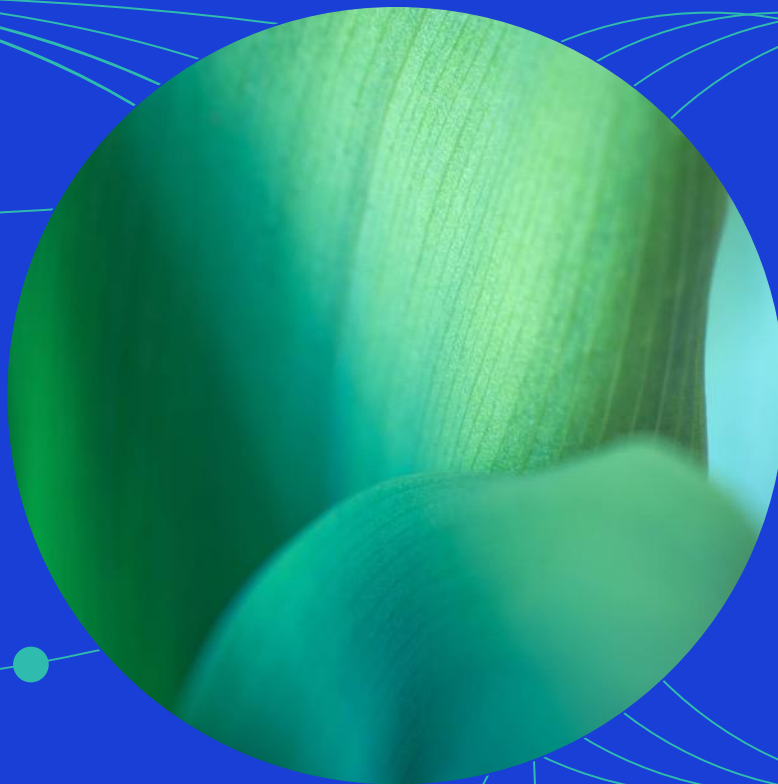




April 2026

# MSCI World Select Multiple Factor ESG Low Carbon Target



## Contents

<b>1</b>	<b>Introduction .....</b>	<b>3</b>
<b>2</b>	<b>Constructing the Index .....</b>	<b>4</b>
2.1	Eligible Universe .....	4
2.2	Defining the Carbon Exposure of each security in the Parent Index .....	5
2.2.1	Greenhouse Gas Emissions .....	5
2.2.2	Potential Emissions from Fossil Fuels.....	6
2.3	Defining the Optimization Setup .....	6
2.4	Determining the Optimized index .....	7
2.5	Treatment of Unrated Companies.....	7
<b>3</b>	<b>Maintaining the Index.....</b>	<b>8</b>
3.1	Quarterly Index Reviews .....	8
3.2	Ongoing Event-Related Maintenance.....	8
<b>4</b>	<b>MSCI Solutions .....</b>	<b>10</b>
4.1	MSCI ESG Ratings .....	10
4.2	MSCI Controversies .....	10
4.3	MSCI Business Involvement Screening Research.....	10
4.4	MSCI Climate Change Metrics.....	10
<b>4.4.1</b>	<b>Fossil Fuels and Power Generation Metrics .....</b>	<b>11</b>
<b>4.4.2</b>	<b>Greenhouse Gas (GHG) Emissions .....</b>	<b>11</b>
	<b>Appendix I: Optimization Constraints .....</b>	<b>12</b>
	<b>Appendix II: Handling Infeasible Optimizations.....</b>	<b>14</b>
	<b>Appendix III: New release of Barra<sup>®</sup> Equity Model or Barra<sup>®</sup> Optimizer.....</b>	<b>15</b>
	<b>Appendix IV: Target Factor Definition Summary .....</b>	<b>16</b>
	<b>Appendix V: Controversial Weapons and Nuclear Weapons Screening Criteria .....</b>	<b>17</b>
	<b>Appendix VI: Calculation of Carbon Exposure Metrics.....</b>	<b>18</b>
	<b>Appendix VII: Methodology Set .....</b>	<b>19</b>
	<b>Appendix VIII: Changes to the Document.....</b>	<b>20</b>

## 1 Introduction

The MSCI World Select Multiple Factor ESG Low Carbon Target Index<sup>1</sup> (the “Index”) represents the performance of a factor investing strategy that integrates environmental, social and governance (ESG) factors and two dimensions of carbon exposure (carbon emissions and fossil fuel reserves).

The Index seeks to maximize exposure to the target style factors relative to the MSCI World Index (the “Parent Index”) by applying an optimization process. The Index also aims to achieve a 20% improvement in ESG factors and a 50% reduction in carbon exposure relative to the Parent Index.

---

<sup>1</sup> The Index is 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 Constructing the Index

The Index uses company ratings and research provided by MSCI Solutions (“MSCI Solutions”)<sup>2</sup> for the Index construction.

Constructing the Index involves the following steps:

- Defining the Eligible Universe
- Defining the Carbon Exposure of each security in the Eligible Universe
- Defining the Optimization setup
- Determining the Optimized Index
- Treatment of Unrated Companies

The steps mentioned above are defined in detail in the sections below.

### 2.1 Eligible Universe

The Eligible Universe is constructed from the constituents of the Parent Index by excluding securities based on the criteria listed below:

- **MSCI Controversy:**
  - All companies assessed as having involvement in MSCI controversies that are classified as Red Flags (MSCI Controversy Score of 0). A Red Flag indicates an ongoing, Very Severe MSCI controversy implicating a company directly through its actions, products, or operations.
- **Tobacco:**
  - All companies classified as “Producer” or deriving 15% or more aggregate revenue from the production, distribution, retail and supply of tobacco-related products.
- **Controversial Weapons:**
  - All companies involved in Controversial Weapons as defined in the description of the screens in Appendix I.
- **Nuclear Weapons:**
  - All companies involved meeting specific Nuclear Weapons business involvement criteria as described in Appendix I.

---

<sup>2</sup> See Section 4 for further information regarding sustainability and climate data used in the Index that MSCI Limited sources 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. MSCI Limited is the benchmark administrator for the MSCI indexes.

- **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.
- **Thermal Coal:**
  - All companies deriving 30% 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 (either reported or estimated).
- **UN Global Compact Principles:**
  - All companies which have been deemed to have failed to comply with the UN Global Compact Principles (which cover human rights, labour standards, the environment and anti-corruption).

## 2.2 Defining the Carbon Exposure of each security in the Parent Index

The carbon exposure of a security is measured in terms of its greenhouse gas emissions and its potential carbon emissions from fossil fuel reserves. The Index uses MSCI Climate Change Metrics data from MSCI Solutions<sup>3</sup> to determine eligibility for index inclusion.

### 2.2.1 Greenhouse Gas Emissions

MSCI Solutions collects company-specific direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions data from company public documents. If a company does not report GHG emissions, then MSCI Solutions estimates 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 emissions for the company.

---

<sup>3</sup> See Section 4 for further information regarding sustainability and climate data used in the Index that MSCI Limited sources 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. MSCI Limited is the benchmark administrator for the MSCI indexes.

## 2.2.2 Potential 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<sup>4</sup>. Fossil fuel reserves can be used for several applications including energy or industrial purposes (e.g. coking coal used for steel production). For the construction of the Indexes, only fossil fuel reserves used for energy purposes are taken into account. The data is updated on an annual basis 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. MSCI normalizes for the company's 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<sup>5</sup>

## 2.3 Defining the Optimization Setup

The Index is constructed using an optimization process. The optimization objective is to maximize the Alpha score (representative of the exposures to the set of target factors) subject to other constraints such as an improvement in the index-level ESG score and a reduction in carbon exposure relative to the Parent Index for a given tracking error budget. The ex-ante tracking error target for the Index is 3%. The Alpha score is defined below.

ESG scores are normalized and used in the optimization process. The normalization of the ESG scores is designed to allow the optimization process to assess each score in the context of the overall distribution of ESG scores.

The optimization is performed using a base currency. The default currency is the US Dollar. Please refer to Appendix I for the Optimization constraints.

### Calculation of the alpha score

The Alpha score of the Index is defined for each security  $i$  as follows:

$$\alpha_i = (0.25) * Value_i + (0.25) * Quality_i + (0.25) * Size_i + (0.25) * Momentum_i$$

Please refer to Appendix IV for a description of the target factors.

---

<sup>4</sup> For more information on MSCI Climate Change Metrics, please refer to <https://www.msci.com/climate-change-solutions>

<sup>5</sup> 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.

## 2.4 Determining the Optimized index

The Index is constructed using the Barra Open Optimizer in combination with the relevant Barra Equity Model<sup>6</sup>. The optimization uses the universe of eligible securities and the specified optimization objective and constraints to determine the Index. The Optimization constraints are listed in Appendix I and the process for handling infeasible optimizations is listed in Appendix II.

## 2.5 Treatment of Unrated Companies

Companies not assessed by MSCI Solutions on data for any of the following MSCI Solutions products are not eligible for inclusion in the Index.

- MSCI Controversies

For the treatment of unrated companies in the calculation of Carbon Exposure Metrics, please refer to Appendix VI.

---

<sup>6</sup> Please refer to Appendix II for the detailed information on model usage.

### 3 Maintaining the Index

#### 3.1 Index Reviews

The Index is rebalanced on a quarterly basis as of the close of the last business day of February, May, August and November, coinciding with the regular Index Review of the MSCI Global Investable Market Indexes.

The Barra Equity Model data as of the day before the rebalancing day is used. This approach aims to capture timely updates to the risk characteristics of the companies and coincide with the rebalancing frequency of the relevant Parent Index. 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 for the rebalancing of the Index. 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 data published after the end of month, when available, for the rebalancing of the Index.

The pro forma Index is in general announced nine business days before the effective date.

#### 3.2 Ongoing Event-Related Maintenance

The general treatment of corporate events in the Index aims 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.

Additionally, if the frequency of Index Reviews in the Parent Index is greater than the frequency of Index Reviews in the MSCI World Select Multiple Factor ESG Low Carbon Target Index, the changes made to the Parent Index during intermediate Index Reviews will be neutralized in the MSCI World Select Multiple Factor ESG Low Carbon Target Index.

The following section briefly describes the treatment of common corporate events within the MSCI World Select Multiple Factor ESG Low Carbon Target Index.

No new securities will be added (except where noted below) to the Index between Index Reviews. Parent Index deletions will be reflected simultaneously.

Event Type	Event Details
<b>New additions to the Parent Index</b>	A new security added to the Parent Index (such as IPO and other early inclusions) will not be added to the index.
<b>Spin-Offs</b>	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. 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 Nonmarket Capitalization Weighted indexes.

The MSCI Corporate Events methodology book is available at: <https://www.msci.com/index-methodology>.

## 4 MSCI Solutions

The Index is a product 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 Index uses the following MSCI Solutions products: 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/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.

For more details on MSCI Business Involvement Screening Research, please refer to <https://www.msci.com/legal/sustainability-and-climate-resources-and-disclosures>.

### 4.4 MSCI Climate Change Metrics

MSCI Climate Change Metrics provides 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 (CO<sub>2</sub>) and the five other principal GHGs: hydrofluorocarbons (HFCs), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), perfluorocarbons (PFCs), and sulfur hexafluoride (SF<sub>6</sub>). Emissions of these other gases are accounted for in terms of the quantity of CO<sub>2</sub> that has an equivalent global warming potential.

## Appendix I: Optimization Constraints

At each quarterly Index Review, the Index is constructed using an optimization process that aims to achieve replicability and investability as well as maximize the Alpha score relative to the Parent Index subject to the constraints in the below table:

No.	Parameter	Values
1	Ex-Ante Tracking Error	3.0%
2	Weighted Average industry adjusted ESG Score improvement relative to the Parent Index	20%
3	Minimum Reduction in the Carbon Emissions Intensity and Potential Emissions per dollar of Market Capitalization, relative to the Parent Index	50%
4	Minimum weight of Index constituents that belong to the Large cap size segment	Max (weight of constituent in the Parent Index – 2%, 0%)
5	Maximum weight of Index constituents that belong to the Large cap size Segment	Min (weight of constituent in the Parent Index + 2%, 10 times the weight of constituents in the Parent Index)
6	Minimum weight of Index constituents that belong to the Mid cap Size Segment	Max (weight of constituent in the Parent Index -1%, 0%)
7	Maximum Constituent Weight in Mid Cap size segment	Min (weight of constituent in the Parent Index + 1%, 5 times the weight of constituent in the Parent Index)
8	Active Exposure to the target Barra Style factors (Book-to-Price, Earnings Yield, Earnings Quality, Investment Quality, Profitability & Momentum) relative to the Parent Index	Between 0.1 and 0.6
9	Active Exposure to the target Barra Style factors (Size, Earnings Variability, Leverage) relative to the Parent Index	Between -0.6 and -0.1
10	Active Exposure to the non-target Barra Style factors (Growth, Liquidity, Beta, Residual Volatility)	+/- 0.1 standard deviation relative to the Parent Index
11	Active Sector Weights	+/-5%

No.	Parameter	Values
12	Active Country Weights <sup>7</sup>	+/-5%
13	One Way Turnover during each Index Review	10%
14	Specific Risk Aversion	0.015
15	Common Factor Risk Aversion	0.0015

---

<sup>7</sup> For countries with weight greater than 2.5% in the Parent Index, the weight in the Index is restricted to +/- 5% relative to the Parent Index. For countries with weight less than 2.5% in the Parent Index, the weight in the Index will be capped at 3 times the weight of the specific country in the Parent Index.

## Appendix II: Handling Infeasible Optimizations

During the Index Review, in the event that there is no optimal solution that satisfies all the optimization constraints defined in Section 3.3, the following constraints are relaxed, until an optimal solution is found:

- Relax the turnover constraint in steps of 2% up to a maximum of 20%
- Relax the asset upper bound multiple in steps of 2 for the Large Cap size segment and in steps of 1 for the Mid Cap size segment, up to a maximum of 5 iterations based upon the following formula

$$wm_{i+1} = step + wm_i \text{ for } i = 0 - 4$$

Where  $wm_i$  = Maximum Active weight multiple

$wm_0 = 10$  and  $step=2$  for the Large Cap size segment

$wm_0 = 5$  and  $step=1$  for the Mid Cap size segment

- The turnover and the asset upper bound multiple constraints are alternately relaxed until a feasible solution is achieved. For example, constraints relaxation is executed in the sequence as illustrated below:

Order of Relaxation	Turnover Limit	Asset Upper Bound Multiple Constraint
1	12.0%	10 times (for Large Cap)/ 5 times (for Mid Cap) the weight of the security in the Parent Index
2	12.0%	12 times (for Large Cap)/ 6 times (for Mid Cap) the weight of the security in the Parent Index
3	14.0%	12 times (for Large Cap)/ 6 times (for Mid Cap) the weight of the security in the Parent Index
4	14.0%	14 times (for Large Cap)/ 7 times (for Mid Cap) the weight of the security in the Parent Index

In the event that no optimal solution is found after the above constraints have been relaxed over all the iterations, the MSCI World Select Multiple Factor ESG Low Carbon Target Index will not be rebalanced for each Quarterly Index Review.

## Appendix III: New release of Barra<sup>®</sup> Equity Model or Barra<sup>®</sup> Optimizer

The methodology presently uses MSCI Barra Global Equity Model for Long-Term Investors (“GEMTLT”) for the optimization. A new release of the relevant Barra Equity Model or Barra Optimizer may replace the former version within a suitable timeframe.

## Appendix IV: Target Factor Definition Summary

The style factor groups targeted in the Index are: Value, Quality, Size and Momentum. These factor groups are described using individual factor scores from the relevant Barra Equity Model. The choice of factors used within each factor group is governed by the current model used for the optimization, which may change with a new release of the Barra Equity Model (as specified in Appendix II). The model data will be used from a day prior to the rebalancing date. All factor exposures are re-normalized at the Parent Index level prior to the calculation of the Alpha score. Following are the definitions of factor groups currently used in the Index.

### Value:

The Value score for each security is calculated by combining the security-level exposures to two factors, Book-to-Price and Earnings Yield, from the relevant Barra Equity Model. A sector-relative score is derived from the combined score by standardizing (z-score) the latter within each sector and winsorizing at +/- 3.

$$\text{Value}_i = (0.33) * \text{BtoP}_i + (0.67) * \text{EarningsYield}_i$$

### Quality:

The Quality score for each security is calculated by combining in equal proportion the security-level exposures to five factors - Profitability, Investment Quality, Earnings Quality, Leverage and Earnings Variability - from the relevant Barra Equity Model. A sector-relative score is derived from the combined score by standardizing (z-score) the latter within each sector and winsorizing at +/- 3.

$$\begin{aligned} \text{Quality}_i = & (0.2) * \text{Profitability}_i + (0.2) * \text{Investment Quality}_i + (0.2) * \text{Earnings Quality}_i \\ & + (-1) * (0.2) * \text{Earnings Variability}_i + (-1) * (0.2) * \text{Leverage}_i \end{aligned}$$

### Size:

The Size score for each security is the winsorized (at +/- 3) z-score of negative of the Size factor score taken from the relevant Barra Equity Model.

### Momentum:

The Momentum score for each security is the winsorized (at +/- 3) z-score of the Momentum factor score taken from the relevant Barra Equity Model.

## Appendix V: Controversial Weapons and Nuclear Weapons Screening Criteria

### Controversial Weapons:

- All companies that are involved in the production of cluster bombs and munitions, or the essential components of these products.
- All companies that are involved in the production of anti-personnel landmines, anti-vehicle landmines, or the essential components of these products.
- All companies involved in the production of depleted uranium weapons and armor.
- All companies that are involved in the production of chemical and biological weapons, or the essential components of these products.
- All companies that are involved in the production of weapons utilizing laser technology to cause permanent blindness.
- All companies that are involved in the production of weapons that use nondetectable fragments to inflict injury.
- All companies that are involved in the production of weapons using white phosphorus.

### 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 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 manufacture components for nuclear-exclusive delivery platforms.
- All companies that manufacture nuclear warheads and/or whole nuclear missiles.
- All companies that provide auxiliary services related to nuclear weapons.

## Appendix VI: Calculation of Carbon Exposure Metrics

### Greenhouse Gas (GHG) Emissions Intensity

Carbon emissions of a company are normalized for size by dividing annual carbon emissions by Sales. The Carbon Emissions Intensity is calculated using the latest Scope 1+2 carbon emissions, and Sales of a company.

Security Level GHG Intensity relative to Sales =

$$\frac{(Scope\ 1 + 2\ Carbon\ Emissions)}{Sales\ (in\ M\$)}$$

If Scope 1+2 carbon emissions and/or EVIC are not available, the average Scope 1+2 intensity of all the constituents of the MSCI ACWI in the same GICS Industry Group in which the security belongs is used:

Weighted Average GHG Intensity of Parent Index =

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

Weighted Average GHG Intensity of Derived Index =

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

### Calculation of Potential Carbon Emissions from Fossil Fuels

Parent Index Potential Carbon Emissions from Fossil Fuels–

$$\sum_i \left( \frac{(Float\ Market\ Capitalization * Absolute\ Potential\ Emissions)}{Issuer\ Market\ Capitalization} \right)$$

Derived Index Potential Carbon Emissions from Fossil Fuels–

$$\sum_i \left( \frac{(Derived\ Index\ Market\ Capitalization * Absolute\ Potential\ Emissions)}{Issuer\ Market\ Capitalization} \right)$$

## Appendix VII: Methodology Set

The Index is 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 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 the Document

### The following sections have been modified effective May 2022:

- Section 3.3 has been updated to reflect the change in optimization constraints.
- Section 4.1 has been updated to reflect the changes in rebalancing frequency.
- Appendix I has been updated to reflect the change in handling of optimization infeasibility.
- Appendix III has been updated to reflect the parent-level normalization of target factors.

### The following sections have been modified effective December 2022:

- Appendix V: Added to reference formulae used for Carbon Emission Intensity and the Potential Emissions per dollar of market capitalization calculation.

### The following sections have been modified effective December 2023:

- Section 2.1: Moved the description of the ESG Screening criteria for all screens except controversial and nuclear weapons from Appendix II.
- Section 2.4: Created a new section for companies not assessed by MSCI Solutions
- Section 4: Moved the ESG Product descriptions from Section 2.
- Appendix VI: The calculation of carbon exposure metrics was updated to reflect the change to weighted average carbon emissions intensity.

### The following sections have been updated as of February 2024:

- Section 2.5: Added details on the treatment of unrated companies
- Appendix VI: The calculation of potential emissions was clarified.
- Appendix VII: Added details on the Methodology Set for the Index

### The following section has been modified as of April 2026

- Updated the references to the research provider from "MSCI ESG Research" to "MSCI Solutions LLC" and associated changes related products to reflect the name change.

## Contact us

### About MSCI Inc.

MSCI (NYSE: MSCI Inc.) strengthens global markets by connecting participants across the financial ecosystem with a common language. Our research-based data, analytics and indexes, supported by advanced technology, set standards for global investors and help our clients understand risks and opportunities so they can make better decisions and unlock innovation. We serve asset managers and owners, private-market sponsors and investors, hedge funds, wealth managers, banks, insurers and corporates.

To learn more, please visit [www.msci.com/msci.com/contact-us](http://www.msci.com/msci.com/contact-us)

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>.

### About MSCI Sustainability and Climate Products and Services

MSCI Sustainability and Climate products and services are provided by MSCI Solutions LLC and certain related entities, and are designed to provide in-depth research, ratings and analysis of environmental, social and governance related business practices to companies worldwide. ESG ratings, data and analysis from MSCI Sustainability and Climate are also used in the construction of MSCI Indexes.

### AMERICA

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	

## Notice and disclaimer

The data, data feeds, databases, reports, text, graphs, charts, images, videos, recordings, models, metrics, analytics, indexes, ratings, scores, cases, estimates, assessments, software, websites, products, services and other information and materials contained herein or delivered in connection with this notice (collectively, the "Information") are copyrighted, trade secrets (when not publicly available), trademarks and proprietary property of MSCI Inc. or its subsidiaries (collectively, "MSCI"), MSCI's licensors, direct or indirect suppliers and authorized sources, and/or any third party contributing to the Information (collectively, with MSCI, the "Information Providers"). All rights in the Information are reserved by MSCI and its Information Providers and user(s) shall not, nor assist others to, challenge or assert any rights in the Information.

Unless you contact MSCI and receive its prior written permission, you must NOT use the Information, directly or indirectly, in whole or in part (i) for commercial purposes, (ii) in a manner that competes with MSCI or impacts its ability to commercialize the Information or its services, (iii) to provide a service to a third party, (iv) to permit a third party to directly or indirectly access, use or resell the Information, (v) to redistribute or resell the Information in any form, (vi) to include the Information in any materials for public dissemination such as fund factsheets, market presentations, prospectuses, and investor information documents (e.g. KIDs or KIDS), (vii) to create or as a component of any financial products, whether listed or traded over the counter or on a private placement basis or otherwise, (viii) to create any indexes, ratings or other data products, including in derivative works combined with other indexes or data or as a policy, product or performance benchmarks for active, passive or other financial products, (ix) to populate a database, or (x) to train, use as an input to, or otherwise in connection with any artificial intelligence, machine learning, large language models or similar technologies except as licensed and expressly authorized under MSCI's AI Contracting Supplement at <https://www.msci.com/legal/supplemental-terms-for-client-use-of-artificial-intelligence>.

The intellectual property rights of MSCI and its Information Providers may not be misappropriated or used in a competitive manner through the use of third-party data or financial products linked to the Information, including by using an MSCI index-linked future or option in a competing third-party index to provide an exposure to the underlying MSCI index or by using an MSCI index-linked ETF to create a financial product that provides an exposure to the underlying MSCI index without obtaining a license from MSCI.

The user or recipient of the Information assumes the entire risk of any use it may make, permit or cause 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 ANY IMPLIED WARRANTIES OF ORIGINALITY, ACCURACY, TIMELINESS, SUITABILITY, 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 MSCI or any other Information Provider have any liability arising out of or relating to any of the Information, including 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 by applicable law be excluded or limited.

The Information, including index construction, ratings, historical data, or analysis, is not a prediction or guarantee of future performance, and must not be relied upon as such. Past performance is not indicative of future results. The Information may contain back tested data. Back-tested performance based on back-tested data 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. 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. Signals are inherently backward-looking because of their use of historical data, and they are inherently inaccurate, not intended to predict the future and must not be relied upon as such. The relevance, correlations and accuracy of Signals frequently change materially over time.

The Information may include data relating to indicative prices, evaluated pricing or other information based on estimates or evaluations (collectively, "Evaluations") that are not current and do not reflect real-time traded prices. No evaluation method, including those used by the Information Providers, may consistently generate evaluations or estimates that correspond to actual "traded" prices of any relevant securities or other assets. Evaluations are subject to change at any time without notice and without any duty to update or inform you, may not reflect prices at which actual transactions or collateral calls may occur or have occurred. The market price of securities, financial instruments, and other assets can be determined only if and when executed in the market. There may be no, or may not have been any, secondary trading market for the relevant securities, financial instruments or other assets. Private capital, equity, credit and other assets and their prices may be assessed infrequently, may not be priced on a secondary market, and shall not be relied upon as an explicit or implicit valuation of a particular instrument. Any reliance on fair value estimates and non-market inputs introduces potential biases and subjectivity. Internal Rate of Return metrics are not fully representative without full disclosure of fund cash flows, assumptions, and time horizons.

The Information does not constitute, and must not be relied upon as, investment advice, credit ratings, or proxy advisory or voting services. None of the Information Providers, their products or services, are fiduciaries or make any recommendation, endorsement, or approval of any investment decision or asset allocation. Likewise, the Information does not represent an offer to sell, a solicitation to buy, or an endorsement of any security, financial product, instrument, investment vehicle, or trading strategy, whether or not linked to or in any way based on any MSCI index, rating, subcomponent, or other Information (collectively, "Linked Investments"). The Information should not be relied on and is not a substitute for the skill, judgment and experience of any user when making investment and other business decisions. MSCI is not responsible for any user's compliance with applicable laws and regulations. All Information is impersonal, not tailored to the needs of any person, entity or group of persons, not objectively verifiable in every respect, and may not be based on information that is important to any user.

It is not possible to invest 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 makes no assurance that any Linked Investments will accurately track index performance or provide positive investment returns. Index returns do not represent results of actual trading of investable assets/securities. MSCI maintains and calculates indexes but does not manage 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 securities underlying the index or Linked Investments. The imposition of these fees and charges would cause the performance of a Linked Investment to be different than the MSCI index performance.

Information provided by MSCI Solutions LLC and certain related entities ("MSCI Solutions"), including materials utilized in MSCI sustainability and climate products, have not been submitted to, nor received approval from any regulatory body. MSCI sustainability and climate offerings, research and data are produced by, and ratings are solely the opinion of MSCI Solutions. Other MSCI products and services may utilize information from MSCI Solutions, Barra LLC or other affiliates. More information can be found in the relevant methodologies on [www.msci.com](http://www.msci.com). MSCI Indexes are administered by MSCI Limited (UK) and MSCI Deutschland GmbH. No regulated use of any MSCI private real assets indexes in any jurisdiction is permitted without MSCI's express written authorization. The process for applying for MSCI's express written authorization can be found at: <https://www.msci.com/index-regulation>.

MSCI receives compensation in connection with licensing its indexes and other Information to third parties. MSCI Inc.'s revenue includes fees based on assets in Linked Investments. Information can be found in MSCI Inc.'s company filings on the Investor Relations section of [msci.com](http://msci.com). Issuers mentioned in MSCI Solutions materials or their affiliates may purchase research or other products or services from one or more MSCI affiliates, manage financial products such as mutual funds or ETFs rated by MSCI Solutions or its affiliates or are based on MSCI Indexes. 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. Constituents in MSCI Inc. equity indexes may include MSCI Inc., clients of MSCI or suppliers to MSCI. MSCI Solutions has taken steps to mitigate potential conflicts of interest and safeguard the integrity and independence of its research and ratings.

MIFID2/MIFIR notice: MSCI Solutions 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 product or service supports, promotes or is intended to support or promote any such activity. MSCI Solutions is an independent provider of sustainability and climate data. All use of indicative prices for carbon credits must comply with any rules specified by MSCI. All transactions in carbon credits must be traded "over-the-counter" (i.e. not on a regulated market, trading venue or platform that performs a similar function to a trading venue) and result in physical delivery of the carbon credits.

You may not remove, alter, or obscure any attribution to MSCI or notices or disclaimers that apply to the Information. MSCI, Barra, RiskMetrics, 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 Dow Jones Indices. "Global Industry Classification Standard (GICS)" is a service mark of MSCI and S&P Dow Jones Indices. Terms such as including, includes, for example, such as and similar terms used herein are without limitation.

MSCI and its Information Providers may use automated technologies and artificial intelligence to help generate content and output incorporated in the Information.

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>. For copyright infringement claims contact us at [dmca@msci.com](mailto:dmca@msci.com). This notice is governed by the laws of the State of New York without regard to conflict of laws principles.