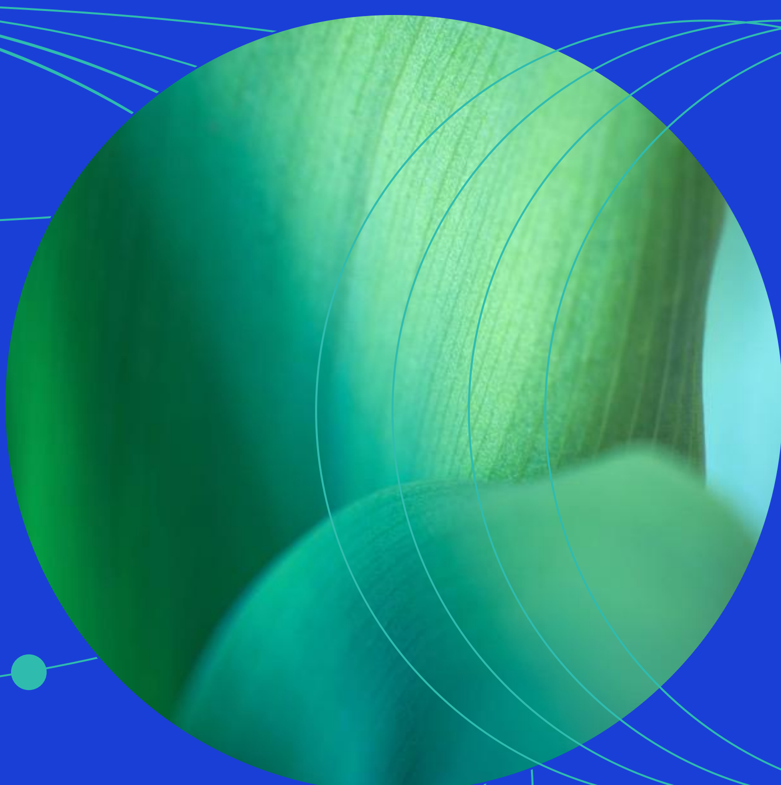
August 2026

MSCI Sector Advanced Select 20/35 Capped Indexes Methodology



Contents

1 Introduction

The MSCI Sector Advanced Select 20/35 Capped Indexes (the 'Indexes'[1]) are designed to support investors seeking to increase exposure to positive environmental, social and governance (ESG) factors and reduce the carbon-equivalent exposure to carbon dioxide (CO_2) and other greenhouse gases (GHG) as well as their exposure to potential emissions risk of fossil fuel reserves relative to the Parent Indexes[2].

The Indexes are constructed from their corresponding free-float adjusted market capitalization weighted Parent Indexes by excluding securities based on ESG and Climate Change-related criteria and use an optimization process to achieve the following objectives:

- Minimize ex-ante tracking error relative to their respective Parent Index.
- Increase the weighted average ESG Score by 20% relative to their respective Parent Index
- Reduce Carbon Intensity and Potential Emissions per dollar of Market Capitalization by 21% relative to the Parent Index.
- Ensure that the index-level sustainable exposure[3] (which reflects a particular interpretation of the company-level sustainable investment assessment as per Article 2(17) of the Sustainable Finance Disclosure Regulation (SFDR)[4] along with an associated aggregation method) meets the relevant index-level sustainable exposure percentage ("Index SE%") thresholds. The minimum thresholds vary depending on the respective MSCI Parent Index and are listed in Appendix II.
- Apply the 31.5%/18% capping constraints directly to group entities as part of the optimization process, followed by daily checks as per the MSCI 20/35 Indexes methodology[5].

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[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 VII for more details.

[2] The corresponding Parent Indexes for the Indexes are defined in Section 2.1 of this methodology document.

[3] Please refer to Appendix II

[4] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, available at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019R2088&from=EN

[5] For details, please refer to the MSCI Capped Indexes Methodology at www.msci.com/index-methodology

2 Constructing the Indexes

The Indexes use company ratings and research provided by MSCI Solutions LLC ("MSCI Solutions")[6] to determine eligibility for index construction

2.1 Applicable Universe

The Applicable Universe of the Indexes includes all the constituents of their respective MSCI Parent Index ("the Parent Index") as shown in the table below:

Table 1: Indexes and their corresponding Parent Indexes

No.	Index Name	Parent Index
1	MSCI World Energy Advanced Select 20 35 Capped Index	MSCI World Energy Index
2	MSCI World Materials Advanced Select20 35 Capped Index	MSCI World Materials Index
3	MSCI World Industrials Advanced Select 20 35 Capped Index	MSCI World Industrials Index
4	MSCI World Consumer Discretionary Advanced Select 20 35 Capped Index	MSCI World Consumer Discretionary Index
5	MSCI World Consumer Staples Advanced Select 20 35 Capped Index	MSCI World Consumer Staples Index
6	MSCI World Healthcare Advanced Select 20 35 Capped Index	MSCI World Healthcare Index
7	MSCI World Financials Advanced Select 20 35 Capped Index	MSCI World Financials Index
8	MSCI World Information Technology Advanced Select 20 35 Capped Index	MSCI World Information Technology Index
9	MSCI World Communication Services Advanced Select 20 35 Capped Index	MSCI World Communication Services Index
10	MSCI World Utilities Advanced Select 20 35 Capped Index	MSCI World Utilities Index

[6] See Section 4 for further information regarding sustainability and climate data used in the Indexes that MSCI Limited and MSCI Deutschland GmbH source from MSCI Solutions LLC ("MSCI Solutions"), 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.

2.2 Defining the Security Level Carbon Exposure

The carbon exposure of a company is measured in terms of its greenhouse gas emissions and its potential carbon emissions from fossil fuel reserves. The Indexes use MSCI Carbon Metrics data from MSCI Solutions

2.2.1. Greenhouse Gas Emissions

MSCI Solutions collects company-specific direct (Scope 1) and indirect (Scope 2) greenhouse gas (GHG) emissions data from company public documents and/or the Carbon Disclosure Project. If a company does not report GHG emissions, then MSCI Solutions uses its proprietary methodology to estimate Scope 1 and Scope 2 GHG emissions. The data is updated on an annual basis. Since the current carbon emissions of a company are directly influenced by its current business activity, MSCI normalizes for size by dividing the annual carbon emissions of the company by the annual sales of the company.

For newly added companies to the index which do not report emission data and where MSCI Solutions has not estimated the greenhouse gas emissions yet, MSCI uses the average emissions per dollar of issuer market capitalization for the companies in the same industry group, multiplied by the market capitalization of the company as the estimated emission for the company.

2.2.2. Potential Carbon Emissions from Fossil Fuels

MSCI Solutions collects fossil fuel reserves data where relevant for companies which have reserves, typically in the Oil & Gas, Coal Mining and Electric Utilities industries[7]. Fossil fuel reserves can be used for several applications including energy or industrial (e.g., coking coal used for steel production). For the development of the Indexes, only fossil fuel reserves used for energy application are taken into account. The data is updated on an annual basis and based on information disclosed by companies. Sources include company publications, other public records and third party data providers. For newly added companies to the index where data is not available yet, MSCI uses zero fossil fuel reserves. The size of reserves of a company typically influences its market valuation, and hence MSCI normalizes for size by dividing the potential carbon emissions of the company by its market capitalization.

To convert reserves data to potential carbon emissions, MSCI Solutions applies a formula from the Potsdam Institute for Climate Impact Research[8].

2.3 Eligible Universe

Securities of companies involved in Very Severe business controversies as defined by the MSCI Controversies Methodology are not eligible for inclusion in the Indexes. This is implemented by excluding constituents of the Parent Index with Controversies Score = 0 (‘Red Flag’ companies).

[7] For more information on MSCI Carbon Metrics, please refer to https://www.msci.com/index-carbon-footprint-metrics

[8] Malte Meinshausen, Nicolai Meinshausen, William Hare, Sarah C. B. Raper, Katja Frieler, Reto Knutti, David J. Frame & Myles R. Allen. Greenhouse-gas emission Target for limiting global warming to 2 °C. Nature 458, 1158-1162 (30 April 2009) | doi: 10.1038/nature08017; Received 25 September 2008; Accepted 25 March 2009. Supplementary Information, p. 7.

Companies that are involved in specific businesses which have high potential for negative social and/or environmental impact are ineligible for inclusion in the index. Please refer to Appendix I for more details on these criteria.

- Controversial Weapons
- Nuclear Weapons
- Civilian Firearms
- Tobacco
- Thermal Coal
- Oil Sands
- Weapons

In addition to the above, companies that fail to comply with the United Nations Global Compact Principles are also excluded from the Indexes.

2.4 Defining the Optimization Constraints

The optimization process aims to minimize the Index's ex-ante tracking error relative to the Parent Index subject to the optimization constraints detailed in Appendix II.

2.5 Determining the Optimized Index

The Indexes are constructed using MSCI's Barra® Open Optimizer in combination with the relevant Barra Equity Model[9]. The optimization uses a universe of eligible securities and the specified optimization objective and constraints to determine the constituents of the Indexes.

Infeasible Solution –

During the Index Reviews, in the event that there is no optimal solution that satisfies all the optimization constraints, the following constraints will be relaxed, until an optimal solution is found:

- The one-way turnover constraint will be relaxed in 5 steps up to 30%.
- The weighted average ESG Score constraint will be relaxed in 5 steps up to 10%.
- The weighted average Carbon Intensity and the potential emissions per dollar of market capitalization constraint will be relaxed in 5 steps up to 20%.

The relaxations are completed in an alternative manner – a single step of turnover relaxation is followed by a single step of ESG score improvement relaxation, followed by a single step of weighted average carbon intensity reduction relaxation, before the turnover constraint is relaxed further. In the event that no optimal solution is found after the above constraint relaxations are exhausted, the relevant Index will not be rebalanced for that Index Review.

[9] Please refer to Appendix IV and V for more details.

2.6 Applying the 20/35 Capping at Index Reviews

The 20/35 group entity capping is implemented as a constraint in the optimization process and the following maximum group entity weights are applied at each Index Review:

- **31.5%** for the largest group entity in the Screened Universe
- **18%** for all remaining group entities in the Screened Universe

Group entity weights are also monitored daily between Index Reviews for compliance with the MSCI 20/35 Capped Indexes Methodology. Where this daily monitoring results in capping, the optimization process, described in Section 2.4 and 2.35 are not applied.

2.7 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 index

3.1 Quarterly Index Reviews

The Indexes are reviewed on a quarterly basis to coincide with the regular Index Reviews of the MSCI Global Investable Market Indexes and at each Index Review, the optimization process outlined in Section 2 is implemented. 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 Solutions data (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[11]. 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.

3.2 Monthly Review of Controversies

The Indexes are reviewed on a monthly basis for the involvement in controversies and for compliance with the United Nations Global Compact Principles. Existing constituents will be deleted if they face controversies as defined by MSCI Controversies Score of 0 ('Red Flag' companies), or if they fail to comply with the UN Global Compact Principles.

MSCI uses MSCI Controversies data as of the end of the month preceding the review (e.g., end of June data for the end of July monthly review). For some securities, such data may not be published by MSCI Solutions by the end of the month preceding the review. For such securities, MSCI will use ESG data published after the end of month, when available, for the monthly review of the Index.

The pro forma indexes are generally announced nine business days before the first business day of the month.

3.3 Ongoing Event Related Changes

The general treatment of corporate events in the Indexes aim to minimize turnover outside of Index Reviews. The methodology aims to appropriately represent an investor's participation in an event based on relevant deal terms and pre-event weighting of the index constituents that are involved. Further, changes in index market capitalization that occur as a result of corporate event implementation will be offset by a corresponding change in the Variable Weighting Factor (VWF) of the constituent.

New securities will not be added (except where noted below) to the Index between Index Reviews. Parent Index deletions will be reflected simultaneously. Section 2 of the methodology does not apply for securities getting added to Indexes due to Corporate Events in between Index Reviews. The following section briefly describes the treatment of common corporate events in the Indexes:

[11] Emissions data, whenever available, will be taken as of the same calendar year as sales data. Depending on availability, such data may be based on values reported at least two years prior.

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 not be added to the index.
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 if the spin-off security is also added to the Parent Index. 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

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, MSCI Climate Change Metrics and MSCI Impact Solutions. MSCI Indexes are administered by MSCI Limited and MSCI Deutschland GmbH.

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/sustainability-and-climate-resources-and-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/sustainability-and-climate-resources-and-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.

The MSCI Business Involvement Screening Research methodology can be found at: https://www.msci.com/legal/sustainability-and-climate-resources-and-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/sustainability-and-climate-resources-and-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).

4.4.2. Greenhouse Gas (GHG) Emissions

MSCI Solutions collects reported emissions and uses proprietary estimation methodologies that follows the GHG Protocol in including carbon dioxide (CO2) and the five other principal GHGs: hydrofluorocarbons (HFCs), methane (CH4), nitrous oxide (N2O), perfluorocarbons (PFCs), and sulfur hexafluoride (SF6). Emissions of these other gases are accounted for in terms of the quantity of CO2 that has an equivalent global warming potential.

4.5 MSCI Impact Solutions: Sustainable Impact Metrics

MSCI Impact Solutions Sustainable Impact Metrics is designed to identify companies that derive revenue from products or services with positive impact on society and the environment. The Sustainable Impact Metrics are comprised of six Environmental Impact categories and seven Social Impact categories arranged by theme.

MSCI Sustainable Impact Taxonomy

Pillar	Themes	Categories
Environmental Impact	Climate Change	1. Alternative energy 2. Energy efficiency 3. Green building
	Natural capital	4. Sustainable water 5. Pollution prevention 6. Sustainable agriculture
Social Impact	Basic needs	7. Nutrition 8. Major Disease Treatment 9. Sanitation 10. Affordable Real Estate
	Empowerment	11. SME Finance

	12. Education 13. Connectivity – Digital divide

Under each of the actionable environmental and social impact themes, MSCI Solutions has identified specific categories of products and services that it has determined companies can offer as potential solutions to environmental and social challenges.

For more details on MSCI Sustainable Impact Metrics, please refer to https://www.msci.com/legal/sustainability-and-climate-resources-and-disclosures. .

Appendix I: Business Exclusion Criteria

MSCI Solutions has developed a framework designed to define significant involvement in controversial activities. According to this framework, there are three tolerance levels: Zero Tolerance, Minimal Tolerance and Low Tolerance.

Each controversial activity screened by The Indexes (except Thermal Coal, Conventional Weapons, Oil Sands and Global Norms) is assigned to one of these tolerance levels:

Activities classified under "Zero Tolerance"

- **Controversial Weapons**
    - All companies with any tie to Controversial Weapons (cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons, blinding lasers, nondetectable fragments and incendiary weapons), as defined by the methodology of the MSCI Ex-Controversial Weapons Indexes available at https://www.msci.com/index-methodology

Activities classified under "Minimal Tolerance"

- **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
    - 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 revenue from the distribution (wholesale or retail) of firearms or small arms ammunition intended for civilian use
- **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

<u>Activities not classified under any specific tolerance level</u>

- **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
- **Conventional Weapons**
  - All companies deriving 5% or more revenue from the production of conventional weapons
  - All companies deriving 10% or more aggregate revenue from weapons systems, components and support systems and services
- **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
- **Global Norms – United Nations Global Compact Compliance**
  - All companies that fail to comply with the United Nations Global Compact principles

Appendix II: Optimization Constraints

At each Quarterly Index Review, the following optimization constraints are used to ensure replicability and investability.

Screened Parent

The screened parent is constructed by excluding securities from the Parent Index based on the exclusion criteria as defined in Section 2.3 ("Screened Parent"). The security weights are then normalized to 100%.

Optimization Constraints

Table 2: Optimization Constraints

No.	Parameter	Values
1	Minimum Constituent Weight	Minimum constituent weight in the Screened Parent
2	Asset Lower Bound	Maximum (Minimum constituent weight in the Screened Parent, 0.25 * Security Weight in the Screened Parent)
3	Asset Upper Bound	Minimum (5 * Security Weight in the Screened Parent, Security Weight in the Screened Parent +2%)
4^	Active Country Weights*	+/-10%
5^	Minimum Increase in the Weighted Average ESG Score relative to the Parent Index[12]	20%
6^	Minimum Reduction in the Weighted Average Carbon Emission Intensity[13] relative to the Parent Index	21%[14]
7^	Minimum Reduction in the Potential Emissions per dollar of market capitalization relative to the Parent Index	21%[15]

[12] Prior to the February 2025 index review, the Indexes target a 20% increase in ESG Score.

[13] Calculation of Target metrics is described in Appendix III.

[14] Prior to the February 2025 index review, the Indexes targeted a 30% reduction in Carbon Emission Intensity.

[15] Prior to the February 2025 index review, the Indexes targeted a 30% reduction in Potential Emissions per dollar of market capitalization.

8	One Way Turnover during May and November Index Review	10%
9	One Way Turnover during Feb and Aug Index Review	5%
10	Specific Risk Aversion[16]	0.075
11	Common Factor Risk Aversion[17]	0.0075
12	Maximum Issuer Weight	35%
13	Minimum Index Sustainable Exposure	Applicable Indexes and Threshold as mentioned in Table 3
14	Capping Constraint	Top Group Entity by Free-float Market Capitalization weight in the Screened Parent Universe is a Capped at 31.5% and the remaining group entities are capped at 18%

* Active Country Weights – In case there are countries in the Parent Index which weigh less than 2.5% in the Parent Index, then for such countries the active country upper bound of +10% is not applicable. When a country weighs less than 2.5% in the Parent Index then the upper bound of country weight in The Index is set at three times of the country's weight in the Parent Index. The Active Weight constraint is applied as a "Soft" constraint in The Indexes.

^ The Optimization Constraints are applied relative to the Parent Index.

Minimum Index SE% Constraints

The following optimization constraints on minimum Index SE% are used for each index.

Table3: Index Sustainable Exposure Threshold

No.	Index	Index SE% Threshold
1	MSCI World Information Technology Advanced Select 20 35 Capped Index	35%
2	MSCI World Materials Advanced Select 20 35 Capped Index	25%
3	MSCI World Health Care Advanced Select 20 35 Capped Index	20%
4	MSCI World Industrials Advanced Select 20 35 Capped Index	20%

[16] The Specific Risk Aversion penalizes idiosyncratic (asset-specific) risk during the optimization process.

[17] The Common Risk Aversion penalizes systematic risk during the optimization process.

5	MSCI World Consumer Staples Advanced Select 20 35 Capped Index[18]	20%
6	MSCI World Consumer Discretionary Advanced Select 20 35 Capped Index[19]	10%
7	MSCI World Utilities Advanced Select 20 35 Capped Index	15%
8	MSCI World Communication Services Advanced Select 20 35 Capped Index	10%
9	MSCI World Financials Advance Select 20 35 Capped Index* (Effective November 2026)[20]	5%

Please refer to Appendix VI for the criteria used to determine the company-level sustainable exposure qualification and the calculation of index-level sustainable exposure.

[18] Prior to Feb 2025 index review, the Index SE% threshold for MSCI World Consumer Staples Advanced Select 20 35 Capped index was 30%

[19] Prior to Feb 2025 index review, the Index SE% threshold for MSCI World Consumer Discretionary Advanced Select 20 35 Capped index was 20%

[20] Prior to November 2026, the Minimum SE% is unconstrained for the MSCI World Financials Advanced Select 20 35 Index.

Appendix III: Calculation of Carbon Exposure Metrics

Calculation of GHG Intensity relative to Sales

Scope 1+2 Emissions and Company sales data used for the carbon intensity calculation are aligned as of the same fiscal year.

Security Level GHG Intensity relative to Sales = CARBON_EMISSIONS_SCOPE_12_INTEN

For Parent Index constituents where Scope 1+2 Emissions Intensity is not available, the average Scope 1+2 Emissions Intensity relative to Sales of all the constituents of the MSCI ACWI in the same GICS Industry Group in which the constituent belongs to is used.

For the Parent Index constituents where Scope 1+2 Emissions Intensity is not available for all securities in an GICS Industry Group, the Scope 1+2 Emissions Intensity relative to Sales of all the constituents of the MSCI ACWI in the same GICS Sector in which the GICS Industry group belongs to is used.

Weighted Average GHG Intensity relative to Sales of the Parent Index =

$$\sum(Weight\ in\ Parent\ Index *\ Security\ Level\ GHG\ Intensity\ relative\ to\ Sales)$$

Weighted Average GHG Intensity relative to Sales of the Optimized Index =

$$\sum(Index\ Weight *\ Security\ Level\ GHG\ Intensity\ relative\ to\ Sales)$$

Index Potential Emissions Intensity

MSCI Solutions collects fossil fuel reserves data where relevant for companies which have reserves, typically in the Oil & Gas, Coal Mining and Electric Utilities industries[21]. Fossil fuel reserves can be used for several applications including energy or industrial (e.g., coking coal used for steel production). For the development of the Indexes, only fossil fuel reserves used for energy application are taken into account. The data is updated on an annual basis and based on information disclosed by companies. Sources include company publications, other public records and third party data providers.

For newly added companies to the index where data is not available yet, MSCI uses zero fossil fuel reserves. The size of reserves of a company typically influences its market valuation, and hence MSCI normalizes for size by dividing the potential carbon emissions of the company by its market capitalization.

[21] For more information on MSCI Carbon Metrics, please refer to https://www.msci.com/index-carbon-footprint-metrics

To convert reserves data to potential carbon emissions, MSCI Solutions applies a formula from the Potsdam Institute for Climate Impact Research[22].

Security Level Potential Emissions Intensity =

$$\frac{Potential\ Emissions}{Issuer\ Market\ Capitalization}$$

Weighted Average Potential Emissions Intensity of the Parent Index =

$$\sum(Weight\ in\ Parent\ Index * \ Security\ Level\ Potential\ Emissions\ Intensity)$$

Weighted Average Potential Emissions Intensity of the Optimized Index =

$$\sum(Index\ Weight * \ Security\ Level\ \ Potential\ Emissions\ Intensity)$$

[22] Malte Meinshausen, Nicolai Meinshausen, William Hare, Sarah C. B. Raper, Katja Frieler, Reto Knutti, David J. Frame & Myles R. Allen. Greenhouse-gas emission Target for limiting global warming to 2 °C. Nature 458, 1158-1162 (30 April 2009) | doi: 10.1038/nature08017; Received 25 September 2008; Accepted 25 March 2009. Supplementary Information, p. 7.

Appendix IV: Barra Equity Model Used in Optimization

The Indexes currently uses an optimization setup using the MSCI Barra Global Equity Model for Long-Term Investors (GEMLTL).

Appendix V: New release of Barra® Equity Model or Barra® Optimizer

A major new release of the relevant Barra Equity Model or Barra Optimizer may replace the former version within a suitable timeframe.

Appendix VI: Company-Level Sustainable Exposure and Calculation of Index SE%

A company qualifies as having company-level sustainable exposure if it meets all the following conditions

1. MSCI ESG Rating of "BB" or above[23]

2. MSCI Controversies Score of 2 or above[24]

3. At least one of the following conditions is met:

    a. Derives 20% or more aggregate revenue from any of the thirteen social and environmental impact categories of Sustainable Impact Metrics (including nutrition, sanitation, major diseases treatment, SME finance, education, connectivity, affordable real estate, alternative energy, energy efficiency, green building, pollution prevention, sustainable agriculture and sustainable water)

    b. Has one or more active carbon emissions reduction target(s) approved by the Science Based Targets initiative (SBTi)

4. Not flagged by the following business involvement criteria:

    a. Has any tie to Controversial Weapons (cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons, blinding lasers, non-detectable fragments and incendiary weapons), in line with the methodology of the MSCI Ex-Controversial Weapons Indexes available at https://www.msci.com/index-methodology

    b. Derives 1% 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

    c. Manufactures tobacco products, such as cigars, blunts, cigarettes, e-cigarettes, inhalers, beedis, kreteks, smokeless tobacco, snuff, snus, dissolvable and chewing tobacco

    d. Derives 5% or more aggregate revenue from the production, distribution, retail, supply and licensing of tobacco-related products

The index-level sustainable exposure is calculated as the sum of the weight of companies in the index that qualify as having company-level sustainable exposure.

[23] The condition is not met if the MSCI ESG Rating is missing for the company.

[24] The condition is not met if the MSCI Controversies Score is missing for the company.

Appendix VII: 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
- MSCI Capped Indexes Methodology – https://www.msci.com/index/methodology/latest/Capped
- ESG Factors In Methodology*

The Methodology Set for the Index 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 VIII: Changes to this Document

The following sections have been modified as of March 09, 2022:

- Section 3.5: Added clarification that the relaxed parameters are also applicable for Quarterly Index Reviews.

The following sections have been modified as of November 2022:

- Introduction: Updated to reflect the new requirement on index-level sustainable exposure
- Section 4.2: Monthly Review of Controversies Added to reflect the monthly exclusions of 'Red Flag Companies'
- Appendix 2: Updated to reflect the optimization constraints on index-level sustainable exposure
- Appendix 5: Additional details regarding criteria used to determine the company-level sustainable exposure qualification and the calculation of index-level sustainable exposure.

The following sections have been modified as of February 2023:

- 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 4.2: Monthly Review of Controversies Updated to reflect the monthly exclusions of 'Red Flag Companies', across all MSCI World Sector ESG Reduced Carbon Select 20 35 Capped Indexes.

The following sections have been modified as of November 2023:

- ESG Research Section moved to the end (changed from Section 2 to Section 4)
- Section 3.1 updated to add clarification on data cutoff dates.
- Appendix 2 updated to reflect addition of Minimum Index SE% commitment for Consumer Staples and Consumer Discretionary indexes.

The following sections have been modified as of February 2025

- The methodology and index names were updated. Effective February 3, 2025, the MSCI World Sector ESG Reduced Carbon Select 20 35 Capped Indexes were renamed to MSCI Sector Advanced Select 20 35 Capped Indexes

Section 4.4: MSCI Climate Change Metrics.

- Added a sub-section under Climate Change Metrics to provide additional details on Fossil Fuels related activities and Greenhouse Gas Emissions.

Section 2.7 Treatment of Unrated Companies

- Moved treatment of companies when ratings and research is not available from MSCI Solutions to a new section.

Appendix VII: Methodology Set

- Added details on the Methodology Set for the Indexes

The following sections have been modified as of May 2026

Section 1: Introduction

- Updated language to incorporate the capping steps for the MSCI World Communication Services Advanced Select 20/35 Capped Index

Section 2.6: Applying the MSCI 20/35 Indexes Methodology

- Added new language to clarify that, for MSCI World Communication Services Advanced Select 20/35 Capped Index, the MSCI 20/35 issuer capping is implemented within the optimization process, while for the remaining indexes the capping is applied as a final step under the MSCI Capped Indexes Methodology.

The following sections have been modified as of August 2026

Section 1: Introduction

- Updated section to clarify that the applicable capping constraints are incorporated directly into the optimization process.
- Updated section to align the Minimum Reduction in the Weighted Average Carbon Emission Intensity and the Minimum Reduction in the Potential Emissions

Section 2.6: Applying the MSCI 20/35 Indexes Methodology

- Updated section to reflect that all Indexes have transitioned to apply capping within the optimization process, rather than as a step after optimization.

Appendix II: Optimization Constraints

- The capping constraint has been added to the optimization constraints table
- A new Minimum Index SE% threshold of 5% will be introduced for the MSCI World Financials Advance(d) Select 20/35 Capped Index. Effective at the November 2026 Index Review.

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