

MSCI TAIWAN SELECT ESG SUSTAINABILITY HIGH YIELD TOP 30 INDEX

May 2021

Contents

- 1 Introduction..... 3
- 2 ESG Research Framework 4
 - 2.1 MSCI ESG Ratings 4
 - 2.2 MSCI ESG Controversies..... 4
- 3 Constructing the Index..... 5
 - 3.1 Eligible Universe Screening..... 5
 - 3.1.1 ESG Ratings Eligibility 5
 - 3.1.2 ESG Controversies Score Eligibility 5
 - 3.1.3 Size Eligibility..... 5
 - 3.1.4 Earnings per share eligibility 5
 - 3.2 Security Selection..... 6
 - 3.3 Security Weighting..... 6
- 4 Maintaining the Index 7
 - 4.1 Semi Annual Index Reviews 7
 - 4.1.1 Buffer Rules 7
 - 4.2 Ongoing Event-Related Changes 7

1 Introduction

The MSCI Taiwan Select ESG Sustainability High Yield Top 30 Index (herein, the “Index”) aims to reflect the performance of a strategy that selects 30 stocks from the MSCI Taiwan Index (herein, the “Parent Index”) which have high Dividend Yield, ESG Controversy Score greater than or equal to 3 and ESG Ratings equal to or better than ‘BB’. The constituents of the Index are assigned weights in proportion of the score calculated from the historic Dividend Yield of the constituents.

2 ESG Research Framework

The MSCI Taiwan Select ESG Sustainability High Yield Top 30 Index uses company ratings and research provided by MSCI ESG Research. The Index uses the following MSCI ESG Research products: MSCI ESG Ratings, MSCI ESG Controversies.

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>

3 Constructing the Index

The MSCI Taiwan Select ESG Sustainability High Yield Top 30 Index is constructed from the MSCI Taiwan Index. The following steps are applied at initial construction and subsequent reviews of the Index.

- Eligible Universe Screening
- Security Selection
- Security Weighting

3.1 ELIGIBLE UNIVERSE SCREENING

3.1.1 ESG RATINGS ELIGIBILITY

The MSCI Taiwan Select ESG Sustainability High Yield Top 30 Index uses MSCI ESG Ratings to identify companies that have demonstrated an ability to manage their ESG risks and opportunities. Companies having MSCI ESG Rating of 'BB' and above are eligible for inclusion in the MSCI Taiwan Select ESG Sustainability High Yield Index. Unrated companies (companies not assessed by MSCI ESG Research on MSCI ESG Rating) are excluded from the eligible universe.

3.1.2 ESG CONTROVERSIES SCORE ELIGIBILITY

Companies are required to have an MSCI ESG Controversies Score of 3 or higher to be eligible for inclusion in the MSCI Taiwan Select ESG Sustainability High Yield Index. Unrated companies (companies not assessed by MSCI ESG Research on MSCI ESG Controversies Score) are excluded from the eligible universe.

3.1.3 SIZE ELIGIBILITY

Securities with closing full market capitalization greater than or equal to USD 700 million are eligible for inclusion in the MSCI Taiwan Select ESG Sustainability High Yield Index.

3.1.4 EARNINGS PER SHARE ELIGIBILITY

Securities with positive annual Earnings Per Share¹ are eligible for inclusion in the MSCI Taiwan Select ESG Sustainability High Yield Index.

Securities in the Parent Index that fulfil all the above criteria form the Eligible Universe.

If the number of securities in the Eligible Universe is less than 20, stocks with highest Earnings Per Share from the remaining stocks in the Parent Index which fulfil ESG

¹ Please refer to the MSCI Fundamental Data methodology at <https://www.msci.com/index-methodology>

Ratings Eligibility, ESG Controversies Score Eligibility and Size Eligibility are added sequentially to the Eligible Universe until the number of securities in the Eligible Universe reaches 20.

3.2 SECURITY SELECTION

From the securities in the Eligible Universe, 30 securities in descending order of the following Dividend Score are selected for inclusion in the Index.

$$Dividend\ Score = 0.25 * Dividend\ Yield^2 + 0.75 * (Average\ Dividend\ Yield\ of\ last\ 3\ yrs)$$

If the number of stocks in the Eligible Universe is less than 30, MSCI Taiwan Select ESG Sustainability High Yield Top 30 Index will have as many stocks as in the Eligible Universe.

3.3 SECURITY WEIGHTING

The securities selected for inclusion in the Index are weighted in proportion of the Dividend Score at every Index Review.

The final weights of each security in the MSCI Taiwan Select ESG Sustainability High Yield Top 30 Index will be capped at 15%.

² Please refer to the MSCI Fundamental Data methodology at https://www.msci.com/eqb/methodology/meth_docs/MSCI_Fundamental_Data_Methodology_Mar_2018.pdf

4 Maintaining the Index

4.1 SEMI ANNUAL INDEX REVIEWS

The MSCI Taiwan Select ESG Sustainability High Yield Top 30 Index is reviewed on a semi-annual basis as per the steps described in Section 3, coinciding with the May and November Semi-Annual Index Reviews of the Parent Index.

In general, MSCI uses MSCI ESG Research data (including MSCI ESG Ratings MSCI ESG Controversies Scores) 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.

The pro forma index is in general announced nine business days before the effective date.

4.1.1 BUFFER RULES

To reduce Index turnover and enhance Index stability, buffer rules are applied at 16.66% of the fixed number of securities in the MSCI Taiwan Select ESG Sustainability High Yield Top 30 Index.

For example, the MSCI Taiwan Select ESG Sustainability High Yield Top 30 Index targets 30 securities and the buffers are applied between rank 26 and 35. The securities in the Parent Index with a Dividend Score rank at or above 25 will be added to the MSCI Taiwan Select ESG Sustainability High Yield Top 30 Index on a priority basis. The existing constituents that have a Dividend Score rank between 26 and 35 are then successively added until the number of securities in the MSCI Taiwan Select ESG Sustainability High Yield Top 30 Index reaches 30. If the number of securities is below 30 after this step, the remaining securities in the Parent Index with the highest Dividend Score rank are added until the number of securities in the MSCI Taiwan Select ESG Sustainability High Yield Top 30 Index reaches 30.

4.2 ONGOING EVENT-RELATED CHANGES

The following section briefly describes the treatment of common corporate events within the MSCI Taiwan Select ESG Sustainability High Yield Top 30 Index. Changes in index market capitalization that occur because of corporate event implementation will be offset by a corresponding change in the Variable Weighting Factor (VWF) of the constituent.

No new securities will be added (except where noted below) to the Index 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 be added to the index at an estimated full market capitalization adjustment factor on the date of security inclusion.

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 event 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 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 under the sections detailing the treatment of events in Capped Weighted and Non-Market Capitalization Weighted indexes.

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

The following sections have been modified since April 2020

Section 4.2 Ongoing Event-Related Changes

- Updated the treatment of Corporate Event – New Additions to the Parent Index

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
São 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 leading 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.

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>.

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.

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 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 ESG Research LLC collects and uses personal data concerning officers and directors, please refer to our Privacy Notice at <https://www.msci.com/privacy-pledge>.