

A low-angle, upward-looking photograph of a wind turbine against a clear blue sky. The turbine's three blades are visible, with the top blade pointing towards the upper right. The tower and nacelle are dark, and the overall scene is brightly lit, suggesting a sunny day.

MSCI ESG Enhanced Focus CTB Index

Integrating ESG and Low Carbon

October 2022

Eurex product coverage

ESG index methodologies and principles



FIXED INCOME

New: Launch of Weekly and Month-end Options on October 18th 2021

Evaluated

E = Environmental

Eurex: The Global Home of MSCI Derivatives



No. 1

by Open Interest with 53.5% market share



No. 2

by Trading volumes with 24.4% market share

2022 Traded Volume

EUR 1,054 Billion
22.04 million contracts

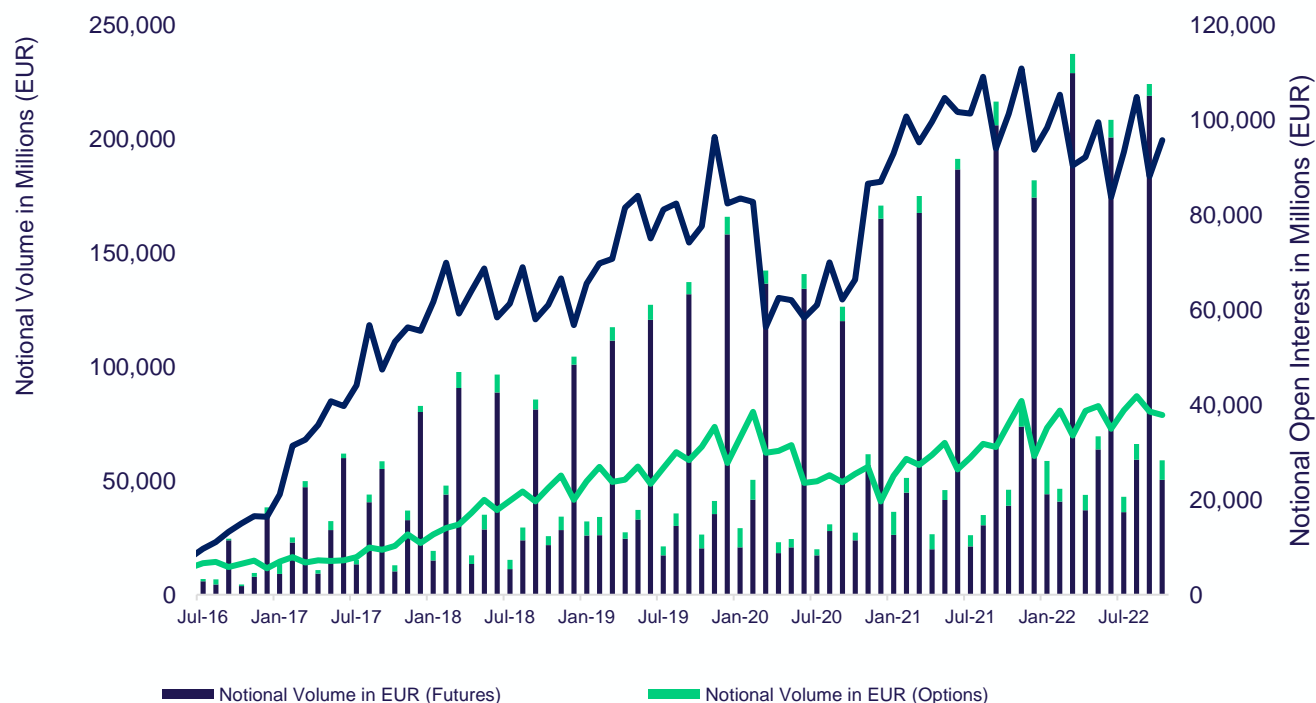
CAGR 2016 – 2022: **28%**

Open Interest

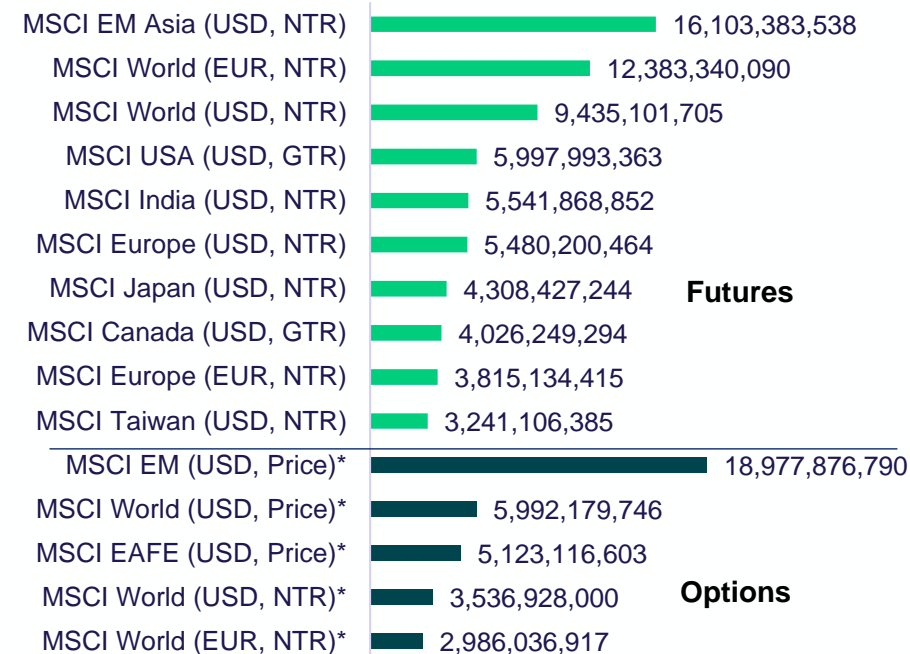
EUR 133 Billion
2.84 million contracts

CAGR 2016 – 2022: **19%**

Evolution of Notional Volume and Notional Open Interest



Open Interest for top MSCI Products



Open Interest as of Oct 31, 2022

Open Interest Market Share as of Mar 2022, Source: FIA

Statistics do not include Open Interest and Traded Volumes for MSCI ESG & Dividend Products

* Options not eligible under SEC no-action relief as of Aug 31.2022. For eligible options, visit : [MSCI Options Snapshot.pdf \(eurex.com\)](#)

ESG Enhanced Focus Index CTB Methodology

Universe

- MSCI World Index
- MSCI Europe Index
- MSCI USA Index
- MSCI EM Index
- MSCI Japan Index

Weighting

Sector/country weights are constrained to +/-5% from the sector/country weights of the Parent Index¹⁾
Security weight in proportion to the Parent Index²⁾

Maintenance

Quarterly rebalancing and review

Selection

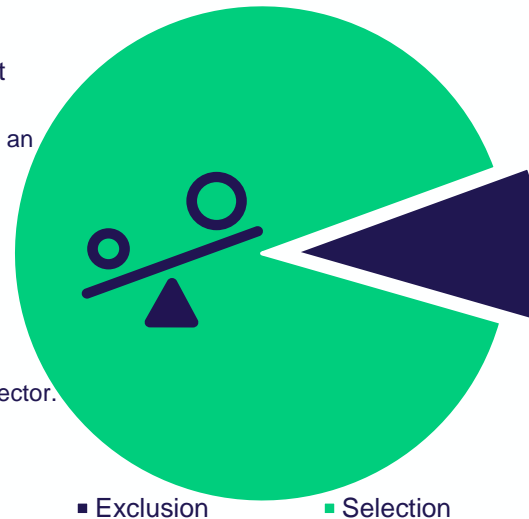
Through an optimization process that aims to maximize exposure to ESG factors for a target tracking error budget and incorporate the minimum standards of the EU Climate Transition Benchmark (CTB).

Index Type Net Total return

Key characteristics of parent index are maintained

- **Tracking Error Constraint³⁾**
- **Minimum Constituent Weight:** Constituent weight in the Screened Parent
- **Targeted Carbon Emission:**
 - Reduce the weighted average greenhouse gas intensity by 30% and by 7% on an annualized basis
 - Reduce the weighted average potential emissions intensity by 30%
 - Have at least **equivalent ratio of weighted average “Green Revenues”** to weighted average **“Fossil Fuels-based Revenues”** as that of the underlying investment universe
 - **Increase the weight of companies with credible carbon reduction targets** through the weighting scheme.
 - Be **sector-diversified** and **target companies** with high ESG ratings in each sector.

Target: Maximize exposure to positive environmental, social and governance factors while maintaining risk and return characteristics similar to parent index



Exclusion Criteria (more details next slide)

- Involvement with:
 - Thermal coal and unconventional oil and gas extraction
 - Weapons (controversial, nuclear weapons, civilian firearms, conventional weapons)
 - Tobacco
- Non-compliance with the United Nations Global Compact principles
- ESG Controversy Score = 0 (,Red Flag‘) Environment Controversiy Score = 0 or 1⁴⁾
- Additional
 - Turnover cap of 10% for SAIR and 8% for QIR

1) For countries with less than 2.5% weight in the Parent Index, the upper bound of country weight in the MSCI ESG Enhanced Focus CTB Index is set at three times of the country's weight in the Parent Index.
 2) Minimum(Security Weight in the Screened Parent +2%, 3 times Security Weight in the Screened Parent), Maximum(Minimum Security Weight in Screened Parent, 0.5 times Security Weight in the Screened Parent)
 3) Subject to a predicted tracking error target (0.75% for World, Japan, Europe, 1.0% for EM, 0.6% for USA)
 4) MSCI ESG Controversies - <https://www.msci.com/documents/10199/acbe7c8a-a4e4-49de-9cf8-5e957245b86b>

Overview of the MSCI ESG Screens (exclusions)

Environment



Thermal Coal

- Companies deriving 5% or more revenue from the mining of thermal coal and its sale to external parties. It excludes: revenue from metallurgical coal; coal mined for internal power generation intra-company sales of mined thermal coal; and revenue from coal trading.
- Companies deriving 5% or more revenue from the thermal coal based power generation.

Unconventional Oil and Gas

- All companies deriving 5% or more revenues from oil sands, oil shale, shale gas, shale oil, coal-seam gas, coal-bed methane as well as Arctic onshore/offshore reserves.

Social



Tobacco

Companies classified as producer or deriving 5% or more aggregate revenue from production, distribution, retail and supply of tobacco-related products

Controversial Weapons

Companies with ties to cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons, blinding lasers, non-detectable fragments and incendiary weapons

Civilian Firearms

Companies

- Classified as producer of firearms and small arms ammunition for civilian market
- Deriving 5% or more revenue from the distribution of firearms and small arms

Nuclear Weapons

All Companies connected with nuclear weapons as

- Manufacturer, provider of components or auxiliary services related to nuclear warheads and missiles; Assembler of delivery platforms for nuclear weapons

Governance

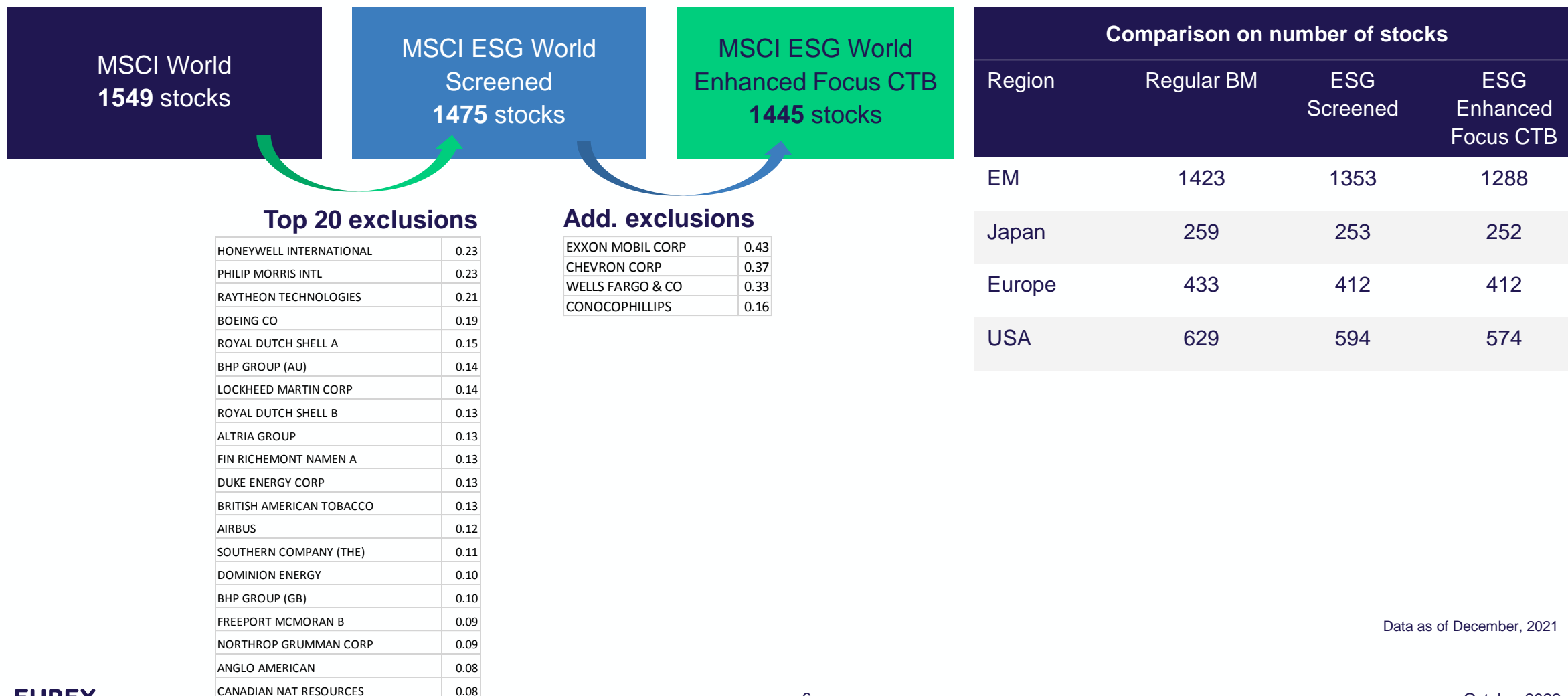


UN Global Compact

MSCI ESG Global Norms Screening is designed to help investors determine which publicly traded companies breach the standards of conduct enumerated by the United Nations Global Compact Principles, the United Nations Guiding Principles on Business and Human Rights, and the ILO Conventions. All companies determined as failing to comply with the UNGC principles are excluded

MSCI ESG Enhanced Focus CTB Index

MSCI exclusion comparison

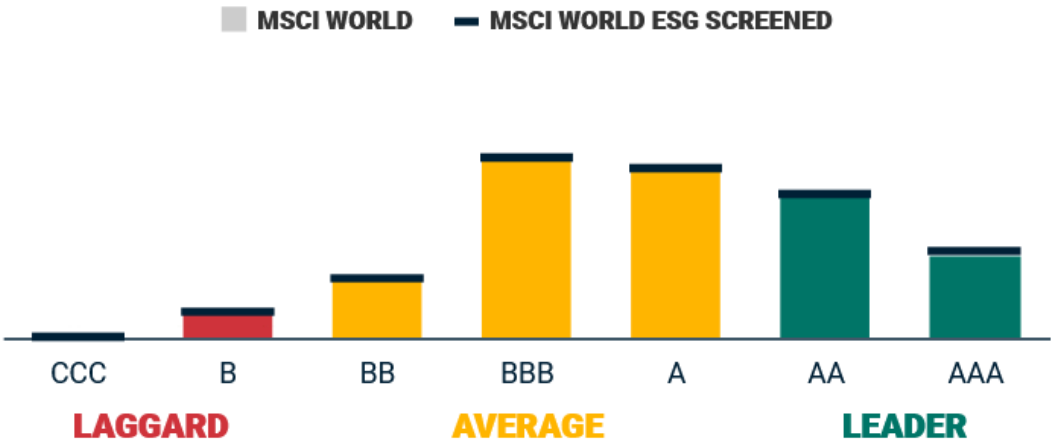


Data as of December, 2021

MSCI ESG Enhanced Focus CTB Index

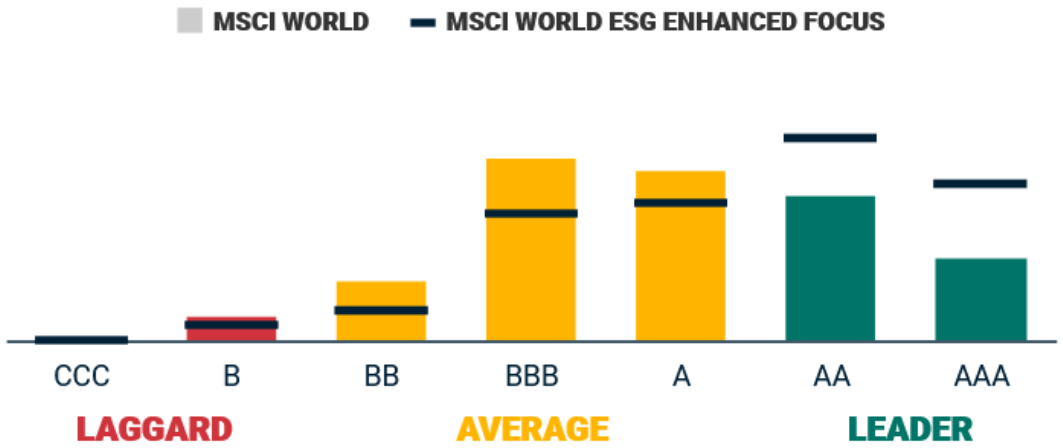
MSCI World – Weighting comparison*

World vs World ESG screened



Consolidated ESG Rating - Distribution

World vs World ESG Enhanced Focus



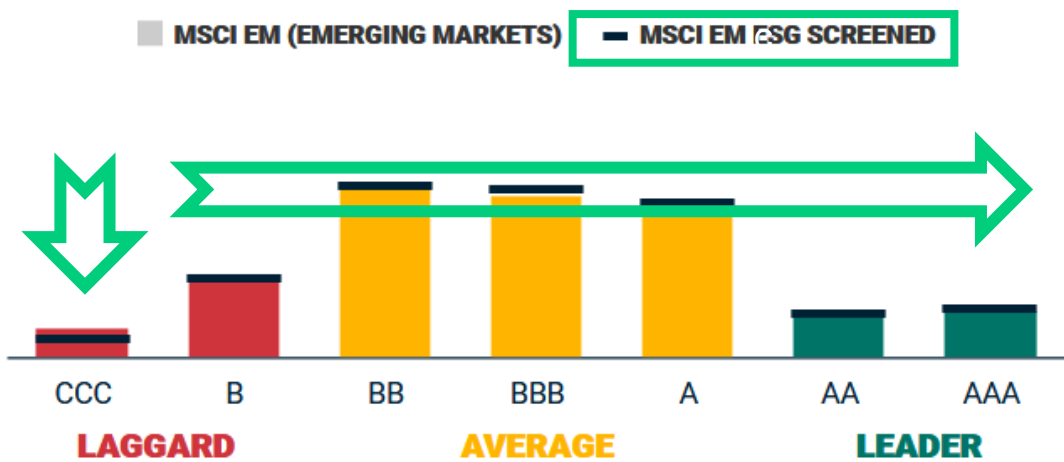
Consolidated ESG Rating - Distribution

* Source MSCI data tool link: [Index Profile Tool - MSCI](#)

MSCI ESG Enhanced Focus CTB Index

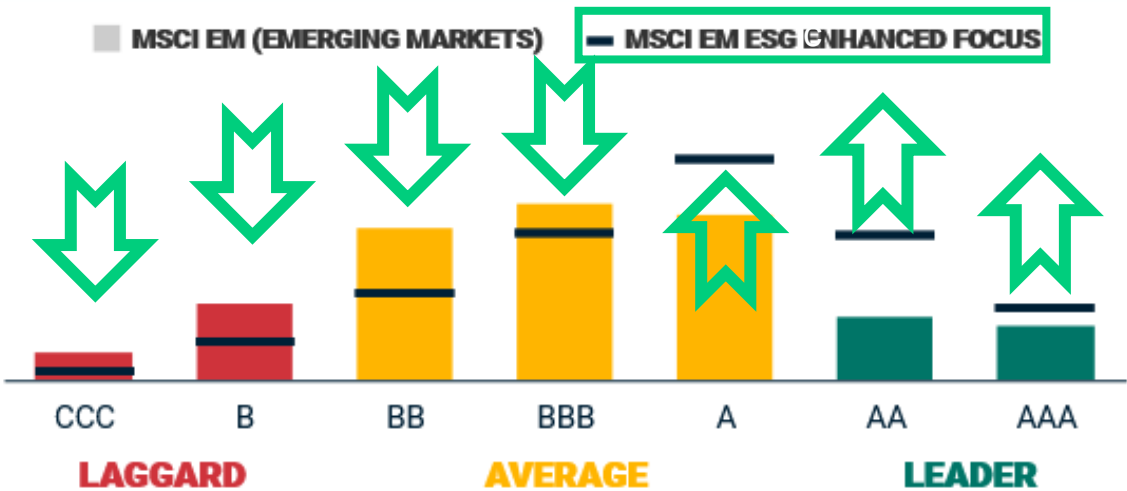
MSCI EM – Weighting comparison*

EM vs EM ESG screened



Consolidated ESG Rating - Distribution

EM vs EM ESG Enhanced Focus

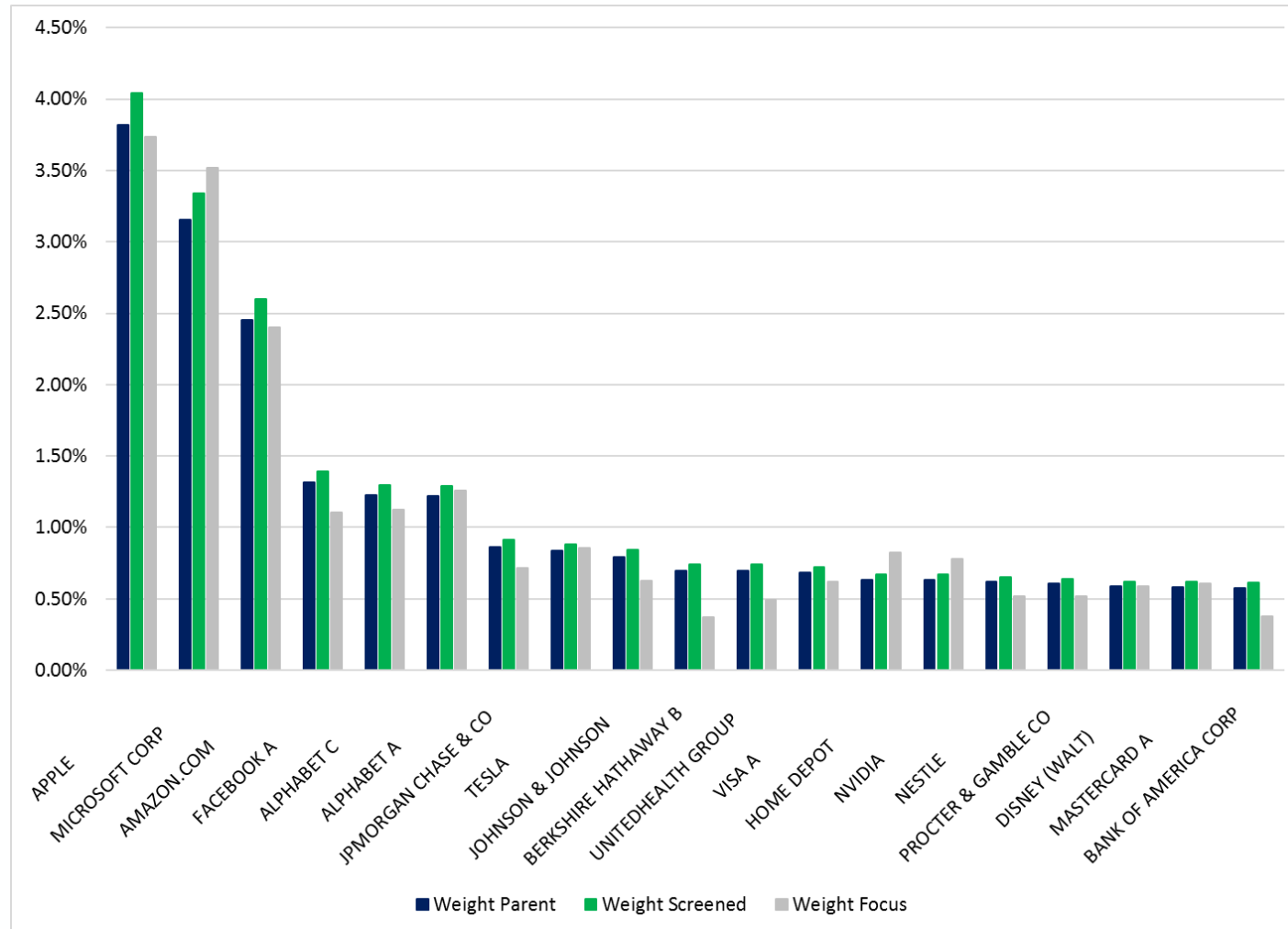


Consolidated ESG Rating - Distribution

* Source MSCI data tool link: [Index Profile Tool - MSCI](#)

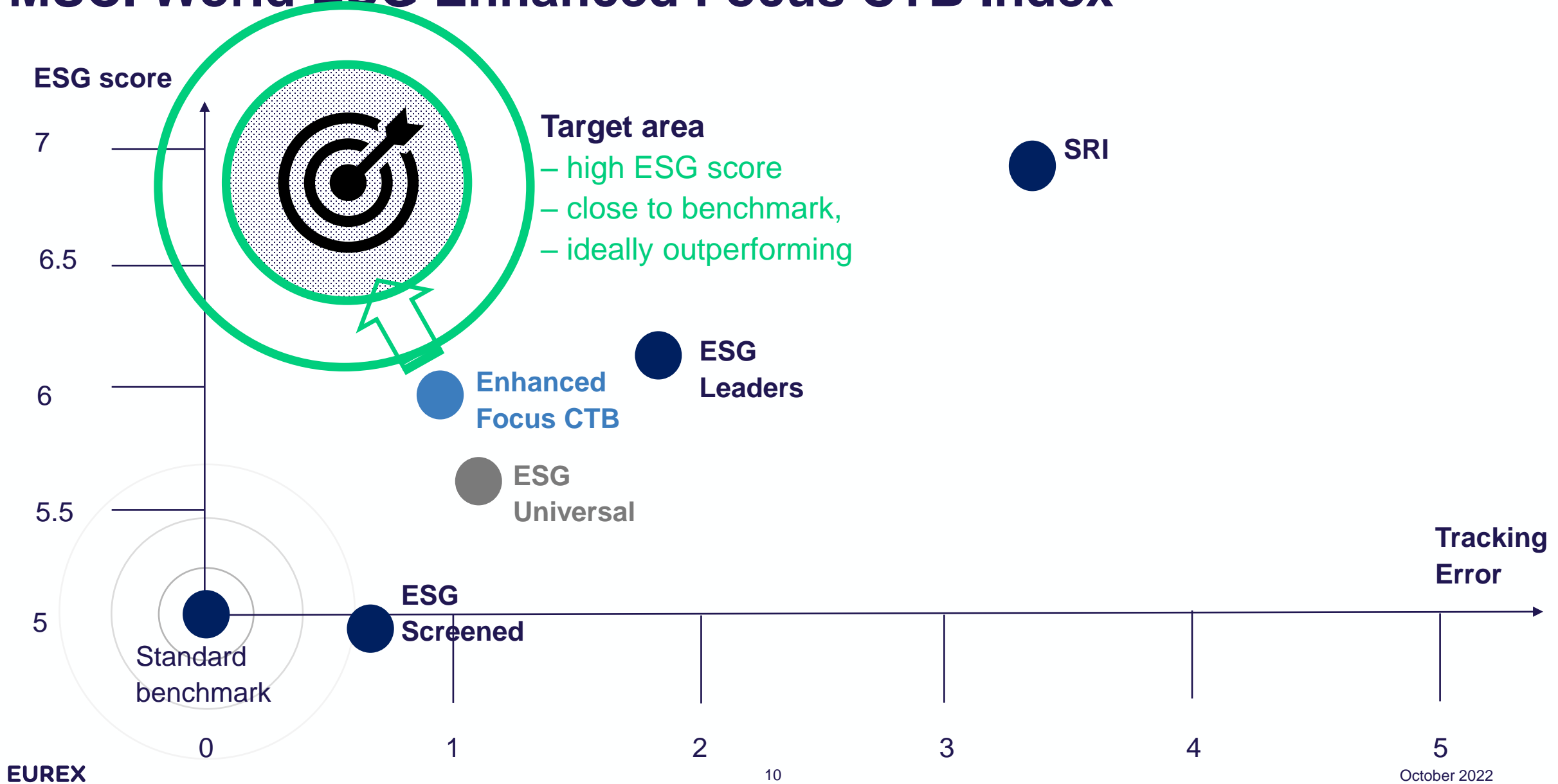
MSCI ESG Enhanced Focus CTB Index

MSCI World – Weighting comparison

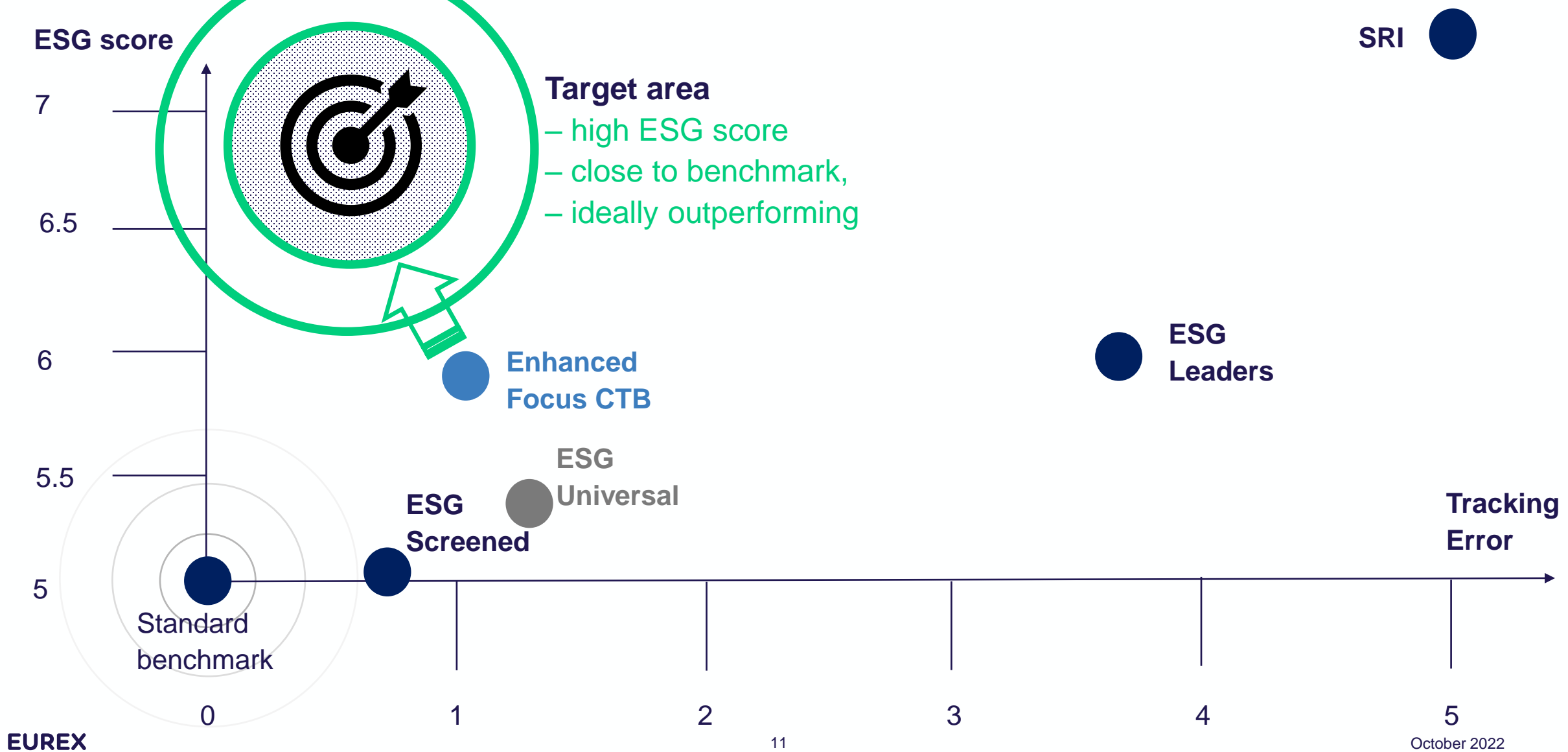


- Weightings in screened are all higher than in Parent index, as it is same weighting methodology, but less stocks
- For Enhanced Focus, the weighting can be higher or lower than in Parent index
- The weighting differences can be substantial: certain weights in the Enhanced Focus are between -75% and +200% different towards screened

MSCI World ESG Enhanced Focus CTB Index

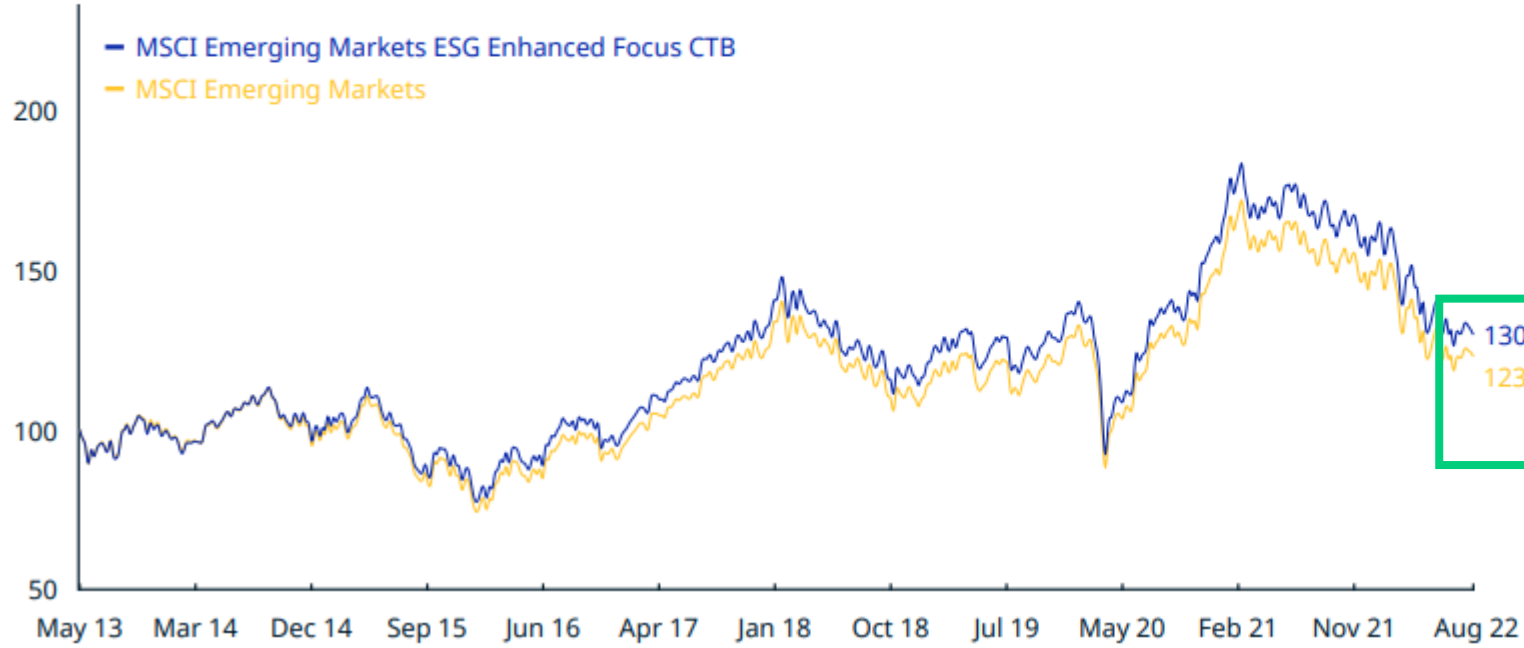


MSCI EM ESG Enhanced Focus CTB Index



MSCI EM ESG Enhanced Focus CTB Index

**CUMULATIVE INDEX PERFORMANCE – NET RETURNS (USD)
(MAY 2013 – AUG 2022)**



ANNUAL PERFORMANCE (%)

Year	MSCI Emerging Markets ESG Enhanced Focus CTB	MSCI Emerging Markets
2021	-2.09	-2.54
2020	19.62	18.31
2019	17.86	18.42
2018	-14.02	-14.57
2017	38.43	37.28
2016	11.81	11.19
2015	-12.97	-14.92
2014	0.09	-2.19

*Source MSCI <https://www.msci.com/documents/10199/2d51730c-2429-2dda-bb74-9f9536b3a566>

ESG Enhanced Focus CTB Index methodology

Parameters / Index		MSCI ESG Enhanced Focus CTB*
Index Objective		Designed to maximize its exposure to positive environmental, social and governance (ESG) factors while reducing the carbon equivalent exposure to carbon dioxide (CO2) and other greenhouse gases (GHG) as well as its exposure to potential emissions risk of fossil fuel reserves by thirty percent (30%)
Selection (Optimization + Screens)		<ul style="list-style-type: none"> Utilizes optimization with an aim to maximize exposure to high ESG ratings for a specific tracking error target Screens: Tobacco, Controversial Weapons, Thermal Coal, Civilian Firearms, Nuclear Weapons, Unconventional Oil and Gas, ESG Red Flags, Missing ESG Controversy Score, ESG Score or ESG Rating & Companies failing to comply with UN Global compact principles*
Screened Parent		<ul style="list-style-type: none"> The Screened Parent is constructed by excluding securities from Parent Index based on the exclusion criteria as per screens. The security weights are then normalized to 100%.
Key characteristics of parent index are maintained	Tracking Error Constraint	<ul style="list-style-type: none"> Subject to a predicted tracking error target (0.75% for World, Japan, EMU, Europe, 1.0% for EM and 0.6% for USA)
	Sector Weights	<ul style="list-style-type: none"> Sector weights are constrained to +/-5% from the sector weights of the Parent Index
	Country Weights	<ul style="list-style-type: none"> Country weights are constrained to +/-5% from country weights of the Parent Index*
	Security Weight Upper Bound	<ul style="list-style-type: none"> Minimum (Security Weight in the Screened Parent +2%, 5 times Security Weight in the Screened Parent)
	Security Weight Lower Bound	<ul style="list-style-type: none"> Maximum (Minimum Security Weight in Screened Parent, 0.25 times Security Weight in the Screened Parent)
	Minimum Constituent Weight	<ul style="list-style-type: none"> Minimum constituent weight in the Screened Parent
	Turnover	<ul style="list-style-type: none"> Turnover cap of 10% for SAIR and 8% for QIR as part of optimization constraints
	Transition & Physical Risk Objectives	<ul style="list-style-type: none"> Greenhouse Gas (GHG) Intensity (Scope 1+2+3) 30% to parent index (Minimum average reduction of 7% per annum) Minimum active weight in High Climate Impact Sector of 0% Minimum Increase in aggregate weight in companies setting targets relative to the aggregate weight of such companies in the Parent Index of 10% Minimum reduction in Weighted Average Potential Emissions Intensity of 30% Minimum ratio of Weighted Average Green Revenue/ Weighted Average Fossil fuels-based Revenue at least equal

*Source: https://www.msci.com/eqb/methodology/meth_docs/MSCI_ESG_Enhanced_Focus_Indexes_CTB_Methodology_Nov2021.pdf

MSCI - Product Specifications ESG Derivatives

	Benchmark Futures						ESG Futures													ESG Options				Options on ETFs				
	MSCI World	MSCI EM	MSCI EAFE	MSCI USA	MSCI Japan	MSCI Europe	MSCI World ESG Screened	MSCI EM ESG Screened	MSCI EAFE ESG Screened	MSCI USA ESG Screened	MSCI Japan ESG Screened	MSCI World ESG Enhanced Focus CTB	MSCI EM ESG Enhanced Focus CTB	MSCI Japan ESG Enhanced Focus CTB	MSCI USA ESG Enhanced Focus CTB	MSCI Europe ESG Enhanced Focus CTB	MSCI EM Asia ESG Screened	MSCI Europe ESG Screened	MSCI EMU ESG Screened	MSCI EM Asia ESG Screened	MSCI EM ESG Screened	MSCI USA ESG Screened	MSCI World ESG Screened	iShares MSCI World ESG Enhanced UCITS	iShares MSCI EM ESG Enhanced UCITS	iShares MSCI USA ESG Enhanced UCITS	iShares MSCI Europe ESG Enhanced UCITS	
EUREX Product Code	FMWO	FMEM	FMFA	FMUS	FMJP	FMEU	FMSW	FMSM	FMSF	FMSU	FMSJ	FMFW	FMFE	FMFJ	FMFU	FMFO	FMSS	FMSR	FMSO	OMSS	OMSM	OMSU	OMSW	EEWD	EEDM	EEDS	EMNU	
Currency	USD			EUR			USD			EUR			USD	EUR	USD	EUR	EUR	USD	USD	USD	USD	USD	USD	USD	USD	EUR		
Index Type	NTR																											
Bloomberg Prod. Code	ZWPA	ZTSA	FFAA	ZSOA	FMIA	ZRPA	HRLA	HRRA	HRWA	HRIA	HRYA	SJYA	SHRA	SHWA	SICA	SHSA	MUYA	AUEA	UMEA	-	-	-	-	EEWD LN	EEDM LN	EEDS LN	EMNU GY	
Bloomberg Index Code	NDDUWI	NDUEEGF	NDDUEAFE	NDDUUS	NDDUJN	MSDEE15N	NU721415	NU728007	NU728974	NU721417	NU721420	NU723911	NU723916	NU723913	NU723912	NE723914	NU733561	NE721416	NE721421	NU733353	NU728007	NU721417	NU721415	EEWD LN	EEDM LN	EEDS LN	EMNU GY	
Reuters Product Code	0#FMWO	0#FMEM	0#FMFA	0#FMUS	0#FMJP	0#FMEU	0#FMSW	0#FMSM	0#FMSF	0#FMSU	0#FMSJ	0#FMFW	0#FMFE	0#FMFJ	0#FMFU	0#FMFO	0#FMSS	0#FMSR	0#FMSSO	0#OMSS	0#OMSM	0#OMSU	0#OMSW	EEWD.L	EEDM.L	EEDS.L	EMNU.DE	
Contract months	Up to 36 months; quarterly months																											
Multiplier	10	100	10	10	10	100	10	10	10	10	10	10	10	10	10	10	20	10	10	10	10	10	10	1000	1000	1000	1000	
Tick Size (order book)	1	0.1	1	1	1	0.05	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.01	0.01	0.01	0.01	
Tick Value, in currency	10 USD	10 USD	10 USD	10 USD	10 USD	5 EUR	5 USD	5 USD	5 USD	5 USD	5 USD	5 USD	5 USD	5 USD	5 USD	5 USD	5 EUR	10 USD	5 EUR	5 EUR	10 USD	10 USD	10 USD	10 USD	10 USD	10 USD	10 EUR	
Minimum Block Trade	100	50	1	10	50	250	100	50	50	100	50	1	1	1	1	1	1	1	1	1	10	10	10	500	500	500	500	
Contract value, in currency*	85K	53K	67K	116K	67K	28K	29K	15K	20K	38K	20K	26K	14K	19K	34K	20K	38K	24K	24K	17k	13k	35k	28k	7K	5K	8K	6K	
CFTC Approved	Yes																	No										
Underlying Factsheet	MSCI World	MSCI EM	MSCI EAFE	MSCI USA	MSCI Japan	MSCI Europe	MSCI World ESG Screened	MSCI EM ESG Screened	MSCI EAFE ESG Screened	MSCI USA ESG Screened	MSCI Japan ESG Screened	MSCI World ESG Enhanced Focus CTB	MSCI EM ESG Enhanced Focus CTB	MSCI Japan ESG Enhanced Focus CTB	MSCI USA ESG Enhanced Focus CTB	MSCI Europe ESG Enhanced Focus CTB	MSCI EM Asia ESG Screened	MSCI Europe ESG Screened	MSCI EMU ESG Screened	MSCI EM Asia ESG Screened	MSCI EM ESG Screened	MSCI USA ESG Screened	MSCI World ESG Screened	iShares MSCI World ESG Enhanced UCITS	iShares MSCI EM ESG Enhanced UCITS	iShares MSCI USA ESG Enhanced UCITS	iShares MSCI Europe ESG Enhanced UCITS	

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[the-us-for-eligible-customers](#). Lastly, U.S. QIBs and broker-dealers trading on behalf of QIBs may trade certain single-security futures and narrow-based security index futures subject to terms and conditions of the SEC’s Exchange Act Release No. 60,194 (June 30, 2009), 74 Fed. Reg. 32,200 (July 7, 2009) and the CFTC’s Division of Clearing and Intermediary Oversight Advisory Concerning the Offer and Sale of Foreign Security Futures Products to Customers Located in the United States (June 8, 2010).

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