



Index Methodology

MSCI World Custom ESG Index*

*** A custom index calculated by MSCI based on ESG criteria selected by Northern Trust**

March 2014

1. Introduction

The MSCI World Custom ESG Index (the “Index”) excludes a set of securities from the MSCI World Index. The excluded securities are identified as a result of the application of a set of MSCI ESG Research’s ESG screens selected by Northern Trust. For a description of the screens, please refer to Appendix 1.

The Index is free float-adjusted market capitalization weighted. In addition, a hedged to Euro version of the Index is available. For details on this version, please refer to Appendix II.

2. Constructing the MSCI World Custom ESG Index

The Index includes all constituents of the MSCI World Index with the exception of those securities that are identified by applying those of MSCI ESG Research’s ESG screens selected by Northern Trust, which are detailed on Appendix 1.

3. Maintaining the MSCI World Custom ESG Index

In general, changes to the MSCI World Index as described in the MSCI Global Investable Market Indices methodology

(http://www.msci.com/products/indices/country_and_regional/all_country/methodology.html), including changes related to Semi-Annual Index Reviews, Quarterly Index Reviews and Corporate Events, are applied to the Index. The below sections describe the maintenance rules specific to the Index.

4.1. Quarterly Updates to the Exclusion List

The exclusion list is updated on a quarterly basis and the changes resulting from these updates are made coinciding with the Semi-Annual and Quarterly Index Reviews of the MSCI Global Investable Market Indices, usually as of the close of the last business day of February, May, August and November. The updated exclusion list is based on ESG data as of the month-end prior to the implementation of the changes. Any security of the MSCI World Index at the effective date of the Index Review that is not part of the updated exclusion list is included in the Index, including additions to the MSCI World Index effective at that Index Review. In case the number of constituents in the Index after applying the exclusion list decreases below 20, MSCI will discontinue the Index.

4.2. Ongoing Event-Related Maintenance

Companies deleted from the MSCI World Index between index reviews are simultaneously deleted from the Index.

Companies added to the MSCI World Index between index reviews are simultaneously added to the Index unless they are part of the latest implemented exclusion list.

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/indices/size/standard/methodology.html>

Appendix I: ESG Screening Criteria

The MSCI World Custom ESG Index aims to exclude companies that do not comply with UN Global Compact Principles, are involved in the production or sale of tobacco products, or are involved in the production of controversial weapons.

MSCI ESG Research will create the list of excluded securities by identifying companies within its coverage universe that:

- are involved in controversies classified as “very severe” in the areas of Environment, Human Rights & Community, Labor Rights & Supply Chain, and Governance;
- derive any revenue from the production of tobacco, or 5% or more revenue from the distribution of, supply of key products for, or retail of tobacco; OR
- manufacture cluster bombs, landmines, nuclear weapons, depleted uranium weapons, biological/chemical weapons, or their related components.

Appendix II: MSCI World Custom ESG 100% Hedged to EUR Index*

* A custom index calculated by MSCI based on ESG criteria selected by Northern Trust

The MSCI World Custom ESG 100% Hedged to EUR Index is a hedged version of the MSCI World Custom ESG Index. It is rebalanced and maintained based on the MSCI Hedged Indexes methodology, applying the following parameters:

- Home currency: Euro
- Hedging ratio: 100%

For more details on the methodology for applying the hedging, please refer to the MSCI Hedged Indexes methodology book (http://www.msci.com/products/indexes/strategy/hedging_currency/hedged/).

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The company's flagship product offerings are: the MSCI indexes with approximately USD 8 trillion estimated to be benchmarked to them on a worldwide basis¹; 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.

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