

# **MSCI Select ESG Leaders Low Carbon Impact G Series Indexes Methodology**

November 2024

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## 1. Introduction

The MSCI Select ESG Leaders Low Carbon Impact G Series Indexes (the ‘Indexes’) <sup>12</sup> are designed to represent the performance of companies that have high Environmental, Social and Governance (“ESG”) ratings relative to their sector peers.

The Indexes also aims to reflect a lower carbon exposure than that of the broad market, by selecting companies with low carbon emissions (scope 1 & 2) relative to sales and those with low potential carbon emissions per dollar of market capitalization. Additionally, the Index applies certain values-based exclusion criteria. Finally, the weights of securities are tilted in proportion of the aggregated Sustainable Impact Revenue Contribution from the below Sustainable Impact topics:

- Alternative Energy
- Energy Efficiency
- Green Building
- Pollution Prevention
- Major Disease Treatment
- Nutrition

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<sup>1</sup> The Indexes are governed by a set of methodology and policy documents (“Methodology Set”), including the present index methodology document. Please refer to Appendix IV for more details.

<sup>2</sup> The Indexes governed by this methodology book are listed in Section 2.1

## 2. Index Construction

The Indexes use company ratings and research provided by MSCI ESG Research<sup>3</sup> to determine eligibility for Index inclusion.

### 2.1 Eligible Universe

The Eligible Universe includes all the existing constituents of the corresponding market capitalization weighted indexes (the 'Parent Indexes'), as shown in the table below and applies the screening and ranking criteria for securities as described in sections 2.1.1 and 2.1.2.

Index Name	Parent Index
MSCI Emerging Markets Select ESG Leaders Low Carbon Impact G Series Indexes	MSCI Emerging Markets Index <sup>2</sup>
MSCI North America Select ESG Leaders Low Carbon Impact G Series Indexes	MSCI North America Index
MSCI Pacific Select ESG Leaders Low Carbon Impact G Series Indexes	MSCI Pacific Index

#### 2.1.1 ESG Screening and Selection

The first step is the ranking and selection of securities based on company ratings and research the screening of companies based on the business involvement criteria. The ranking and selection of securities is based on the MSCI ESG Leaders Indexes Methodology<sup>5</sup> and the exclusion<sup>3</sup> of securities is based on the Business Involvement Screening Criteria from the MSCI SRI Indexes Methodology<sup>4</sup>.

<sup>3</sup> Please refer to Section 4 for further information regarding the 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 and MSCI Deutschland GmbH are the benchmark administrators for the MSCI indexes

<sup>2</sup> The Parent Index for the MSCI Emerging Markets Select ESG Leaders Low Carbon Impact G Series Index is the MSCI Emerging Market Index with exclusion of securities from Egypt and Pakistan. This approach aims to provide an opportunity set with sufficient liquidity and investment capacity.

<sup>5</sup> For more information on the ranking and selection criteria, please refer to Appendix I and for more information on the MSCI ESG Leaders Indexes Methodology, please refer to <http://www.msci.com/index-methodology>

<sup>3</sup> The MSCI Emerging Markets Select ESG Leaders Low Carbon Impact G Series Index excludes companies from specific countries based on the following criteria:

- State Owned Enterprise and Dominant Shareholder Screen: All companies which are State Owned and have a Dominant Shareholder percentage more than 50% are excluded.
- State Owned Enterprise and Golden Share Screen: All companies which are State Owned and have a Golden Share are excluded

The list of countries will be provided by Kempen Capital Management N.V before the May and November Index Reviews

<sup>4</sup> For more information on the screening criteria, please refer to Appendix II and for more information on the MSCI SRI Indexes Methodology at <http://www.msci.com/index-methodology>

## 2.1.2 Low Carbon Screening

The second step is to apply the Low Carbon screening using the ranking and exclusion process as described in sections 3.3 of the MSCI Low Carbon Leaders Core Indexes Methodology<sup>8</sup>.

**Carbon Emission Intensity Screen:** Constituents are ranked in the descending order of the Carbon Emission Intensity<sup>9</sup> and the top 20% of securities by number are excluded. The cumulative weight of securities excluded from any sector is less than 30% of the weight of the sector in the ESG Screened Universe. In case this limit is reached for any sector, no further securities from that sector are excluded.

**Potential Carbon Emissions per Dollar of Market Capitalization Screen:** Constituents are ranked in the descending order of the Potential Carbon Emissions per Dollar of the market capitalization of the company. Securities are excluded until cumulative potential carbon emissions of the excluded securities reaches 50% of the sum of the potential carbon emission of the constituents of the ESG Screened Universe post weighting.

## 2.2 Sustainable Impact

Weights are tilted in proportion of the Sustainable Impact Tilt Scores and renormalized to ensure that the sum of weights of all constituents is 100%.

Sustainable Impact Revenue is defined as the aggregated revenue (%) contribution from the below components:

- Alternative Energy
- Energy Efficiency
- Green Building
- Pollution Prevention
- Major Disease Treatment
- Nutrition

Sustainable Impact Tilt Score is awarded depending on the Sustainable Impact Revenue calculated above:

Sustainable Impact Revenue	Tilt Score
Sustainable Impact Revenue unavailable / equal to 0	1
Sustainable Impact Revenue less than 5%	1.25
Sustainable Impact Revenue between 5% and 20%	1.5
Sustainable Impact Revenue between 20% and 50%	1.75
Sustainable Impact Revenue between 50% and 100%	2

<sup>8</sup> 8 For more information, please refer to the MSCI Low Carbon Core Indexes Methodology at <http://www.msci.com/index-methodology>.

<sup>9</sup> The Carbon Emission Intensity includes Scope 1 and Scope 2 normalized by sales.

## 2.3 Final Universe

The Final Universe is constructed by applying an issuer cap on the weight of individual constituents for the MSCI North America Select ESG Leaders Low Carbon Impact G Series Index and a security cap on the weights of individual constituents for the MSCI Emerging Markets Select ESG Leaders Low Carbon Impact G Series Index and the MSCI Pacific Select ESG Leaders Low Carbon Impact G Series Index.

Please refer to the table below for the capping applied on all three Indexes:

Index Name	Capping
MSCI Emerging Markets Select ESG Leaders Low Carbon Impact G Series Index	5% <sup>10</sup>
MSCI North America Select ESG Leaders Low Carbon Impact G Series Index	6% <sup>11</sup>
MSCI Pacific Select ESG Leaders Low Carbon Impact G Series Index	5%

<sup>10</sup> Prior to the May 2024 Rebalance the capping parameter for the MSCI Emerging Markets Select ESG Leaders Low Carbon Impact G Series Indexes was 15%

<sup>11</sup> Prior to the May 2024 Rebalance the capping parameter for the MSCI North America Select ESG Leaders Low Carbon Impact G Series Indexes was 10%

Starting November 2024 Index Review, the MSCI North America Select ESG Leaders Low Carbon Impact G Series Index will be capped at issuer level.

## 3. Index Maintenance

### 3.1 Annual Index Reviews

The MSCI Select ESG Leaders Low Carbon Impact G Series Indexes are reviewed on an annual basis in May to coincide with the Index Review of the Parent Index, and the changes are implemented at the end of May. In general, the pro forma indexes are announced nine business days before the effective date.

At each Annual Index Review, the Eligible Universe for the selection criteria is updated, and the composition of the Index is reassessed in order to target 50% free float-adjusted cumulative market capitalization of each sector of the Parent Index.

In general, MSCI uses MSCI ESG Research data (including MSCI ESG Ratings, 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 Semi-Annual Index Reviews

The MSCI Emerging Markets Select ESG Leaders Low Carbon Impact G Series Index is also reviewed on a semi-annual basis to coincide with the regular Index Reviews of the Parent Indexes. The changes are implemented at the end of November. The pro forma index is in general announced nine business days before the effective date.

For the Semi-annual Index Reviews, MSCI ESG Ratings, MSCI ESG Controversies Score assessments and MSCI BISR data are taken as of the end of the month preceding the Index Reviews, i.e., October. For some securities, this 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 MSCI ESG Leaders Indexes.

At the Semi-Annual Index Review, existing constituents are deleted from the Index if they do not meet the eligibility criteria as described in section 2.1. Existing constituents that meet the eligibility criteria are retained in the Index. Additions of eligible securities are made only to those sectors where the current market capitalization coverage is less than 45%, until the 50% target is reached. Market price movements may cause small deviations in the sector coverage between two Index Reviews. Therefore, to minimize turnover, a buffer of 10% is used on the target coverage of 50% to define under-representation.

Additionally, the Low Carbon Universe is also constructed along with weighting during the Semi-annual Index Review as described in section 2.1.2.

### 3.3 Quarterly Index Reviews

The MSCI North America Select ESG Leaders Low Carbon Impact G Series Index and the MSCI Pacific Select ESG Leaders Impact G Series Indexes are also reviewed on a quarterly basis to coincide with the regular Index Reviews of the Parent Indexes. The changes are implemented at the end of February, May, August and November. The pro forma index is in general announced nine business days before the effective date.

For the Quarterly Index Reviews, MSCI ESG Ratings, MSCI ESG Controversies Score assessments and MSCI BISR data are taken as of the end of the month preceding the Index Reviews, i.e. January, April, July and October. For some securities, this data may not be published by MSCI ESG Research by the end of the month preceding the Index Review, so MSCI will use ESG data published after the end of month, when available, for the rebalancing of the Indexes.

At the Quarterly Index Review, existing constituents are deleted from the Index if they do not meet the eligibility criteria as described in section 2.1. Existing constituents that meet the eligibility criteria are retained in the Index. Additions of eligible securities are made only to those sectors where the current market capitalization coverage is less than 45%, until the 50% target is reached. Market price movements may cause small deviations in the sector coverage between two Index Reviews. Therefore, to minimize turnover, a buffer of 10% is used on the target coverage of 50% to define under-representation.

Additionally, the Low Carbon Universe is also constructed along with weighting during the Semi-annual Index Review as described in section 2.1.2.

### 3.4 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. 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, as the frequency of Index Reviews in the Parent Index is greater than the frequency of Index Reviews in the Index, the changes made to the Parent Index during intermediate Index Reviews will be neutralized in the Index.

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.

Event Type	Event Details
<b>New additions to the Parent Index</b>	A new security added to the Parent Index (such as IPO and other early inclusions) will not be added to the Index.
<b>Spin-Offs</b>	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.
<b>Merger/Acquisition</b>	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.

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/legal/disclosures/esg-disclosures>.

### 4.2 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/legal/disclosures/esg-disclosures>.

### 4.3 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.

The MSCI Business Involvement Screening Research methodology can be found at: <https://www.msci.com/legal/disclosures/esg-disclosures>.

### 4.4 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.

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

## 4.5 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 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	<ol style="list-style-type: none"> <li>1. Alternative energy</li> <li>2. Energy efficiency</li> <li>3. Green building</li> </ol>
	Natural capital	<ol style="list-style-type: none"> <li>4. Sustainable water</li> <li>5. Pollution prevention</li> <li>6. Sustainable agriculture</li> </ol>
Social Impact	Basic needs	<ol style="list-style-type: none"> <li>7. Nutrition</li> <li>8. Major Disease Treatment</li> <li>9. Sanitation</li> <li>10. Affordable Real Estate</li> </ol>
	Empowerment	<ol style="list-style-type: none"> <li>11. SME Finance</li> <li>12. Education</li> <li>13. Connectivity – Digital divide</li> </ol>

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.

For more details on MSCI Sustainable Impact Metrics, please refer to <https://www.msci.com/legal/disclosures/esg-disclosures>.

## Appendix I: Guidelines on Achieving the Target Sector Coverage of 50%

The Indexes target 50% coverage of the free float-adjusted market capitalization of each GICS sector of the regional Parent Index. The underlying principle in the construction of the indexes is to achieve cumulative sector coverage closest to 50%, while aiming to maintain index stability.

The following guidelines are used in achieving the target cumulative sector coverage of 50%:

- For each sector, the eligible companies of the regional Parent Index are first ranked based on the company level ESG Rating.
- If two companies have the same ESG Rating, the company with better ESG Trend is given priority. ESG Trend is defined as the direction of the change in ESG Rating as of the latest review of the ESG Rating for a company.
  - Positive ESG Trend is given the highest priority. Positive ESG Trend indicates any upgrade in ESG Rating of any scale as of the latest review of the company's ESG Rating.
  - Neutral ESG Trend indicates an unchanged ESG Rating as of the latest review of the company's ESG Rating. Also, companies that receive a re-initiated ESG Rating due to a change in the ESG Ratings Industry are considered to have a neutral ESG Trend.
  - Negative ESG Trend is given the lowest priority. Negative ESG Trend indicates any downgrade in ESG Rating of any scale as of the latest review of the company's ESG Rating.
- In case of two companies with the same ESG Rating and the same ESG Trend, the existing constituent is given priority to maintain index stability. Between two existing constituents with the same ESG Rating and the same ESG Trend, the company with the higher industry-adjusted ESG score is given priority. For two existing Index constituents with the same industry-adjusted ESG score, the security with the largest free float-adjusted market capitalization is given priority.
- The cumulative sector coverage at each rank is calculated.
- In each sector, companies are selected as per the rules mentioned in Section 3.1.2 until the cumulative sector coverage crosses 50% or there are no eligible securities left to be selected.
- MSCI defines the company that increases the cumulative sector coverage above 50% as the "marginal company".
  - If the marginal company is a current Index constituent, then it is always selected.
  - If the marginal company is not a current Index constituent, then it is selected only if the cumulative sector coverage with the marginal company is closer to 50% compared to the cumulative sector coverage without the marginal company.
- The minimum cumulative sector coverage is set to 45%.
  - The marginal company is always selected if this is required to achieve cumulative sector coverage of 45%.
- Securities which are ineligible as per Section 3.1.1 will not be selected even if the cumulative sector coverage after selection of all eligible securities is below 50%.

## Appendix II: Controversial Business Involvement Criteria

MSCI ESG Research has developed a framework designed to define significant involvement in controversial activities. According to this framework, there are four levels of restrictiveness: Most Restrictive, Highly Restrictive, Moderately Restrictive, Least Restrictive.

Each controversial activity screened by the Indexes (except Fossil Fuel Reserves Ownership, Fossil Fuel Extraction and Thermal Coal Power) is assigned to one of these restrictiveness levels.

### **"Most Restrictive" screen applied**

- **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/index/methodology/latest/XCW>

### **"Highly Restrictive" screen applied**

- **Civilian Firearms**

- All companies classified as "Producer" of firearms and small arms ammunitions for civilian markets. It does not include companies that cater to the military, government, and law enforcement markets.
- All companies deriving 5% or more aggregate revenue from the production and distribution (wholesale or retail) of firearms or small arms ammunition intended for civilian use.

- **Nuclear Weapons**

- All companies that manufacture nuclear warheads and/or whole nuclear missiles.
- All companies that manufacture components that were developed or are significantly modified for exclusive use in nuclear weapons (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.
- 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.

- **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.

## **"Moderately Restrictive" screen applied**

- **Adult Entertainment**
  - All companies deriving 5% or more revenue from the production of adult entertainment materials
  - All companies deriving 15% or more aggregate revenue from the production, distribution and retail of adult entertainment materials
- **Alcohol**
  - All companies deriving 5% or more revenue from the production of alcohol-related products
  - All companies deriving 15% or more aggregate revenue from the production, distribution, retail and supply of alcohol-related products
- **Conventional Weapons**
  - All companies deriving 5% or more revenue from the production of conventional weapons and components
  - All companies deriving 15% or more aggregate revenue from weapons systems, components, and support systems and services
- **Gambling**
  - All companies deriving 5% or more revenue from ownership of operation of gambling-related business activities
  - All companies deriving 15% or more aggregate revenue from gambling-related business activities
- **Genetically Modified Organisms (GMO)**
  - All companies deriving 5% or more revenue from activities like genetically modifying plants, such as seeds and crops, and other organisms intended for agricultural use or human consumption
- **Nuclear Power**
  - All companies generating 5% or more of their total electricity from nuclear power in a given year
  - All companies that have 5% or more of installed capacity attributed to nuclear sources in a given fiscal year
  - All companies deriving 15% or more aggregate revenue from nuclear power activities

## **No specific restrictiveness level applied**

- **Fossil Fuel Reserves Ownership**
  - All companies with evidence of owning proven & probable coal reserves and/or proven oil and natural gas reserves used for energy purposes, as defined by the methodology of the MSCI Global Ex Fossil Fuels Indexes available at <https://www.msci.com/index-methodology>

- **Fossil Fuel Extraction**

- All companies deriving any revenue (either reported or estimated) from thermal coal mining or unconventional oil and gas extraction.
  - *Thermal Coal Mining:* Revenue 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.
  - *Unconventional Oil & Gas Extraction:* Revenue from oil sands, oil shale (kerogen-rich deposits), shale gas, shale oil, coal seam gas, and coal bed methane. It does not cover all types of conventional oil and gas production including Arctic onshore/offshore, deep water, shallow water and other onshore/offshore.

- **Thermal Coal Power**

- All companies deriving 5% or more revenue (either reported or estimated) from thermal coal-based power generation.

## Appendix III: Calculation of Carbon Exposure Metrics

### Index Carbon Emissions

Parent Index Carbon Emissions –

$$\sum_i \left( \frac{(\text{Float Market Capitalization} * \text{Absolute Emissions})}{\text{Issuer Market Capitalization}} \right)$$

Derived Index Carbon Emissions –

$$\sum_i \left( \frac{(\text{Derived Index Market Capitalization} * \text{Absolute Emissions})}{\text{Issuer Market Capitalization}} \right)$$

Parent Index Carbon Emission Intensity is defined as Parent Index Carbon Emissions, as defined above, divided by Parent Index Sales –

$$\sum_i \left( \frac{(\text{Float Market Capitalization} * \text{Absolute Emissions})}{\text{Issuer Market Capitalization}} \right) / \sum_i \left( \frac{(\text{Float Market Capitalization} * \text{Sales})}{\text{Issuer Market Capitalization}} \right)$$

Derived Index Carbon Emissions Intensity is defined as Derived Index Carbon Emissions, as defined above, divided by Derived Index Sales –

$$\sum_i \left( \frac{(\text{Derived Index Market Capitalization} * \text{Absolute Emissions})}{\text{Issuer Market Capitalization}} \right) / \sum_i \left( \frac{(\text{Derived Index Market Capitalization} * \text{Sales})}{\text{Issuer Market Capitalization}} \right)$$

### Index Potential Carbon Emissions from Fossil Fuels

Parent Index Potential Carbon Emissions from Fossil Fuels–

$$\sum_i \left( \frac{(\text{Float Market Capitalization} * \text{Absolute Potential Emissions})}{\text{Issuer Market Capitalization}} \right)$$

Derived Index Potential Carbon Emissions from Fossil Fuels–

$$\sum_i \left( \frac{(\text{Derived Index Market Capitalization} * \text{Absolute Potential Emissions})}{\text{Issuer Market Capitalization}} \right)$$



## Appendix IV: 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 SRI Indexes Methodology – <https://www.msci.com/index/methodology/latest/SRI>
- MSCI ESG Leaders Indexes Methodology – <https://www.msci.com/index/methodology/latest/ESG>
- MSCI ACWI Sustainable Indexes Methodology – <https://www.msci.com/index/methodology/latest/SI>
- 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.

## Appendix V: Changes to this Document

### The following section has been modified as of November 2022:

Section 2.1.1: There were two new country specific screens added to the methodology of the MSCI Emerging Market Select ESG Leaders Low Carbon Impact G Series Index, as noted in the footnote.

### The following sections have been modified as of July 2023:

Section 2: The section has been clarified given the methodology book is also the governing documents of two other regional indexes which follow the same methodology.

Section 3: There is a Quarterly Index Review section given the North America and Pacific Indexes are rebalanced on a quarterly rebalance.

Section 4: The ESG Product descriptions have moved from Section 2 to Section 4 and the language has been updated.

Appendix: There have been three sections added to the Appendix; Guidelines on Achieving the Target Sector Coverage of 50%, Controversial Business Involvement Criteria and Calculation of Carbon Exposure Metrics

### The following sections have been modified as of May 2024:

Section 2.3 Final Universe:

- Security capping of constituents was adjusted for the North America and Emerging Markets Index.

Appendix IV: Methodology Set

- Added details on the Methodology Set for the Indexes

### The following sections have been modified as of November 2024

Section 2.3: Final Universe

- Updated capping details from security to issuer level for the MSCI North America Select ESG Leaders Low Carbon Impact G Series Index

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