

MSCI Global Climate 500 Emerging Markets Selection Index

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1 Introduction

The MSCI Global Climate 500 Emerging Markets Selection Index (the ‘Index’¹) selects constituents of the MSCI ACWI Select Climate 500 Index (the ‘Parent Index’²), which are also constituents of MSCI Emerging Markets Index.

The Parent Index is designed to support investors seeking to reduce their exposure to the greenhouse gas emissions and increase exposure to companies with their emission reduction targets approved by Science Based Targets initiative (SBTi) through an optimization process that aims to:

- Reduce the weighted average greenhouse gas emissions (Scope 1 and 2) intensity relative to EVIC by 7% on an annualized basis
- Reduce the weighted average greenhouse gas emissions (Scope 1 and 2) intensity relative to Sales by 10% on an annualized basis
- Increase the weight in companies with one or more greenhouse gas emissions reduction targets³ approved by Science Based Targets initiative (SBTi) by 20%

As a final step, the Index is capped as per the MSCI 25/50 Indexes⁴ methodology.

¹ The Index and its subset Indexes are governed by a set of methodology and policy documents (“Methodology Set”), including the present index methodology document. Please refer to Appendix I for more details.

² The Parent Index is constructed by selecting the constituents from the MSCI ACWI ex Select Countries Index (which excludes the following countries from MSCI ACWI: Finland, Qatar, UAE, Saudi Arabia, Kuwait and Indonesia and is governed by the following methodology document: <https://www.msci.com/index-methodology/latest/ACWISelClimate500>

³ Company level emission reduction targets which have been approved by Science Based Targets initiative (SBTi). More details on SBT are available at <https://sciencebasedtargets.org/companies-taking-action>.

⁴ More details can be found in MSCI Capped Indexes Methodology (Available at: <https://www.msci.com/index-methodology>)

2 Index Construction Methodology

The Index selects all the constituents of the Parent Index that are also constituents of MSCI Emerging Markets Index.

The Index is constructed by weighting the selected constituents in proportion of their weights in the Parent Index. The weights are then normalized to sum up to 100%.

2.1 APPLYING THE MSCI 25/50 INDEXES METHODOLOGY

The Index is capped as per the MSCI 25/50 Indexes methodology. For details, please refer to the MSCI Capped Indexes Methodology at www.msci.com/index-methodology.

3 Maintaining the Index

3.1 SEMI-ANNUAL INDEX REVIEWS

The Index is rebalanced on a semi-annual basis, as of the close of the last business day of May and November, coinciding with the May and November Index Reviews of the MSCI Global Investable Market Indexes. The pro forma Index is in general announced nine business days before the effective date.

3.2 CONDITIONS FOR CONTINUATION OF THE INDEX

In any Index Review, if the proforma Index is calculated with fewer than 30 constituents, then the Index will not be rebalanced for that Index Review. MSCI may perform a consultation including a discussion of possible alternatives, if any. MSCI would continue to calculate the index for an announced period of time to give users the opportunity to transition to another index. In the event that an appropriate alternative index is established, the details of the methodology governing this index as well as the timing of the transition would be communicated in advance of implementation.

3.3 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.

The following section briefly describes the treatment of common corporate events within the Index.

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

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>.

Appendix I: Methodology Set

The Indexes are 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 Investable Market Indexes Methodology – <https://www.msci.com/index/methodology/latest/GIMI>
- MSCI ACWI Select Climate 500 Index Methodology – <https://www.msci.com/index-methodology>
- MSCI Capped Indexes Methodology – <https://www.msci.com/index-methodology/latest/ACWISelClimate500>
- ESG Factors in Methodology*

The Methodology Set for the Indexes 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.

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To learn more, please visit www.msci.com.

The process for submitting a formal index complaint can be found on the index regulation page of MSCI's website at: <https://www.msci.com/index-regulation>.

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