

## RAFI Indices Methodology Change Announcement Emerging Markets Country Eligibility Rule

Following a recent market consultation, RAFI Indices would like to announce the following methodology changes, effective 2/13/2025. Should you have any questions regarding this announcement, please contact [indexsupport@rafi.com](mailto:indexsupport@rafi.com).

### Changes to Index Methodology

The following methodology changes will be implemented in the following sections of each Index Methodology rulebook:

- RAFI Multi-Factor Climate Transition Developed Index – Section 3.3.1
- RAFI Multi-Factor Index Series – Section 2.6.1, Step 5
- RAFI Fundamental Reduced Carbon Pathway Index Series – Section 3.4.1
- RAFI Fundamental Global Low Carbon Transition – Section 3.3.1
- RAFI Fundamental Carbon Neutral – Section 3.1.6

### Addition:

#### Net Zero Alignment:

Modified z-scores for each company are adjusted to reflect commitments to achieving Net Zero by 2050. Companies are rated as; “Aligned”, “Aligning”, “Committed to Aligning” or “Not Aligned” based on factors such as a published 2050 Net Zero target, interim targets, material GHG disclosures and decarbonization strategy. Modified z-scores are adjusted as follows:

$$mZ_i = \begin{cases} mZ_i \times 1.10 & \text{if alignment status} = \text{"Aligning"} \text{ or } \text{"Aligned"} \\ mZ_i \times 1.05 & \text{if alignment status} = \text{"Committed to Aligning"} \\ mZ_i & \text{otherwise} \end{cases}$$

## Affected Indices:

Index Name	Total Return	Price Return	Net Return
RAFI Multi-Factor Climate Transition Developed EUR	RMFCTDET	RMFCTDEP	RMFCTDEN
RAFI Multi-Factor Climate Transition Developed GBP Hedged	RMFCTDGT	RMFCTDGP	RMFCTDGH
RAFI Multi-Factor Climate Transition Developed	RAMFCTDT	RAMFCTDP	RAMFCTDN
RAFI Multi-Factor Climate Transition Developed USD	RMFCTDUT	RMFCTDUP	RMFCTDUN
RAFI Fundamental Global Carbon Neutral	RCNGLT	RCNGLP	RCNGLN
RAFI Fundamental Emerging Markets Carbon Neutral Exclusion Screened	RCNXEMT	RCNXEMP	RCNXEMN
RAFI Fundamental Global Low Carbon Transition	RLCTGLT	RLCTGLP	RLCTGLN
RAFI Fundamental Global Low Carbon Transition GBP Hedged	RLCTGLHT	RLCTGLHP	RLCTGLHN
RAFI Fundamental Global Low Carbon Transition GBP Developed Currency Hedged	N/A	N/A	RLCTGDHN
RAFI Fundamental Global Reduced Carbon Pathway 3.5%	RCPGLBT	RCPGLBP	RCPGLBN
RAFI Fundamental Global Reduced Carbon Pathway 3.5% GBP Hedged	N/A	N/A	RCPGLGHN
RAFI Fundamental Developed Custom Reduced Carbon Pathway 3.0%	RCPDEVCT	RCPDEVCP	RCPDEVCN
RAFI Fundamental Emerging Custom Reduced Carbon Pathway 3.0%	RCPEMCT	RCPEMCP	RCPEMCN

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