

MSCI Selection Low Carbon Select 5% Issuer Capped Index Methodology

February 2025

Contents

1	Introduction	4
2	Constructing the Index	5
2.1	Eligible Universe	5
2.2	Index Construction.....	5
2.2.1	Selecting Companies with Low Carbon Exposure.....	5
2.2.2	Selection Based on ESG Criteria	5
2.2.2.1	Values and Climate Change Based Exclusions.....	6
2.2.2.2	ESG Ratings Eligibility	6
2.2.2.3	ESG Controversies Score Eligibility.....	6
2.2.3	Security Selection.....	6
2.2.3.1	Defining Groups for Security Selection.....	6
2.2.3.2	Applying the Iterative Process.....	7
2.3	Treatment of Unrated Companies	7
3	Maintaining the Index	8
3.1	Annual Index Reviews	8
3.2	Updating the Eligible Universe	8
3.3	Ranking Of Eligible Securities	8
3.3.1	Ranking of Eligible Securities	9
3.3.2	Selection of Eligible Securities	9
3.4	Quarterly Index Reviews	9
3.5	Monthly Review of Controversies	10
3.6	Ongoing Event Related Changes	10
4	MSCI ESG Research	12
4.1	MSCI ESG Ratings	12
4.2	MSCI ESG Controversies	12
4.3	MSCI ESG Business Involvement Screening Research.....	12
4.4	MSCI Climate Change Metrics	12
4.4.1	Fossil Fuels and Power Generation Metrics	13

4.4.2 Greenhouse Gas (GHG) Emissions 13

Appendix I: Values and Climate Change Based Screening Criteria..... 14

Appendix II: Guidelines on Achieving the Target Coverage of 50% 16

Appendix III: Methodology Set 17

Appendix IV: Changes to this Document 18

1 Introduction

The MSCI AC Asia ex Japan Selection Low Carbon Select 5% Issuer Capped Index¹ (the “Index”) is designed to represent the performance of companies that have lower carbon exposure than that of its corresponding market capitalization weighted index (the “Parent² Index”) and is designed to represent the performance of companies that have high Environmental, Social and Governance (“ESG”) ratings relative to their sector peers, to ensure the inclusion of the best-in-class companies from an ESG perspective.

The Index aims to target sector weights that reflect the relative sector weights of the Parent Index to limit the systematic risk introduced by the ESG selection process. Overall, the Index targets coverage of 50% of the Parent Index.

The Index also aims to avoid concentration by capping securities to a maximum weight of 5%³.

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 III for more details.

² The Parent Index is the MSCI AC Asia ex Japan Index

³ For more information, please refer to the MSCI Capped Indexes methodology at www.msci.com/index-methodology

2 Constructing the Index

2.1 Eligible Universe

The Eligible Universe is constructed from the constituents of the Parent Index by selecting securities for inclusion based on the following rules:

- Selecting securities with Low Carbon Exposure
- Selecting securities based on ESG criteria

The two rules are applied independently and only securities which meet both rules are deemed eligible for inclusion in the Index. The rules of index construction are described below.

2.2 Index Construction

2.2.1 Selecting Companies with Low Carbon Exposure

The Low Carbon⁴ Universe is constructed from the Eligible Universe by excluding companies with high Scope 1+2 Carbon Emissions Intensity and Potential Carbon Emissions.

To select companies with low exposure to carbon emissions, the Parent Index constituents are ranked by the Carbon Emission Intensity, and the top 5% of securities, by number, are excluded from the Low Carbon Universe.

The cumulative weight of securities excluded due to carbon emissions intensity from any sector is less than 30% of the weight of the sector in the Parent Index. In case this limit is reached for any sector, no further securities from that sector are excluded.

To select companies with low exposure to fossil fuel reserves, the Parent Index constituents are ranked by the Potential Carbon Emissions per Dollar of the Market Capitalization of the company. Securities are excluded from the Low Carbon Universe until the cumulative Potential Carbon Emission of the excluded securities reaches 50% of the sum of the Potential Carbon Emission of the constituents of the Parent Index. The two screens are applied independently.

2.2.2 Selection Based on ESG Criteria

The Index uses company ratings and research provided by MSCI ESG Research⁵ to determine eligibility for Index inclusion.

The ESG Criteria is based on the Values and Climate Change based screens, ESG Ratings and ESG Controversy scores.

⁴ For more information, please refer to the MSCI Low Carbon Leaders Core methodology at www.msci.com/index-methodology

⁵ 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.

2.2.2.1 Values and Climate Change Based Exclusions

The Index uses MSCI ESG Business Involvement Screening Research 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.

- Conventional Weapons
- Controversial Weapons
- Nuclear Weapons
- Civilian Firearms
- Tobacco
- Alcohol
- Gambling
- Nuclear Power
- Fossil Fuel Extraction
- Thermal Coal Power

2.2.2.2 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.

2.2.2.3 ESG Controversies Score Eligibility

The Index uses MSCI ESG Controversies Scores to identify those 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 3 or above to be eligible for inclusion in the Index.

2.2.3 Security Selection

2.2.3.1 Defining Groups for Security Selection

The following regions are used for the construction of the Index:

- Developed Asia Pacific
- Emerging Asia

Securities in the Parent Indexes are assigned "Selection Groups⁶" based on their regions and their Global Industry Classification Standard GICS® sector.

⁶ For more information, please refer to Appendix 2.

2.2.3.2 Applying the Iterative Process

The Index targets 50% (“target”) of the free float-adjusted market capitalization within each Selection Group as defined in Section 2.2.3.1 and a capping⁷ of 5% (“cap”) on security weights by applying the iterative process described below –

1. Calculate “Cap_p” as the defined below –

$$Cap_p = target * cap$$

2. Define a “Capped Universe” from the Parent Index. The securities in the Capped Universe are assigned weights as per the below formula –

$$Weight\ in\ Capped\ Universe = MIN(Cap_p, Weight\ in\ Parent\ Index)$$

The excess weight available due to the capping of securities is not distributed among the remaining securities in the Capped Universe. Thus, the total weight of securities in the Capped Universe may be below 100%.

3. Within each Selection Group of the Parent Index, aim to select securities that form a 50% cumulative weight of each Selection Group, using cumulative security weights as defined in the Capped Universe.

4. Define a “Selection Universe” which comprises of the selected securities in Step 3. The weights of securities in the Selection Universe are derived from their corresponding weights in the Capped Universe. The cumulative weight of securities in the “Selection Universe” is calculated and then the sum of the weight is renormalized to 100%.

The steps 1-4 above are repeated over 20 iterations and the iteration in which the maximum security weight in the Selection Universe is closest to 5% in terms of an absolute difference is selected. If none of the stocks which are assigned a weight of Capp in Step 2 are selected in the Selection Universe, the iterative process stops and the Selection Universe in that iteration is selected.

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 Ratings
- MSCI ESG Controversies
- MSCI ESG Climate Change Metrics
- MSCI Business Involvement Screening Research (BISR)

⁷ For more information, please refer to the MSCI Capped Indexes methodology at www.msci.com/index-methodology

3 Maintaining the Index

3.1 Annual Index Reviews

The Index is reviewed on an annual basis in May to coincide with the May Semi-Annual Index Review of the Parent Index. The changes are implemented at the end of May. The pro forma indexes are generally announced nine business days before the effective date.

In general, MSCI uses MSCI ESG Research data (including MSCI ESG Ratings, MSCI ESG Controversies, 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.

At each Annual Index Review, the eligible universe is updated, and the composition of the index is reassessed in order to target 50% free float-adjusted cumulative market capitalization of each Selection Group of the Parent Index.

3.2 Updating the Eligible Universe

The Eligible Universe is updated during each Annual Index Review.

Companies that are not existing constituents of the Index are evaluated using the same eligibility criteria described in Section 2.2.

Existing constituents of the Index are maintained in the eligible universe if they meet all the following conditions:

- MSCI ESG Rating of 'BB' or above
- MSCI ESG Controversies Score of 1 or above
- Not screened by the business involvement criteria described in Section 2.2.1 and Section 2.2.2.1.

3.3 Ranking Of Eligible Securities

For each Selection Group, eligible securities of the Parent Index are ranked based on the following criteria:

- ESG Rating
- ESG Trend⁸ (positive ESG Trend preferred to neutral ESG Trend and neutral ESG Trend preferred to negative ESG Trend)
- Current index membership (existing constituents above non-constituents)
- Industry adjusted ESG scores

⁸ ESG Trend is defined as the latest change in ESG Rating over the previous 12 months. A security without any change in ESG Rating over the previous 12 months will have a neutral ESG Trend.

- Decreasing free float-adjusted market capitalization.

3.3.1 Ranking of Eligible Securities

For each sector, eligible securities of the Parent Index are ranked based on the following criteria:

- ESG Rating
- ESG Trend (positive ESG Trend preferred to neutral ESG Trend and neutral ESG Trend preferred to negative ESG Trend)
- Current index membership (existing constituents above non-constituents)
- Industry adjusted ESG scores

3.3.2 Selection of Eligible Securities

For each Selection Group, eligible securities of the Parent Index are then selected from the ranked universe in the following order until the target 50% of the cumulative weight of the Parent Index is reached:

- Securities in the top 35% of the cumulative weight in the Parent Index of the ranked universe, using weights as per the Capped Universe
- 'AAA' and 'AA' rated securities in the top 50% of the cumulative weight in the Parent Index of the ranked universe, using weights as per the Capped Universe
- Current index constituents in the top 65% of the cumulative weight in the Parent Index of the Ranked Universe, using weights as per the Capped Universe
- Remaining eligible securities in the Ranked Universe

Please see Appendix 2 for additional details on the ranking and selection rules.

3.4 Quarterly Index Reviews

The Index is also reviewed on a quarterly basis to coincide with the regular Index Reviews of the Parent Index. The changes are implemented at the end of February, August and November. The pro forma indexes are generally announced nine business days before the effective date.

For the Quarterly Index Reviews, MSCI ESG Ratings, MSCI ESG Controversies, MSCI data, MSCI Business Involvement Screening Research and MSCI Climate Change Metrics data are taken as of the end of the month preceding the Index Reviews, i.e., January, 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. For such securities, MSCI will use ESG data published after the end of month, when available, for the rebalancing of the Index.

At the Quarterly Index Reviews, existing constituents are deleted from the Index if they do not meet the eligibility criteria described in Section 3.2. Existing constituents that meet the eligibility criteria are retained in the Index.

Additions from the eligible securities as per Section 2.2 are made only to those Selection Groups, where the cumulative weight in the Capped Universe is less than 45% of the cumulative weight of the Selection Group in the Parent Index. Eligible securities are added until the target 50% cumulative

weight of the Selection Group in the Parent Index is achieved, using the cumulative weights in the Capped Universe.

Market price movements may cause small deviations in the selection group 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.

3.5 Monthly Review of Controversies

Index constituents are reviewed on a monthly basis for the involvement in ESG and Environmental Controversies⁹.

Existing constituents will be deleted if they are assessed as having involvement in ESG controversies that are classified as Red Flags (MSCI ESG Controversies Score of 0) or Environmental controversies that are classified as Red (MSCI Environmental Controversy score of 0) or Orange Flags (score of 1).

A Red Flag indicates an ongoing, Very Severe ESG controversy implicating a company directly through its actions, products, or operations. An Orange Flag indicates an ongoing Severe ESG controversy implicating a company directly, or a Very Severe ESG controversy that is either partially resolved or indirectly attributed to the company's actions, products, or operations.

MSCI uses MSCI ESG Controversies data as of the end of the month preceding the review (e.g., end of June data for the July monthly review). For some securities, such data may not be published by MSCI ESG Research by the end of the month preceding the review. For such securities, MSCI will use ESG data published after the end of month, when available, for the monthly review of the Index.

The pro forma Indexes are generally announced nine business days before the effective date.

3.6 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.

⁹ The monthly review of ESG and Environmental Controversies is applied within the Index, starting on July 2023, and is not applicable historically prior to that date.

EVENT TYPE

EVENT DETAILS

New additions to the Parent Index

New securities added to the Parent Index (such as IPOs, other early inclusions and migrations from a different size-segment) will be added to the Index on the date of security inclusion only if they meet the eligibility criteria described in Section 2 and the market capitalization coverage of the sector to which the security belongs is less than 45%.

Spin-Offs

All securities created as a result of the spin-off of an existing Index constituent will not be added to the Index at the time of event implementation. Reevaluation for inclusion in the Indexes will occur at the subsequent Index Review.

Merger/Acquisition

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 Climate Change Metrics, MSCI Climate Value-at-Risk, MSCI Impact Solutions, MSCI ESG Controversies and MSCI ESG Business Involvement Screening Research. 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

<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

4.4.1 Fossil Fuels and Power Generation Metrics

MSCI ESG Research identifies companies involved in fossil fuel-related assets and activities including fossil fuel reserves, resource extraction, power generation and generation capacity, revenue from such assets and activities and capital investments in such assets and activities. The metrics are based on disclosed activities, disclosed revenue and estimates of revenue that are extrapolated from company disclosures and eligible third-party sources (such as NGOs).

4.4.2 Greenhouse Gas (GHG) Emissions

MSCI ESG Research collects reported emissions and uses proprietary estimation methodologies that follows the GHG Protocol in including carbon dioxide (CO₂) and the five other principal GHGs: hydrofluorocarbons (HFCs), methane (CH₄), nitrous oxide (N₂O), perfluorocarbons (PFCs), and sulfur hexafluoride (SF₆). Emissions of these other gases are accounted for in terms of the quantity of CO₂ that has an equivalent global warming potential.

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

Appendix I: Values and Climate Change Based Screening 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 Index (except Conventional Weapons, 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 Ex-Controversial Weapons Indexes available at <https://www.msci.com/index-methodology>

“Highly Restrictive” screen applied

- **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

“Moderately Restrictive” screen applied

- **Civilian Firearms**
 - All companies deriving 5% or more revenue from the production 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 15% or more aggregate revenue from the production and distribution (wholesale or retail) of firearms or small arms ammunition intended for civilian use
- **Tobacco**

- All companies deriving 5% or more revenue from the production of tobacco-related products
- All companies deriving 15% or more aggregate revenue from the production, distribution, retail, supply and licensing of tobacco-related products

“Least Restrictive” screen applied

- **Alcohol**
 - All companies deriving 10% or more revenue from the production of alcohol-related products
- **Gambling**
 - All companies deriving 10% or more revenue from ownership or operation of gambling-related business activities
- **Nuclear Power**
 - All companies deriving 10% or more revenue from the ownership or operation of nuclear power plants

No specific restrictiveness level applied

- **Weapons**
 - All companies deriving 5% or more revenue from the production of conventional weapons and components
 - All companies deriving 10% or more aggregate revenue from the production of nuclear, biological, chemical, and conventional weapons and weapons systems, components, and support systems and services
- **Fossil Fuel Extraction**
 - All companies deriving 5% or more aggregate revenue (either reported or estimated) from thermal coal mining and 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 II: Guidelines on Achieving the Target Coverage of 50%

The Index targets 50% of the cumulative weight of each Selection Group of the Parent Index (“target weight”). The underlying principle in the construction of the indexes is to achieve cumulative weight closest to the target weight, while aiming to maintain index stability.

The following guidelines are used in achieving the target weight:

- For each Selection Group, 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 (positive ESG Trend preferred to neutral ESG Trend and neutral ESG Trend preferred to negative ESG Trend).
- In case of two companies with the same ESG Rating and the same ESG Trend, an existing index 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 weight at each rank is calculated using weights in the Capped Universe.
- In each Selection Group, companies are selected as per the rules mentioned in Section 2.1.3 until the cumulative weight crosses the target weight or there are no eligible securities left to be selected.
- MSCI defines the company that increases the cumulative weight above the target weight 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 weight with the marginal company is closer to the target weight compared to the cumulative weight without the marginal company.
- The minimum cumulative weight is set to 45% of the cumulative weight of the selection group in the Parent Index.
 - The marginal company is always selected if this is required to achieve the minimum cumulative weight.
- Securities which are ineligible as per Section 2 will not be selected even if the cumulative weight after selection of all eligible securities is below the target weight.

Appendix III: 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 – <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 Selection Indexes Methodology – <https://www.msci.com/index/methodology/latest/Selection>
- MSCI Global Low Carbon Leaders Core Indexes Methodology – <https://www.msci.com/index/methodology/latest/GlobalLCLCore>
- ESG Factors In Methodology*

The Methodology Set for the Index 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 IV: Changes to this Document

The following sections have been modified effective September 1, 2023:

- Section 2.2.2.3: Clarified the exclusion criteria for companies involved in ESG Controversies.
- Section 3: The monthly review of ESG controversies is applied within the Index effective July 3, 2023, please note this was not applied historically prior to this date.
- Section 4: The ESG Research Product descriptions were updated and moved from section 2 to section 4.

The following sections have been modified as of February 2025

- The methodology and index name was updated. Effective February 3, 2025, the MSCI AC Asia ex Japan ESG Leaders Low Carbon Select 5% Issuer Capped Index was renamed to the MSCI AC Asia ex Japan Selection Low Carbon Select 5% Issuer Capped Index.

Section 2.3: Treatment of Unrated Companies

- Moved treatment of companies when ratings and research is not available from MSCI ESG Research to a new section
- Added the treatment of companies when ESG ratings, business involvement screening research or climate change metrics research are not available from MSCI ESG Research.

Section 4.4: MSCI Climate Change Metrics.

- Added a sub-section under Climate Change Metrics to provide additional details on Fossil Fuels related activities and Greenhouse Gas Emissions.

Appendix III: Methodology Set

- Added details on the Methodology Set for the Indexes

Contact us

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

AMERICAS

Americas	1 888 588 4567 *
Atlanta	+ 1 404 551 3212
Boston	+ 1 617 532 0920
Chicago	+ 1 312 675 0545
Monterrey	+ 52 81 1253 4020
New York	+ 1 212 804 3901
San Francisco	+ 1 415 836 8800
São Paulo	+ 55 11 3706 1360
Toronto	+ 1 416 628 1007

EUROPE, MIDDLE EAST & AFRICA

Cape Town	+ 27 21 673 0100
Frankfurt	+ 49 69 133 859 00
Geneva	+ 41 22 817 9777
London	+ 44 20 7618 2222
Milan	+ 39 02 5849 0415
Paris	0800 91 59 17 *

ASIA PACIFIC

China North	10800 852 1032 *
China South	10800 152 1032 *
Hong Kong	+ 852 2844 9333
Mumbai	+ 91 22 6784 9160
Seoul	00798 8521 3392 *
Singapore	800 852 3749 *
Sydney	+ 61 2 9033 9333
Taipei	008 0112 7513 *
Thailand	0018 0015 6207 7181 *
Tokyo	+ 81 3 5290 1555

* 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 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 by 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 investible 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>.