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MSCI Climate Transition CTB Corporate Bond Indexes Methodology



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1 Introduction

The MSCI Climate Transition CTB Corporate Bond Indexes¹ (the “Indexes”) are constructed from corresponding MSCI Corporate Bond parent indexes (the “Parent Indexes”) and are designed to represent the performance of an investment strategy that exceeds the minimum standards of the EU Climate Transition Benchmark (CTB) under the EU Benchmark Regulation (EU Delegated Acts)². The index applies a heuristics-based approach in order to meet the following objectives:

- Reduce the weighted average absolute greenhouse gas (GHG) emissions by 30% compared to the Parent Index.
- Reduce the weighted average absolute greenhouse gas (GHG) emissions of the Index by 7% on an annualized basis.
- Reduce the weighted average Potential Carbon Emissions by 30% compared to the Parent Index.
- At least equivalent ratio of Green Revenue / Fossil fuels-based Revenue relative to the Parent Index.

The Indexes exclude companies involved in Controversial Weapons businesses, Very Severe Controversies, Severe Environmental Controversies, Tobacco Manufacturing and Thermal Coal.

¹ The Indexes are governed by a set of methodology and policy documents (“Methodology Set”), including the present Index methodology document. Please refer to Appendix V for more details.

² The corresponding minimum requirements are defined in Commission Delegated Regulation (EU) 2020/1818, available under https://eur-lex.europa.eu/eli/reg_del/2020/1818/oj. MSCI’s approach to meeting these requirements is described in the MSCI EU CTB/PAB Index Framework, available under <https://www.msci.com/index/methodology/latest/EUCTBPABIndexFramework>. In case changes to the Index methodology are required to maintain compliance with the regulatory CTB/PAB labels, MSCI will issue an announcement prior to implementing the changes in the methodology. MSCI will not conduct a formal consultation for such an update.

2 Constructing the Indexes

The Indexes use company ratings and research provided by MSCI Solutions LLC (“MSCI Solutions”)³ for the Index construction.

Constructing the Indexes involves the following steps:

- Defining the Applicable Universe
- Defining the Eligible Universe

2.1 Defining the Applicable Universe

The Applicable Universe includes all the existing constituents of the Parent Index. This approach aims to provide an opportunity set with sufficient liquidity and capacity.

2.2 Index Requirements

The requirements⁴ MSCI imposes for the Indexes are detailed in Table 1

Requirements		MSCI Climate Transition CTB Corporate Bond Indexes
a	Minimum reduction in absolute Greenhouse Gas (GHG) Emission ⁵ (Scope 1+2+3 ⁶) relative to Parent Index	30%
b	Minimum reduction in Weighted Average Potential Carbon Emissions relative to Parent Index	30%
c	Exclusions	Defined in Section 2.3

³ See Section 4 for further information regarding sustainability and climate data used in the Indexes that MSCI Limited and MSCI Deutschland GmbH source from MSCI Solutions LLC (“MSCI Solutions”), a separate subsidiary of MSCI Inc. MSCI Solutions is solely responsible for the creation, determination and management of such data as a provider to MSCI Limited and MSCI Deutschland GmbH. MSCI Limited and MSCI Deutschland GmbH are the benchmark administrators for the MSCI Indexes.

⁴ Items a, c and d are the methodology rules that ensure that the minimal EU CTB requirements are met or exceeded.

⁵ Based on EU Delegated Acts, absolute GHG Emissions may be used as a measure of carbon exposure for Fixed Income Indexes.

⁶ Prior to the May 2020 Monthly Index Review of the Indexes, the absolute Weighted Average GHG Emissions were calculated based on Scope 1+2 Emissions.

Requirements		MSCI Climate Transition CTB Corporate Bond Indexes
d	Minimum average reduction (per annum) in absolute GHG Emission relative to absolute GHG Emission of the Index at the Base Date⁷	7%
e	Minimum ratio of Weighted Average Green Revenue/ Weighted Average Fossil fuel-based Revenue relative to Parent Index	At least equivalent
f	Issuer Capping⁸	3%

2.3 Defining the Eligible Universe

The Eligible Universe is constructed from the Applicable Universe by excluding securities of companies based on each of the below eligibility criteria⁹.

1. **Controversial Weapons:** All issuers involved in Controversial Weapons (cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons, blinding lasers, non-detectable fragments, and incendiary weapons), as defined in Appendix I.
2. **Controversies:** Issuers assessed as having involvement in controversies that are classified as Red Flags (MSCI Controversies Score of 0). A Red Flag indicates an ongoing, Very Severe controversy implicating an issuer directly through its actions, products, or operations.
3. **Tobacco:** All issuers classified as a "Producer" or deriving 5% or more aggregate revenue from the production, distribution, retail, supply, and licensing of tobacco-related products are not eligible for inclusion.
4. **Environmental Harm:**
 - Issuers assessed as having involvement in environmental controversies that are classified as Red (MSCI Environmental Controversy Score of 0) or Orange Flags (score of 1).
 - A Red Flag indicates an ongoing, Very Severe controversy implicating a company directly through its actions, products, or operations.

⁷ Prior to the May 2020 Monthly Index Review of the Indexes, the reduction in absolute Weighted Average GHG Emission was calculated using Scope 1+2 Emissions since Inception.

⁸ The issuer capping is relaxed in steps of 1% if capping at 3% is infeasible.

⁹ In relation to minimal EU CTB compliance, items 1-4 are required.

3 Index Rebalancing & Maintenance

- The composition of the Indexes is reviewed monthly, with an effective rebalancing impact on the first business day of the month (Rebalancing Date). For clarification, bonds are added to the Index at the closing of the last business day of every month, however, the return impact is on the first business day of the month.
- In general, change in the Index composition is based on latest¹⁰ data available (including MSCI Sustainability & Climate data) three days prior to the Rebalancing Date, which is defined as the Cut-Off Date. Any inclusion or exclusion criteria satisfied for a given security in the universe, after the Cut-Off Date (T-3), will generally become effective at the following monthly rebalancing; should conditions remain unchanged. In exceptional cases, for instance, cases of input data correction, MSCI can reduce the Cut-Off Date for Index rebalancing from T-3 to T-2, T-1 or T. In such instances, MSCI will notify Index clients of such changes via announcement.
- MSCI will disclose proforma Index rebalancing results starting the second business day of each month. MSCI will freeze the pro forma Index rebalancing results as of the Cut-Off Date.
- Bonds are added to or deleted from the Index only on monthly rebalancing dates. For the existing Index components any changes to Index eligibility will only be reflected in the next monthly rebalancing.
- Any inclusion or exclusion criteria satisfied for a given security in the universe, after the Cutoff Date, will generally become effective at the following monthly rebalancing; should conditions remain unchanged.
- Any cash that accrues within the index each month is re-invested on a pro-rata basis across the index constituents on the effective date of rebalancing. In essence, cash in the Index is swept out on rebalancing and the opening Index portfolio on the Rebalancing Date starts with zero accrued cash balance.
- Specific variants of total return calculation of the Index on the Rebalancing Date may be adjusted for transaction costs¹¹ as securities are added to the Index at the offer price.

For further information on index total return calculation please refer to the MSCI Fixed Income Index Calculation Methodology¹². For the holiday calendar used in the index, please refer to the MSCI

¹⁰ Sustainability and Climate data will utilize the most recent, quality-assured information available. For index rebalancing, the latest data that has successfully undergone quality assurance checks will be employed. In cases where recent data changes are still undergoing verification, only data that has passed the quality assurance process will be considered.

¹¹ Refer to the MSCI Fixed Income Index Calculation Methodology for detail. Available at <https://www.msci.com/Index-methodology>

¹² Refer to the MSCI Fixed Income Index Calculation Methodology for detail. Available at <https://www.msci.com/Index-methodology>

Fixed Income Data Methodology¹³. MSCI leverages the GICS^{®14} sector classification framework for MSCI Corporate Bond Indexes as well. Please refer to MSCI GICS Methodology¹⁵ for details.

¹³ Refer to the MSCI Fixed Income Index Data Methodology for detail. Available at <https://www.msci.com/index-methodology>

¹⁴ GICS, the global industry classification standard jointly developed by MSCI Inc. and S&P Dow Jones Indices.

¹⁵ The GICS methodology is available at: <https://www.msci.com/gics>.

4 MSCI Solutions

The Indexes are products of MSCI Inc. that utilize information such as company ratings and research produced and provided by MSCI Solutions LLC (“MSCI Solutions”), a subsidiary of MSCI Inc. In particular, the Indexes use the following MSCI sustainability and climate products: MSCI Controversies, MSCI Business Involvement Screening Research and MSCI Climate Change Metrics. MSCI Indexes are administered by MSCI Limited.

4.1 MSCI Climate Change Metrics

MSCI Climate Change Metrics provides climate data & tools to support institutional investors seeking to integrate climate risk & opportunities into their investment strategy and processes. This includes investors seeking to achieve a range of objectives, including measuring and reporting on climate risk exposure, implementing low carbon and fossil fuel-free strategies, align with temperature pathways and factoring climate change research into their risk management processes, in particular through climate scenario analysis for both transition and physical risks.

The dataset spans across the four dimensions of a climate strategy: transition risks, green opportunities, physical risks and 1.5° alignment.

4.1.1. Fossil Fuels and Power Generation Metrics

MSCI Solutions identifies companies involved in fossil fuel-related assets and activities including fossil fuel reserves, resource extraction, power generation and generation capacity, revenue from such assets and activities and capital investments in such assets and activities. The metrics are based on disclosed activities, disclosed revenue and estimates of revenue that are extrapolated from company disclosures and eligible third-party sources (such as NGOs).

4.1.2. Greenhouse Gas (GHG) Emissions

MSCI Solutions collects reported emissions and uses proprietary estimation methodologies that follows the GHG Protocol in including carbon dioxide (CO₂) and the five other principal GHGs: hydrofluorocarbons (HFCs), methane (CH₄), nitrous oxide (N₂O), perfluorocarbons (PFCs), and sulfur hexafluoride (SF₆). Emissions of these other gases are accounted for in terms of the quantity of CO₂ that has an equivalent global warming potential.

For more details on MSCI Climate Change Metrics, please refer to <https://www.msci.com/legal/disclosures/climate-disclosures>.

4.2 MSCI Controversies

MSCI Controversies provide assessments of controversies concerning the potential negative environmental, social, and/or governance impact of company operations, products and services.

The evaluation framework used in MSCI Controversies is designed to be consistent with international norms represented by the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact. MSCI Controversies Score falls on a 0-10 scale, with “0” being the most severe controversy.

The MSCI Controversies methodology can be found at [.https://www.msci.com/legal/disclosures/esg-disclosures](https://www.msci.com/legal/disclosures/esg-disclosures)

4.3 MSCI Business Involvement Screening Research

MSCI Business Involvement Screening Research (BISR) aims to enable institutional investors to manage environmental, social and governance (ESG) standards and restrictions reliably and efficiently.

For more details on MSCI Business Involvement Screening Research, please refer to [.https://www.msci.com/legal/disclosures/esg-disclosures](https://www.msci.com/legal/disclosures/esg-disclosures)

5 Appendix I: Controversial Business Screening Criteria

Controversial Weapons:

All issuers with any tie to Controversial Weapons as defined below:

- Cluster Bombs
 - MSCI Solutions' cluster bomb research identifies issuers that are involved in the production of cluster bombs and munitions, or the essential components of these products.
- Landmines
 - MSCI Solutions' landmines research identifies issuers that are involved in the production of anti-personnel landmines, anti-vehicle landmines, or the essential components of these products.
- Depleted Uranium Weapons
 - MSCI Solutions' depleted uranium weapons research identifies issuers involved in the production of depleted uranium weapons and armor.
- Chemical and Biological Weapons
 - MSCI Solutions' chemical and biological weapons research identifies issuers that are involved in the production of chemical and biological weapons, or the essential components of these products.
- Blinding Laser Weapons
 - MSCI Solutions' blinding laser weapons research identifies issuers that are involved in the production of weapons utilizing laser technology to cause permanent blindness.
- Non-Detectable Fragments
 - MSCI Solutions' non-detectable fragments research identifies issuers that are involved in the production of weapons that use non-detectable fragments to inflict injury.
- Incendiary Weapons (White Phosphorus)
 - MSCI Solutions' incendiary weapons research identifies issuers that are involved in the production of weapons using white phosphorus.

Involvement criteria:

- Producers of weapons.
- Producers of key components of the weapons (only applies to cluster bombs, landmines, depleted uranium weapons as well as chemical and biological weapons).
- Ownership of 20% or more of a weapons or components producer. The minimum limit is raised to 50% for financial companies having an ownership in a company that manufactures controversial weapons or key components of controversial weapons.
- Owned 50% or more by a company involved in weapons or components production.

Revenue limits:

- Any identifiable revenues, i.e., zero tolerance.

Appendix II: Calculation of Target Metrics

Calculation of Weighted Average absolute GHG Emissions

For Parent Index constituents where the Scope 1+2+3 absolute GHG Emissions is not available, the average of Scope 1+2+3 absolute GHG Emissions based on top quartile (highest emitters) of all constituents of the Parent Index, within corresponding GICS Industry Group, is used. The average of top quartile Scope 1+2+3 absolute GHG Emissions within corresponding GICS Sector is used if all securities within the GICS Industry Group have missing data. The average of top quartile Scope 1+2+3 absolute GHG Emissions within the Parent Index is used if all securities in both the corresponding GICS Industry Group and GICS Sector have missing data.

Security Level absolute GHG Emissions =

$$\text{Scope 1 + 2 + 3 Carbon Emissions}$$

Weighted Average absolute GHG Emissions of Parent Index =

$$\sum (\text{Weight in Parent Index} * \text{Security Level GHG Emissions})$$

Weighted Average absolute GHG Emissions of Derived Index =

$$\sum (\text{Weight in Derived Index} * \text{Security Level GHG Emissions})$$

Calculation of Potential Carbon Emissions

If Potential Carbon Emissions data is not available, MSCI uses zero fossil fuel reserves.

Security Level Potential Carbon Emissions (PCE) = *Security Level PCE*

Weighted Average Potential Carbon Emissions of Parent Index =

$$\sum (\text{Weight in Parent Index} * \text{Security Level PCE})$$

Weighted Average Potential Carbon Emissions of Derived Index =

$$\sum (\text{Weight in Derived Index} * \text{Security Level PCE})$$

Calculation of Average Decarbonization

On average, the Indexes follow a 7% decarbonization trajectory since the Base Date. The Weighted Average absolute GHG Emissions at the Base Date (W1) is used to compute the target Weighted

Average absolute GHG Emissions at any given Monthly Index Review (Wt.) as per the below formula.

$$W_t = W_1 * 0.93^{\frac{(t-1)}{12}}$$

Where 't' is the number of Monthly Index Reviews since the Base Date.

For example, for the 13th Monthly Index Review since the Base Date (t=13), the target Weighted Average absolute GHG Emissions will be $W_1 * 0.93$.

Calculation of Green Revenue to Fossil fuels-based Revenue Multiple

Green Revenue

For each constituent in the Parent Index, the Green Revenue% is calculated as the cumulative revenue (%) from the six Cleantech themes which are as follows:

- Alternative Energy – products and services that support the transmission, distribution and generation of renewable energy and alternative fuels to reduce carbon and pollutant emissions in supporting affordable and clean energy to combat climate change.
- Energy Efficiency – products, and services that support the maximization of productivity in labor, transportation, power, and domestic applications with minimal energy consumption to ensure universal access to affordable, reliable, and modern energy services.
- Sustainable Water – products, services, infrastructure projects and technologies that resolve water scarcity and water quality issues, through minimizing and monitoring current water demand, improving the quality and availability of water supply to improve resource management in both domestic and industrial use.
- Green Building – design, construction, redevelopment, retrofitting, or acquisition of green-certified properties to promote mechanisms for raising capacity for effective climate change mitigation and adaptation.
- Pollution Prevention – products, services, infrastructure projects and technologies that reduces volume of waste materials through recycling, minimizes introduction of toxic substances, and offers remediation of existing contaminants such as heavy metals and organic pollutants in various environmental media to significantly address pollution in all levels and its negative effects.
- Sustainable Agriculture - revenues from forest and agricultural products that meet environmental and organic certification requirements to significantly address biodiversity loss, pollution, land disturbance, and water overuse.

The Weighted Average Green Revenue% is calculated as:

$$\sum (Weight\ in\ Index * Green\ Revenue\ \%)$$

Fossil fuels-based Revenue

For each constituent in the Parent Index, the Fossil fuels-based Revenue% is calculated as the cumulative revenue (%) from the following sources:

- Revenue% (either reported or estimated) from the mining of thermal coal (including lignite, bituminous, anthracite and steam coal) and its sale to external parties. It excludes revenue from metallurgical coal; coal mined for internal power generation (e.g. in the case of vertically integrated power producers); intra-company sales of mined thermal coal; and revenue from coal trading (either reported or estimated)
- Revenue% from the extraction, production and refining of Conventional and Unconventional Oil & Gas. Conventional Oil and Gas includes Arctic onshore/offshore, deepwater, shallow water and other onshore/offshore. Unconventional Oil and Gas includes oil sands, oil shale (kerogen-rich deposits), shale gas, shale oil, coal seam gas, and coal bed methane.
- Revenue% from thermal coal-based power generation, liquid fuel-based power generation and natural gas-based power generation

The Weighted Average Fossil fuels-based Revenue% is calculated as:

$$= \sum (Weight\ in\ Index * Fossil\ fuel - based\ Revenue\ Revenue\%)$$

The Green Revenues to Fossil fuels-based Revenues multiple for either the Parent Index or the Index is calculated as a ratio of the Weighted Average Green Revenue to the Weighted Average Fossil fuels-based Revenue as per the formula below:

$$\frac{Weighted\ Average\ Green\ Revenue\ \%}{Weighted\ Average\ Fossil\ fuel - based\ Revenue\ Revenue\ \%}$$

Appendix III: Decarbonization Trajectory of Indexes

The Weighted Average absolute GHG Emissions on the Base Date (W_1) is used to compute the target Weighted Average absolute GHG Emissions at any given Monthly Index Review (W_t) as per the below formula.

$$W_t = W_1 * 0.93^{\frac{(t-1)}{12}}$$

Where 't' is the number of Monthly Index Reviews since the Base Date. The table below shows the Weighted Average absolute GHG Emissions on the Base Date (W_1) for each of the Parent Indexes on which the Indexes are constructed:

Index	Parent Index	Base Date ¹⁶	W1 (in mn tCO2e)
MSCI USD IG Core Climate Transition CTB Corporate Bond Index	MSCI USD IG Core Corporate Bond Index	June 01, 2020	51.20
MSCI USD IG Climate Transition CTB Corporate Bond Index	MSCI USD IG Corporate Bond Index	June 01, 2020	43.13
MSCI EUR IG Climate Transition CTB Corporate Bond Index	MSCI EUR IG Corporate Bond Index	June 01, 2020	46.21
MSCI GBP IG Climate Transition CTB Corporate Bond Index	MSCI GBP IG Corporate Bond Index	June 01, 2020	23.41
MSCI CAD IG Climate Transition CTB Corporate Bond Index	MSCI CAD IG Corporate Bond Index	June 01, 2020	16.89
MSCI USD HY Climate Transition CTB Corporate Bond Index	MSCI USD HY Corporate Bond Index	June 01, 2020	16.09

¹⁶ At a given Monthly Index Review, if there is significant change in the calculation methodology of absolute GHG emissions, the EU Delegated Acts allow for selection of a new base date.

Appendix IV: Iterative Down Weighting Process

The iterative down weighting process is applied on the securities of the Eligible Universe with the objective of meeting all the minimum requirements detailed in Table 1.

ITERATIVE DOWN WEIGHTING

Starting with the Eligible Universe, an iterative down weighting process is applied to meet with the minimum requirements for the Indexes. The iterative down weighting stops when all the requirements defined above are met. The steps followed in the iterative down weighting are outlined below:

Step 1. Check whether all targets for the Index are met. If all targets are met, then no down weighting is required.

Step 2. Securities in the Eligible Universe are sorted in increasing order of their Scope 1+2+3 absolute GHG Emissions and securities in the top half of the sorted list are identified as "Top Half" securities. Securities in the bottom half of the sorted list are identified as "Bottom Half" securities.

Step 3. If the target based on Minimum reduction in Weighted Average absolute GHG Emissions relative to Parent Index and the Minimum average reduction in Weighted Average absolute GHG Emissions (per annum) is not being met, the lowest ranked "Bottom Half" security in ascending order of Scope 1+2+3 absolute GHG Emissions is selected for down weighting and the weight is reduced by 25% of its weight in the Eligible Universe. If this target is met, but

- a. If the target based on Weighted Average Potential Carbon Emissions relative to Parent Index is not being met, the "Bottom Half" security with highest Potential Carbon Emissions is down weighted.
- b. Otherwise, if the target based on Minimum ratio of Green Revenue/ Fossil fuels-based Revenue relative to Parent Index is not being met, the "Bottom Half" security with largest difference between its Fossil fuels-based Revenue% and its Green Revenue% is down weighted.

Step 4. If the targets are still not met, the security is down weighted in steps of 25% of its weight in the Eligible Universe till a maximum down weight of 75%.

Step 5. While upweighting securities, the issuer weights of the securities being upweighted is capped at 3%, with the excess weight being distributed among the remaining securities that are being upweighted.

Step 6. If the targets are still not met, the iterative process continues, and Steps 3-5 are repeated.

Step 7. If the targets are not met and all "Bottom Half" securities of the Eligible Universe are down weighted by 75% of the weight in the Eligible Universe, Steps 3-6 are repeated, with a maximum

down weighting of 90% in a single down weighting step of 15 percentage points of the weight in the Eligible Universe.

Step 8. If the targets are not met after the maximum down weighting of 90% of all “Bottom Half” securities, then securities are iteratively excluded in the same order as outlined in Step 3.

Step 9. If the targets are not met after excluding all the “Bottom Half” securities, then the index will rebalance using the constituents and weighting of securities as after Step 8.

If the target based on Minimum reduction in Weighted Average absolute GHG Emissions relative to Parent Index and the Minimum average reduction in Weighted Average absolute GHG Emissions (per annum) is being met but the target on Weighted Average Potential Carbon Emissions relative to Parent Index is not being met, the “Bottom Half” security with the highest Potential Carbon Emissions is selected for down weighting. If the target on Weighted Average Potential Carbon Emissions relative to Parent Index is also met but the target on Minimum ratio of Green Revenue/ Fossil fuels-based Revenue relative to Parent Index is not being met, the “Bottom Half” security with the highest difference in its Fossil fuels-based Revenue% and Green Revenue% is selected for down weighting.

If the targets are not met and all “Bottom Half” securities of the Eligible Universe are down weighted by 75% of the weight in the Eligible Universe, maximum down weighting is relaxed to 90% in a single down weighting step of 15 percentage points of the weight in the Eligible Universe.

If the targets are not met after the maximum down weighting of 90% of all “Bottom Half” securities, then securities are iteratively excluded in the same order.

If the targets are not met after excluding all the “Bottom Half” securities, then the index will rebalance using the constituents and weighting of securities at the final step

Appendix V: Methodology Set

The Indexes are governed by a set of methodology and policy documents (“Methodology Set”), including the present index methodology document as mentioned below:

- Description of methodology set –
<https://www.msci.com/index/methodology/latest/FIInfo>
- MSCI Fixed Income Data Methodology –
<https://www.msci.com/index/methodology/latest/FIDATA>
- MSCI Fixed Income Calculation Methodology –
<https://www.msci.com/index/methodology/latest/FIINDEXCALC>
- MSCI Fixed Income Glossary of Terms –
<https://www.msci.com/index/methodology/latest/FIGLOSS>
- MSCI Fixed Income Index Policies –
<https://www.msci.com/index/methodology/latest/FIINDEXPOLICY>
- MSCI Corporate Bond Indexes Methodology –
<https://www.msci.com/index/methodology/latest/FIIGCORP>
- MSCI EU CTB/PAB Index Framework -
<https://www.msci.com/index/methodology/latest/EUCTBPABIndexFramework>
- ESG Factors in Methodology*

The Methodology Set for the Indexes can also be accessed from MSCI’s webpage <https://www.msci.com/index-methodology> in the section ‘Search Methodology by Index Name or Index Code’.

*‘ESG Factors in Methodology’ contains the list of environmental, social, and governance factors considered, and how they are applied in the methodology (e.g., selection, weighting or exclusion). It can be accessed in the Methodology Set as described above.

Appendix VI: Changes to this Document

The following sections have been modified as of December 2023:

- Section 2 was updated to clarify the eligibility criteria.
- Added Appendix I for Controversial Business Screening Criteria.
- Section 3 was updated to clarify the treatment of Cut Off Date for exceptional cases.

The following sections have been modified as of December 2024:

- Section 2 was updated to reflect the MSCI Solutions data used for Index Construction.
- Section 2.4 was added detailing the treatment of companies with ratings and research not available from MSCI Solutions.
- Appendix V was added with the details on the Methodology Set for the Index.

The following sections have been modified as of July 2025:

- Methodology Book was updated using the latest branding template.
- Footnote was updated in Section 1 with reference to the MSCI EU CTB/PAB Index Framework.
- The ESG Research Product descriptions were updated to include Section 4.1.1 and 4.1.2.
- Section 2.4 added to highlight the treatment of issuers not under MSCI Solutions coverage

The following sections have been modified as of December 2025:

- Index Names were updated, effective December 2025; MSCI Climate Transition Corporate Bond Indexes Methodology has been renamed as MSCI Climate Transition CTB Corporate Bond Indexes Methodology.

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To learn more, please visit www.msci.com.
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The process for submitting a formal index complaint can be found on the index regulation page of MSCI's website at: <https://www.msci.com/index-regulation>.

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