational Health & Safety Administration (OSHA) • UK Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) • International Chemical Secretariat (ChemSec) Substitute It Now (SIN) List • International Monetary Fund (IMF) • World Health Organization (WHO) • UN Principles for Responsible Investments (UN PRI) • World Resource Institute (WRI) • Consultative Group to Assist the Poor (CGAP)
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	<ul style="list-style-type: none"> • US Census Bureau Current Population Survey Supplement • World Bank Governance Indicators (WGI) • Transparency International (TI) • World Bank (WB) • SNL Financial • Thomson Financial
<p>Item 7b: Verification and quality of data</p>	<p>S&P DJI's Global Data Management Team holds the responsibility of data quality assurance and validation of thirdparty data sources, including all ESG datasets. This process involves regular reviews of new data received, and includes comparison with previous data, coverage and identifier checks as well as escalation of suspect data to data vendors. S&P DJI also hold regular feedback sessions with data partners and vendors to share any quality concerns and to remedy any issues that are observed during data validations performed by the Global Data Management Team. In addition, all users of third-party data perform their own review of data used in the maintenance of indices.</p> <p>MSCI ESG Research relies on multiple steps to review the quality of the analysis as well as the consistency of the methodology and the ratings signal. Four groups are responsible for quality review: Industry and Team Leads; the ESG Ratings Methodology Committee; the ESG Methodology Committee; and the Quality Review Committee.</p>
	<p>MSCI ESG Research is committed to robust and transparent communication with all issuers in our coverage universe. This commitment includes:</p> <ul style="list-style-type: none"> • A data review process that allows companies to comment on the accuracy of company data for all MSCI ESG Research reports. • Free access for issuers to published versions of all their MSCI ESG Research company reports. • Direct communication with a company concerning specific company ESG performance. • A timely response to company-initiated requests to discuss their MSCI ESG Research reports. <p>Companies are invited to participate in the data review process prior to the annual update of their ESG rating. At that time, companies have the opportunity to review and comment on the facts contained in their existing MSCI ESG Ratings report, as well as to provide MSCI's ESG Research team any additional ESG information, if they wish. In addition, MSCI ESG Research analysts may follow up directly with a company to clarify questions concerning ESG performance data.</p> <p>Due to publication schedules and the extent of the MSCI ESG Ratings coverage universe, companies normally receive the newly updated ratings data to review at their convenience at the time of rating publication. All published companies automatically receive the data review reports, as long as MSCI ESG Research has accurate contact information. We are committed to updating a company profile as required in a timely manner and will consider comments and feedback at any time. This process is also in accordance with the objective of frequently updating company reports with the latest available information as provided by companies. Please note that updates to ESG data will not necessarily result in</p>

	<p>changes to a company's ESG rating.</p> <p>Companies are monitored on a systematic and ongoing basis, including daily monitoring of controversies and governance events. New information is reflected in reports on a weekly basis and significant changes in scores trigger analyst review and rerating.</p> <p>Companies also receive an in-depth review at least annually. For companies in the MSCI ACWI, annual ratings are updated with their industry peers. All other companies are updated within a 12month timeframe of their previous rating assessment, typically with their industry peers.</p>
Item 7c: International reference standards	<p>MSCI ESG Research does not explicitly mandate reporting along specific disclosure standards. Commonly utilized disclosure frameworks for data collected and used by MSCI ESG Research include GRI, SASB, UN Global Compact; and, for specific performance indicators, GHG Protocol, and applicable ISO standards.</p>
Item 8a: Information updated on	July 28, 2021
Item 8b: Reason for update	New regulation

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](#).

Methodology Changes

31 Mar 2026	Annual Index Review 2025 <ul style="list-style-type: none"> • Introduction of subordinated debt classification tiers for Financial Services
31 Oct 2022	<ul style="list-style-type: none"> • Clarification added to MSCI ESG Controversies section
30 Jun 2022	<ul style="list-style-type: none"> • Monthly forward start date updated from 10th calendar day to 6th calendar day
31 Mar 2022	Annual Index Review 2021 <ul style="list-style-type: none"> • Introduction of new market sector classification “Education” with market sub-sector classification “Academic & Educational Services”
01 Sep 2021	<ul style="list-style-type: none"> • Monthly forward start date updated from 12th calendar day to 10th calendar day
28 Jul 2021	<ul style="list-style-type: none"> • Launch of iBoxx MSCI ESG Advanced USD Liquid Investment Grade Index

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.

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.

Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the Index or investment funds that are intended to track the performance of the Index. The imposition of these fees and charges would cause actual and back-tested performance of the securities/fund to be lower than the Index performance shown. As a simple example, if an index returned 10% on a US \$100,000 investment for a 12-month period (or US \$10,000) and an actual asset-based fee of 1.5% was imposed at the end of the period on the investment plus accrued interest (or US \$1,650), the net return would be 8.35% (or US \$8,350) for the year. Over a three-year period, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.10%, a total fee of US \$5,375, and a cumulative net return of 27.2% (or US \$27,200).

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It is not possible to invest directly in an index. Exposure to an asset class represented by an index may be available through investable instruments based on that index. S&P DJI does not sponsor, endorse, sell, promote or manage any investment fund or other investment vehicle that is offered by third parties and that seeks to provide an investment return based on the performance of any index. S&P DJI makes no assurance that investment products based on the index will accurately track index performance or provide positive investment returns. S&P DJI is not an investment advisor, commodity trading advisor, fiduciary, "promoter" (as defined in the Investment Company Act of 1940, as amended) or "expert" as enumerated within 15 U.S.C. § 77k(a), and S&P DJI makes no representation regarding the advisability of investing in any such investment fund or other investment vehicle. A decision to invest in any such investment fund or other investment vehicle should not be made in reliance on any of the statements set forth in this document. S&P DJI is not a tax advisor. Inclusion of a security, commodity, crypto currency, or other asset within an index is not a recommendation by S&P DJI to buy, sell, or hold such security, commodity, crypto currency, or other asset, nor is it considered to be investment or trading advice.

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