

FTSE Climate Risk-Adjusted EMU Government Bond Index

Sovereign | Single-Currency

The FTSE Climate Risk-Adjusted EMU Government Bond Index ("Climate EGBI") measures the performance of fixed-rate, local currency, investment-grade sovereign bonds in the FTSE EMU Government Bond Index (EGBI) incorporating a tilting methodology that adjusts index weights according to each country's relative exposure to climate risk, with respect to resilience and preparedness to the risks of climate change. The country climate scores are derived by assessing each country's relative climate risk across three core climate change pillars (each with multiple sub-indicators):

- Transition risk represents the level of climate related risk exposure of the country's economy as measured by the distance to reach the modeled emissions needed to meet a 2 degree alignment
- Physical risk represents the level of climate related risk exposure to the country and its economy from the physical effects of climate change
- Resilience represents a country's preparedness and actions to cope with its level of climate related risk exposure

Countries are scored relative to the cohort, across each of the pillars with a single combined score derived for each country. Country scores are then used to reweight the country's exposure in the index to provide higher exposures to countries that are more resilient to climate change risks and lower exposures to countries that are more exposed to climate change risks.

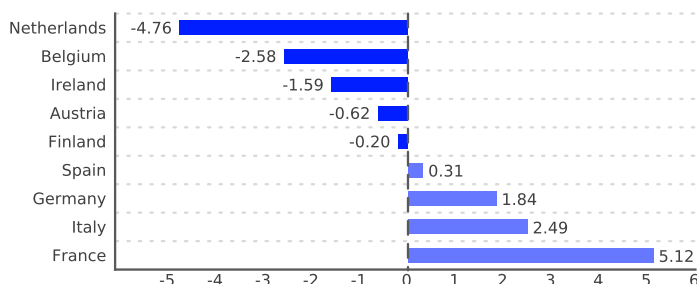
INDEX PROFILE

Description	# of Issues	Par Amount*	Market Value*	Market Weight (%)	Average Coupon (%)	Average Life (Years)	Yield to Maturity (%)	Effective Duration
Climate EGBI	385	7,523.45	7,000.71	100.00	2.11	9.48	3.21	7.14
1-3 Years	72	1,554.78	1,520.86	21.72	1.69	1.96	3.15	1.88
3-5 Years	66	1,503.64	1,465.37	20.93	2.05	4.00	2.96	3.76
5-7 Years	48	1,078.38	1,007.59	14.39	1.79	6.02	3.08	5.58
7-10 Years	56	1,183.61	1,116.71	15.95	2.22	8.48	3.17	7.57
10+ Years	143	2,203.04	1,890.18	27.00	2.56	20.76	3.53	14.58
Austria	31	245.19	219.12	3.13	1.75	13.78	3.06	8.60
Belgium	33	206.23	188.32	2.69	2.17	12.48	3.10	9.15
Finland	25	123.66	109.21	1.56	1.38	9.32	3.04	7.50
France	51	2,311.79	2,093.21	29.90	1.85	9.97	3.20	7.50
Germany	63	1,629.52	1,531.05	21.87	1.49	9.04	2.59	7.37
Ireland	17	0.80	0.70	0.01	1.18	9.80	2.93	8.18
Italy	90	1,857.91	1,770.48	25.29	2.95	8.55	3.75	6.25
Netherlands	24	0.76	0.70	0.01	1.39	9.99	2.83	8.10
Spain	51	1,147.58	1,087.91	15.54	2.33	9.19	3.27	6.92
EGBI	385	7,538.73	7,000.71	100.00	2.07	9.62	3.18	7.27

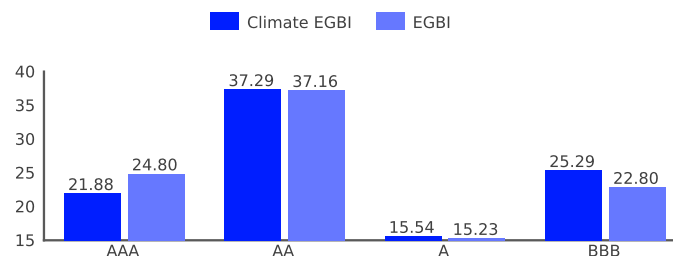
* In EUR billions

COMPARATIVE ANALYSIS OF MARKET WEIGHT (in %)

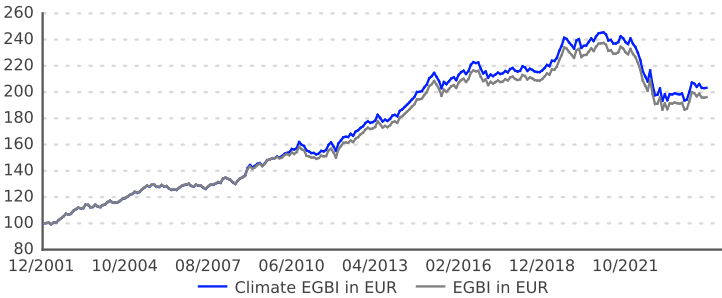
Top Underweights and Overweights (Climate EGBI) - (EGBI)



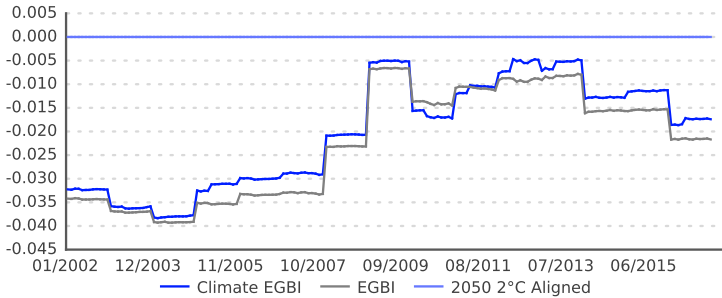
Credit Quality (Market Weight in %)



HISTORICAL INDEX LEVEL (Unhedged)



ALIGNMENT TO 2050 2°C GHG EMISSIONS TARGET



ANNUALIZED RETURNS (in %)

	Climate EGBI								EGBI							
	USD		EUR		JPY		GBP		USD		EUR		JPY		GBP	
	Unhgd	Hgd	Unhgd	Hgd	Unhgd	Hgd	Unhgd	Hgd	Unhgd	Hgd	Unhgd	Hgd	Unhgd	Hgd	Unhgd	Hgd
YTD	-4.87	-1.18	-1.95	-1.95	8.55	-4.04	-4.06	-1.31	-4.86	-1.18	-1.94	-1.94	8.56	-4.04	-4.05	-1.30
1 Year	0.57	4.24	2.38	2.38	11.93	-1.93	1.15	3.74	0.60	4.27	2.41	2.41	11.97	-1.91	1.18	3.77
3 Years	-8.28	-3.33	-5.13	-5.13	3.80	-7.14	-5.52	-4.05	-8.36	-3.42	-5.22	-5.22	3.71	-7.22	-5.61	-4.14
5 Years	-3.74	-0.89	-2.56	-2.56	4.30	-3.74	-3.61	-1.57	-3.84	-0.99	-2.67	-2.67	4.19	-3.85	-3.71	-1.68
Since Climate EGBI Inception	4.06	3.95	3.20	3.20	5.01	1.89	4.71	4.22	3.89	3.80	3.04	3.04	4.84	1.74	4.54	4.06

DESIGN CRITERIA AND CALCULATION METHODOLOGY

Currency:	EUR
Minimum Maturity:	At least one year
Minimum Market Size:	Entry: At least USD 50 billion, EUR 40 billion, JPY 5 trillion. Exit: Below USD 25 billion, EUR 20 billion, JPY 2.5 trillion.
Minimum Issue Size:	EUR 2.5 billion
Quality:	Entry: A- by S&P and A3 by Moody's. Exit: Below BBB- by S&P and Baa3 by Moody's
Market Accessibility Level:	Minimum level of 2. For further details on calibration of Market Accessibility Levels, please see Fixed Income Country Classification LSEG
Weighting:	Alternatively Weighted
Country Climate Scores:	Updated annually and applied from the end of May rebalance
Country Climate Score Assessment Cohort:	EGBI eligible local currency sovereign bond markets (current and historical)
Climate Pillars and Tilt Calibration:	Transition risk: 0.5; Physical risk: 0.25; Resilience: 0.5
Rebalancing:	Once a month at month end
Calculation Frequency:	Daily
Settlement Date:	Monthly – Settlement is on the last calendar day of the month. Daily – Same day settlement except if the last business day of the month is not the last calendar day of the month; then, settlement is on the last calendar day of the month.
Base Date:	December 31, 2001

VENDOR CODES

SBCEGU	FTSE Climate Risk-Adjusted EMU Government Bond Index, in USD	SBCEGUC	FTSE Climate Risk-Adjusted EMU Government Bond Index, in USD Hedged
SBCEGY	FTSE Climate Risk-Adjusted EMU Government Bond Index, in JPY	SBCEGYC	FTSE Climate Risk-Adjusted EMU Government Bond Index, in JPY Hedged
SBCEGE	FTSE Climate Risk-Adjusted EMU Government Bond Index, in EUR	SBCEGGC	FTSE Climate Risk-Adjusted EMU Government Bond Index, in GBP Hedged
SBCEGG	FTSE Climate Risk-Adjusted EMU Government Bond Index, in GBP		

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