MSCI World Select Fossil Fuel Screened Index Methodology

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1 Introduction

The MSCI World Select Fossil Fuel Screened Index aim to represent the performance of a free float adjusted market capitalization weighted investment strategy that excludes companies from the MSCI World Index that:

- fail to comply with the United Nations Global Compact principles or
- are associated with controversial weapons, nuclear weapons or civilian firearms or
- are associated with tobacco or
- are associated with thermal coal or oil sands or
- are associated with exploration and production of oil and gas or
- are assessed as owning fossil fuel reserves.
2 MSCI ESG Research

The MSCI World Select Fossil Fuel Screened Index uses research provided by MSCI ESG Research LLC. In particular, the indexes use the following three MSCI ESG Research products: 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 CONTROVERSIES

MSCI ESG Controversies 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.

For more details on MSCI ESG Controversies, please refer to https://www.msci.com/documents/10199/acbe7c8a-a4e4-49de-9cf8-5e957245b86b

2.2 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

2.3 MSCI CLIMATE CHANGE METRICS

MSCI Climate Change Metrics is designed to support investors seeking to achieve a range of objectives, including measuring and reporting on climate risk exposure, implementing low carbon and fossil fuel-free strategies, and factoring climate change research into their risk management processes. It provides Carbon Emissions, Fossil Fuel exposure, environmental impact (i.e., clean technology) data and screens, as well as climate-related risk exposure and management assessment on companies.

For more details on MSCI Climate Change Metrics, please refer to https://www.msci.com/climate-solutions
3 Constructing the MSCI World Select Fossil Fuel Screened Index

3.1 UNDERLYING UNIVERSE
The selection universe for the MSCI World Select Fossil Fuel Screened Index is defined by the constituents of the MSCI World Index (the “Parent Index”).

3.2 ELIGIBILITY CRITERIA
The MSCI World Select Fossil Fuel Screened Index use research provided by MSCI ESG Research LLC to determine eligibility for index inclusion.

3.2.1 ESG CONTROVERSIES
All companies that fail to comply with the United Nations Global Compact principles are deemed ineligible for inclusion in the Index.

3.2.2 VALUES AND CLIMATE CHANGE-BASED EXCLUSIONS
The MSCI World Select Fossil Fuel Screened Index use MSCI ESG Business Involvement Screening Research and MSCI Climate Change Metrics to identify companies that are involved in the following business activities. Companies that meet the business involvement criteria are excluded from the MSCI World Select Fossil Fuel Screened Index. Please refer to the Appendix for details on these criteria.

Values Based Exclusions
- Controversial Weapons
- Nuclear Weapons
- Civilian Firearms
- Tobacco

Climate Change based Exclusions
- Thermal Coal
- Oil Sands
- Fossil Fuel Reserves
- Oil and Gas Equipment and Services
• Oil and Gas Extraction and Production

3.3 WEIGHTING SCHEME

The remaining securities, after the exclusions based on the above sections, are weighted in proportion of their free float-adjusted market capitalization.
4 Maintaining the MSCI World Select Fossil Fuel Screened Index

4.1 QUARTERLY INDEX REVIEWS

The MSCI World Select Fossil Fuel Screened Index are 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, May, August and November. The pro forma indexes are in general announced nine business days before the effective date.

In general, MSCI uses MSCI ESG Research data as of the end of the month preceding the Index Reviews. For some securities, this 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 World Select Fossil Fuel Screened Index.

4.2 ONGOING EVENT-RELATED MAINTENANCE

The following section briefly describes the treatment of common corporate events within the MSCI World Select Fossil Fuel Screened Index.

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.

<table>
<thead>
<tr>
<th>EVENT TYPE</th>
<th>EVENT DETAILS</th>
</tr>
</thead>
<tbody>
<tr>
<td>New additions to the Parent Index</td>
<td>A new security added to the Parent Index (such as IPO and other early inclusions) will not be added to the MSCI World Select Fossil Fuel Screened Index.</td>
</tr>
<tr>
<td>Spin-Offs</td>
<td>All securities created as a result of the spin-off of an existing Index constituent will not be added to the MSCI World Select Fossil Fuel Screened Index at the time of event implementation. Reevaluation for</td>
</tr>
</tbody>
</table>
addition in the Indexes will occur at the subsequent Index Review.

**Merger/Acquisition**

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 – Values and Climate Change based Exclusion Criteria

Companies, whose activities meet the following values and climate change based criteria, as evaluated by MSCI ESG Research LLC, are excluded from the Indexes:

**Values Based Exclusion Criteria**

- **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](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)
  - 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
• **Civilian Firearms**
  - All companies classified as “Producer” of firearms and small arms ammunitions for civilian markets. It does not include companies that cater to the military, government, and law enforcement markets
  - All companies deriving 5% or more aggregate revenue from the manufacture and retail of civilian firearms and ammunition

• **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

**Climate Change based Exclusion Criteria**

• **Thermal Coal**
  - All companies deriving 5% or more 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 excludes 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
  - All companies deriving 5% or more revenue (either reported or estimated) from the thermal coal-based power generation

• **Oil Sands**
  - All companies deriving 5% or more revenue from oil sands extraction, which own oil sands reserves and disclose evidence of deriving revenue from oil sands extraction. Companies that derive revenue from non-extraction activities (e.g. exploration, surveying, processing, refining) or intra-company sales are not excluded. Additionally, companies that own oil sands reserves with no associated revenue are also not excluded

• **Fossil Fuel Reserves**
  - Companies with evidence of owning fossil fuel reserves and deriving revenue from mining of thermal coal or thermal coal-based power generation or unconventional oil & gas or conventional oil & gas
• **Oil and Gas Equipment and Services**
  - Companies deriving equal to or more than 5% revenue from providing equipment and services for the exploration and production of oil and natural gas

• **Oil and Gas Exploration and Production**
  - Companies deriving equal to or more than 5% revenue from extraction and production of oil and gas unless conventional oil and gas revenue share is greater than or equal to the unconventional oil and gas revenue share and the revenue derived from renewable energy and alternative fuels (excluding the revenue from natural gas cogeneration power) is equal to or more than 50% of the revenues
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