

Global Industry Classification Standard (GICS)

Frequently Asked Questions

1. What is the “Global Industry Classification Standard (GICS®)?”

The Global Industry Classification Standard is an enhanced industry classification system jointly developed by Standard & Poor's (S&P) and MSCI Barra in 1999. GICS was developed in response to the global financial community's need for one complete, consistent set of global sector and industry definitions.

GICS has become an industry model widely recognized by market participants worldwide. It sets a foundation for the creation of replicable, custom-tailored portfolios and enables meaningful comparisons of sectors and industries globally.

The GICS structure currently has four levels of detail: 10 sectors, 24 industry groups, 68 industries, and 154 sub-industries. For details of historic changes to the GICS structure and GICS definitions translated into up to 10 languages, please go to www.gics.standardandpoors.com.

2. Why is this global classification system important?

GICS was developed and is maintained by two leading global index providers. It has been specifically designed to classify companies globally – in both developed and developing economies.

GICS is designed to meet the needs of the investment community for a classification system that reflects company's financial performance. Many other systems group companies into classifications designed for tracking GDP and the economy rather than company performance.

GICS provides global coverage and spans two leading global index providers. It provides a detailed view of indices and portfolios, with a universe of coverage beyond the index constituents. Over 38,000 active, publicly traded companies globally are currently classified according to GICS.

3. On which particular advantages do strategists, analysts and investors draw in applying GICS across their analysis and global benchmark selection?

The use of this global standard helps strategists, analysts and investors compare companies outside of their local markets and attract capital into local markets. GICS establishes a common standard that enables asset owners, asset managers and investment research specialists to make global comparisons by industry.

The standardized classification system permits foreign investors to look into local markets and local investors to look out at the rest of the world when comparing stocks within the same industry. GICS helps market participants determine whether stock movements are locally based or are part of a broader global trend.

GICS defines peer groups tightly and avoids grouping unlike companies together. Four classification levels allow for more customization and targeting in portfolio, index and derivative product construction.

4. How does GICS affect the family of S&P index products?

Standard & Poor's has long been a leading provider of indices used by the international financial markets for portfolio analysis and asset management. By developing indices using the GICS structure, S&P presents a powerful family of sector-based indices that offer a global, consistent set of benchmarks.

GICS enables both S&P and any index provider who adopts the system to develop competing sector indices and index products from a common global standard, enabling asset owners, asset managers, and investment research specialists to make seamless comparisons among indices by industry, by region and globally.

5. Who uses GICS and how pervasive is GICS in the international investment community?

Investors use GICS and all related S&P industry indices and data across the full spectrum of equity market management – including asset management, sector research, portfolio strategy, peer analysis, and client account reporting. The use

of GICS enables market participants to identify and analyze a customized group of companies from a common global standard.

The global nature of this system has made it easy for major stock exchanges, such as the Toronto Stock Exchange (TSX), the Australian Stock Exchange (ASX) and the Norex Alliance.

Market participants currently using the GICS structure include buy-side portfolio managers, institutional and retail brokerage firms, custodians, universities, consultants, and a variety of data distributors.

6. Which classification system, GICS or ICB, provides more detail at the sub-industry level?

At present GICS is a four-level structure, with the highest level broken out into 10 groups (Sectors) and the lowest level into 154 groups (Sub-Industries). ICB is also a four-level structure with the highest level broken out into 10 groups and the lowest level into 114 groups.

The GICS structure is comprised of 10 sectors, 24 industry groups, 68 industries and 154 sub-industries. For details of historic changes to the GICS structure, please go to www.gics.standardandpoors.com.

7. What types of S&P products include GICS?

GICS is the official Standard & Poor's industry classification system. Most Standard & Poor's products that include an industry classification system use the GICS structure.

All companies in the Standard & Poor's global family of indices have been classified according to the GICS structure. Standard & Poor's indices and sub-indices are designed to reflect the sectoral composition of the broad markets they represent. Many of the broad S&P indices are broken down into sector- and/or industry-level indices to provide performance measurements across these markets. The sector weights of an S&P index provide the financial community with a useful benchmark of sectors representation within that market.

8. How is a company assigned a GICS code?

Standard & Poor's and MSCI Barra jointly assign a company to a single GICS sub-industry according to the definition of its principal business activity as determined by the two companies. Revenues are a significant factor in determining principal business activity; however, earnings analysis and market perception are also important criteria for classification.

9. Are GICS assigned at a company level or a security/issue level?

GICS are assigned at a company level. If a company's subsidiary files separate financials to its reporting government agency, that subsidiary will be considered a separate entity and classified independently under the GICS methodology. Equity securities or issues directly linked to a company will have the same classification as the company.

10. How frequently are companies reviewed for potential GICS changes and how often does a company's GICS classification generally change?

Companies are reviewed annually at a minimum. Companies are also under constant surveillance for corporate actions.

In general, a GICS will change whenever there is a major corporate action that redefines a company's primary line of business. At a minimum, annual reviews are conducted to ensure that a company has not redefined its line of business through a series of smaller events.

11. How adaptable is the GICS structure over time??

The four-level GICS structure accurately reflects equities in today's global investment environment, yet is flexible enough to capture tomorrow's developments. The eight-digit GICS coding system is designed to adapt easily to the changing investment world. As the global economy changes, sectors, industry group, industries and sub-industries can be added or divided.

12. General GICS Facts

Years of history: Varies by S&P product. U.S., Canada and ADRs can go back as far as 1985. The S&P 500, the S&P Global 1200, the S&P Composite 1500 and the S&P/Citigroup indices go back to 1989. Other global companies generally go back to at least 1999.

Number of companies classified: over 38,000 current, active companies; over 55,000 including inactive companies.

Estimated percentage of global equity market capitalization classified: Over 98%.