

**S&P Dow Jones  
Indices**

A Division of **S&P Global**

# **iTraxx Europe and iTraxx Crossover Index Rules**

***March 2024***

# Table of Contents

1 Indices Overview	3
<b>1.1 Administrator</b>	<b>3</b>
<b>1.2 Roll dates</b>	<b>3</b>
<b>1.3 Rule Revision</b>	<b>3</b>
<b>1.4 Maturity</b>	<b>3</b>
<b>1.5 Weighting</b>	<b>4</b>
<b>1.6 Relevant rating</b>	<b>4</b>
<b>1.7 Exchange Rates</b>	<b>5</b>
2 iTraxx Europe	6
<b>2.1 iTraxx Europe Liquidity List</b>	<b>6</b>
<b>2.2 iTraxx Europe General Criteria</b>	<b>7</b>
<b>2.3 Creation of the New iTraxx Europe Index Series</b>	<b>9</b>
<b>2.4 Publication of Provisional iTraxx Europe Index</b>	<b>9</b>
3 iTraxx Crossover	10
<b>3.1 iTraxx Crossover Liquidity List</b>	<b>10</b>
<b>3.2 iTraxx Crossover General Criteria</b>	<b>10</b>
<b>3.3 iTraxx Crossover Supplementary List</b>	<b>12</b>
<b>3.4 Creation of the New iTraxx Crossover Index Series</b>	<b>14</b>
<b>3.5 Publication of Provisional iTraxx Crossover Index</b>	<b>14</b>
4 New iTraxx Europe & iTraxx Crossover Index Series	15
<b>4.1 Final Review of Constituent List</b>	<b>15</b>
<b>4.2 Publication of Annex</b>	<b>15</b>
<b>4.3 Coupon &amp; Recovery Rates</b>	<b>15</b>
5 Changes to iTraxx Europe and iTraxx Crossover Index	16
6 EU Required ESG Disclosures	17
7 Further information	18
Disclaimer	19

# 1 Indices Overview

## 1.1 Administrator

IHS Markit Benchmark Administration Limited (IMBA UK) is the administrator of the iTraxx Europe and iTraxx Crossover indices and all related Sub-Indices. The composition of these indices is determined by the Administrator in accordance with the rules and methodologies set forth in this document (the “Rules”).

The Administrator has sole responsibility to interpret the Rules.

The Administrator shall make determinations and perform all actions regarding the indices pursuant to the Rules except as follows:

Upon the occurrence of an event that the Administrator determines materially impacts the integrity of one or more types of iTraxx Europe or iTraxx Crossover Index-related transactions, including but not limited to trading interruptions; market instability; and/or force majeure events, the Administrator, acting in a commercially reasonable manner, may at its sole discretion determine that it is appropriate to depart from the methodologies, timelines and/or procedures set forth in the Rules in order to obtain a result that preserves the economic intent of such iTraxx Europe or iTraxx Crossover indices. Where the best course of action is not clear IHS Markit will consult the Index Committee for guidance prior to making any such determination. The determined course of action will be documented, communicated to all stakeholders and published on the IHS Markit website [www.ihsmarkit.com](http://www.ihsmarkit.com) under the *iTraxx News* page.

In the event that any critical input required in the construction of a new series of the index is not available, IHS Markit will confer with the Index Advisory Committee and publish the outcome of any material change as well as any decisions taken at IHS Markit’s discretion that have led to a methodology change.

## 1.2 Roll dates

Each of iTraxx Europe, iTraxx Crossover and all related Sub-Indices will begin on September 20 and March 20 (or the Business Day immediately thereafter in the event that either such date is not a Business Day) of each calendar year (each such date, a “Roll Date”).

All references to “Business Days” in this document mean days on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, England. All times referred to in this document refer to local time in London, England.

## 1.3 Rule Revision

The rules for the indices are reviewed semi-annually prior to the index roll. Decisions made following an index rule review will be communicated to stakeholders via e-mail and published on the IHS Markit website. The publication will contain an overview and timelines for implementation of such rules changes.

## 1.4 Maturity

The composition of each series of the iTraxx Europe, iTraxx Crossover and Sub-Indices is the same for all maturities for which a fixed rate is published.

For iTraxx Europe:

- Each Index that has a Roll Date of September 20 shall be issued with the maturity date of December 20 occurring 1 year, 3 years, 5 years, 7 years and 10 years following the Roll Date.
- Each Index that has a Roll Date of March 20 shall be issued with the maturity date of June 20 occurring 1 year, 3 years, 5 years, 7 years and 10 years following the Roll Date.

For iTraxx Crossover:

- Each Index that has a Roll Date of September 20 shall be issued with the maturity date of December 20 occurring 3 years, 5 years, 7 years and 10 years following the Roll Date.
- Each Index that has a Roll Date of March 20 shall be issued with the maturity date of June 20 occurring 3 years, 5 years, 7 years and 10 years following the Roll Date.

For iTraxx Europe Senior Financials, iTraxx Europe Subordinated Financials and iTraxx Europe Non-Financials:

- Each Index that has a Roll Date of September 20 shall be issued with the maturity date of December 20 occurring 5 years and 10 years following the Roll Date.
- Each Index that has a Roll Date of March 20 shall be issued with the maturity date of June 20 occurring 5 years and 10 years following the Roll Date.

### **1.5 Weighting**

Each entity in iTraxx Europe, iTraxx Crossover and all related Sub-Indices will have equal or approximately equal weightings. The weighting of each entity will be equal to (i) one divided by (ii) the number of entities in such index, expressed as a percentage with three decimal places (e.g., 3.226%).

In the case where rounding is necessary to express the weightings in this manner, the entities shall be arranged in alphabetical order, with the weightings of the entities at the top of the list being rounded up to the nearest one-thousandth of a percent and the weightings of the entities at the bottom of the list being rounded down to the nearest one-thousandth of a percent until the weightings of all entities have been rounded and the aggregate of the weightings equals exactly 100%.

### **1.6 Relevant rating**

The Relevant Rating of each entity will be considered when determining the inclusion or exclusion of constituents for both the iTraxx Europe and iTraxx Crossover, and all related Sub-Indices. For the purposes of these Rules, "Relevant Rating" means the lowest of:

1. The lowest of an entity's Issuer Rating, Senior Unsecured Debt Rating, Corporate Family Rating and Long Term Rating for Moody's;
2. The lower of an entity's Long-term Issuer Credit Rating and Senior Unsecured Debt Rating for S&P; or
3. The lower of an entity's Issuer Default Ratings and Senior Unsecured Debt Rating for Fitch.

Rating changes that could affect the index membership are taken into account if IHS Markit is notified of such change prior to 5:00 pm London time on the last Business Day of the month prior to the month in which the Roll Date occurs.

- A Relevant Rating of BBB-/Baa3/BBB- (Fitch/Moody's/S&P) in conjunction with a positive or stable Outlook while not being on negative Watch will be defined as being "Investment Grade" for the purpose of the Rules.
- A Relevant Rating of BBB-/Baa3/BBB- (Fitch/Moody's/S&P) with negative outlook / on negative watch or below will be defined "Non-Investment Grade".

## **1.7 Exchange Rates**

The exchange rates used to convert any non-EUR denominated debt amount to EUR will be the 16:00 London rate from WM Reuters for the relevant currency as of the last Business Day of the month prior to the month in which the Roll Date occurs.

## 2 iTraxx Europe

Prior to the Roll Date the Administrator will create the new series of the iTraxx Europe Index based on the most recent iTraxx Europe Liquidity List and by applying the iTraxx Europe General Criteria as set forth below.

The iTraxx Europe Index is composed of one hundred twenty five (125) liquid European entities with investment grade credit ratings that trade in the CDS market.

### 2.1 iTraxx Europe Liquidity List

As part of the Index Roll process, the Administrator will create the iTraxx Europe Liquidity List after each publication of the 6 Month Analysis Top 1,000 Single Names report or any successor report thereto, each published by DTCC, or if such report is no longer available, any successor report that measures liquidity within the CDS market (as applicable, the “DTCC Report”).

Using the average weekly trading activity as measured in the then-current DTCC Report, the Administrator will create the iTraxx Europe Liquidity List by:

- Determining all entities which:
  - > are incorporated in Europe, where ‘Europe’ means EU and EFTA member countries, or the United Kingdom;
  - > are classified as “Europe” for the “DC Region” (“Determinations Committee Region”, referring to the relevant ISDA Credit Derivatives Determinations Committee, as defined in the relevant ISDA Credit Derivatives Definitions, the “Credit Definitions”) in the DTCC Report;
  - > demonstrate trading activity greater than zero during the last eight weeks of the period captured in the latest DTCC Report, as measured in the DTCC Report;
  - > have an Investment Grade Relevant Rating as defined above.
- Ranking those entities meeting the above criteria, from the most liquid to the least liquid, based on the notional market risk activity as listed in the relevant DTCC Report. To the extent that two or more entities are determined to be equally liquid based on notionals, the Administrator shall rank such entities from the most liquid to the least liquid based on (i) the number of trades specified in the relevant DTCC Report, or (ii) if an equal number of trades are specified, in alphabetical order (such overall completed rankings, the “iTraxx Europe Liquidity Rankings”, and such overall completed list, the “iTraxx Europe Liquidity List”).
- In creating the iTraxx Europe Liquidity Rankings, traded notional volumes as listed in the relevant DTCC Report for entities that fall under the same ticker but trade separately in the CDS market (therefore having separate legal entity names) are aggregated to arrive at an overall volume for those entities when ranking the entities as described above. The most liquid entity under the ticker qualifies for inclusion in the iTraxx Europe Liquidity List. However in the event that the most liquid entity under a ticker is not eligible for the index then the next most liquid entity may be considered instead.
- For bank entities incorporated in Switzerland, the United Kingdom and the Netherlands where both HoldCo and OpCo entities are listed in the relevant DTCC Report, traded notional volumes are aggregated to arrive at an overall volume for those entities when ranking these entities as described above.

## 2.2 iTraxx Europe General Criteria

To be eligible for inclusion in the iTraxx Europe Index and its sub-indices, an entity on the iTraxx Europe Liquidity List must satisfy the following criteria (the “iTraxx Europe General Criteria”):

- Entities must have issued or guaranteed an amount of outstanding publicly traded debt securities (which, for the avoidance of doubt, excludes loans, equities and privately placed debt securities) equal to or in excess of €100,000,000 with a maximum remaining maturity of 30 years, at close of business on the tenth Business Day preceding the Roll Date in a currency that is deliverable into a European CDS contract. For this determination debt issued by Special Purpose Vehicles created by an insurer or reinsurer for the sole purpose of issuing debt will also be taken into account. The total debt issued or guaranteed will be determined by the Administrator based on sources including, but not limited to, public filings and financial reports of the entity. For new issues of the relevant entities, the first settlement date of the issue will be used to determine whether the debt should be taken into account for the above determination.
  - **Corporate Events.** If the Administrator determines at its sole discretion and based on publicly available information and through consultation with market participants that, due to a corporate event being announced or occurring it is no longer appropriate to include such entity taking into account the nature and components of the index, such entity will be excluded. Corporate events include mergers or other similar events that make the entity unsuitable for inclusion in the iTraxx Europe Index.
  - **Credit Events.** The Administrator may determine at its sole discretion that an entity is not suitable for inclusion in the iTraxx Europe index if one of the following occurs on or after the previous iTraxx Europe index roll date with respect to such an entity:
    - > a notice is published on the ISDA Credit Derivatives Determinations Committee webpage ( <http://dc.isda.org/>, or any successor webpage thereto) announcing that a request relating to a potential Credit Event (as defined in the Credit Derivatives Definitions, the Credit Definitions) in respect of such an entity has been accepted by the relevant Credit Derivatives Determinations Committee (the "DC", as defined in the Credit Definitions); **provided** that as of 5:00 p.m. Relevant City Time (as defined in the DC Rules published on the ISDA Credit Derivatives Determinations Committee webpage ( <http://dc.isda.org/>, "DC Rules") on the first business day following the day on which the relevant DC is required to convene to consider such request under the DC Rules (such timeline to be determined without regard to any ability of the DC to amend the published timetables set forth in the DC Rules immediately prior to such request), a DC No Credit Event Announcement (as defined in the Credit Definitions) has not occurred and no announcement to the effect that such request has been dismissed, withdrawn, or rejected by the relevant DC has been published on such webpage; or
    - > a DC Credit Event Announcement (as defined in the Credit Definitions) occurs with respect to such an entity.
- As set forth in these Rules, the Administrator may consider any information and make any determinations necessary in relation to Credit Events to obtain a result that preserves the integrity of the iTraxx Europe index.
- **External Events.** The Administrator may determine at its sole discretion that an entity that would qualify for inclusion based on the selection criteria would not be appropriate to include in the forthcoming series. This might be based on an external event impacting the entity which can include sanctions, legal restrictions, or other similar stipulations. The Administrator will make such decision based on publicly available information and, where possible, after consulting with market participants.
  - The entity must not be guaranteed or controlled by (directly or indirectly), or guarantee or control (directly or indirectly) in either case, an “Affiliate”, that has a higher ranking on the iTraxx Europe Liquidity List and otherwise satisfies the relevant criteria as determined at the sole discretion of the Administrator. Where the nature of a corporate action creates uncertainty as to which entity is higher ranking on the iTraxx Europe Liquidity List, the most liquid entity as per the trading activity over the last

eight weeks of the period captured in the latest DTCC Report, as measured in the DTCC Report, will be selected. “Control” of any entity means ownership of a majority of the voting power of that entity.

- The final index comprises 125 entities and is constructed by selecting the highest-ranking entities in the iTraxx Europe Liquidity List, subject to the following sector restrictions. For each Sector, the Minimum Sector Constituent Count must be achieved while the respective Maximum Sector Constituent Count cannot be exceeded.

SECTOR	Minimum Sector Constituent Count	Maximum Sector Constituent Count
Autos & Industrials	24	36
Consumers	20	30
Energy	16	24
TMT	16	24
Financials	30	30

Taking into account the sector restrictions, the final index is constructed by following the below two-step process:

**Step 1:** Select the highest-ranking entities in each sector until the Minimum Sector Constituent Count for each sector is achieved.

**Step 2:** Out of the entities remaining in the Liquidity List after Step 1, select the highest-ranking entities until the index comprises 125 entities, without exceeding the Maximum Sector Constituent Count for any sector.

- Financial entities classified under the sub-sector “Specialty Finance” or “Consumer Finance” (per the iTraxx sector classification) will not be eligible.
- For bank entities incorporated in Switzerland, the United Kingdom or The Netherlands where either the OpCo or its parent HoldCo entity meet all eligibility criteria, the parent HoldCo entity will be selected for inclusion provided it meets the relevant rating criteria. However, in the event that either: (i) the OpCo entity has senior non-preferred bonds outstanding, (ii) the HoldCo entity has not issued regulatory loss absorbing capital or (iii) the bank has declared intent to issue senior non-preferred debt, the OpCo entity will be selected for inclusion.
- For bank entities incorporated in Denmark, France, Italy, Spain, or The Netherlands qualifying for index inclusion, the senior reference obligations will be selected on the following basis: (i) if the OpCo bank entity has senior non-preferred bonds outstanding a senior non-preferred bond will be selected; or (ii) if no senior non-preferred bonds are available for selection, a senior unsecured bond will be selected.
- Each entity is assigned to its appropriate iTraxx Sector and is ranked within its sector, i.e. the entity with the highest liquidity is ranked #1.

Sub-Indices are compiled as follows:

- iTraxx Europe Non-Financials comprises the 95 non-financial entities from the iTraxx Europe index.
- iTraxx Europe Senior Financials comprises the 30 financial entities from the iTraxx Europe index referencing senior debt.
- iTraxx Europe Subordinated Financials comprises the 30 financial entities from the iTraxx Europe index referencing subordinate debt. Swiss banking entities within the Subordinated Financials index will be included in the index on the transaction type European CoCo Financial Corporate.

### **2.3 Creation of the New iTraxx Europe Index Series**

Prior to the Publication Date (as set forth below) for a new series of the iTraxx Europe Index, the Administrator will create the new iTraxx Europe Index by creating the Liquidity List and applying the General Criteria as stated above to create the New iTraxx Europe Index.

### **2.4 Publication of Provisional iTraxx Europe Index**

The list of entities resulting after the steps above (the “Provisional iTraxx Europe Index”) will be published on IHS Markit’s public website for comment no later than seven (7) Business Days prior to the Roll Date. The Administrator will review comments received and determine whether amendments are necessary. The Administrator welcomes public comment but is not required to follow or otherwise address any comment received. The Administrator will publish the expected name changes (if any) on its public website as it determines such changes may be required. The comment period will end four (4) Business Days prior to the Roll Date. The draft and final annexes for the iTraxx Europe Index and Sub-Indices will be published as set forth in the 'Publication of Annex' section below.

# 3 iTraxx Crossover

Prior to the Roll Date, the Administrator will create the new series of the iTraxx Crossover Index based on the most recent iTraxx Crossover Liquidity List and iTraxx Crossover Supplementary List and by applying the iTraxx Crossover General Criteria as set forth below.

The iTraxx Crossover Index is composed of up to 75 European entities which do not have Investment Grade credit ratings.

## 3.1 iTraxx Crossover Liquidity List

As part of the Index Roll process, the Administrator will create the iTraxx Crossover Liquidity List after each publication of the DTCC Report.

Using the average weekly trading activity as measured in the then-current DTCC Report, the Administrator will create the iTraxx Crossover Liquidity List by:

- Determining all entities which:
  - > are incorporated in Europe, where 'Europe' means EU and EFTA member countries, or the United Kingdom;
  - > demonstrate trading activity greater than zero during the last eight weeks of the period captured in the latest DTCC Report, as measured in the DTCC Report;
  - > are classified as "Europe" for the "DC Region" ("Determinations Committee Region", referring to the ISDA Credit Derivatives Determinations Committee, as defined in the Credit Definitions) in the DTCC Report;
- either:
  - > have a Non-Investment Grade Relevant Rating as defined above;
  - > has no Relevant Rating, i.e. is not rated by Fitch, Moody's and S&P ("Unrated").
- Ranking those entities meeting the above criteria, from the most liquid to the least liquid, based on the notional market risk activity as listed in the relevant DTCC Report. To the extent that two or more entities are determined to be equally liquid based on notionals, the Administrator shall rank such entities from the most liquid to the least liquid based on (i) the number of trades specified in the relevant DTCC Report, or (ii) if an equal number of trades are specified, in alphabetical order (such overall completed rankings, the "iTraxx Crossover Liquidity Rankings", and such overall completed list, the "iTraxx Crossover Liquidity List").
- In creating the iTraxx Crossover Liquidity Rankings, traded notional volumes in the relevant DTCC Report for entities that fall under the same ticker but trade separately in the CDS market (therefore having separate legal entity names) are aggregated to arrive at an overall volume for those entities when ranking the entities as described above. The most liquid entity under the ticker qualifies for inclusion on the iTraxx Crossover Liquidity List. However in the event that the most liquid entity under a ticker is not eligible for the index then the next most liquid entity may be considered instead.

## 3.2 iTraxx Crossover General Criteria

To be eligible for inclusion in the iTraxx Crossover Index, an entity on the iTraxx Crossover Liquidity List must satisfy the following criteria (the "iTraxx Crossover General Criteria"):

- The entity must have issued or guaranteed an amount of outstanding publicly traded debt securities (which, for the avoidance of doubt, excludes loans, equities and privately placed debt securities) equal to or in excess of €100,000,000 with a maximum remaining maturity of 30 years, at close of business on the tenth Business Day preceding the Roll Date in a currency that is deliverable into a European CDS contract. The total debt issued or guaranteed will be determined by the Administrator based on

sources including, but not limited to, public filings and financial reports of the entity. For new issues of the relevant entities, the first settlement date of the issue will be used to determine whether the debt should be taken into account for the above determination.

- **Corporate Events.** If the Administrator determines at its sole discretion and based on publicly available information and through consultation with market participants that, due to a corporate event being announced or occurring it is no longer appropriate to include such entity taking into account the nature and components of the index, such entity will be excluded. Corporate events include mergers or other similar events that make the entity unsuitable for inclusion in the iTraxx Crossover Index.
- **Credit Events.** The Administrator may determine at sole its discretion that an entity is not suitable for inclusion in the iTraxx Crossover index if one of the following occurs on or after the previous iTraxx Crossover index roll date with respect to such an entity:
  - > a notice is published on the ISDA Credit Derivatives Determinations Committee webpage ( <http://dc.isda.org/>, or any successor webpage thereto) announcing that a request relating to a potential Credit Event (as in the Credit Definitions) in respect of such an entity has been accepted by the relevant DC; **provided** that as of 5:00 p.m. Relevant City Time (as defined in the DC Rules) on the first business day following the day on which the relevant DC is required to convene to consider such request under the DC Rules (such timeline to be determined without regard to any ability of the DC to amend the published timetables set forth in the DC Rules immediately prior to such request), a DC No Credit Event Announcement (as defined in the Credit Definitions) has not occurred and no announcement to the effect that such request has been dismissed, withdrawn, or rejected by the relevant DC has been published on such webpage; or
  - > DC Credit Event Announcement (as defined in the Credit Definitions) occurs with respect to such an entity.

As set forth in these Rules, the Administrator may consider any information and make any determinations necessary in relation to Credit Events to obtain a result that preserves the integrity of the iTraxx Crossover index.

- **External Events.** The Administrator may determine at its sole discretion that an entity that would qualify for inclusion based on the selection criteria would not be appropriate to include in the forthcoming series. This might be based on an external event impacting the entity which can include sanctions, legal restrictions, or other similar stipulations. The Administrator will make such decision based on publicly available information and, where possible, after consulting with market participants.
- The entity must not be guaranteed or controlled by (directly or indirectly), or guarantee or control (directly or indirectly) in either case, an “Affiliate”, that has a higher ranking on the iTraxx Crossover Liquidity List and otherwise satisfies the relevant criteria as determined at the sole discretion of the Administrator. Where the nature of a corporate action creates uncertainty as to which entity is higher ranking on the iTraxx Crossover Liquidity List, the most liquid entity as per the trading activity over the last eight weeks of the period captured in the latest DTCC Report, as measured in the DTCC Report will be selected. “Control” of any entity means ownership of a majority of the voting power of that entity.
- Financial entities (per the iTraxx sector classification) are not eligible. However, entities classified under the sub-sector “Specialty Finance” (per the iTraxx sector classification) will be eligible.
- The entity must be incorporated in Europe, where ‘Europe’ means EU and EFTA member countries, or the United Kingdom.
- The entity must have a Non-Investment Grade Relevant Rating. If an entity has no Relevant Rating, it must have an average spread at least one and a half (1.5) times the average spread of the constituents of the new iTraxx Europe Non-Financial Index.
  - > For this determination the IHS Markit End of Day Composite CDS Spreads<sup>(1)</sup> at the 5 Year tenor are used. The average spread over the last 10 Business Days of the month prior to the month in which the Roll Date occurs are calculated for each entity and evaluated against the average spread of all constituents of the iTraxx Europe Non-Financial Index (over the same 10 Business Day period) to determine eligibility. (For example, if the average spread of the all entities in the new iTraxx Europe Non-Financial Index effective 20 March was 40 bps over the last 10 Business Days in February,

then only those entities whose average spread over the last 10 Business Days in February was 60 bps or higher will qualify for the new series of the iTraxx Crossover index).

- The entity must have a maximum CDS upfront of 50 points corresponding to 500 bps running spread.
  - > For this determination, the IHS Markit End of Day Composite CDS Upfronts at the 5-year tenor are used to calculate the average upfront of the entity over the last 10 Business Days of the month prior to the month in which the Roll Date occurs.

The upfront levels used are calculated by IHS Markit by converting IHS Markit End of Day Composite CDS Spreads to upfronts using the ISDA standard model.

<sup>[1]</sup> Where credit default swap spreads are required to determine eligibility for inclusion, whether it be in par spread terms or in points upfront, the “IHS Markit CDS End of Day” service will be used. IHS Markit receives contributed CDS data from market makers official books of record. This data undergoes a rigorous cleaning process before being aggregated to form the “IHS Markit CDS End of Day” Composite.

### 3.3 iTraxx Crossover Supplementary List

If fewer than 75 entities are available from the iTraxx Crossover Liquidity List that satisfy the above criteria, a supplementary list compiled in accordance with this section (“the Crossover Supplementary List”) selects additional names.

#### Creation of the iTraxx Crossover Supplementary List

The Administrator creates a list according to the following criteria:

- Entities must be incorporated in Europe, where ‘Europe’ means EU and EFTA member countries, or the United Kingdom.
- Entities must have debt outstanding and included (under the same ticker) in the *iBoxx EUR High Yield cum-crossover Index (ISIN: GB00B1CTQK32)*, the *iBoxx GBP High Yield Overall Index (ISIN: GB00BDRKX153)*, or the *iBoxx USD High Yield Developed Markets (ISIN: GB00BFT1VL61)* (the “Selection Indices”) as published in the Selection Indices on the first business day of the relevant roll month. For this determination, except corporate hybrid bonds as defined herein, all publicly traded debt at all tiers — including senior and subordinated, secured and unsecured — within the Selection Indices are considered. Bonds meeting the below criteria are deemed corporate hybrid bonds and are ineligible from the supplementary list.
  - > Subordinated tier
  - > Deferrable coupons
  - > First non-call period greater than or equal to five years at the time of issuance
  - > Either perpetual or long-dated, where long-dated means greater than 25 years at the time of issuance

Exclude Loans, debt guaranteed (but not issued) by the entity, convertibles and privately placed debt securities.

- Entities must have an aggregate minimum of €750,000,000 equivalent outstanding, as per the *iBoxx EUR High Yield cum-crossover Index (ISIN: GB00B1CTQK32)*, or the *iBoxx GBP High Yield Overall Index (ISIN: GB00BDRKX153)*, as published on the first business day of the relevant roll month.
- Entities must have at least one bond issued in the three years preceding the first business day of the relevant roll month, as per the *iBoxx EUR High Yield cum-crossover Index (ISIN: GB00B1CTQK32)*, or the *iBoxx GBP High Yield Overall Index (ISIN: GB00BDRKX153)*.
- Entities must not be guaranteed or controlled by (directly or indirectly) or guarantee or control (directly or indirectly) in either case, an “Affiliate”, that has a higher ranking on the iTraxx Crossover Liquidity List or iTraxx Crossover Supplementary List and otherwise satisfies the relevant criteria as determined

by the Administrator. "Control" of any entity means ownership of a majority of the voting power of that entity.

- Entities must not appear on the DTCC Report in order to be candidates for the Crossover Supplementary List, though affiliates of entities on the DTCC Report are eligible for the Crossover Supplementary List as long as existing rules concerning affiliates within the iTraxx Crossover index are met.
- Entities must not have issued debt via Loan Participation Note (LPN) programs.

### **Ranking of the Crossover Supplementary List**

Once the list is created as set out under the "Creation of the Crossover Supplementary List" above the list will be ranked by ticker according to the below rules.

- The Crossover Supplementary List will consist of those entities which satisfy the above criteria and ranked by the largest amount of debt included in the Selection Indices. To the extent that two or more entities are determined to have the exact same amount of debt included in the Selection Indices, the Administrator shall rank such entities by (i) the total amount of senior unsecured debt included in the Selection Indices for all eligible entities under the relevant ticker and if still two or more names are equally ranked by (ii) the most recent senior unsecured issuance included in the Selection Indices from all eligible entities under the relevant ticker.

### **Selecting an Entity within a Ticker**

- For the purposes of the Crossover Supplementary List, entities will be considered Eligible if one or more of the following criteria is satisfied:
  - > the entity has a Non-Investment Grade Relevant Rating;
  - > is Unrated and at least one bond issued by the entity included in the Selection Indices is rated Non-Investment Grade by at least one of S&P, Moody's or Fitch (entities which are Unrated and only have Unrated debt outstanding will not be Eligible);
  - > If multiple entities have bonds included in the Selection Indices under the same ticker, the entity that is a candidate for inclusion in the Crossover Supplementary List is the one which has the largest amount of Senior Unsecured debt included in the Selection Indices.
  - > If none of the entities under the same ticker have Senior Unsecured debt included in the Selection Indices then entities with Senior Secured debt included will be considered.
  - > Where there is only one entity under the relevant ticker and this entity has only Senior Secured debt included in the Selection Indices, this entity will be selected for the Crossover Supplementary List.
  - > If there are multiple Eligible entities under the relevant ticker and all of these entities have only Senior Secured debt included in the Selection Indices, the Administrator will endeavour to select the Eligible entity which has the largest amount of lower ranking Senior Secured debt included in the Selection Indices for the Crossover Supplementary List.
    - The Administrator may use bond and/or entity ratings and consult with IHS Markit RED in order to achieve this.
    - If the Administrator believes that the Senior Secured debt included for these entities is of equal ranking, then the Eligible entity with the largest amount of Senior Secured debt included in the Selection Indices will be selected.
    - For the purposes of choosing an entity within a ticker:
      - Only bonds with maturities of 30 years or below from the new index start date will be considered when determine outstanding amounts.
      - PIK notes and convertibles will not be considered. (To clarify - PIK notes are considered when determining New Debt Issuance.)

## **Debt Tier Classification**

The below criterion is used to establish the Debt Tier classification of a bond for determining eligibility of the issuing entity for the iTraxx Crossover Supplementary List, as follows:

- The bond will be classified as Senior Unsecured if any of the below criteria are satisfied:
  - > The bond's rating from Moody's is equal to the Moody's Senior Unsecured or Moody's Senior Subordinate Debt Rating.
  - > The bond rating from S&P is equal to the S&P Senior Unsecured or S&P Senior Subordinate Debt Rating.
  - > The bond rating from Fitch is equal to the Fitch Senior Unsecured or Fitch Senior Subordinate Debt Rating.
- The bond will be classified as Senior Secured if any of the below criteria are satisfied:
  - > The bond's rating from Moody's is equal to the Moody's Senior Secured Debt Rating.
  - > The bond rating from S&P is equal to the S&P Senior Secured Debt Rating.
  - > The bond rating from Fitch is equal to the Fitch Senior Secured Debt Rating.
- If the above tests are inconclusive, then the IHS Markit RED Tier classification (if available) is used. Bonds with a Subordinated IHS Markit RED Tier classification will be ranked as Senior Unsecured.
- If the above tests are inconclusive and the IHS Markit RED Tier classification is unavailable, then the bond is considered to be Senior Unsecured.

## **3.4 Creation of the New iTraxx Crossover Index Series**

The final iTraxx Crossover index comprises up to 75 names selected in the below order of preference:

1. highest-ranking entities from the iTraxx Crossover Liquidity List;
2. up to three highest-ranking entities from the iTraxx Crossover Supplementary List;
3. most liquid entities as per the latest DTCC report that are included in the current iTraxx Crossover index, but did not qualify for the iTraxx Crossover Liquidity List due to not demonstrating trading activity greater than zero during the last eight weeks of the period captured in the latest DTCC Report;
4. remaining highest-ranking entities from the iTraxx Crossover Supplementary List.

All entities must meet the iTraxx Crossover General Criteria set forth above to be included in the iTraxx Crossover index. If there are less than 75 entities available, the index will consist of the number of entities available rounded down to a multiple of 5.

## **3.5 Publication of Provisional iTraxx Crossover Index**

The list of entities resulting after the steps above (the "Provisional iTraxx Crossover Index") will be published on IHS Markit's public web site for comment no later than seven (7) Business Days prior to the Roll Date. The Administrator will review comments received and determine whether amendments are necessary. The Administrator welcomes public comment but is not required to follow or otherwise address any comment received. The Administrator will publish the expected name changes (if any) on its public website as it determines such changes are required. The comment period will end four (4) Business Days prior to the Roll Date. The draft and final annexes for the iTraxx Crossover Index will be published as set forth below.

# 4 New iTraxx Europe & iTraxx Crossover Index Series

## 4.1 Final Review of Constituent List

If on any day prior to the date of the publication of a final index annex, the Administrator determines that any entity that is intended to be included in the relevant index fails any of the iTraxx Europe General Criteria or iTraxx Crossover General Criteria, then such entity shall be excluded from the iTraxx Europe or iTraxx Crossover Indices, as applicable.

If the Administrator determines that any entity shall be excluded from the iTraxx Europe or iTraxx Crossover Index in accordance with the preceding paragraph, then the highest ranked entity in the iTraxx Europe or iTraxx Crossover Liquidity Lists (or Crossover Supplementary List, if the new entity cannot be selected from the iTraxx Crossover Liquidity List), as applicable that has not already been included in the iTraxx Europe or iTraxx Crossover Index, as applicable, shall be added to the new iTraxx Europe or iTraxx Crossover Index, respectively, as a replacement entity.

If the new entity cannot be selected from the iTraxx Crossover Liquidity List for the new iTraxx Crossover Index, the entity will then be selected from the Crossover Supplementary List as described above.

Where a determination with regard to constituent selection is made by the Administrator which involves discretion and/or expert judgement, IHS Markit will consult the Index Advisory Committee for guidance. Such determinations will be documented, communicated to stakeholders via e-mail and published on the IHS Markit website [www.ihsmarkit.com](http://www.ihsmarkit.com) under the iTraxx News page. Where similar determinations are made, precedents set by previous decisions will be considered across all CDS indices.

In the unlikely instance an inaccuracy is not caught and resolved prior to the publication of the final list, or if input data used in the constituent selection process is revised retrospectively, IHS Markit will review the impact on the affected indices. In order to determine whether to restate the final list or any index parameters, IHS Markit will consult with the Index Advisory Committee to determine the impact of such action.

If it is decided to update the Final List or any related parameters, the reason for such revision together with revised material will be published. In addition, IHS Markit will compile an incident report to summarize the incident, the root cause, and set forth remedial actions to avoid such an error in the future, where such remedial actions are applicable.

## 4.2 Publication of Annex

No later than three (3) Business Days prior to the Roll Date of a iTraxx Europe or iTraxx Crossover Index, the Administrator will publish a draft of the annex for such iTraxx Europe or iTraxx Crossover Index and each Sub-Index, along with the weighting and final Reference Obligations (as defined in the Credit Definitions) for each entity. The final annex for the iTraxx Europe and Crossover Indices and each Sub-Index will be published after 5:00 p.m. on the Business Day immediately preceding the Roll Date of the Indices.

## 4.3 Coupon & Recovery Rates

Fixed rates and recovery rates will be determined by the Administrator in its sole discretion based on industry rates and updated from time to time.

# 5 Changes to iTraxx Europe and iTraxx Crossover Index

<b>March 20, 2024</b>	<ul style="list-style-type: none"><li>• Exclude corporate hybrid bonds from iTraxx Crossover Supplementary List</li></ul>
-----------------------	---

## 6 EU Required 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.	<a href="#">CDS BM Indices Benchmark Statement</a>
4	Do any of the indices maintained by this methodology take into account ESG factors?	No
Appendix latest update:		March 2023
Appendix first publication		March 2023

[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.

[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.

# 7 Further information

## **Client support**

For client support please contact [index\\_services@spglobal.com](mailto:index_services@spglobal.com).

## **Formal complaints**

Formal complaints should be emailed to [spdji\\_compliance@spglobal.com](mailto:spdji_compliance@spglobal.com).

Please note: [spdji\\_compliance@spglobal.com](mailto: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](mailto: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).

### **Intellectual Property Notices/Disclaimer**

© 2024 S&P Dow Jones Indices. All rights reserved. S&P, S&P 500, SPX, SPY, The 500, US500, US 30, S&P 100, S&P COMPOSITE 1500, S&P 400, S&P MIDCAP 400, S&P 600, S&P SMALLCAP 600, S&P GIVI, GLOBAL TITANS, DIVIDEND ARISTOCRATS, Select Sector, S&P MAESTRO, S&P PRISM, S&P STRIDE, GICS, SPIVA, SPDR, INDEXOLOGY, iTraxx, iBoxx, ABX, ADBI, CDX, CMBX, MBX, MCDX, PRIMEX, HHPI, and SOVX are registered trademarks of S&P Global, Inc. ("S&P Global") or its affiliates. DOW JONES, DJIA, THE DOW and DOW JONES INDUSTRIAL AVERAGE are trademarks of Dow Jones Trademark Holdings LLC ("Dow Jones"). These trademarks together with others have been licensed to S&P Dow Jones Indices LLC. Redistribution or reproduction in whole or in part are prohibited without written permission of S&P Dow Jones Indices LLC. This document does not constitute an offer of services in jurisdictions where S&P DJI does not have the necessary licenses. Except for certain custom index calculation services, all information provided by S&P DJI is impersonal and not tailored to the needs of any person, entity, or group of persons. S&P DJI receives compensation in connection with licensing its indices to third parties and providing custom calculation services. Past performance of an index is not an indication or guarantee of future results.

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.

These materials have been prepared solely for informational purposes based upon information generally available to the public and from sources believed to be reliable. No content contained in these materials (including index data, ratings, credit-related analyses and data, research, valuations, model, software or other application or output therefrom) or any part thereof ("Content") may be modified, reverse engineered, reproduced, or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written permission of S&P DJI. The Content shall not be used for any unlawful or unauthorized purposes. S&P DJI and its third-party data providers and licensors (collectively "S&P Dow Jones Indices Parties") do not guarantee the accuracy, completeness, timeliness, or availability of the Content. S&P Dow Jones Indices Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON AN "AS IS" "WHERE IS" BASIS. S&P DOW JONES INDICES PARTIES DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM

BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Dow Jones Indices Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special, or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related information and other analyses, including ratings, research and valuations are generally provided by licensors and/or affiliates of S&P Dow Jones Indices, including but not limited to S&P Global's other divisions such as S&P Global Market Intelligence. Any credit-related information and other related analyses and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. Any opinion, analyses and rating acknowledgement decisions are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P Dow Jones Indices does not assume any obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P DJI does not act as a fiduciary or an investment advisor. While S&P DJI has obtained information from sources it believes to be reliable, S&P DJI does not perform an audit or undertake independent verification of any information it receives. S&P DJI reserves the right to vary or discontinue any index at any time for regulatory or other reasons. Various factors, including external factors beyond S&P DJI's control might necessitate material changes to indices.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P Global Ratings reserves the right to assign, withdraw or suspend such acknowledgement at any time and in its sole discretion. S&P Dow Jones Indices, including S&P Global Ratings, disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgement as well as any liability for any damage alleged to have been suffered on account thereof. Affiliates of S&P Dow Jones Indices LLC, including S&P Global Ratings, may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of securities or from obligors. Such affiliates of S&P Dow Jones Indices LLC, including S&P Global Ratings, reserve the right to disseminate its opinions and analyses. Public ratings and analyses from S&P Global Ratings are made available on its Web sites, [www.standardandpoors.com](http://www.standardandpoors.com) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) and [www.globalcreditportal.com](http://www.globalcreditportal.com) (subscription), and may be distributed through other means, including via S&P Global Ratings publications and third-party redistributors. Additional information about our ratings fees is available at [www.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees).

S&P Global keeps certain activities of its various divisions and business units separate from each other to preserve the independence and objectivity of their respective activities. As a result, certain divisions and business units of S&P Global may have information that is not available to other business units. S&P Global has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

In addition, S&P Dow Jones Indices provides a wide range of services to, or relating to, many organizations, including issuers of securities, investment advisers, broker-dealers, investment banks, other financial institutions, and financial intermediaries, and accordingly may receive fees or other economic benefits from those organizations, including organizations whose securities or services they may recommend, rate, include in model portfolios, evaluate, or otherwise address.

Some indices use the Global Industry Classification Standard (GICS<sup>®</sup>), which was developed by, and is the exclusive property and a trademark of, S&P Global and MSCI. Neither MSCI, S&P DJI nor any other party involved in making or compiling any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability, or fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P DJI, any of their affiliates

or any third party involved in making or compiling any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

S&P Dow Jones Indices products are governed by the terms and conditions of the agreements under which they may be provided. A license is required from S&P Dow Jones Indices to display, create derivative works of and/or distribute any product or service that uses, is based upon and/or refers to any S&P Dow Jones Indices and/or index data.

### **ESG Indices Disclaimer**

S&P DJI provides indices that seek to select, exclude, and/or weight index constituents based on, but not limited to, certain environmental, social or governance (ESG) indicators, or a combination of those indicators, including the following: environmental indicators (including the efficient use of natural resources, the production of waste, greenhouse gas emissions, or impact on biodiversity); social indicators (such as, inequality and investment in human capital); governance indicators (such as sound management structures, employee relations, remuneration of staff, tax compliance, respect for human rights, anti-corruption and anti-bribery matters), specific sustainability or values-related company involvement indicators (for example, production/distribution of controversial weapons, tobacco products, or thermal coal), or controversies monitoring (including research of media outlets to identify companies involved in ESG-related incidents).

S&P DJI ESG indices use ESG metrics and scores in the selection and/or weighting of index constituents. ESG scores or ratings seek to measure or evaluate a company's, or an asset's, performance with respect to environmental, social and corporate governance issues.

The ESG scores, ratings, and other data used in S&P DJI ESG indices is supplied directly or indirectly by third parties (note these parties can be independent affiliates of S&P Global or unaffiliated entities) so an S&P DJI ESG index's ability to reflect ESG factors depends on these third parties' data accuracy and availability.

ESG scores, ratings, and other data may be reported (meaning that the data is provided as disclosed by companies, or an asset, or as made publicly available), modelled (meaning that the data is derived using a proprietary modelling process with only proxies used in the creation of the data), or reported and modelled (meaning that the data is either a mix of reported and modelled data or is derived from the vendor using reported data /information in a proprietary scoring or determination process).

ESG scores, ratings, and other data, whether from an external and/or internal source, is based on a qualitative and judgmental assessment, especially in the absence of well-defined market standards, and due to the existence of multiple approaches and methodologies to assess ESG factors and considerations. An element of subjectivity and discretion is therefore inherent in any ESG score, rating, or other data and different ESG scoring, rating, and/or data sources may use different ESG assessment or estimation methodologies. Different persons (including ESG data ratings, or scoring providers, index administrators or users) may arrive at different conclusions regarding the sustainability or impact of a particular company, asset, or index.

Where an index uses ESG scores, ratings or other data supplied directly or indirectly by third parties, S&P DJI does not accept responsibility for the accuracy or completeness of such ESG scores, ratings, or data. No single clear, definitive test or framework (legal, regulatory, or otherwise) exists to determine 'ESG', 'sustainable', 'good governance', 'no adverse environmental, social and/or other impacts', or other equivalently labelled objectives. In the absence of well-defined market standards and due to the existence of multitude approaches, the exercise of judgment is necessary. Accordingly, different persons may classify the same investment, product and/or strategy differently regarding 'ESG', 'sustainable', 'good governance', 'no adverse environmental, social and/or other impacts', or other equivalently labelled objectives. Furthermore, the legal and/or market position on what constitutes an 'ESG', 'sustainable', 'good governance', 'no adverse environmental, social and/or other impacts', or other equivalently labelled

objectives may change over time, especially as further regulatory or industry rules and guidance are issued and the ESG sustainable finance framework becomes more sophisticated.

Prospective users of an S&P DJI ESG Index are encouraged to read the relevant index methodology and related disclosures carefully to determine whether the index is suitable for their potential use case or investment objective.