

Consultation on Potential Enhancements to Select MSCI ESG Indexes

SEPTEMBER 2021

This consultation may or may not lead to the implementation of any or all of the proposed changes in the highlighted or any other MSCI indexes. Consultation feedback will remain confidential. MSCI may publicly disclose feedback if specifically requested by specific market participants. In that case, the relevant feedback would be published together with the final results of the consultation.

Proposed Enhancements

MSCI proposes methodology changes aiming to enhance the climate risk profile and align the controversial business involvement criteria of select MSCI ESG Indexes focused on U.S. market

Proposed Enhancements

1. Incorporate Climate Risk

KLD 400 Social / USA Catholic Values:

- Exclude companies with fossil fuel reserves (new)
- Exclude companies involved in thermal coal and unconventional oil and gas businesses (new)

USA ESG Select:

- Exclude companies involved in thermal coal and unconventional oil and gas businesses (new)

2. Business Involvement Criteria

KLD 400 Social / USA Catholic Values:

- Align with restriction level applied to MSCI SRI Indexes

USA ESG Select

- Align with restriction level applied to MSCI ESG Focus Indexes

- MSCI invites feedback from market participants on or before **October 01, 2021** and will announce the results of the consultation as well as the implementation timeline on or before **October 08, 2021**.

Summary of Current Methodologies

| | KLD 400 Social | USA Catholic Values | USA ESG Select |
|---------------------|--|---|--|
| Parent Index | MSCI USA Investable Market Index (IMI) <i>Large, Mid & Small Caps</i> | | MSCI USA Index <i>Large & Mid Caps</i> |
| Weighting scheme | Market capitalization | | Tilted (optimization) |
| Key objectives | <ul style="list-style-type: none"> • Best-in-class selection using ESG Rating • Targets 400 companies • Min ESG Rating BBB, min ESG Controversies Score 3 (new constituents) | | Aims to achieve highest ESG Score under a set of constraints (tracking error, turnover, sector weights, etc.) |
| Business Exclusions | <ul style="list-style-type: none"> • Controversial Weapons • Tobacco • Civilian Firearms • Nuclear Weapons • Alcohol • Gambling • Conventional Weapons • Nuclear Power • Adult Entertainment • GMO | Same as KLD 400 Social, with following catholic screens added: <ul style="list-style-type: none"> • Abortion Providers • Abortifacients • Contraceptives • Stem Cells | <ul style="list-style-type: none"> • Controversial Weapons • Tobacco • Civilian Firearms • Nuclear Weapons • Alcohol • Gambling • Conventional Weapons • Nuclear Power |

More details are available in the respective index methodology books at: <https://www.msci.com/index-methodology>

Proposal 1 – Incorporate Climate Risk

Incorporating Climate Risk in ESG Indexes

Strengthening the index climate profile:

- Incorporating Climate Risk may support investors in their ESG integration strategies.
- Some institutional ESG investors are seeking greater climate awareness to support their use of ESG Indexes.
- Regulatory scrutiny on climate risk considerations are increasing and may impose a significant short-term risk for some investors.

| Index | ESG Approach | Enhancement Proposals | Rationale for Proposal |
|----------------------------|-----------------------------|--|---|
| KLD 400 Social | Values | <ul style="list-style-type: none"> • Exclude companies with Fossil Fuel (FF) reserves • Exclude companies involved in thermal coal and unconventional oil and gas businesses | <ul style="list-style-type: none"> • Apply a fossil fuel divestment strategy to mitigate stranded asset risk* • Additional revenue screen ensures exclusion of power generation companies that do not own FF reserves |
| USA Catholic Values | | | |
| USA ESG Select | Integration + Values | <ul style="list-style-type: none"> • Exclude companies involved in thermal coal and unconventional oil and gas businesses | <ul style="list-style-type: none"> • Relatively fewer exclusions to reflect the Integration approach and maintain a similar overall ESG profile |

* Stranded assets are now generally accepted to be those assets that at some time prior to the end of their economic life (as assumed at the investment decision point), are no longer able to earn an economic return (i.e. meet the company's internal rate of return), as a result of changes associated with the transition to a low-carbon economy (lower than anticipated demand / prices).

Proposed Enhancements

The rationale for the proposal is to have a set of exclusions¹ which –

- Help reduce index carbon footprint and exposure to stranded assets
- Are sensible and consistent with ESG objective of the index
- Would maintain similar risk-return characteristics and overall ESG profile of the index

| | Exclusion Thresholds ² | | | |
|---|--|---------------------------------|--|--|
| | Thermal Coal (Mining and Sale) + Unconventional Oil & Gas (Extraction) | Thermal Coal (Power Generation) | Fossil Fuel Reserves Ownership | |
| KLD 400 Social / USA Catholic Values | >0% revenue | >=5% revenue | Any evidence of ownership (zero threshold) | → Aligned with MSCI SRI Indexes |
| USA ESG Select | >=5% revenue | >=5% revenue | N/A | → Aligned with MSCI ESG Focus and MSCI ESG Leaders Indexes |

1. Implemented as additional screens in the above methodologies. Other aspects of index methodologies like – ranking, sorting, weighting, are not changed.

2. Exact definitions of screens are provided in Appendix.

Simulated Impact - MSCI KLD 400 Social Index

The proposed exclusion screens would result in ~27% lower Carbon Intensity while maintaining similar characteristics compared to the current indexes

| Key Metrics ¹ | MSCI USA IMI Index | MSCI KLD 400 Social Index Current index ² | MSCI KLD 400 Social Index Simulated index |
|--------------------------------------|--------------------|---|--|
| Total return* (%) | 16.3 | 17.5 | 18.3 |
| Total risk (%) | 15.4 | 14.9 | 14.7 |
| Tracking error (%) | | 2.1 | 2.2 |
| Number of constituents*** | 2428 | 402 | 402 |
| Turnover** (%) | 2.4 | 9.5 | 8.9 |
| Transition Turnover (%) ⁴ | | | 3.6 |
| Included in transition | | | 19 |
| Removed in transition | | | 17 |
| ESG Metrics ³ | | | |
| ESG score | 5.6 | 7.0 | 7.1 |
| ESG leaders (AAA-AA) (%) | 22.0 | 45.6 | 47.6 |
| ESG laggards (B-CCC) (%) | 7.3 | 0.0 | 0.0 |
| Environmental pillar score | 5.8 | 6.5 | 6.6 |
| Wtd. Avg. Carbon Intensity | 128 | 104 | 75 |
| Fossil fuel reserves (%) | 3.4 | 1.3 | 0.0 |

Additions – 1.7%
Deletions – 1.0%
Maintenance – 0.9%

¹ Period: 30th Dec 2015 to 30th June 2021, ² Simulated index as per current MSCI KLD 400 Social Index Methodology, ³As of 30th Jun 2021, ⁴ Transition of current index to proposal as of 28th May 2021, * Gross returns annualized in USD ** Annualized one-way index turnover over index reviews *** Monthly averages

Simulated Impact - MSCI USA Catholic Values Index

The proposed exclusion screens would result in ~29% lower Carbon Intensity while maintaining similar characteristics compared to the current indexes

| Key Metrics ¹ | MSCI USA IMI Index | MSCI USA Catholic Values Index Current index ² | MSCI USA Catholic Values Index Simulated index |
|--------------------------------------|--------------------|--|---|
| Total return* (%) | 16.3 | 18.1 | 18.8 |
| Total risk (%) | 15.4 | 15.3 | 15.2 |
| Tracking error (%) | | 1.9 | 2.1 |
| Number of constituents*** | 2428 | 402 | 402 |
| Turnover** (%) | 2.4 | 10.1 | 10.2 |
| Transition Turnover (%) ⁴ | | | 8.4 |
| Included in transition | | | 29 |
| Removed in transition | | | 27 |
| ESG Metrics ³ | | | |
| ESG score | 5.6 | 7.1 | 7.1 |
| ESG leaders (AAA-AA) (%) | 22.0 | 47.9 | 48.4 |
| ESG laggards (B-CCC) (%) | 7.3 | 0.0 | 0.0 |
| Environmental pillar score | 5.8 | 6.5 | 6.6 |
| Wtd. Avg. Carbon Intensity | 128 | 109 | 77 |
| Fossil fuel reserves (%) | 3.4 | 1.4 | 0.0 |

Additions – 3.9%
 Deletions – 4.0%
 Maintenance – 0.9%

Simulated Impact - MSCI USA ESG Select Index

The proposed exclusion screens resulted in ~47% lower Carbon Intensity while maintaining similar characteristics compared to the current indexes

| Key Metrics ¹ | MSCI USA IMI Index | MSCI USA ESG Select Index Current index ² | MSCI USA ESG Select Index Simulated index |
|--------------------------------------|--------------------|---|--|
| Total return* (%) | 16.5 | 18.1 | 17.9 |
| Total risk (%) | 15.0 | 14.9 | 14.9 |
| Tracking error (%) | | 2.2 | 2.2 |
| Number of constituents*** | 627 | 162 | 165 |
| Turnover** (%) | 2.7 | 18.4 | 18.6 |
| Transition Turnover (%) ⁴ | | | 7.5 |
| Included in transition | | | 9 |
| Removed in transition | | | 22 |
| ESG Metrics ³ | | | |
| ESG score | 5.8 | 7.4 | 7.4 |
| ESG leaders (AAA-AA) (%) | 23.8 | 64.0 | 62.8 |
| ESG laggards (B-CCC) (%) | 6.2 | 1.5 | 1.5 |
| Environmental pillar score | 6.0 | 6.6 | 6.6 |
| Wtd. Avg. Carbon Intensity | 127 | 113 | 60 |
| Fossil fuel reserves (%) | 3.4 | 2.2 | 1.1 |

Additions – 1.1%
 Deletions – 2.3%
 Maintenance – 4.1%

¹ Period: 30th Dec 2015 to 30th June 2021, ² Simulated index as per current MSCI USA ESG Select Index Methodology, ³ As of 30th Jun 2021, ⁴ Transition of current index to proposal as of 28th May 2021, * Gross returns annualized in USD ** Annualized one-way index turnover over index reviews *** Monthly averages

Proposal 2 – Enhance the Business Involvement Criteria

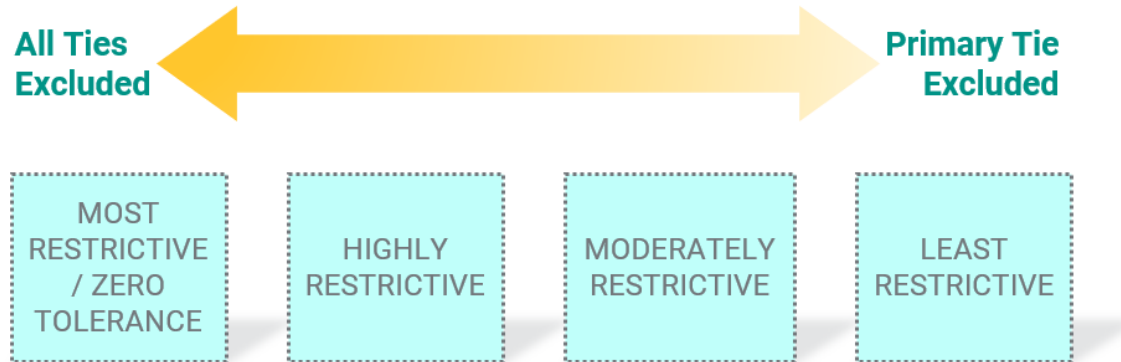
Basis for Screen Migration

- **Objective:**

To adjust the current exclusion screens to be consistent with MSCI ESG Research's Exclusions Framework

- **Advantages of Migration to Latest Framework**

- ✓ Clearer focus on the intent of exclusion (primary vs. secondary involvement – e.g., tobacco producer vs. retailer)
- ✓ Remove absolute thresholds and categorize activities based on the level of involvement



Proposed Enhancements

- Align the business involvement screens to be consistent with MSCI ESG Research’s Exclusions Framework
- Align the catholic screens for the MSCI USA Catholic Values Index with ESG Research’s Catholic Values Screening Research for USCCB guidelines, including the addition of a “Predatory Lending” screen

| | Most Restrictive ¹ | Highly Restrictive ¹ | Moderately Restrictive ¹ | Least Restrictive ¹ | Other ¹ |
|---------------------|---|--|--|--|--|
| KLD 400 Social | <ul style="list-style-type: none"> • Controversial Weapons | <ul style="list-style-type: none"> • Tobacco • Civilian Firearms • Nuclear Weapons | <ul style="list-style-type: none"> • Alcohol • Gambling • Adult Entertainment • Conventional Weapons • GMO • Nuclear Power | | |
| USA Catholic Values | <ul style="list-style-type: none"> • Controversial Weapons • Abortion Providers² • Abortifacients² • Contraceptives² | <ul style="list-style-type: none"> • Tobacco • Civilian Firearms • Nuclear Weapons • Adult Entertainment² • Stem Cells² | <ul style="list-style-type: none"> • Alcohol • Gambling • Conventional Weapons • GMO • Nuclear Power | | <ul style="list-style-type: none"> • Predatory Lending² (new screen) |
| USA ESG Select | <ul style="list-style-type: none"> • Controversial Weapons | <ul style="list-style-type: none"> • Nuclear Weapons • Tobacco | <ul style="list-style-type: none"> • Civilian Firearms | <ul style="list-style-type: none"> • Alcohol • Gambling • Nuclear Power • Conventional Weapons | |

1. Detailed screens / formulas are provided in Appendix.

2. Catholic screens. The MSCI USA Catholic Values Index aims to screen areas targeted by USCCB (United States Conference of Catholic Bishops) guidelines

Simulated Impact on Eligible Universe – KLD 400 Social

- The table shows the impact of Proposal 2 on the MSCI USA IMI (parent index for MSCI KLD 400 Social Index)

| Screen | Current Screen | | Proposed Screen | |
|--------------------------------------|----------------|--------------|-----------------|--------------|
| | Count | Weight | Count | Weight |
| Alcohol | 8 | 0.42% | 9 | 0.21% |
| Gambling | 18 | 0.31% | 17 | 0.31% |
| Tobacco | 8 | 0.59% | 13 | 0.75% |
| Adult Entertainment | 0 | 0.00% | 0 | 0.00% |
| Nuclear Power | 23 | 3.12% | 19 | 1.53% |
| Controversial Weapons | 6 | 0.79% | 6 | 0.79% |
| Conventional Weapons | 38 | 3.16% | 22 | 1.38% |
| Nuclear Weapons | 15 | 2.02% | 14 | 1.64% |
| All Weapons | 38 | 3.16% | 26 | 1.82% |
| Civilian Firearms | 11 | 0.71% | 6 | 0.16% |
| Genetically Modified Organisms (GMO) | 4 | 0.31% | 3 | 0.31% |
| Overall | 102 | 6.47% | 90 | 4.73% |

→ Unchanged (already aligned)

Simulation as of the May 2021 Semi-Annual Index Review.

Please refer to the Appendix for the simulated list of additions and deletions for the MSCI KLD 400 Social Index.

Simulated Impact on Eligible Universe – KLD 400 Social (Top Changes)

- Simulated newly eligible companies (Top 3 by weight)

| Security Name | Weight in USA IMI | Prior Exclusion Reason | Simulated KLD 400 Social constituent* |
|-----------------------|-------------------|--|---------------------------------------|
| WALMART | 0.51% | Civilian Firearms: Walmart retails rifles, shotguns, pistols, and ammunition for hunting and sports shooting. The company is excluded under the current screen as its civilian firearms retail revenue was above USD 20 million. Under the proposal Walmart would be eligible as its aggregated civilian firearms revenue is below 5% of its total revenue. | No |
| GENERAL ELECTRIC CO | 0.29% | Nuclear Power: GE designs and manufactures nuclear reactors, such as boiling water reactors and fast breeder reactors. Under the proposal GE would be eligible as the focus is on primary involvement in nuclear power generation. Conventional Weapons: Under the current screen GE is excluded as it derived more than USD 500 million revenue from Conventional Weapons. Under the proposal GE would be eligible as its aggregated revenue from weapons businesses is below 15%. | No |
| TELEDYNE TECHNOLOGIES | 0.05% | Conventional Weapons: Under the proposal Teledyne Technologies would be eligible as its conventional weapons revenue is below 15% (excluded under the current 5% threshold). | Yes |

- Simulated newly ineligible companies (Top 3 by weight)

| Security Name | Weight in USA IMI | Exclusion Reason | Current KLD 400 Social Constituent** |
|---------------------|-------------------|------------------|--------------------------------------|
| AMCOR | 0.04% | Tobacco | Yes |
| CELANESE CORP | 0.04% | Tobacco | Yes |
| EASTMAN CHEMICAL CO | 0.04% | Tobacco | No |

*Based on simulation as of the May 2021 Semi-Annual Index Review, reflecting both Proposal 1 and Proposal 2.

**Based on simulated MSCI KLD 400 Social Index constituents. Please refer to the Appendix for the full simulated list of additions and deletions for the MSCI KLD 400 Social Index.

Simulated Impact on Eligible Universe – USA Catholic Values

- The table shows the impact of Proposal 2 on the MSCI USA IMI (parent index for the MSCI USA Catholic Values Index)
- There is no impact of the adjustment of the five existing catholic screens to be consistent with MSCI ESG Research’s Exclusions Framework
- The Predatory Lending screen aims to reflect USCCB Policy on affordable housing/banking¹ and would screen two companies in the parent index

| Screen | Current Screen | | Proposed Screen | |
|--------------------------------------|----------------|---------------|-----------------|---------------|
| | Count | Weight | Count | Weight |
| Alcohol | 8 | 0.42% | 9 | 0.21% |
| Gambling | 18 | 0.31% | 17 | 0.31% |
| Tobacco | 8 | 0.59% | 13 | 0.75% |
| Nuclear Power | 23 | 3.12% | 19 | 1.53% |
| Controversial Weapons | 6 | 0.79% | 6 | 0.79% |
| Conventional Weapons | 38 | 3.16% | 22 | 1.38% |
| Nuclear Weapons | 15 | 2.02% | 14 | 1.64% |
| All Weapons | 38 | 3.16% | 26 | 1.82% |
| Civilian Firearms | 11 | 0.71% | 6 | 0.16% |
| Genetically Modified Organisms (GMO) | 4 | 0.31% | 3 | 0.31% |
| Adult Entertainment | 2 | 0.09% | 2 | 0.09% |
| Abortifacient | 7 | 0.56% | 7 | 0.56% |
| Abortion | 8 | 1.20% | 8 | 1.20% |
| Contraceptives | 16 | 2.63% | 16 | 2.63% |
| Predatory Lending | - | - | 2 | 0.01% |
| Stem Cells | 48 | 6.84% | 48 | 6.84% |
| Overall | 171 | 14.43% | 162 | 12.99% |

Unchanged
(already aligned)

Catholic screens

Proposed new
screen

Simulated Impact on Eligible Universe – USA Catholic Values (Top Changes)

- Simulated newly eligible companies (Top 3 by weight)

| Security Name | Weight in USA IMI | Prior Exclusion Reason | Simulated USA Catholic Values constituent* |
|-----------------------|-------------------|--|--|
| WALMART | 0.51% | Civilian Firearms: Walmart retails rifles, shotguns, pistols, and ammunition for hunting and sports shooting. The company is excluded under the current screen as its civilian firearms retail revenue was above USD 20 million. Under the proposal Walmart would be eligible as its aggregated civilian firearms revenue is below 5% of its total revenue. | No |
| TELEDYNE TECHNOLOGIES | 0.05% | Conventional Weapons: Under the proposal Teledyne Technologies would be eligible as its conventional weapons revenue is below 15% (excluded under the current 5% threshold). | Yes |
| BOOZ ALLEN HAMILTON A | 0.03% | Conventional Weapons: Under the proposal Booz Allen Hamilton would be eligible as its conventional weapons revenue is below 15% (excluded under the current 5% threshold). | No |

- Simulated newly ineligible companies (Top 3 by weight)

| Security Name | Weight in USA IMI | Exclusion Reason | Current USA Catholic Values constituent** |
|---------------------|-------------------|------------------|---|
| AMCOR | 0.04% | Tobacco | Yes |
| CELANESE CORP | 0.04% | Tobacco | Yes |
| EASTMAN CHEMICAL CO | 0.04% | Tobacco | No |

*Based on simulation as of the May 2021 Semi-Annual Index Review, reflecting both Proposal 1 and Proposal 2.

**Based on simulated MSCI USA Catholic Values Index constituents. Please refer to the Appendix for the full simulated list of additions and deletions for the MSCI USA Catholic Values Index.

Simulated Impact on Eligible Universe – USA ESG Select

- The table shows the impact of Proposal 2 on the MSCI USA Index (parent index for MSCI USA ESG Select Index)

| Screen | Current Screen | | Proposed Screen | |
|-----------------------|----------------|--------------|-----------------|--------------|
| | Count | Weight | Count | Weight |
| Alcohol | 4 | 0.23% | 4 | 0.23% |
| Gambling | 5 | 0.22% | 5 | 0.22% |
| Tobacco | 4 | 0.68% | 5 | 0.78% |
| Nuclear Power | 6 | 1.50% | 13 | 1.45% |
| Controversial Weapons | 4 | 0.89% | 4 | 0.89% |
| Conventional Weapons | 6 | 1.27% | 7 | 1.31% |
| Nuclear Weapons | 12 | 2.26% | 10 | 1.81% |
| All Weapons | 12 | 2.26% | 10 | 1.81% |
| Civilian Firearms | 1 | 0.15% | 0 | 0.00% |
| Overall | 30 | 4.14% | 38 | 4.49% |

Unchanged
(already aligned)

Simulation as of the May 2021 Semi-Annual Index Review.

Please refer to the Appendix for the simulated list of additions and deletions for the MSCI USA ESG Select Index.

Simulated Impact on Eligible Universe – USA ESG Select (Top Changes)

- Simulated newly eligible companies (Top 3 by weight)

| Security Name | Weight in USA | Prior Exclusion Reason | Simulated USA ESG Select constituent* |
|-----------------------|---------------|--|---------------------------------------|
| GENERAL ELECTRIC CO | 0.32% | Nuclear Power: GE designs and manufactures nuclear reactors, such as boiling water reactors and fast breeder reactors. Under the proposal GE would be eligible as the focus is on primary involvement in nuclear power generation. | No |
| L3HARRIS TECHNOLOGIES | 0.12% | Nuclear Weapons: L3Harris Technologies has been excluded due to its involvement in nuclear weapons components. Since these components are not manufactured exclusively for nuclear weapons, L3Harris Technologies would be eligible as per the proposed screen. | Yes |
| APOLLO GLOBAL MGMT A | 0.03% | Tobacco: Apollo Global Management owns ClubCorp Holdings Inc., which is involved in retailing tobacco products. Under the proposal the company would be eligible as the focus is on primary involvement in Tobacco business. | No |

- Simulated newly ineligible companies (Top 3 by weight)

| Security Name | Weight in USA | Exclusion Reason | Current USA ESG Select constituent** |
|------------------------|---------------|------------------|--------------------------------------|
| PUBLIC SERVICE ENT GRP | 0.08% | Nuclear Power | Yes |
| CELANESE CORP | 0.05% | Tobacco | No |
| AMCOR | 0.05% | Tobacco | Yes |

*Based on simulation as of the November 2020 Semi-Annual Index Review, reflecting both Proposal 1 and Proposal 2.

**Based on simulated MSCI USA ESG Select Index constituents. Please refer to the Appendix for the full simulated list of additions and deletions for the MSCI USA ESG Select Index.

Discussion Points

| | Applicable to | | |
|---|----------------|---------------------|----------------|
| | KLD 400 Social | USA Catholic Values | USA ESG Select |
| • Do you agree with the introduction of Climate related screens? | ✓ | ✓ | ✓ |
| • Do you agree with exclusion of thermal coal and unconventional oil and gas companies? | ✓ | ✓ | ✓ |
| • Do you agree with further excluding fossil fuel reserves, in line with MSCI SRI Indexes? | ✓ | ✓ | |
| • Do you agree to adjust the business involvement criteria to be consistent with MSCI ESG Research's Exclusions Framework? | ✓ | ✓ | ✓ |
| • Do you agree to add a screen for Predatory Lending? | | ✓ | |
| • Would you favor implementation of the changes, if any, as part of the November 2021 Index Review or the February 2022 Index Review? | ✓ | ✓ | ✓ |

To participate in the consultation, please provide your feedback through an online survey available on:

https://www.msci.com/consultation-KLD_Catholic_Select

Appendix



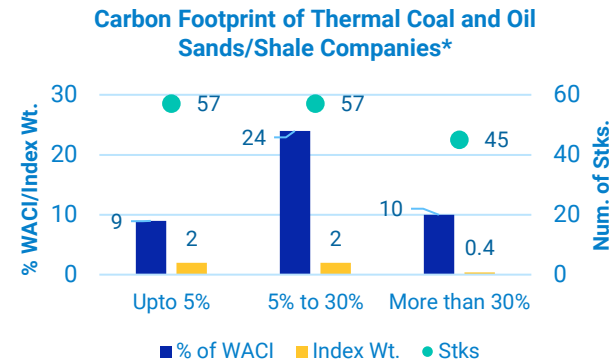
Definition of Climate Exclusion Screens

- **THERMAL_COAL_MAX_REV_PCT** - The maximum percentage of revenue (either reported or estimated) greater than 0% that a company derives 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.
- **GENERAT_MAX_REV_THERMAL_COAL** - The maximum percentage of revenue (either reported or estimated) that a company derives from the thermal coal based power generation.
- **UNCONV_OIL_GAS_MAX_REV_PCT** – The maximum percentage of revenue (either reported or estimated) greater than 0% that a company derives 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. It excludes all types of conventional oil and gas production including Arctic onshore/offshore, deepwater, shallow water and other onshore/offshore.
- **FF_RESERVES_ENERGY_APPLICATION** – This screen identifies companies, regardless of their industries, with evidence of owning fossil fuel reserves used most likely for energy applications. For high-intensity industries (belonging to Energy and Utilities GICS Sector & Diversified Metals & Mining GICS Sub-Industry), this factor flags companies with evidence of fossil fuel reserves (excluding Metallurgical Coal). For other industries, it flags companies with evidence of fossil fuel reserves (excluding Metallurgical Coal) and deriving revenue from business segments associated with energy application of fossil fuels such as Thermal Coal mining, Oil & Gas exploration & production and downstream activities e.g. refining; distribution & retail; pipeline & transportation; trading and fossil fuel- based power generation.

Carbon Footprint and Fossil Fuel Mix

- Thermal Coal and Oil Sands/Oil Shale produce more carbon dioxide per unit of energy than other fossil fuels.
- Extraction and refining of Thermal Coal and Oil Sands are more carbon intensive than other fossil fuels.
- Exclusion of companies involved in Thermal Coal and Oil Sands business from an index lowered the index's footprints in simulated back-tests.
- Companies involved in extraction of thermal coal and oil sands/shale and also power generation from thermal coal are exposed to significant climate risk.

| Fuel | CO ₂ Content ¹ (kg per GJ) |
|------------------------|--|
| Oil Sand and Oil Shale | 106.7 |
| Thermal Coal | 96.4 |
| Metallurgical Coal | 94.6 |
| Crude Oil | 73.3 |
| Natural Gas | 56.1 |



1 - <https://www.msci.com/www/research-paper/fossil-fuel-divestment-a/0471389508>

* MSCI ACWI constituents as of 29th June 2019.

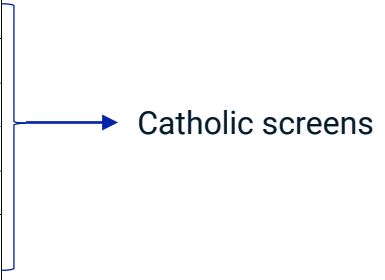
KLD 400 Social – Business Involvement Criteria

| Screen | Current | Restrictiveness level | Proposal Expression |
|---|--|-----------------------|---|
| Alcohol | ≥5% or \$ 500 Mil Producer | Moderate | ≥5% Producer or ≥15% Production, Distribution, Retail, Supply |
| Gambling | ≥5% or \$ 500 Mil Operation or Support | Moderate | ≥5% Operations or ≥15% Related Activities |
| Tobacco | Producer or ≥15% Distributor, Retailer, Supplier | High | Producer or ≥5% Production, Distribution, Retail, Supply, Lincensing |
| Adult Entertainment | ≥5% or \$ 500 Mil Producer | Moderate | ≥5% Production or ≥15% Production, Distribution, Retail |
| Nuclear Power | Utility, Key Suppliers ¹ ≥50% or 6000MW capacity | Moderate | ≥5% Power generated or ≥5% Installed Capacity or ≥15% Revenue |
| Controversial Weapons | Most Restrictive / Zero Tolerance | | |
| Conventional Weapons | ≥5% or \$ 500 Mil Weapons, Components, Services | Moderate | ≥5% Production or ≥15% Production, Distribution, Retail |
| Nuclear Weapons | Nuclear Weapons and Components | High | Nuclear Warheads, Components, Delivery Platforms, Auxiliary Services |
| Civilian Firearms | Producer or ≥5% or \$ 20 Mil Retailer | High | Producer or ≥5% Production and Distribution |
| Genetically Modified Organisms (GMO) | > \$ 0 | Moderate | ≥5% |

¹All companies involved in Uranium Mining, Nuclear Reactor design, Nuclear Fuel enrichment, classified as a “Supplier” to the nuclear power industry that earn 15% or more in revenue

USA Catholic Values – Business Involvement Criteria

| Screen | Current | Restrictiveness level | Proposal Expression |
|---|---|-----------------------|--|
| Alcohol | ≥5% or \$ 500 Mil Producer | Moderate | ≥5% Producer or ≥15% Production, Distribution, Retail, Supply |
| Gambling | ≥5% or \$ 500 Mil Operation or Support | Moderate | ≥5% Operations or ≥15% Related Activities |
| Tobacco | Producer or ≥15% Distributor, Retailer, Supplier | High | Producer or ≥5% Production, Distribution, Retail, Supply, Lincensing |
| Nuclear Power | Utility, Key Suppliers ¹ ≥50% or 6000MW capacity | Moderate | ≥5% Power generated or ≥5% Installed Capacity or ≥15% Revenue |
| Controversial Weapons Most Restrictive / Zero Tolerance | | | |
| Conventional Weapons | ≥5% or \$ 500 Mil Weapons, Components, Services | Moderate | ≥5% Production or ≥15% Production, Distribution, Retail |
| Nuclear Weapons | Nuclear Weapons and Components | High | Nuclear Warheads, Components, Delivery Platforms, Auxiliary Services |
| Civilian Firearms | Producer or ≥5% or \$ 20 Mil Retailer | High | Producer or ≥5% Production and Distribution |
| Genetically Modified Organisms (GMO) | > \$ 0 | Moderate | ≥5% |
| Abortion | Abortion Provider or Acute Care Facilities | Most | Abortion Provider or Acute Care Facilities or Ownership By/Of |
| Abortifacients | Producer | Most | Producer or Inteded use by Producer or Ownership By/Of |
| Adult Entertainment | Producer or ≥15% Distributor, Retailer | High | Producer or ≥5% Production, Distribution, Retail |
| Contraceptives | Producer | Most | Producer or Licensor or Ownership By/Of |
| Stem Cells | Stem Cell/Fetal Tissue Research, Use of Fetal Cell Line, Enabling Tech | High | Stem Cell/Fetal Tissue Rearch, Use of Fetal Cell Line, Enabling Tech, Human stem cell cloning |
| Predatory Lending | - | None | Financial institutions that received rating of "Needs to improve" and "Substantial Noncompliance" after taking Community Reinvestment Act* examination |



¹All companies involved in Uranium Mining, Nuclear Reactor design, Nuclear Fuel enrichment, classified as a “Supplier” to the nuclear power industry that earn 15% or more in revenue

USA ESG Select – Business Involvement Criteria

| Screen | Current | Restrictiveness level | Proposal Expression |
|-----------------------|---|-----------------------|---|
| Alcohol | ≥50% or \$ 1 Bil Producer | Least | ≥10% Production |
| Gambling | ≥50% or \$ 1 Bil Operation or Support | Least | ≥10% Operations |
| Nuclear Power | Nuclear Fuel Enrichment, Uranium Mining, Reactor Design, ≥50% or 6000MW capacity | Least | ≥10% revenue from ownership, operation of nuclear power plants |
| Controversial Weapons | Most Restrictive / Zero Tolerance | | |
| Conventional Weapons | ≥50% or \$ 3 Bil Weapons, Components | Least | ≥10% Production of Weapons, Components |
| Civilian Firearms | ≥50% or \$ 100 Mil Producer | Moderate | ≥5% Producer or ≥15% Production, Distribution, Retail |
| Nuclear Weapons | Nuclear Weapons component or system manufacturers | High | Nuclear Warheads, Components, Delivery Platforms, Auxiliary Services |
| Tobacco | Producer or Licensor, ≥15% Production, Distribution, Retail, Supply, Ownership by/of | High | Producer or ≥5% Production, Distribution, Retail, Supply, Lincensing |

KLD 400 Social Index – Simulated Additions

| Security Short Name | Sector | Weight in simulated index | Eligible as per current screen |
|--------------------------|------------------------|---------------------------|--------------------------------|
| MORGAN STANLEY | Financials | 0.69% | ✓ |
| CROWN CASTLE INTL CORP | Real Estate | 0.44% | ✓ |
| DUPONT DE NEMOURS | Materials | 0.24% | ✓ |
| EBAY | Consumer Discretionary | 0.22% | ✓ |
| SYNOPSISYS | Information Technology | 0.21% | ✓ |
| CARRIER GLOBAL | Industrials | 0.20% | ✓ |
| LYONDELLBASELL INDS A | Materials | 0.16% | ✓ |
| SKYWORKS SOLUTIONS | Information Technology | 0.15% | ✓ |
| KEURIG DR PEPPER | Consumer Staples | 0.14% | ✓ |
| INTERNATIONAL PAPER | Materials | 0.13% | ✓ |
| HUBSPOT | Information Technology | 0.12% | ✓ |
| GENERAC HOLDINGS | Industrials | 0.11% | ✓ |
| TELEDYNE TECHNOLOGIES | Industrials | 0.10% | ✗ |
| CONAGRA BRANDS | Consumer Staples | 0.10% | ✓ |
| INSULET CORP | Health Care | 0.10% | ✓ |
| ZENDESK | Information Technology | 0.09% | ✓ |
| PTC | Information Technology | 0.08% | ✓ |
| FAIR ISAAC CORP | Information Technology | 0.08% | ✓ |
| INTERPUBLIC GROUP OF COS | Communication Services | 0.07% | ✓ |
| CABLE ONE | Communication Services | 0.05% | ✓ |
| GUIDEWIRE SOFTWARE | Information Technology | 0.04% | ✓ |

1 newly eligible security added

KLD 400 Social Index – Simulated Deletions

| Security Short Name | Sector | Current weight in Index | Deletion Reason | |
|----------------------|-----------|-------------------------|--|------------|
| | | | Proposal 1 | Proposal 2 |
| CONOCOPHILLIPS | Energy | 0.41% | Fossil Fuel Reserves and Fossil Fuel Extratction | - |
| SCHLUMBERGER | Energy | 0.24% | Fossil Fuels | - |
| NUCOR CORP | Materials | 0.17% | Fossil Fuel Extraction | - |
| WEC ENERGY GROUP | Utilities | 0.16% | Thermal Coal Power | - |
| OCCIDENTAL PETROLEUM | Energy | 0.13% | Fossil Fuel Reserves and Fossil Fuel Extratction | - |
| HESS | Energy | 0.13% | Fossil Fuel Reserves and Fossil Fuel Extratction | - |
| PPL CORP | Utilities | 0.12% | Thermal Coal Power | - |
| FIRSTENERGY CORP | Utilities | 0.11% | Fossil Fuel reserves and Thermal Coal Power | - |
| CELANESE CORP | Materials | 0.11% | - | Tobacco |
| AMCOR | Materials | 0.10% | - | Tobacco |
| CMS ENERGY CORP | Utilities | 0.10% | Thermal Coal Power | - |
| AES CORP | Utilities | 0.09% | Thermal Coal Power | - |
| DEVON ENERGY CORP | Energy | 0.09% | Fossil Fuel Reserves and Fossil Fuel Extratction | - |
| ALLIANT ENERGY CORP | Utilities | 0.08% | Thermal Coal Power | - |
| NISOURCE (NEW) | Utilities | 0.05% | Thermal Coal Power | - |
| MARATHON OIL CORP | Energy | 0.05% | Fossil Fuel Reserves and Fossil Fuel Extratction | - |
| APA CORPORATION | Energy | 0.04% | Fossil Fuel Reserves and Fossil Fuel Extratction | - |
| OGE ENERGY CORP | Utilities | 0.04% | Thermal Coal Power | - |
| EQT | Energy | 0.03% | Fossil Fuel Reserves and Fossil Fuel Extratction | - |

Simulation as of the May 2021 Semi-Annual Index Review.

USA Catholic Values Index - Simulated Additions

| Security Name | Sector | Weight in simulated index | Eligible as per current screen |
|--------------------------|------------------------|---------------------------|--------------------------------|
| VISA A | Information Technology | 2.19% | ✓ |
| MORGAN STANLEY | Financials | 0.73% | ✓ |
| EMERSON ELECTRIC CO | Industrials | 0.33% | ✓ |
| DUPONT DE NEMOURS | Materials | 0.26% | ✓ |
| SYNOPSIS | Information Technology | 0.22% | ✓ |
| LYONDELLBASELL INDS A | Materials | 0.17% | ✓ |
| MAXIM INTEGRATED PRDCTS | Information Technology | 0.16% | ✓ |
| KEURIG DR PEPPER | Consumer Staples | 0.15% | ✓ |
| INTERNATIONAL PAPER | Materials | 0.13% | ✓ |
| SLACK TECHNOLOGIES A | Information Technology | 0.12% | ✓ |
| GENERAC HOLDINGS | Industrials | 0.12% | ✓ |
| TELEDYNE TECHNOLOGIES | Industrials | 0.11% | ✗ |
| CONAGRA BRANDS | Consumer Staples | 0.11% | ✓ |
| ON SEMICONDUCTOR CORP | Information Technology | 0.09% | ✓ |
| FAIR ISAAC CORP | Information Technology | 0.08% | ✓ |
| INTERPUBLIC GROUP OF COS | Communication Services | 0.07% | ✓ |
| ANNALY CAPITAL MGMT | Financials | 0.07% | ✓ |
| PENTAIR PLC | Industrials | 0.07% | ✓ |
| NOVAVAX | Health Care | 0.06% | ✓ |
| WESTERN UNION | Information Technology | 0.06% | ✓ |
| CABLE ONE | Communication Services | 0.06% | ✓ |

1 newly eligible security added

USA Catholic Values Index - Simulated Deletions

| Security Short Name | Sector | Current weight in Index | Deletion Reason | |
|----------------------|-----------|-------------------------|--|------------|
| | | | Proposal 1 | Proposal 2 |
| CONOCOPHILLIPS | Energy | 0.44% | Fossil Fuel Reserves and Fossil Fuel Extratction | - |
| SCHLUMBERGER | Energy | 0.26% | Fossil Fuels | - |
| NUCOR CORP | Materials | 0.18% | Fossil Fuel Extraction | - |
| WEC ENERGY GROUP | Utilities | 0.17% | Thermal Coal Power | - |
| OCCIDENTAL PETROLEUM | Energy | 0.14% | Fossil Fuel Reserves and Fossil Fuel Extratction | - |
| HESS | Energy | 0.14% | Fossil Fuel Reserves and Fossil Fuel Extratction | - |
| PPL CORP | Utilities | 0.13% | Thermal Coal Power | - |
| FIRSTENERGY CORP | Utilities | 0.12% | Fossil Fuel reserves and Thermal Coal Power | - |
| CELANESE CORP | Materials | 0.11% | - | Tobacco |
| AMCOR | Materials | 0.11% | - | Tobacco |
| CMS ENERGY CORP | Utilities | 0.10% | Thermal Coal Power | - |
| AES CORP | Utilities | 0.10% | Thermal Coal Power | - |
| DEVON ENERGY CORP | Energy | 0.09% | Fossil Fuel Reserves and Fossil Fuel Extratction | - |
| ALLIANT ENERGY CORP | Utilities | 0.08% | Thermal Coal Power | - |
| NISOURCE (NEW) | Utilities | 0.06% | Thermal Coal Power | - |
| MARATHON OIL CORP | Energy | 0.06% | Fossil Fuel Reserves and Fossil Fuel Extratction | - |
| APA CORPORATION | Energy | 0.05% | Fossil Fuel Reserves and Fossil Fuel Extratction | - |
| OGE ENERGY CORP | Utilities | 0.04% | Thermal Coal Power | - |
| EQT | Energy | 0.03% | Fossil Fuel Reserves and Fossil Fuel Extratction | - |

Simulation as of the May 2021 Semi-Annual Index Review.

USA ESG Select Index - Simulated Additions

| Security Name | Sector | Weight in simulated index | Eligible as per current screen |
|--------------------------|------------------------|---------------------------|--------------------------------|
| MORGAN STANLEY | Financials | 0.90% | ✓ |
| LILLY (ELI) & COMPANY | Health Care | 0.31% | ✓ |
| PPG INDUSTRIES | Materials | 0.23% | ✓ |
| L3HARRIS TECHNOLOGIES | Industrials | 0.19% | ✗ |
| DELTA AIR LINES | Industrials | 0.18% | ✗ |
| ANSYS | Information Technology | 0.17% | ✓ |
| HORMEL FOODS CORP | Consumer Staples | 0.15% | ✓ |
| CROWN CASTLE INTL CORP | Real Estate | 0.14% | ✓ |
| LAMB WESTON HOLDINGS | Consumer Staples | 0.11% | ✓ |
| FORTUNE BRANDS HOME & SE | Industrials | 0.11% | ✓ |
| INTERPUBLIC GROUP OF COS | Communication Services | 0.10% | ✓ |

2 newly eligible securities added

USA ESG Select Index - Simulated Deletions

| Security Short Name | Sector | Current weight in Index | Deletion Reason | |
|------------------------|------------------------|-------------------------|------------------------|---------------|
| | | | Proposal 1 | Proposal 2 |
| XCEL ENERGY | Utilities | 0.68% | Thermal Coal Power | Nuclear Power |
| HESS | Energy | 0.59% | Fossil Fuel Extraction | - |
| CONOCOPHILLIPS | Energy | 0.58% | Fossil Fuel Extraction | - |
| CMS ENERGY CORP | Utilities | 0.33% | Thermal Coal Power | - |
| PUBLIC SERVICE ENT GRP | Utilities | 0.28% | - | Nuclear Power |
| SOUTHERN COMPANY (THE) | Utilities | 0.22% | Thermal Coal Power | Nuclear Power |
| AMCOR | Materials | 0.22% | - | Tobacco |
| AXALTA COATING SYSTEMS | Materials | 0.22% | - | - |
| QUALCOMM | Information Technology | 0.22% | - | - |
| AES CORP | Utilities | 0.21% | Thermal Coal Power | - |
| BROADCOM | Information Technology | 0.19% | - | - |
| KINDER MORGAN P | Energy | 0.18% | Fossil Fuel Extraction | - |
| OCCIDENTAL PETROLEUM | Energy | 0.14% | Fossil Fuel Extraction | - |
| US BANCORP | Financials | 0.14% | - | - |
| FRANKLIN RESOURCES | Financials | 0.12% | - | - |
| MODERNA | Health Care | 0.11% | - | - |
| WILLIS TOWERS WATSON | Financials | 0.11% | - | - |
| T-MOBILE US | Communication Services | 0.11% | - | - |
| DANAHER CORP | Health Care | 0.11% | - | - |
| HEICO CORP | Industrials | 0.10% | - | - |
| ARAMARK | Consumer Discretionary | 0.09% | - | - |
| SNOWFLAKE A | Information Technology | 0.09% | - | - |
| DOCUSIGN | Information Technology | 0.08% | - | - |
| PINTEREST A | Communication Services | 0.08% | - | - |

Simulation as of the May 2021 Semi-Annual Index Review.

Simulated active sector exposures – KLD 400 Social (Proposal 1)

MSCI KLD 400 Social Sim Index (%)

| | Min | Max | Average | Current |
|--------------------|------|------|---------|---------|
| Energy | -4.2 | -0.1 | -1.0 | -0.7 |
| Materials | -1.2 | 0.5 | -0.2 | 0.4 |
| Industrials | -0.8 | 1.2 | -0.0 | -0.5 |
| Cons. disc. | -2.5 | 2.5 | -0.3 | -2.2 |
| Cons. stap. | 1.1 | 4.6 | 2.2 | 2.2 |
| Health care | -4.3 | 0.1 | -2.6 | -3.6 |
| Financials | -5.0 | -1.8 | -3.2 | -2.1 |
| IT | 1.9 | 10.3 | 6.8 | 6.8 |
| Comm. serv. | -1.9 | 3.6 | -0.3 | 0.5 |
| Utilities | -1.6 | -0.9 | -1.3 | -0.9 |
| Real estate | -0.3 | 0.3 | -0.0 | 0.1 |

Period: May 29, 2015 to Jun 30, 2020, monthly data

MSCI KLD 400 Social Proposal Index (%)

| | Min | Max | Average | Current |
|--------------------|------|------|---------|---------|
| Energy | -5.1 | -1.6 | -2.6 | -1.7 |
| Materials | -1.0 | 0.4 | -0.2 | 0.3 |
| Industrials | -0.6 | 1.4 | 0.2 | -0.2 |
| Cons. disc. | -1.7 | 2.8 | 0.2 | -1.7 |
| Cons. stap. | 1.2 | 4.8 | 2.4 | 2.2 |
| Health care | -4.4 | 0.4 | -2.1 | -3.5 |
| Financials | -4.3 | -1.7 | -2.9 | -2.0 |
| IT | 2.7 | 10.3 | 7.2 | 7.4 |
| Comm. serv. | -1.9 | 3.9 | -0.3 | 0.8 |
| Utilities | -2.4 | -1.5 | -2.1 | -1.9 |
| Real estate | -0.1 | 0.7 | 0.1 | 0.1 |

Period: May 29, 2015 to Jun 30, 2020, monthly data

Simulated active sector exposures – USA Catholic Values (Proposal 1)

MSCI USA Catholic Values Sim Index (%)

| | Min | Max | Average | Current |
|-------------|------|------|---------|---------|
| Energy | -4.1 | 0.4 | -0.6 | -0.7 |
| Materials | -1.1 | 0.6 | -0.1 | 0.5 |
| Industrials | -0.2 | 1.6 | 0.7 | 0.5 |
| Cons. disc. | -0.9 | 2.9 | 0.9 | 0.1 |
| Cons. stap. | -1.0 | 3.2 | 0.3 | 0.2 |
| Health care | -9.0 | -1.9 | -5.9 | -8.3 |
| Financials | -3.9 | -1.1 | -2.3 | -1.3 |
| IT | 2.3 | 10.9 | 7.8 | 7.7 |
| Comm. serv. | -1.9 | 4.8 | 0.0 | 1.7 |
| Utilities | -1.4 | -0.7 | -1.1 | -0.7 |
| Real estate | 0.0 | 0.9 | 0.3 | 0.4 |

Period: May 29, 2015 to Jun 30, 2020, monthly data

MSCI USA Catholic Values Proposal Index (%)

| | Min | Max | Average | Current |
|-------------|------|------|---------|---------|
| Energy | -5.0 | -1.5 | -2.4 | -1.6 |
| Materials | -1.0 | 0.7 | -0.0 | 0.5 |
| Industrials | 0.0 | 2.4 | 1.1 | 1.2 |
| Cons. disc. | -1.0 | 3.2 | 1.4 | 0.3 |
| Cons. stap. | -1.1 | 3.3 | 0.6 | 0.5 |
| Health care | -8.9 | -1.7 | -5.7 | -8.3 |
| Financials | -2.7 | -0.4 | -1.7 | -1.1 |
| IT | 3.3 | 11.0 | 8.1 | 7.5 |
| Comm. serv. | -1.9 | 4.7 | 0.0 | 2.2 |
| Utilities | -2.3 | -1.4 | -2.0 | -1.7 |
| Real estate | 0.0 | 1.2 | 0.5 | 0.5 |

Period: May 29, 2015 to Jun 30, 2020, monthly data

Simulated active sector exposures – USA ESG Select (Proposal 1)

MSCI USA ESG Select Sim Index (%)

| | Min | Max | Average | Current |
|-------------|------|------|---------|---------|
| Energy | -3.1 | -0.7 | -1.7 | -0.7 |
| Materials | 0.2 | 3.5 | 2.2 | 0.2 |
| Industrials | -2.5 | 2.7 | 0.0 | 2.2 |
| Cons. disc. | -4.0 | -2.1 | -2.9 | -3.3 |
| Cons. stap. | 1.7 | 3.6 | 2.6 | 2.0 |
| Health care | -2.4 | 3.1 | 0.4 | -0.9 |
| Financials | -3.4 | 1.8 | -1.7 | -0.9 |
| IT | -3.5 | 4.1 | 2.0 | 3.0 |
| Comm. serv. | -3.2 | -1.4 | -2.2 | -3.0 |
| Utilities | 0.2 | 1.4 | 0.8 | 0.6 |
| Real estate | 0.0 | 1.3 | 0.6 | 0.8 |

Period: May 29, 2015 to Jun 30, 2020, monthly data

MSCI USA ESG Select Proposal Index (%)

| | Min | Max | Average | Current |
|-------------|------|------|---------|---------|
| Energy | -3.6 | -1.0 | -2.3 | -1.3 |
| Materials | 0.3 | 3.5 | 2.3 | 0.3 |
| Industrials | -2.5 | 3.1 | 0.5 | 2.5 |
| Cons. disc. | -4.0 | -2.1 | -2.9 | -3.3 |
| Cons. stap. | 1.9 | 3.5 | 2.7 | 2.6 |
| Health care | -2.1 | 3.8 | 0.4 | -0.7 |
| Financials | -3.4 | 2.4 | -1.6 | -0.7 |
| IT | -3.5 | 4.1 | 2.1 | 3.0 |
| Comm. serv. | -3.2 | -1.3 | -2.1 | -3.0 |
| Utilities | -0.9 | 0.8 | 0.1 | -0.5 |
| Real estate | 0.0 | 1.5 | 0.8 | 1.1 |

Period: May 29, 2015 to Jun 30, 2020, monthly data

ESG Exclusions Framework(1/2)

The standard screens are based on MSCI ESG Research's Exclusions framework and can be used to implement values-based exclusions in indexes in a simple and consistent manner.

| Screen | Factor | Most Restrictive / Zero Tolerance | Highly Restrictive | Moderately Restrictive | Least Restrictive |
|--------------------------------|---------------------------------|-----------------------------------|--------------------|------------------------|-------------------|
| FREQUENTLY USED SCREENS | | | | | |
| Alcohol | Producer | ● | ● | ≥ 5% | ≥ 10% |
| | Distributor | ● | | | |
| | Retailer | ● | ≥ 5% | ≥ 15% | |
| | Supplier | ● | | | |
| | Licensor | ● | | | |
| | Ownership Of/By | ● | | | |
| Civilian Firearms | Producer: Automatic | ● | ● | | ● |
| | Producer: Semi-Automatic | ● | ● | ≥ 5% | ● |
| | Producer | ● | ● | ≥ 5% | ≥ 15% |
| | Producer: Ammunition | ● | ● | | |
| | Retailer and Distributor | ● | | | |
| | Ownership Of/By | ● | | | |
| Conventional Weapons | Conventional Weapons Systems | ● | ● | ≥ 5% | ≥ 10% |
| | Conventional Weapons Components | ● | ≥ 5% | ≥ 15% | |
| | Support Systems and Services | ● | | | |
| | Ownership Of/By | ● | | | |
| Gambling | Operations | ● | ● | ≥ 5% | ≥ 10% |
| | Support | ● | ≥ 5% | ≥ 15% | |
| | Licensor | ● | | | |
| | Ownership Of/By | ● | | | |

Restriction Levels

Absolute Tie vs. Revenue Threshold*

* Shaded cells refer to Aggregate Revenue including the relevant business activities

ESG Exclusions Framework(2/2)

| Screen | Factor | Most Restrictive / Zero Tolerance | Highly Restrictive | Moderately Restrictive | Least Restrictive |
|--------------------------------|--|-----------------------------------|--------------------|--|---|
| FREQUENTLY USED SCREENS | | | | | |
| Nuclear Power | Utility | ● | ● | ≥ 5% | ≥ 15% |
| | Supplier Ownership Of/By | ● | | Generation / Installed Capacity / Revenue ≥ 5% | Generation / Installed Capacity / Revenue ≥ 10% |
| Nuclear Weapons | Warheads & Missiles | ● | ● | ● | ● |
| | Intended-use Components | ● | ● | ● | ● |
| | Nuclear Exclusive Delivery Platforms | ● | ● | ● | |
| | Nuclear Weapons Support Services | ● | ● | | |
| | Dual-use Components | ● | ● | | |
| | Dual-use Delivery Platforms | ● | ● | | |
| | Components of Nuclear Exclusive Delivery Platforms | ● | ● | | |
| | Components of Dual-use Delivery Platforms | ● | | | |
| Tobacco | Producer | ● | ● | ≥ 5% | ≥ 10% |
| | Distributor | ● | | | |
| | Retailer | ● | | ≥ 5% | ≥ 15% |
| | Supplier | ● | | | |
| | Licensor | ● | | | |
| | Ownership Of/By | ● | | | |

Example of Revenue Screen: Alcohol



Any Tie

- Producer
- Distributor
- Retailer
- Supplier
- Licensor
- Ownership

Alcohol Producer OR

5% Aggregate Revenue

5% Production Revenue OR
15% Aggregate Revenue

10% Production Revenue

Revenue
Alcohol

Absolute Tie

Revenue Threshold

| Alcohol | Producer | | | ≥ 5% | ≥ 5% | ≥ 10% |
|---------|-----------------|---|---|------|-------|-------|
| | Distributor | • | • | | | |
| | Retailer | • | | ≥ 5% | ≥ 15% | |
| | Supplier | • | | | | |
| | Licensor | • | | | | |
| | Ownership Of/By | • | | | | |

| | |
|---|-------------------|
| • | Absolute tie |
| % | Revenue threshold |

Example of Non-Revenue Screen: Animal Welfare



Non-Revenue Animal Welfare

Any Tie

- Non-medical Testing
- Medical Testing
- Factory Farming
- Licensed Breeder
- Licensed Exhibitor
- Ownership Of
- Ownership By

Non-medical Testing

- OR
- Medical Testing
- OR
- Factory Farming
- OR
- Licensed Breeder
- OR
- Licensed Exhibitor

Non-medical Testing

- OR
- Medical Testing
- OR
- Factory Farming

Non-medical Testing

Absolute Tie

| | | | | | |
|----------------|---------------------|---|---|---|---|
| Animal Welfare | Non-medical Testing | • | • | • | • |
| | Medical Testing | • | • | • | |
| | Factory Farming | • | • | • | |
| | Licensed Breeders | • | • | | |
| | Licensed Exhibitor | • | • | | |
| | Ownership Of/By | • | | | |

| | |
|---|-------------------|
| • | Absolute tie |
| % | Revenue threshold |

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