

Bloomberg Australian Enhanced Yield Ethically Screened Composite Bond Index

This document is intended to be read in conjunction with the [Bloomberg Australian Aggregate 100mn Index](#); these documents collectively constitute the index methodology for this Index.

The Bloomberg Australian Enhanced Yield Ethically Screened Composite Bond Index is an optimized benchmark designed to provide a higher yield than the Bloomberg Australian Aggregate 100mn Index ("Parent Index") and screen issuers based on certain ESG factors. The index uses a list of eligible issuers screened by Betashares Capital Limited ("the ESG Data Provider") (more details in the "Environmental, Social and Governance" section). Yield is optimized by tilting exposure based on a number of different risk dimensions, including sovereign, interest rate risk (i.e., duration) and credit risk (e.g. spread). The index uses a rules-based approach to reweight the sub-components of the Parent Index such that yield is maximized – subject to certain constraints – while the risk characteristics are broadly preserved. The index was launched in September 2024, with history backfilled to August 2011.

The features specific to this Index are set out below.

Index ID	I38947
Base Currency Index Ticker	I38947AU Index: Total Return AUD Unhedged

Eligibility Requirements:

Currency	Principal and coupon must be denominated in AUD
Credit Rating	<p>Securities must be rated investment grade (Baa3/BBB-/BBB- or higher) using the middle rating of Moody's, S&P and Fitch; when a rating from only two agencies is available, the lower is used; when only one agency rates a bond, that rating is used. In cases where explicit bond-level ratings may not be available, other sources may be used to classify securities by credit quality:</p> <ul style="list-style-type: none"> Local currency treasury and hard currency sovereign issues are classified using the middle issuer-level local currency and hard currency debt ratings from each agency for all outstanding bonds, even if bond-level ratings are available. Expected ratings at issuance may be used to ensure timely index inclusion or to classify split-rated issuers properly. <p>Unrated securities may use an issuer rating for index classification purposes, if available. Unrated subordinated securities are included if a subordinated issuer rating is available.</p>
Minimum Amount Outstanding	<ul style="list-style-type: none"> AUD100mn minimum par amount outstanding for domestic issues. AUD300mn minimum par amount outstanding for global issues. To be eligible for the Asian-Pacific and Global Aggregate Indices, securities must have 300mn par outstanding.
Maturity	<ul style="list-style-type: none"> Securities must have at least one year until final maturity, regardless of optionality. Bonds that convert from fixed to floating rate, including fixed-to-float perpetuals, will exist the index one year prior to conversion to floating rate. Fixed-rate perpetuals are not included. Sub-indices based on maturity are inclusive of lower bounds.

Minimum Liquidity Requirements	See Minimum Amount Outstanding specified above	
Coupon Types	<ul style="list-style-type: none"> • Fixed-rate coupon. • Callable fixed-to-floating rate bonds are eligible during their fixed-rate term only. • Bonds with a step-up coupon that changes according to a predetermined schedule are eligible 	
Market of Issue	<ul style="list-style-type: none"> • For securities with at least AUD300mn outstanding, publicly issued global and domestic issues are eligible. • For securities with AUD100mn-AUD300mn outstanding, only publicly issued domestic issues are eligible. 	
Taxability	Only fully taxable issues are eligible.	
Seniority of Debt	Senior and subordinated issues are included.	
Security Types	<p>Included</p> <ul style="list-style-type: none"> • Bullet, puttable, sinkable/amortizing and callable bonds • Original issue zero coupon bonds • Fixed-rate and fixed-to-float capital securities 	<p>Excluded</p> <ul style="list-style-type: none"> • Contingent capital securities including traditional CoCos and contingent write-down securities, with explicit capital ratio or solvency/balance sheet-based trigger • Bonds with equity type features (e.g., warrants, convertibles, preferreds, DRD/QDI-eligible issues) • Inflation-linked bonds, floating-rate issues • Fixed-rate perpetuals • Private placements, retail bonds • Structured notes, pass-through certificates • Illiquid securities where reliable pricing is unavailable
Determination Date	Monthly on the fifth last business day	

Eligibility Requirements: Environmental, Social and Governance (ESG)

Bloomberg Index Services Limited ("BISL") is the Index Administrator. The index is rules-based, and its construction is designed to consistently produce values without the exercise of expert judgment or discretion under the rules outlined in this methodology, in day-to-day benchmark calculation. The sole role of the ESG Data Provider, acting through its Responsible Investment Committee, is to determine the ESG eligibility screens, and prepare and submit to the Index Administrator the list of eligible issuers (as further described in the "ESG Issuer Eligibility" section below and the Environmental, Social and Governance (ESG) Disclosures). In the event that the ESG Data Provider fails to provide data prior to a rebalance, BISL will use the most recently provided data. In the event that the ESG Data Provider ceases to provide data permanently or for an extended period such that the benchmark may no longer be representative of its intended objective, BISL may seek to change or cease the Benchmark in line with the procedures outlined in the [BISL Benchmark Procedures Handbook](#).

ESG Issuer Eligibility

The ESG Data Provider ordinarily assesses issuers on an annual basis. However, to ensure that the index fulfills its objective, all new issuers included in the Parent Index are assessed in accordance with the ESG eligibility screens, and may be added to the list of eligible issuers, outside of the annual review cycle. Additionally, the ESG Data Provider may update the list of eligible issuers on an extraordinary basis. An extraordinary update will only account for the exclusion of issuers that have been subject to significant ESG-related reputational risk or controversy or material failure to meet the ESG screens as defined by the ESG Data Provider.

The applicability of the relevant ESG screens will depend on the classification of the underlying bond as Green vs Non-Green as determined by Bloomberg Sustainable Finance Solutions Group ("SFS") - please refer to the "Other External Data Providers" section below.

List of screening criteria and thresholds

Industry / Activity	Issuer maximum exposure limit/threshold (% of total revenue)		Description
	Non-Green Bonds	Green Bonds	
Fossil Fuels - Direct	<ul style="list-style-type: none"> 0% 		Companies which have fossil fuel reserves or involved in the exploration or production of fossil fuels
Fossil Fuels - Utilities	<ul style="list-style-type: none"> 5% 	Screen not applied	Companies that generate electricity from fossil fuels or generate revenues from the retail distribution of oil and/or gas.
Fossil Fuels- Service Providers	<ul style="list-style-type: none"> 10% 	Screen not applied	Companies that derive revenues from services to fossil fuel companies
Fossil Fuels - Finance and Underwriting	<ul style="list-style-type: none"> Exclude the major global financiers and underwriters of fossil fuel companies, projects and infrastructure. 	Screen not applied	Companies which provide lending or insurance to fossil fuel companies or otherwise provide significant financing or underwriting to fossil fuel project or infrastructure

Gambling	<ul style="list-style-type: none"> • 0% for casinos, manufacture of gaming products, and poker machine operations • 5% for distribution of gambling products 	Companies which derive revenue associated with all forms of gambling including casino games, online betting platforms, betting, lotteries, gaming machine manufacturing etc.
Tobacco	<ul style="list-style-type: none"> • 0% for production or manufacture • 5% for sale of tobacco products 	Includes tobacco-based products and nicotine alternatives including e-cigarettes, nicotine and non-nicotine vapes, pouches, snuffs etc.
Uranium and Nuclear Energy	<ul style="list-style-type: none"> • 0% for uranium mining • 0% for nuclear energy • 5% for products and services 	<p>Companies directly involved in the extraction of uranium or the production of nuclear energy, including those engaged in uranium mining, refining, processing, or the operation of nuclear power plants.</p> <p>Note that 'products and services' relate to the supply of critical components or technology specifically for nuclear energy production. and does not apply to electricity transmission and distribution.</p>
Armaments and Militarism	<ul style="list-style-type: none"> • 0% for manufacture of armaments and weapons • 5% for specific and significant services to military and armaments manufacture 	Includes all armaments and weapons including controversial weapons.
Destruction of Valuable Environments	<ul style="list-style-type: none"> • 0% 	Activities which have direct negative impact on recognised World Heritage and High Conservation areas.
Animal Cruelty	<ul style="list-style-type: none"> • 0% 	Exposure to live animal export, animal testing for cosmetic purposes, factory farming, or controversial animal products (ivory, foie gras etc.).
Chemicals of Concern	<ul style="list-style-type: none"> • 0% 	Production or use of chemicals of concern recognised by UN Environmental Program, Producers of contentious agricultural chemicals.

Alcohol	<ul style="list-style-type: none"> • 5% for production of alcohol • 20% for sale and distribution of alcohol 	Production or sale of alcohol for human consumption
Junk Foods	<ul style="list-style-type: none"> • 33% 	Production or sale of junk foods
Pornography	<ul style="list-style-type: none"> • 0% for production of pornography • 5% for distribution of pornography 	Companies that derive revenue from the creation, marketing, or sale of explicit adult content, whether in print, digital, or other media formats.
Human and Labour Rights	Evidence of human rights violations including child labour, forced labour, sweatshops, bribery, and corruption	Human rights and labour rights are defined with reference to international standards of normative behaviour including the UN Guiding Principles on Business and Human Rights and the Ten Principles of the UN Global Compact (which incorporates the Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work).
Board Diversity	No women on board of directors	Boards with no female directors. Note if the issuer is a subsidiary special purpose vehicle (SPV) this screen will be applied with reference to the parent company board.
Payday Lending	<ul style="list-style-type: none"> • 0% 	Lending practices that impose unfair or abusive terms on a borrower

A bond issuer, inclusive of sovereign bond issuers, exposed to significant reputational risk from negative ESG factors or controversy may also be excluded where the ESG Data Provider considers that its inclusion would be inconsistent with the values of the Index.

In making such a determination the ESG Data Provider will reference international norms and standards including the Ten Principles of the United Nations Global Compact and the standards for responsible business conduct set out in the OECD Guidelines for Multinational Enterprises. Specific factors include:

- Failure to respect human rights;
- Failure to respect the right to freedom of association and/or collective bargaining;
- Evidence of discrimination on grounds such as race, gender, religion, sexual orientation, or social origin;
- Failure to protect sites of significant cultural or environmental value;
- Failure to protect the right to privacy;
- Contributing (by action or inaction) to the spread of disinformation, incitement to violence, and/or the undermining of democratic institutions and the rule of law.

Other External Data Providers

Bloomberg Sustainable Finance Solutions Group

The Indices rely on sustainable debt fields from the Bloomberg Sustainable Finance Solutions group. These include the following:

Field ID	Mnemonic	Description
DT607	GREEN_BOND_LOAN_INDICATOR	Green Instrument Indicator
DT469	GB_PROJECT_SELECTION_PROCESS	ESG Project Selection Process
DT470	GB_MANAGEMENT_PROCEEDS	ESG Management Proceeds
DT471	GB_REPORTING	ESG Reporting
DQ485	SUSTNBLE_INDEX_ELIGIBILTY_INDCTR	Sustainable Index Eligibility Indicator

*The Methodologies associated with sustainable debt fields can be found on Terminal function BESG <GO> or available upon request.

Green bonds are fixed income securities for which the proceeds will be applied entirely towards eligible green projects. The Bloomberg Australian Enhanced Yield Ethically Screened Composite Bond Index includes securities that are reviewed by the Bloomberg SFS to ensure they meet the minimum criteria to be classified appropriately. The criteria are reflective of the Green Bond Principles, which include:

- Use of proceeds
- Project selection process
- Management of proceeds
- Reporting

Securities are evaluated on the above criteria, regardless of whether they are labeled as green by the issuer. All four criteria are required to be met to be eligible for inclusion into the index. Second-party opinions (SPO) are recommended but not required for eligibility.

Use of proceeds The issuer clearly outlines that the net bond proceeds will be entirely designated for market-accepted green (for eligible project categories see appendix).

Project selection process The issuer outlines the decision-making process it follows to determine the eligibility of projects in the bond documentation (prospectus, framework, investor presentation, offering circular etc.).

Management of proceeds The net proceeds of the green bond should be tracked by the issuer and attested to by a formal internal process.

Reporting Issuers should commit to report on the projects financed, project performance and preferably the environmental and social impact at least once a year. For reporting to be considered eligible, the issuer must report on the impact of the projects financed (greenhouse gas emissions reductions etc.) or the allocation of funds to the individual projects or aggregated project categories. This reporting obligation will continue until the proceeds have been fully allocated or until maturity. Additionally, at a minimum, all securities are reviewed on an annual basis to confirm proceeds are used to support green projects. Bonds with proceeds that are not confirmed to be used for green purposes within 18 months of its last review will be classified as 'Non-Green Bonds' and assessed against the Non-Green Bond screening criteria. Bonds with proceeds confirmed not to be used for green purposes will also be classified as 'Non-Green Bonds' and assessed against the Non-Green Bond screening criteria.

Bloomberg SFS reserves an additional three months beyond the above mentioned 12 month period to locate and review the reports. If no report is available 15 months after issuance or the previous report, the security will be flagged as "Watchlist". If no report is available after 18 months, the security will be permanently classified as a Non-Green Bond.

Optimization Constraints and Calculations

Overview

- All qualifying securities are selected from the Bloomberg Australian Aggregate 100mn Index ("Parent Index").
- An optimizer is used, as described in the Bloomberg Fixed Income Optimization Methodology Supplement, to weight each Constituent in the Index.
 - The optimizer runs once per month to calculate notional positions of each Constituent
 - This process will not impact bond prices and other security-level analytics

Determination Date

The fifth last business day of each month

Government Ticker List

The "Government" sub-sector group consists of bonds with the following issuer tickers: NSWTC, NTTC, TCV, QTC, TASCOR, WATC, SAFA, AUSCAP, ACGB

Groups

Each bond in the Parent Index is placed into a Sub-Sector group and a Sub-Component group

Sub-Sector Group	Condition
Government	If security Ticker is in the Government Ticker List
Non-Government	Otherwise (not in the Government Sub-Sector Group)

Sub-Component Group	Condition
Government 1-5 Years	If $1 \leq \text{Years to Maturity EOM} < 5$ and in Government Sub-Sector
Government 5-7 Years	If $5 \leq \text{Years to Maturity EOM} < 7$ and in Government Sub-Sector
Government 7-10 Years	If $7 \leq \text{Years to Maturity EOM} < 10$ and in Government Sub-Sector
Government 10+ Years	If $\text{Years to Maturity EOM} \geq 10$ and in Government Sub-Sector
Non-Government 1-5 Years	If $1 \leq \text{Years to Maturity EOM} < 5$ and in Non-Government Sub-Sector
Non-Government 5-7 Years	If $5 \leq \text{Years to Maturity EOM} < 7$ and in Non-Government Sub-Sector
Non-Government 7-10 Years	If $7 \leq \text{Years to Maturity EOM} < 10$ and in Non-Government Sub-Sector
Non-Government 10+ Years	If $\text{Years to Maturity EOM} \geq 10$ and in Non-Government Sub-Sector
All Less Than 1 Year	Otherwise (not in any other Sub-Component Group)

Derived Risk Exposures

The following derived risk exposures are defined:

Derived Risk Exposure	Definition
OAD Govt Contribution	The proportion of the OAD Risk Exposure of the Parent Index that is attributed to the Government sub-sector. Calculated as the weighted sum of the OAD Risk Exposure of the securities in the Government sub-sector, divided by the weighted sum of the OAD Risk Exposure of all securities in the Parent Index
OAD Govt Contribution -40% Bound	For each security in the Government sub-sector: $\left(\frac{1}{\text{OAD Govt Contribution} - 0.4} - 1 \right) \times \text{OAD}$ Otherwise: $-\text{OAD}$
OAD Govt Contribution +40% Bound	For each security in the Government sub-sector: $\left(\frac{1}{\text{OAD Govt Contribution} + 0.4} - 1 \right) \times \text{OAD}$ Otherwise: $-\text{OAD}$

Objective Function

Risk Factor Exposure: Yield To Worst

The optimizer seeks to maximize the Yield To Worst weighted exposure of the Index

The Weight Bounds define the maximum and minimum weight that can be assigned to each Constituent. Unless otherwise specified for the Index, the Upper and Lower Weight Bounds are set with respect to Determination Date d for each Constituent i as follows:

Weight Bounds

If Constituent i is an Excluded Constituent:

$$\begin{aligned} ub_d^i &= 0\% \\ lb_d^i &= 0\% \end{aligned}$$

Else:

$$\begin{aligned} ub_d^i &= 100\% \\ lb_d^i &= 0\% \end{aligned}$$

Where:

ub_d^i and lb_d^i mean the Upper and Lower Weight Bounds respectively for Constituent i .

Optimization Constraints

Constraint	Parameter	Value
Budget <i>Weights add up to 100%</i>	Benchmark	Parent Index
	Constraint Type	Group Risk Exposure - Absolute
	Risk Exposure	Equal to 1
	Groups	One Group - All Constituents
	Selection	Excluding
	Exclude	n/a
	Lower	100%
	Upper	100%
	Min	$-\infty$
	Max	∞
Sub-Component Exposure <i>The Exposure to each sub-component that contains securities with 1Y or more to maturity must be 5% or greater (the Non-Government 10+ Years Sub-component is excluded prior to July 2020)</i>	Benchmark	Parent Index
	Constraint Type	Group Risk Exposure - Absolute
	Risk Exposure	Equal to 1
	Groups	Sub-Component
	Selection	Excluding
	Exclude	All Less Than 1 Year
	Lower	5%
	Upper	100%
Sub-Component Under 1Y <i>All securities with less than one year to maturity should have a zero weight</i>	Benchmark	Parent Index
	Constraint Type	Group Risk Exposure - Absolute
	Risk Exposure	Equal to 1
	Groups	Sub-Component
	Selection	Including
	Include	All Less Than 1 Year
	Lower	0%
	Upper	0%
Govt Sub-Sector Exposure <i>Exposure to the Government sub-sector should be within 40% of the Parent Index</i>	Benchmark	Parent Index
	Constraint Type	Group Risk Exposure - Relative Value
	Risk Exposure	Equal to 1
	Groups	Sub-Sector
	Selection	Including
	Include	Government
	Lower	40%
	Upper	40%
	Min	$-\infty$
Max	∞	
Option Adjusted Duration (OAD) <i>OAD must be within 1 year of the OAD of the Parent Index</i>	Benchmark	Parent Index
	Constraint Type	Group Risk Exposure - Relative Value
	Risk Exposure	OAD

	Groups	One Group - All Constituents
	Selection	Excluding
	Exclude	n/a
	Lower	-1
	Upper	1
	Min	0
	Max	∞
OAD Govt Contribution Lower	Benchmark	Parent Index
<i>OAD contribution from the Government sub-sector must be greater than the OAD contribution in the Parent Index - 40%</i>	Constraint Type	Group Risk Exposure - Absolute
	Risk Exposure	OAD Govt Contribution -40% Bound
	Groups	One Group - All Constituents
	Selection	Excluding
	Exclude	n/a
	Lower	0
	Upper	∞
OAD Govt Contribution Upper	Benchmark	Parent Index
<i>OAD contribution from the Government sub-sector must be lower than the OAD contribution in the Parent Index + 40%</i>	Constraint Type	Group Risk Exposure - Absolute
	Risk Exposure	OAD Govt Contribution +40% Bound
	Groups	One Group - All Constituents
	Selection	Excluding
	Exclude	n/a
	Lower	$-\infty$
	Upper	0
OASD Non-Govt Contribution	Benchmark	Parent Index
<i>OASD contribution from the Non-Government sub-sector should be within 3 years of the Parent Index</i>	Constraint Type	Group Risk Exposure - Relative Value
	Risk Exposure	OASD
	Groups	Sub-Sector
	Selection	Including
	Include	Non-Government
	Lower	-3
	Upper	3
	Min	0
	Max	∞
Sub-Component Scaling	Benchmark	Screened Parent Index
<i>Constituent weights relative to the Screened Parent Index must be equal to overall sub-component exposure relative to the Screened Parent Index</i>	Constraint Type	Group Risk Exposure - Group Scaling
	Risk Exposure	Sub-Component Scale Factor
	Groups	Sub-Component
	Selection	Excluding
	Exclude	n/a
	Lower	0%
	Upper	0%
	Min	$-\infty$
	Max	∞
Turnover From Current	Benchmark	Parent Index
	Constraint Type	Turnover - Absolute
	Max	5%

Constraint Relaxation Process

If no solution is found for the Optimization Problem, each of the Constraints shown in this section is either **(1)** iteratively relaxed or **(2)** entirely excluded - in order of appearance under 'List and Sequence of Eligible Constraints' - until either a solution is found or the relaxation process is exhausted.

The process will start with Constraint Country Exposure. On each iteration of the Constraint Relaxation Process, only one Constraint will be addressed at a time.

If a Constraint is deemed to be excluded, it will be removed from the Optimization Problem and an attempt to solve the Optimization Problem is performed. If no solution is found the Constraint Relaxation Process will continue with the next Constraint included in 'List and Sequence of Eligible Constraints'.

List and Sequence of Eligible Constraints

Constraint	Type	Excluded or Relaxed
Turnover from Current	Turnover	Relaxed

Constraints to be Relaxed

On each iteration, all the relevant Constraint Parameters for the Constraint being relaxed will be adjusted additively by the corresponding Additive Increment.

If the value of the relevant Constraint Parameters is less than or equal to its corresponding 'Limit', then an attempt to solve the Optimization Problem is performed. Otherwise, the Constraint Parameter is set to equal the corresponding 'Limit' and an attempt to solve the Optimization Problem is performed.

The relaxation process on a Constraint completes when either a solution is found, or an attempt to solve the Optimization Problem with all the relevant Constraint Parameters set to their corresponding 'Limit' has been performed. If no solution is found the Constraint Relaxation Process will continue with the next Constraint included in 'List and Sequence of Eligible Constraints'.

The relaxation process completes when either a solution is found, or an attempt to solve the Optimization Problem with the Turnover Constraint Parameter 'Max' set the 'Limit' has been performed.

Constraint	Parameter	Additive Increment, Limit
Turnover From Current	Max	+0.5%,25%

Document Version History

Date	Update
December 2024	New version published
September 2024	Index launch

Appendix I: Environmental, Social and Governance (ESG) Disclosures

EXPLANATION OF HOW ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY			
1. Name of the benchmark administrator.		Bloomberg Index Services Limited (“BISL”)	
2. Type of benchmark		Fixed Income and Sovereign	
3. Name of the benchmark or family benchmarks.		Bloomberg Australian Enhanced Yield Ethically Screened Composite Bond Index	
4. Does the benchmark methodology for the benchmark or family of benchmarks take into account ESG factors?		Yes	
<p>5. Where the response to Item 4 is positive, please list below, for each family of benchmarks, those ESG factors that are taken into account in the benchmark methodology, taking into account the ESG factors listed in Annex II to Delegated Regulation (EU) 2020/1816.</p> <p>Please explain how those ESG factors are used for the selection, weighting or exclusion of underlying assets. The ESG factors shall be disclosed at an aggregated weighted average value at the level of the family of benchmarks.</p>			
a) List of combined ESG factors considered		As below.	
b) List of environmental factors considered:		As below.	
c) List of social factors considered:		As below.	
d) List of governance factors considered:		As below.	
<p>6. Where the response to Item 4 is positive, please list below, for each benchmark, those ESG factors that are taken into account in the benchmark methodology, taking into account the ESG factors listed in Annex II to Delegated Regulation (EU) 2020/1816, depending on the relevant underlying asset concerned.</p> <p>Please explain how those ESG factors are used for the selection, weighting or exclusion of underlying assets. The ESG factors shall not be disclosed for each constituent of the benchmark, but shall be disclosed at an aggregated weighted average value of the benchmark.</p> <p>Alternatively, all of this information may be provided in the form of a hyperlink to a website of the benchmark administrator included in this explanation. The information on the website shall be easily available and accessible. Benchmark administrators shall ensure that information published on their website remains available for five years.</p>			
a) List of environmental factors considered	Use of Proceeds (Green Bonds)	Selection	<p>Certain ESG factors are not applicable to bonds that are classified as “Green”. Green bonds are those whose net bond proceeds will be entirely designated for market-accepted green activities based on the classification by Bloomberg SFS.</p> <p>Please see individual ESG factors below on the applicability of the use of proceeds to the relevant ESG factors.</p>
	Fossil Fuels - Direct	Exclusion	<p>0% for Green and Non-Green bonds</p> <p>Defined as the companies which have fossil fuel reserves or involved in the exploration or production of fossil fuels</p>

	Fossil Fuels - Utilities	Exclusion	5% for Non-Green bonds, screen not applied for Green bonds Defined as the companies that generate electricity from fossil fuels or generate revenues from the retail distribution of oil and/or gas
	Fossil Fuels- Service Providers	Exclusion	10% for Non-Green bonds, screen not applied for Green bonds Defined as the companies that derive revenues from services to fossil fuel companies
	Fossil Fuels - Finance and Underwriting	Exclusion	For Non-Green bonds, exclude the major global financiers and underwriters of fossil fuel companies, projects and infrastructure. Screen not applied for Green bonds Defined as the companies identified as the largest providers of lending or insurance to fossil fuel companies or otherwise provide significant financing or underwriting to fossil fuel projects and/or infrastructure
	Destruction of Valuable Environments	Exclusion	0% for Green and Non-Green bonds Defined as the activities which have direct negative impact on recognised World Heritage and High Conservation areas
	Chemicals of Concern	Exclusion	0% for Green and Non-Green bonds Defined as the production or use of chemicals of concern recognised by UN Environmental Program, producers of contentious agricultural chemicals
b) List of social factors considered:	Gambling	Exclusion	For Green and Non-Green bonds: <ul style="list-style-type: none">0% for casinos, manufacture of gaming products, and poker machine operations 5% for distribution of gambling products
	Tobacco	Exclusion	For Green and Non-Green bonds: <ul style="list-style-type: none">0% for production or manufacture 5% for production or manufacture
	Uranium and Nuclear Energy	Exclusion	For Green and Non-Green bonds: <ul style="list-style-type: none">0% for uranium mining0% for nuclear energy 5% for products and services
	Armaments and Militarism	Exclusion	For Green and Non-Green bonds: <ul style="list-style-type: none">0% for manufacture of armaments and weapons 5% for specific and significant services to military and armaments manufacture

	Animal Cruelty	Exclusion	0% for Green and Non-Green bonds Defined as the exposure to live animal export, animal testing for cosmetic purposes, factory farming, or controversial animal products (ivory, foie gras etc.)
	Alcohol	Exclusion	For Green and Non-Green bonds: <ul style="list-style-type: none"> • 5% for production of alcohol • 20% for sales and distribution of alcohol Defined as the production or sale of alcohol
	Junk Foods	Exclusion	33% for Green and Non-Green bonds Defined as the production or sale of junk foods
	Pornography	Exclusion	For Green and Non-Green bonds: <ul style="list-style-type: none"> • 0% for production of pornography 5% for distribution of pornography
	Human and Labour Rights	Exclusion	For Green and Non-Green bonds: Evidence of human rights violations including child labour, forced labour, sweatshops, bribery, and corruption
	Payday Lending	Exclusion	0% for Green and Non-Green bonds Defined as lending practices that impose unfair or abusive terms on a borrower
c) List of governance factors considered:	Board Diversity	Exclusion	For Green and Non-Green bonds: No women on board of directors
d) List of combined factors considered:	ESG Controversy	Exclusion	For Green and Non-Green bonds: Violating international norms and standards including the Ten Principles of the United Nations Global Compact and the standards for responsible business conduct set out in the OECD Guidelines for Multinational Enterprises. Specific factors include: <ul style="list-style-type: none"> · Failure to respect human rights · Failure to respect the right to freedom of association and/or collective bargaining · Evidence of discrimination on grounds such as race, gender, religion, sexual orientation, or social origin · Failure to protect sites of significant cultural or environmental value · Failure to protect the right to privacy · Contributing (by action or inaction) to the spread of disinformation, incitement to violence, and/or the undermining of democratic institutions and the rule of law

7. Data and standards used.	
<p>a) Data input.</p> <p>(i) Describe whether the data are reported, modelled or, sourced internally or externally.</p> <p>(ii) Where the data are reported, modelled or sourced externally, please name the third party data provider.</p>	<p>All ESG data relevant for the eligible issuer ticker inclusion list for the benchmarks is sourced externally from Betashares: Refer to the Betashares Ethical Screening Methodology for further details on the data sources for the relevant ESG factors.</p> <p>All ESG data relevant for the classification of Green Bonds for the benchmarks is sourced externally from:</p> <p>Bloomberg SFS -bond classification data based on a review described in the Other External Data Providers section of this Methodology document. Contact details are available here.</p> <p>For further information on classification process, please refer to Terminal function BESG <GO> otherwise this can be made available upon request.</p>
<p>b) Verification of data and guaranteeing the quality of those data. Describe how data are verified and how the quality of those data is ensured.</p>	<p>Governance and Control Process Policy from the ESG Data Provider (Betashares)</p> <p>Parties Involved:</p> <p>Responsible Investment Committee (RIC) A Responsible Investment Committee (RIC) is responsible for overall governance of the screening process which leads to the determination of the issuer inclusion list. The RIC is comprised of three individuals that have expertise and experience in responsible investing.</p> <p>Betashares Legal and Compliance Betashares Legal and Compliance provides a secretarial function to the RIC. Legal and Compliance also oversee the group risk and compliance framework e.g. oversees and maintains the Conflicts of Interest framework.</p> <p>Betashares Responsible Investment Team The Betashares Responsible Investment Team is responsible for implementation of the screening process and the production of analysis documentation for the RIC. Screening analysis is conducted by internal staff or may be outsourced to analysts with demonstrated experience and expertise in the application of negative screens. The Responsible Investment Team is headed by the Director – Responsible Investments.</p> <p>Screening Process:</p> <p>Process Overview The Process includes the following steps:</p> <ul style="list-style-type: none"> - Preparation: This includes identifying the starting universe of securities, the applicable screens and required data. - Screening: This includes screening the starting universe of bonds that comprises of both green and non-green bonds. Refer to list of screening criteria and thresholds below. - RIC meeting and approval: The screened issuer list is reviewed and approved by the RIC. <p>Preparation Description: The preparation stage includes reviewing the prior year’s screening process and results, ensuring that all data sources are reliable and</p>

up to date, and incorporating any changes suggested from the previous RIC meeting. This includes review of the engagement database to determine issuer responses to engagement initiatives.

Screening

Description: Following the receipt of the issuer universe the process involves:

- Application of eligibility rules relating to size, liquidity etc, or if applicable application of positive screening criteria.
- Eliminating of duplicates
- Mapping subsidiaries and special-purpose vehicles (SPVs) to the parent/group entity
- Application of eligibility rules relating to size, liquidity etc, or if applicable application of positive screening criteria.
- For each issuer, the analyst reviews the prior year screening results. If the issuer was previously excluded and the reason for exclusion has not been resolved, the issuer fails that screen. If the issuer does not have any historical issues, the analyst screens the issuer against the 1st screening criteria.
- Screen Pass/Flag/Fail
 - If the issuer passes the first screen without any concerns, the analyst moves on to the next screen. Once all screening for all criteria is complete, the analyst moves on to the next issuer.
 - If the issuer passes the screen but the analyst encounters doubts or issues, the issuer is flagged for review.
 - If the issuer fails, the analyst documents the rationale for failure and data sources.
- Check using commercial database - All issuers with a 'Pass' or 'Flagged' screening result are screened using a commercial database as a double-check. Any issuer flagged at this point are rescreened.
- Historical Comparison - All screening results are compared with previous screening history to identify any changes vs prior years.

Identification of Additions and Deletions - All additions and deletions from the screening process are highlighted and run through the process again by to confirm their inclusion or exclusion.

BISL Data Verification Overview

BISL checks for the integrity of data payload transmitted by suppliers (e.g. file size, structure, format). BISL may also perform outlier detection and checks for data change frequency.

Bloomberg SFS:

To ensure accuracy and consistency, Bloomberg captures data only from direct sources, which may include:

- Corporate responsibility (CSR) reports
- Bond official statements
- Annual reports
- Survey for members of the Bloomberg Gender-Equality Index (GEI)
- Proxy statements and corporate governance

	<p>reports (governance data only)</p> <ul style="list-style-type: none"> • Company websites • CDP data <p>Bloomberg runs sophisticated, multi-layer quality control systems to ensure that our data conforms to the highest standards. In addition, we ensure that only comparable data is included in the product.</p> <p>All securities are reviewed on an annual basis to confirm proceeds are used to support green and or social projects. Bonds with proceeds that are not confirmed to be used for green and/or social purposes within 18 months of its last review will be removed from the index. Bonds with proceeds confirmed not to be used for green and/or social will also be removed from the index. Municipal securities and USD-denominated ABS and CMBS are not subject to the ongoing reporting criteria.</p> <p>BISL Data Verification Overview</p> <p>BISL performs completeness checks for changes in securities coverage and securities attributes coverage on the Green Bond data.</p>
<p>c) Reference standards <i>Describe the international standards used in the benchmark methodology.</i></p>	<p>In the application of negative and norms-based screens the ESG Data Provider will reference recognised standards of normative behaviour, specifically the UN Global Compact and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. More details in can be found here and here.</p> <p>The International Capital Market Association (ICMA) Green Bond Principles. further information can be found here.</p>
<p>Date on which information has been last updated and reason for the update:</p>	<p>September 2024, Index Launch</p>

Appendix II: Eligible Green Project Categories

	Category	Subcategory
GREEN	Renewable Energy	Solar
		Wind
		Hydro
		Geothermal
		Bioenergy
		Waste-to-energy
		Tidal
		Other
	Energy Efficiency	Energy storage
		Digital energy (buildings, industry, LED and smart lighting)
	Energy Efficiency	Energy storage
		Digital energy (buildings, industry, LED and smart lighting)
	Green Buildings	New LEED
		Energy Star
		Energy infrastructure
	Clean Transportation	Electric
		Hybrid
		Public
		Rail
		Non-motorized
		Multi-modal transportation
		Infrastructure (for clean energy vehicles and reduction of harmful emissions)
	Sustainable Water	Clean infrastructure
		Plumbing system
	Pollution Control	Wastewater treatment
		Greenhouse gas control
		Soil Remediation
Recycling		
Remanufactured products		
Biodiversity	Environmental protection	
Agriculture Forestry	Forestry management	
	Reforestation	
	Afforestation	
Climate Change Adaptation	Information support (climate observation and early warning systems)	
Eco-Efficient Technology	Eco-friendly products	

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