

# **MSCI GLOBAL EX TOBACCO INVOLVEMENT INDEXES METHODOLOGY**

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## **1 INTRODUCTION**

The MSCI Global ex Tobacco Involvement Indexes have been developed for use by institutional investors, including pension funds, and universal owners who wish to avoid investments in companies involved in the tobacco business.

These indexes are free float-adjusted market capitalization weighted.

## 2 MSCI ESG RESEARCH

The MSCI Global ex Tobacco Involvement Indexes use the MSCI ESG Business Involvement Screening Research that is provided by MSCI ESG Research.

MSCI ESG Business Involvement Screening Research (BISR) aims to enable institutional investors to manage environmental, social and governance (ESG) standards and restrictions reliably and efficiently.

For more details on MSCI ESG Business Involvement Screening Research, please refer to [http://www.msci.com/resources/factsheets/MSCI\\_ESG\\_BISR.pdf](http://www.msci.com/resources/factsheets/MSCI_ESG_BISR.pdf)

### 3 CONSTRUCTING THE MSCI GLOBAL EX TOBACCO INVOLVEMENT INDEXES

#### 3.1 UNDERLYING UNIVERSE

The selection universe for the MSCI Global ex Tobacco Involvement Indexes is defined by the constituents of the MSCI Global Investable Market Indexes (GIMI).

#### 3.2 SCREENING CRITERIA

The MSCI Global ex Tobacco Involvement Indexes use company research provided by MSCI ESG Research to determine eligibility for index inclusion. In particular, the indexes use MSCI ESG Business Involvement Screening Research to identify companies that are involved in the tobacco business.

Companies that meet the following business involvement criteria are excluded from the MSCI Global ex Tobacco Involvement Indexes:

- **Tobacco**
  - All companies classified as a “Producer”
  - All companies deriving 5% or more aggregate revenue from the production, distribution, retail and supply of tobacco-related products

## **4 MAINTAINING THE MSCI GLOBAL EX TOBACCO INVOLVEMENT INDEXES**

### **4.1 INDEX REVIEWS**

The MSCI Global ex Tobacco Involvement 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 Tobacco Involvement Indexes. Existing constituents may be deleted from the MSCI Global ex Tobacco Involvement Indexes if they become involved in tobacco and are screened according to the criteria described in Section 3. Any constituent that is deleted from the Parent Index as a result of an index review is also deleted from the MSCI Global ex Tobacco Involvement Indexes.

The pro forma MSCI Global ex Tobacco Involvement Indexes are generally announced nine business days before the index review effective date.

In general, MSCI uses MSCI ESG Research data (MSCI Business Involvement Screening Research) as of the end of the month preceding the Index Reviews for the rebalancing of the MSCI Global ex Tobacco Involvement 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 Tobacco Involvement Indexes.

### **4.2 ONGOING EVENT-RELATED MAINTENANCE**

The MSCI Corporate Events Methodology is applied for the maintenance of the MSCI Global ex Tobacco Involvement Indexes between index reviews.

#### **4.2.1 IPOS AND OTHER EARLY INCLUSIONS**

IPOs and other newly listed securities that are added to the Parent Index as well as securities added to the Parent Index following a migration from a different size-segment, will be considered for inclusion in the MSCI Global ex Tobacco Involvement Indexes at the next index review according to the rules outlined in Section 3.

#### **4.2.2 ADDITIONS AND DELETIONS DUE TO CORPORATE EVENTS**

Deletions from the Parent Index following a corporate event will be simultaneously deleted from the MSCI Global ex Tobacco Involvement 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 Tobacco Involvement Indexes. These Parent Index additions will be considered for addition at the next index review according to the rules outlined in Section 3.

There are no deletions from the MSCI Global ex Tobacco Involvement Indexes between index reviews on account of a security becoming involved in the tobacco business.

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