

MSCI Netherlands IMI Universal Ex Select Global Sanctions and Business Involvement Index

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1. Introduction

The MSCI Netherlands IMI Universal ex Select Global Sanctions and Business Involvement Index¹ (the 'Index') aims to represent the performance of an investment strategy that by reweighting securities, seeks to increase exposure to companies demonstrating both a robust ESG profile as well as a positive trend in improving that profile. The Index also excludes companies that have ties with certain countries on global sanction lists; as well as companies involved with business activities related to military weapons, gambling operations, tobacco, adult entertainment and fossil fuels.

¹ The Indexes are governed by a set of methodology and policy documents ("Methodology Set"), including the present index methodology document. Please refer to Appendix II for more details

2. Constructing the Index

The Index is constructed from the MSCI Netherlands IMI Universal Index² (the “Parent Index”).

The Index uses company ratings and research provided by MSCI ESG Research³ to determine eligibility for index construction.

2.1 Eligible Universe

The Eligible Universe for the Index is defined by applying the following screens based on Business Involvement Screening Research or Climate Change Metrics from the Parent Index:

- Adult Entertainment
- Controversial Weapons
- Gambling
- Oil Sands
- Thermal Coal
- Tobacco

Additionally, securities from certain countries based on their inclusion on global sanction lists are excluded from the Index.

The details of these criteria are described in Appendix I.

2.2 Weighting Scheme

The remaining securities in the Eligible Universe are capped at the issuer level to mitigate concentration risk in the Index.

The maximum weight of an index constituent at an issuer level is capped⁴ at 20% and this is applied at each Quarterly Index Review. In case the maximum weight of an index constituent exceeds 20%, the excess weight is redistributed among all constituents in proportion of their existing weight and the maximum weight at an issuer level is capped at 15%.

Additionally, a daily check on issuer weights is applied, such that if the issuer weight exceeds 20% at the end of any business day, the index will be reweighted, and the maximum weight at an issuer level is capped at 15%. The excess weight will be distributed among the remaining issuers in proportion of their existing weight in the Index.

² For more details on the MSCI ESG Universal Indexes methodology, please refer to www.msci.com/index-methodology

³ See section 4 for further information regarding ESG and climate data used in the Indexes that MSCI Limited and MSCI Deutschland GmbH source 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 as a provider to MSCI Limited and MSCI Deutschland GmbH. MSCI Limited and MSCI Deutschland GmbH are the benchmark administrators for the MSCI indexes.

⁴ For more details on the MSCI Capped Indexes methodology, please refer to www.msci.com/index-methodology

2.3 Treatment of Unrated Companies

Companies not assessed by MSCI ESG Research on data for any of the following MSCI ESG Research products are not eligible for inclusion in the Indexes.

- MSCI Climate Change Metrics
- MSCI Business Involvement Screening Research (BISR)

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 Ratings, MSCI ESG Controversies Scores and MSCI Business Involvement Screening Research) 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.

The pro forma Index is in general announced nine business days before the effective date.

3.2 Ongoing Event Related Changes

The general treatment of corporate events in the Index aims to minimize turnover outside of Index Reviews. The methodology aims to appropriately represent an investor's participation in an event based on relevant deal terms and pre-event weighting of the index constituents that are involved. Further, changes in index market capitalization that occur as a result of corporate event implementation will be offset by a corresponding change in the Variable Weighting Factor (VWF) of the constituent.

Additionally, if the frequency of Index Reviews in the Parent Index is greater than the frequency of Index Reviews in the MSCI Netherlands IMI Universal ex Select Global Sanctions and Business Involvement Index, the changes made to the Parent Index during intermediate Index Reviews will be neutralized in the MSCI Netherlands IMI Universal ex Select Global Sanctions and Business Involvement Index.

The following section briefly describes the treatment of common corporate events within the MSCI Netherlands IMI Universal ex Select Global Sanctions and Business Involvement Index.

No new securities will be added (except where noted below) to the Index between Index Reviews. Parent Index deletions will be reflected simultaneously.

EVENT TYPE

EVENT DETAILS

New additions to the Parent Index

A new security added to the parent index (such as IPO and other early inclusions) will not be added to the index.

Spin-Offs

All securities created as a result of the spin-off of an existing Index constituent will be added to the Index at the time of event implementation. Reevaluation for continued 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 characteristics (country, sector, size segment, etc.) Reevaluation for 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 under the sections detailing the treatment of events in Capped Weighted and Non-Market Capitalization Weighted indexes.

The MSCI Corporate Events methodology book is available at: <https://www.msci.com/index-methodology>

4. MSCI ESG Research

The Index is a product of MSCI Inc. that utilizes 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 Index uses the following MSCI ESG Research products: MSCI ESG Business Involvement Screening Research. MSCI Indexes are administered by MSCI Limited and MSCI Deutschland GmbH.

4.1 MSCI ESG Business Involvement Screening Research

The MSCI ESG Business Involvement Screening Research (BISR) aims to enable institutional investors to manage environmental, social and governance (ESG) standards and restrictions reliably and efficiently.

For more details on MSCI ESG Business Involvement Screening Research, please refer to <https://www.msci.com/legal/disclosures/esg-disclosures>.

4.2 MSCI Climate Change Metrics

MSCI Climate Change Metrics provides climate data & tools to support institutional investors seeking to integrate climate risk & opportunities into their investment strategy and processes. This includes investors seeking to achieve a range of objectives, including measuring and reporting on climate risk exposure, implementing low carbon and fossil fuel-free strategies, alignment with temperature pathways and factoring climate change research into their risk management processes, in particular through climate scenario analysis for both transition and physical risks.

The dataset spans across the four dimensions of a climate strategy: transition risks, green opportunities, physical risks and 1.5° alignment.

4.2. Fossil Fuels and Power Generation Metrics

MSCI ESG Research identifies companies involved in fossil fuel-related assets and activities including fossil fuel reserves, resource extraction, power generation and generation capacity, revenue from such assets and activities and capital investments in such assets and activities. The metrics are based on disclosed activities, disclosed revenue and estimates of revenue that are extrapolated from company disclosures and eligible third-party sources (such as NGOs).

For more details on MSCI Climate Change Metrics, please refer to <https://www.msci.com/legal/disclosures/climate-disclosures>

Appendix I: Screening Criteria

Companies, whose activities meet the following values-based criteria, as determined by MSCI ESG Research, are excluded from the Index:

Global Sanctions:

- **Syria**
 - All Companies which have Equity involvement with Syria
- **Sudan**
 - All Companies which have Equity involvement with Sudan
- **Iran**
 - All Companies which have Equity involvement with Iran
- **North Korea**
 - All Companies which have Equity involvement with North Korea

Controversial Business Involvement:

- **Controversial Weapons**
 - All companies with any tie to Controversial Weapons (cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons, blinding lasers, non-detectable fragments and incendiary weapons), as defined by the methodology of the MSCI Ex-Controversial Weapons Indexes available at <https://www.msci.com/index/methodology/latest/XCW>
- **Tobacco**
 - All Companies that earn more than or equal to 5% revenue (either reported or estimated) from the production of tobacco products. Tobacco products include nicotine-containing products, including traditional and alternative tobacco smoking products
 - All Companies that earn more than or equal to 15% revenue (either reported or estimated) from the production, distribution or retail of tobacco products, as a licensor of brand names for tobacco products, or as a supplier for tobacco products in its most recently completed fiscal year. Tobacco products include nicotine-containing products, including traditional and alternative tobacco smoking products
- **Gambling**
 - All Companies that earn more than or equal to 5% revenue (either reported or estimated) from the ownership or operation of gambling facilities such as casinos, racetracks, bingo parlors, or other betting establishments, including: horse, dog, or other racing events that permit wagering; lottery operations; online gambling; pari-mutuel wagering facilities; bingo; pachislot and pachinko parlors; slot machines; Jai-alai; mobile gambling; and sporting events that permit wagering



- All Companies that earn more than or equal to 15% revenue (either reported or estimated) from gambling-related business activities
- **Adult Entertainment**
 - All Companies that earn more than or equal to 5% revenue (either reported or estimated) producing, directing, or publishing adult entertainment materials that fall into the following categories: Producer of X-rated films, Producer of Pay-per-view programming or channels, Producer of sexually explicit video games, producer of books or magazines with adult content, Live entertainment of an adult nature, Producer of adults-only material on the internet.
 - All Companies that earn more than or equal to 15% revenue (either reported or estimated) from adult entertainment
- **Fossil Fuel – Thermal Coal**
 - All companies that earn more than or equal to 30% revenue (either reported or estimated) from the mining of thermal coal (including lignite, bituminous, anthracite and steam coal) and its sale to external parties. It excludes: revenue from metallurgical coal; coal mined for internal power generation (e.g. in the case of vertically integrated power producers); intracompany sales of mined thermal coal; and revenue from coal trading
- **Fossil Fuel – Oil Sands**
 - All companies that own oil sands reserves and disclose evidence of deriving revenue from oil sands extraction, that earn more than or equal to 30% revenue (either reported or estimated) from oil sands extraction. This factor does not include revenue from non-extraction activities (e.g. exploration, surveying, processing, refining); ownership of oil sands reserves with no associated extraction revenues; revenue from intracompany sales

Appendix II: Methodology Set

The Index is governed by a set of methodology and policy documents (“Methodology Set”), including the present index methodology document as mentioned below:

- Description of methodology set –
<https://www.msci.com/index/methodology/latest/ReadMe>
- MSCI Corporate Events Methodology –
<https://www.msci.com/index/methodology/latest/CE>
- MSCI Fundamental Data Methodology –
<https://www.msci.com/index/methodology/latest/FundData>
- MSCI Index Calculation Methodology –
<https://www.msci.com/index/methodology/latest/IndexCalc>
- MSCI Index Glossary of Terms –
<https://www.msci.com/index/methodology/latest/IndexGlossary>
- MSCI Index Policies –
<https://www.msci.com/index/methodology/latest/IndexPolicy>
- MSCI Global Industry Classification Standard (GICS) Methodology –
<https://www.msci.com/index/methodology/latest/GICS>
- MSCI Global Investable Market Indexes Methodology –
<https://www.msci.com/index/methodology/latest/GIMI>
- MSCI Universal Indexes Methodology –
<https://www.msci.com/index/methodology/latest/Universal>
- ESG Factors In Methodology*

The Methodology Set for the Index can also be accessed from MSCI’s webpage <https://www.msci.com/index-methodology> in the section ‘Search Methodology by Index Name or Index Code’.

* ‘ESG Factors in Methodology’ contains the list of environmental, social, and governance factors considered, and how they are applied in the methodology (e.g., selection, weighting or exclusion). It can be accessed in the Methodology Set as described above.

Appendix III: Changes to this Document

The following sections have been modified as of February 2025

- The methodology and index names were updated. Effective February 3, 2025, the MSCI Netherlands IMI ESG Universal Ex Select Global Sanctions and Business Involvement Index were renamed as MSCI Netherlands IMI Universal Ex Select Global Sanctions and Business Involvement Index

Section 2.2 Weighting Scheme:

- Updated the capping parameters and its description, this change was applied to the index on July 1, 2020.
- Added a description daily check for issuers that have a higher weight than 20% in the Index. this change was updated on the methodology book on February 3, 2025, and was effective from July 1, 2020.

Section 2.3: Treatment of Unrated Companies

- Added a new section detailing the treatment of companies with ratings and research not available from MSCI ESG Research

Appendix I: Screening Criteria

- Updated the description for the screening criteria for controversial weapons.

Appendix II: Methodology Set

- Added details on the Methodology Set for the Indexes

Section 4.2: MSCI Climate Change Metrics

- Added a sub-section under Climate Change Metrics to provide additional details on Fossil Fuels related activities

Contact us

msci.com/contact-us

AMERICAS

United States	+ 1 888 588 4567 *
Canada	+ 1 416 687 6270
Brazil	+ 55 11 4040 7830
Mexico	+ 52 81 1253 4020

EUROPE, MIDDLE EAST & AFRICA

South Africa	+ 27 21 673 0103
Germany	+ 49 69 133 859 00
Switzerland	+ 41 22 817 9777
United Kingdom	+ 44 20 7618 2222
Italy	+ 39 02 5849 0415
France	+ 33 17 6769 810

ASIA PACIFIC

China	+ 86 21 61326611
Hong Kong	+ 852 2844 9333
India	+ 91 22 6784 9160
Malaysia	1800818185 *
South Korea	+ 82 70 4769 4231
Singapore	+ 65 67011177
Australia	+ 612 9033 9333
Taiwan	008 0112 7513 *
Thailand	0018 0015 6207 7181 *
Japan	+ 81 3 4579 0333

* toll-free

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