

## Consultation on potential enhancement of the Bloomberg Barclays MSCI Green Bond Index Methodology

### Proposal for Consultation

Beginning with the September 2021 rebalance of the Bloomberg Barclays MSCI Global Green Bond Index, we propose to update the green bond eligibility criteria defined by MSCI ESG Research and used within this suite of indexes to include bonds where an *amount equal* to the net proceeds raised are allocated to eligible projects.

We have seen an increasing issuance of green bonds where immediate proceeds raised are used for general corporate purposes or for redeeming general purpose bonds and the issuer later makes an adjustment of an *amount equal* to the proceeds raised in its balance sheet towards green projects. Historically, the MSCI Green Bond Assessment Methodology has considered such bonds to be ineligible. However, MSCI ESG Research is now proposing to consider such bonds to be eligible, based on the following:

- The ICMA Green Bond Principles state that “the net proceeds of the green bond, or an amount equal to these net proceeds” should be tracked by the issuer. As the MSCI Green Bond Assessment Methodology aims to align with the ICMA Green Bond Principles, we propose to expand our eligibility criteria accordingly.
- While this financing structure was prevalent largely in Real Estate Investment Trusts, we are now seeing it emerging across other industries and we propose to update our methodology to account for this shift.

All such bonds would need to adhere to all four principles of the MSCI Green Bond Assessment Methodology, which includes annual reporting on green bond use of proceeds as detailed in the Methodology. If an issuer fails to report on the allocation of an amount equal to net proceeds raised within the timeframe specified in the Methodology (i.e., 18 months post issuance or post the previous green bond reporting, until bond maturity or full allocation), the bond would be deemed ineligible.

Based on this update, Figure 1 details the bonds that were historically considered ineligible but would be added to the Bloomberg Barclays MSCI Green Bond Index if the proposed methodology update is implemented.

**Figure 1. Bonds to be included in the Bloomberg Barclays MSCI Green Bond Index if proposed methodological updates are implemented:**

ISIN	Ticker	Issuer name	Coupon	Maturity	Issue date	Country	Ccy	Amt Out (million)
US44107TAY29	HST	HOST HOTELS & RESORTS LP	3.375	15-Dec-29	26-Sep-19	USA	USD	650
US44107TAZ93	HST	HOST HOTELS & RESORTS LP	3.5	15-Sep-30	20-Aug-20	USA	USD	750
US90265EAS90	UDR	UDR INC	3.1	01-Nov-34	11-Oct-19	USA	USD	300
US90265EAU47	UDR	UDR INC	1.9	15-Mar-33	14-Dec-20	USA	USD	350
CA019456AH51	APUC N	ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST	1.726	12-Feb-26	12-Feb-21	CAN	CAD	600
US015271AW93	ARE	ALEXANDRIA REAL ESTATE EQUITIES INC	2.0	18-May-32	18-Feb-21	USA	USD	900
XS2304340263	EQIX	EQUINIX, INC.	0.25	15-Mar-27	10-Mar-21	USA	EUR	500
XS2304340693	EQIX	EQUINIX, INC.	1.0	15-Mar-33	10-Mar-21	USA	EUR	600
US29444UBS42	EQIX	EQUINIX, INC.	2.50	15-May-31	17-May-21	USA	USD	1000
US929043AK39	VNO	VORNADO REALTY LP	2.15	01-Jun-26	24-May-21	USA	USD	400
US929043AL12	VNO	VORNADO REALTY LP	3.40	01-Jun-31	24-May-21	USA	USD	350

MSCI and Bloomberg will be taking feedback regarding this proposed methodology update till 20th August 2021. We will announce the results of the same on 26th August 2021 and implement the results in the September 2021 rebalance of the Bloomberg Barclays MSCI Green Bond Index.

If you have any objections or questions, please contact the Bloomberg Help Desk, [indexhelp@bloomberg.net](mailto:indexhelp@bloomberg.net), MSCI ESG team at [esgclientservice@msci.com](mailto:esgclientservice@msci.com), or MSCI Index Team at [clientservice@msci.com](mailto:clientservice@msci.com) by August 20, 2021.

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\* = toll free

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