

MSCI Global ex Controversial Weapons Indexes Methodology

December 2024

Contents

1. Introduction	3
2. Constructing the Indexes	4
2.1 Underlying Universe	4
2.2 Eligibility Criteria	4
2.3 Treatment of Unrated Companies	4
3. Maintaining the Indexes	5
3.1 Index Reviews	5
3.2 Ongoing Event-Related Maintenance	5
4. MSCI ESG Research	7
4.1 MSCI ESG Business Involvement Screening Research	7
Appendix I: Definition of Controversial Weapons	8
Appendix II: Controversial Weapons Involvement Criteria	10
Appendix III: Methodology Set	12
Appendix IV: Changes to this Document	13



1. Introduction

The MSCI Global ex Controversial Weapons Indexes (the ‘Indexes’) have been developed for use by investors, including pension funds, and universal owners who wish to avoid investments in cluster bombs, landmines, depleted uranium, chemical and biological weapons, blinding laser weapons, non-detectable fragments and incendiary weapons (white phosphorus).

These indexes are free float-adjusted market capitalization weighted.¹

¹ The Indexes are governed by a set of methodology and policy documents (“Methodology Set”), including the present index methodology document. Please refer to Appendix II for more details

2. Constructing the Indexes

The Indexes use company ratings and research provided by MSCI ESG Research² for the Index construction.

2.1 Underlying Universe

The selection universe for the Indexes is defined by the constituents of the MSCI Global Investable Market Indexes (GIMI).

2.2 Eligibility Criteria

Companies that meet the business involvement criteria are excluded from the Indexes. Please refer to Appendix I for details on these criteria.

- Cluster Bombs
- Landmines
- Depleted Uranium Weapons
- Chemical and Biological Weapons
- Blinding Laser Weapons
- Non-Detectable Fragments
- Incendiary Weapons (White Phosphorus)

2.3 Treatment of Unrated Companies

Companies not assessed by MSCI ESG Research on MSCI ESG Business Involvement Screening Research data are not eligible for inclusion in the Indexes if they are classified in the following Global Industry Classification Standard (GICS®)³ Industry Groups: Capital Goods and Materials.

² 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 ESG Research LLC, a separate subsidiary of MSCI Inc. MSCI ESG Research 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.

³ GICS is the global industry classification standard jointly developed by MSCI and S&P Global Market Intelligence.

3. Maintaining the Indexes

3.1 Index Reviews

The Indexes are reviewed on a quarterly basis to coincide with the Index Reviews of the MSCI Global Investable Market Indexes. The changes are implemented as of the close of the last business day of February, May, August and November. At index reviews, all companies in the underlying universe are reviewed and eligible companies are added to the Indexes. Existing constituents may be deleted from the Indexes if they become involved in controversial weapons and are screened according to the criteria described in Section 3. Any constituent that is deleted from the Parent index as a result of an index review is also deleted from the Indexes.

The pro forma Indexes are generally announced nine business days before the effective date.

In general, MSCI uses MSCI ESG Research data³ (MSCI ESG Business Involvement Screening Research) as of the end of the month preceding the Index Reviews for the rebalancing of the MSCI Global ex Controversial Weapons Indexes. 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 Indexes.

3.2 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. Parent Index deletions will be reflected simultaneously.

There are no deletions from the Index between Index Reviews on account of a security becoming involved in controversial weapons.

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 not be added to the Index at the time of event implementation. Such securities will be considered for addition in the Index at the subsequent Index Review.

Spin-Offs

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

³ See section 4 for details of data sourced from MSCI ESG Research used in the Indexes.

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/latest/CE>.

4. MSCI ESG Research

The Indexes are products of MSCI Inc. that utilize information such as company ratings and research produced and provided by MSCI ESG Research LLC (MSCI ESG Research), a subsidiary of MSCI Inc. In particular, the Index uses the following MSCI ESG Research product: MSCI ESG Business Involvement Screening Research. MSCI Indexes are administered by MSCI Limited and MSCI Deutschland GmbH.

4.1 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 <https://www.msci.com/legal/disclosures/esg-disclosures>.

Appendix I: Definition of Controversial Weapons

The following weapons are recognized by international institutional investors as controversial weapons and hence form the basis for constructing the Indexes: cluster bombs, landmines, depleted uranium, chemical and biological weapons, blinding laser weapons, non-detectable fragments and incendiary weapons (white phosphorus).

This list reflects views from international institutional investors on what constitutes a controversial weapon, as gathered through past public consultations regarding the Indexes’ methodology.

All weapons in the list meet one or both of the following criteria:

- They have been subject to widespread bans or restrictions by international treaties or conventions, and such treaties or conventions are deemed material to international investors as evidenced by the ratification status by relevant countries.
- They are prohibited from investment under national regulations.

The table below outlines aforementioned controversial weapons, the international treaties or conventions to which they are subject, and whether these weapons are prohibited from investment under national regulations.

Controversial Weapons	Relevant International Treaty/Convention	Investment Prohibition in National Regulations
Cluster Bombs	Cluster Munitions Convention	Y
Landmines	Mine Ban Treaty	Y
Depleted Uranium Weapons ⁴	N/A	Y
Chemical and Biological Weapons	Chemical Weapons Convention Biological Weapons Convention	Y
Blinding Laser Weapons	Convention on Certain Conventional Weapons, Protocol IV	N/A
Non-Detectable Fragments	Convention on Certain Conventional Weapons, Protocol I	N/A
Incendiary Weapons (White Phosphorus)	Convention on Certain Conventional Weapons, Protocol III	N/A

In addition, all weapons in the list exhibit at least one of the following characteristics outlined in various treaties or conventions that govern their use:

- The weapon is indiscriminate, i.e., there is an increased risk of civilian casualties
- The weapon can be classified as a weapon of mass destruction with a single incident resulting in a large number of deaths

⁴ While depleted uranium weapons are not prohibited by international treaties or conventions, they are addressed by national legislation, for example in Belgium. These weapons are known to cause indiscriminate suffering and widespread, long-term damage to civilians and the natural environment. They have been included in the list of controversial weapons in scope of the Indexes based on feedback from international investors.



- The weapon is considered to be excessively injurious, i.e., it causes an inordinate amount of pain and suffering
- The weapon may have long term health impacts on the populations in areas where they are used

The list of controversial weapons in scope of the Indexes may evolve over time to reflect changes in international treaties or conventions, national regulations and market perspectives. All changes are subject to prior public consultation with market participants.

Appendix II: Controversial Weapons Involvement Criteria

The Indexes exclude any companies involved in the value chain of these controversial weapons. This exclusion applies to companies directly involved in manufacturing the weapons themselves, as well as those component manufacturers, makers of delivery vehicles, and companies with indirect ownership ties to manufacturers – subject to availability of corresponding data from MSCI ESG Research.

- **Cluster Bombs**

- All companies that are involved in the production of cluster munitions
- All companies that are involved in the production of components for cluster munitions
- All companies that are involved in the production of delivery platforms for cluster munitions
- All companies that are 50 % or more owned by a company involved in the production of cluster munitions
- All companies that have ownership of a significant stake in a company involved in the production of cluster munitions as follows: For financial institutions and fund providers, a stake of 50% or more. For non-financial institutions or fund providers, 20% - 49.99%.

- **Landmines**

- All companies that are involved in the production of anti-personnel or anti-vehicle landmines
- All companies that are involved in the production of essential intended or dual-use components of anti-personnel or anti-vehicle landmines
- All companies that are 50 % or more owned by a company involved in anti-personnel or anti-vehicle landmines
- All companies that have ownership of a significant stake in a company involved in anti-personnel or anti-vehicle landmines as follows: For financial institutions and fund providers, a stake of 50% or more. For non-financial institutions or fund providers, 20% - 49.99%.

- **Depleted Uranium Weapons**

- All companies that are involved in the production of depleted uranium weapons, ammunition and armor
- All companies that are 50 % or more owned by a company with depleted uranium weapons involvement
- All companies that have ownership of a significant stake in a company with depleted uranium weapons involvement as follows: For financial institutions and fund providers, a stake of 50% or more. For non-financial institutions or fund providers, 20% - 49.99%.

- **Chemical and Biological Weapons**

- All companies that produce biological or chemical weapons systems
- All companies that produce critical components for biological and chemical weapons systems

- All companies that are 50 % or more owned by a company with biological and chemical weapons involvement
- All companies that have ownership of a significant stake in a company with biological and chemical weapons involvement as follows: For financial institutions and fund providers, a stake of 50% or more. For non-financial institutions or fund providers, 20% - 49.99%.
- **Blinding Laser Weapons**
 - All companies that produce blinding laser weapons, that cause permanent blindness to the target
 - All companies that are 50 % or more owned by a blinding laser manufacturer
 - All companies that have ownership of a significant stake in a blinding laser manufacturer as follows: For financial institutions and fund providers, a stake of 50% or more. For non-financial institutions or fund providers, 20% - 49.99%.
- **Non-Detectable Fragments**
 - All companies that produce weapons that use non-detectable fragments
 - All companies that are 50 % or more owned by a non-detectable weapons manufacturer
 - All companies that have ownership of a significant stake in a non-detectable weapons manufacturer as follows: For financial institutions and fund providers, a stake of 50% or more. For non-financial institutions or fund providers, 20% - 49.99%.
- **Incendiary Weapons (White Phosphorus)**
 - All companies that produce incendiary weapons using white phosphorus
 - All companies that are 50 % or more owned by an incendiary weapons manufacturer
 - All companies that have ownership of a significant stake in an incendiary weapons manufacturer as follows: For financial institutions and fund providers, a stake of 50% or more. For non-financial institutions or fund providers, 20% - 49.99%.

Appendix III: 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>
- 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 IV: Changes to this Document

The following sections have been modified as of November 2014:

Section 4.2: Ongoing Event-Related Maintenance

Clarification of treatment of corporate events

The following sections have been modified as of May 2017:

Section 4: Maintaining the MSCI Global ex Controversial Weapons 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 September 2017:

Section 4.1: Index Reviews

- Updated to include the announcement date of the pro forma indexes.

Section 4.2: Ongoing event-related maintenance

- Updated link to the MSCI Corporate Events Methodology

The following sections have been modified as of May 2018:

Section 1: Introduction

Section 2: Screening Criteria

Appendix 1: Controversial Weapons Criteria

- Updated to reflect the addition of new screens for blinding lasers, non-detectable fragments and incendiary weapons (while phosphorus)

The following sections have been modified as of November 2019:

Section 2: MSCI ESG Research

- New section

Section 4.1: Underlying Universe

- Updated to refer to the MSCI Global Investable Market Indexes

Section 4.3: Index Construction

- Removed the section

Section 5.2: Ongoing Event-Related Maintenance

- Clarified the treatment of different types of corporate events

The following sections have been modified as of June 2023:

Section 4: Maintaining the MSCI Global ex Controversial Weapons Indexes

- Methodology book was 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 5: MSCI ESG Research.

- Moved that section after the Section 4 (Maintaining the MSCI Global ex Controversial Weapons Indexes).
- Updated the descriptions of MSCI ESG Research products.

The following sections have been modified as of August 2024

Section 2.3: Treatment of Unrated Companies

- New section detailing the treatment of companies when business involvement screening research is not available from MSCI ESG Research

Section 4: ESG Research

- Updated with the latest descriptions and links

Appendix II: Methodology Set

- Added details on the Methodology Set for the Indexes

The following sections have been modified as of November 2024

Appendix I: Definition of Controversial Weapons

- New section detailing the definition of controversial weapons

Appendix II: Controversial Weapons Involvement Criteria

- Added introductory paragraph
- Clarified the screening criteria for companies involved in controversial weapons

Contact us

[msci.com/contact-us](https://www.msci.com/contact-us)

AMERICAS

United States	+ 1 888 588 4567 *
Canada	+ 1 416 687 6270
Brazil	+ 55 11 4040 7830
Mexico	+ 52 81 1253 4020

EUROPE, MIDDLE EAST & AFRICA

South Africa	+ 27 21 673 0103
Germany	+ 49 69 133 859 00
Switzerland	+ 41 22 817 9777
United Kingdom	+ 44 20 7618 2222
Italy	+ 39 02 5849 0415
France	+ 33 17 6769 810

ASIA PACIFIC

China	+ 86 21 61326611
Hong Kong	+ 852 2844 9333
India	+ 91 22 6784 9160
Malaysia	1800818185 *
South Korea	+ 82 70 4769 4231
Singapore	+ 65 67011177
Australia	+ 612 9033 9333
Taiwan	008 0112 7513 *
Thailand	0018 0015 6207 7181 *
Japan	+ 81 3 4579 0333

* 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 is research for informational purposes only and is intended for institutional professionals with the analytical resources and tools necessary to interpret any performance information. Nothing herein is intended to promote or recommend any product, tool or service.

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 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 may include "Signals," defined as quantitative attributes or the product of methods or formulas that describe or are derived from calculations using historical data. Neither these Signals nor any description of historical data are intended to provide investment advice or a recommendation to make (or refrain from making) any investment decision or asset allocation and should not be relied upon as such. Signals are inherently backward-looking because of their use of historical data, and they are not intended to predict the future. The relevance, correlations and accuracy of Signals frequently will change materially.

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 investible assets/securities. MSCI maintains and calculates indexes, but does not manage actual assets. The calculation of indexes and index returns may deviate from the stated methodology. 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 a 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 msci.com.

MSCI ESG Research LLC is a Registered Investment Adviser under the Investment Advisers Act of 1940 and a subsidiary of MSCI Inc. 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 a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such, provided that applicable products or services from MSCI ESG Research may constitute investment advice. 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. MSCI ESG and climate ratings, research and data are produced by MSCI ESG Research LLC, a subsidiary of MSCI Inc. MSCI ESG Indexes, Analytics and Real Estate are products of MSCI Inc. that utilize information from MSCI ESG Research LLC. MSCI Indexes are administered by MSCI Limited (UK) and MSCI Deutschland GmbH.

Please note that the issuers mentioned in MSCI ESG Research materials sometimes have commercial relationships with MSCI ESG Research and/or MSCI Inc. (collectively, "MSCI") and that these relationships create potential conflicts of interest. In some cases, the issuers or their affiliates purchase research or other products or services from one or more MSCI affiliates. In other cases, MSCI ESG Research rates financial products such as mutual funds or ETFs that are managed by MSCI's clients or their affiliates, or are based on MSCI Inc. Indexes. In addition, constituents in MSCI Inc. equity indexes include companies that subscribe to MSCI products or services. In some cases, MSCI clients pay fees based in whole or part on the assets they manage. MSCI ESG Research has taken a number of steps to mitigate potential conflicts of interest and safeguard the integrity and independence of its research and ratings. More information about these conflict mitigation measures is available in our Form ADV, available at <https://adviserinfo.sec.gov/firm/summary/169222>.

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 S&P Global Market Intelligence. "Global Industry Classification Standard (GICS)" is a service mark of MSCI and S&P Global Market Intelligence.

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.

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>.