MSCI ACWI EX CHINA EX HONG KONG EX INSURANCE CLIMATE CUSTOM INDEX METHODOLOGY

May 2025

Contents

1 Introduction

The MSCI ACWI EX CHINA EX HONG KONG EX INSURANCE CLIMATE CUSTOM INDEX[1] (the "Index") aims to represent the performance of a strategy that aims to achieve decarbonization based climate goals while maintaining regional diversification.

[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 VII for more details.

2 Constructing the Indexes

The Index uses company ratings and research provided by MSCI ESG Research[2] for the Index construction.

2.1 Applicable Universe

The Applicable Universe aims to provide an opportunity set with sufficient liquidity and investment capacity.

The Parent Index for MSCI ACWI EX CHINA EX HONG KONG EX INSURANCE CLIMATE CUSTOM INDEX is MSCI ACWI Index.

The Applicable Universe is then constructed as a subset of MSCI ACWI Index by taking all the existing constituents of MSCI North America Index, MSCI Europe Index, MSCI Pacific Index, and MSCI Emerging Markets Index.

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 Exclusion based on Country of Classification

The Index excludes all securities that have country of classification as China or Hong Kong.

2.2.2 Specific Stocks Exclusion

The Index excludes all securities listed on the exclusions list provided and determined by Allianz. The exclusions are static and were determined at the time of index launch.

2.2.3 Insurance Stocks

The Index excludes all securities in the “Insurance” GICS industry (GICS Code 403010) according to MSCI Global Industry Classification Standard (MSCI GICS).

2.2.4 ESG Business Involvement Eligibility

The Index uses 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 index. Please refer to Appendix I for details on these criteria.

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

- Controversial Weapons
- Energy Exclusion: Coal based business
- Energy Exclusion: Unconventional Oil and Gas
- Coal, Oil & Gas[3]
- Tobacco
- Firearms
- UNGC Compliance
- Nuclear Weapons

2.2.5 ESG Controversy Score Eligibility

All companies assessed as being involved in ESG controversies that are classified as Red Flags (MSCI ESG Controversy Score of 0) are excluded.

2.2.6 Environmental Harm

All companies assessed as being involved in environmental controversies that are classified as Red (MSCI Environmental Controversy Score of 0) or Orange Flags (score of 1) are excluded.

2.2.7 ESG Ratings Eligibility

The Index uses MSCI ESG Ratings to identify companies that have demonstrated an ability to manage their ESG risks and opportunities. Companies are required to have an MSCI ESG Rating of 'BB' or above to be eligible for inclusion in the Index.

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 ESG Controversies
- MSCI ESG Ratings

2.4 Minimum Requirements

The requirements imposed on the index are detailed in the table below.

Requirement	Constraint
Minimum Average Reduction (per annum) in WACI relative to WACI on the Base Date[4]	7%

[3] This exclusion is applied starting February 2025 Index Review.

[4] Refer to Appendix II for more details on WACI calculation.

Minimum Active Weight in High Climate Impact Sector relative to ACWI Index[5]	0%
Minimum weight to each region[6]	10%
Maximum weight to each region	50%

Please refer to Appendix IV for more details on capping.

2.5 Security Selection and Weighting

All the securities in the Eligible Universe as defined in Section 2.2 are selected and weighted such that all the constraints in Section 2.4 are satisfied. An iterative approach is used to arrive at the Index. Please refer to Appendix V for details on the iterative approach.

2.6 Final Universe

The Final Universe is constructed from the Eligible Universe after applying the regional capping constraints. The other constraints will be applied on the Final Universe while trying to maintain the same regional diversification as the Final Universe.

[5] Refer to Appendix III for definition of High Climate Impact Sector.

[6] Please refer to Appendix VI on the definition of the regions.

3 Maintaining the Indexes

3.1 Index Reviews

The Indexes are reviewed on a quarterly basis, coinciding with the February, May, August and November Index Reviews of the Parent Index. 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 ESG Ratings, Climate Change 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 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, if the frequency of Index Reviews in the Parent Indexes is greater than the frequency of Index Reviews in the Index, the changes made to the Parent Indexes during intermediate Index Reviews will be neutralized in the Indexes.

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
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 Indexes.
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 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, and MSCI Climate Change Metrics. 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.

For more details on MSCI ESG Business Involvement Screening Research, please refer to http://www.msci.com/resources/factsheets/MSCI_ESG_BISR.pdf

4.4 MSCI Climate Change Metrics

MSCI Climate Change Metrics provide 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/climate-solutions.

Appendix I: Business Involvement Screening Criteria

- **Controversial Weapons**
    - Companies that have any ties to cluster munitions, landmines, biological / chemical weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons, and/or non-detectable fragments as defined by the methodology of the MSCI Ex-Controversial Weapons Indexes.
- **Energy Exclusion: Coal based business**
    - 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 excludes 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.
    - Utilities generating ≥ 5% of electricity from thermal coal
    - All companies generating >= 10% revenue (either reported or estimated) from thermal coal based power generation.[7]
- **Energy Exclusion: Unconventional Oil and Gas**
    - Companies generating ≥5% revenue from unconventional oil and gas. It includes revenues from oil sands, oil shale (kerogen-rich deposits), shale gas, shale oil, coal seam gas, and coal bed methane.
- **Coal, Oil & Gas[8]**
    - Oil & Gas Upstream: Integrated Oil & Gas (GIC Sub-Industry Code 10102010)
    - Oil & Gas Exploration & Production (GIC Sub-Industry Code 10102020)
    - Coal & Consumable Fuels (GIC Sub-Industry Code 10102050)
- **Tobacco**
    - Companies involved in the production of tobacco products.
    - Companies deriving 5% or more revenue from Tobacco production, distribution or retail of tobacco products, as a licensor of brand names for tobacco products, or as a supplier for tobacco products
- **Firearms**
    - Companies deriving 10% or more from firearms and small arms Manufacturing & Distribution (wholesale or retail).
- **UNGC Compliance**

[7] This exclusion is applied starting May 2025 Index Review.

[8] This exclusion is applied starting the February 2025 Index Review. Additionally, this exclusion applies only to securities with country of classification outside of Europe.

  - Companies that “Fail” on alignment with UN Global Compact principles.

- **Nuclear Weapons**

- Companies involved in the production of nuclear weapons, exclusive and dual-use delivery platform capable to delivery such products, intended and dual-use components of such products, services provided for such products, or involved indirectly through ownership ties to companies involved in such products or services.

Appendix II: Calculation of Target Metrics

For Parent Index constituents where the Scope 1+2 GHG Emissions Intensity is not available, the average Scope 1+2 GHG Emissions Intensity of all the constituents of the MSCI ACWI in the same GICS Industry Group in which the constituent belongs is used.

GHG emissions of a company are normalized for size by dividing annual GHG emissions by Enterprise Value including Cash (EVIC). The GHG Emissions Intensity is calculated using the latest Scope 1+2 GHG emissions and EVIC of a company.

Security Level GHG Emissions Intensity =

$$Unadjusted\ Security\ Level\ Scope\ 1+2\ GHG\ Emissions\ Intensity * (1+EVIAF)$$

Unadjusted Security Level GHG Intensity (Scope 1+2) =

$$\frac{(Scope\ 1+2\ GHG\ Emissions)}{EVIC\ (in\ M\$)}$$

Enterprise Value Inflation Adjustment Factor (EVIAF) =

$$EVIAF = \frac{Average(Enterprise\ Value\ +\ Cash)}{Previous\ (Average(Enterprise\ Value\ +\ Cash)} - 1$$

Weighted Average GHG Emissions Intensity of Parent Index =

$$\sum(Weight\ in\ Parent\ Index * \ Security\ Level\ GHG\ Emissions\ Intensity)$$

Weighted Average GHG Emissions Intensity of Derived Index =

$$\sum(Weight\ in\ Derived\ Index * \ Security\ Level\ GHG\ Emissions\ Intensity)$$

Calculation of Average Decarbonization

On average, the Index follow a 7% decarbonization trajectory since the Base Date. The Weighted Average GHG Intensity at the Base Date (W_1) is used to compute the target Weighted Average GHG Intensity at any given Quarterly Index Review (W_t) as per the below formula.

$$W_t = W_1 * 0.93^{\left(\frac{(t-1)}{4}\right)}$$

Where ‘t’ is the number of Quarterly Index Reviews (QIR) since the Base Date.

For instance, for the 5th Quarterly Index Review since the Base Date (t=5), the target Weighted Average GHG Intensity will be W_1*0.93.

November 2019 Index Review is used as the Base Date for the Index. The base intensity is 58.87807.

Appendix III: Climate Impact Sectors

NACE[9] is the European Union's classification of economic activities. As per the draft DA, stocks in the NACE Section codes A, B, C, D, E, F, G, H, L are classified as "High Climate Impact" sector and other stocks are classified 'Low Climate Impact' sector.

The GICS21 Sub-Industry code for each security is mapped to the corresponding "Climate Impact Sector" using a mapping. This mapping is constructed in the following steps:

1. MSCI has published a mapping[10] between the NACE classes and GICS Sub- Industry.
2. For each GICS Sub-Industry, the number of NACE classes which fall under the High Climate Impact Sector (say the number of classes is NH) and Low Climate Impact Sector (say the number of classes is NL) is identified
3. If all the NACE classes for a given GICS Sub-Industry are identified in the High Climate Impact Sector (NL = 0), then the GICS Sub-Industry is mapped to the High Climate Impact Sector. Conversely, if all the NACE classes for a given GICS Sub-Industry are identified in the Low Climate Impact Sector (NH = 0) then the GICS Sub-Industry is mapped to the Low Climate Impact Sector
4. In case a GICS Sub-Industry is mapped to some NACE classes in the High Climate Impact Sector and the others in the Low Climate Impact Sector, the GICS Industry is mapped to the Climate Impact Sector in the following manner:
    a. **NH >= NL**: If the number of NACE classes in the High Climate Impact Sector is at least equivalent to the number of NACE classes in the Low Climate Impact Sector, the GICS Sub-Industry is mapped to the High Climate Impact Sector
    b. **NH < NL**: If the number of NACE classes in the High Climate Impact Sector is less than the number of NACE classes in the Low Climate Impact Sector, the GICS Sub-Industry is mapped to the Low Climate Impact Sector
5. Using the GICS Sub-Industry to Climate Impact Sector mapping created in Step 4, and the security-level GICS Sub-Industry, each security in the Parent Index is classified in either High Climate Impact Sector or Low Climate Impact Sector

[9] For further details regarding NACE, please refer to https://ec.europa.eu/eurostat/statistics- explained/index.php?title=NACE_background

[10] This mapping is available in the Handbook of Climate Transition Benchmarks, Paris-Aligned Benchmark and Benchmarks' ESG Disclosures

Appendix IV: The Capping Methodology

The capping methodology is applied on regions to ensure the desired regional diversification as defined in Section 2.4 is achieved.

A. Parameters for Capping

The maximum weight of all the securities in any of the four regions will be restricted between 10% and 50%.

B. The Capping Methodology

The Capping methodology is iteratively applied with the following steps:

- Find the most violating constraint. For each region, the deviation ratio is calculated based on:
  - ratio of current value (for example, weight of North America in the Index) to the maximum bound (50% as defined), in case of maximum bound constraint.
  - ratio of minimum bound value (10%) to current value (for example, weight of North America in the Index), in case of minimum bound constraint.

  The most violating constraint is the maximum of all the deviation ratios.
- The most violating constraint is adjusted first to the respective bound value.
- The excess weight (difference of current value to the respective bound value) is distributed proportionally the constituents of other regions.

The process is applied iteratively, and the process stops when the all the violating constraint ratio (rounded off to 5 decimals) are less than or equal to 1.

Appendix V: Iterative Process

The iterative down weighting process is applied on the securities of the Final Universe as defined in Section 2.5 with the objective of meeting all the minimum requirements detailed in Section 2.4.

ITERATIVE DOWNWEIGHTING

Starting with the Final Universe, an iterative down weighting process is applied to meet with the minimum requirements for the Index. The iterative down weighting stops when all the requirements are met. The steps followed in the iterative downweighting are outlined below:

Step 1. Check whether all targets for the Index are met. If all targets are met, then no downweighting is required.

Step 2. Securities in the Final Universe are sorted in increasing order of their Scope 1+2 Carbon Emissions Intensity and securities in the top half of the sorted list are identified as “Top Half” securities. Securities in the bottom half of the sorted list are identified as "Bottom Half” securities.

Step 3. If the target based on minimum average reduction in WACI (per annum) is not met, the lowest ranked “Bottom Half” stock in ascending order of Scope 1+2 GHG Emissions Intensity is selected for downweighting and the weight is reduced by 25% of its weight in the Final Universe. If this target is met, but

a. If the target based on minimum weight in High Climate Impact Sector is not met, the “Bottom Half” stock in the “Low Climate Impact” Sectors is downweighted.

Step 4. If the targets are still not met, the stock is downweighted in steps of 25% of its weight in the Final Universe till a maximum downweighting of 75%.

Step 5. Stocks of the Final Universe in the “Top Half”, belonging to the same Region as the stock being downweighted are proportionally upweighted to ensure that the overall allocation to the Region is the same as that in the Parent Index and the sum of the weights of all constituents is 1.

Step 6. If the targets are still not met, the iterative process continues, and Steps 3-6 are repeated.

Step 7. If the targets are not met after excluding all the “Bottom Half” stocks, then the index will rebalance using the constituents and weighting of stocks as after Step 6.

Appendix VI: Definition of Regions

The regions are defined as the constituents of corresponding MSCI indexes as mentioned below:

Region	Index
North America	MSCI North America Index
Europe	MSCI Europe Index
Pacific	MSCI Pacific Index
Emerging Markets	MSCI Emerging Markets Index

Appendix VII: 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 – www.msci.com/index/methodology/latest/ReadMe
- MSCI Corporate Events Methodology – www.msci.com/index/methodology/latest/CE
- MSCI Fundamental Data Methodology – www.msci.com/index/methodology/latest/FundData
- MSCI Index Calculation Methodology – www.msci.com/index/methodology/latest/IndexCalc
- MSCI Index Glossary of Terms – www.msci.com/index/methodology/latest/IndexGlossary
- MSCI Index Policies – www.msci.com/index/methodology/latest/IndexPolicy
- MSCI Global Industry Classification Standard (GICS) Methodology – www.msci.com/index/methodology/latest/GICS
- MSCI Global Investable Market Indexes Methodology – www.msci.com/index/methodology/latest/GIMI
- MSCI Global ex Controversial Weapons Indexes Methodology – www.msci.com/index/methodology/latest/XCW
- 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 VIII: Changes to this document

1. May 2025: Modified the following screens in Appendix I:

   a. Modified the threshold for utilities generating electricity from thermal coal from 30% to 5%.
   b. Modified the threshold for Energy Exclusion: Unconventional Oil and Gas from 10% to 5%
   c. Added exclusion of all companies deriving at least 10% revenue from generation of power from thermal coal.

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