

**iBoxx MSCI ESG USD
Emerging Markets
Sovereigns Quality
Weighted Index
Methodology**

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iBoxx MSCI ESG USD Emerging Markets Sovereigns Quality Weighted index

The iBoxx MSCI ESG USD Emerging Markets Sovereigns Quality Weighted index is designed to reflect the adjusted performance of USD-denominated sovereign bonds issued by emerging market countries. The index rules aim to offer a targeted coverage of the USD-denominated emerging market sovereign bonds universe with adjusted weights, by allocating higher weights to countries with relatively solid fundamentals and higher MSCI ESG Government scores while reducing weights of countries with relatively weak fundamentals and lower MSCI ESG Government scores. The index is an integral part of the global iBoxx benchmark index families.

Data Source

For more information on pricing data, please refer to the *iBoxx Pricing Methodology*, available at www.spglobal.com/spdji.

This document covers the index rules and calculation methodology.

Bond Selection Rules

The eligible universe consists of US Dollar-denominated bonds issued by an emerging market central government.

The following selection criteria are used to determine the index constituents:

- Bond type
- Issuer type
- Issuer domicile
- Amount outstanding and denomination
- Time to maturity
- Age
- Credit rating
- MSCI Government ESG Rating
- MSCI Government ESG Score
- International tradability

Bond Type

The bond types will mirror the iBoxx USD Emerging Markets Sovereigns index. In particular, the following bond types are eligible:

- Plain vanilla fixed coupon bonds
 - Zero coupon and multi coupon bonds with fixed coupon schedules
 - Sinking fund and capitalizing bonds with a fixed sinking/capitalizing schedule
- The following bond types are excluded from the indices:
- Extendable bonds
 - 144As and private placements
 - Puttable 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/en/ 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 analyze the features of such securities in line with the principles set out in this methodology. S&P DJI may consult the specific Index 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.

The inclusion rules are reviewed regularly (once a year) and may be changed to capture new market trends if previously excluded bond types start to account for a significant share of a country's or region's bond issuance.

Issuer Type

Only sovereign debt issued by the central government or the central bank is eligible for the indices. Restructured debt is eligible for the indices, but Brady bonds are not.

Issuer Domicile

Only debt from the emerging markets as defined later in the document is considered.

Amount Outstanding and Denomination

The bonds need to be denominated in US Dollar and need to have a minimum amount outstanding of USD 1 billion.

Time to Maturity

Bonds must have a minimum time to maturity of six months to be eligible for index inclusion, with a minimum life at issuance, as measured from the first settlement date to the maturity date of the bond, of at least 18 months. Constituent bonds with a maturity date prior to 08/31/2025 have a minimum time to maturity of one year.

Age

There is no age restriction.

Credit Rating

Ratings from the following three credit rating agencies are considered:

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

To be eligible for the index, bonds must have a composite rating of B or above, computed as follows:

- If the bond is rated by only a single credit rating agency, this rating is used.
- If the bond is rated by two agencies, the worst rating is used.
- If the bond is rated by all three agencies, the better of the lower two ratings is used.
- If a senior bond is not rated by any of the three credit rating agencies, the bond's issuer rating applies to the bond if available.

MSCI Government ESG Rating

To be eligible for the index, issuers must have a minimum MSCI Government ESG Rating of BB. This eligibility will be determined during the quarterly Country weight calculation outlined in section this methodology.

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

MSCI Government ESG Score

The MSCI Government ESG Score for each country is used as outlined in section in Fundamental score calculation and Country weight calculation sections.

International Clearability

Bonds must be clearable via one of the following three clearing houses:

- Clearstream
- Euroclear
- Hong Kong CMU

Emerging Market Definition

Issuer Domicile Definition

Only issuers from countries/territories classified as emerging markets are eligible for the indices. The list of emerging markets is established according to S&P Global iBoxx Global Economic Development Classification Methodology and is used to determine the eligibility of the issuer. The classification methodology and country classification are published on www.spglobal.com/spdji/en/ under *Methodology*. The country classifications are updated annually and implemented on 30 November each year. Eligible countries require to have outstanding debt in either local or foreign currency.

Defaulted Countries and Sovereign Debt Rating

Countries that are in default on their external debt or that do not have a long term foreign debt rating from at least one of Fitch, Moody's or S&P are excluded from the indices. Countries with ratings of D or RD from Fitch, C or Ca from Moody's and D or SD from S&P are not eligible. A default is determined based on information from the rating agencies.

In addition, a country is considered to be in default if one of the 6 credit events as defined by ISDA occurs:

- Bankruptcy
- Obligation Acceleration
- Obligation Default
- Failure to Pay
- Repudiation/Moratorium
- Restructuring

Additional Restriction for Countries on Financial Sanction Regimes

Countries included on the financial sanctions' lists of the European Union or the United States are excluded from the indices unless:

- Sanctions are applied to specific individuals only, or
- Funds, funding and financial transactions of the government and government-related entities are unaffected by the sanctions.

The information about the sanctions regime is compiled:

- For the European Union from the Common Foreign & Security Policy from http://ec.europa.eu/external_relations/cfsp/sanctions/measures.htm
- For the United States from the Office of Asset Control (OFAC) from <http://www.treas.gov/offices/enforcement/ofac/>

A country is placed on the sanction list if relevant sanctions apply for either the European Union or the

United States. The decision about adding/removing countries is taken in consultation with the Index Committee. Any decision to change the list of countries on the sanction list is immediately published on the web.

A country emerging from default is re-included in the index at the next index rebalancing after its rating has been reinstated. If financial sanctions are instated for a particular country, the country is removed from the index at the next month-end. If financial sanctions are lifted, the country is included in the index at the next index re-balancing after all relevant sanctions have been lifted.

Based on current information, the following countries are excluded from the indices because of applicable sanctions:

- Cuba
- Iran
- Myanmar
- North Korea
- Sudan
- Syria
- Venezuela

Country Weight Allocation

Fundamental Score Calculation

For the iBoxx MSCI ESG USD Emerging Markets Sovereigns Quality Weighted index, country weights are decided by their relative fundamental scores.

Fundamental scores are calculated for all emerging market countries/territories defined earlier which have below information publicly available before 5 February, 5 May, 5 August, or 5 November (inclusive). Fundamental scores are derived based on the following factors:

- MSCI Government ESG Score
- GDP per capita in USD (World Economic Outlook of the IMF)
- GDP growth (World Economic Outlook of the IMF)
- Inflation (World Economic Outlook of the IMF)
- National debt in % of GDP (World Economic Outlook of the IMF)
- National debt in % of exports (World Economic Outlook of the IMF and World Development Indicators of the World Bank)
- Reserves in % of GDP (World Bank – World Development Indicators)
- History of default (See Table 1 below)
- Global competitiveness (World Economic Forum – Competitiveness Index)

Treatment of default history

Fundamental Factors	Pre-determined score
Default<5 Years old	-1
5 Years<Latest Default<10 Years old	-0.75
10 Years<Latest Default<15 Years old	-0.5
15 Years<Latest Default<20 Years old	-0.25
20 Years<Latest Default	0

Interpretation signs of fundamental factors

Fundamental Factors	Factor Interpretation Sign	Comment on sign
MSCI Government ESG Score	Positive	High number implies higher weight
GDP per capita in USD	Positive	High number implies higher weight
GDP growth	Positive	High number implies higher weight
Inflation	Negative	High number implies lower weight
National debt in % of GDP	Negative	High number implies lower weight
National debt in % of exports	Negative	High number implies higher weight
Reserves in % of GDP	Positive	High number implies higher weight
History of default	Positive	High number implies higher weight
Global competitiveness	Positive	High number implies higher weight

After the data above have been collected, the fundamental scores are calculated using the following steps:

- Normalize the data using a cross-sectional Z-score
- Adjust the sign of the Z-scores according to the expected impact of the variable on the country's creditworthiness, as shown in Table 2. After the adjustment, a high Z-score is considered as a positive signal and is a sign of good creditworthiness. For example, a highly positive Z-score after adjustment could come from a high GDP growth rate, or a low debt/GDP ratio. The Z-scores are capped at +/- 2.
- Calculate the fundamental score as a weighted average with 50% as the Z-score for MSCI ESG Government Score and the other 50% as the average of the Z-score for the remaining 8 explanatory factors.

$$FundamentalScore = .5(Zscore_{ESGgov}) + .5\left(\frac{\sum_{i=1}^8 Zscore_i}{8}\right)$$

Countries with higher fundamental scores are considered to be more creditworthy. According to a country's fundamental score relative to the whole group, linear adjustments are applied to country market value weights. The country with highest fundamental score will be assigned double its original market value based weight, and the weight of the country with lowest score will be reduced to 0. Countries in between are adjusted linearly based on their relative fundamental scores.

If country fundamental score is positive,

$$reweightingfactor_i = \frac{FundamentalScore_i}{\max(FundamentalScore_1, FundamentalScore_2, \dots, FundamentalScore_n)} + 1$$

Otherwise,

$$\text{reweighting factor}_i = 1 - \frac{\text{FundamentalScore}_i}{\min(\text{FundamentalScore}_1, \text{FundamentalScore}_2, \dots, \text{FundamentalScore}_n)}$$

Reweighting factors will be applied on 28 February, 31 May, 31 August, and 30 November to all emerging market countries/territories defined earlier that are part of the iBoxx USD Emerging Markets Sovereigns Index as of that date.

Country Weight Calculation

Country market-value weights, determined three business days before quarterly rebalancing dates, are calculated using the following steps:

- Benchmark weights are first determined by excluding bonds with amount outstanding less than USD 1 billion, excluding bonds with time of maturity of less than six months from the iBoxx USD Emerging Markets Sovereigns index, and re-weighting using a market-value-weight approach.
- Next for each country, multiply the calculated benchmark weight by the reweighting factor outlined in the above section. Countries with an iBoxx composite rating less than B will also be excluded at this time. After the adjustments, country weights will be normalized so they sum to 100%. This is the weight which will be used for each country in the following step.
- As a final step after all other bond selection rules have been applied, we apply an ESG exclusion criteria
 - Countries will be ranked in ascending order by their MSCI Government ESG Score.
 - Starting with the lowest score, countries will be excluded until the cumulative excluded weight is greater than 20%. In the event of a tie score, the country with the largest weight will be excluded until the cumulative amount is greater than 20%.
 - After the MSCI Government ESG Score based exclusion, any remaining countries with an MSCI Government ESG Rating less than BB will also be excluded if needed. Country weights will then be normalized so they once again sum to 100%.

Additional capping will be applied as defined in “index weights” section.

Country weights are determined quarterly, at month end rebalancing on 28 February, 31 May, 31 August, and 30 November.

If a new country becomes eligible between quarterly rebalancing dates, it will not be considered into the index until the next quarterly rebalancing date. If an existing country in the index no longer satisfies all criteria defined earlier and thus becomes ineligible between quarterly rebalancing dates, all bonds from that country will drop out of the index at the next month end, and their weights will be proportionally allocated to all other countries in the index.

The exception is if a country no longer meets the minimum MSCI Gov ESG Rating threshold, due to a downgrade between quarterly rebalancing dates. When this occurs, a country will remain in the index until the next quarterly rebalancing.

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.

Sovereigns

Bonds issued by a central government and denominated in USD.

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/en/.

Rebalancing Process

The iBoxx MSCI ESG USD Emerging Markets Sovereigns Quality Weighted index is rebalanced monthly on the last business day of the month after the close of business. Country weights are re-allocated every three months, on 28 February, 31 May, 31 August, and 30 November each year. Reweighting factors will be applied on 28 February, 31 May, 31 August, or 30 November to all debt-issuing emerging market countries/territories defined in Section 2.9 that are part of the iBoxx USD Emerging Markets Sovereigns index as of that date.

During the months between quarterly country weight allocations, country weights are determined in the following way: multiply country weight on last rebalancing day by country average total return in the past month and then normalize the sum of all country weights to 1. Bonds issued by the same country are market-value weighted according to the country weight.

Changes to amount outstanding are only taken into account if they are publicly known three business days before the end of the month. Changes in ratings are only taken into account if they are publicly known three business days before the end of the month. Any changes after the index cut-off day (t-3) will not be considered in the re-balancing process, but will become effective at the end of the following month. New bonds issued by existing countries in the index are taken into account at the end of the month 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.

On 12 February, 12 May, 12 August, and 12 November each year, reweighting factors for all eligible countries in the upcoming quarterly rebalancing will be published on the FTP server and on www.spglobal.com/spdji/en/.

Ten business days before the end of each month, a preliminary membership list is published on the FTP server and www.spglobal.com/spdji/en/. This list contains preliminary information on rating, uncapped amount outstanding of the bonds and bond weights.

Three business days before the end of each month, a membership list with the amount outstanding for each bond is published. This list contains the maximum number of constituents for the next month.

Two business days before the end of the month, the rating information for the bonds on the list is updated and the list is adjusted for all new rating changes that have occurred three business days prior to month end. The weight of each country and the notional amount for each bond is calculated. The resulting list is the final membership list for the following month and is published as soon as all rating changes are confirmed.

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

Index Weights

Once the eligible bond universe has been defined and the country weights determined using the methodology defined in section 2.10 Country weight allocation, the following restrictions will be applied in the order defined below.

1. The aggregate weight for Non-Investment Grade countries will be capped at 50%. Any excess weight of Non-Investment Grade countries will be distributed to Investment Grade countries on pro rata basis.
2. Country capping will be applied at 8%. Any excess weight will be distributed to all the remaining countries on pro rata basis.
3. Countries with adjusted weights below 0.2% will be excluded. The cumulative weight of the excluded countries will be distributed to all the remaining countries on pro rata basis.

Since these capping restrictions are applied in accordance with the country weight calculation three days prior to rebalance, there will be price movement in the final three days and thus the caps may breach slightly at month end.

Bonds issued by the same country are market-value weighted according to the constrained country weights.

Index Data

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

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

Index Calculus

For specific index formulas please refer to the *iBoxx Bond Index Calculus Methodology* available at www.spglobal.com/spdji/en/.

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.

Funged Bonds

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

Parent and New Tranche Are Both Index Constituents

- After the fungo date, the price from the parent tranche is used for the funged tranche; no price

for the funged bond

- Funged tranche leaves the index at the next rebalancing and parent amount outstanding increases accordingly

Parent Is an Index Constituent, but the New Tranche Is Not

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

Parent Is Not an Index Constituent but the New Tranche Is

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

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).

Maturity Extension

Maturity Extension for Perpetual Bonds Without a Reset Date

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

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

Maturity Extension for Perpetuals & Dated Fixed-to-Fixed Bonds With a Reset Date

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

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

Multi-Coupon Bonds

Some bonds have pre-defined coupon changes that lead to a change in the annual coupon over the life of the bond. In all instances, the coupon change must be a fixed amount on top of a fixed coupon, i.e.

floating coupon bonds are not eligible for the indices. The two main categories of bonds are step-up bonds and event-driven bonds.

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

Ex-Dividend Conventions

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

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

Index history

The Index history starts on 31 October 2010. 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/en/ 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 iBoxx MSCI ESG USD Emerging Markets Sovereigns Quality Weighted Index

The iBoxx MSCI ESG USD Emerging Markets Sovereigns Quality Weighted index is calculated at the end of each day Monday to Friday after 4:00 p.m. EST and rebalanced at the end of each month. The end-of-day closing values are calculated on the basis of end-of-day iBoxx prices after 4:00 p.m. EST on each trading day defined in the iBoxx USD Index calculation calendar. In addition, bond and index analytical values are calculated with the previous trading day's close on the last calendar day of each month if that day is not a regular trading day as well as on common bank holidays. S&P DJI publishes an index calculation calendar which is available on www.spglobal.com/spdji/en/ under iBoxx Indices Calendars. Index data and bond price information is also available from the main information vendors.

Closing index values and key statistics are published at the end of each business day in the indices section on www.spglobal.com/spdji/en/ for registered users.

Data Publication and Access

The table below summarizes the publication of the indices for registered users and on the FTP server, available at www.spglobal.com/spdji/.

In addition to the indices detailed in this methodology, other indices covered by this document may be available. For a list of available indices, please refer [here](#).

Frequency, File Type, and Access

Frequency	File Type	Access
Daily	Underlying file – Bond level	FTP Server
	Indices file – Index level	FTP Server / website / Bloomberg for index levels only
Daily from the 6th calendar day of the month (or the next index publication day if the 6th calendar day falls on a non-business day)	Forwards	FTP Server
Monthly	End of Month Components	FTP Server / website
	XREF files	FTP Server

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

Index identifiers

Name	iBoxx MSCI ESG USD Emerging Markets Sovereigns Quality Weighted Index	
Version	Total return index (TRI)	Clean price index (CPI)
Sedol	BL096Y9	BL096X8
ISIN	GB00BL096Y92	GB00BL096X85
Ticker	IBXXESG1	IBXXESG2
RIC	.IBXXESG1	.IBXXESG2

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.

Index Governance

Index Committee

An 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](#).

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.

Methodology Changes

27 July 2026	<p>Where applicable, S&P DJI updated the index naming conventions:</p> <ul style="list-style-type: none"> • Removed “Markit” • Added “Index” • Replaced currency symbols with written references • Included “Years” or “Months” for maturity-based sub-indices
31 Aug 2024	<ul style="list-style-type: none"> • Reduce the minimum time to maturity from one year to six months • Bonds must be clearable via one of the following three clearing houses: <ul style="list-style-type: none"> ◦ Clearstream ◦ Euroclear ◦ Hong Kong CMU • Senior bonds with issuer ratings are eligible
30 June 2023	<p>Annual Index Review 2022</p> <ul style="list-style-type: none"> • Introduction of ‘Maturity extension’ section • Index eligibility of bonds with extended workout dates
30 June 2022	<ul style="list-style-type: none"> • Monthly forward start date updated from 10th calendar day to 6th calendar day
30 Nov 2021	<p>Additional MSCI Government ESG Rating threshold of minimum BB is added.</p> <ul style="list-style-type: none"> • After the MSCI Government ESG Score based exclusion, any remaining countries with an MSCI Government ESG Rating less than BB will also be excluded if needed.
01 Sep 2021U	<ul style="list-style-type: none"> • Update of monthly forward start date from 12th calendar day to 10th calendar day
31 Aug 2021	<p>Country weight methodology calculation change implemented from this date forward, not retroactively.</p> <ul style="list-style-type: none"> • Previous exclusion criteria of having an MSCI Government ESG Rating below BB is replaced with the following. After all other non ESG related bond selection rules are applied, countries are ranked in ascending order by MSCI Government ESG Score. Cumulative weight of countries excluded, starting with the lowest score, will be excluded until the exclusion weight exceeds 20%. In the event of a tie score, the country with the largest normalized weight will be excluded until the cumulative exclusion weight exceeds 20%. • Country capping will be applied at 8% • Countries with adjusted weights below 0.2% will be excluded.
31 Mar 2021	<ul style="list-style-type: none"> • Governance and Regulatory Compliance section added
28 Feb 2021	<ul style="list-style-type: none"> • Callable USD-denominated sovereign bonds eligible for inclusion into the iBoxx USD Emerging Markets Sovereigns index.
12 Jan 2021	<p>Index history restated to reflect methodology change.</p> <ul style="list-style-type: none"> • Minimum amount outstanding increased to USD 1 billion. • Country fundamental score calculation updated, with 50% of the weight allocated to ESG Gov Score and Z-scores capped at +/-2.

	<ul style="list-style-type: none">• Notionals locked at T-3 on quarterly rebalancing months.
31 Aug 2020	<ul style="list-style-type: none">• Launch of iBoxx MSCI ESG USD Emerging Markets Sovereigns Quality Weighted Index

Appendix I - EU BMR 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.	S&P Dow Jones Indices Limited ('S&P DJI Ltd')	
2.	Type of benchmark or family benchmark ²	Sovereign debt	
3.	Name of the benchmark or family of benchmarks	iBoxx MSCI ESG USD Emerging Markets Sovereigns Quality Weighted Index	
4.	Does the benchmark methodology for the benchmark or family of benchmarks take into account ESG factors?	Yes. For a list of the benchmarks within this family that take into account ESG factors, please refer to the S&P Dow Jones Indices Index Register here .	
5.	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		
	ESG Factor ³	S&P DJI ESG Factor	Comments
5.a List of combined ESG factors	Weighted average ESG rating of the benchmark (voluntary)	<p>MSCI Government ESG Rating</p> <p>MSCI Government ESG Score</p>	<p>Exclusion and Weighting. <i>Exclusion:</i> Issuers must have a minimum MSCI Government ESG Rating of BB. Additionally, countries are ranked in ascending order by their MSCI Government ESG Score, and the lowest-scoring countries are excluded until the cumulative excluded weight is greater than 20%. <i>Weighting:</i> The MSCI Government ESG Score is used as 1 of 9 fundamental factors when determining the re-weight factor applied to each country (accounting for 50% of the fundamental score calculation). For more information, please refer to the 'Fundamental score calculation' and 'Country weight calculation' sections of the Index methodology. The S&P DJI Fixed Income EU Low Carbon Benchmark Regulation Disclosure Report can be accessed here.</p>

1. The information contained in this Appendix is intended to meet the requirements of the European Union Commission Delegated Regulation (EU) 2020/1817 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the minimum content of the explanation of how environmental, social and governance factors are reflected in the benchmark methodology and the retained EU law in the UK [The Benchmarks (amendment and Transitional Provision) (EU Exit) Regulations 2019].
2. The "type of benchmark" refers to the type of 'underlying asset', as selected from the list provided in Annex II to 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.
3. 'ESG factors' means the environmental, social and governance factors (i) referred to in Annex II of Commission Delegated Regulation (EU) 2020/1816; and (ii) additional ESG factors taken into account by the methodology

5.b List of Environmental factors considered	Not applicable	Not applicable	Not applicable
5.c List of Social factors considered	Not applicable	Not applicable	Not applicable
5.d List of Governance factors considered	Not applicable	Not applicable	Not applicable
6. Data and standards used			
6.a	Data sources, verification and quality of data	<p>The datasets are defined as either:</p> <ul style="list-style-type: none"> • Reported: All data in the dataset are provided as disclosed by companies, or as stated in the public domain. • Modeled: All data are derived using a proprietary modelling process with only proxies used in the creation of the dataset. • Reported and Modeled: The dataset is either a mix of reported and Modeled data or is derived by the vendor using reported data/information in a proprietary scoring or determination process. <p>The index methodology uses the following ESG datasets.</p>	
6.b	Data Source	Dataset	
	MSCI ESG Research LLC (external data source)	<p>MSCI ESG Research relies on a proprietary methodology informed by a range of data sources.</p> <p>1. Reported data</p> <ul style="list-style-type: none"> • <i>Corporate/Government documents:</i> annual reports, proxy filings, environmental and social reports, securities filings, websites and Carbon Disclosure Project responses. <p>Externally sourced data</p> <ul style="list-style-type: none"> • <i>Government data:</i> 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. • <i>Popular, trade, and academic journals:</i> accessed through websites, subscriptions and searches of online databases. • <i>News media:</i> major news publications globally, including local-language sources across a range of markets. • <i>Relevant organizations and professionals:</i> reports from and interviews with trade groups, industry experts and nongovernmental organizations familiar with the operations and any related controversies. <p>2. Modelled data</p> <p>For climate-related metrics, when data is not disclosed, MSCI ESG Research uses proprietary GHG emission estimation model (full methodology is available for MSCI ESG Research clients).</p> <p>3. 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. For top level scores (ESG Ratings, Environmental, Social and Governance pillars), MSCI ESG Research estimates macro-level risk exposure based on the type and location of operations, distribution of products. Data sources</p>	

		<p>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) • US Census Bureau Current Population Survey Supplement • World Bank Governance Indicators (WGI) • Transparency International (TI) • World Bank (WB) • SNL Financial • Thomson Financial
<p>6.c</p>	<p>Verification and quality of data.</p>	<p>The data quality process involves regular reviews of new data received, and includes comparison with previous data, outlier and error checks and escalation of suspect data to data vendors. S&P DJI also holds 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. Many of the third-party data used by S&P DJI is reviewed against secondary and tertiary data sources for cross comparison and validation. Some more thematic or specific datasets may not have a comparable data source that can be used for comparison, but these datasets are still reviewed for internal consistency and self-comparison over time.</p> <p>MSCI ESG Research Verification: 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. MSCI ESG Research is committed to robust and transparent communication with all issuers in its coverage universe, including:</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.

		<ul style="list-style-type: none"> • A timely response to company-initiated requests to discuss their MSCI ESG Research reports. <p>Companies/Issuers are invited to participate in the data review process prior to the annual update of their ESG rating. At that time, they 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 an issuer to clarify questions concerning ESG performance data.</p> <p>Due to publication schedules and the extent of the MSCI ESG Ratings coverage universe, issuers normally receive the newly updated ratings data to review at their convenience at the time of rating publication. All published issuers automatically receive the data review reports, as long as MSCI ESG Research has accurate contact information. We are committed to updating a 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 reports with the latest available information as provided by issuers. Please note that updates to ESG data will not necessarily result in changes to an ESG rating.</p> <p>Issuers 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 to scores trigger analyst review and rerating.</p> <p>Issuers 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 issuers are updated within a 12-month timeframe of their previous rating assessment, typically with their industry peers.</p>
6.d	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:</p> <ul style="list-style-type: none"> • GRI (Global Reporting Initiative) • SASB (Sustainability Accounting Standards Board) • UN Global Compact • GHG Protocol (for specific performance indicators) • Applicable ISO standards.
Appendix latest update:	May 2026 - Review and minor update to ESG Disclosures Appendix template.	
Appendix first publication:	30 November 2021	

Disclaimer

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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.

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