MSCI ESG Universal Select Top N Select Decrement Indexes

Parameter Sheet for Customization/Calculation Methodology

March 2022
1 Introduction

The MSCI ESG Universal Select Top N Indexes (the "Indexes") are designed to represent the performance of a set of companies from the MSCI Global Investable Market Indexes (the "Parent Indexes"), that are selected and weighted based on the MSCI ESG Screened Indexes\(^1\) and the MSCI ESG Universal Indexes methodologies\(^2\). In addition, securities are selected based on their 3-month Annualized Traded Value.

The MSCI ESG Universal Select Top N Decrement Indexes (the “Decrement Indexes”) are constructed by applying a constant markdown ("synthetic dividend") on the MSCI ESG Universal Select Top N Index levels on a daily basis, expressed as a percentage of performance, based on the MSCI Decrement Indexes methodology\(^3\).

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\(^1\) For more information, please refer to the MSCI ESG Screened Indexes methodology at [www.msci.com/index-methodology](http://www.msci.com/index-methodology)

\(^2\) For more information, please refer to the MSCI ESG Universal Indexes methodology at [www.msci.com/index-methodology](http://www.msci.com/index-methodology)

\(^3\) For more information, please refer to the MSCI Decrement Indexes methodology at [www.msci.com/index-methodology](http://www.msci.com/index-methodology)
2 Constructing the MSCI ESG Universal Select Top N Decrement Indexes

The MSCI ESG Universal Select Top N Decrement Indexes are constructed in the following steps:

- Step 1: Determining the Parent Universe
- Step 2: Applying the MSCI ESG Screened Indexes Methodology
- Step 3: Selecting Securities based on 3-Month Annualized Traded Value
- Step 4: Applying the MSCI ESG Universal Indexes Methodology
- Step 5: Selecting the Top N Securities based on ESG Universal Index Weight
- Step 6: Applying the MSCI Decrement Indexes Methodology

2.1 Determining the Parent Universe

The eligible universe for MSCI ESG Universal Select Top N Decrement Indexes includes all the constituents of each of their Parent Indexes as shown in the table below.

<table>
<thead>
<tr>
<th>Index Name</th>
<th>Parent Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSCI USA ESG Universal Select Top 100 Select Index</td>
<td>MSCI USA Index</td>
</tr>
<tr>
<td>MSCI EMU ESG Universal Select Top 50 Select Index</td>
<td>MSCI EMU Index</td>
</tr>
<tr>
<td>MSCI UK ESG Universal Select Top 45 Select Index</td>
<td>MSCI UK IMI Index</td>
</tr>
<tr>
<td>MSCI France ESG Universal Select Top 40 Select Index</td>
<td>MSCI France Index</td>
</tr>
<tr>
<td>MSCI Switzerland ESG Universal Select Top 20 Select Index</td>
<td>MSCI Switzerland Index</td>
</tr>
<tr>
<td>MSCI Japan ESG Universal Select Top 100 Select Index</td>
<td>MSCI Japan Index</td>
</tr>
</tbody>
</table>

2.2 Applying the MSCI ESG Screened Indexes Methodology

The MSCI ESG Screened Indexes methodology is applied to the Indexes.
2.3 SELECTING SECURITIES BASED ON 3-Month Annualized Traded Value

Securities with a minimum 3-Month annualized traded value (ATV) of USD 5.04 Billion are eligible for inclusion in the Indexes.

2.4 APPLYING THE MSCI ESG UNIVERSAL INDEXES METHODOLOGY

The MSCI ESG Universal Indexes methodology is applied to the Indexes.

2.5 SELECTING THE TOP N SECURITIES BASED ON ESG UNIVERSAL INDEX WEIGHT

The Indexes rank their securities based on their weights from the MSCI ESG Universal Indexes methodology, in descending order. The top securities are then selected until the target number of constituents are reached for each of the Indexes.

<table>
<thead>
<tr>
<th>Index Name</th>
<th>Target no. of constituents</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSCI USA ESG Universal Select Top 100 Select Index</td>
<td>100</td>
</tr>
<tr>
<td>MSCI EMU ESG Universal Select Top 50 Select Index</td>
<td>50</td>
</tr>
<tr>
<td>MSCI UK ESG Universal Select Top 45 Select Index</td>
<td>45</td>
</tr>
<tr>
<td>MSCI France ESG Universal Select Top 40 Select Index</td>
<td>40</td>
</tr>
<tr>
<td>MSCI Switzerland ESG Universal Select Top 20 Select Index</td>
<td>20</td>
</tr>
<tr>
<td>MSCI Japan ESG Universal Select Top 100 Select Index</td>
<td>100</td>
</tr>
</tbody>
</table>

In case the number of securities in the eligible universe falls below the target, all eligible securities will be selected for inclusion.
2.6 APPLYING THE MSCI DECREMENT INDEXES METHODOLOGY

The MSCI Decrement Indexes methodology is applied to the Indexes with the following parameters.

<table>
<thead>
<tr>
<th>Decrement Index Methodology Parameters</th>
<th>MSCI USA ESG Universal Select Top 100 Select 4% Decrement Index</th>
<th>MSCI EMU ESG Universal Select Top 50 Select 5% Decrement Index</th>
<th>MSCI UK ESG Universal Select Top 45 Select 5% Decrement Index</th>
<th>MSCI France ESG Universal Select Top 40 Select 5% Decrement Index</th>
<th>MSCI Switzerland ESG Universal Select Top 20 Select 4% Decrement Index</th>
<th>MSCI Japan ESG Universal Select Top 100 Select 4% Decrement Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return Variant of the Parent Index</td>
<td>Net Total Return</td>
<td>Net Total Return</td>
<td>Net Total Return</td>
<td>Net Total Return</td>
<td>Net Total Return</td>
<td>Net Total Return</td>
</tr>
<tr>
<td>Currency Calculation</td>
<td>USD</td>
<td>EUR</td>
<td>GBP</td>
<td>EUR</td>
<td>CHF</td>
<td>JPY</td>
</tr>
<tr>
<td>Decrement Type</td>
<td>Fixed Percentage</td>
<td>Fixed Percentage</td>
<td>Fixed Percentage</td>
<td>Fixed Percentage</td>
<td>Fixed Percentage</td>
<td>Fixed Percentage</td>
</tr>
<tr>
<td>Decrement Frequency</td>
<td>Daily</td>
<td>Daily</td>
<td>Daily</td>
<td>Daily</td>
<td>Daily</td>
<td>Daily</td>
</tr>
<tr>
<td>Decrement Application</td>
<td>Geometric</td>
<td>Geometric</td>
<td>Geometric</td>
<td>Geometric</td>
<td>Geometric</td>
<td>Geometric</td>
</tr>
<tr>
<td>Decrement Value</td>
<td>4%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Day Count Convention</td>
<td>Actual/365</td>
<td>Actual/365</td>
<td>Actual/365</td>
<td>Actual/365</td>
<td>Actual/365</td>
<td>Actual/365</td>
</tr>
<tr>
<td>Index Floor</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
### 3 Maintaining the MSCI ESG Universal Select Top N Decrement Indexes

#### 3.1 SEMI-ANNUAL INDEX REVIEWS

The MSCI ESG Universal Select Top N Indexes are rebalanced as per Section 2.4 on a Semi-annual basis. The rebalancing is generally effective as of the close of the last business day of May and November, coinciding with the regularly scheduled MSCI Index Reviews.

The pro forma index is typically announced nine business days before the effective date.

In general, MSCI uses MSCI ESG Research LLC data (e.g. 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 MSCI ESG Universal Select Top N Decrement Indexes. For some securities, such data may not be published by MSCI ESG Research LLC by the end of the month preceding the Index Review. For such securities, MSCI will use ESG data published after the end of month, when available, for the rebalancing of the MSCI ESG Universal Select Top N Decrement Indexes.

#### 3.2 QUARTERLY INDEX REVIEWS

The MSCI ESG Universal Select Top N Indexes are rebalanced on a Quarterly basis. The rebalancing is generally effective as of the close of the last business day of February, May, August and November, coinciding with the regularly scheduled MSCI Index Reviews.

The pro forma index is typically announced nine business days before the effective date.

#### 3.3 ONGOING EVENT RELATED CHANGES

The general treatment of corporate events in the MSCI ESG Universal Select Top N 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.
The following section briefly describes the treatment of common corporate events within the MSCI ESG Universal Select Top N Decrement Indexes.

No new securities will be added (except where noted below) to the Index between Index Reviews. Only Parent Index constituents are eligible for addition. Parent Index deletions will be reflected simultaneously.

There are no deletions from the MSCI ESG Universal Select Top N Decrement Indexes between Index Reviews on account of a security becoming ineligible because of any change in the ESG data.

<table>
<thead>
<tr>
<th>EVENT TYPE</th>
<th>EVENT DETAILS</th>
</tr>
</thead>
<tbody>
<tr>
<td>New additions to the Parent Index</td>
<td>A new security added to the Parent Index (such as IPO and other early inclusions) will not be added to the MSCI ESG Universal Select Top N Decrement Indexes.</td>
</tr>
<tr>
<td>Spin-Offs</td>
<td>All securities created as a result of the spin-off of an existing Index constituent will not be added to the MSCI ESG Universal Select Top N Decrement Indexes at the time of event implementation. Reevaluation for addition in the Indexes will occur at the subsequent Index Review.</td>
</tr>
<tr>
<td>Merger/Acquisition</td>
<td>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.</td>
</tr>
<tr>
<td>Changes in Security Characteristics</td>
<td>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.</td>
</tr>
</tbody>
</table>
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
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* = toll free
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