

# **MSCI Selection Indexes Methodology**

December 2025

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## 1. Introduction

The MSCI Selection Indexes (‘the Indexes’) are free float-adjusted market capitalization-weighted indexes designed to represent the performance of companies that are selected from an underlying index based on Environmental, Social and Governance (ESG) criteria.

These criteria exclude constituents based on involvement in specific business activities, as well as ESG ratings and exposure to controversies. The Indexes are derived from underlying MSCI indexes (“Parent Indexes”) and aim to achieve sector weights that reflect the sector weights of the corresponding Parent Indexes.

The Index construction targets 50% free float-adjusted market capitalization coverage of each Global Industry Classification Standard (GICS®)<sup>2</sup> sector by selecting constituents primarily based on criteria including the ESG rating and the company’s industry-adjusted ESG score.

Currently, MSCI constructs the Indexes for the Standard size-segment in all Developed and Emerging Markets and the Small Cap size-segment in the USA<sup>3</sup>.

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<sup>2</sup> GICS, the global industry classification standard jointly developed by MSCI Inc. and S&P Dow Jones Indices.

<sup>3</sup> The Indexes are governed by a set of methodology and policy documents (“Methodology Set”), including the present index methodology document. Please refer to Appendix V for more details

## 2. Constructing the Indexes

### 2.1 Underlying Universe

The Underlying Universe for the Indexes is defined by the constituents of the MSCI Global Investable Market Indexes (“GIMI”).

### 2.2 Eligibility Criteria

The Indexes use company ratings and research provided by MSCI Solutions<sup>4</sup> for Index construction.

#### 2.2.1 ESG Ratings Eligibility

The Indexes use MSCI ESG Ratings to identify companies that have demonstrated an ability to manage their ESG risks and opportunities. Companies are required to have an MSCI ESG Rating of ‘BB’ or above to be eligible for inclusion in the Indexes.

#### 2.2.2 Controversies Score Eligibility

The Indexes use MSCI Controversies Scores to identify companies that are involved in very serious controversies involving the environmental, social, or governance impact of their operations and/or products and services. Companies are required to have an MSCI Controversies Score of 3 or above to be eligible for inclusion in the Indexes.

#### 2.2.3 Controversial Business Involvement Criteria

The Indexes use MSCI 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 Indexes. Please refer to Appendix II for details on these criteria.

- Controversial Weapons
- Nuclear Weapons
- Civilian Firearms
- Tobacco
- Alcohol
- Conventional Weapons
- Gambling
- Nuclear Power
- Fossil Fuel Extraction

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<sup>4</sup> See section 4 for further information regarding ESG and climate data used in the Indexes that MSCI Limited and MSCI Deutschland GmbH source from MSCI Solutions LLC, a separate subsidiary of MSCI Inc. MSCI Solutions is solely responsible for the creation, determination and management of such data as a provider to MSCI Limited and MSCI Deutschland GmbH. MSCI Limited and MSCI Deutschland GmbH are the benchmark administrators for the MSCI indexes.

- Thermal Coal Power
- Palm Oil
- Arctic Oil & Gas

## 2.3 Index Construction

Currently MSCI constructs MSCI Selection Indexes for:

- The Standard size-segment in all Developed and Emerging Markets; and
- The Small Cap size-segment in the USA.

The Indexes for the Standard size-segment are constructed at a regional level, with the exception of North America which is built separately for Canada and the USA. Each regional Index targets 50% of the free float-adjusted market capitalization within each GICS sector of the underlying Parent Index.

The following regional Indexes are aggregated to construct the MSCI World Selection Index.

MSCI Regional Selection Index	Region	Parent Index
MSCI Pacific Selection Index	Developed Asia Pacific	MSCI Pacific Index
MSCI Europe & Middle East Selection Index	Developed Europe & Middle East	MSCI Europe & Middle East Index
MSCI Canada Selection Index	Canada	MSCI Canada Index
MSCI USA Selection Index	USA	MSCI USA Index

The following regional Indexes are aggregated to construct the MSCI EM Selection Index.

MSCI Regional Selection Index	Region	Parent Index
MSCI Emerging Markets Asia Selection Index	Emerging Asia	MSCI Emerging Markets Asia Index
MSCI Emerging Markets Europe, Middle East & Africa Selection Index	Emerging Europe, Middle East & Africa	MSCI Emerging Markets Europe, Middle East & Africa Index
MSCI Emerging Markets Latin America Selection Index	Emerging Latin America	MSCI Emerging Markets Latin America Index

The MSCI USA Small Cap Selection Index is constructed by targeting 50% of the free float-adjusted market capitalization within each sector of the MSCI USA Small Cap Index. The MSCI USA IMI Selection Index is created by aggregating the MSCI USA Selection Index and the MSCI USA Small Cap Selection Index.

The MSCI World Selection Index and the MSCI EM Selection Index are aggregated to construct the MSCI ACWI Selection Index.

The Large Cap and Mid Cap size-segments of the Indexes are derived from the Standard size-segment.

The Indexes for other regions and countries are determined by including securities from the particular region/country from the MSCI ACWI Selection Index and weighting them according to their free float-adjusted market capitalization. For example, the MSCI EAFE Selection Index and the MSCI China Selection Index are constructed by including those securities from the MSCI ACWI Selection Index which are a part of the MSCI EAFE Index and the MSCI China Index respectively and weighting them in the proportion of their free float-adjusted market capitalization.

## 2.4 Treatment of Unrated Companies

Companies not assessed by MSCI Solutions on data for any of the following MSCI sustainability and climate products are not eligible for inclusion in the Indexes:

- MSCI ESG Ratings
- MSCI Controversies
- MSCI Climate Change Metrics
- MSCI Business Involvement Screening Research (BISR)

### 3. Maintaining the Indexes

#### 3.1 Index Review

The Indexes are reviewed on an annual basis in May to coincide with the May 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 Solutions data<sup>5</sup> (including MSCI ESG Ratings, MSCI Controversies Scores, MSCI Business Involvement Screening Research and MSCI Climate Change Metrics) as of the end of the month preceding the Index Reviews for the rebalancing of the Indexes. For some securities, such data may not be published by MSCI Solutions 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 Indexes.

At each Annual Index Review, the Eligible Universe is updated, and the composition of the Index is reassessed in order to target 50% free float-adjusted cumulative market capitalization of each sector of the Parent Index.

##### 3.1.1 Updating the Eligible Universe

The Eligible Universe is updated during each Annual Index Review.

Companies that are currently not constituents of the Indexes are evaluated using the same eligibility criteria described in Section 2.2.

Existing constituents of the Indexes are maintained in the Eligible Universe if they meet all the following conditions:

- MSCI ESG Rating of 'BB' or above
- MSCI Controversies Score of 1 or above
- Not screened by the business involvement criteria described in Section 2.2.3

##### 3.1.2 Ranking of Eligible Securities

For each sector, eligible securities of the regional Parent Index as described in Section 2.2 are ranked based on the following criteria:

- ESG Rating
- Current Index membership (existing constituents above non-constituents of the Indexes)
- Industry-adjusted ESG scores
- Decreasing free float-adjusted market capitalization

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<sup>5</sup> See section 4 for details of data sourced from MSCI Solutions used in the Indexes.

### 3.1.3 Selection of Eligible Securities

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

- Securities in the top 35% cumulative free float-adjusted market capitalization coverage of the ranked universe, including the first security that increases the cumulative coverage above 35%
- 'AAA' rated securities in the top 50% cumulative free float-adjusted market capitalization coverage of the ranked universe, including the first security that increases the cumulative coverage above 50%
- Current Index constituents in the top 65% cumulative free float-adjusted market capitalization coverage of the ranked universe, including the first security that increases the cumulative coverage above 65% if that security is a current index constituent
- Remaining eligible securities in the ranked universe

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

## 3.2 Quarterly Index Reviews

The Indexes are also reviewed on a quarterly basis in February, August and November 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.

For the Quarterly Index Reviews, MSCI ESG Ratings, MSCI Controversies Score assessments and MSCI BISR data are taken as of the end of the month preceding the Index Reviews, i.e., January, July and October. For some securities, this data may not be published by MSCI Solutions 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 Indexes.

At the Quarterly Index Reviews, existing constituents are deleted from the Indexes if they do not meet the eligibility criteria described in Section 3.1.1. Existing constituents that meet the eligibility criteria are retained in the index.

Additions, from the eligible securities as per Section 2.2, 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.

## 3.3 Ongoing Event-Related Maintenance

The following section briefly describes the treatment of common corporate events within the Indexes.

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.

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 Controversies Score and/or change in business involvement.

**EVENT TYPE**

**EVENT DETAILS**

**New additions to the Parent Index**

New securities added to the Parent Index (such as IPOs, other early inclusions and migrations from a different size-segment) will be added to the Indexes on the date of security inclusion only if they meet the eligibility criteria described in Section 2.2 and the market capitalization coverage of the sector to which the security belongs is less than 45%.

**Spin-Offs**

All securities created as a result of the spin-off of an existing Index constituent will not be added to the Indexes at the time of event implementation. Reevaluation for 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>.

## 4. MSCI Solutions

The Indexes are products of MSCI Inc. that utilize information such as company ratings and research produced and provided by MSCI Solutions LLC (MSCI Solutions), a subsidiary of MSCI Inc. In particular, the Indexes use the following MSCI sustainability and climate products: MSCI ESG Ratings, MSCI Controversies, MSCI Business Involvement Screening Research and MSCI Climate Change Metrics. MSCI Indexes are administered by MSCI Limited.

### 4.1 MSCI ESG Ratings

MSCI ESG Ratings aim to measure entities' management of environmental, social and governance risks and opportunities. MSCI ESG Ratings use a weighted average key issue calculation that is normalized by industry to arrive at an industry-adjusted ESG score (0-10), which is then translated to a seven-point scale from 'AAA' to 'CCC', indicating how an entity manages relevant key issues relative to industry peers.

The MSCI ESG Ratings methodology can be found at: <https://www.msci.com/legal/disclosures/esg-disclosures>.

### 4.2 MSCI Controversies

MSCI Controversies provide assessments of controversies concerning the potential negative environmental, social, and/or governance impact of company operations, products and services. The evaluation framework used in MSCI 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 Controversies Score falls on a 0-10 scale, with "0" being the most severe controversy.

The MSCI Controversies methodology can be found at: [.https://www.msci.com/legal/disclosures/esg-disclosures](https://www.msci.com/legal/disclosures/esg-disclosures)

### 4.3 MSCI Business Involvement Screening Research

MSCI 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 Business Involvement Screening Research, please refer to [.https://www.msci.com/legal/disclosures/esg-disclosures](https://www.msci.com/legal/disclosures/esg-disclosures)

### 4.4 MSCI Climate Change Metrics

MSCI Climate Change Metrics provide climate data & tools to support institutional investors seeking to integrate climate risk & opportunities into their investment strategy and processes. This includes investors seeking to achieve a range of objectives, including measuring and reporting on climate risk exposure, implementing low carbon and fossil fuel-free strategies, alignment 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/legal/disclosures/climate-disclosures>

#### **4.4.1 Fossil Fuels and Power Generation Metrics**

MSCI Solutions identifies companies involved in fossil fuel-related assets and activities including fossil fuel reserves, resource extraction, power generation and generation capacity, revenue from such assets and activities and capital investments in such assets and activities. The metrics are based on disclosed activities, disclosed revenue and estimates of revenue that are extrapolated from company disclosures and eligible third-party sources (such as NGOs).

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

The MSCI Selection Indexes target 50% coverage of the free float-adjusted market capitalization of each GICS sector of the regional Parent Index. The underlying principle in the construction of the indexes is to achieve cumulative sector coverage closest to 50%, while aiming to maintain index stability.

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

- For each sector, the eligible companies of the regional Parent Index are first ranked based on the company level ESG Rating.
- If two companies have the same ESG Rating, the existing Selection index constituent is given priority to maintain index stability. Between two existing constituents with the same ESG Rating, the company with the higher industry-adjusted ESG score is given priority. For two existing Selection Index constituents with the same industry-adjusted ESG score, the security with the largest free float-adjusted market capitalization is given priority.
- The cumulative sector coverage at each rank is calculated.
- In each sector, companies are selected as per the rules mentioned in Section 3.1.2 until the cumulative sector coverage 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 Selection Index constituent, then it is always selected.
  - If the marginal company is not a current Selection Index constituent, then it is selected only if the cumulative sector coverage with the marginal company is closer to 50% compared to the cumulative sector coverage without the marginal company.
- The minimum cumulative sector coverage is set to 45%.
  - The marginal company is always selected if this is required to achieve cumulative sector coverage of 45%.
- Securities which are ineligible as per Section 3.1.1 will not be selected even if the cumulative sector coverage after selection of all eligible securities is below 50%.

## Appendix II: Controversial Business Involvement Criteria

MSCI Solutions has developed a framework designed to define significant involvement in controversial activities. According to this framework, there are four levels of restrictiveness: Most Restrictive, Highly Restrictive, Moderately Restrictive, Least Restrictive.

Each controversial activity screened by the MSCI Selection Indexes (except Fossil Fuel Extraction and Thermal Coal Power) is assigned to one of these restrictiveness levels.

### **“Most Restrictive” screen applied**

- 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 Ex-Controversial Weapons Indexes available at <https://www.msci.com/index/methodology/latest/XCW>

### **“Highly Restrictive” screen applied**

- 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
- 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 production and distribution (wholesale or retail) of firearms or small arms ammunition intended for civilian use
- Tobacco
  - All companies that manufacture tobacco products, such as cigars, blunts, cigarettes, e-cigarettes, inhalers, beedis, kreteks, smokeless tobacco, snuff, snus, dissolvable and chewing tobacco. This also includes companies that grow or process raw tobacco leaves.

- All companies deriving 5% or more aggregate revenue from the production, distribution, retail, supply and licensing of tobacco-related products

### **“Least Restrictive” screen applied**

- Alcohol
  - All companies deriving 10% or more revenue from the production of alcohol-related products
- Conventional Weapons
  - All companies deriving 10% or more revenue from the production of conventional weapons and components
- Gambling
  - All companies deriving 10% or more revenue from ownership or operation of gambling-related business activities
- Nuclear Power
  - All companies deriving 10% or more revenue from the ownership or operation of nuclear power plants

### **No specific restrictiveness level applied**

- Fossil Fuel Extraction
  - All companies deriving 5% or more aggregate revenue (either reported or estimated) from thermal coal mining and unconventional oil and gas extraction.
    - *Thermal Coal Mining:* Revenue 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:* Revenue 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.
- Thermal Coal Power
  - All companies deriving 5% or more revenue (either reported or estimated) from thermal coal-based power generation.
- Palm Oil
  - All companies deriving 5% or more revenue from the production of Palm Oil
- Arctic Oil & Gas
  - All companies deriving 5% or more aggregate revenue from arctic oil and arctic gas production. The definition of Arctic is geographical and includes production activities north of the 66.5 latitude. This includes offshore or onshore oil and gas production.

## **Appendix III: Methodology Transition**

### **June 2013**

Prior to the May 2013 Index Review, the MSCI Selection Indexes were constructed using Global Socrates ESG Ratings. Effective May 2013 Index Review, MSCI Selection Indexes transitioned to MSCI ESG IVA Ratings. Any company that had an ESG Rating of 'CCC' or lower was not eligible for inclusion in the MSCI Selection Indexes. The MSCI Selection Indexes were constructed by targeting 50% of the free float-adjusted market capitalization of each GICS sector of the underlying MSCI regional Selection Index.

### **June 2016**

Effective May 2016 Index Review, the MSCI Selection Indexes reflected enhancements to the MSCI Controversies (formerly known as MSCI Impact Monitor). The details of the changes are as given below.

The changes to MSCI Controversies included adjusting the scoring model to align the scores with individual controversy case levels, including the introduction of an Orange flag, and the removal of specific controversial business involvement (CBI) criteria from the model to refocus the Controversies scores on event-driven controversies.

MSCI implemented the following changes to the MSCI Selection Indexes methodology effective June 1, 2016 to maintain consistency with the existing index construction objectives:

1. As per the old MSCI ESG Impact Monitor methodology, securities which had an Impact Monitor score of 0 and 1 had a Red controversy flag. Under the new methodology, only securities with a controversies score of 0 have a Red controversy flag. For indexes where constituents were ineligible to be included in the index if their Impact Monitor score was 0 or 1 (current Red controversy flag), the exclusion criteria was changed to Controversies score = 0 in order to continue to only exclude securities with Red controversy flag in the MSCI Selection Indexes.
2. MSCI Impact Monitor earlier incorporated exclusion rules based on controversial business involvement criteria related to alcohol, tobacco, gambling, nuclear power, conventional weapons and controversial weapons. Therefore, additional exclusion rules based on the controversial business involvement criteria related to alcohol, tobacco, gambling, nuclear power, conventional weapons and controversial weapons that were incorporated in the old MSCI Impact Monitor scores were introduced as part of the methodology of the MSCI Selection Indexes. The details of the exclusion rules are mentioned in Appendix II.

### **June 2018**

Prior to the May 2018 Annual Index Review, existing constituents of the MSCI Selection Indexes could be maintained in the eligible universe if their MSCI ESG Rating was 'B' or above. Effective from the May 2018 Annual Index Review, existing constituents are required to have MSCI ESG Rating of 'BB' or above in order to be maintained in the eligible universe.



## **December 2020**

Effective from the November 2020 Index Review, the controversial business involvement criteria have been enhanced to reflect the framework designed by MSCI Solutions to define significant involvement in controversial activities. According to this framework, there are four restrictiveness levels: Most Restrictive, Highly Restrictive, Moderately Restrictive, Least Restrictive. Also, screens for Fossil Fuel Extraction and Thermal Coal Power were added.

## **Appendix IV: MSCI Country and Region Selection Indexes**

The MSCI Country and Region Selection Indexes are constructed with an aim to represent the performance of companies that have high Environmental, Social and Governance (ESG) performance.

The MSCI Country Selection Indexes aim to target sector weights that reflect the relative sector weights of the underlying country Index to limit the systematic risk and country specific risk introduced by the ESG selection process. Currently the MSCI Country Selection Indexes can be constructed for the Standard size-segment in any Developed and Emerging Markets.

The MSCI Region Selection Indexes can be constructed for regions different than those used in the construction of the MSCI Selection Indexes and aim to target sector weights that reflect the relative sector weights of the underlying regional Index. Currently the MSCI Region Selection Indexes can be constructed for the Standard size-segment in any regions in Developed and Emerging Markets.

The MSCI Country and Region Selection Indexes are constructed by applying the index construction rules detailed in Section 2 at the level of the respective country or region covered by the index, instead of the specific regional level used in the construction of MSCI Selection Indexes.

The MSCI Country and Region Selection Indexes target 50% of the free float-adjusted market capitalization of each GICS sector of the Parent Country or Region Index. The MSCI Country and Region Selection Indexes follows the same index review cycle, maintenance rules and corporate events treatment as the MSCI Selection Indexes as described in Section 3.

## Appendix V: Methodology Set

The Indexes are governed by a set of methodology and policy documents (“Methodology Set”), including the present index methodology document as mentioned below:

- Description of methodology set – <https://www.msci.com/index/methodology/latest/ReadMe>
- MSCI Corporate Events Methodology – <https://www.msci.com/index/methodology/latest/CE>
- MSCI Fundamental Data Methodology – <https://www.msci.com/index/methodology/latest/FundData>
- MSCI Index Calculation Methodology – <https://www.msci.com/index/methodology/latest/IndexCalc>
- MSCI Index Glossary of Terms – <https://www.msci.com/index/methodology/latest/IndexGlossary>
- MSCI Index Policies – <https://www.msci.com/index/methodology/latest/IndexPolicy>
- MSCI Global Industry Classification Standard (GICS) Methodology – <https://www.msci.com/index/methodology/latest/GICS>
- MSCI Global Investable Market Indexes Methodology – <https://www.msci.com/index/methodology/latest/GIMI>
- MSCI Global ex Controversial Weapons Indexes Methodology – <https://www.msci.com/index/methodology/latest/XCW>
- ESG Factors In Methodology\*

The Methodology Set for the Indexes can also be accessed from MSCI’s webpage <https://www.msci.com/index-methodology> in the section ‘Search Methodology by Index Name or Index Code’.

\* ‘ESG Factors in Methodology’ contains the list of environmental, social, and governance factors considered, and how they are applied in the methodology (e.g., selection, weighting or exclusion). It can be accessed in the Methodology Set as described above.

## Appendix VI: Changes to this Document

### The following sections have been modified as of November 2014:

Section 2: MSCI Solutions and Section 3: Constructing the MSCI ESG Leaders Indexes

- Clarification of MSCI ESG Leaders Index construction rules

Section 4: Maintaining the MSCI ESG Leaders Indexes

- Enhancement of treatment of corporate events

### The following sections have been modified as of May 2016:

Section 2: MSCI Solutions

- Updated to include the impact of the change in the MSCI Controversies Scores methodology on MSCI ESG Leaders Indexes methodology

Section 3: Constructing the MSCI ESG Leaders Indexes

- Changed Section 3 to update the eligibility criteria for inclusion in MSCI ESG Leaders Indexes and to include clarification on the construction of regional and country level ESG Leaders Indexes

Section 4: Maintaining the MSCI ESG Leaders Indexes

- Updated to clarify the treatment of ESG Rating downgrade or decrease in Controversies scores between index reviews

Appendix I: Guidelines on achieving the target sector coverage of 50%

- Added a clarification to specify that non-eligible securities would not be included to increase the sector coverage to 50%

Appendix II: Controversial Business Involvement Criteria

- Added details of controversial business involvement criteria applicable effective June 2016

Appendix III: Methodology Transition

- Added details which highlight the changes to the MSCI ESG Leaders Indexes effective June 2016

### The following sections have been modified as of June 2016:

Section 3.2.3: Controversial Business Involvement Criteria

- Updated to include civilian firearms to the list of controversial businesses

Appendix II: Controversial Business Involvement Criteria

- Updated the controversial business involvement criteria pertaining to Tobacco
- Addition of the controversial business involvement criteria pertaining to Civilian Firearms

### The following sections have been modified as of November 2016:

Appendix IV: MSCI Country ESG Leaders Index

- Added details for construction of Country ESG Leaders Indexes

**The following sections have been modified as of May 2017:**

Section IV: Maintaining the MSCI ESG Leaders Indexes

- Clarification on use of ESG data for securities whose data would be available after the end of the month preceding Index Review

**The following sections have been modified as of June 2017:**

- Methodology book updated to reflect the change in name of MSCI Global Sustainability Index to MSCI ESG Leaders Indexes

**The following sections have been modified as of February 2018:**

Appendix IV: MSCI Country and Region ESG Leaders Indexes

- Updated to include MSCI Region ESG Leaders Indexes

**The following sections have been modified as of May 2018:**

Section 3: Constructing the MSCI ESG Leaders Indexes

- Removed the references to minimum ESG Ratings and Controversies Score for existing constituents

Section 4: Maintaining the MSCI ESG Leaders Indexes

- Added references to minimum ESG Ratings and Controversies Score for existing constituents
- Updated the ranking rules to reflect the addition of the ESG Trend criterion

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

- Added clarifications

Appendix II: Controversial Business Involvement Criteria

- Updated the controversial business involvement criteria pertaining to Controversial Weapons

**The following sections have been modified as of February 2019:**

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

- Updated the guidelines to reflect the addition of the ESG Trend criterion

**The following sections have been modified as of March 2019:**

Appendix V: MSCI Extended ESG Leaders Indexes

- Added details for the methodology of the MSCI Extended ESG Leaders Indexes

**The following sections have been modified as of October 2019:**

Appendix V: MSCI Extended ESG Leaders Indexes

- Added details for the methodology of the MSCI EM Extended ESG Leaders 5% Issuer Capped Indexes

**The following sections have been modified as of November 2020:**

Section 3.2.3: Controversial Business Involvement Criteria

- Added screens for ‘Fossil Fuel Extraction’ and ‘Thermal Coal Power’

Section 4.1.3: Selection of Eligible Securities

- Clarified the selection rules

Section 4.3: Ongoing Event-Related Maintenance

- Clarified the maintenance rules

Appendix II: 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’

Appendix V: MSCI Extended ESG Leaders Indexes

- Added the MSCI Canada IMI Extended ESG Leaders Index, MSCI EAFE Extended ESG Leaders Index and the MSCI Canada IMI Extended ESG Leaders 5% Issuer Capped Index to the list of indexes under the methodology

**The following sections have been modified as of December 2020:**

Appendix II: Controversial Business Involvement Criteria

- Updated the description of the ‘Nuclear Power’ screen

**The following sections have been modified as of May 2021:**

Appendix V: MSCI Extended ESG Leaders Indexes

- Updated the branding and capping for the MSCI Canada IMI Extended ESG Leaders 10% Issuer Capped Index.

**The following sections have been modified as of August 2022:**

Section 4.1.2: Ranking of Eligible Securities

- Updated footnote

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

- Clarified the definition of ‘ESG Trend’ and the priority rules for companies that have the same ESG Rating but a different ESG Trend

**The following sections have been modified as of November 2022:**

Section 4.1.2: Ranking of Eligible Securities

- Clarified the priority rules for existing constituents of the MSCI ESG Leaders Indexes

**The following sections have been modified as of May 2023:**

Section 1: Introduction

- Updated the description of the MSCI ESG Leaders Indexes and added footnote on Methodology Set

Section 3: Maintaining the MSCI ESG Leaders Indexes

- Updated to reflect the transition of the MSCI Global Investable Market Indexes (GIMI) to Quarterly Comprehensive Index Reviews (all references to “Semi-Annual Index Reviews” and “Quarterly Index Reviews” of the MSCI GIMI were replaced with “Index Reviews”)

#### Section 4: MSCI Solutions

- Moved that section after the Section 3 (Maintaining the MSCI ESG Leaders Indexes)
- Added the definition of industry-adjusted ESG score under Section 4.1 (MSCI ESG Ratings)

#### **The following sections have been modified as of November 2023:**

##### Section 2: Constructing the Indexes

- Clarified the eligibility criteria for ESG Ratings and Controversies Scores.

##### Appendix V: MSCI Extended ESG Leaders

- Removed the MSCI Extended ESG Leaders Indexes methodology from the Appendix. This methodology now has a separate methodology book.

##### Section 2.4: Treatment of Unrated Companies

- New section detailing the treatment of companies with ratings and research not available from MSCI Solutions

#### **The following section has been modified as of January 2024:**

##### Appendix V: Methodology Set

- Added details on the Methodology Set for the Indexes.

#### **The following section has been modified as of August 2024**

##### Section 2.4: Treatment of Unrated Companies

- Added the treatment of companies when business involvement screening research or climate change metrics research are not available from MSCI Solutions

#### **The following section has been modified as of December 2024**

##### Section 1: Introduction

- Added a new footnote to disclose the methodology name change.

##### Section 4: MSCI Solutions

- Updated section to add details on Climate Change products

#### **The following section has been modified as of February 2025**

- The methodology and index names were updated. As of February 3, 2025, the MSCI ESG Leaders Indexes have been renamed to MSCI Selection Indexes.

##### Section 2.3: Index Construction

- Regional indexes used in the construction of World and EM were renamed from ESG Leaders to Selection.

**The following section has been modified as of May 2025**

Section 1: Introduction

- Removed the ESG Ratings Trend from the Index description

Section 2.2.3 Controversial Business Involvement Criteria

- Updated list to reflect the addition of Palm Oil and Arctic Oil & Gas

Section 3.1.2 Ranking of Eligible Securities

- Removed the ESG Ratings Trend from the ranking criteria

Section 3.1.3 Selection of Eligible Securities

- Removed AA prioritization from the top 50% selection.

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

- Removed the ESG Rating Trend criteria and description

Appendix II: Controversial Business Involvement Criteria

- Transitioned the Civilian Firearms and Tobacco production revenue screens to a highly restrictive criteria, excluding all companies classified as “Producer”
- Modified the threshold from 15% to 5% or more revenue derived from the production and distribution of civilian firearms
- Modified the threshold from 15% to 5% or more revenue derived from the production, distribution, retail, supply and licensing of tobacco-related products
- Added the description for Palm Oil and Arctic Oil & Gas

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