

Human Rights Custom Index on MSCI ACWI*

* A custom index calculated by MSCI based on custom human rights screens using MSCI ESG Research

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1. Introduction

The Human Rights Custom Index on MSCI ACWI is an index based on client-specified customized ESG screening criteria. The index aims to exclude companies directly implicated in certain serious human rights violations. The index is free float-adjusted market capitalization weighted.

2. Screening Criteria

The Human Rights Custom Index on MSCI ACWI aims to exclude companies which are implicated in certain serious human rights violations, including but not limited to, acts that result in widespread death, torture, rape, slavery, forced labor, human trafficking and egregious cases of forced displacement of communities. In addition, companies with substantial, strategic involvement with repressive regimes with poor human rights records, such as Sudan, Iran and Burma, are excluded. Violations may include, but are not limited to, those that involve company employees, local military, and security personnel, private military or civilian contractors.

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

3. Constructing the Human Rights Custom Index on MSCI ACWI

3.1. Underlying universe

The selection universe for the Human Rights Custom Index on MSCI ACWI is the MSCI All Country World Index (ACWI).

3.2. Exclusion Criteria

Companies that are involved in certain serious human rights violations or that support repressive regimes as described in Section 2 are excluded from the Human Rights Custom Index on MSCI ACWI.

4. Maintaining the Human Rights Custom Index on MSCI ACWI

4.1. Index Reviews

The Human Rights Custom Index on MSCI ACWI is 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. The lists of companies to be excluded are screened based on MSCI ESG Research data as of the end of January, April, July and October, respectively.

At index reviews, all companies in the underlying universe are reviewed and eligible companies are added to the Human Rights Custom Index on MSCI ACWI Index. Existing constituents are deleted from the Human Rights Custom Index on MSCI ACWI if they have been added to the exclusion list. In addition, any constituent that is deleted from the underlying index as a result of an index review is also deleted from the Human Rights Custom Index on MSCI ACWI.

4.2. Ongoing Event-Related Maintenance

The MSCI Corporate Events Methodology is applied for the maintenance of the Human Rights Custom Index on MSCI ACWI Index between index reviews. In general, there will be no additions to or deletions from the index between two index reviews. Companies deleted from the underlying index between index reviews are also deleted at the same time from the Human Rights Custom Index on MSCI ACWI Index. 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: Human Rights Violations Criteria

The Human Rights Custom Index on MSCI ACWI aims to exclude companies involved in controversies classified as “very severe” in the following areas:

- Adverse Impact on Local Communities
- Support for Controversial Regimes
- Human Rights Abuse

The Index also aims to exclude companies with substantial involvement in Iran, Sudan and Burma. Substantial involvement is defined as actively supporting the regime and does not include companies whose operations in these countries are purely humanitarian in nature.

The selection of countries/repressive regimes is based on the following conditions:

- There is a broad consensus in the global human rights community that the government is perpetrating serial, egregious human rights abuses. Consensus is demonstrated by widespread condemnation by NGOs, governments and supranational organizations like the UN and supported by documented cases of abuse.
- There is a widely supported divestment campaign targeting companies supporting the regime, e.g. global pension fund divestment.

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