MSCI ACWI Select Telecommunication Services Screened 35/20 Capped Index Methodology

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1 Introduction

The MSCI ACWI Select Telecommunication Services Screened 35/20 Capped Index (the "Index") aims to reflect the performance of constituent securities of the MSCI ACWI Index classified as belonging to the Telecommunication Services industry group, according to the Global Industry Classification Standard (GICS®), after excluding securities of companies which:

- have a country of classification of India, Kuwait, Saudi Arabia or Pakistan, or;
- are not in compliance with the United Nations Global Compact principles, or;
- have an ESG Controversy score of 0.

The Index is constructed from the MSCI ACWI Telecommunication Services Index (the 'Parent Index').

To reduce concentration, the weight of issuers in the Index are capped in accordance with the MSCI Capped Indexes methodology, such that the largest issuer within the Index is capped at 35% while all other issuers are capped at 20%, with buffers.

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1 The Index is governed by a set of methodology and policy documents ("Methodology Set"), including the present index methodology document. The Methodology Set for the Index can be accessed from MSCI’s webpage [https://www.msci.com/index-methodology](https://www.msci.com/index-methodology) in the section ‘Search Methodology by Index Name or Index Code’.

The Methodology Set includes a document ‘ESG Factors in Methodology’ that contains the list of environmental, social, and governance factors considered, and how they are applied in the methodology (e.g., selection, weighting or exclusion).

2 GICS, the global industry classification standard jointly developed by MSCI Inc. and S&P Dow Jones Indices.

3 Please refer to the MSCI Capped Indexes methodology at [https://www.msci.com/index-methodology](https://www.msci.com/index-methodology)
2 Constructing the Index

The Index uses company research provided by MSCI ESG Research\(^4\) for the Index construction. Constructing the Indexes involves the following steps:

1) Defining the Eligible Universe
2) Applying the MSCI Capped Indexes Methodology

2.1 Eligible Universe

The Eligible Universe for the Index is defined by applying the following exclusions to the Parent Index:

- Select country exclusions.
- ESG Controversy Score eligibility criteria.

2.1.1 Country Exclusions

The Index excludes securities that have their country of classification assigned to be India, Kuwait, Saudi Arabia or Pakistan.

2.1.2 ESG Controversies Eligibility Criteria

The Index uses MSCI ESG Controversies Scores and UN Global Compact to identify companies that are involved in very serious controversies involving the environmental, social, or governance impact of their operations and/or products and services.

The following eligibility criteria are applicable to the Index:

- Companies are required to have an MSCI ESG Controversies Score above 0 to be eligible for inclusion in the Index.
- Companies that fail to comply with the United Nations Global Compact Principles are not eligible for inclusion in the Index.

Companies not assessed by MSCI ESG Research on ESG Controversies are not eligible for inclusion in the Index.

2.2 Applying the MSCI Capped Indexes Methodology

At each Index Review, the remaining securities, after the exclusions as defined above, are capped such that the weight of the largest issuer is constrained at 35% and all other issuers are capped at 20%.

The Index is also rebalanced on an “as needed” basis in between each Index Review. This means that the Index is rebalanced at the end of any day on which the constraints as specified above are breached. The rebalancing will take place as of the close of the day when the Index breaches the

\(^4\) See section 4 for further information regarding ESG and climate data used in the Indexes that MSCI Limited sources from MSCI ESG Research LLC, a separate subsidiary of MSCI Inc. MSCI ESG Research is solely responsible for the creation, determination and management of such data. MSCI Limited is the benchmark administrator for the MSCI indexes.
constraints, so that the Index will always be within the constraints before the opening of the following business day.

To reduce the risk of issuers exceeding the weight constraints due to short term market movements, a buffer of 10% is applied at rebalancing, which includes both at Index Review and on an “as needed” basis. The result is that the weight of the largest issuer will be capped at 31.5% and the weight of the remaining issuers will be capped at 18%. The weight of issuers outside the capped group will be increased in proportion to their weight prior to capping.
3 Maintaining the Index

3.1 Quarterly Index Reviews

The Index is reviewed on a quarterly basis to coincide with the regular Index Reviews of the MSCI Global Investable Market Indexes. The changes are implemented as of the close of the last business day of February, May, August and November.

In general, MSCI uses MSCI ESG Research data (including MSCI ESG Controversies Scores) as of the end of the month preceding the Index Reviews for the rebalancing of the Index. For some securities, such data may not be published by MSCI ESG Research by the end of the month preceding the Index Review. For such securities, MSCI will use ESG data published after the end of month, when available, for the rebalancing of the Index.

In general, the pro forma index is announced nine business days before the effective date.

3.2 Monthly Review of Controversies

Index constituents are reviewed on a monthly basis for the involvement in ESG controversies and for compliance with the United Nations Global Compact Principles. Existing constituents will be deleted if they face controversies as defined as defined by MSCI ESG Controversy Score of 0 (‘Red flag’ companies), or if they fail to comply with the UN Global Compact Principles.

MSCI uses MSCI ESG Controversies data as of the end of the month preceding the review (e.g. end of June data for the end of July monthly review). For some securities, such data may not be published by MSCI ESG Research by the end of the month preceding the review. For such securities, MSCI will use ESG data published after the end of month, when available, for the monthly review of the Index.

In general, the pro forma index is announced nine business days before the effective date.

3.3 Ongoing Event Related Changes

The MSCI Corporate Events Methodology is applied for the maintenance of the MSCI ACWI Select Telecommunication Services Screened 35/20 Capped Index between index reviews.

No new securities will be added (except where noted below) to the Index between Index Reviews. Only securities that are added to the Parent Index are eligible for additions to the Index.

Parent Index deletions will be reflected simultaneously.

<table>
<thead>
<tr>
<th>EVENT TYPE</th>
<th>EVENT DETAILS</th>
</tr>
</thead>
<tbody>
<tr>
<td>New additions to the Parent Index</td>
<td>A new security added to the Parent Index (such as IPO and other early inclusions) will not be added to the Index.</td>
</tr>
<tr>
<td>Spin-Offs</td>
<td>All securities created as a result of the spin-off of an existing index constituent will not be added to the index at the time of event implementation. Evaluation</td>
</tr>
</tbody>
</table>
for inclusion in the index will occur at the subsequent Index Review.

Merger/Acquisition

For Mergers and Acquisitions, the acquirer’s post event weight will account for the proportionate amount of shares involved in deal consideration, while cash proceeds will be invested across the index.

If an existing index constituent is acquired by a non-index constituent, the existing constituent will be deleted from the index and the acquiring non-constituent will not be added to the index.

Changes in Security Characteristics

A security will continue to be an index constituent if there are changes in its characteristics (country, sector, size segment, etc.) Reevaluation for the continued inclusion in the index will occur at the subsequent index Review.

Further detail and illustration regarding specific treatment of corporate events relevant to this Index can be found in the MSCI Corporate Events Methodology book.

The MSCI Corporate Events methodology book is available at: https://www.msci.com/index/methodology/latest/CE.
4 **MSCI ESG Research**

The Indexes are products of MSCI Inc. that utilize information such as company ratings and research produced and provided by MSCI ESG Research LLC (MSCI ESG Research), a subsidiary of MSCI Inc. In particular, the Indexes use the following MSCI ESG Research products: MSCI ESG Controversies. MSCI Indexes are administered by MSCI Limited.

4.1 **MSCI ESG Controversies**

MSCI ESG Controversies provide assessments of controversies concerning the potential negative environmental, social, and/or governance impact of company operations, products and services. The evaluation framework used in MSCI ESG Controversies is designed to be consistent with international norms represented by the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact. MSCI ESG Controversies Score falls on a 0-10 scale, with “0” being the most severe controversy.

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