

## Explanation of how ESG factors are reflected in the key elements of the benchmark methodology per the requirements of the EU Benchmark Regulation

Name of the benchmark administrator	MSCI Limited
Type of benchmark or family of benchmarks	Equity
Name of the benchmark or family of benchmarks	MSCI ACWI ESG SCREENED CUSTOM ex FOSSIL FUELS
Does the benchmark methodology for the benchmark or family of benchmarks take into account ESG factors?	Yes

### ESG factors that are taken into account in the benchmark methodology, and how those ESG factors are used for the selection, weighting or exclusion of underlying assets (\*)

a) List of environmental factors considered:	MSCI ESG Controversies Score	Exclusion
	Fossil Fuel Reserves - Energy Application	Exclusion
	Evidence of Total Coal Reserves	Exclusion
	UN Global Compact Violators	Exclusion
	Business Involvement - Fossil Fuel Extraction	Exclusion
	Business Involvement - Thermal Coal Power	Exclusion
b) List of social factors considered:	MSCI ESG Controversies Score	Exclusion
	Business Involvement - Civilian Firearms	Exclusion
	Business Involvement - Controversial Weapons	Exclusion
	Business Involvement - Nuclear Weapons	Exclusion
	Business Involvement - Tobacco	Exclusion
	UN Global Compact Violators	Exclusion
c) List of governance factors considered:	MSCI ESG Controversies Score	Exclusion
	UN Global Compact Violators	Exclusion

For more details on how ESG factors are used in the index construction, please refer to:	MSCI ESG Screened Indexes Methodology	<a href="#">Download</a>
	MSCI Global Fossil Fuels Exclusion Indexes Methodology	<a href="#">Download</a>

### Data and standards used

a) Data input	<p>MSCI ESG Research relies on a proprietary methodology informed by a range of data sources.</p> <ul style="list-style-type: none"> <li>• Reported data <ul style="list-style-type: none"> <li>◦ Corporate documents: annual reports, proxy filings, environmental and social reports, securities filings, websites and Carbon Disclosure Project responses. Externally sourced data</li> <li>◦ Government data: central bank data, U.S. Toxic Release Inventory, Comprehensive Environmental Response and Liability Information System (CERCLIS), RCRA Hazardous Waste Data Management System, etc. We continue to assess the value of other, similar information sources, particularly for European companies.</li> <li>◦ Popular, trade, and academic journals: accessed through websites, subscriptions and searches of online databases.</li> <li>◦ News media: major news publications globally, including local-language sources across a range of markets.</li> <li>◦ Relevant organizations and professionals: reports from and interviews with trade groups, industry experts and nongovernmental organizations familiar with the companies' operations and any related controversies</li> </ul> </li> <li>• Modelled data</li> </ul>
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- o For climate-related metrics, when data is not disclosed by companies, MSCI ESG Research uses proprietary GHG emission estimation model (full methodology is available for MSCI ESG Research clients).

- Internally sourced data

- o For international standards and global norms violations, MSCI ESG Research uses data reported via media sources and NGO reports. MSCI ESG Research's assessment of this data is informed by international standards and global norms definitions.

For top level scores (ESG Ratings, Environmental, Social and Governance pillars), MSCI ESG Research estimates macro-level risk exposure for companies' based on the type and location of operations, distribution of products. Data sources used in the exposure calculations include, but not limited to:

- Comprehensive Environmental Data Archive (CEDA)
- US Department of Energy; International Council on Clean Transportation
- Lamont-Doherty Earth Observatory, Columbia University
- Organization of Economic Co-Operation and Development (OECD)
- Canadian Industrial Water Survey
- Hoekstra, A.Y. and Mekonnen, M.M. (2011)
- Ecorisk
- World Development Indicators (WDI)
- Annual Change of Forest Resources \_ Food and Agriculture Organization (FAO)
- World Wildlife Fund (WWF)
- US EPA's Toxics Release Inventory (TRI)
- Risk-Screening Environmental Indicators (RSEI)
- US Bureau of Labor Statistics (BLS)
- International Labour Organization (ILO)
- US Occupational Health & Safety Administration (OSHA)
- UK Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR)
- International Chemical Secretariat (ChemSec) Substitute It Now (SIN) List
- International Monetary Fund (IMF)
- World Health Organization (WHO)
- UN Principles for Responsible Investments (UN PRI)
- World Resource Institute (WRI)
- Consultative Group to Assist the Poor (CGAP)
- US Census Bureau Current Population Survey Supplement
- World Bank Governance Indicators (WGI)
- Transparency International (TI)
- World Bank (WB)
- SNL Financial
- Thomson Financial

b) Verification and quality of data

MSCI ESG Research relies on multiple steps to review the quality of the analysis as well as the consistency of the methodology and the ratings signal. Four groups are responsible for quality review: Industry and Team Leads; the ESG Ratings Methodology Committee; the ESG Methodology Committee; and the Quality Review Committee.

MSCI ESG Research is committed to robust and transparent communication with all issuers in our coverage universe. This commitment includes:

- A data review process that allows companies to comment on the accuracy of company data for all MSCI ESG Research reports.
- Free access for issuers to published versions of all their MSCI ESG Research company reports.
- Direct communication with a company concerning specific company ESG performance.
- A timely response to company-initiated requests to discuss their MSCI ESG Research reports.

Companies are invited to participate in the data review process prior to the annual update of their ESG rating. At that time, companies have the opportunity to review and comment on the facts contained in their existing MSCI ESG Ratings report, as well as to provide MSCI's ESG Research team any additional ESG information, if they wish. In addition, MSCI ESG Research analysts may follow up directly with a company to clarify questions concerning ESG performance data.

Due to publication schedules and the extent of the MSCI ESG Ratings coverage universe, companies normally receive the newly updated ratings data to review at their convenience at the time of rating publication. All published companies automatically receive the data review reports, as long as MSCI ESG Research has accurate contact information. We are committed to updating a company profile as required in a timely manner and will consider comments and feedback at any time. This process is also in accordance with the objective of frequently updating company reports with the latest available information as provided by companies. Please note that updates to ESG data will not necessarily result in changes to a company's ESG rating.

Companies are monitored on a systematic and ongoing basis, including daily monitoring of controversies and governance events. New information is reflected in reports on a weekly basis and significant changes to scores trigger analyst

	review and re-rating.  Companies also receive an in-depth review at least annually. For companies in the MSCI ACWI, annual ratings are updated with their industry peers. All other companies are updated within a 12-month timeframe of their previous rating assessment, typically with their industry peers.
c) Reference standards	MSCI ESG Research does not explicitly mandate reporting along specific disclosure standards. Commonly utilized disclosure frameworks for data collected and used by MSCI ESG Research include GRI, SASB, UN Global Compact; and, for specific performance indicators, GHG Protocol, and applicable ISO standards.

Date on which information has been last updated and reason for the update	The information in this report was updated on October 4, 2023, corresponding to the last change in the benchmark methodology.
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(\*) Definitions:

- **Exclusion:** the ESG factor of the security in itself (i.e., not relative to the ESG factor of other securities) is considered for the security inclusion or exclusion in the Index, as noted within the relevant index methodologies.

- **Selection:** the ESG factor of the security relative to the ESG factor of other securities is considered for the security inclusion or exclusion in the Index, as noted within the relevant index methodologies.

- **Weighting:** the ESG factor of the security is considered in the security weighting scheme used for the Index, as noted within the relevant index methodologies.

This information is provided as per the European Commission's Delegated Regulation (EU) 2020/1817 of July 17, 2020, supplementing Regulation (EU) 2016/2011 of the European Parliament and of the Council (the "EU Benchmark Regulation") as regards the minimum content of the explanation on how ESG factors are reflected in the benchmark methodology.

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