

MSCI GLOBAL EX CONTROVERSIAL WEAPONS INDEXES METHODOLOGY

May 2018

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1 INTRODUCTION

The MSCI Global ex Controversial Weapons Indexes have been developed for use by investors, including pension funds, and universal owners who wish to avoid investments in cluster bombs, landmines, depleted uranium, chemical and biological weapons, blinding laser weapons, non-detectable fragments and incendiary weapons (white phosphorus).

Currently MSCI constructs MSCI Global ex Controversial Weapons Indexes for the Standard size-segment in all MSCI Developed and Emerging Markets. These indexes are free float-adjusted market capitalization weighted.

2 SCREENING CRITERIA

The MSCI Global ex Controversial Weapons Indexes exclude companies involved in:

- Cluster Bombs
- Landmines
- Depleted Uranium Weapons
- Chemical and Biological Weapons
- Blinding Laser Weapons
- Non-Detectable Fragments
- Incendiary Weapons (White Phosphorus)

Please refer to Appendix 1 for more details on these criteria.

3 CONSTRUCTING THE MSCI GLOBAL EX CONTROVERSIAL WEAPONS INDEXES

3.1 UNDERLYING UNIVERSE

The selection universe for the MSCI Global ex Controversial Weapons Indexes is the MSCI All Country World Index (ACWI).

3.2 EXCLUSION CRITERIA

Companies that are involved in controversial weapons as described in the screening criteria in Section 2 are excluded from the MSCI Global ex Controversial Weapons Indexes.

3.3 INDEX CONSTRUCTION

Currently, MSCI constructs MSCI Global ex Controversial Weapons Indexes for the standard size-segment in all MSCI Developed and Emerging Markets.

4 MAINTAINING THE MSCI GLOBAL EX CONTROVERSIAL WEAPONS INDEXES

4.1 INDEX REVIEWS

The MSCI Global ex Controversial Weapons Indexes are reviewed on a quarterly basis to coincide with the regular Semi-Annual and Quarterly Index Reviews of the MSCI Global Investable Market Indexes. The changes are implemented as of the close of the last business day of February, May, August and November. At index reviews, all companies in the underlying universe are reviewed and eligible companies are added to the MSCI Global ex Controversial Weapons Indexes. Existing constituents may be deleted from the MSCI Global ex Controversial Weapons Indexes if they become involved in controversial weapons and are excluded by the screening criteria. Any constituent that is deleted from the underlying index as a result of an index review is also deleted from the MSCI Global ex Controversial Weapons Indexes.

The pro forma MSCI Global ex Controversial Weapons 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 Scores and MSCI Business Involvement Screening Research) as of the end of the month preceding the Index Reviews for the rebalancing of the MSCI Global ex Controversial Weapons Indexes. 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 MSCI Global ex Controversial Weapons Indexes.

4.2 ONGOING EVENT-RELATED MAINTENANCE

The MSCI Corporate Events Methodology is applied for the maintenance of the MSCI Global ex Controversial Weapons Indexes between index reviews. Companies deleted from the underlying index between index reviews are also deleted at the same time from the MSCI Global ex Controversial Weapons Indexes. Additions to the Parent Index following corporate events related to existing constituents (such as spin-offs) will not be automatically added to the MSCI Global ex Controversial Weapons Indexes. These Parent Index additions will be considered for addition at the next index review according to the rules outlined in Section 3. The details relating to the handling of specific corporate event types can be found in the MSCI Corporate Events Methodology book available at: <https://www.msci.com/index-methodology>

APPENDIX 1: CONTROVERSIAL WEAPONS CRITERIA

The MSCI Global ex Controversial Weapons Indexes exclude companies involved in:

- **Cluster Bombs**

MSCI ESG Research’s cluster bomb research identifies public companies that are involved in the production of cluster bombs and munitions, or the essential components of these products.

- **Landmines**

MSCI ESG Research’s landmines research identifies public companies that are involved in the production of anti-personnel landmines, anti-vehicle landmines, or the essential components of these products.

- **Depleted Uranium Weapons**

MSCI ESG Research’s depleted uranium weapons research identifies public companies involved in the production of depleted uranium weapons and armor.

- **Chemical and Biological Weapons**

MSCI ESG Research’s chemical and biological weapons research identifies public companies that are involved in the production of chemical and biological weapons, or the essential components of these products.

- **Blinding Laser Weapons**

MSCI ESG Research’s blinding laser weapons research identifies public companies that are involved in the production of weapons utilizing laser technology to cause permanent blindness.

- **Non-Detectable Fragments**

MSCI ESG Research’s non-detectable fragments research identifies public companies that are involved in the production of weapons that use non-detectable fragments to inflict injury.

- **Incendiary Weapons (White Phosphorus)**

MSCI ESG Research’s incendiary weapons research identifies companies that are involved in the production of weapons using white phosphorus.

Involvement criteria:

- Producers of the weapons
- Producers of key components of the weapons (only applies to cluster bombs, landmines, depleted uranium weapons as well as chemical and biological weapons)
- Ownership of 20% or more of a weapons or components producer

The minimum limit is raised to 50% for financial companies having an ownership in a company that manufactures controversial weapons or key components of controversial weapons

- Owned 50% or more by a company involved in weapons or components production

Revenue limits:

Any identifiable revenues, i.e., zero tolerance

The following sections have been modified since June 2011:

Section 4.2: Ongoing Event-Related Maintenance

- Clarification of treatment of corporate events

The following sections have been modified since November 2014:

Section 4: Maintaining the MSCI Global ex Controversial Weapons Indexes

Clarification on use of ESG data for securities whose data would be available after the end of the month preceding Index Review.

The following sections have been modified since May 2017:

Section 4.1: Index Reviews

- Updated to include the announcement date of the pro forma indexes.

Section 4.2: Ongoing event-related maintenance

- Updated link to the MSCI Corporate Events Methodology

The following sections have been modified since September 2017:

Section 1: Introduction

Section 2: Screening Criteria

Appendix 1: Controversial Weapons Criteria

- Updated to reflect the addition of new screens for blinding lasers, non-detectable fragments and incendiary weapons (while phosphorus)

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
Sao 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

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