

CONSULTATION ON POTENTIAL CHANGES TO MSCI ESG INDEXES METHODOLOGIES

March 2016

SUMMARY

- Following proposed changes to MSCI ESG Impact Monitor, MSCI is proposing to adapt the following MSCI ESG Indexes methodologies to ensure that the index methodology remains consistent with the current index objectives
 - MSCI Global Sustainability Indexes
 - MSCI Global Socially Responsible Indexes (MSCI SRI Indexes)
 - MSCI KLD 400 Social Index
 - MSCI USA Catholic Values Index
 - MSCI USA ESG Select Index
 - MSCI ACWI Sustainable Impact Index
- Highlights of proposed changes

| Proposed Impact Monitor Change | Proposed Index Methodology Change |
|---|---|
| Change in scoring model and introduction of Orange flag | Adjust Impact Monitor Threshold used for index eligibility |
| Removal of Business Involvement Screening from Impact Monitor | Introduce Business Involvement Screening in index methodology |

- MSCI is proposing to implement these changes at the May 2016 Index Review, subject to the implementation timeline of the proposed Impact Monitor changes
- Additionally, MSCI is also soliciting feedback on the construction methodology for the country and regional MSCI Global Sustainability Indexes and MSCI Global Socially Responsible Indexes

AGENDA

Changes to Impact Monitor

Proposed index methodology changes following Impact Monitor changes

Alternate approaches to MSCI ESG/SRI index construction

CHANGES TO IMPACT MONITOR

A summary of changes to Impact Monitor
Methodology

SUMMARY OF CHANGES

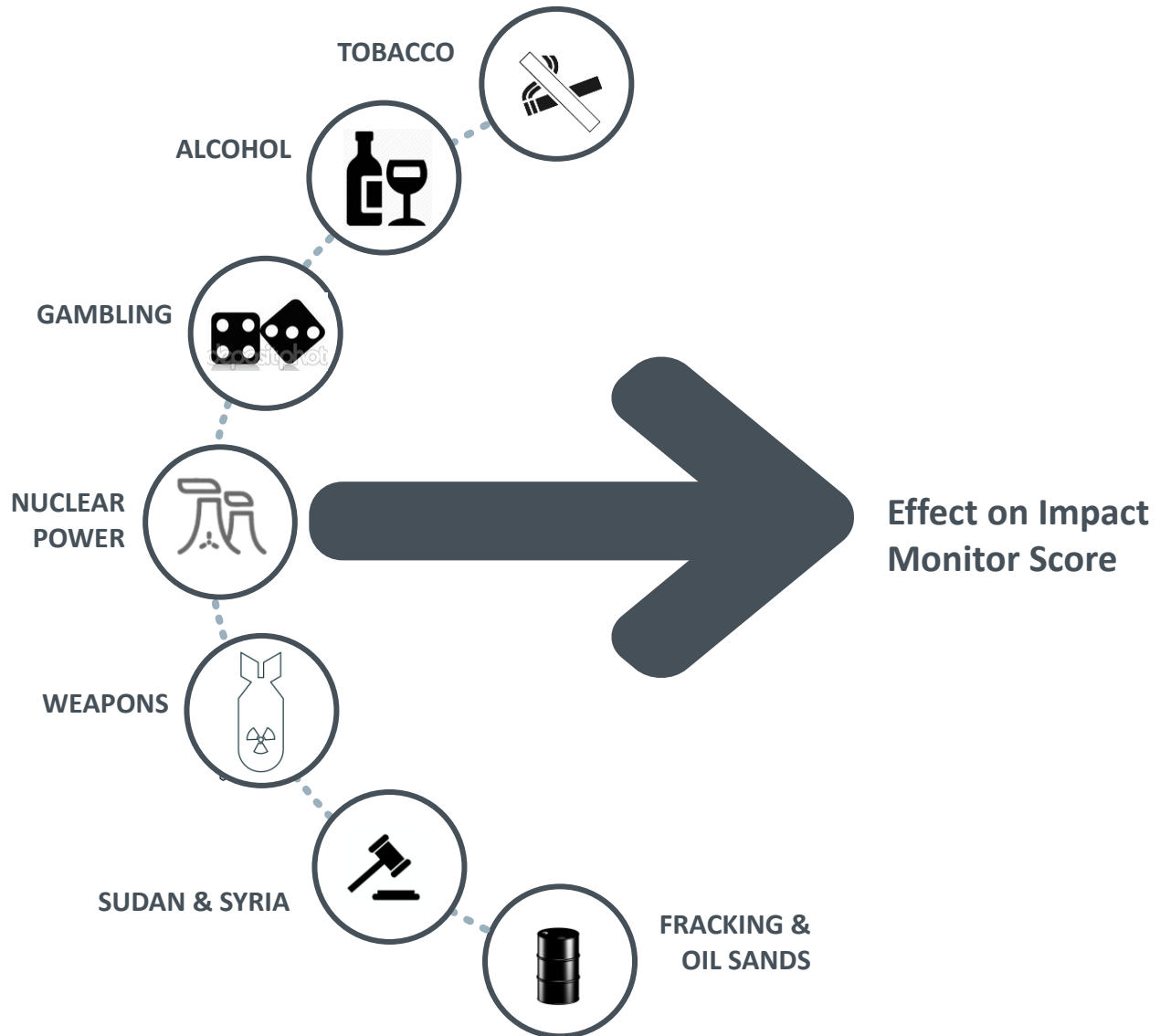
- Changes in scoring model
 - Case level scoring introduced
 - 1 point deducted for a pattern of controversies in the same KPI
 - Introduction of Orange Flag (Impact Monitor (IM) Score = 1)
 - Red Flag (Previously IM Score = 0/1, Proposed IM Score = 0) reserved for only worst of the worst controversies
- Separation of Business Involvement Screening from Impact Monitor
 - Companies which derive significant proportion of their revenues from activities with negative social/environmental impact had a ceiling on their IM Score
 - The proposed change removes the impact of Controversial Business Involvement (CBI) on the IM Score, so that the IM Score reflects only events-based controversies

PROPOSED SCORE RANGE OVERVIEW

| CURRENT SCORES | CURRENT FLAGS | PROPOSED SCORES | PROPOSED FLAGS |
|----------------|---------------|-----------------|----------------|
| 0 | RED | 0 | RED |
| 1 | RED | 1 | ORANGE |
| 2 | YELLOW | 2 | YELLOW |
| 3 | YELLOW | 3 | YELLOW |
| 4 | YELLOW | 4 | YELLOW |
| 5 | GREEN | 5 | GREEN |
| 6 | N/A | 6 | GREEN |
| 7 | GREEN | 7 | GREEN |
| 8 | GREEN | 8 | GREEN |
| 9 | N/A | 9 | GREEN |
| 10 | GREEN | 10 | GREEN |



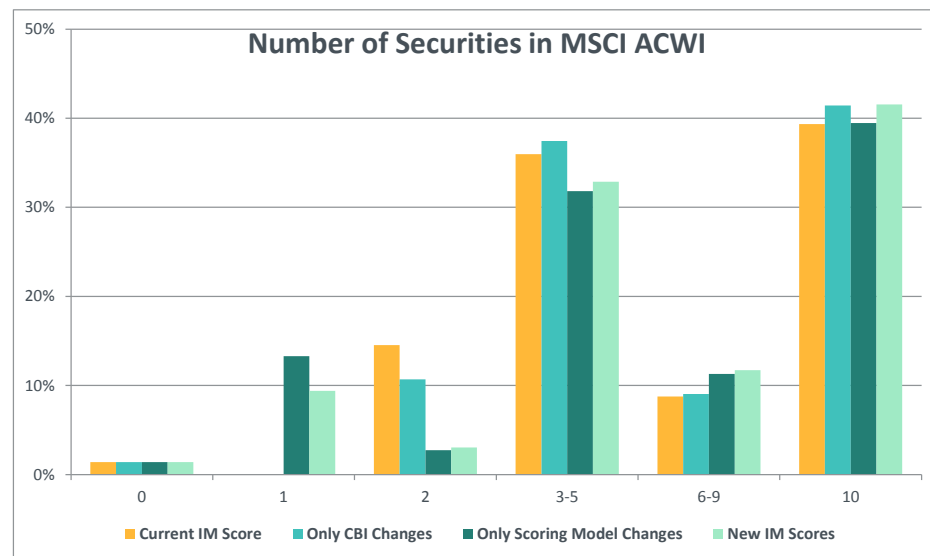
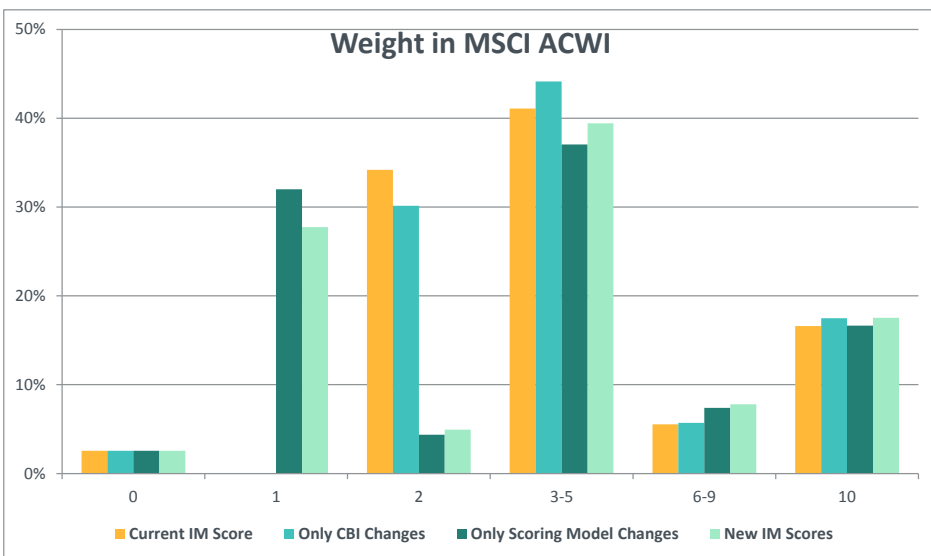
WHICH CBIs ARE CURRENTLY INCORPORATED IN IMPACT MONITOR, AND HOW?



CONTROVERSIAL BUSINESS INVOLVEMENT SUMMARY

| Activity | CBI Screen |
|-----------------------|---|
| Alcohol | Producer + (Alcohol Revenue > 1 billion USD OR Alcohol Revenue % > 50%) |
| Tobacco | Producer |
| Gambling | Gambling Operations/ Gambling Support AND (Gambling Revenue > 1 billion USD or Gambling Revenue % > 50%) |
| Nuclear Power | Installed Capacity > 3000 MW OR Percent Capacity Nuclear > 50% OR Nuclear Fuel Enrichment OR Nuclear Uranium Mining OR Nuclear Reactor Design |
| Syria/Sudan | Involvement in Syria/Sudan |
| Weapons | Producer + (Revenue > 1 billion USD OR Revenue % > 50%) |
| Controversial Weapons | Landmine/ Cluster Bomb/ Depleted Uranium/ Nuclear Weapon Systems or Components/ Bio-Chemical Weapons Systems or Components |
| Oil Sands | Energy Intensity of Oil Sands Processing |

ANTICIPATED IM SCORE DISTRIBUTION – MSCI ACWI INDEX



Data as of January 18, 2016

- Post the removal of CBI, 93 securities with a total weight of 3.7% in MSCI ACWI Index will move from Impact Monitor Score of 2 to higher
- Post the scoring model changes, **708** securities with a total weight of **48.8%** in MSCI ACWI Index will have an IM Score change, with 422 securities having 1 point downgrade
- 234 securities with a total weight of 27.7% in MSCI ACWI will have Impact Monitor Score of 1 (Orange Flag)

ESTIMATED IM SCORE TRANSITION

IM Score Transition - Weight in MSCI ACWI Index

| | | New IM Scores | | | | | | | | | | |
|---------------------------|----|---------------|-------|------|------|-------|------|------|------|------|------|-------|
| | | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Old IM Scores | 0 | 2.6% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | 1 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | 2 | 0.0% | 27.7% | 2.8% | 0.5% | 1.0% | 1.4% | 0.2% | 0.0% | 0.0% | 0.0% | 0.6% |
| | 3 | 0.0% | 0.0% | 2.2% | 1.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | 4 | 0.0% | 0.0% | 0.0% | 5.4% | 15.8% | 4.7% | 0.3% | 0.0% | 0.0% | 0.1% | 0.2% |
| | 5 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 9.7% | 1.6% | 0.0% | 0.0% | 0.0% | 0.1% |
| | 6 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | 7 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.4% | 1.2% | 0.1% | 0.0% |
| | 8 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 2.2% | 1.7% | 0.0% |
| | 9 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | 10 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 16.6% |
| Total Weight (Upgrades) | | | | | 14% | | | | | | | |
| Total Weight (Downgrades) | | | | | 35% | | | | | | | |
| Total Weight (No Change) | | | | | 51% | | | | | | | |

IM Score Transition - Number of Securities in MSCI ACWI Index

| | | New IM Scores | | | | | | | | | | |
|-----------------------------------|----|---------------|-----|----|-------|-----|-----|----|----|----|----|-----|
| | | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Old IM Scores | 0 | 35 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2 | 0 | 234 | 37 | 6 | 13 | 27 | 3 | 0 | 2 | 2 | 38 |
| | 3 | 0 | 0 | 39 | 16 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 4 | 0 | 0 | 0 | 50 | 267 | 108 | 6 | 1 | 1 | 1 | 13 |
| | 5 | 0 | 0 | 0 | 0 | 1 | 330 | 59 | 1 | 0 | 0 | 2 |
| | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 11 | 43 | 5 | 1 |
| | 8 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 81 | 76 | 1 |
| | 9 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 979 |
| Number of Securities (Upgrades) | | | | | 409 | | | | | | | |
| Number of Securities (Downgrades) | | | | | 324 | | | | | | | |
| Number of Securities (No Change) | | | | | 1,756 | | | | | | | |

LARGEST SECURITIES WITH LIKELY IM CHANGE

| Security Name | Weight in MSCI ACWI Index | Current IM Score | New IM Score |
|----------------------|---------------------------------|---------------------|--------------|
| APPLE | 1.71% | 2 | 1 |
| EXXON MOBIL CORP | 1.00% | 2 | 1 |
| GENERAL ELECTRIC CO | 0.83% | 2 | 1 |
| JOHNSON & JOHNSON | 0.83% | 2 | 1 |
| WELLS FARGO & CO | 0.73% | 2 | 1 |
| AMAZON.COM | 0.70% | 3 | 2 |
| NESTLE | 0.68% | 2 | 1 |
| ALPHABET C | 0.66% | 2 | 1 |
| JPMORGAN CHASE & CO | 0.65% | 2 | 1 |
| ALPHABET A | 0.63% | 2 | 1 |
| FACEBOOK A | 0.63% | 4 | 3 |
| PROCTER & GAMBLE CO | 0.63% | 4 | 3 |
| PFIZER | 0.59% | 2 | 1 |
| NOVARTIS | 0.56% | 2 | 1 |
| ROCHE HOLDING GENUSS | 0.55% | 2 | 1 |
| COCA COLA (THE) | 0.53% | 4 | 3 |
| TOYOTA MOTOR CORP | 0.48% | 2 | 1 |
| HOME DEPOT | 0.47% | 2 | 1 |
| BANK OF AMERICA CORP | 0.47% | 2 | 1 |
| DISNEY (WALT) | 0.46% | 4 | 5 |
| MERCK & CO | 0.44% | 2 | 1 |
| HSBC HOLDINGS (GB) | 0.41% | 2 | 1 |
| COMCAST CORP A (NEW) | 0.41% | 4 | 3 |
| PHILIP MORRIS INTL | 0.41% | 2 | 1 |
| CITIGROUP | 0.39% | 2 | 1 |

Data as of January 18, 2016

LARGEST SECURITIES WITH IM SCORE = 2 BECAUSE OF CBI

| Security Name | Weight in MSCI ACWI Index | Current IM Score | New IM Score | CBI |
|--------------------------|---------------------------|------------------|--------------|----------------------|
| ANHEUSER-BUSCH INBEV | 0.29% | 2 | 4 | Alcohol |
| BOEING CO | 0.25% | 2 | 3 | Weapons |
| SCHLUMBERGER | 0.25% | 2 | 5 | Oil Sands & Fracking |
| UNITED TECHNOLOGIES CORP | 0.22% | 2 | 4 | Weapons |
| DIAGEO | 0.20% | 2 | 2 | Alcohol |
| SABMILLER | 0.18% | 2 | 5 | Alcohol |
| NEXTERA ENERGY | 0.15% | 2 | 5 | Nuclear Power |
| LVMH MOET HENNESSY | 0.13% | 2 | 5 | Alcohol |
| RAYTHEON | 0.11% | 2 | 5 | Weapons |
| AIRBUS GROUP | 0.11% | 2 | 4 | Weapons |
| GENERAL DYNAMICS CORP | 0.11% | 2 | 6 | Weapons |
| NORTHROP GRUMMAN CORP | 0.10% | 2 | 5 | Weapons |
| FIN RICHEMONT NAMEN A | 0.10% | 2 | 10 | Weapons |
| PRECISION CASTPARTS CORP | 0.10% | 2 | 6 | Weapons |
| SUNCOR ENERGY | 0.09% | 2 | 4 | Oil Sands & Fracking |
| HALLIBURTON CO | 0.08% | 2 | 2 | Oil Sands & Fracking |
| HITACHI | 0.08% | 2 | 3 | Nuclear Power |
| CONSTELLATION BRANDS A | 0.08% | 2 | 10 | Alcohol |
| EXELON CORP | 0.07% | 2 | 4 | Nuclear Power |
| BAE SYSTEMS | 0.07% | 2 | 3 | Weapons |
| EATON CORP PLC | 0.07% | 2 | 5 | Weapons |
| PERNOD RICARD | 0.07% | 2 | 10 | Alcohol |
| AMBEV ON (NEW) | 0.06% | 2 | 5 | Alcohol |
| HEINEKEN NV | 0.06% | 2 | 4 | Alcohol |
| E. ON | 0.06% | 2 | 5 | Nuclear Power |

PROPOSED CHANGES TO METHODOLOGY

MSCI Global Sustainability Indexes

PROPOSED INDEX METHODOLOGY CHANGES

| Parameters | Current Index Methodology | Proposed Index Methodology |
|-------------------------------|---|---|
| Index Objective | <ul style="list-style-type: none"> • Designed to provide exposure to companies with high Environmental, Social and Governance (ESG) performance • Avoiding exposure to companies involved in serious controversies pertaining to ESG impact of their operations, services or products • Avoiding exposure to companies which have significant involvement in activities which have negative social or environmental impact. E.g. Gambling, Tobacco, Alcohol, Nuclear Power | |
| Parent Index | MSCI Regional indexes making up MSCI World Index and MSCI Emerging Markets Index | |
| ESG Rating Eligibility | <ul style="list-style-type: none"> • Non-Constituents: ESG Rating > B • Constituents: ESG Rating > CCC | |
| IM Score Eligibility | <ul style="list-style-type: none"> • Non-Constituents: Impact Monitor Score > 2 • Constituents: Impact Monitor > 1 (Red Flag = IM Score 0/1 under the current ESG Impact Monitor Methodology) | <ul style="list-style-type: none"> • Non-Constituents: Impact Monitor Score > 2 • Constituents: Impact Monitor > 0 (Red Flag = IM Score 0 under the proposed ESG Impact Monitor Methodology) |
| Business Screening | <ul style="list-style-type: none"> • None | <ul style="list-style-type: none"> • Controversial Business Involvement criteria that are currently incorporated in the MSCI ESG Impact Monitor Score |
| Inclusion Criteria | <ul style="list-style-type: none"> • Include highest-rated companies making up 50% of the free float adjusted market capitalization in each GICS sector of the underlying regional parent index, subject to ESG Rating and Impact Monitor eligibility criteria | |
| Index Reviews | Annual: May Quarterly: August, November and February | |

SIMULATION ANALYSIS BASED ON DIFFERENT APPROACHES

| Simulation # | IM Score | Explicit CBI Screening | Deletion criteria for existing constituents | Rationale |
|--|---------------|-----------------------------------|---|--|
| 1 (Base Case – Current) | Old IM | No | (0,1) | Base case to compare against |
| 2 (New IM Score) | New IM | No | (0,1) | No change in index methodology |
| 3 (New IM Score + Explicit CBI) | New IM | Exclude Companies with CBI | (0,1) | New IM Score & screening of companies with CBI |
| 4 (Proposed – (New IM Score + CBI + New Deletion Criteria to account for Orange Flag)) | New IM | Exclude Companies with CBI | 0 | Only Red Flagged securities and companies with controversial businesses ineligible |

SIMULATION RESULTS

| Simulation | Number of Constituents | Eligible Securities | Deletions from Current Index | Additions to Current Index | In Base Case but not in Simulation | Not in Base Case but in Simulation | Turnover from Current Index | Active Share from Base Case | Weighted Average IVA Score |
|--------------------------|------------------------|---------------------|------------------------------|----------------------------|------------------------------------|------------------------------------|-----------------------------|-----------------------------|----------------------------|
| Current Index | 1190 | | | | | | | | 6.11 |
| Case 1 (Base Case) | 1209 | 1780 | 49 | 68 | | | 6.0% | | 6.28 |
| Case 2 | 1330 | 1747 | 102 | 242 | 94 | 215 | 21.5% | 17.5% | 6.19 |
| Case 3 | 1325 | 1678 | 104 | 239 | 88 | 204 | 21.6% | 16.3% | 6.10 |
| Case 4 (Proposed) | 1216 | 1758 | 56 | 82 | 14 | 21 | 7.1% | 1.4% | 6.27 |

Annual Index Reconstitution

Data as of January 18, 2016

Average annual turnover over past 3 annual index reviews: 6.8%

- If there is no change to the index methodology to account for the Impact Monitor Changes (Case 2 and 3), there will be a significant change in index constitution
- Case 4 (proposed methodology) results in similar results as the existing methodology

LARGEST CHANGES FOR EXISTING CONSTITUENTS USING PROPOSED METHODOLOGY

| Security | Current Weight | ESG Rating | Current IM Score | New IM Score | Case 1 | Case 2 | Case 3 | Case 4 |
|--------------------------|----------------|------------|------------------|--------------|--------|--------|--------|--------|
| JOHNSON & JOHNSON | 1.7% | BBB | 2 | 1 | 1.6% | 0.0% | 0.0% | 1.6% |
| ALPHABET C | 1.3% | BBB | 2 | 1 | 1.3% | 0.0% | 0.0% | 1.3% |
| ALPHABET A | 1.3% | BBB | 2 | 1 | 1.3% | 0.0% | 0.0% | 1.3% |
| NOVARTIS | 1.1% | BBB | 2 | 1 | 1.1% | 0.0% | 0.0% | 1.1% |
| ROCHE HOLDING GENUSS | 1.1% | A | 2 | 1 | 1.1% | 0.0% | 0.0% | 1.1% |
| MERCK & CO | 0.9% | A | 2 | 1 | 0.9% | 0.0% | 0.0% | 0.9% |
| HSBC HOLDINGS (GB) | 0.8% | B | 2 | 1 | 0.0% | 0.0% | 0.0% | 0.0% |
| MCDONALD'S CORP | 0.7% | BB | 2 | 1 | 0.7% | 0.0% | 0.0% | 0.7% |
| BRISTOL-MYERS SQUIBB CO | 0.6% | BBB | 2 | 1 | 0.6% | 0.0% | 0.0% | 0.6% |
| GLAXOSMITHKLINE | 0.6% | BBB | 2 | 1 | 0.6% | 0.0% | 0.0% | 0.6% |
| COMMONWEALTH BANK OF AUS | 0.6% | A | 2 | 1 | 0.6% | 0.0% | 0.0% | 0.6% |
| MASTERCARD A | 0.5% | BBB | 4 | 4 | 0.0% | 0.6% | 0.6% | 0.0% |
| VODAFONE GROUP | 0.5% | AAA | 2 | 1 | 0.5% | 0.0% | 0.0% | 0.5% |
| NIKE B | 0.5% | AA | 2 | 1 | 0.5% | 0.0% | 0.0% | 0.5% |
| QUALCOMM | 0.4% | B | 4 | 3 | 0.0% | 0.5% | 0.5% | 0.0% |
| WESTPAC BANKING | 0.4% | AA | 2 | 1 | 0.4% | 0.0% | 0.0% | 0.4% |
| ROYAL BANK OF CANADA | 0.4% | A | 2 | 1 | 0.0% | 0.0% | 0.0% | 0.0% |
| UNILEVER NV (NL) CERT | 0.4% | A | 2 | 1 | 0.4% | 0.0% | 0.0% | 0.4% |
| CHINA MOBILE | 0.4% | BB | 2 | 1 | 0.4% | 0.0% | 0.0% | 0.4% |
| TORONTO-DOMINION BANK | 0.4% | AA | 2 | 1 | 0.4% | 0.0% | 0.0% | 0.4% |
| BASF | 0.4% | AA | 2 | 1 | 0.4% | 0.0% | 0.0% | 0.4% |
| DANAHER CORP | 0.3% | BB | 10 | 10 | 0.3% | 0.0% | 0.3% | 0.3% |
| UNILEVER PLC (GB) | 0.3% | A | 2 | 1 | 0.3% | 0.0% | 0.0% | 0.3% |
| DUKE ENERGY CORP | 0.3% | BB | 2 | 1 | 0.3% | 0.0% | 0.0% | 0.0% |
| ANZ BANKING GROUP | 0.3% | AA | 2 | 1 | 0.3% | 0.0% | 0.0% | 0.3% |

Data as of January 18, 2016

LARGEST CHANGES FOR NON-CURRENT CONSTITUENTS

| Security | ACWI Weight | ESG Rating | Current IM Score | New IM Score | Case 1 | Case 2 | Case 3 | Case 4 |
|--------------------------|-------------|------------|------------------|--------------|--------|--------|--------|--------|
| ABBVIE | 0.3% | BB | 4 | 3 | 0.0% | 0.6% | 0.6% | 0.0% |
| ANHEUSER-BUSCH INBEV | 0.3% | AA | 2 | 4 | 0.0% | 0.6% | 0.0% | 0.0% |
| BOEING CO | 0.3% | A | 2 | 3 | 0.0% | 0.5% | 0.0% | 0.0% |
| SCHLUMBERGER | 0.2% | BBB | 2 | 5 | 0.0% | 0.5% | 0.5% | 0.5% |
| UNITED TECHNOLOGIES CORP | 0.2% | A | 2 | 4 | 0.0% | 0.5% | 0.0% | 0.0% |
| SABMILLER | 0.2% | AAA | 2 | 5 | 0.0% | 0.4% | 0.0% | 0.0% |
| EXPRESS SCRIPTS | 0.2% | BB | 4 | 5 | 0.0% | 0.3% | 0.3% | 0.0% |
| TELEFONICA | 0.1% | A | 4 | 4 | 0.0% | 0.3% | 0.3% | 0.0% |
| DOMINION RESOURCES | 0.1% | BBB | 4 | 4 | 0.0% | 0.0% | 0.3% | 0.3% |
| MCKESSON CORP | 0.1% | BB | 4 | 5 | 0.0% | 0.2% | 0.3% | 0.0% |
| RAYTHEON | 0.1% | A | 2 | 5 | 0.0% | 0.2% | 0.0% | 0.0% |
| SHIRE | 0.1% | BBB | 5 | 5 | 0.0% | 0.2% | 0.2% | 0.0% |
| ABB LTD | 0.1% | A | 4 | 4 | 0.0% | 0.2% | 0.2% | 0.0% |
| FIN RICHEMONT NAMEN A | 0.1% | A | 2 | 10 | 0.0% | 0.2% | 0.0% | 0.0% |
| 21ST CENTURY FOX A | 0.1% | BB | 4 | 4 | 0.0% | 0.2% | 0.2% | 0.0% |
| HITACHI | 0.1% | A | 2 | 3 | 0.0% | 0.2% | 0.0% | 0.0% |
| MANULIFE FINANCIAL CORP | 0.1% | BBB | 10 | 10 | 0.0% | 0.2% | 0.2% | 0.0% |
| MITSUBISHI ESTATE CO | 0.1% | BBB | 10 | 10 | 0.0% | 0.2% | 0.2% | 0.0% |
| BROOKFIELD ASSET MAN A | 0.1% | A | 5 | 5 | 0.0% | 0.2% | 0.2% | 0.0% |
| EXELON CORP | 0.1% | AA | 2 | 4 | 0.0% | 0.2% | 0.0% | 0.0% |
| TOKIO MARINE HOLDINGS | 0.1% | A | 8 | 9 | 0.0% | 0.2% | 0.2% | 0.0% |

Data as of January 18, 2016

PROPOSED CHANGES TO METHODOLOGY

MSCI Global Socially Responsible Indexes

PROPOSED INDEX METHODOLOGY CHANGES

| Parameters | Current Index Methodology | Proposed Index Methodology |
|------------------------|---|---|
| Index Objective | <ul style="list-style-type: none"> Designed to provide exposure to companies which meet stringent best-in-class criteria for managing their ESG risks and opportunities Avoiding exposure to companies involved in serious controversies pertaining to ESG impact of their operations, services or products Values driven investing therefore lower tolerance to companies that sell product which have high negative social impact, ignore human rights standards in their product supply chain | |
| Parent Index | MSCI Regional indexes making up MSCI World Index and MSCI Emerging Markets Index | |
| ESG Rating Eligibility | <ul style="list-style-type: none"> Non-Constituents: ESG Rating > BBB Constituents: ESG Rating > B | |
| IM Score Eligibility | <ul style="list-style-type: none"> Non-Constituents: Impact Monitor Score > 3 Constituents: Impact Monitor > 1 (Red Flag = IM Score 0/1 under the current ESG Impact Monitor Methodology) | <ul style="list-style-type: none"> Non-Constituents: Impact Monitor Score > 3 Constituents: Impact Monitor > 0 (Red Flag = IM Score 0 under the proposed ESG Impact Monitor Methodology) |
| Business Screening | <ul style="list-style-type: none"> Values Based Exclusion Criteria | <ul style="list-style-type: none"> Values Bases Exclusion Criteria Controversial Business Involvement criteria that are currently incorporated in the MSCI ESG Impact Monitor Score |
| Inclusion Criteria | <ul style="list-style-type: none"> Include highest-rated companies making up 25% of the free float adjusted market capitalization in each GICS sector of the underlying regional parent index, subject to ESG Rating and Impact Monitor and Value Based Exclusion eligibility criteria | |
| Index Reviews | Annual: May Quarterly: August, November and February | |

SIMULATION ANALYSIS BASED ON DIFFERENT APPROACHES

| Simulation # | IM Score | Explicit CBI Screening | Deletion criteria for existing constituents | Rationale |
|--|---------------|-----------------------------------|---|--|
| 1 (Base Case – Current) | Old IM | No | (0,1) | Base case to compare against |
| 2 (New IM Score) | New IM | No | (0,1) | No change in index methodology |
| 3 (New IM Score + Explicit CBI) | New IM | Exclude Companies with CBI | (0,1) | New IM Score & screening of companies with CBI |
| 4 (Proposed – (New IM Score + CBI + New Deletion Criteria to account for Orange Flag)) | New IM | Exclude Companies with CBI | 0 | Only Red Flagged securities and companies with controversial businesses ineligible |

SIMULATION RESULTS

| Simulation | Number of Constituents | Eligible Securities | Deletions from Current Index | Additions to Current Index | In Base Case but not in Simulation | Not in Base Case but in Simulation | Turnover from Current Index | Active Share from Base Case | Weighted Average IVA Score |
|--------------------------|------------------------|---------------------|------------------------------|----------------------------|------------------------------------|------------------------------------|-----------------------------|-----------------------------|----------------------------|
| Current Index | 589 | | | | | | | | 7.17 |
| Case 1 (Base Case) | 580 | 843 | 32 | 23 | | | 4.7% | | 7.26 |
| Case 2 | 594 | 806 | 54 | 59 | 30 | 44 | 15.7% | 8.3% | 7.28 |
| Case 3 | 594 | 806 | 54 | 59 | 30 | 44 | 15.7% | 8.3% | 7.28 |
| Case 4 (Proposed) | 580 | 837 | 32 | 23 | 0 | 0 | 4.7% | 0.0% | 7.26 |

Annual Index Reconstitution

Data as of January 18, 2016

Average turnover over past 2 Annual Index Reviews – 9.9%

- If there is no change to the index methodology to account for the Impact Monitor Changes (Case 2 and 3), there will be a significant change in index constitution
- Case 4 (proposed methodology) results in same results as the existing methodology

CURRENT AND PROPOSED BUSINESS SCREENING

| Activity | SRI Values Based Exclusion Screen | CBI Screen | Proposed Screen |
|--------------------------|--|---|--|
| Alcohol | Producer + (Alcohol Revenue > 500 million USD OR Alcohol Revenue % > 5%) | Producer + (Alcohol Revenue > 1 billion USD OR Alcohol Revenue % > 50%) | Producer + (Alcohol Revenue > 500 million USD OR Alcohol Revenue % > 5%) |
| Tobacco | Producer OR ((Distributor OR Retailer OR Supplier) AND Tobacco Revenue % > 15%) | Producer | Producer OR ((Distributor OR Retailer OR Supplier) AND Tobacco Revenue % > 15%) |
| Gambling | Gambling Operations/ Gambling Support AND (Gambling Revenue > 500 million USD or Gambling Revenue % > 5%) | Gambling Operations/ Gambling Support AND (Gambling Revenue > 1 billion USD or Gambling Revenue % > 50%) | Gambling Operations/ Gambling Support AND (Gambling Revenue > 500 million USD or Gambling Revenue % > 5%) |
| Nuclear Power | Nuclear Utility/ Nuclear Fuel Enrichment/ Nuclear Reactor Design/ Nuclear Uranium Mine/ (Nuclear Supplier AND Nuclear Revenue % > 15%) | Installed Capacity > 3000 MW OR Percent Capacity Nuclear > 50% OR Nuclear Fuel Enrichment OR Nuclear Uranium Mining OR Nuclear Reactor Design | Nuclear Utility/ Nuclear Fuel Enrichment/ Nuclear Reactor Design/ Nuclear Uranium Mine/ (Nuclear Supplier AND Nuclear Revenue % > 15%) |
| Adult Entertainment (AE) | Producer + (AE Revenue > 500 million USD OR AE Revenue % > 5%) | None | Producer + (AE Revenue > 500 million USD OR AE Revenue % > 5%) |
| GMO | Involvement in GMO and earning any revenue from it | None | Involvement in GMO and earning any revenue from it |
| Syria/Sudan | None | Involvement in Syria/Sudan | Involvement in Syria/Sudan |
| Weapons | Weapons Revenue % > 5% OR Weapons Revenue > 500 million USD | Producer + (Revenue > 1 billion USD OR Revenue % > 50%) | Weapons Revenue % > 5% OR Weapons Revenue > 500 million USD |
| Controversial Weapons | Landmine/ Cluster Bomb/ Depleted Uranium/ Nuclear Weapon Systems or Components/ Bio-Chemical Weapons Systems or Components | Landmine/ Cluster Bomb/ Depleted Uranium/ Nuclear Weapon Systems or Components/ Bio-Chemical Weapons Systems or Components | Landmine/ Cluster Bomb/ Depleted Uranium/ Nuclear Weapon Systems or Components/ Bio-Chemical Weapons Systems or Components |
| Oil Sands | None | Energy Intensity of Oil Sands Processing | Energy Intensity of Oil Sands Processing |

- 2 new screens to be added to MSCI SRI Indexes. For other activities, SRI Index screens are more restrictive than CBI Screen

PROPOSED CHANGES TO METHODOLOGY

MSCI KLD 400 Social Index

PROPOSED INDEX METHODOLOGY CHANGES

| Parameters | Current Index Methodology | Proposed Index Methodology |
|-------------------------------|---|---|
| Index Objective | <ul style="list-style-type: none"> Designed to provide exposure to 400 U.S. companies that have positive Environmental, Social and Governance (ESG) characteristics Avoiding exposure to companies involved in serious controversies pertaining to ESG impact of their operations, services or products Avoiding exposure to companies which have significant involvement in activities which have negative social or environmental impact. E.g. Gambling, Tobacco, Alcohol, Nuclear Power | |
| Parent Index | <ul style="list-style-type: none"> MSCI USA IMI Index | |
| ESG Rating Eligibility | <ul style="list-style-type: none"> Non-Constituents: ESG Rating > BB Constituents: ESG Rating > B | |
| IM Score Eligibility | <ul style="list-style-type: none"> Non-Constituents: Impact Monitor Score > 2 Constituents: Impact Monitor > 1 (Red Flag = IM Score 0/1 under the current ESG Impact Monitor Methodology) | <ul style="list-style-type: none"> Non-Constituents: Impact Monitor Score > 2 Constituents: Impact Monitor > 0 (Red Flag = IM Score 0 under the proposed ESG Impact Monitor Methodology) |
| Business Screening | <ul style="list-style-type: none"> Values Based Exclusion Criteria | <ul style="list-style-type: none"> Values Based Exclusion Criteria Controversial Business Involvement criteria that are currently incorporated in the MSCI ESG Impact Monitor Score |
| Inclusion Criteria | <ul style="list-style-type: none"> Target relative sector weights of +/- 25% with respect to MSCI USA to align sector weights, subject to ESG Rating, Impact Monitor and business activity screening | |
| Index Reviews | <ul style="list-style-type: none"> Quarterly: May, August, November and February | |

IMPACT ANALYSIS

| Case # | Explicit CBI Screening | Deletion criteria for existing constituents | Rationale | # of newly eligible securities | # of deletions (weight) |
|---|-----------------------------------|---|--|--------------------------------|-------------------------|
| 1. (Base Case) – Current | No | (0,1) | Base case to compare against | 0 | 0 |
| 2. (New IM Score – Only model change) | No | (0,1) | No change in index methodology | 0 | 14 (13.3%) |
| 3. (New IM Score – Only VBE change) | No | (0,1) | No change in index methodology | 2 | 0 |
| 4. (Proposed) – New IM Score + CBI + New Deletion Criteria to account for Orange Flag | Exclude Companies with CBI | 0 | Only Red Flagged securities and companies with controversial businesses ineligible | 0 | 0 |

CHANGES TO THE ELIGIBLE UNIVERSE

Security

| Potential Deletions | Weight in KLD 400 Social* | ESG Rating | IM Score** | New IM Score (case 2)* |
|-------------------------|---------------------------|------------|------------|------------------------|
| ALPHABET A | 2.8% | BBB | 2 | 1 |
| ALPHABET C | 2.9% | BBB | 2 | 1 |
| BANK NEW YORK MELLON | 0.5% | A | 2 | 1 |
| BRISTOL-MYERS SQUIBB CO | 1.4% | BBB | 2 | 1 |
| GAP | 0.1% | A | 2 | 1 |
| KELLOGG CO | 0.3% | AAA | 2 | 1 |
| MCDONALD'S CORP | 1.4% | BB | 2 | 1 |
| MERCK & CO | 1.8% | A | 2 | 1 |
| NIKE B | 1.0% | AA | 2 | 1 |
| SHERWIN-WILLIAMS CO | 0.3% | A | 2 | 1 |
| SOUTHWESTERN ENERGY CO | 0.0% | BB | 2 | 1 |
| STATE STREET CORP | 0.3% | AA | 2 | 1 |
| SYMANTEC CORP | 0.2% | A | 2 | 1 |
| SYSCO CORP | 0.3% | BB | 2 | 1 |
| Newly Eligibles | Weight in USA IMI* | ESG Rating | IM Score** | New IM Score (case 3)* |
| EATON CORP PLC | 0.1% | BBB | 2 | 5 |
| GENESIS HEALTHCARE A | 0.0% | A | 2 | 3 |

* as of March 01, 2016

** as of February 2016

PROPOSED CHANGES TO METHODOLOGY

MSCI USA Catholic Values Index

PROPOSED INDEX METHODOLOGY CHANGES

| Parameters | Current Index Methodology | Proposed Index Methodology |
|-------------------------------|--|--|
| Index Objective | <ul style="list-style-type: none"> • Designed to be used as a U.S. equity benchmark for Catholic investors who seek equity ownership in alignment with the moral and social teachings of the Catholic Church • Avoiding exposure to companies involved in serious controversies pertaining to ESG impact of their operations, services or products • Avoiding exposure to companies which have significant involvement in activities which have negative social or environmental impact. E.g. Gambling, Tobacco, Alcohol, Nuclear Power | |
| Parent Index | <ul style="list-style-type: none"> • MSCI USA IMI Index | |
| ESG Rating Eligibility | <ul style="list-style-type: none"> • Non-Constituents: ESG Rating > BB • Constituents: ESG Rating > B | |
| IM Score Eligibility | <ul style="list-style-type: none"> • Non-Constituents: Impact Monitor Score > 2 • Constituents: Impact Monitor > 1 (Red Flag = IM Score 0/1 under the current ESG Impact Monitor Methodology) | <ul style="list-style-type: none"> • Non-Constituents: Impact Monitor Score > 2 • Constituents: Impact Monitor > 0 (Red Flag = IM Score 0 under the proposed ESG Impact Monitor Methodology) |
| Business Screening | <ul style="list-style-type: none"> • Values Based Exclusion Criteria • Catholic Value Screens | <ul style="list-style-type: none"> • Values Based Exclusion Criteria • Catholic Value Screens • Controversial Business Involvement criteria that are currently incorporated in the MSCI ESG Impact Monitor Score |
| Inclusion Criteria | <ul style="list-style-type: none"> • Target relative sector weights of +/- 25% with respect to MSCI USA to align sector weights, subject to ESG Rating, Impact Monitor and business activity screening | |
| Index Reviews | <ul style="list-style-type: none"> • Quarterly: May, August, November and February | |

IMPACT ANALYSIS

| Case # | Explicit CBI Screening | Deletion criteria for existing constituents | Rationale | # of newly eligible securities | # of deletions (weight) |
|---|-----------------------------------|---|--|--------------------------------|-------------------------|
| 1. (Base Case) – Current | No | (0,1) | Base case to compare against | 0 | 0 |
| 2. (New IM Score – Only model change) | No | (0,1) | No change in index methodology | 0 | 13 (10.6%) |
| 3. (New IM Score – Only VBE change) | No | (0,1) | No change in index methodology | 2 | 0 |
| 4. (Proposed) – New IM Score + CBI + New Deletion Criteria to account for Orange Flag | Exclude Companies with CBI | 0 | Only Red Flagged securities and companies with controversial businesses ineligible | 0 | 0 |

CHANGES TO THE ELIGIBLE UNIVERSE

Security

| Potential Deletions | Weight in USA Catholic Values* | ESG Rating | IM Score** | New IM Score (case 2)* |
|------------------------|--------------------------------|------------|------------|------------------------|
| ALPHABET A | 2.9% | BBB | 2 | 1 |
| ALPHABET C | 3.0% | BBB | 2 | 1 |
| BANK NEW YORK MELLON | 0.5% | A | 2 | 1 |
| CONAGRA FOODS | 0.2% | BBB | 2 | 1 |
| GAP | 0.1% | A | 2 | 1 |
| KELLOGG CO | 0.3% | AAA | 2 | 1 |
| MCDONALD'S CORP | 1.5% | BB | 2 | 1 |
| NIKE B | 1.1% | AA | 2 | 1 |
| SHERWIN-WILLIAMS CO | 0.3% | A | 2 | 1 |
| SOUTHWESTERN ENERGY CO | 0.0% | BB | 2 | 1 |
| STATE STREET CORP | 0.3% | AA | 2 | 1 |
| SYMANTEC CORP | 0.2% | A | 2 | 1 |
| SYSCO CORP | 0.3% | BB | 2 | 1 |
| Newly Eligibles | Weight in USA IMI | ESG Rating | IM Score** | New IM Score (case 2)* |
| EATON CORP PLC | 0.1% | BBB | 2 | 5 |
| GENESIS HEALTHCARE A | 0.0% | A | 2 | 3 |

* as of March 01, 2016

** as of February 2016

PROPOSED CHANGES TO METHODOLOGY

MSCI USA ESG Select Index

PROPOSED INDEX METHODOLOGY CHANGES

| Parameters | Current Index Methodology | Proposed Index Methodology |
|-----------------------------|---|---|
| Index Objective | <ul style="list-style-type: none"> • Designed to maximize exposure to positive ESG factors while exhibiting risk and return characteristics similar to those of the MSCI USA Index • Avoiding exposure to companies involved in serious controversies pertaining to ESG impact of their operations, services or products • Avoiding exposure to companies which have significant Tobacco involvement | |
| Parent Index | <ul style="list-style-type: none"> • MSCI USA Index | |
| IM Score Eligibility | <ul style="list-style-type: none"> • Non-Constituents: Impact Monitor Score > 2 • Constituents: Impact Monitor > 1 (Red Flag = IM Score 0/1 under the current ESG Impact Monitor Methodology) | <ul style="list-style-type: none"> • Non-Constituents: Impact Monitor Score > 2 • Constituents: Impact Monitor > 0 (Red Flag = IM Score 0 under the proposed ESG Impact Monitor Methodology) |
| Business Screening | <ul style="list-style-type: none"> • Tobacco involvement | <ul style="list-style-type: none"> • Tobacco involvement • Controversial Business Involvement criteria that are currently incorporated in the MSCI ESG Impact Monitor Score |
| Inclusion Criteria | <ul style="list-style-type: none"> • Securities are selected during the Optimization process from the set of eligible securities given various constraints such as security weights, sectors, tracking error etc. | |
| Index Reviews | <ul style="list-style-type: none"> • Quarterly: May, August, November and February | |

IMPACT ANALYSIS

| Case # | Explicit CBI Screening | Deletion criteria for existing constituents | Rationale | # of newly eligible securities | # of deletions (weight) |
|---|-----------------------------------|---|--|--------------------------------|-------------------------|
| 1. (Base Case) – Current | No | (0,1) | Base case to compare against | 0 | 0 |
| 2. (New IM Score – Only model change) | No | (0,1) | No change in index methodology | 0 | 9 (15.3%) |
| 3. (New IM Score – Only VBE change) | No | (0,1) | No change in index methodology | 18 | 0 |
| 4. (Proposed) – New IM Score + CBI + New Deletion Criteria to account for Orange Flag | Exclude Companies with CBI | 0 | Only Red Flagged securities and companies with controversial businesses ineligible | 0 | 0 |

CHANGES TO THE ELIGIBLE UNIVERSE

| Security | | | | |
|----------------------------|----------------------------------|-------------------|-------------------|-------------------------------|
| Potential Deletions | Weight in USA ESG Select* | ESG Rating | IM Score** | New IM Score (case 2)* |
| ALPHABET A | 2.2% | BBB | 2 | 1 |
| APPLE | 3.4% | A | 2 | 1 |
| GAP | 0.1% | A | 2 | 1 |
| KELLOGG CO | 1.6% | AAA | 2 | 1 |
| MERCK & CO | 1.6% | A | 2 | 1 |
| NEXTERA ENERGY | 3.2% | AAA | 2 | 1 |
| NIKE B | 1.9% | AA | 2 | 1 |
| STATE STREET CORP | 0.8% | AA | 2 | 1 |
| SYMANTEC CORP | 0.4% | A | 2 | 1 |
| Newly Eligibles | Weight in USA IMI* | ESG Rating | IM Score** | New IM Score (case 2)* |
| ANADARKO PETROLEUM CORP | 0.1% | CCC | 2 | 3 |
| BOEING CO | 0.4% | A | 2 | 4 |
| BROWN-FORMAN CORP B | 0.1% | B | 2 | 10 |
| CONSTELLATION BRANDS A | 0.1% | BB | 2 | 10 |
| EATON CORP PLC | 0.1% | BBB | 2 | 5 |
| EXELON CORP | 0.1% | AA | 2 | 4 |
| FLUOR CORP | 0.0% | A | 2 | 8 |
| GENERAL DYNAMICS CORP | 0.2% | BB | 2 | 5 |
| HALLIBURTON CO | 0.1% | BB | 2 | 3 |
| HARRIS CORP | 0.0% | BB | 2 | 5 |
| JACOBS ENGINEERING GROUP | 0.0% | A | 2 | 5 |
| LAS VEGAS SANDS CORP | 0.1% | BB | 2 | 3 |
| MOLSON COORS BREWING B | 0.1% | BBB | 2 | 10 |
| NORTHROP GRUMMAN CORP | 0.2% | BBB | 2 | 5 |
| RAYTHEON | 0.2% | A | 2 | 5 |
| TEXTRON | 0.0% | BB | 2 | 5 |
| UNITED TECHNOLOGIES CORP | 0.4% | A | 2 | 4 |
| WYNN RESORTS | 0.0% | B | 2 | 5 |

* as of March 01, 2016

** as of February 2016

PROPOSED CHANGES TO METHODOLOGY

MSCI ACWI Sustainable Impact Index

PROPOSED INDEX METHODOLOGY CHANGES

| Parameters | Current Index Methodology | Proposed Index Methodology |
|------------------------|---|---|
| Index Objective | <ul style="list-style-type: none"> Select companies that follow minimum ESG standards and derive significant proportion of revenues from social and environmental themes | |
| Parent Index | <ul style="list-style-type: none"> MSCI ACWI Index | |
| ESG Rating Eligibility | <ul style="list-style-type: none"> ESG Rating > B | |
| IM Score Eligibility | <ul style="list-style-type: none"> Impact Monitor Score > 2 | <ul style="list-style-type: none"> Impact Monitor Score > 2 |
| Business Screening | <ul style="list-style-type: none"> Alcohol and Tobacco Screening Predatory Lending Screening | <ul style="list-style-type: none"> Alcohol and Tobacco Screening Predatory Lending Screening Controversial Business Involvement criteria that are currently incorporated in the MSCI ESG Impact Monitor Score |
| Inclusion Criteria | <ul style="list-style-type: none"> Pure play in social and environmental themes (>=50% revenues) | |
| Index Reviews | Annual: May Quarterly: August, November and February | |

MSCI GLOBAL SUSTAINABILITY AND GLOBAL SOCIALLY RESPONSIBLE INDEXES

Index Construction Universe

SUMMARY

- Currently, MSCI ESG Indexes are constructed on a regional level from the following seven regions*

| Category | Building Block Regions |
|-------------------|---|
| Developed Markets | MSCI USA, MSCI Canada, MSCI Europe and Middle East, MSCI Pacific |
| Emerging Markets | MSCI EM Asia, MSCI EM Europe, Middle East and Africa, MSCI EM Latin America |

- All other ESG Indexes are constructed by taking the relevant securities from the Regional ESG Indexes, or aggregating the specific regions
 - MSCI World ESG Index is constructed by aggregating MSCI USA ESG, MSCI Canada ESG, MSCI Europe and Middle East ESG and MSCI Pacific ESG Indexes
 - MSCI Japan ESG Index is constructed by taking Japanese securities from MSCI Pacific ESG Index
 - MSCI EMU ESG Index is constructed by taking EMU securities from MSCI Europe and Middle East ESG Index
 - MSCI EAFE ESG Index is constructed by taking EAFE securities from MSCI ACWI ESG Index
- MSCI is soliciting feedback on alternate approaches to construct the country/regional indexes where the ESG indexes are constructed from either the country or Parent Index rather than the above regional indexes

* The same discussion applies to SRI Indexes

PROPOSED INDEX CONSTRUCTION OPTIONS

| | Current Methodology | Option 1 | Option 2 | Option 3 |
|-----------------------------------|---|--|--|---|
| Methodology | Apply index methodology on the seven regional indexes mentioned in last slide and aggregate them to form broader regions. If a region/country is a subset of the broader regions, carve out that subset from the regional ESG Index | Current methodology for Regional Indexes but to create single country ESG Indexes, apply index methodology on the MSCI Country Index | Apply index methodology on country level to create Single Country ESG Indexes and aggregate country ESG Indexes to create broader regional ESG Indexes | Apply index methodology on the Parent Index to create ESG Index |
| Building Block of the methodology | Specified regional ESG Indexes | Specified regional ESG Indexes, and individual countries for country ESG Indexes | Country ESG Indexes | None |
| Country ESG Indexes | Carved out of regional ESG Index | Created from Country Index | Created from Country Index | Created from Country Index |
| Seven Regional ESG Indexes | Created from respective regional Parent Index | Created from respective regional Parent Index | Aggregated from corresponding country ESG Indexes | Created from respective regional Parent Index |
| Other regional ESG Indexes | Carved out of ACWI ESG Index | Carved out of ACWI ESG Index | Aggregated from corresponding country ESG Indexes | Created from respective Parent Index |

PROPOSED OPTIONS - EXAMPLES

| | Base Case | Option 1 | Option 2 | Option 3 |
|----------------------|---|--|--|--|
| Parent Index | Apply index methodology on the seven regional indexes mentioned in last slide and aggregate them to form broader regions. If a region/country is a subset of the broader regions, carve out that subset from the regional ESG Index | Current Methodology for Regional Indexes but to create single country ESG Indexes, apply index methodology on the MSCI Country Index | Apply index methodology on country level to create Single Country ESG Indexes and aggregate country ESG Indexes to create broader regional ESG Indexes | Apply index methodology on the Parent Index to create ESG Index |
| MSCI EAFE ESG | Apply index methodology on MSCI Pacific and MSCI Europe & Middle East to create MSCI Pacific ESG and MSCI Europe & Middle East ESG and aggregate them | Apply index methodology on MSCI Pacific and MSCI Europe & Middle East to create MSCI Pacific ESG and MSCI Europe & Middle East ESG and aggregate them | Apply index methodology on individual countries in EAFE to create country ESG Indexes and aggregate them to create MSCI EAFE ESG Index | Apply index methodology on MSCI EAFE Index |
| MSCI Japan ESG Index | Apply index methodology on MSCI Pacific to create MSCI Pacific ESG. Select Japan securities from MSCI Pacific ESG to create MSCI Japan ESG | Apply index methodology on MSCI Japan Index to create MSCI Japan ESG Index | Apply index methodology on MSCI Japan Index to create MSCI Japan ESG Index | Apply index methodology on MSCI Japan Index to create MSCI Japan ESG Index |
| MSCI EMU ESG Index | Apply index methodology on MSCI Europe & Middle East to create MSCI Europe & Middle East ESG. Select EMU securities from the MSCI Europe & Middle East ESG | Apply index methodology on MSCI Europe & Middle East to create MSCI Europe & Middle East ESG. Select EMU securities from the MSCI Europe & Middle East ESG | Apply index methodology from individual countries in EMU to create country ESG Indexes and combine them to create MSCI EMU ESG | Apply index methodology on MSCI EMU Index to create MSCI EMU ESG |

COMPARISON OF PROPOSALS

| | Base Case | Option 1 | Option 2 | Option 3 |
|-----------------------------|--|--|---|--|
| Target Coverage | May deviate from 50% for individual countries/ non building blocks regions | May deviate from 50% at a non building block regional level | May deviate from 50% at a regional level | Expected to be closest to 50% |
| ESG Performance | Base Case | Expected to decrease for individual country if existing coverage < 50% | Expected to decrease if existing coverage < 50% | Expected to be high if existing coverage > 50% |
| Active Country Weights | Potentially high | Potentially high for non building block regions | Expected to be lowest | Potentially high |
| Active Sector Weights | Potentially high for individual countries and non building block regions | Potentially high for non building block regions | Potentially high for regional indexes | Expected to be lowest |
| Turnover from Current Index | NA | No turnover for regional indexes, expected to have high turnover for country indexes | Expected to be highest | Generally lower |

SIMULATION RESULTS – MAJOR REGIONS

| Methodology | ACWI | | | EAFE | | | WORLD | | |
|---|----------------------|-------------|-------------|----------------------|-------------|-------------|----------------------|-------------|-------------|
| | Base Case & Option 1 | Option 2 | Option 3 | Base Case & Option 1 | Option 2 | Option 3 | Base Case & Option 1 | Option 2 | Option 3 |
| Number of Securities | 1209 | 1241 | 1186 | 420 | 486 | 427 | 812 | 878 | 838 |
| Additions from Current | 68 | 181 | 79 | 11 | 107 | 28 | 39 | 135 | 68 |
| Deletions from Current | 49 | 130 | 83 | 16 | 46 | 26 | 42 | 72 | 45 |
| Turnover from Current | 6.0% | 11.4% | 7.4% | 4.3% | 15.4% | 6.0% | 6.2% | 11.4% | 7.8% |
| Coverage | 50.4% | 51.7% | 50.2% | 49.4% | 53.1% | 49.8% | 50.3% | 51.7% | 50.5% |
| EM Underweight | 0.1% | 0.0% | -1.3% | NA | NA | NA | NA | NA | NA |
| Active Share between Base and new Index | NA | 7.1% | 5.8% | NA | 17.0% | 4.1% | NA | 6.6% | 5.1% |
| Weighted Average IVA Score | 6.28 | 6.19 | 6.42 | 7.39 | 7.09 | 7.43 | 6.38 | 6.29 | 6.50 |
| Sector Weighted Average Absolute Deviation | 2.2% | 3.8% | 1.1% | 3.6% | 7.6% | 2.4% | 2.3% | 3.9% | 1.5% |
| Country Weighted Average Absolute Deviation | 4.5% | 3.6% | 5.7% | 8.0% | 7.2% | 9.0% | 3.6% | 3.3% | 4.9% |

Annual Index Reconstitution

Data as of January 18, 2016

- Sector Weighted Average Deviation – $\text{Sum}(\text{Weight of Sector in Parent} * \text{Absolute Deviation from Target Coverage of 50\%})$
- Country Weighted Average Deviation – $\text{Sum}(\text{Weight of Country in Parent} * \text{Absolute Deviation from Target Coverage of 50\%})$

SIMULATION RESULTS – MAJOR REGIONS (CONTD..)

| Methodology | EMERGING MARKETS | | | EMU | | |
|---|----------------------|-------------|-------------|----------------------|-------------|-------------|
| | Base Case & Option 1 | Option 2 | Option 3 | Base Case & Option 1 | Option 2 | Option 3 |
| Number of Securities | 397 | 363 | 379 | 105 | 132 | 116 |
| Additions from Current | 29 | 46 | 25 | 1 | 33 | 15 |
| Deletions from Current | 7 | 58 | 21 | 8 | 13 | 11 |
| Turnover from Current | 3.7% | 11.9% | 3.4% | 3.6% | 19.3% | 8.9% |
| Coverage | 50.8% | 51.6% | 50.8% | 45.7% | 53.9% | 46.9% |
| Active Share between Base and new Index | NA | 11.9% | 3.2% | NA | 20.2% | 8.9% |
| Weighted Average IVA Score | 5.29 | 5.18 | 5.31 | 8.11 | 7.73 | 8.07 |
| Sector Weighted Average Absolute Deviation | 3.2% | 6.1% | 3.0% | 12.6% | 12.6% | 5.7% |
| Country Weighted Average Absolute Deviation | 13.5% | 6.5% | 11.9% | 11.7% | 9.4% | 12.6% |

Annual Index Reconstitution

Data as of January 18, 2016

- Sector Weighted Average Deviation – $\text{Sum}(\text{Weight of Sector in Parent} * \text{Absolute Deviation from Target Coverage of 50\%})$
- Country Weighted Average Deviation – $\text{Sum}(\text{Weight of Country in Parent} * \text{Absolute Deviation from Target Coverage of 50\%})$

SIMULATION RESULTS – SAMPLE COUNTRIES

| Methodology | JAPAN | | CHINA | | UNITED KINGDOM | |
|---|-------------|-----------------|-----------|-----------------|----------------|-----------------|
| | Base Case | Option 1, 2 & 3 | Base Case | Option 1, 2 & 3 | Base Case | Option 1, 2 & 3 |
| Number of Securities | 142 | 153 | 42 | 45 | 63 | 65 |
| Additions from Current | 2 | 18 | 0 | 2 | 0 | 8 |
| Deletions from Current | 5 | 10 | 2 | 1 | 1 | 7 |
| Turnover from Current | 2.6% | 10.6% | 8.1% | 11.1% | 12.1% | 9.1% |
| Coverage | 50.3% | 54.7% | 38.1% | 46.5% | 45.4% | 50.6% |
| Active Share between current and new Index | NA | 9.5% | NA | 18.3% | NA | 19.5% |
| Weighted Average IVA Score | 6.28 | 6.24 | 3.48 | 3.51 | 7.99 | 7.06 |
| Sector Weighted Average Absolute Deviation | 1.9% | 0.9% | 8.2% | 3.0% | 3.3% | 4.4% |
| Country Weighted Average Absolute Deviation | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

Annual Index Reconstitution

Data as of January 18, 2016

- Sector Weighted Average Deviation – $\text{Sum}(\text{Weight of Sector in Parent} * \text{Absolute Deviation from Target Coverage of 50\%})$
- Country Weighted Average Deviation – $\text{Sum}(\text{Weight of Country in Parent} * \text{Absolute Deviation from Target Coverage of 50\%})$

APPENDIX

IMPACT MONITOR CHANGE SUMMARY

Introduce Case-level Scores

- Enable custom modeling and filtering
- Transparent rules for score roll-ups

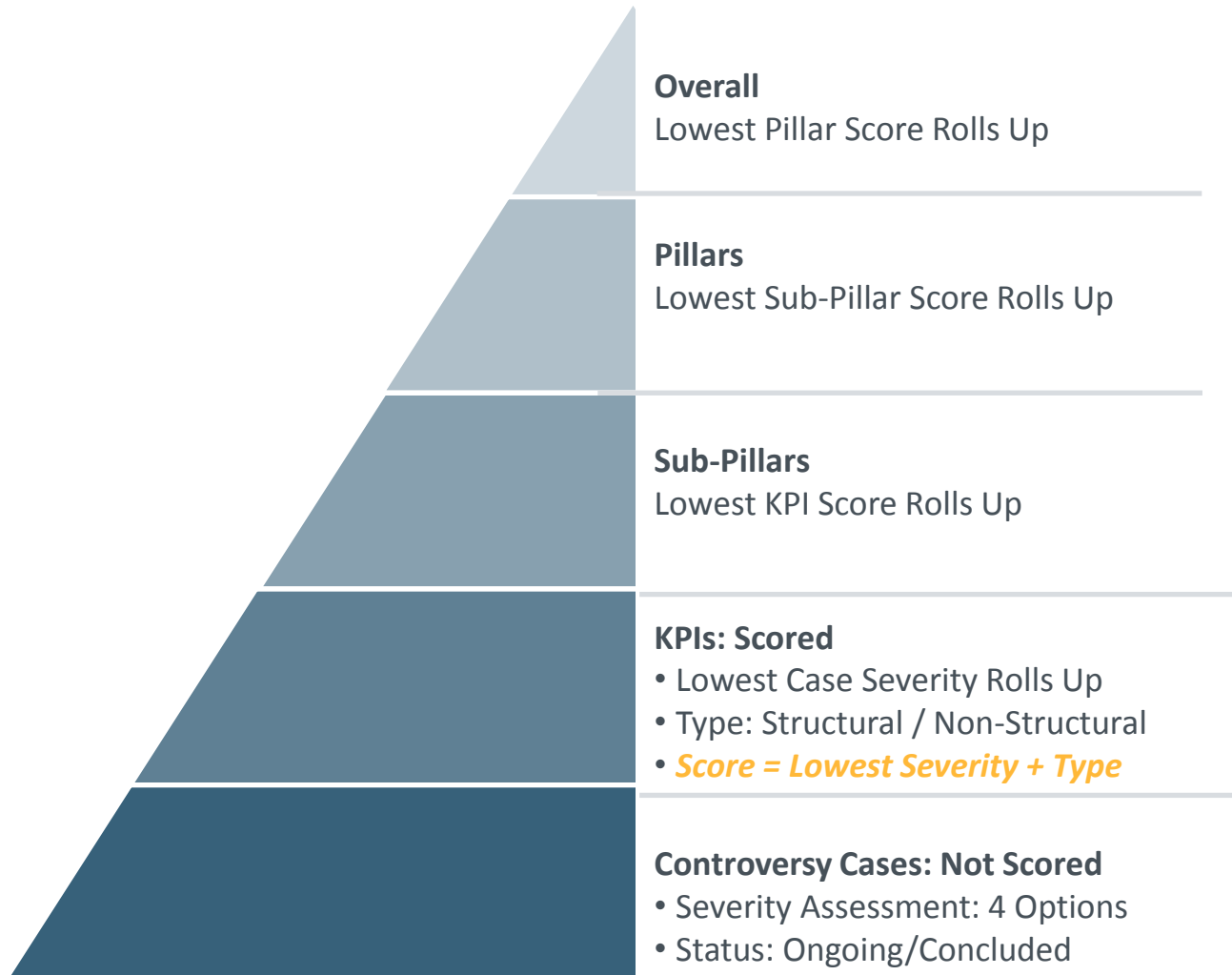
Rework Scoring Logic

- Add nuance by considering case status along with severity and type (structural/non-structural)
- Use full 0-10 range
- Penalize outliers with pattern of controversy involvement
- Continue to roll up lowest score

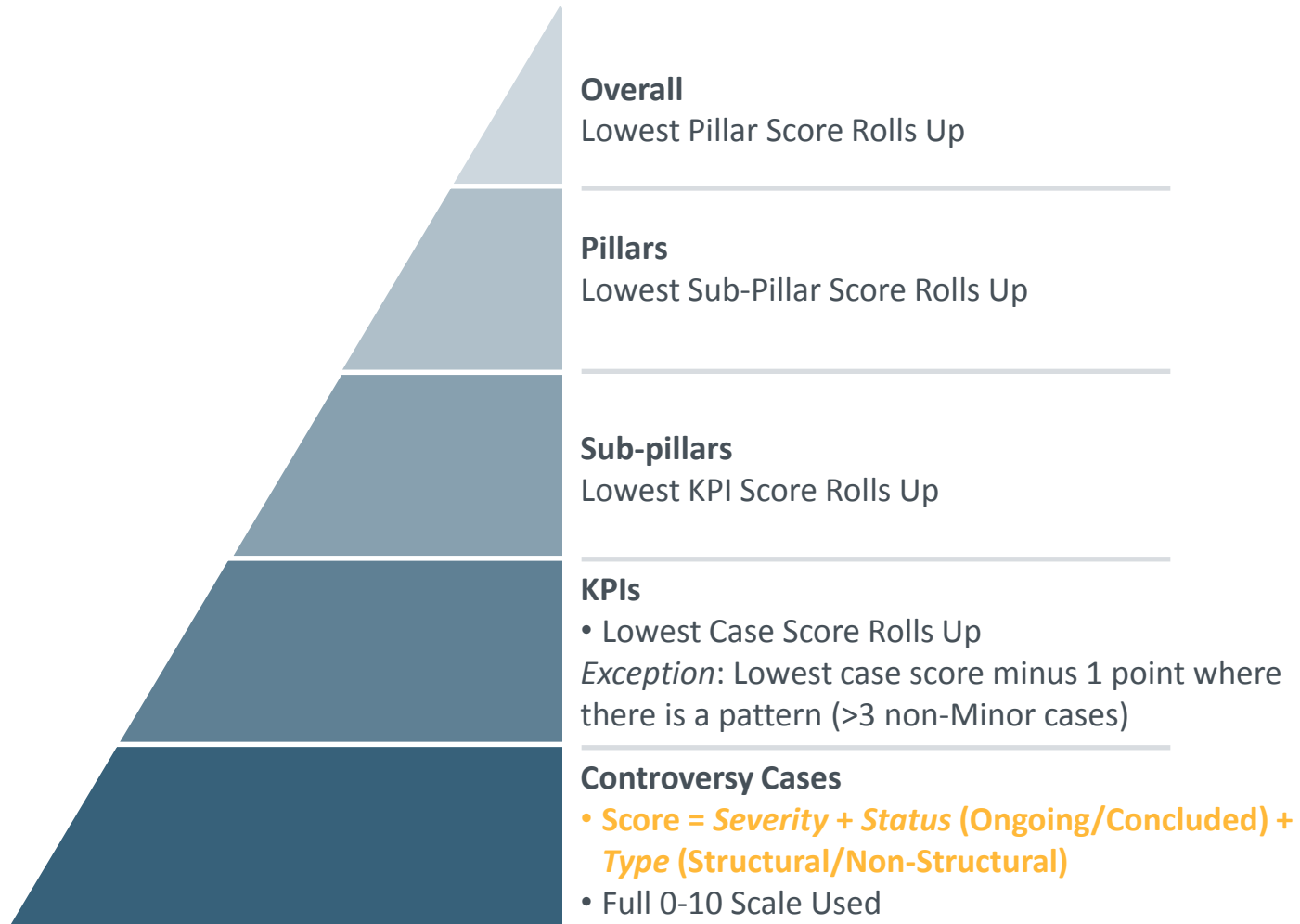
Introduce Orange Flag

- Readily identify companies with borderline-Red controversies
- Align with Global Norms screening signals (Orange = Watch List)
- Preserve Red flag for extreme outliers with worst-of-the-worst violations
- Enable easier, more intuitive screening thresholds

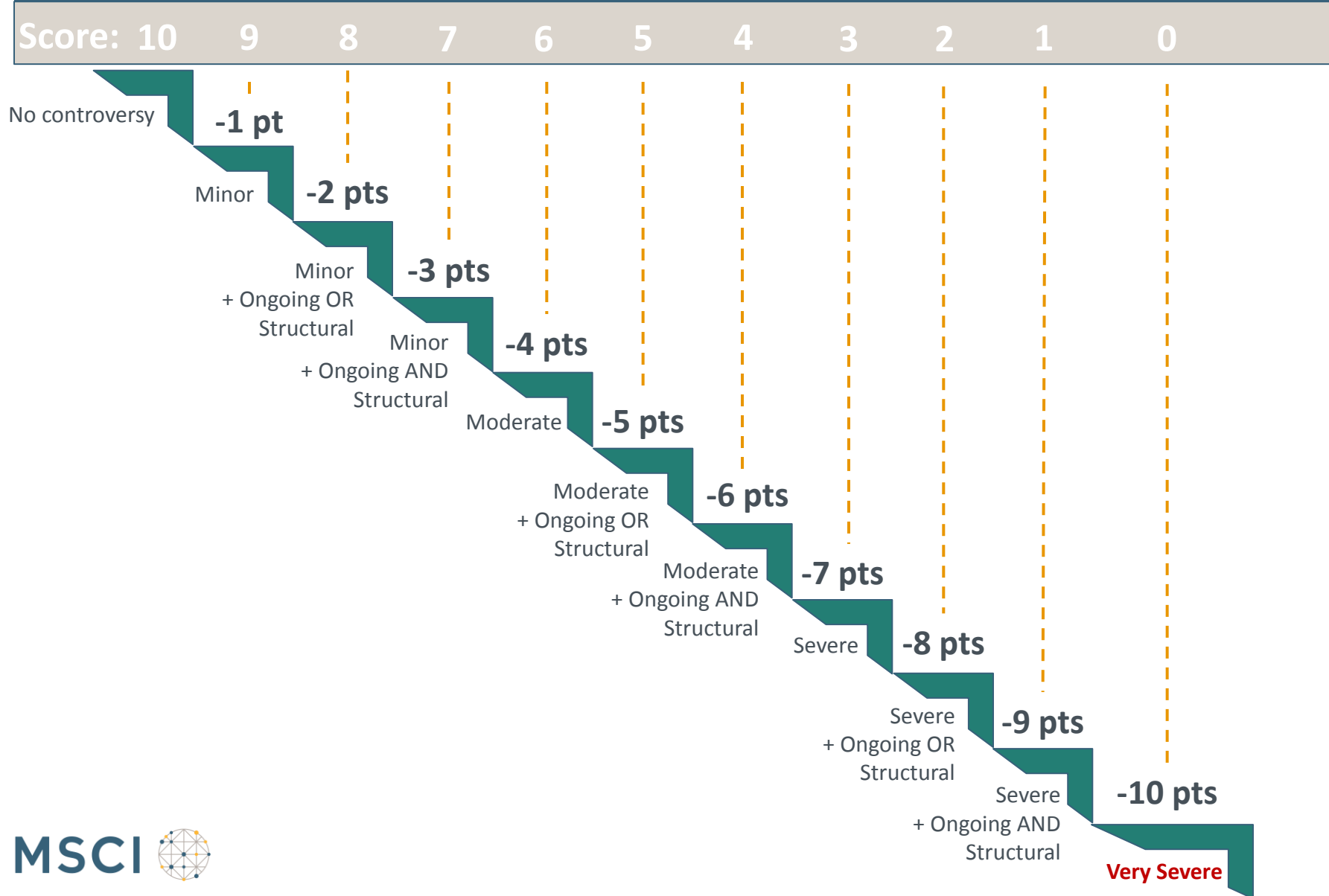
CURRENT SCORING MODEL



PROPOSED MODEL SCORE ROLL-UPS



PROPOSED CASE SCORING LOGIC



PROPOSED CASE - LEVEL SCORING CRITERIA

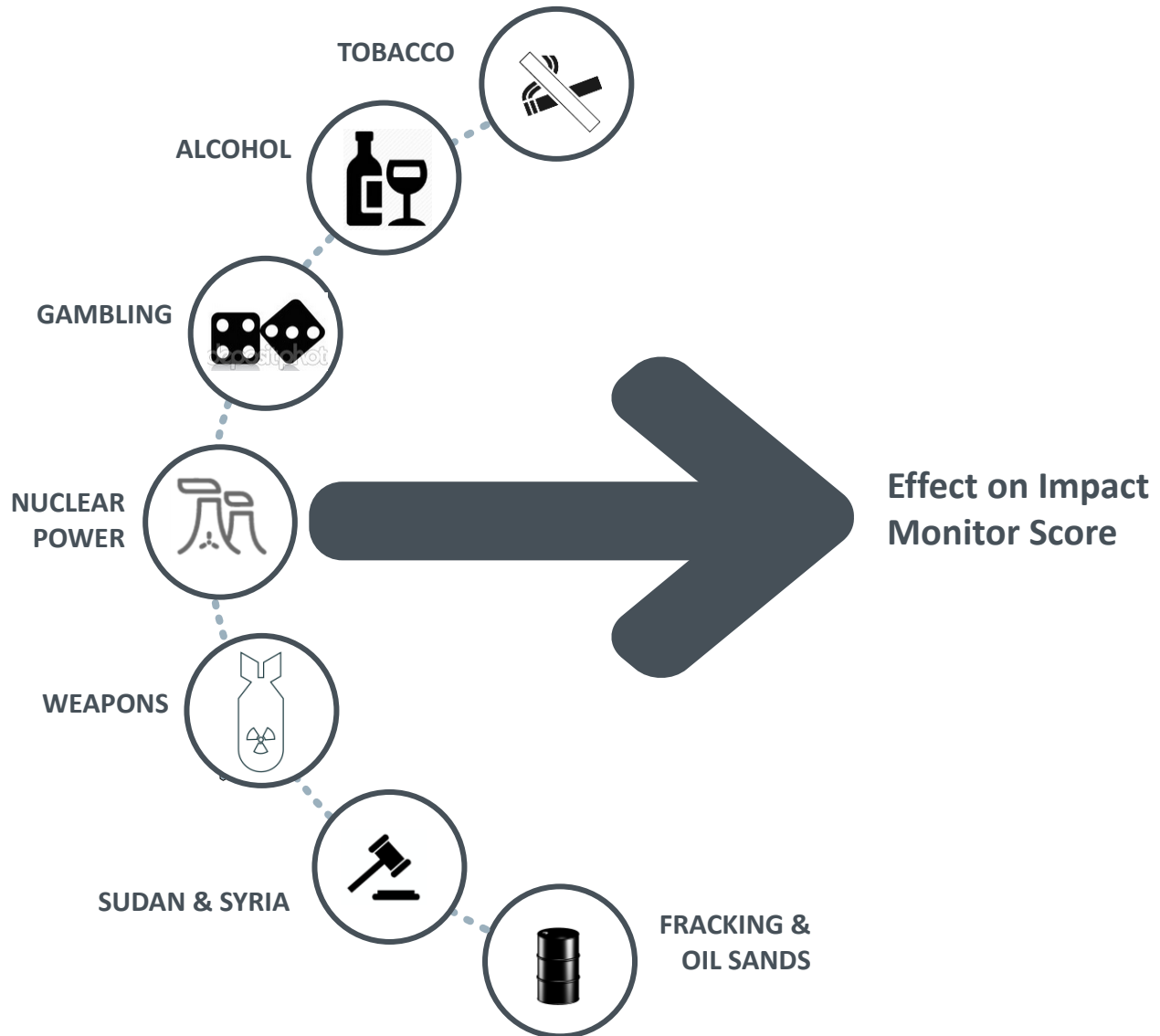
| SCORE | SEVERITY | STATUS | TYPE |
|-------|-------------|-----------|----------------|
| 10 | None | NA | NA |
| 9 | Minor | Concluded | Non-Structural |
| 8 | Minor | Concluded | Structural |
| | Minor | Ongoing | Non-Structural |
| 7 | Minor | Ongoing | Structural |
| 6 | Moderate | Concluded | Non-Structural |
| 5 | Moderate | Concluded | Structural |
| | Moderate | Ongoing | Non-Structural |
| 4 | Moderate | Ongoing | Structural |
| 3 | Severe | Concluded | Non-Structural |
| 2 | Severe | Concluded | Structural |
| | Severe | Ongoing | Non-Structural |
| 1 | Severe | Ongoing | Structural |
| 0 | Very Severe | Concluded | Non-Structural |
| | Very Severe | Ongoing | Non-Structural |
| | Very Severe | Concluded | Structural |
| | Very Severe | Ongoing | Structural |

PROPOSED SCORE RANGE OVERVIEW

| CURRENT SCORES | CURRENT FLAGS | PROPOSED SCORES | PROPOSED FLAGS |
|----------------|---------------|-----------------|----------------|
| 0 | RED | 0 | RED |
| 1 | RED | 1 | ORANGE |
| 2 | YELLOW | 2 | YELLOW |
| 3 | YELLOW | 3 | YELLOW |
| 4 | YELLOW | 4 | YELLOW |
| 5 | GREEN | 5 | GREEN |
| 6 | N/A | 6 | GREEN |
| 7 | GREEN | 7 | GREEN |
| 8 | GREEN | 8 | GREEN |
| 9 | N/A | 9 | GREEN |
| 10 | GREEN | 10 | GREEN |



WHICH CBIs ARE CURRENTLY INCORPORATED IN IMPACT MONITOR, AND HOW?



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