

MSCI Region ex Select Securities Climate Action 75% Custom Indexes* Methodology

* MSCI custom indexes based on the stock exclusions defined by
Länsförsäkringar Fondförvaltning AB (publ)

September 2024

Contents

1	Introduction	3
2	Index Construction Methodology	4
2.1	Applicable Universe	4
2.2	Eligible Universe.....	4
2.3	Selection of Eligible Securities	6
2.4	Weighting of Selected Securities.....	8
2.5	Treatment of Unrated Companies.....	8
3	Maintaining the Indexes.....	9
3.1	Semi-Annual Index Reviews.....	9
3.2	Quarterly Index Reviews.....	9
3.3	Ongoing Event Related Changes	9
4	MSCI ESG Research	12
4.1	MSCI ESG Ratings.....	12
4.2	MSCI Impact Solutions: Sustainable Impact Metrics	12
4.3	MSCI ESG Controversies.....	13
4.4	MSCI ESG Business Involvement Screening Research	13
4.5	MSCI Climate Change Metrics.....	13
	Appendix I: ESG Business Involvement Eligibility	15
	Appendix II: Calculation of Security Level Scores.....	17
	Appendix III: Climate Risk Management Weighted Average Score.....	20
	Appendix IV: Calculation of Green Business Revenue.....	21
	Appendix V: Methodology Set	22

1 Introduction

The MSCI Region ex Select Securities Climate Action 75% Custom Indexes^{1* *} (the ‘Indexes’)² are designed to represent the performance of companies that have been assessed to lead their sector peers in terms of their positioning and actions relative to a climate transition.

Companies from each of the underlying parent indexes (the “Parent Indexes”)³ are assessed relative to their sector peers based on their emissions intensity, emissions reduction commitments, climate risk management and revenue from businesses belonging to a set of ‘Clean Tech’ themes⁴. The Indexes uses this assessment to select the top 75% of the companies from each GICS®⁵ sector in the Parent Indexes. Overall the Index targets a coverage of 75% of the companies per sector from the Parent Indexes.

The Indexes also, via an exclusion list from Länsförsäkringar, aim to exclude companies involved in serious violations of international norms and conventions, controversial weapons, fossil fuels and tobacco.

¹ MSCI custom indexes based on the stock exclusions provided by Länsförsäkringar Fondförvaltning AB (publ)

² The Indexes are governed by a set of methodology and policy documents (“Methodology Set”), including the present index methodology document. Please refer to Appendix V for more details.

³ The corresponding Parent Indexes for the Indexes are defined in Section 2.1 of this methodology document.

⁴ Clean Tech themes have been described in Appendix IV.

⁵ GICS, the Global Industry Classification Standard jointly developed by MSCI and S&P Global Market Intelligence.

2 Index Construction Methodology

The Indexes use company ratings and research provided by MSCI ESG Research⁶ to determine eligibility for index construction.

2.1 APPLICABLE UNIVERSE

The Applicable Universe includes all the existing constituents of their respective Parent Indexes. This approach aims to provide an opportunity set with sufficient liquidity and investment capacity. The below table presents the Parent Indexes for the corresponding Indexes.

Index Name	Parent Index
MSCI World ex Select Securities Climate Action 75% Custom Index	MSCI World
MSCI Europe ex Select Securities Climate Action 75% Custom Index	MSCI Europe
MSCI Japan ex Select Securities Climate Action 75% Custom Index	MSCI Japan
MSCI USA ex Select Securities Climate Action 75% Custom Index	MSCI USA
MSCI EM (Emerging Markets) ex Select Securities Climate Action 75% Custom Index	MSCI Emerging Markets (EM)

2.2 ELIGIBLE UNIVERSE

The Eligible Universe is constructed from the Applicable Universe by excluding securities based on the exclusion criteria below:

2.2.1. SPECIFIC STOCKS EXCLUSION

The Indexes exclude all securities listed for exclusion by Länsförsäkringar AB's (LFAB) Asset Management and Mutual Fund Company.

The exclusion list⁷ is determined and signed off by LFAB in accordance with LFAB's Sustainability policy.

⁶ 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.

⁷ <https://www.lansforsakringar.se/stockholm/privat/om-oss/hallbarhet-forskning/ansvarsfulla-investeringar/exkluderade-bolag-och-omstallningsbolag/>

The exclusions are reviewed and updated quarterly and made effective to coincide with the MSCI Quarterly Index Reviews as of the close of the last business day of February, May, August and November.

2.2.2. ESG CONTROVERSY SCORE ELIGIBILITY

All companies assessed as having involvement in ESG controversies that are classified as Red Flags (MSCI ESG Controversy Score of 0). A Red Flag indicates an ongoing Very Severe ESG controversy implicating a company directly through its actions, products, or operations.

2.2.3. ESG BUSINESS INVOLVEMENT ELIGIBILITY

The Indexes use MSCI ESG Business Involvement Screening Research and MSCI Climate Change Metrics to identify companies that are involved in the following business activities. Companies that meet the business involvement criteria are excluded from the Indexes. Please refer to Appendix I for details on these criteria.

- Controversial Weapons
- Tobacco
- Thermal Coal Mining
- Oil Sands
- Nuclear Weapons

2.2.4. EMISSIONS ELIGIBILITY

Securities which either have higher Emissions Intensity⁸ than the High Emissions Threshold (defined below) or higher total potential emissions⁹ than the High Potential Emissions Threshold (defined below) and do not yet have approved science-based targets¹⁰ are excluded.

- High Emissions Threshold – GHG emissions intensity of the constituent(s) of the MSCI ACWI Index at the 95th percentile based on GHG emissions

⁸ The calculation of GHG Emissions Intensity is described in Appendix II.

⁹ Total Potential Emissions is calculated as the potential carbon emissions of the fossil fuel reserves, excluding metallurgical coal reserves, owned by a company. It is computed as the sum of the potential carbon emissions of the thermal coal, total oil and total gas reserves owned by the company.

¹⁰ Company level emissions 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>

intensity. This 95th percentile calculation excludes securities without emissions data.

- High Potential Emissions Threshold – Total Potential Carbon Emissions excluding Metallurgical Coal of the constituent(s) of the MSCI ACWI Index at the 95th percentile based on Total Potential Carbon Emissions excluding Metallurgical Coal. This 95th percentile calculation only includes companies which are considered most likely to use their fossil fuel reserve for energy applications¹¹. Securities without Total Potential Carbon Emissions data are not included in this calculation of 95th percentile.

2.3 SELECTION OF ELIGIBLE SECURITIES

2.3.1. SECURITY-LEVEL ASSESSMENT

- Intensity Score - Each security is assigned to a quartile based on its sector relative Scope 1+2+3 Greenhouse Gas (GHG) Emissions Intensity¹².

This quartile is labelled as the 'Intensity Score' and is thus an integer between 1 and 4. For example, securities which constitute the lowest 25% of their sector based on emissions intensity would be assigned an 'Intensity Score' of 1.

- Each security is assigned a final Assessment by adjusting the initial Intensity Score according to the following sequence:
 - The Intensity Score is lowered by two quartiles for all securities that either have an approved science-based targets (SBTi) or are assessed to have Credible Track Record.
 - For the remaining securities, the Intensity Score is lowered by one quartile for any securities in the fourth quartile based on sector-relative Climate Risk Management Weighted Average Score or Green Business Revenue.¹³

¹¹ Companies with 'Fossil Fuel Reserves – Energy Application' set to True.

¹² Prior to the May 2020 Semi-Annual Index Review (SAIR) of the Indexes, the Green House Gas (GHG) Emissions Intensity has been calculated based on Scope 1+2 Emissions. The Scope 3 Emissions used in the May 2020 Semi-Annual Index Review of the Indexes is as of Jun 30, 2020.

¹³ The fourth quartile here corresponds in broad terms to strong climate risk management or high sector-relative green business revenues.

- The Intensity Score of fourth quartile companies based on sector relative Green Business Revenue is lowered only if the Green Business Revenue $\geq 5\%$.
- The Security-Level Assessment is floored at 1. More details on calculation steps of Security-Level Assessment are described in Appendix II.

The calculation steps for Intensity Score, Credible Track Record, Climate Risk Management Weighted Average Score¹⁴, Green Business Score and Green Business Revenue¹⁵ are also described in Appendix II.

2.3.2. RANKED UNIVERSE

The Ranked Universe is constructed by sorting eligible securities of each GICS sector, in ascending order of Security-Level Assessment and descending order of float adjusted market capitalization.

2.3.3. SECURITY SELECTION

For each GICS sector in the Ranked Universe, 75% of the number of securities in the Applicable Universe are selected in the following order -

- Securities are selected from the top until the number of selected stocks is less than or equal to 60% of the number of securities in the Applicable Universe.
- Securities which are ranked between 60% and 90% of the number of securities in the Applicable Universe and are also current constituents of the Index are selected.
- Remaining securities which are ranked between 60% and 90% of the number of securities in the Applicable Universe are selected until the total number of selected securities is less than or equal to 75% of the number of securities in the Applicable Universe. Any security which takes the number of selected securities beyond 75% of the number of securities in the Applicable Universe is also selected.
- The number of securities in a GICS sector can be less than 75% if, after applying all exclusions, fewer than 75% of securities remain.

¹⁴ See Appendix III for the definition.

¹⁵ See Appendix IV for the definition.

2.4 WEIGHTING OF SELECTED SECURITIES

The Parent Index weights of selected securities are renormalized to 100%.

2.4.1. ACTIVE GICS SECTOR WEIGHT CAP AND FLOOR

The Active sector weights of selected securities are restricted between +/-5%. The active sector weights are capped in the following steps

- Active sector weights are calculated by aggregating the active weight of securities in the Parent Index. The active weight is calculated as the difference between the weight of securities calculated as per section 2.4 and their respective weight in the Parent Index.
- Active sector weights which are greater than +5% are capped at +5% and active sector weights which are smaller than -5% are floored at -5%.
- Sector weights of remaining sectors are renormalized so that aggregate weight of all sectors sum to 100%.
- For each GICS sector, the sector weight as calculated above is distributed to the selected securities within the GICS sector in proportion of their weight calculated under section 2.4.

2.5 TREATMENT OF UNRATED COMPANIES

Companies not assessed by MSCI ESG Research on data for the following MSCI ESG Research product are not eligible for inclusion in the Indexes:

- MSCI ESG Controversies

Companies without Emission Intensity data described in section 2.2.4 (companies for which GHG Emissions Intensity cannot be calculated) are not eligible for inclusion in the indexes.

For the treatment of unrated companies in the calculation of Climate Risk Management Weighted Average Score, please refer to Appendix III.

3 Maintaining the Indexes

3.1 SEMI-ANNUAL INDEX REVIEWS

The Indexes are rebalanced on a semi-annual basis¹⁶, as of the close of the last business day of May and November, coinciding with the May and November Index Review of the MSCI Global Investable Market Indexes. The pro forma Indexes are in general announced nine business days before the effective date.

In general, MSCI uses MSCI ESG Research data (including MSCI Climate Change Metrics, MSCI ESG Sustainable Impact Metrics, MSCI ESG Controversies and MSCI Business Involvement Screening Research) as of the end of the month preceding the Index Reviews for the rebalancing of the Indexes.

3.2 QUARTERLY INDEX REVIEWS

The Indexes are rebalanced on a quarterly basis, as of the close of the last business day of February and August, coinciding with the February and August Index Review of the MSCI Global Investable Market Indexes. The pro forma Indexes are in general announced nine business days before the effective date. During quarterly reviews, the ‘Specific Stocks Exclusion’ criterion for existing constituents is reviewed. Existing constituents that meet the exclusion criterion are deleted from the indexes and the weight of remaining constituents are renormalized to 100%.

3.3 ONGOING EVENT RELATED CHANGES

The general treatment of corporate events in the Indexes 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.

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.

¹⁶ Certain ESG datapoints required for historical index rebalancing are unavailable. In those cases, the Index used the values of those datapoints as of the date described below. For example, each periodic rebalancing of the Index prior to November 30, 2021, would have applied the “Approved Science Based Targets” from November 30, 2021.

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	<p>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.</p> <p>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.</p>
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/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 Ratings, MSCI ESG Controversies, MSCI ESG Business Involvement Screening Research, MSCI Climate Change Metrics, and MSCI Impact Solutions. MSCI Indexes are administered by MSCI Limited and MSCI Deutschland GmbH.

4.1 MSCI ESG RATINGS

MSCI ESG Ratings aim to measure entities’ management of environmental, social and governance risks and opportunities. MSCI ESG Ratings use a weighted average key issue calculation that is normalized by industry to arrive at an industry-adjusted ESG score (0-10), which is then translated to a seven-point scale from ‘AAA’ to ‘CCC’, indicating how an entity manages relevant key issues relative to industry peers. The MSCI ESG Ratings methodology can be found at: <https://www.msci.com/esg-and-climate-methodologies>

4.2 MSCI IMPACT SOLUTIONS: SUSTAINABLE IMPACT METRICS

MSCI Impact Solutions’ Sustainable Impact Metrics is designed to identify companies that derive revenue from products or services with a positive impact on society and the environment. The Sustainable Impact Metrics are comprised of six Environmental Impact categories and seven Social Impact categories arranged by theme.

MSCI Sustainable Impact Taxonomy

Pillar	Themes	Categories
Environmental Impact	Climate Change	1. Alternative Energy 2. Energy Efficiency 3. Green Building
	Natural Capital	4. Sustainable Water 5. Pollution Prevention 6. Sustainable Agriculture
Social Impact	Basic Needs	7. Nutrition 8. Major Disease Treatment 9. Sanitation 10. Affordable Real Estate

	Empowerment	11. SME Finance 12. Education 13. Connectivity – Digital divide
--	-------------	---

Under each of the actionable environmental and social impact themes, MSCI ESG Research has identified specific categories of products and services that it has determined companies can offer as potential solutions to environmental and social challenges.

More detailed taxonomy for each category can be found in Section 4.4 of the MSCI ACWI Sustainable Impact Index Methodology available at: <https://www.msci.com/index-methodology/latest/SI>.

4.3 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.

The MSCI ESG Controversies methodology can be found at: <https://www.msci.com/esg-and-climate-methodologies>.

4.4 MSCI ESG BUSINESS INVOLVEMENT SCREENING RESEARCH

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 http://www.msci.com/resources/factsheets/MSCI_ESG_BISR.pdf.

4.5 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, align 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.

For more details on MSCI Climate Change Metrics, please refer to

<https://www.msci.com/climate-change-solutions>.

Appendix I: ESG Business Involvement Eligibility

- **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 Global Ex-Controversial Weapons Indexes available at <https://www.msci.com/indexmethodology>.
- **Tobacco**
 - All companies classified as a “Producer.”
 - All companies deriving 5% or more aggregate revenue from the production, distribution, retail, supply, and licensing of tobacco-related products.
- **Thermal Coal Mining**
 - All companies deriving 1% or more 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 does not cover revenue from metallurgical coal, coal mined for internal power generation (e.g., in the case of vertically integrated power producers), intra-company sales of mined thermal coal, and revenue from coal trading (either reported or estimated).
- **Oil Sands**
 - All companies deriving 5% or more revenue from oil sands extraction, which own oil sands reserves and disclose evidence of deriving revenue from oil sands extraction. It does not cover revenue from non-extraction activities (e.g., exploration, surveying, processing, refining), ownership of oil sands reserves with no associated extraction revenue, or intra-company sales.
- **Nuclear Weapons**
 - All companies that manufacture nuclear warheads and/or whole nuclear missiles. It includes assembly and integration of warhead and missile body, as well as companies with contracts to operate/manage government-owned facilities that manufacture nuclear warheads and missiles.

- All companies that manufacture components that were developed or are significantly modified for exclusive use in nuclear weapons (warheads and missiles). It includes companies with contracts to operate/manage government-owned facilities that manufacture components for nuclear warheads and missiles.
- All companies that manufacture or assemble delivery platforms that were developed or significantly modified for the exclusive delivery of nuclear weapons.
- All companies that provide auxiliary services related to nuclear weapons, such as repairing and maintaining nuclear weapons, providing overhaul and upgrade services, stockpiling and stewardship, R&D work, testing and simulations, etc. It also includes companies with contracts to operate/manage government-owned facilities that conduct R&D, testing, simulations, and other essential sciences on nuclear weapons.
- All companies that manufacture components that were not developed or not significantly modified for exclusive use in nuclear weapons (warheads and missiles) but can be used in nuclear weapons.
- All companies that manufacture or assemble delivery platforms that were not developed or not significantly modified for the exclusive delivery of nuclear weapons but have the capability to deliver nuclear weapons.
- All companies that manufacture components for nuclear-exclusive delivery platforms.

Appendix II: Calculation of Security Level Scores

Sector Relative Quartiles

For each security in the Applicable Universe, the following security level scores are calculated as sector relative quartiles:

Table 1

	Score	Ranking Metric
1	Intensity Score	Emission Intensity
2	Green Business Score	Green Business Revenue
3	Climate Risk Management Score	Climate Risk Management Weighted Average Score
4	Track Record Score	Emission Track Record

- Emission Intensity
 - Security level Emissions Intensity = $\text{Global Green House Gas (GHG) Emissions} / (\text{Enterprise Value} + \text{Cash} (\$))$
 - GHG Emissions = Emissions from Scope 1+2+3
- Green Business Revenue - Security level cumulative % of revenue from a set of 'Clean Tech' themes described in Appendix IV.
- Climate Risk Management Raw Score - Security level weighted average of a set of climate change related key issue management scores which are described in Appendix III.
- Emission Track Record – Security level track record is calculated as follows:
 - Security level yearly (YoY) change in emissions is calculated for last 4 years (3 yearly changes).
 - Average Yearly Emissions Change – security level 'average yearly emissions change' is calculated as a geometric average of last 3 yearly changes. Average Yearly Emissions Change is not calculated for securities with less than 4 years of emission data.

- Emission Track Record – For all securities which meet the following conditions their Emission Track Record is set to be equal to the Average Yearly Emissions Change.
 - Average Yearly Emissions Change < - 2%
 - Reports Scope 1 and 2 emissions
 - Has published an emissions reduction target

Emission Track Record is not assigned to securities which do not meet above conditions.

Calculation of Sector Relative Quartiles

- For each GICS sector, securities are ranked in descending order of their ranking metric and then descending order of float adjusted market capitalization.
- Ranked securities are divided into four equal groups (quartiles).
- Securities in the top group receive a score of 4 and securities in the bottom group receive a score of 1 within each sector.
- Securities that receive a quartile score of 4 based on Ranking Metrics described in Table 1 are, in broad terms, securities that have (compared to sector peers)
 - relatively higher values for their Emissions Intensity,
 - higher levels of Green Business Revenues,
 - more favorably assessed Climate Risk Management Weighted Average Scores, or
 - a weaker Emission Track Record¹⁷

¹⁷ Since a favorable Track Record is negative, lower values of the Track Record indicate a stronger historic reduction in emissions

Assessment of Credible Track Record

Security is assessed to have Credible Track Record if it is assigned a Track Record Score of 1.

Calculation of Security Level Assessment

Table 2 describes the calculation of Security Level Assessment through examples of 5 hypothetical companies.

- Company A and Company E do not receive any promotion and hence their Security Level Assessments are the same as their respective Intensity Score.
- Company B is assigned a Climate Risk Management Score of 4 and hence its Intensity Score is lowered by one quartile and the company is assigned a Security Level Assessment of 1.
- Company C is assigned a Climate Risk Management Score of 4 and its emission reduction targets are approved as science-based targets. Because of approved science-based targets, the company’s Intensity Score is lowered by two quartiles. However, Security Level Assessment cannot be lower than 1 and hence the company is assigned a Security Level Assessment of 1
- Company D’s emission reduction targets are approved as science-based targets, because of which the company’s Intensity Score is lowered by two quartiles and the company is assigned a Security Level Assessment of 1.
- Company F is assigned a Green Business Score of 4 and hence its Intensity Score is lowered by one quartile and company is assigned a Security Level Assessment of 2.

Table 2

	Companies					
	A	B	C	D	E	F
Intensity Score*	1	2	2	3	4	3
Climate Risk Management Score*	2	4	4	2	2	2
Green Business Score*	3	2	1	2	2	4
Has Approved Science Based Targets	No	No	Yes	Yes	No	No
Has Credible Track Record	No	No	No	No	No	No
Promoted by Quartile(s)	0	1	2	2	0	1
Security Level Assessment	1	1	1	1	4	2

* Refers to Sector Relative Quartiles

Appendix III: Climate Risk Management Weighted Average Score

Climate Risk Management Weighted Average Score is calculated for securities in the Applicable Universe using following key issue management scores from MSCI ESG Ratings methodology related to management of Climate Change Risk and Environmental Opportunities.

- Carbon Emissions Management Score
- Product Carbon Footprint Management Score
- Climate Change Vulnerability Management Score
- Biodiversity and Land use Management Score
- Opportunities in Clean Tech Management Score
- Opportunities in Green Building Management Score
- Opportunities in Renewable Energy Management Score

Security's Climate Risk Management Weighted Average Score is calculated by considering security's key issue management score and key issue weight.

If any of the above metrics is missing for a security then zero is used for the missing value during the weighted average score calculation. In case the weighted average score is zero or a value cannot be calculated and the key issue weight for carbon emissions management score is zero, then the 'Climate Risk Management Weighted Average Score' is set to be equal to the 'Carbon Emissions Management Score'.

Appendix IV: Calculation of Green Business Revenue

For each constituent in the Parent Index, the Green Revenue% is calculated as the cumulative revenue (%) from the six Clean Tech themes which are as follows:

- Alternative Energy – products and services that support the transmission, distribution and generation of renewable energy and alternative fuels to reduce carbon and pollutant emissions in supporting affordable and clean energy to combat climate change.
- Energy Efficiency – products, and services that support the maximization of productivity in labor, transportation, power, and domestic applications with minimal energy consumption to ensure universal access to affordable, reliable, and modern energy services.
- Sustainable Water – products, services, infrastructure projects and technologies that resolve water scarcity and water quality issues, through minimizing and monitoring current water demand, improving the quality and availability of water supply to improve resource management in both domestic and industrial use.
- Green Building – design, construction, redevelopment, retrofitting, or acquisition of green-certified properties to promote mechanisms for raising capacity for effective climate change mitigation and adaptation.
- Pollution Prevention – products, services, infrastructure projects and technologies that reduces volume of waste materials through recycling, minimizes introduction of toxic substances, and offers remediation of existing contaminants such as heavy metals and organic pollutants in various environmental media to significantly address pollution in all levels and its negative effects.
- Sustainable Agriculture - revenues from forest and agricultural products that meet environmental and organic certification requirements to significantly address biodiversity loss, pollution, land disturbance, and water overuse.

Appendix V: 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 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 Global ex Controversial Weapons Indexes Methodology – <https://www.msci.com/index/methodology/latest/XCW>
- MSCI Global ex Tobacco Involvement Index – <https://www.msci.com/index/methodology/latest/ExTobacco>
- 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.

Contact us

[msci.com/contact-us](https://www.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

About MSCI

MSCI is a leading provider of critical decision support tools and services for the global investment community. With over 50 years of expertise in research, data and technology, we power better investment decisions by enabling clients to understand and analyze key drivers of risk and return and confidently build more effective portfolios. We create industry-leading research-enhanced solutions that clients use to gain insight into and improve transparency across the investment process.

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>.

Notice and disclaimer

This document is research for informational purposes only and is intended for institutional professionals with the analytical resources and tools necessary to interpret any performance information. Nothing herein is intended to promote or recommend any product, tool or service.

This document and all of the information contained in it, including without limitation all text, data, graphs, charts (collectively, the "Information") is the property of MSCI Inc. or its subsidiaries (collectively, "MSCI"), or MSCI's licensors, direct or indirect suppliers or any third party involved in making or compiling any Information (collectively, with MSCI, the "Information Providers") and is provided for informational purposes only. The Information may not be modified, reverse-engineered, reproduced or disseminated in whole or in part without prior written permission from MSCI. All rights in the Information are reserved by MSCI and/or its Information Providers.

The Information may not be used to create derivative works or to verify or correct other data or information. For example (but without limitation), the Information may not be used to create indexes, databases, risk models, analytics, software, or in connection with the issuing, offering, sponsoring, managing or marketing of any securities, portfolios, financial products or other investment vehicles utilizing or based on, linked to, tracking or otherwise derived from the Information or any other MSCI data, information, products or services.

The user of the Information assumes the entire risk of any use it may make or permit to be made of the Information. NONE OF THE INFORMATION PROVIDERS MAKES ANY EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE INFORMATION (OR THE RESULTS TO BE OBTAINED BY THE USE THEREOF), AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH INFORMATION PROVIDER EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES (INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF ORIGINALITY, ACCURACY, TIMELINESS, NON-INFRINGEMENT, COMPLETENESS, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) WITH RESPECT TO ANY OF THE INFORMATION.

Without limiting any of the foregoing and to the maximum extent permitted by applicable law, in no event shall any Information Provider have any liability regarding any of the Information for any direct, indirect, special, punitive, consequential (including lost profits) or any other damages even if notified of the possibility of such damages. The foregoing shall not exclude or limit any liability that may not be applicable law be excluded or limited, including without limitation (as applicable), any liability for death or personal injury to the extent that such injury results from the negligence or willful default of itself, its servants, agents or sub-contractors.

Information containing any historical information, data or analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. Past performance does not guarantee future results.

The Information may include "Signals," defined as quantitative attributes or the product of methods or formulas that describe or are derived from calculations using historical data. Neither these Signals nor any description of historical data are intended to provide investment advice or a recommendation to make (or refrain from making) any investment decision or asset allocation and should not be relied upon as such. Signals are inherently backward-looking because of their use of historical data, and they are not intended to predict the future. The relevance, correlations and accuracy of Signals frequently will change materially.

The Information should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. All Information is impersonal and not tailored to the needs of any person, entity or group of persons.

None of the Information constitutes an offer to sell (or a solicitation of an offer to buy), any security, financial product or other investment vehicle or any trading strategy.

It is not possible to invest directly in an index. Exposure to an asset class or trading strategy or other category represented by an index is only available through third party investable instruments (if any) based on that index. MSCI does not issue, sponsor, endorse, market, offer, review or otherwise express any opinion regarding any fund, ETF, derivative or other security, investment, financial product or trading strategy that is based on, linked to or seeks to provide an investment return related to the performance of any MSCI index (collectively, "Index Linked Investments"). MSCI makes no assurance that any Index Linked Investments will accurately track index performance or provide positive investment returns. MSCI Inc. is not an investment adviser or fiduciary and MSCI makes no representation regarding the advisability of investing in any Index Linked Investments.

Index returns do not represent the results of actual trading of investable assets/securities. MSCI maintains and calculates indexes, but does not manage actual assets. The calculation of indexes and index returns may deviate from the stated methodology. Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the index or Index Linked Investments. The imposition of these fees and charges would cause the performance of an Index Linked Investment to be different than the MSCI index performance.

The Information may contain back tested data. Back-tested performance is not actual performance, but is hypothetical. There are frequently material differences between back tested performance results and actual results subsequently achieved by any investment strategy.

Constituents of MSCI equity indexes are listed companies, which are included in or excluded from the indexes according to the application of the relevant index methodologies. Accordingly, constituents in MSCI equity indexes may include MSCI Inc., clients of MSCI or suppliers to MSCI. Inclusion of a security within an MSCI index is not a recommendation by MSCI to buy, sell, or hold such security, nor is it considered to be investment advice.

Data and information produced by various affiliates of MSCI Inc., including MSCI ESG Research LLC and Barra LLC, may be used in calculating certain MSCI indexes. More information can be found in the relevant index methodologies on www.msci.com.

MSCI receives compensation in connection with licensing its indexes to third parties. MSCI Inc.'s revenue includes fees based on assets in Index Linked Investments. Information can be found in MSCI Inc.'s company filings on the Investor Relations section of msci.com.

MSCI ESG Research LLC is a Registered Investment Adviser under the Investment Advisers Act of 1940 and a subsidiary of MSCI Inc. Neither MSCI nor any of its products or services recommends, endorses, approves or otherwise expresses any opinion regarding any issuer, securities, financial products or instruments or trading strategies and MSCI's products or services are not a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such, provided that applicable products or services from MSCI ESG Research may constitute investment advice. MSCI ESG Research materials, including materials utilized in any MSCI ESG Indexes or other products, have not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. MSCI ESG and climate ratings, research and data are produced by MSCI ESG Research LLC, a subsidiary of MSCI Inc. MSCI ESG Indexes, Analytics and Real Estate are products of MSCI Inc. that utilize information from MSCI ESG Research LLC. MSCI Indexes are administered by MSCI Limited (UK) and MSCI Deutschland GmbH.

Please note that the issuers mentioned in MSCI ESG Research materials sometimes have commercial relationships with MSCI ESG Research and/or MSCI Inc. (collectively, "MSCI") and that these relationships create potential conflicts of interest. In some cases, the issuers or their affiliates purchase research or other products or services from one or more MSCI affiliates. In other cases, MSCI ESG Research rates financial products such as mutual funds or ETFs that are managed by MSCI's clients or their affiliates, or are based on MSCI Inc. Indexes. In addition, constituents in MSCI Inc. equity indexes include companies that subscribe to MSCI products or services. In some cases, MSCI clients pay fees based in whole or part on the assets they manage. MSCI ESG Research has taken a number of steps to mitigate potential conflicts of interest and safeguard the integrity and independence of its research and ratings. More information about these conflict mitigation measures is available in our Form ADV, available at <https://adviserinfo.sec.gov/firm/summary/169222>.

Any use of or access to products, services or information of MSCI requires a license from MSCI. MSCI, Barra, RiskMetrics, IPD and other MSCI brands and product names are the trademarks, service marks, or registered trademarks of MSCI or its subsidiaries in the United States and other jurisdictions. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and S&P Global Market Intelligence. "Global Industry Classification Standard (GICS)" is a service mark of MSCI and S&P Global Market Intelligence.

MIFID2/MIFIR notice: MSCI ESG Research LLC does not distribute or act as an intermediary for financial instruments or structured deposits, nor does it deal on its own account, provide execution services for others or manage client accounts. No MSCI ESG Research product or service supports, promotes or is intended to support or promote any such activity. MSCI ESG Research is an independent provider of ESG data.

Privacy notice: For information about how MSCI collects and uses personal data, please refer to our Privacy Notice at <https://www.msci.com/privacy-pledge>.