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Index Methodology

# MSCI Global ex Controversial Weapons Indices Methodology

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# 1. Introduction

The MSCI Global ex Controversial Weapons Indices have been developed for use by investors, including pension funds, and universal owners who wish to avoid investments in cluster bombs, landmines, depleted uranium and chemical and biological weapons.

Currently MSCI constructs MSCI Global ex Controversial Weapons Indices for the Standard size-segment in all MSCI Developed and Emerging Markets. These indices are free float-adjusted market capitalization weighted.

# 2. Screening Criteria

The MSCI Global ex Controversial Weapons Indices exclude companies involved in:

- Cluster Bombs
- Landmines
- Depleted Uranium Weapons
- Chemical and Biological Weapons

Please refer to [Appendix 1](#) for more details on these criteria.

# 3. Constructing the MSCI Global ex Controversial Weapons Indices

## 3.1. Underlying universe

The selection universe for the MSCI Global ex Controversial Weapons Indices is the MSCI All Country World Index (ACWI).

## 3.2. Exclusion Criteria

Companies that are involved in controversial weapons as described in the screening criteria in Section 2 are excluded from the MSCI Global ex Controversial Weapons Indices.

## 3.3. Index Construction

Currently, MSCI constructs MSCI Global ex Controversial Weapons Indices for the standard size-segment in all MSCI Developed and Emerging Markets.

## 4. Maintaining the MSCI Global ex Controversial Weapons Indices

### 4.1. Index Reviews

The MSCI Global ex Controversial Weapons Indices are reviewed on a quarterly basis to coincide with the regular Semi-Annual and Quarterly Index Reviews of the MSCI Global Investable Market Indices. The changes are implemented as of the close of the last business day of February, May, August and November.

At index reviews, all companies in the underlying universe are reviewed and eligible companies are added to the MSCI Global ex Controversial Weapons Indices. Existing constituents may be deleted from the MSCI Global ex Controversial Weapons Indices if they become involved in controversial weapons and are excluded by the screening criteria. Any constituent that is deleted from the underlying index as a result of an index review is also deleted from the MSCI Global ex Controversial Weapons Indices.

### 4.2. Ongoing Event-Related Maintenance

The MSCI Corporate Events Methodology is applied for the maintenance of the MSCI Global ex Controversial Weapons Indices between index reviews. In general, there will be no additions to or deletions from the index between two index reviews, except when the new security results from an event affecting an existing index constituent. Companies deleted from the underlying index between index reviews are also deleted at the same time from the MSCI Global ex Controversial Weapons Indices. The details relating to the handling of specific corporate event types can be found in the MSCI Corporate Events Methodology book available at:

<http://www.msci.com/products/indices/size/standard/methodology.html>

# Appendix 1: Controversial Weapons Criteria

The MSCI Global ex Controversial Weapons Indices exclude companies involved in:

- **Cluster Bombs**

- MSCI ESG Research's cluster bomb research identifies public companies that are involved in the production of cluster bombs and munitions, or the essential components of these products.

- **Landmines**

- MSCI ESG Research's landmines research identifies public companies that are involved in the production of anti-personnel landmines, anti-vehicle landmines, or the essential components of these products.

- **Depleted Uranium Weapons**

- MSCI ESG Research's depleted uranium weapons research identifies public companies involved in the production of depleted uranium weapons and armor.

- **Chemical and Biological Weapons**

- MSCI ESG Research's chemical and biological weapons research identifies public companies that are involved in the production of chemical and biological weapons, or the essential components of these products.

Involvement criteria:

- Producers of the weapons
- Producers of key components of the 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

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