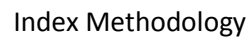


The MSCI logo consists of the letters "MSCI" in a white, serif font, set against a dark blue rectangular background.The text "Index Methodology" is positioned on the right side of a decorative horizontal line that spans the width of the page. The line is composed of two thin, curved lines that meet at a central point, creating a lens-like shape.

# MSCI Global ex Controversial Weapons Indexes Methodology

June 2011

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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 and chemical and biological weapons.

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

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.

### 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. In general, there will be no additions to or deletions from the index between two index reviews, except when the new security results from an event affecting an existing index constituent. Companies deleted from the underlying index between index reviews are also deleted at the same time from the MSCI Global ex Controversial Weapons Indexes. The details relating to the handling of specific corporate event types can be found in the MSCI Corporate Events Methodology book available at:

<http://www.msci.com/products/indexes/size/standard/methodology.html>

# 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.

Involvement criteria:

- Producers of the weapons
- Producers of key components of the 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

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MSCI Inc. is a leading provider of investment decision support tools to investors globally, including asset managers, banks, hedge funds and pension funds. MSCI products and services include indexes, portfolio risk and performance analytics, and governance tools.

The company's flagship product offerings are: the MSCI indexes with approximately USD 8 trillion estimated to be benchmarked to them on a worldwide basis<sup>1</sup>; Barra multi-asset class factor models, portfolio risk and performance analytics; RiskMetrics multi-asset class market and credit risk analytics; IPD real estate information, indexes and analytics; MSCI ESG (environmental, social and governance) Research screening, analysis and ratings; ISS corporate governance research, data and outsourced proxy voting and reporting services; and FEA valuation models and risk management software for the energy and commodities markets. MSCI is headquartered in New York, with research and commercial offices around the world.

<sup>1</sup> As of September 30, 2013, as reported on January 31, 2014 by eVestment, Lipper and Bloomberg

Feb 2014