

# **WTW GLOBAL EQUITY DIVERSIFIED INDEX ON MSCI ACWI\***

**\* A custom index built by MSCI on criteria  
provided by WTW**

**May 2024**

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# 1 Introduction

The WTW Global Equity Diversified Index on MSCI ACWI\*(\*a custom index built by MSCI on criteria provided by WTW)<sup>1</sup> (herein ‘the Index’) aims to represent the performance of a strategy that seeks higher exposure to a custom multifactor S-score, calculated from three custom factors<sup>2</sup> – Value, Quality and Momentum – while targeting ex-ante risk similar to that of ACWI (the ‘Parent Index’).

The Index is constructed by selecting constituents of the Parent Index and applying an optimization process that aims to:

- Maximise the utility defined as the multi-factor S-score minus the sum of squared active weights of the constituents
- Reduce the weighted average greenhouse gas emissions (Scope 1 and 2) intensity of the Index by 50% by November 2030 Index Review<sup>3</sup> compared to the weighted average greenhouse gas emissions intensity of MSCI ACWI as computed in November 2019 Index Review
- Reduce the weighted average greenhouse gas emissions (Scope 1 and 2) intensity of the Index by 10% compared to that of the Parent Index at the time of Index Review
- Reduce the weighted average WTW Climate Transition Value-at-Risk<sup>4</sup> (or ‘CTVaR’) of the Index to 75% of that of the Parent Index
- Achieve a similar industry-adjusted ESG Score of the Index as that of the Parent Index

For the full list of optimization constraints, please refer to the section 2.3.2.

Please refer to Appendix 3 for the details on definition of custom factor scores.

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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 8 for more details.

<sup>2</sup> Please refer to Appendix 3 for more details on definitions of the custom factors.

<sup>3</sup> Please refer to Appendix 5 for more details on the quarterly decarbonisation pathway.

<sup>4</sup> Please refer to Appendix 7 for details on the WTW Climate Transition Value-at-Risk.

## 2 Index Construction

The Index is constructed from the constituents of Parent Index. The following steps are applied at initial construction of the Index.

- Defining the Parent Index
- Defining the exclusion criteria
- Defining the Custom Multi-Factor Score
- Defining the Optimization Objective and Constraints
- Determining the Optimized Index

### 2.1 Defining the Parent Index, Eligible Universe and the Base Currency for Optimization

Constructing the Index begins with the constituents of the Parent Index and then by applying screens to arrive at the eligible universe to perform the optimization. The optimization is performed from a base currency perspective and does not allow short selling of securities. The optimization base currency is USD.

The optimization relies on the factor exposures for all the securities in the Parent Index and the factor covariance matrix of the relevant Barra Equity Model<sup>5</sup>.

### 2.2 Eligible Universe Screening

The Indexes use company ratings and research provided by MSCI ESG Research<sup>6</sup> to determine eligibility for Index inclusion.

#### 2.2.1 ESG Controversies Score Eligibility

The Index uses MSCI ESG Controversies Scores to identify companies that are involved in very serious controversies involving the environmental, social, or governance impact of their operations and/or products and services. Companies are required to have an MSCI ESG Controversies Score of 1 or above to be eligible for inclusion in the Index.

<sup>5</sup> Please refer to Appendix 1 for the detailed information on model usage.

<sup>6</sup> 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. MSCI Limited and MSCI Deutschland GmbH are the benchmark administrator for the MSCI Indexes.

### 2.2.2 ESG Ratings Eligibility

The Indexes use MSCI ESG Ratings to identify companies that have demonstrated an ability to manage their ESG risks and opportunities.

### 2.2.3 Controversial Business Involvement Criteria

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 below mentioned business involvement criteria are excluded from the Index. Please refer to Appendix 2 for details on these criteria.

- Compliance with the United Nations Global Compact Principles
- Controversial Weapons
- Thermal Coal Mining
- Thermal Coal Power
- Tobacco
- Oil Sands

## 2.3 Defining the Optimization Objective and Constraints

### 2.3.1 Optimization Objective

The optimization objective is to maximize utility defined as the custom multifactor S-score minus the scaled sum of squared active weights (i.e. Herfindahl Index<sup>7</sup>) subject to ex-ante total risk being less than or equal to the ex-ante total risk of the Parent Index at the time of rebalancing along with various optimization constraints specified in 2.3.2.

#### Calculation of the Custom multifactor S-score

First, for each security in the Parent Index, a custom multi-factor score is computed as the average of custom factor exposures adjusted for region-sector mean.<sup>8</sup>

$$MF(i) = \frac{1}{3} * CV(i) + \frac{1}{3} * CQ(i) + \frac{1}{3} CM(i)$$

<sup>7</sup> The risk aversion parameter is set to 0.075.

<sup>8</sup> Please refer to Appendix 3 for more details on the computation of the custom value, custom quality and custom momentum scores. Please refer to Appendix 4 for more details on the regions.

Where,

$MF(i)$  = Custom multi-factor score for each security i

$CV(i)$  = Custom Value factor score for each security i

$CQ(i)$  = Custom Quality factor score for each security i

$CM(i)$  = Custom Momentum factor score for each security i

Then the custom multifactor S-score for each stock is calculated as:

$$\alpha(i) = \frac{2}{(1 + \exp(-MF(i)))} - 1$$

### 2.3.2 Optimization Constraints

The Index is constructed using the Barra Open Optimizer in combination with the relevant Barra Equity Model. The optimization uses the universe of eligible securities and the specified optimization objective and constraints to determine the Index.

At each quarterly Index Review in May, August, November and February, the following optimization constraints are applied which aim to ensure investability while achieving relatively high exposure to the custom multifactor S-score with diversification and control over ex-ante total risk.<sup>9</sup>

No	Category	Parameter	Constraint
1	Stock	Active Stock weight is less than or equal to +/-X% w.r.t. Parent Index	1%
2		Max Stock weight is less than or equal to N times its weight in Parent Index	2x
3		Max Stock weight is less than or equal to	Max(5%,1x of Parent weight)
4		Min Stock weight is greater than X%	0%
5	Issuer	Active Issuer weight is less than or equal to +/-X% w.r.t. Parent Index	1%
6		Max Issuer weight is less than or equal to	Max(5%,1x of Parent weight)
7	Sector	Active Sector weight is less than or equal to +/-X% w.r.t. Parent Index	5%

<sup>9</sup> Please refer to Appendix 6 for more details on handling infeasible optimization.

No	Category	Parameter	Constraint
8	Country	Active Country weight is less than or equal to +/-X% w.r.t. Parent Index	2.50%
9		Max Country weight is less than or equal to N times its weight in Parent Index	3x
10	Currency	Active Currency weight is less than or equal to +/-X% w.r.t. Parent Index	2.50%
11	Factor	Active GEMLT Beta exposure is less than or equal to +/-X w.r.t. Parent Index	0.1
12		Active GEMLT Size exposure is less than or equal to +/-X w.r.t. Parent Index	0.1
13	ESG <sup>10</sup>	Weighted Average Industry-Adjusted ESG Score of the Index is equal to or greater than X% of Weighted Average Industry-Adjusted ESG Score of the Parent Index	100%
14	Climate	Weighted Average WTW CTVaR <sup>11</sup> of Index is equal to or greater than X% of Weighted Average WTW CTVaR of the Parent Index	75% <sup>12</sup>
15		Weighted Average GHG Emissions Intensity (Scope 1+2 / EVIC) of Index equal to or lower than X% of Weighted Average GHG Emissions Intensity of the Parent Index	90% <sup>13</sup>
16		Weighted Average GHG Emissions Intensity (Scope 1+2/ EVIC) of Index is equal or lower than GHG Emissions Intensity Target	Achieve 50% <sup>14</sup> of MSCI ACWI Nov 2019 Index Review Weighted Average GHG Emissions Intensity by Nov 2030 Index Review
17	Custom multifactor S-Score	Weighted Average Custom multifactor S-Score of Index is equal to or greater than +X of Weighted Average Custom multifactor S-Score of Parent Index	0.05

## 2.4 Determining the Optimized Index

The weights of the securities are an outcome of the optimization process. The optimization uses the eligible universe as the universe of eligible securities and the specified optimization objective and constraints to determine the Optimized Index.

<sup>10</sup> The industry-adjusted ESG Score constraint is applied from Feb 2013 Index Review.

<sup>11</sup> Please refer to Appendix 7 for details on the WTW Climate Transition Value-at-Risk.

<sup>12</sup> The WTW CTVaR constraint is applied from August 2021 Index Review.

<sup>13</sup> The GHG Emissions Intensity relative to the Parent constraint is applied from November 2013 Index Review.

<sup>14</sup> The Quarterly Decarbonization constraint and Custom multifactor S-Score constraints are applied from Feb 2020 Index Review. Please refer to Appendix 5 for more details on the quarterly decarbonisation pathway.



## 2.5 Treatment of Unrated Companies

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

- MSCI ESG Controversies
- MSCI ESG Ratings

3 Maintaining the WTW Global Equity Diversified Index

3.1 Quarterly Index Reviews

The Index is reviewed on a quarterly basis to coincide with the regular Index Reviews of the MSCI Global Investable Market Indexes. The changes are implemented as of the close of the last business day of February, May, August and November.

In general, the pro forma Index is announced nine business days before the effective date.

In general, MSCI uses MSCI ESG Research data<sup>15</sup> (including MSCI ESG Ratings, MSCI ESG Controversies Scores, MSCI Business Involvement Screening Research, and MSCI Climate Change Metrics) as of the end of the month preceding the Index Reviews for the rebalancing of the Index. For some securities, such data may not be published by MSCI ESG Research by the end of the month preceding the Index Review. For such securities, MSCI will use ESG data published after the end of month, when available, for the rebalancing of the Index.

3.2 Ongoing Event Related Changes

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

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

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

EVENT TYPE	EVENT DETAILS
New additions to the Parent Index	A new security added to the Parent Index (such as IPO and other early

<sup>15</sup> See section 4 for details of data sourced from MSCI ESG Research used in the Index.

inclusion) will not be added to the Index.

### Spin-Offs

All securities created as a result of the spin-off of an existing Index constituent will be added to the Index at the time of event implementation. Reevaluation for continued inclusion in the Index will occur at the subsequent Index Review.

### Merger/Acquisition

For Mergers and Acquisitions, the acquirer's post event weight will account for the proportionate amount of shares involved in deal consideration, while cash proceeds will be invested across the Index.

If an existing Index constituent is acquired by a non-Index constituent, the existing constituent will be deleted from the Index and the acquiring non-constituent will not be added to the Index.

### Changes in Security Characteristics

A security will continue to be an Index constituent if there are changes in characteristics (country, sector, size segment, etc.). Reevaluation for continued inclusion in the Index will occur at the subsequent Index Review.

Further detail and illustration regarding specific treatment of corporate events relevant to this Index can be found in the MSCI Corporate Events Methodology book under the sections detailing the treatment of events in Capped Weighted and Non-Market Capitalization Weighted Indexes.

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

## 4 MSCI ESG Research

The Index is a product of MSCI Inc. that 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 Index uses 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/esg-and-climate-methodologies>.

### 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/esg-and-climate-methodologies>.

### 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](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-change-solutions>.

## Appendix 1: New Release of BARRA® EQUITY MODEL or BARRA® OPTIMIZER

The methodology presently uses MSCI Barra Global Equity Model for Long-Term Investors (“GEMTL”) for the optimization. A new release of the relevant Barra Equity Model or Barra Optimizer may replace the former version within a suitable timeframe.

## Appendix 2: Values- and Climate Change-Based Exclusion Criteria

The Index is constructed with an aim to reflect the performance of companies that are consistent with specific values- and climate change-based criteria<sup>16</sup>.

### Compliance with all the UN Global Compact Principles

- All companies that fail to comply with the United Nations Global Compact principles are excluded. In this filter, activities are not classified under any specific tolerance level.

### Values-based Exclusions Criteria

- **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) according to MSCI Ex-Controversial Weapons Indexes are excluded.
- **Tobacco**
  - All companies classified as a "Producer" or that derive any revenue from tobacco production.
  - All companies deriving 5% or more aggregate revenue from the distribution, retail and supply of tobacco-related products.<sup>17</sup>

### Climate Change-based Exclusions Criteria

- **Thermal Coal Mining**
  - All companies deriving 15% or more revenue from the mining of thermal coal are excluded.
- **Thermal Coal-based Power Generation**
  - All companies deriving 15% or more revenue from the thermal coal-based power generation are excluded.
- **Oil Sands**

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<sup>16</sup> The exclusion of the companies using these criteria is applied from Feb 2013 Index Review.

<sup>17</sup> Prior to the May 2024 Index Review, the Tobacco exclusion was implemented on the individual revenues from distribution, retail or supply of tobacco related products of 5% or more. From May 2024 Index Review onwards, the Tobacco exclusion is implemented on the aggregated revenue from these business activities of 5% or more.



- All companies deriving 15% or more revenue from oil sands extraction generation are excluded.



## Appendix 3: Definition of Custom Factor Scores

Each of the three custom factors uses a unique set of data inputs and weighting, which follow a different definition than the standard factors derived from the Barra Equity Model.

Each Custom Factor Score has been defined below:

### Value

Definition:  $= \frac{1}{6} \cdot \text{BTOP} + \frac{1}{6} \cdot (\frac{1}{2} \cdot \text{ETOP} + \frac{1}{2} \cdot \text{ETOPF}) + \frac{1}{6} \cdot \text{CETOP} + \frac{1}{6} \cdot \text{EBITTOEV} + \frac{1}{6} \cdot \text{DTOP} + \frac{1}{6} \cdot \text{STOP}$

Where,

BTOP = Book to Price

Earnings-to-Price:

ETOP = Earnings to Price

ETOPF = Analyst predicted Earnings to Price

CETOP = Cash Earnings to Price

EBITTOEV = Enterprise Multiple (EBIT to EV)

DTOP = Dividend Yield

STOP = Inverse of Price to Sales

### Quality

Definition:  $= \frac{1}{3} \cdot (\frac{1}{5} \cdot \text{GP} + \frac{1}{5} \cdot \text{GPM} + \frac{1}{5} \cdot \text{ATO} + \frac{1}{5} \cdot \text{ROA} + \frac{1}{5} \cdot \text{ROE}) + \frac{1}{3} \cdot (\frac{1}{3} \cdot \text{ABS} + \frac{1}{3} \cdot \text{ACF} + \frac{1}{3} \cdot \text{CETOE}) + \frac{1}{3} \cdot (\frac{1}{3} \cdot \text{AGRO} + \frac{1}{3} \cdot \text{IGRO} + \frac{1}{3} \cdot \text{CXGRO})$

Where,

Profitability:

GP = Gross Profitability

GPM = Gross Profit Margin

ATO = Asset Turnover

ROA<sup>18</sup> = Return on Assets (3-year average)

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<sup>18</sup> If one or two of the last 3 years are missing, then the average based on the remainder of the 3 years.

ROE<sup>19</sup> = Return on Equity (3-year average)

Earnings Quality:

ABS = Balance Sheet Accruals

ACF = Cashflow Statement Accruals

CETOE = Cash Earnings to Earnings

Investment Quality:

AGRO = Total Assets Growth Rate

IGRO = Issuance Growth

CXGRO = Capital Expenditure Growth

### Momentum

Definition:  $= \frac{1}{4} * HALPHA + \frac{1}{4} * HALPHA\_UNADJ + \frac{1}{4} * (HALPHA / H\SIGMA) + \frac{1}{4} * (HALPHA / H\SIGMA)\_UNADJ$

Where,

HALPHA = Historical Alpha

HALPHA\_UNADJ = Historical Alpha (not adjusted for sector-region mean)

HALPHA / H\SIGMA = Historical Alpha / Historical Sigma (the non-transformed signals are used for ratio calculation; the ratio is subsequently transformed)

(HALPHA / H\SIGMA)\_UNADJ = Historical Alpha / Historical Sigma (not adjusted for sector-region mean)

Each of the above-mentioned signals and the resulting combined signals as well as the custom factor scores above are Z-score transformed based on the Parent Index and then winsorized at +/-3 and adjusted for the sector region-mean Z-score, unless stated otherwise. This transformation is happening at each nested level before the resulting signal is included into a combined signal.

The regions are defined as the constituents of corresponding MSCI indexes in Appendix 4. The sectors are defined as the Global Industry Classification Standard (GICS®) sector of the Parent Index.

<sup>19</sup> If one or two of the last 3 years are missing, then the average based on the remainder of the 3 years.



The final custom multi-factor score is calculated using equal weights to these custom Value, Quality and Momentum scores.

### Appendix 4: Definition of Regions

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

No.	Region	Index
1	USA	MSCI USA Index
2	Canada	MSCI Canada Index
3	DM EME	MSCI EME Index
4	EM EMEA	MSCI EM EMEA Index
5	DM Asia	MSCI Pacific Index
6	EM Asia	MSCI EM Asia Index
7	EM Latin America	MSCI EM Latin America

## Appendix 5: Calculation of Target Metrics and Quarterly Decarbonization Trajectory of Index

### Calculation of GHG Intensity relative to EVIC

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

Security Level GHG Emissions Intensity =

$$\frac{\text{Scope 1 + 2 GHG Emissions} * (1 + EVIAF)}{\text{Enterprise Value} + \text{Cash(in M\$)}}$$

Enterprise Value Inflation Adjustment Factor (EVIAF) =

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

Weighted Average GHG Emissions Intensity of Parent Index =

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

Weighted Average GHG Emissions Intensity of Derived Index =

$$\sum (\text{Index Weight} * \text{Security Level GHG Emissions Intensity})$$

### Calculation of Average Decarbonization for Quarterly Decarbonization Constraint

The Weighted Average GHG Emissions Intensity on the Base Date ( $W_0$ ) is used to compute the target Weighted Average GHG Emissions Intensity ( $W_t$ ) at the May, August, November and February Index Reviews as per the below formula.

$$W_t = 1.5 * W_0 * 0.975340673^t$$

Where  $W_0$  is the MSCI ACWI November 2019 Index Review<sup>20</sup> GHG Emissions Intensity (based on Scope 1+2/EVIC) at Base Date (November 2019 Index Review) and 't' is the number of the quarterly Index Reviews since the Base Date such that t=1 coincides with the February 2020 Index Review. The decarbonization parameter of 0.975340673 ensures that the targeted reduction in GHG Emissions Intensity of the Index in each index review follows a pathway such that the cumulative reduction compared to the weighted average GHG Emissions Intensity of MSCI ACWI as of November 2019 Index Review converges to 50% by November 2030 Index Review.

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<sup>20</sup> The November 2019 Index Review uses last end of month data for the Scope 1+2 / EVIC calculation, coinciding with November 29, 2019.

## Appendix 6: Handling Infeasible Optimizations

During the Index Reviews, in the event that there is no optimal solution that satisfies all the optimization constraints defined in Section 2.3.2, the following constraints will be relaxed until an optimal solution is found:

- Relax the quarterly decarbonization constraint, where the target for the GHG emissions intensity in that Index Review will be increased up to 115% of its level,  $W_t$ , in 3 steps.
- After exhausting all steps of the previous relaxation, relax the maximum asset weight multiple starting from 4x to 20x in steps of 2x.

In the event that there is no optimal solution after the above constraints have been relaxed, the Index will not be rebalanced for that Index review.

## Appendix 7: WTW Climate Transition Value-at-Risk (CTVaR)

The WTW Climate Transition Value-at-Risk (CTVaR) is calculated by Willis Limited and is a measure of the risk of a reduction in an asset's value due to the global transition to net-zero emissions. It estimates the change in the value of an asset under a transition scenario, compared to its current market price. CTVaR is updated quarterly.

If there is no coverage or a significant drop in coverage of CTVaR in terms of number of securities in a particular Index Review, a fallback mechanism will be applied using the latest available quarterly data.

The WTW CTVaR data is recorded at quarterly frequency for March, June, September and December and is shared with MSCI on the 1<sup>st</sup> business day of these months following UK holidays.

For further details on the calculation, please refer to:

<https://www.wtwco.com/en-gb/solutions/products/climate-transition-value-at-risk>



## Appendix 8: Methodology Set

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

- Description of methodology set – [www.msci.com/index/methodology/latest/ReadMe](https://www.msci.com/index/methodology/latest/ReadMe)
- MSCI Corporate Events Methodology – [www.msci.com/index/methodology/latest/CE](https://www.msci.com/index/methodology/latest/CE)
- MSCI Fundamental Data Methodology – [www.msci.com/index/methodology/latest/FundData](https://www.msci.com/index/methodology/latest/FundData)
- MSCI Index Calculation Methodology – [www.msci.com/index/methodology/latest/IndexCalc](https://www.msci.com/index/methodology/latest/IndexCalc)
- MSCI Index Glossary of Terms – [www.msci.com/index/methodology/latest/IndexGlossary](https://www.msci.com/index/methodology/latest/IndexGlossary)
- MSCI Index Policies – [www.msci.com/index/methodology/latest/IndexPolicy](https://www.msci.com/index/methodology/latest/IndexPolicy)
- MSCI Global Industry Classification Standard (GICS) Methodology – [www.msci.com/index/methodology/latest/GICS](https://www.msci.com/index/methodology/latest/GICS)
- MSCI Global Investable Market Indexes Methodology – [www.msci.com/index/methodology/latest/GIMI](https://www.msci.com/index/methodology/latest/GIMI)
- MSCI Global ex Controversial Weapons Indexes Methodology – [www.msci.com/index/methodology/latest/XCW](https://www.msci.com/index/methodology/latest/XCW)

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'.

## Appendix 9: Changes to this Document

The following sections have been updated as of January 2024:

### Section 2.5: Treatment of Unrated Companies

- Moved treatment of companies with ratings and research not available from MSCI ESG Research from section 2.2.1 and 2.2.2 to a new section.

### Section 2.3.2: Optimization Constraints

- Added issuer-level constraints.

### Appendix 8: Methodology Set

- Added details on the Methodology Set for the Index.

The following sections have been updated as of May 2024:

### Appendix 2: Values- and Climate Change-Based Exclusion Criteria

- Clarification of implementation of Tobacco exclusions.

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