

iBoxx MSCI ESG EUR Corporates Green Bond Select Index Consultation on Eligibility Criteria

LONDON, NOVEMBER 18, 2024: S&P Dow Jones Indices (“S&P DJI”) is conducting a consultation with market participants on potential changes to the iBoxx MSCI ESG EUR Corporates Green Bond Select Index.

BACKGROUND

The iBoxx MSCI ESG EUR Corporates Green Bond Select Index consists of a subset of the bonds of the EUR denominated iBoxx Green bond universe.

The consultation is related to the European Securities and Markets Authority ('ESMA') Guidelines on funds' names using ESG or sustainability-related terms. While these guidelines do not apply directly to S&P DJI, there is often a close correlation between an index name and a fund name for index tracking investment funds. Under the regulatory guidance, restrictions will apply to investments made by a fund if specific terms are used in the fund's name. For additional information, please refer to the ESMA Guidelines on funds' names using ESG or sustainability-related terms [here](#).

Index Name	ISIN (TRi)	Ticker (TRi)
iBoxx MSCI ESG EUR Corporates Green Bond Select	GB00BQNB2614	IBXXDEST

PROPOSAL

S&P DJI proposes to make changes to the MSCI criteria detailed in the table below, excluding issuers that breach the thresholds.

Definition	Current Treatment	Proposed Treatment
Oil & Gas Related Activities All companies deriving a recent-year percent of revenue or maximum estimated percent of revenue of 10% or more from Oil & Gas related activities, including distribution, retail, equipment and services, extraction and production, petrochemicals, pipelines and transportation, refining, gas processing and gas retail sales but excluding biofuel production and sales and oil and gas trading activities.	--	>= 10%
Fossil Fuels All companies deriving 50% of revenue or more (either reported or estimated) from fossil fuel (thermal coal, liquid fuel and natural gas) based power generation	--	>= 50%
SDG 07 - Affordable and Clean Energy All companies with a net alignment score to Sustainable Development Goal 7 (Affordable and Clean Energy) of -2 and below	--	<= -2
Biodiversity All companies that have operations located in or near biodiversity sensitive areas where activities could potentially negatively affect local biodiversity, or have no impact assessment, or are involved in controversies with severe impact on local biodiversity.	--	= 1

Definition	Current Treatment	Proposed Treatment
Water Stress All companies that have a score of below 10 for controversies related to a company's water management practices. Factors affecting this evaluation include, but are not limited to, a history of involvement in water use-related legal cases, widespread or egregious impacts due to emissions, resistance to improved practices, and criticism by NGOs and/or other third-party observers.	--	< 10
Toxic Emissions & Waste All companies that have faced significant recent controversy or criticism regarding toxic releases	--	= -1
Compliance with UN Global Compact All companies that have no policy covering some of the UNGC principles or OECD Guidelines for Multinational Enterprises (e.g. human rights, labor due diligence, or anti-bribery policy) and neither a monitoring system evaluating compliance with such policy or a grievance/ complaints handling mechanism.	--	= No Evidence and
Corporate Governance All companies that have a score of 2.857 or below. This key issue evaluates the extent to which companies' corporate governance practices in specific governance areas – audit, board, compensation/remuneration, shareholder rights -- pose financial risks to shareholders	--	<= 2.8570
SDG 05 - Gender Equality All companies with a net operational alignment score of -2 and below for SDG 5, based on their gender diversity policies (positive), and gender composition of the workforce and the board (positive or negative), and involvement in any controversies related to gender discrimination (negative).	--	<= -2
Female Directors Percentage All companies that have no female board members. For companies with a two-tier board, the calculation is based on members of the Supervisory Board only.	--	= 0
Water Stress Exposure All companies with a score of 7.5 or above for exposure to risks related to the water intensity of their operations and the water stress in their areas of operations	--	>= 7.5
Weapons All companies deriving a recent-year percent of revenue or maximum estimated percent of revenue of 5% or more from weapons systems, components, and support systems and services	> 5%	>= 5%
Energy consumption All companies with energy consumption greater than or equal to 300 GWh per million EUR revenue, or where the relevant data is unavailable	> 300	>= 300
Carbon Intensity All companies with Scope 1 + Scope 2 greenhouse gas emissions greater than or equal to 1500, normalized by sales in USD, or where the relevant data is unavailable	> 1500	>= 1500
Fossil Fuel All companies deriving more than 10% of revenue (either reported or estimated) from the liquid fuel based power generation	>= 10%	Remove Criteria
Fossil Fuel All companies involved in the manufacturing of equipment and the provision of supplies and services to the energy producers	= TRUE	Remove Criteria

IMPACT ANALYSIS

Please find the impact analysis based on the end of October 2024 rebalancing below. The following bonds would have been excluded based on the proposed changes.

ISIN	Ticker	Issuer	Index Weight
BE6333133039	ARGSPA	Argenta Spaarbank NV	0.51%
BE6339428904	ARGSPA	Argenta Spaarbank NV	0.49%
XS2577054716	LFBANK	Lansforsakringar Bank AB	0.47%

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ISIN	Ticker	Issuer	Index Weight
AT0000A32HA3	HYNOE	HYPO NOE Landesbank fuer Niederoesterreich und Wien AG	0.46%
SK4000025201	TATSK	Tatra Banka as	0.33%

Additional data and analysis may be made available in the Client Resource Center www.spglobal.com/spdji/en/client-services/, which may be updated from time to time throughout the consultation without notice. Additional data and analysis may also be made available upon request.

IMPLEMENTATION TIMING

S&P DJI proposes to implement the previously described methodology changes, if adopted, in conjunction with the January 2025 month-end rebalancing, which takes effect prior to the market open on **February 1, 2025**.

QUESTIONS

1. Do you agree with the proposed methodology changes for the iBoxx MSCI ESG EUR Corporates Green Bond Select Index?
2. Should these proposed methodology changes be adopted, do you agree with the proposed implementation date?
3. Do you have any other comments or feedback regarding the proposed changes outlined above?

Participation in this consultation is important as S&P DJI gathers information from various market participants to properly evaluate the market participants' views and preferences. Please respond to this survey by **December 16, 2024**, as S&P DJI does not accept survey responses post the survey closure date. Prior to the Index Committee's final review, S&P DJI may request clarifications from respondents as part of that review.

To participate in this consultation, please visit the online survey available [here](#).

Please be advised that S&P DJI reviews and considers all feedback before a final decision is made. However, S&P DJI makes no guarantees and is under no obligation to comply with any of the responses. The survey may result in no changes or outcome of any kind. If S&P DJI decides to change the index methodology, the change(s) will be announced to clients and posted on the S&P DJI website with prior notice ahead of the effective date.

Thank you for taking the time to complete this survey.

ABOUT S&P DOW JONES INDICES

S&P Dow Jones Indices is the largest global resource for essential index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500® and the Dow Jones Industrial Average®. More assets are invested in products based on our indices than products based on indices from any other provider in the world. Since Charles Dow invented the first index in 1884, S&P DJI has been innovating and developing indices across the spectrum of asset classes helping to define the way investors measure and trade the markets.

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