

METHODOLOGY BOOK FOR:

- **MSCI WORLD SELECT ESG RATING AND TREND LEADERS INDEX**
- **MSCI EM SELECT ESG RATING AND TREND LEADERS INDEX**
- **MSCI USA SELECT ESG RATING AND TREND LEADERS INDEX**
- **MSCI EMU SELECT ESG RATING AND TREND LEADERS INDEX**

February 2021

Contents

- 1 Introduction 3
- 2 MSCI ESG Research 4
 - 2.1 MSCI ESG Ratings..... 4
 - 2.2 MSCI ESG Controversies..... 4
 - 2.3 MSCI ESG Business Involvement Screening Research 4
 - 2.4 MSCI Climate Change Metrics..... 5
- 3 Constructing the MSCI Select ESG Rating and Trend Leaders Indexes..... 6
 - 3.1 Applicable Universe 6
 - 3.2 Determination of Combined ESG Score..... 6
 - 3.3 Eligible Universe..... 7
 - 3.4 Index Construction 9
- 4 Maintaining the MSCI Select ESG Rating and Trend Leaders Indexes 11
 - 4.1 Annual Index Review 11
 - 4.2 Quarterly Index Reviews 12
 - 4.3 Ongoing Event-Related Maintenance..... 13
- Appendix 1: Guidelines on Achieving the Target Sector Coverage of 50%..... 15
- Appendix 2: Controversial Business Involvement Criteria..... 17
- Appendix 3: ESG Profile Check 21

1 Introduction

The MSCI World Select ESG Rating And Trend Leaders Index, MSCI EM Select ESG Rating And Trend Leaders Index, MSCI USA Select ESG Rating And Trend Leaders Index and MSCI EMU Select ESG Rating And Trend Leaders Index (MSCI Select ESG Rating and Trend Leaders Indexes) are free float-adjusted market capitalization weighted indexes designed to represent the performance of companies that have a robust ESG profile as well as a positive trend in improving that profile. These indexes aim to target sector weights that reflect the relative sector weights of the underlying index to limit the systematic risk introduced by the ESG selection process. Overall, the indexes target coverage of 50% of the underlying MSCI parent indexes (the 'Parent Indexes').

2 MSCI ESG Research

The MSCI Select ESG Rating & Trend Leaders Indexes use company ratings and research provided by MSCI ESG Research LLC. In particular, the indexes use the following MSCI ESG Research products: MSCI ESG Ratings, MSCI ESG Controversies, MSCI Business Involvement Screening Research and MSCI Climate Change 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

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, please refer to : <https://www.msci.com/documents/10199/acbe7c8a-a4e4-49de-9cf8-5e957245b86b>

2.3 MSCI ESG BUSINESS INVOLVEMENT SCREENING 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

2.4 MSCI CLIMATE CHANGE METRICS

MSCI Climate Change Metrics provides climate data & tools to support investors integrating climate risk & opportunities into their investment strategy and processes. It supports investors seeking to achieve a range of objectives, including measuring and reporting on climate risk exposure, implementing low carbon and fossil fuel-free strategies, align with temperature pathways and factoring climate change research into their risk management processes, in particular through climate scenario analysis for both transition and physical risks.

The dataset spans across the four dimensions of a climate strategy: transition risks, green opportunities, physical risks and 1.5° alignment.

For more details on MSCI Climate Change Metrics, please refer to <https://www.msci.com/climate-solutions>

3 Constructing the MSCI Select ESG Rating and Trend Leaders Indexes

3.1 APPLICABLE UNIVERSE

The applicable universe includes all existing constituents of the Parent Index.

3.2 DETERMINATION OF COMBINED ESG SCORE

Each company in the applicable universe is assigned a Combined ESG score, which is calculated by taking into account the company’s MSCI ESG Rating and its MSCI ESG Rating Trend.

3.2.1 ESG RATING SCORE

Using the MSCI ESG Rating, we group companies so as to assign an ESG Rating score to each company in the eligible universe as illustrated in the table below.

Rating Group	ESG Rating	ESG Category	ESG Rating Score
1	AAA	Leaders	2
2	AA		2
3	A	Neutral	1
4	BBB		1
5	BB		1
6	B	Laggards	0.5
7	CCC		0.5

3.2.2 ESG RATING TREND SCORE

The MSCI ESG Rating Trend shows the ESG rating change from the prior period/assessment to the current period/assessment: it is expressed as the number of levels between the current rating and the previous rating. The rating trend is positive for a ratings upgrade (for example, the company’s ESG rating changed from BBB to AAA), negative for ratings downgrade (for example a company’s ESG rating changed from AA to A) and zero for no change in the rating.

An 'ESG Rating Trend Score' is assigned to each company based on its ESG Rating Trend as per the following table:

Trend group	ESG Rating Trend*	ESG Rating Trend Score
1	Upgrade	1.25
2	Neutral	1
3	Downgrade	0.75

* ESG Rating Trend

- Upgrade – Company’s latest ESG Rating has increased by at least one level compared to its previous assessment.
- Neutral – Company’s latest ESG Rating has stayed the same as it’s ESG Rating from previous assessment or MSCI ESG Research has initiated coverage on the company.
- Downgrade – Company’s latest ESG Rating has decreased by at least one level compared to its previous assessment.

3.2.3 COMBINED ESG SCORE

The Combined ESG Score is calculated for each company as follows:

Combined ESG Score = ESG Rating Score * ESG Trend Score.

3.2.4 COMBINED ESG SCORE CAPPING

In order to reduce reverse turnover in the index, the Combined ESG Score of a security is capped between the ESG Rating Scores corresponding to MSCI ESG Rating of 'AAA' (best rating) and 'CCC' (worst rating). Capping ensures that all AAA and CCC companies have same Combined ESG Score irrespective of their ESG Rating Trend.

3.3 ELIGIBLE UNIVERSE

The eligible universe is constructed by excluding securities from the applicable universe based on following criteria:

3.3.1 COMBINED ESG SCORE ELIGIBILITY

- Securities with Combined ESG Score < 0.75
- If the security is also an existing constituent of the Index, then it is excluded if the security's Combined ESG Score < 0.625

3.3.2 ESG CONTROVERSIES SCORE ELIGIBILITY

- Securities with an ESG Controversy Score <= 3
- If the security is an existing constituent of the Index, then it is excluded if constituent's ESG Controversy Score = 0
- Securities that violate the following international norms:
 - UN Global Compact = FAIL
 - UN Guiding Principles on Business & Human Rights = FAIL
 - ILO Conventions (including broader set of labor rights issues) = FAIL

3.3.3 VALUES AND CLIMATE CHANGE-BASED EXCLUSIONS

Companies that are involved in specific businesses which have high potential for negative environmental and/or social impact are ineligible for inclusion in the index. The Indexes use MSCI ESG Business Involvement Screening Research and MSCI Climate Change Metrics to identify companies that are involved in the following business activities. Please refer to Appendix 2 for more details on these criteria.

Values-based Exclusions

- Tobacco
- Controversial Weapons
- Nuclear Weapons
- Civilian Firearms
- Conventional Weapons
- Alcohol
- Gambling
- Adult Entertainment
- Genetically Modified Organisms
- Nuclear Power

Climate Change-based Exclusions

- Fossil Fuel Reserves Ownership
 - Fossil Fuel Reserves for Energy Application
- Extraction & Production
 - Thermal Coal Mining
 - Unconventional Oil and Gas Extraction
 - Conventional Oil and Gas Extraction
 - Uranium Mining
- Power Generation
 - Fossil Fuel- and Nuclear-based Power Generation
 - Thermal Coal-based Power Generation
- Oil and Gas Downstream Activities
 - Oil and Gas Refining
 - Oil and Gas Equipment and Services

3.4 INDEX CONSTRUCTION

The MSCI World Select ESG Rating and Trend Leaders Index and the MSCI EM Select ESG Rating And Trend Leaders Index are constructed at a regional level. Each regional Select ESG Rating and Trend Leaders index ('regional Index') targets 50% of the free float-adjusted market capitalization within each Global Industry Classification Standard (GICS®) sector of the underlying MSCI Parent Index.

The following regional Indexes are aggregated to construct the MSCI World Select ESG Rating and Trend Leaders Index.

MSCI Regional ESG Rating and Trend Leaders Index	Region	Parent Index
MSCI Pacific Select ESG Rating and Trend Leaders Index	Developed Asia Pacific	MSCI Pacific Index
MSCI Europe and Middle East Select ESG Rating and Trend Leaders Index	Developed Europe and Middle East	MSCI Europe & Middle East Index
MSCI Canada Select ESG Rating and Trend Leaders Index	Canada	MSCI Canada Index
MSCI USA Select ESG Rating and Trend Leaders Index	USA	MSCI USA Index

The following regional Indexes are aggregated to construct the MSCI EM Select ESG Rating and Trend Leaders Index.

MSCI Regional ESG Rating and Trend Leaders Index	Region	Parent Index
MSCI Emerging Markets Asia Select ESG Rating and Trend Leaders Index	Emerging Asia	MSCI Emerging Markets Asia Index
MSCI Emerging Markets Europe, Middle East & Africa ESG Rating and Trend Leaders Index	Emerging Europe, Middle East & Africa	MSCI Emerging Markets Europe, Middle East & Africa Index
MSCI Emerging Markets Latin America ESG Rating and Trend Leaders Index	Emerging Latin America	MSCI Emerging Markets Latin America Index

4 Maintaining the MSCI Select ESG Rating and Trend Leaders Indexes

4.1 ANNUAL INDEX REVIEW

The Indexes are reconstituted on an annual basis in May to coincide with the May Semi-Annual Index Review of the Parent Index, and the changes are implemented at the end of May. In general, the pro forma indexes are announced nine business days before the effective date.

In general, MSCI uses MSCI ESG Research data (including MSCI ESG Ratings, MSCI ESG Rating Trend, 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 Index. 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 Index.

4.1.1 ANNUAL INDEX RECONSTITUTION: RANKING AND SELECTION

At each annual index review, the composition of the index is reassessed in order to target 50% free float-adjusted cumulative market capitalization of each sector of their respective Parent Index.

4.1.1.1 RANKING OF ELIGIBLE SECURITIES

For each sector, eligible companies of the regional Parent Index as described in Section 3.3 are ranked based on the following criteria:

- Combined ESG Score
- Current index membership (existing constituents above non-constituents)
- Industry adjusted ESG scores
- Decreasing free float adjusted market capitalization

4.1.1.2 SELECTION OF ELIGIBLE SECURITIES

For each sector, eligible constituents of the regional Parent Index are then selected from the ranked universe in the following order until 50% coverage by cumulative free-float adjusted market capitalization target is reached:

- Securities in the top 35%

- Securities in the top 50% having a Combined ESG Score of 2 or 1.5
- Current index constituents in the top 65%
- Remaining securities in the eligible universe

Please see Appendix 1 for additional details on the ranking and selection rules.

4.1.1.3 FINAL UNIVERSE

All securities selected for inclusion are included at their free-float market capitalization adjusted weight and the security weights are capped at 15% to mitigate concentration risk.

4.1.1.4 ESG PROFILE CHECK

The final universe calculated in Section 4.1.1.3 is assessed against the minimum requirements detailed in the below table.

In case the final universe is found deficient on any of the minimum requirements, then the weights of the securities in the final universe are determined through an iterative process as described in Appendix 3. The iterative downweighting process also maintains capping at 15% security level to mitigate concentration risk.

Minimum Requirements	Values
Carbon Emission Intensity relative to the Parent Index	Target Carbon Emission Intensity lower than the respective Parent Index
Weighted Average Board Independence relative to the Parent Index	Target Weighted Average Board Independence higher than the respective Parent Index

4.2 QUARTERLY INDEX REVIEWS

The regional Indexes are also reviewed on a quarterly basis to coincide with the regular Index Reviews of the Parent Indexes. The changes are implemented at the end of February, August and November. The pro forma indexes are in general announced nine business days before the effective date.

At the Quarterly Index Reviews, existing constituents are deleted from the Index if they do not meet the eligibility criteria described in Section 3.3. Existing constituents that meet the eligibility criteria are retained in the index.

Additions, from the eligible securities as per section 3.3, are made only to those sectors where the current market capitalization coverage is less than 45%, until the 50% target is reached.

Market price movements may cause small deviations in the sector coverage between two Index Reviews. Therefore, in order to minimize turnover, a buffer of 10% is used on the target coverage of 50% to define under-representation.

At each Quarterly Index review, additionally, rules for ESG Profile Check as detailed in Section 4.1.1.4 are applied. The ESG Profile Check process also maintains capping at 15% security level to mitigate concentration risk.

4.3 ONGOING EVENT-RELATED MAINTENANCE

The general treatment of corporate events in the Indexes aims to minimize turnover outside of Index Reviews.

The following section briefly describes the treatment of common corporate events within the MSCI Select ESG Rating and Trend Leaders Indexes.

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, through an accounting of proportionate share inflows related to an event.

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.

There are no deletions from the Indexes between index reviews on account of a security becoming ineligible because of MSCI ESG Rating downgrade and/or decrease in MSCI ESG Controversies Score and/or change in business involvement.

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 MSCI Select ESG Rating and Trend Leaders Indexes.

Spin-Offs

All securities created as a result of the spin-off of an existing Index constituent will not be added to the MSCI Select ESG Rating and Trend Leaders Indexes at the time of event implementation. Reevaluation for addition in the Indexes will occur at the subsequent Index Review.

Merger/Acquisition

For M&A events, if an existing index constituent acquires another company (constituent/non-constituent) then the acquiring company will be maintained in the Index at the weighted average of the constraint factors taking into account the share and cash considerations involved in the deal.

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 book.

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

Appendix 1: Guidelines on Achieving the Target Sector Coverage of 50%

The Indexes target 50% of the free-float adjusted market capitalization of each Global Industry Classification Standard (GICS®) sector of their respective Parent Index. The underlying principle in the construction of the index is to achieve sector coverage closest to 50%, while aiming to maintain index stability.

The following guidelines are used in achieving the target sector coverage of 50%:

- For each sector, the eligible constituents of the Parent Index are first ranked based on the company level Combined ESG Score and then by decreasing free float adjusted market capitalization.
- In case of two companies with the same Combined ESG Score, an existing index constituent is given preference to maintain index stability. Between two existing constituents with the same Combined ESG Score, the company with the higher industry adjusted ESG Score is given preference. For two existing index constituents with the same ESG score, the larger company by free-float adjusted market capitalization is given preference.
- The cumulative sector coverage (cumulative coverage of sector market cap weight) at each rank is calculated.
- In each sector, companies are selected as per the rules mentioned in section 4.1.1.2 until the cumulative sector coverage of the selected securities crosses 50% or there are no eligible securities left to be selected.
- MSCI defines the company that increases the cumulative sector coverage above 50% as the 'marginal company'.
- If the marginal company is a current Index constituent, then it is retained in the ESG Rating and Trend Leaders Index even though it may result in cumulative sector coverage significantly higher compared to the 50% target. This is aimed at ensuring better index stability and lower turnover.
- If the marginal company is a non-index constituent, then the marginal company will be included in the Index only if the absolute difference between the resulting coverage of including the marginal company and the 50% target is lower than the absolute difference between the resulting coverage of not including the marginal company and the 50% target.
- The minimum cumulative sector coverage is set to 45%.

- The marginal company will be added to the Index if its non-inclusion would result in cumulative sector coverage of less than 45%.

Securities which are ineligible as per Section 3.3 will not be added to increase the sector coverage to 50%

Appendix 2: Controversial Business Involvement Criteria

Companies whose activities meet the following values and climate change-based criteria, as evaluated by MSCI ESG Research, are excluded from the MSCI Select ESG Rating and Trend Leader Indexes.

Values-based Exclusions Criteria:

- **Tobacco**
 - All companies classified as a “Producer”
 - All companies deriving 5% or more aggregate revenue from the production, distribution, retail, supply and licensing of tobacco-related products
- **Controversial Weapons**
 - All companies with any tie to Controversial Weapons (cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons, blinding lasers, non-detectable fragments and incendiary weapons), as defined by the methodology of the MSCI Global Ex-Controversial Weapons Indexes available at <https://www.msci.com/index-methodology>
- **Nuclear Weapons**
 - All companies that manufacture nuclear warheads and/or whole nuclear missiles
 - All companies that manufacture components that were developed or are significantly modified for exclusive use in nuclear weapons (warheads and missiles)
 - All companies that manufacture or assemble delivery platforms that were developed or significantly modified for the exclusive delivery of nuclear weapons
 - All companies that provide auxiliary services related to nuclear weapons
 - All companies that manufacture components that were not developed or not significantly modified for exclusive use in nuclear weapons (warheads and missiles) but can be used in nuclear weapons

- All companies that manufacture or assemble delivery platforms that were not developed or not significantly modified for the exclusive delivery of nuclear weapons but have the capability to deliver nuclear weapons
- All companies that manufacture components for nuclear-exclusive delivery platforms
- All companies deriving any revenue from the production of nuclear weapons and components
- **Civilian Firearms**
 - All companies classified as “Producer” of firearms and small arms ammunitions for civilian markets. It does not cover companies that cater to the military, government, and law enforcement markets
 - All companies deriving 5% or more aggregate revenue from the production and distribution (wholesale or retail) of firearms or small arms ammunition intended for civilian use
- **Conventional Weapons**
 - All companies deriving 5% or more revenue from the production of conventional weapons and components
 - All companies deriving 5% or more aggregate revenue from weapons systems, components, and support systems and services
- **Alcohol**
 - All companies deriving 5% or more revenue from the production of alcohol-related products
 - All companies deriving 15% or more aggregate revenue from the production, distribution, retail and supply of alcohol-related products
- **Adult Entertainment**
 - All companies deriving 5% or more revenue from the production of adult entertainment materials
 - All companies deriving 15% or more aggregate revenue from the production, distribution and retail of adult entertainment materials
- **Gambling**
 - All companies deriving 5% or more revenue from ownership of operation of gambling-related business activities

- All companies deriving 15% or more aggregate revenue from gambling-related business activities
- **Genetically Modified Organisms (GMO)**
 - All companies deriving 5% or more revenue from activities like genetically modifying plants, such as seeds and crops, and other organisms intended for agricultural use or human consumption
- **Nuclear Power**
 - All companies generating 5% or more of their total electricity from nuclear power in a given year
 - All companies that have 5% or more of installed capacity attributed to nuclear sources in a given fiscal year
 - All companies deriving 5% or more aggregate revenue from nuclear power activities including revenue from the ownership or operation of nuclear power plants, ownership or operation of active uranium mines, and supply of key nuclear-specific products or services to the nuclear power industry

Climate Change-based Exclusions Criteria:

- **Fossil Fuel Reserves Ownership**
 - **Fossil Fuel Reserves for Energy Application**
 - All companies with evidence of owning proven & probable coal reserves and/or proven oil and natural gas reserves used for energy purposes, as defined by the methodology of the MSCI Global Ex Fossil Fuels Indexes available at <https://www.msci.com/index-methodology>
- **Extraction & Production**
 - **Thermal Coal Mining**
 - All companies deriving any revenue (either reported or estimated) from the mining of thermal coal (including lignite, bituminous, anthracite and steam coal) and its sale to external parties. It does not cover revenue from metallurgical coal; coal mined for internal power generation (e.g. in the case of vertically integrated power producers); intra-company sales of mined thermal coal; and revenue from coal trading
 - **Unconventional Oil & Gas Extraction**

- All companies deriving any revenue (either reported or estimated) from oil sands, oil shale (kerogen-rich deposits), shale gas, shale oil, coal seam gas, and coal bed methane. It does not cover all types of conventional oil and gas production including Arctic onshore/offshore, deep water, shallow water and other onshore/offshore.
 - **Conventional Oil & Gas Extraction**
 - All companies deriving any revenue (either reported or estimated) from the production of conventional oil and gas including Arctic onshore/offshore, deep water, shallow water, and other onshore/offshore oil and gas. It does not cover revenue from unconventional oil and gas production (oil sands, shale oil, shale gas).
 - **Uranium Mining**
 - All companies deriving any revenue (either reported or estimated) from the mining of uranium
- **Power Generation**
 - **Fossil Fuel- and Nuclear-based Power Generation**
 - All companies deriving 5% or more aggregated revenue (either reported or estimated) from thermal coal-, liquid fuel-, natural gas-, and nuclear-based power generation
 - **Thermal Coal-based Power Generation**
 - All companies deriving any revenue (either reported or estimated) from thermal coal-based power generation
- **Oil and Gas Downstream Activities**
 - **Oil and Gas Refining**
 - All companies deriving any revenue (either reported or estimated) from refining oil and gas
 - **Oil and Gas Equipment and Services**
 - All companies deriving 5% or more revenue (either reported or estimated) from equipment and services for the exploration and production of oil and natural gas. It covers revenues from oil and gas exploration services, related equipment manufacturing, seismic surveys, engineering services and heavy construction related to oil and gas exploration activities. It does not cover revenues from extraction & production.

Appendix 3: ESG Profile Check

The ESG Profile Check is applied on the securities of the final universe with the objective of meeting all the minimum requirements detailed in the table in Section 4.1.1.4.

Starting with the Final Universe, an iterative down weighting process is applied in order to meet with the minimum requirements for the Indexes. The iterative down weighting stops when all the requirements defined in above are met. The steps followed in the iterative downweighting are outlined below:

- Step 1. Check whether all targets for the Index are met. If all targets are met, then no downweighting is required.
- Step 2. Identify stocks that are either in bottom quartile by Board Independence (%) (i.e. with lowest scores) or are in the top quartile by Carbon Emissions Intensity (i.e. with highest carbon intensity). These stocks form the “downweighting group”. Rest of the stocks from the Final Universe form the “upweighting group”.
- Step 3. Select the worst stock in the “downweighting group” and reduce its weight in steps of 25% (free weight) and distribute the free weight among the stocks of the “upweighting group” in proportion of their weight at Step 2. A stock cannot be down weighted by more than 75% of its weight in Step 2. Stock weight in ‘upweighting group’ is capped at 15%.
- Step 4. If the targets are still not met, then select the next worst stock and repeat Step 3.
- Step 5. Relaxation Steps:
 - a. If all stocks in the “downweighting group” have been down weighted by 75% and targets are still not met, then repeat Step 3 and 4 by down weighting worst stock by 90% of its weight from Step 2.
 - b. If targets are not met at Step 5a, then repeat Step 3 and 4 by excluding the worst stock – down weighting the worst stock by 100%.

Worst Stocks:

- a. In Step 1, if targets are not met on Carbon Emissions Intensity, then the worst stock is the stock with largest Carbon Emissions Intensity.
- b. If in Step 1, the target on Carbon Emissions Intensity is met, and the target on Weighted Average Board Independence is not met, then the worst stock is the stock with lowest Board Independence (%).

The following sections have been modified as of November 2017:

Appendix 2: Controversial Business Screening Criteria

- Updated the controversial business screening criteria pertaining to Controversial Weapons

The following sections have been modified as of November 2020:

Section 3.3.3: Values and Climate Change-Based Exclusions

- Added screens for 'Fossil Fuel Extraction' and 'Thermal Coal Power'

Section 4.1.1.1: Ranking of Eligible Securities

- Updated to clarify the application of the methodology to the regional Parent Index

Section 4.1.1.2: Selection of Eligible Securities

- Updated to clarify the application of the methodology to each sector of the regional Parent Index

Appendix 2: Controversial Business Involvement Criteria

- Updated the controversial business involvement criteria for each activity according to the framework designed by ESG Research
- Added screens for 'Fossil Fuel Extraction' and 'Thermal Coal Power'

The following sections have been modified as of February 2021:

Section 3.3.3: Values and Climate Change-Based Exclusions

- Updated screens for controversial business involvement activities

Appendix 2: Controversial Business Involvement Criteria

- Updated the controversial business involvement criteria for each activity according to the framework designed by ESG Research
- Updated with new screens and their definitions

Appendix 3: ESG Profile Check

- Added the section on ESG Profile Checks to meet Carbon Emissions Intensity and Weighted Average Board Independence targets.

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

ABOUT MSCI

MSCI is a leader 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.

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>.

To learn more, please visit www.msci.com.

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 disseminated 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 be 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 investable 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.

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