

METHODOLOGY BOOK FOR:

- MSCI EMU ESG CHOICE TOP 50 INDEX**
- MSCI EMU ESG CHOICE TOP 50 DECREMENT 5% INDEX**

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1 Introduction

The MSCI EMU ESG Choice Top 50 Index aims to represent the performance of a set of 50 highly liquid securities from the MSCI EMU Index (the “Parent Index”), that have higher industry-adjusted Environmental, Social and Governance (ESG) score relative to their peers.

MSCI EMU ESG Choice Top 50 Decrement 5% Index aims to represent the performance of the MSCI EMU ESG Choice Top 50 Index, while applying a constant markdown (‘synthetic dividend’) of 5% on an annual basis, expressed as a percentage of performance, as per the MSCI Decrement Indexes Methodology¹.

¹ Please refer to the MSCI Decrement Indexes Methodology at <http://www.msci.com/index-methodology>

2 MSCI ESG Research

The MSCI EMU ESG Choice Top 50 Index uses company ratings and research provided by MSCI ESG Research LLC.

For details on MSCI ESG Research's full suite of ESG products, please refer to: <https://www.msci.com/esg-investing>

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>

3 Index Construction Methodology

The following steps are applied at initial construction as well as at the subsequent Quarterly and Semi-Annual Index Reviews of the MSCI EMU ESG Choice Top 50 Index:

- Defining the Underlying Universe
- Applying Liquidity Criteria
- Security Selection
- Weighting Scheme

In addition to the above steps, a daily decrement as per the MSCI Decrement Indexes Methodology is applied to the MSCI EMU ESG Choice Top 50 Index to construct the MSCI EMU ESG Choice Top 50 Decrement 5% Index.

3.1 Defining the Underlying Universe

The underlying universe for the MSCI EMU ESG Choice Top 50 Index and the MSCI EMU ESG Choice Top 50 Decrement 5% Index consists of all the securities from the MSCI EMU Index (the “Parent Index”).

3.2 Applying Liquidity Criteria

Only the securities with a 3-Month Annualized Traded Value (ATV) equal to or greater than USD 2500 Million will be eligible for inclusion in the Index. For details on calculation of Annualized Traded Value, please refer to MSCI Index Calculation Methodology².

3.3 Security Selection

From the eligible universe, the top 50 securities, ranked in descending order based on their ESG scores are selected for inclusion in the Index. If there are securities with the same industry-adjusted ESG scores, security with higher free float-adjusted market capitalization applicable to foreign investors will be ranked higher.

3.4 Weighting Scheme

The selected securities are then weighted and rebalanced in accordance with the MSCI Equal Weighted Indexes Methodology³.

² Please refer to the MSCI Index Calculation Methodology book at <http://www.msci.com/index-methodology>

³ Please refer to the MSCI Equal Weighted Indexes Methodology book at <http://www.msci.com/index-methodology>

3.5 Applying the Decrement

The MSCI Decrement Indexes methodology is applied using the following parameters on the MSCI EMU ESG Choice Top 50 Index in order to construct MSCI EMU ESG Choice Top 50 Decrement 5% Index:

Sr. No.	Methodology Parameter	Parameter Value
1	Return Variant of the Parent Index	Daily Net Total Return
2	Currency of Calculation	EUR
3	Decrement Type	Fixed Percentage
4	Decrement Frequency	Daily
5	Decrement Application	Geometric Application
6	Decrement Value	5%
7	Day Count Convention	ACT/360
8	Index Floor	0

4 Maintaining the Indexes

4.1 Quarterly Index Reviews

The MSCI EMU ESG Choice Top 50 Index is reviewed on a quarterly basis as described in Section 2, coinciding with the May and November Semi-Annual Index Reviews and the February and August Quarterly Index Reviews of the Parent Index. The pro forma Index is typically announced nine business days before the effective date.

In general, MSCI uses MSCI ESG Ratings data as of 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 EMU ESG Choice Top 50 Index.

4.2 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.

The following section briefly describes the treatment of common corporate events within the MSCI EMU ESG Choice Top 50 Index.

No new securities will be added (except where noted below) to the Indexes between Index Reviews. For cases where additions are noted below, securities will be added to the index only if added to the Parent Index.

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 even 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 be removed from the Index if there are changes in characteristics (country, sector, size segment, etc.). Reevaluation for 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>.

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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>.

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