

## IHS Markit Benchmark Administration Limited Consultation on the ESG Methodology update for three iBoxx MSCI ESG Liquid Investment Grade Ultrashort indices (2022-13)

**LONDON, JUNE 3, 2022:** IHS Markit Benchmark Administration Limited (**IMBA UK**) is conducting a consultation with market participants on potential changes to three iBoxx MSCI ESG Liquid Investment Grade Ultrashort indices.

### Background

The iBoxx MSCI ESG EUR Liquid Investment Grade Ultrashort index, the iBoxx MSCI ESG GBP Liquid Investment Grade Ultrashort index, and the iBoxx MSCI ESG USD Liquid Investment Grade Ultrashort index are designed to provide a balanced representation of the investment grade ultrashort credit market. The indices screen out issuers that are involved in business lines or activities, as captured by MSCI ESG Research data, such as weapons, firearms, tobacco, adult entertainment, alcohol, gambling, nuclear power, genetically modified organisms, fossil fuel extractives, power generated by the use of fossil fuels, and violators of global norms, specifically the United Nations Global Compact (UNGC). Additionally, issuers scoring below a defined threshold based on MSCI ESG Ratings are excluded along with those that are subjects of controversy relating to their operations and/or products and that have a severe social or environmental impact.

Index Name	ISIN (TRi)	Ticker (TRi)	RIC (TRi)	Index Guide
iBoxx MSCI ESG EUR Liquid Investment Grade Ultrashort	GB00BKYPJT25	IBXXEUES	.IBXXEUES	<a href="#">Link</a>
iBoxx MSCI ESG GBP Liquid Investment Grade Ultrashort	GB00BKYPJF88	IBXXGES1	.IBXXGES1	<a href="#">Link</a>
iBoxx MSCI ESG USD Liquid Investment Grade Ultrashort	GB00BKYPKB14	IBXXUES1	.IBXXUES1	<a href="#">Link</a>

### PROPOSAL

The indices currently exclude all companies deriving 15% or more revenue from weapons systems, components, and support systems and services. As a result of feedback received from index stakeholders and to incorporate changing ESG norms, IMBA UK proposes to update the ESG methodology of the above three indices to reduce the threshold and exclude all companies deriving 10% or more revenue from weapons systems, components, and support systems and services.

## IMPACT ANALYSIS

IMBA UK has analysed the impact of the proposed changes on the constituents of the 3 iBoxx MSCI ESG Liquid Investment Grade Ultrashort indices based on the April 2022 month end rebalance. There was no impact due to the proposed change on the constituents of the three indices.

## CONSULTATION TIMETABLE

The timetable IMBA UK is suggesting is as follows:

- 3 Jun 2022 Consultation opens
- 17 Jun 2022 Consultation closes
- 20 Jun 2022 IMBA UK reviews stakeholder feedback and a final decision is communicated
- 30 Jun 2022 Implementation of the rule change in the indices

## Consultation process

The participation of stakeholders in this consultation is important as IMBA UK seeks to gather views on the proposals herein and the suggested timetable for implementation of those proposals. IMBA UK may publish summaries of stakeholders' comments along with IMBA UK's responses to those comments unless the stakeholder in question expressly requests confidentiality.

To participate in this consultation please respond to IMBA UK at [MK-IndexAdminConsultation@ihsmarkit.com](mailto:MK-IndexAdminConsultation@ihsmarkit.com).

Please be advised that all comments will be reviewed and considered before a final decision is made; however, IMBA UK makes no guarantee and is under no obligation to comply with any of the responses. The consultation may result in no changes or outcome of any kind. An announcement will be posted on our website accordingly. IMBA UK reserves the right to make a final decision on the proposal.

## KEY QUESTION

Do you have any concerns regarding IMBA UK's proposal to update the methodology of the described custom indices and/or the implementation timeline?

FOR MORE INFORMATION:  
[indices@ihsmarkit.com](mailto:indices@ihsmarkit.com)

## CONSULTATION