

METHODOLOGY BOOK FOR:

- MSCI EUROPE COUNTRIES ESG SELECT INDEX**
- MSCI EUROPE COUNTRIES ESG SELECT 5% DECREMENT INDEX**
- MSCI EUROPE COUNTRIES ESG SELECT 50 POINTS DECREMENT INDEX**

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1 INTRODUCTION

The MSCI Europe Countries ESG Select Index aims to represent the performance of a selection of 50 securities from select countries within the MSCI Europe Index, which have both a robust ESG profile as well as a positive trend in improving that profile. The Index constituents are weighted by tilting free-float adjusted market capitalization based upon certain ESG metrics.

The MSCI Europe Countries ESG Select 5% Decrement Index aims to represent the performance of the MSCI Europe Countries ESG Select Index while applying a constant markdown ('synthetic dividend') expressed in percentage terms.

The MSCI Europe Countries ESG Select 50 Points Decrement Index aims to represent the performance of the MSCI Europe Countries ESG Select Index while applying a constant markdown ('synthetic dividend') expressed in index points.

2 MSCI Solutions

MSCI Solutions provides in-depth research, ratings and analysis of the environmental, social and governance-related business practices of thousands of companies worldwide. It consists of an integrated suite of tools and products to efficiently manage research, analysis and compliance tasks across the spectrum of ESG factors.

The Index uses company ratings and research provided by MSCI Solutions. In particular, this index uses the following three MSCI sustainability and climate products: MSCI ESG Ratings, MSCI Controversies Score, and MSCI Business Involvement Screening Research.

For details on MSCI Solutions' full suite of ESG products, please refer to: http://www.msci.com/products/esg/about_msci_esg_research.html

2.1 MSCI ESG RATINGS

MSCI ESG Ratings provides research, analysis and ratings of how well companies manage environmental, social and governance risks and opportunities.

MSCI ESG Ratings provides an overall company ESG rating - a seven point scale from 'AAA' to 'CCC'. In addition, the product provides scores and percentiles indicating how well a company manages each key issue relative to industry peers.

For more details on MSCI ESG Ratings, please refer to <https://www.msci.com/esg-ratings>.

2.2 MSCI CONTROVERSIES

MSCI Controversies (previously known as MSCI ESG Impact Monitor) provides assessments of controversies concerning the negative environmental, social, and/or governance impact of company operations, products and services. The evaluation framework used in MSCI 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.

For more details on MSCI Controversies Score, please refer to <https://www.msci.com/esg-integration>.

2.3 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 http://www.msci.com/resources/factsheets/MSCI_ESG_BISR.pdf

3 CONSTRUCTING THE INDEX

The MSCI Europe Countries ESG Select Index is constructed by applying the following steps to the MSCI Europe Index (the “Parent Index”).

- Applicable Universe
- Eligible Universe
- Security Selection
- Weighting Scheme

In addition to the above steps, the following step is applied to construct the MSCI Europe Countries ESG Select 5% Decrement Index and the MSCI Europe Countries ESG Select 50 Points Decrement Index

- Applying the MSCI Decrement Indexes Methodology

3.1 APPLICABLE UNIVERSE

The Applicable Universe consists of all constituents of the Parent Index with France, Netherlands, Belgium and Germany as their MSCI country of classification¹. Also, the securities in the Applicable Universe should be denominated in Euro.

3.2 ELIGIBLE UNIVERSE

The Eligible Universe is constructed from the Applicable Universe after excluding securities based on Controversies Score and Controversial Weapons Businesses screening as defined in Section 3.2 Eligible Universe of the MSCI ESG Universal Indexes Methodology².

3.3 SECURITY SELECTION

The top 50 securities, ranked by their free-float adjusted market capitalization are selected from the Eligible Universe.

3.4 WEIGHTING SCHEME

The resultant set of securities is then weighted as per Section 3.4 Weighting Scheme of the MSCI ESG Universal Indexes Methodology, with the exception that issuer level capping is not applied during the constituent weighting.

¹ Please refer to the MSCI Global Investable Market Indexes methodology for further information on MSCI’s country of classification at www.msci.com/index-methodology

² Please refer to the MSCI ESG Universal Indexes methodology at www.msci.com/index-methodology

The securities selected and their corresponding weights in the index after the application of the above methodology form the “MSCI Europe Countries ESG Select Index”.

3.5 APPLYING THE MSCI DECREMENT INDEXES METHODOLOGY

The MSCI Decrement Indexes Methodology³ is applied on the MSCI Europe Countries ESG Select Index using the parameters mentioned in Table 1 of Appendix 1, to construct the “MSCI Europe Countries ESG Select 5% Decrement Index”.

The MSCI Decrement Indexes Methodology is applied on MSCI Europe Countries ESG Select Index using the parameters mentioned in Table 2 of Appendix 1, to construct the “MSCI Europe Countries ESG Select 50 Points Decrement Index”.

³ Please refer to the MSCI Decrement Indexes methodology at www.msci.com/index-methodology

4 MAINTAINING THE INDEX

4.1 QUARTERLY INDEX REVIEWS

The MSCI Europe Countries ESG Select Index is reviewed on a quarterly basis, coinciding with the May and November Semi-Annual Index Reviews and the February and August Quarterly Index Reviews of the Parent Index.

In general, MSCI uses MSCI Solutions data (including MSCI ESG Ratings, MSCI Controversies Scores and MSCI Business Involvement Screening Research) 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 ESG data published after the end of month, when available, for the rebalancing of the Index.

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

At each Quarterly Index Review, the MSCI Europe Countries ESG Select Index is rebalanced as described in Section 3. Additionally, a 20% security selection buffer is applied for security selection as described in the following section.

4.1.1 BUFFER RULES

To reduce turnover and enhance Index stability, a security selection buffer of 20% is applied on securities selected during the security selection step noted in Section 3.3 at each Quarterly Index Review.

The Index targets 50 securities from the Parent Index and the 20% buffer is applicable for securities ranked between 40 and 60.

The securities with a rank at or below 40 will be added to the Index on a priority basis. Existing constituents not included in the previous step that have a rank between 41 and 60 are then successively added until the number of securities reaches 50. If the number of securities is below 50 after this step, the remaining securities with the highest rank are added until the number of securities in the Index reaches 50.

4.2 ONGOING EVENT-RELATED CHANGES

The general treatment of corporate events in the MSCI Europe Countries ESG Select 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 Europe Countries ESG Select Index, the changes made to the Parent Index during intermediate Index Reviews will be neutralized in the MSCI Europe Countries ESG Select Index.

The following section briefly describes the treatment of common corporate events within the MSCI Europe Countries ESG Select 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
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. Reevaluation for continued inclusion in the Index will occur at the subsequent Index Review.
Merger/Acquisition	<p>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.</p> <p>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.</p>
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>

APPENDIX 1: PARAMETERS USED FOR THE MSCI DECREMENT INDEXES METHODOLOGY

The following parameters are used in the calculation of the Decrement Indexes.

Table 1:

	MSCI Decrement Index Methodology Parameters	MSCI Europe Countries ESG Select 5% Decrement Index
1	Currency of Calculation	EUR
2	Return Variant of the Parent Index	Daily Net Total Return
3	Decrement Type	Fixed Percentage Decrement
4	Decrement Application	Geometric Application
5	Decrement Value	5%
6	Day-count Convention	Act/365
7	Index Floor	0
8	Decrement Frequency	Daily

Table 2:

	MSCI Decrement Index Methodology Parameters	MSCI Europe Countries ESG Select 50 Points Decrement Index
1	Currency of Calculation	EUR
2	Return Variant of the Parent Index	Daily Gross Total Return
3	Decrement Type	Fixed Points Decrement
4	Decrement Application	Geometric Application
5	Decrement Value	50 Index Points
6	Day-count Convention	Act/365
7	Index Floor	0
8	Decrement Frequency	Daily

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Our line of products and services includes indexes, analytical models, data, real estate benchmarks and ESG research.

MSCI serves 98 of the top 100 largest money managers, according to the most recent P&I ranking.

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