

MSCI ACWI IMI EFFICIENT ENERGY MATERIALS ESG SELECT INDEX

April 2021

Contents	1	Introduction	3
	2	MSCI ESG Research	4
	2.1	MSCI ESG Ratings	4
	2.2	MSCI ESG Controversies Score	4
	2.3	MSCI Sustainable Impact Metrics	5
	3	Constructing the Index	6
	3.1	Determining the components of the Index	6
	3.2	Determining the Eligible Universe of the Index	6
	3.3	Determining the Selected Universe of the Index	6
	3.4	Determining the weights of the constituents of the Index	8
	4	Maintaining the Index	9
	4.1	Semi-Annual Index Review	9
	4.2	Ongoing event-related maintenance	9

1 Introduction

The MSCI ACWI IMI Efficient Energy Materials ESG Select Index (the 'Index') aims to represent the performance of a select set of companies that are expected, based on the below index criteria, to derive significant revenue from one or more of the following themes:

- Efficient Energy and clean technology
- Smart Cities
- Future Mobility

2 MSCI ESG Research

MSCI ESG Research provides in-depth research, ratings and analysis of the environmental, social and governance-related business practices of thousands of companies worldwide. It consists of an integrated suite of tools and products to efficiently manage research, analysis and compliance tasks across the spectrum of ESG factors.

The Index uses company ratings and research provided by MSCI ESG Research. In particular, this index uses the following three MSCI ESG Research products: MSCI ESG Ratings, MSCI ESG Controversies Score and MSCI Sustainable Impact Metrics. For details on MSCI ESG Research’s full suite of ESG products, please refer to: <https://www.msci.com/esg-investing>

2.1 MSCI ESG Ratings

MSCI ESG Ratings provides research, analysis and ratings of how well companies manage environmental, social and governance risks and opportunities.

MSCI ESG Ratings provides an overall company ESG rating - a seven-point scale from ‘AAA’ to ‘CCC’. In addition, the product provides scores and percentiles indicating how well a company manages each key issue relative to industry peers.

For more details on MSCI ESG Ratings, please refer to: <https://www.msci.com/esg-ratings>.

2.2 MSCI ESG Controversies Score

MSCI ESG Controversies (formerly known as MSCI Impact Monitor) provides assessments of controversies concerning the 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.

For more details on MSCI ESG Controversies Score, please refer to: <https://www.msci.com/documents/10199/acbe7c8a-a4e4-49de-9cf8-5e957245b86b>

2.3 MSCI Sustainable Impact Metrics

MSCI Sustainable Impact Metrics Taxonomy

Pillar	Themes	Categories
Environmental Impact	Climate Change	<ol style="list-style-type: none"> Alternative energy Energy efficiency Green building
	Natural Capital	<ol style="list-style-type: none"> Sustainable water Pollution prevention and control Sustainable agriculture
Social Impact	Basic needs	<ol style="list-style-type: none"> Nutrition Major disease treatments Sanitation Affordable real estate
	Empowerment	<ol style="list-style-type: none"> SME finance Education Connectivity - Digital divide

Under each of the actionable social and environmental impact themes, MSCI ESG Research has identified specific categories of products and services that it has determined companies can offer as potential solutions to environmental and social challenges.

More detailed taxonomy for each category can be found in Section 2.4 of the MSCI ACWI Sustainable Impact Index Methodology available at <https://www.msci.com/index-methodology>

3 **Constructing the Index**

The Index is constructed by selecting stocks from the MSCI ACWI Investable Market Index (IMI) ('Parent Index'), based on rules explained in the following sections.

3.1 **Determining the components of the Index**

The Index uses the relevance scores of the constituents of three MSCI Thematic Indexes¹ ('Component Indexes'):

- MSCI ACWI IMI Future Mobility Index
- MSCI ACWI IMI Smart Cities Index
- MSCI ACWI IMI Efficient Energy Index

3.2 **Determining the Eligible Universe of the Index**

An eligible universe for the Index is constructed by applying the following filters to the Parent Index:

3.2.1 **ESG Controversy Score**

ESG Controversy Score = 0 ('Red Flag' companies) – Companies involved in very severe business controversies as defined by the MSCI ESG Controversies Methodology are excluded.

Missing ESG Controversy Score – Companies not assessed by MSCI ESG Research's MSCI ESG Controversy Scores are excluded.

3.2.2 **ESG Rating**

ESG Rating = 'CCC' – Companies having an MSCI ESG Rating of 'CCC' are excluded.

Missing ESG Rating – Companies which are not rated by MSCI ESG Research for an MSCI ESG Rating are not excluded.

3.3 **Determining the Selected Universe of the Index**

The selected universe for the Index is constructed by combining all stocks from the selected universe of each component described in section 3.1.

The selected universe for each component described in section 3.1 is constructed using the following steps.

¹ Please refer to <https://www.msci.com/index-methodology> for the methodology of the Component Indexes and for details of the calculation of relevance score.

3.3.1 Selected Universe for Future Mobility Component

The following additional steps are followed to construct the selected universe:

1. Securities from the eligible universe which are present in the top three-quarters of the MSCI ACWI IMI Future Mobility Index, by relevance score, are included in the selected universe.
2. Securities in the selected universe are weighted by the product of their relevance score and their float adjusted market capitalization. The weights of selected securities are then normalized to sum to 100%.
3. Additionally, the weights of selected securities are capped at the issuer level to mitigate concentration risk. The issuer weight in this component is capped at 5%.

3.3.2 Selected Universe for Smart Cities Component

The following additional steps are followed to construct the selected universe:

1. Securities from the eligible universe which are present in the top three-quarters of the MSCI ACWI IMI Smart Cities Index, by relevance score are included in the selected universe.
2. Securities in the selected universe are weighted by the product of their relevance score and their float adjusted market capitalization. The weights of selected securities are then normalized to sum to 100%.
3. Additionally, the weights of selected securities are capped at the issuer level to mitigate concentration risk. The issuer weight in this component is capped at 5%.

3.3.3 Selected Universe For Efficient Energy Component

The following additional steps are followed to construct the selected universe:

1. For each security in the eligible universe, a combined relevance score is calculated as: Maximum (Relevance Score in the MSCI ACWI IMI Efficient

Energy Index, Clean Tech Alternative Energy Revenue²/100, Clean Tech Energy Efficiency Revenue³/100).

2. Securities with a combined relevance score greater than or equal to 25% are sorted in descending order. Of these, securities which are present in the top three-quarters by combined relevance score are included in the selected universe.
3. Securities in the selected universe are weighted by the product of their combined relevance score and their float adjusted market capitalization. The weights of selected securities are then normalized to sum to 100%.
4. Additionally, the weights of selected securities are capped at the issuer level to mitigate concentration risk. The issuer weight in this component is capped at 5%.

3.4 Determining the weights of the constituents of the Index

The weight of each stock in the Index is calculated as follows:

$$w_i^{Mix} = \sum_{C(j)} s_i^{C(j)} \times w_i^{C(j)}$$

where:

- w_i^{Mix} is the weight of stock i in the Index
- $w_i^{C(j)}$ is the weight of stock i in the Component $C(j)$ ⁴
- $s_i^{C(j)}$ is the scaling factor applied to the weight of all stocks in the Component $C(j)$
- $s_i^{Future\ Mobility\ Component} = 30\%$
- $s_i^{Smart\ Cities\ Component} = 20\%$
- $s_i^{Efficient\ Energy\ Component} = 50\%$

Additionally, constituent weights are capped at the issuer level to mitigate concentration risk in the Index. The issuer weight in the Index is capped at 5%.

^{2,3} Please refer to <https://www.msci.com/index-methodology> for the MSCI Global Environment Indexes methodology for details of the calculation of the clean tech alternative energy revenue and the clean tech energy efficiency revenue.

⁴ $C(j)$ refers to each of the components described in sections 3.3.1 to 3.3.3 in this document.

4 Maintaining the Index

4.1 Semi-Annual Index Review

The Index is reviewed on a Semi-Annual basis in May and November to coincide with the May and November Semi-Annual Index Reviews of the Component Indexes, and the changes are implemented at the end of May and November. In general, the pro forma index is announced nine business days before the effective date.

During the Semi-Annual Index Review, the eligible universe and selected universe are updated.

In general, MSCI uses MSCI ESG Research data (including MSCI ESG Ratings, MSCI Climate Change Metrics, MSCI ESG Controversies Scores and MSCI Business Involvement Screening Research) as of the end of the month preceding the Index Reviews. 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. This approach aims to capture timely updates to ESG Ratings of the constituents and coincides with the rebalancing of the relevant MSCI Parent Indexes.

4.2 Ongoing event-related maintenance

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

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

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

EVENT TYPE

EVENT DETAILS

New additions to the Parent Index

A new security added to the parent index (such as IPO and other early inclusions) will not be added to the index.

Spin-Offs

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

Merger/Acquisition

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

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

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

Contact us

clientservice@msci.com

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 redisseminated 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 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. 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 www.msci.com.

MSCI ESG Research LLC is a Registered Investment Adviser under the Investment Advisers Act of 1940 and a subsidiary of MSCI Inc. Except with respect to any applicable products or services from MSCI ESG Research, 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 intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Issuers mentioned or included in any MSCI ESG Research materials may include MSCI Inc., clients of MSCI or suppliers to MSCI, and may also purchase research or other products or services from MSCI ESG Research. 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.

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 Standard & Poor's. "Global Industry Classification Standard (GICS)" is a service mark of MSCI and Standard & Poor's.

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, reports and ratings based on published methodologies and available to clients on a subscription basis. We do not provide custom or one-off ratings or recommendations of securities or other financial instruments upon request.

For information about how MSCI collects and uses personal data, please refer to our Privacy Notice at <https://www.msci.com/privacy-pledge>.