

# iBoxx MSCI ESG Indices Consultation on Eligibility Criteria

**LONDON, DECEMBER 5, 2024:** S&P Dow Jones Indices ("S&P DJI") is conducting a consultation with market participants on potential changes to the below five iBoxx ESG MSCI indices:

- iBoxx MSCI ESG USD FRN Investment Grade Corporates TCA
- iBoxx MSCI ESG EUR FRN Investment Grade Corporates TCA
- iBoxx MSCI ESG EUR Corporates 0-1 TCA
- iBoxx MSCI ESG EUR High Yield Corporates 1-3 TCA
- iBoxx MSCI ESG EUR High Yield Corporates TCA

## BACKGROUND

The consultation is in response 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](#).

## PROPOSAL

S&P DJI proposes to incorporate additional MSCI Climate Change Metric screens, excluding issuers that breach the thresholds in the table below.

Proposed Change	Current	Methodology
		Proposed
MSCI Climate Change Metrics: Oil & Gas	--	All companies deriving 10% or more revenue from oil and gas-related activities, including distribution/retail, equipment and services, extraction and production, petrochemicals, pipelines and transportation, and refining (not including biofuel production, sales, and trading activities) are excluded.
MSCI Climate Change Metrics: Power Generation	--	All companies deriving 50% or more revenue from thermal coal-based power generation, liquid fuel-based power generation, and natural gas-based power generation are excluded.

## IMPACTED INDICES

Index Name	ISIN (TRi)	Index Ticker
iBoxx MSCI ESG USD FRN Investment Grade Corporates TCA Index	GB00BVMHX99	IBXXFRN3
iBoxx MSCI ESG EUR FRN Investment Grade Corporates TCA Index	GB00BLD2FH19	IBXXFRNT
iBoxx MSCI ESG EUR Corporates 0-1 TCA Index	GB00BL097R90	IBXXEEC1
iBoxx MSCI ESG EUR High Yield Corporates 1-3 TCA Index	GB00BQ8WRT70	IBXXME1T
iBoxx MSCI ESG EUR High Yield Corporates TCA Index	GB00BCDP8W33	IBXXLHYT

## IMPACT ANALYSIS

S&P DJI conducted an analysis to assess the impact of the proposed changes based on the May 31, 2024 rebalancing data with the following results.

### iBoxx MSCI ESG USD FRN Investment Grade Corporates TCA Index

Sector Breakdown	Current Index Weights	Number of Impacted Bonds (Exclusions)	Index Weight Impact (Exclusions)	Number of Impacted Bonds (Inclusions)	Index Weight Impact (Inclusions)
Core Financials	0.00%	0	0.00%	0	0.00%
Basic Materials	11.60%	0	0.00%	0	0.00%
Consumer Goods	0.00%	0	0.00%	0	0.00%
Consumer Services	74.09%	0	0.00%	11	4.02%
Energy	0.36%	1	0.36%	0	0.00%
Financial Services	3.71%	0	0.00%	2	0.89%
Health Care	1.67%	0	0.00%	0	0.00%
Industrials	6.36%	7	3.00%	0	0.00%
Real Estate	1.00%	0	0.00%	0	0.00%
Technology	0.45%	0	0.00%	0	0.00%
Telecommunications	0.48%	0	0.00%	0	0.00%
Utilities	0.27%	1	0.27%	0	0.00%
<b>TOTAL</b>	<b>100.00%</b>	<b>9</b>	<b>3.64%</b>	<b>13</b>	<b>4.91%</b>

### iBoxx MSCI ESG EUR FRN Investment Grade Corporates TCA Index

Sector Breakdown	Current Index Weights	Number of Impacted Bonds (Exclusions)	Index Weight Impact (Exclusions)	Number of Impacted Bonds (Inclusions)	Index Weight Impact (Inclusions)
Core Financials	1.00%	0	0.00%	0	0.00%
Basic Materials	5.20%	0	0.00%	0	0.00%
Consumer Goods	0.80%	0	0.00%	0	0.00%
Consumer Services	86.77%	0	0.00%	1	0.98%
Energy	0.00%	0	0.00%	0	0.00%
Financial Services	0.00%	0	0.00%	2	3.00%
Health Care	0.00%	0	0.00%	0	0.00%
Industrials	4.72%	1	1.21%	0	0.00%
Real Estate	0.00%	0	0.00%	0	0.00%
Technology	0.00%	0	0.00%	0	0.00%
Telecommunications	0.00%	0	0.00%	0	0.00%
Utilities	1.50%	1	1.50%	0	0.00%
<b>TOTAL</b>	<b>100.00%</b>	<b>2</b>	<b>2.71%</b>	<b>3</b>	<b>3.98%</b>

### iBoxx MSCI ESG EUR Corporates 0-1 TCA Index

Sector Breakdown	Current Index Weights	Number of Impacted Bonds (Exclusions)	Index Weight Impact (Exclusions)	Number of Impacted Bonds (Inclusions)	Index Weight Impact (Inclusions)
Core Financials	2.29%	1	0.36%	0	0.00%
Basic Materials	13.59%	0	0.00%	0	0.00%
Consumer Goods	5.47%	0	0.00%	0	0.00%
Consumer Services	41.77%	0	0.00%	0	0.00%
Energy	0.00%	0	0.00%	0	0.00%
Financial Services	3.31%	0	0.00%	0	0.00%
Health Care	5.66%	0	0.00%	0	0.00%
Industrials	11.56%	0	0.00%	0	0.00%
Real Estate	4.06%	0	0.00%	0	0.00%

## CONSULTATION

Sector Breakdown	Current Index Weights	Number of Impacted Bonds (Exclusions)	Index Weight Impact (Exclusions)	Number of Impacted Bonds (Inclusions)	Index Weight Impact (Inclusions)
Technology	3.43%	0	0.00%	0	0.00%
Telecommunications	4.52%	0	0.00%	0	0.00%
Utilities	4.34%	4	1.03%	0	0.00%
<b>TOTAL</b>	<b>100.00%</b>	<b>5</b>	<b>1.39%</b>	<b>0</b>	<b>0.00%</b>

### iBoxx MSCI ESG EUR High Yield Corporates 1-3 TCA Index

Sector Breakdown	Current Index Weights	Number of Impacted Bonds (Exclusions)	Index Weight Impact (Exclusions)	Number of Impacted Bonds (Inclusions)	Index Weight Impact (Inclusions)
Core Financials	3.26%	0	0.00%	0	0.00%
Basic Materials	16.97%	0	0.00%	0	0.00%
Consumer Goods	5.42%	0	0.00%	0	0.00%
Consumer Services	33.59%	0	0.00%	0	0.00%
Energy	0.96%	1	0.96%	0	0.00%
Financial Services	3.70%	0	0.00%	0	0.00%
Health Care	2.63%	0	0.00%	0	0.00%
Industrials	14.32%	1	0.81%	0	0.00%
Real Estate	3.45%	0	0.00%	0	0.00%
Technology	1.49%	0	0.00%	0	0.00%
Telecommunications	11.21%	0	0.00%	0	0.00%
Utilities	3.00%	0	0.00%	0	0.00%
<b>TOTAL</b>	<b>100.00%</b>	<b>2</b>	<b>1.77%</b>	<b>0</b>	<b>0.00%</b>

### iBoxx MSCI ESG EUR High Yield Corporates TCA Index

Sector Breakdown	Current Index Weights	Number of Impacted Bonds (Exclusions)	Index Weight Impact (Exclusions)	Number of Impacted Bonds (Inclusions)	Index Weight Impact (Inclusions)
Core Financials	3.48%	0	0.00%	0	0.00%
Basic Materials	17.27%	0	0.00%	0	0.00%
Consumer Goods	8.45%	0	0.00%	0	0.00%
Consumer Services	27.76%	0	0.00%	0	0.00%
Energy	1.37%	4	1.37%	0	0.00%
Financial Services	1.96%	0	0.00%	0	0.00%
Health Care	4.55%	0	0.00%	0	0.00%
Industrials	14.35%	2	0.54%	0	0.00%
Real Estate	2.12%	0	0.00%	0	0.00%
Technology	1.20%	0	0.00%	0	0.00%
Telecommunications	12.24%	0	0.00%	0	0.00%
Utilities	5.23%	2	0.69%	0	0.00%
<b>TOTAL</b>	<b>100.00%</b>	<b>8</b>	<b>2.61%</b>	<b>0</b>	<b>0.00%</b>

\* Bonds are included due to the satisfaction of the Minimum Issuer Exclusion Rule. For more details, please refer to the respective index methodology, available [here](#).

Additional data and analysis may be made available in the Client Resource Center [www.spglobal.com/spdji/en/client-services/](http://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 is proposing to implement the previously described methodology changes, if adopted, in conjunction with the April 2025 month-end rebalancing, which takes effect prior to the market open on **May 1, 2025**. If adopted, the changes will first be visible to clients in preliminary membership files beginning on **April 10, 2025**.

## QUESTIONS

Please answer the following questions and provide S&P DJI with the reasoning behind your answers:

- 1. Do you agree with the proposal to incorporate the Oil & Gas climate change metric screen to the above mentioned indices?**
- 2. Do you agree with the proposal to incorporate the Power Generation climate change metric screen to the above mentioned indices?**
- 3. Should the proposed methodology changes be adopted, do you agree with the proposed implementation date?**
- 4. 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 **Wednesday, January 8, 2025**, as S&P DJI does not accept 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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## FOR MORE INFORMATION:

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## CONSULTATION