

CONSULTATION ON POTENTIAL CHANGES TO THE GLOBAL INDUSTRY CLASSIFICATION STANDARD (GICS®) STRUCTURE IN 2022

November 29, 2021

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INTRODUCTION

- In August 1999, MSCI and S&P Dow Jones Indices announced their agreement to co-develop GICS. The four-tier structure was first introduced with 10 Sectors, 23 Industry Groups, 59 Industries, and 123 Sub-Industries. The structure has since evolved to 11 Sectors, 24 Industry Groups, 69 Industries, and 158 Sub-Industries. This evolution of the GICS structure ensures that GICS is reflective of today's markets and continues to be an accurate and complete industry framework.
- MSCI and S&P Dow Jones Indices are consulting with members of the investment community on potential changes to the GICS structure in 2022. This consultation paper is designed to allow market participants to understand and give feedback on the potential changes, which in turn will help MSCI and S&P Dow Jones Indices to make any final decisions.
- The consultation begins on October 18, 2021 and ends on February 18, 2022. In addition, MSCI and S&P DJI will provide proforma classifications for a select list of companies potentially impacted by the consultation with market capitalization above US \$2 billion no later than January 21, 2022. Please note that these proforma classifications should not be considered as final classifications even if the proposals are ultimately adopted*.
- Due to the extension of the feedback period, final changes to the GICS structure are expected to be announced by March 2022 with an expected GICS Direct implementation date in March 2023*.
- Further information regarding MSCI and S&P DJI proforma indices and index implementation timeline will be announced after the final changes to the GICS Structure has been announced*.
- The consultation may or may not result in any changes to the GICS structure.

** In an announcement dated November 29, 2021, MSCI and S&P DJI announced the extension of the feedback period for the consultation from December 20, 2021 to February 18, 2022 and also provided some additional updates*

MODE OF CONSULTATION

If you would like to participate in this consultation, there are two options:

1) Click on the below links to participate in the online survey

- MSCI: www.msci.com/consultation-gics
- S&P Dow Jones Indices: <https://www.spglobal.com/spdji/en/governance/consultations/mr47787/>

2) Contact one of the following email addresses with your feedback

- MSCI: clientservice@msci.com
- S&P Dow Jones Indices: index_services@spglobal.com
- Contact MSCI or S&P Dow Jones Indices' Account Manager or Representative

For a detailed description of GICS, please refer to MSCI's website at www.msci.com/gics and S&P Dow Jones Indices' website at www.spdji.com.

SUMMARY OF TOPICS FOR THE 2021 GICS CONSULTATION

S. No.	Topic	Summary
1	Classification of Renewable Energy	Consolidate all 'Energy' producers and related equipment & service providers under the Energy Sector. This includes producers of non-renewable energy such as oil, gas, thermal coal and electricity from non-renewable sources as well as generators of electricity from renewable sources. This enables a distinction between 'energy generation' and 'energy distribution to end users' and consolidates renewable energy generation and renewable energy equipment companies under the Energy Sector.
2	Classification of Retailers	Discontinue the Internet & Direct Marketing Retail Sub-Industry and consolidate various retail formats spread across the Consumer Discretionary and Consumer Staples Sectors.
3	Classification of Data Processing & Outsourced Services	Discontinue the Data Processing & Outsourced Services Sub-Industry from the Information Technology Sector and move it to the Industrials Sector. In addition, reclassify transaction and payment processing companies from the Information Technology Sector to the Financials Sector.
4	Classification of Banks and Thrifts & Mortgage Finance	Consolidate Diversified Banks, Regional Banks and Thrifts/Saving Banks into one Sub-Industry and reclassify Mortgage Finance from Banks to the Financial Services Industry Group.
5	Classification of REITs	Introduce more granularity to Equity REITs.
6	Classification of Transportation	Redefine the Trucking Sub-Industry and create one new Sub-Industry called Passenger Ground Transportation.
7	Update to GICS definition: Classification of Cannabis	Update the definition of Pharmaceuticals to include companies primarily manufacturing cannabis-based drugs used to treat diseases. Pharmaceuticals will exclude manufacturers of other cannabis-based products classified based on their end-use.

CLASSIFICATION OF RENEWABLE ENERGY COMPANIES

Current classification:

- Conventional energy producers such as oil, gas, consumable fuels and related equipment are classified under the Energy Sector whereas companies that generate electricity using renewable as well as non-renewable sources are classified under the Utilities Sector.
- Manufacturers of renewable energy equipment such as solar modules & cells and solar power systems are classified under the Information Technology and Industrials Sectors, respectively.

Sector	Industry Group	Industry	Sub-Industry
Energy	Energy	Energy Equipment & Services	Oil & Gas Drilling
			Oil & Gas Equipment & Services
		Oil, Gas & Consumable Fuels	Integrated Oil & Gas
			Oil & Gas Exploration & Production
			Oil & Gas Refining & Marketing
			Oil & Gas Storage & Transportation
Coal & Consumable Fuels			

Sector	Industry Group	Industry	Sub-Industry
Utilities	Utilities	Electric Utilities	Electric Utilities
		Gas Utilities	Gas Utilities
		Multi-Utilities	Multi-Utilities
		Water Utilities	Water Utilities
		Independent Power and Renewable Electricity Producers	Independent Power Producers & Energy Traders
			Renewable Electricity

Rationale for the review:

- The rapid growth of investment and capacity in the renewable energy generation space is transforming the competitive landscape of both the Energy and Utilities Sectors. As innovation accelerates and costs decline, renewable energy generation sources are becoming significant competitors to traditional energy source providers, and it is important to reflect this expansion in the energy source types within the Energy Sector.
- Investors have an interest in more granular classifications of these renewable energy generation sources, consolidated within the GICS structure.

PROPOSAL

Consolidate energy producers and related equipment & service providers under the Energy Sector. This includes producers of non-renewable energy such as oil, gas, thermal coal and electricity from non-renewable sources as well as generators of electricity from renewable sources. This enables a distinction between ‘energy generation’ and ‘energy distribution to end users’ and consolidates renewable energy generation and renewable energy equipment companies together under the Energy Sector.

- Reclassify the generation and wholesaling of electricity from the Utilities to the Energy Sector. Retain distribution of electricity to end-users under the Utilities Sector.
- Create a Renewable Energy Industry Group under the Energy Sector with granular Sub-Industries for Renewable Energy Generation, Renewable Energy Equipment & Services, and Renewable Fuels.
- Split the Electric Utilities Sub-Industry under the Utilities Sector into Renewable and Non-Renewable Electric Utilities.

PROPOSED STRUCTURE – ENERGY SECTOR

Sector	Industry Group	Industry	Sub-Industry	Company examples*
Energy	Non-Renewable Energy (New)	Non-Renewable Energy Equipment & Services (Rename)	Oil & Gas Drilling	China Oilfield Services, Helmerich & Payne
			Oil & Gas Equipment & Services	Schlumberger, Halliburton
			Integrated Oil & Gas	Saudi Aramco, Exxon Mobil
		Oil & Gas Production, Marketing & Transportation (New)	Oil & Gas Exploration & Production	ConocoPhillips, CNOOC
			Oil & Gas Refining & Marketing	Reliance Industries, Marathon Petroleum
			Oil & Gas Storage & Transportation	Enbridge, Kinder Morgan
			Thermal Coal & Other Consumable Fuels (New)	Thermal Coal (New)
		Uranium (New)	Cameco, Kazatomprom	
		Other Consumable Fuels (New)	Shanxi Coking, Shanxi Meijin	
		Non-Renewable Independent Power Producers & Energy Traders (Sector change & rename)	Non-Renewable Independent Power Producers & Energy Traders (Sector change & rename)	CGN Power, NTPC
	Renewable Energy (New)	Renewable Energy Equipment & Services (New)	Renewable Energy Equipment & Services (New)	Enphase Energy, Sungrow Power Supply, Canadian Solar
			Renewable Fuels (New)	Renewable Fuels (New)
		Renewable Energy Producers (New)	Solar Energy (New)	Adani Green Energy, Transalta Renewables
			Wind Energy (New)	China Three Gorges, China Longyuan Power
			Hydro Energy (New)	China Yangtze, Brookfield Renewable
Diversified Renewable Energy (New)			EDP Renovaveis, Nextera Energy Partners	
Other Renewable Energy (New)			Albioma, Montauk Renewables	

Note: Changes to the GICS structure are highlighted in red

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PROPOSED STRUCTURE – UTILITIES SECTOR

Sector	Industry Group	Industry	Sub-Industry	Company examples*
Utilities	Utilities	Electric Utilities	Renewable Electric Utilities (New)	Orsted, VERBUND
			Non-Renewable Electric Utilities (New)	Duke Energy, Xcel Energy
		Gas Utilities	Gas Utilities	Hongkong China Gas, SNAM
		Multi-Utilities	Multi-Utilities	Dominion Energy, ENGIE
		Water Utilities	Water Utilities	American Water Works, United Utilities Group
		Independent Power and Renewable Electricity Producers (Discontinue)	Independent Power Producers & Energy Traders (Discontinue)	-
			Renewable Electricity (Discontinue)	-

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PROPOSED DEFINITIONS

Sub-Industry	Proposed definitions
Thermal Coal	Companies involved in the production and mining of Bituminous (Thermal) Coal and related products used solely for energy production. This Sub-Industry excludes companies primarily mining for metallurgical (coking) coal used for steel production classified as Steel.
Uranium	Companies involved in the mining & production of uranium deposits and the processing of uranium concentrate into nuclear fuel.
Other Consumable Fuels	Companies involved in the production, mining and processing of other fossil fuels and consumable fuels such as petroleum coke.
Renewable Energy Equipment & Services	Companies involved in the manufacture and installation of renewable energy equipment and providers of related services. This Sub-Industry includes manufacturers of large battery storage & stationary fuel cells, wind power turbines, solar modules, photovoltaic cells & panels, and equipment used to produce renewable energy and fuels.
Renewable Fuels	Manufacturers of renewable gas and liquid fuel including green hydrogen and biomass derived fuels such as ethanol and biodiesel.
Solar Energy	Companies engaged in the generation of electricity using solar energy. This Sub-Industry excludes companies distributing electricity to the end-users that are classified under the Utilities Sector.
Wind Energy	Companies engaged in the generation of electricity using wind energy. This Sub-Industry excludes companies distributing electricity to the end-users that are classified under the Utilities Sector.
Hydro Energy	Companies engaged in the generation of electricity using water & geo-thermal energy. This Sub-Industry excludes companies distributing electricity to the end-users that are classified under the Utilities Sector.
Diversified Renewable Energy	Companies that engage in the generation and distribution of electricity using multiple renewable energy sources, none of which contribute 60% of the company's revenue or majority of both the company's revenues and earnings. This Sub-Industry excludes companies distributing electricity to the end-users that are classified under the Utilities Sector.
Other Renewable Energy	Companies engaged in the generation of renewable energy not classified elsewhere.
Renewable Electric Utilities	Companies distributing electricity generated from renewable energy sources to end users.
Non-renewable Electric Utilities	Companies distributing electricity generated from non-renewable energy sources to end users.

DISCUSSION TOPICS

- 1. Should companies engaged in the following businesses be consolidated under the Energy Sector?**
 - Renewable Energy producers
 - Renewable Energy Fuel producers
 - Manufacturers of Renewable Energy Equipment such as solar modules & cells, raw material & equipment for the solar power industry and installers of solar power systems
 - Non-Renewable Independent Power Producers & Energy Traders
- 2. Should GICS reclassify companies that generate and wholesale energy/electricity, but do not distribute to end users, into the Energy Sector from the Utilities Sector?**
- 3. Should Electric Utilities distributing electricity produced from renewable sources be classified in a separate Sub-Industry from those distributing electricity produced from non-renewable sources?**

CLASSIFICATION OF RETAILERS

Current classification:

Sector	Industry Group	Industry	Sub-Industry
Consumer Discretionary	Retailing	Distributors	Distributors
		Internet & Direct Marketing Retail	Internet & Direct Marketing Retail
		Multiline Retail	Department Stores
			General Merchandise Stores
		Specialty Retail	Apparel Retail
			Computer & Electronics Retail
			Home Improvement Retail
			Specialty Stores
			Automotive Retail

Sector	Industry Group	Industry	Sub-Industry
Consumer Staples	Food & Staples Retailing	Food & Staples Retailing	Drug Retail
			Food Distributors
			Food Retail
			Hypermarkets & Super Centers

Rationale for the review:

- GICS generally classifies companies based on the industry in which they operate rather than the underlying technology used to deliver a product or service.
- In addition, the retail landscape has evolved over the years, and we now observe below key characteristics related to their classification under the GICS structure:
 - Retailers are opting to pursue an omni-channel approach to sell their products rather than sticking with mainly to brick-and-mortar retail or purely on-line channels.
 - No significant demarcation is left between General Merchandise Stores and Department Stores as both formats are comprised of retail spaces primarily selling consumer discretionary goods.
 - Retailers generating a majority of their revenue or earnings from consumable staple items such as food, household, and personal products should be consolidated under the Consumer Staples Sector.

PROPOSAL

Discontinue Internet & Direct Marketing Retail.

- Reclassify all existing companies into their respective Retail or other Sub-Industries based on the nature of goods sold by them.
- Reclassify companies operating online marketplaces for consumer products and services into their respective Retail or other Sub-Industries.

Merge General Merchandise Stores and Department Stores into one Sub-Industry named as Broadline Retail under the Consumer Discretionary Sector. This Sub-Industry also includes online marketplaces for consumer discretionary goods.

- Expand the definition to include online marketplaces retailing consumer discretionary goods.

Reclassify select companies mainly selling consumable merchandise currently classified under the Consumer Discretionary Sector to the Consumer Staples Sector.

- Rename Hypermarkets & Super Centers under the Consumer Staples Sector to Consumable Merchandise Retail.
- Update the definition to include retailers of consumable merchandise offering a wide-range of consumable staples such as food, household, and personal products.

Update GICS nomenclature for select Retail classifications.

- Replace “Stores” with “Retail” in GICS nomenclature to reflect the omni-channel strategies being adopted by many retail companies.

PROPOSED STRUCTURE

Sector	Industry Group	Industry	Sub-Industry	Company examples*	
Consumer Discretionary	Consumer Discretionary Distribution & Retail (Rename)	Distributors	Distributors	Genuine Parts, Pool Corp	
		Internet & Direct Marketing Retail (Discontinue)	Internet & Direct Marketing Retail (Discontinue)	-	
		Multiline Retail	Department Stores (Discontinue)	Department Stores (Discontinue)	-
			General Merchandise Stores (Discontinue)	General Merchandise Stores (Discontinue)	-
			Broadline Retail (New)	Broadline Retail (New)	Macy's, Nordstrom, Kohl's, Amazon, Alibaba, eBay
		Specialty Retail	Apparel Retail	Apparel Retail	Inditex, Hennes & Mauritz
			Computer & Electronics Retail	Computer & Electronics Retail	Best Buy, Gamestop
			Home Improvement Retail	Home Improvement Retail	Home Depot, Lowe's
			Specialty Retail (Rename)	Specialty Retail (Rename)	Bath & Body Works, Chow Tai Fook Jewellery
			Automotive Retail	Automotive Retail	O'Reilly Automotive, Autozone
Homefurnishing Retail	Homefurnishing Retail	Nitori Holdings, RH			

Sector	Industry Group	Industry	Sub-Industry	Company examples*
Consumer Staples	Consumer Staples Distribution & Retail (Rename)	Consumer Staples Distribution & Retail (Rename)	Drug Retail	Walgreens Boots Alliance, Welcia Holdings
			Food Distributors	Sysco, US Foods Holding
			Food Retail	Alimentation Couche, Seven & I Holdings
			Consumable Merchandise Retail (Rename & Definition update)	Dollar Tree, Dollar General, Target, Walmart, Costco

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PROPOSED DEFINITIONS

Sub-Industry	Proposed definitions
Broadline Retail	Retailers offering a wide range of consumer discretionary merchandise. This Sub-Industry includes general merchandise retailers, department stores and online marketplaces for consumer discretionary merchandise.
Consumable Merchandise Retail	Retailers offering a wide-range of consumable merchandise such as food, household, and personal products. This Sub-Industry includes hypermarkets, super centers and other consumable retailers such as dollar stores and discount retail spaces selling mostly consumer staples goods.

DISCUSSION TOPICS

1. **Should the Internet & Direct Marketing Retail Sub-Industry be discontinued, and companies reclassified into their respective Retail or other Sub-Industries based on the nature of the goods sold or services offered by them?**
2. **Should there be a distinction between online retailers and brick-and-mortar retailers?**
3. **Should General Merchandise Stores and Department Stores be combined into one Sub-Industry called Broadline Retail under the Consumer Discretionary Sector?**
4. **Should companies mainly selling consumable merchandise currently classified under the Consumer Discretionary Sector as General Merchandise Stores be reclassified under the Consumer Staples Sector as Consumable Merchandise Retail?**

CLASSIFICATION OF DATA PROCESSING & OUTSOURCED SERVICES

Current classification:

- Data Processing & Outsourced Services under the Information Technology Sector includes providers of commercial electronic data processing and/or business process outsourcing services.
- It also includes companies that provide services for back-office automation and credit card, check and bank transaction processing.

Sector	Industry Group	Industry	Sub-Industry
Industrials	Commercial & Professional Services	Commercial Services & Supplies	Commercial Printing
			Environmental & Facilities Services
			Office Services & Supplies
			Diversified Support Services
			Security & Alarm Services
		Professional Services	Human Resource & Employment Services
			Research & Consulting Services

Sector	Industry Group	Industry	Sub-Industry
Information Technology	Software & Services	IT Services	IT Consulting & Other Services
			Data Processing & Outsourced Services
			Internet Services & Infrastructure

Rationale for the review:

- Companies classified as Data Processing & Outsourced Services offer services either customized for select industries such as Human Resources or Travel or to diverse industries, as is the case with transaction and payment processing companies offering payment related transaction and payment processing services by connecting consumers, financial institutions, merchants, governments, digital partners, businesses and other organizations.
- These support activities are closely aligned with the business support activities covered under the Industrials Sector rather than the Information Technology Sector, and with the Financials Sector in the case of payment processors.

PROPOSAL

Discontinue the Data Processing & Outsourced Services Sub-Industry under the Information Technology Sector and move it to the Industrials Sector. In addition, reclassify transaction and payment processing companies from the Information Technology Sector to the Financials Sector.

- Reclassify companies offering call center and other business outsourced services to diverse industries, including customer relationship management (CRM) services, from the Data Processing & Outsourced Services Sub-Industry under the Information Technology Sector to the Industrials Sector.
- Reclassify transaction and payment processing companies to a newly created Sub-Industry called Transaction and Payment Processing Services under the Financials Sector.
- Reclassify payroll processing companies to the Industrials Sector under the Human Resource & Employment Services Sub-Industry.
- Reclassify companies that offer travel related data processing and outsourced services under the Consumer Discretionary Sector to the Hotels, Resorts & Cruise Lines Sub-Industry.

PROPOSED STRUCTURE

Sector	Industry Group	Industry	Sub-Industry	Company examples*
Industrials	Commercial & Professional Services	Commercial Services & Supplies	Commercial Printing	Dai Nippon Printing, Brady
			Environmental & Facilities Services	Waste Management, Republic Services
			Office Services & Supplies	MSA Safety, Herman Miller
			Diversified Support Services	Cintas, Copart
		Professional Services	Security & Alarm Services	Secom, ADT
			Human Resource & Employment Services (Definition update)	Recruit Holdings, Automatic Data Process, Paychex
			Research & Consulting Services	Thomson Reuters, RELX
			Data Processing & Outsourced Services (Sector change & definition update)	TELUS International, Broadridge Financial**

Sector	Industry Group	Industry	Sub-Industry	Company examples*
Financials	Financial Services (Rename)	Financial Services (Rename)	Diversified Financial Services (Rename)	Bajaj Finserv, Orix
			Multi-Sector Holdings	Berkshire Hathaway, Investor AB
			Specialized Finance	Chailease Holding, Piramal Enterprises
			Transaction and Payment Processing Services (New)	VISA, Mastercard, PayPal Holdings, Fidelity National Information Services**
			Consumer Finance	American Express, Capital One Financial

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**As an update on November 29, 2021, Fidelity National Information Services was moved from Data Processing & Outsourced Services to Transaction and Payment Processing Services and TELUS International was added as a company example in Data Processing & Outsourced Services

PROPOSED DEFINITIONS

Sub-Industry	Proposed definitions
Human Resource & Employment Services	Companies providing business support services relating to human capital management. This Sub-Industry includes employment agencies, employee training, payroll processing, benefit & retirement support services, corporate & job seeker recruitment services, and online job portals generating revenue from fees or commissions for offering recruitment services to companies or job seekers.
Data Processing & Outsourced Services	Providers of commercial data processing and/or business process outsourcing services. This Sub-Industry includes companies providing services for customer experience management, back-office automation, call center management, and investor communications.
Transaction and Payment Processing Services	Providers of transaction & payment processing services and related payment services including digital & mobile payments and digital wallet providers.

DISCUSSION TOPICS

1. **Should companies that provide payment and transaction processing services be reclassified to the Financials Sector from the Information Technology Sector?**
2. **Should call centers and other business outsourced services including customer experience management be reclassified to the Industrials Sector or remain in the Information Technology Sector?**

CLASSIFICATION OF BANKS AND THRIFTS & MORTGAGE FINANCE

Current classification:

Sector	Industry Group	Industry	Sub-Industry
Financials	Banks	Banks	Diversified Banks
			Regional Banks
		Thrifts & Mortgage Finance	Thrifts & Mortgage Finance

Rationale for the review:

- With the evolution of the Banking industry, identifying “geographic footprints” is becoming less meaningful as mergers create super regional banks often with diverse regional footprints.
- The distinction between Thrifts/Savings Banks and Regional Banks is becoming less relevant as banking laws have evolved in the U.S. and elsewhere. Most of these institutions now offer diverse services such as conventional retail banking, small and medium corporate lending, and other thrifts related financial services.
- Mortgage Finance, where revenue is more fee-based than interest income based, are distinct from Banks as they mainly offer mortgage finance related products & services for commercial & residential real estate properties.

PROPOSAL

Combine all Banks, Thrifts, and Savings Banks into one Sub-Industry and reclassify Mortgage Finance companies from the Banks Industry Group to the Financial Services Industry Group.

- Merge Diversified Banks, Regional Banks and Thrifts/Saving Banks into one Sub-Industry named Banks.
- Discontinue the Thrifts and Mortgage Finance Sub-Industry under the Banks Industry Group and create a new Sub-Industry under the Diversified Financials Industry Group (to be renamed Financial Services) named Commercial & Residential Mortgage Finance.

Proposed structure:

Sector	Industry Group	Industry	Sub-Industry	Company examples*
Financials	Banks	Banks	Diversified Banks (Discontinue)	-
			Regional Banks (Discontinue)	-
			Banks (New)	JPMorgan Chase, Truist Financial
		Thrifts & Mortgage Finance (Discontinue)	-	
	Financial Services (Rename)	Financial Services (Rename)	Diversified Financial Services (Rename)	Bajaj Finserv, Orix
			Multi-Sector Holdings	Berkshire Hathaway, Investor AB
			Specialized Finance	Chailease Holding, Piramal Enterprises
			Transaction and Payment Processing Services (New)	Visa, Mastercard, PayPal Holdings
		Commercial & Residential Mortgage Finance (New)	Walker & Dunlop, Federal Agricultural Mortgage, UWM Holdings	

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PROPOSED DEFINITIONS

Sub-Industry	Proposed definitions
Banks	Commercial banks, savings banks and thrifts mainly engaging in conventional banking operations such as retail banking, corporate lending, and originating various loans comprised of residential and commercial mortgage loans.
Commercial & Residential Mortgage Finance	Financial companies providing commercial and residential mortgage financing and related mortgage services. This Sub-Industry includes non-deposit funded mortgage lending institutions, building societies, companies providing real estate financing products, loan servicing, mortgage broker services, and mortgage insurance.

DISCUSSION TOPICS

1. Should Diversified Banks, Regional Banks and Thrifts/Savings Banks be merged into one Sub-Industry named Banks?
2. Should Mortgage Finance companies servicing both commercial and residential real estate properties move from the Banks Industry Group to the Financial Services Industry Group?

CLASSIFICATION OF REITs

Current Classification:

Sector	Industry Group	Industry	Sub-Industry
Financials	Diversified Financials	Mortgage Real Estate Investment Trusts (REITs)	Mortgage REITs

Sector	Industry Group	Industry	Sub-Industry
Real Estate	Real Estate	Equity Real Estate Investment Trusts (REITs)	Diversified REITs
			Industrial REITs
			Hotel & Resort REITs
			Office REITs
			Health Care REITs
			Residential REITs
			Retail REITs
			Specialized REITs

Rationale for the review:

- Most companies structured as Real Estate Investment Trusts (REITs) invest in distinct property types such as retail properties, data centers and telecom towers.
- Approximately 75% of the companies classified as REITs focus on unique property types while the remaining companies invest in diversified properties.
- Based on the feedback received from various market participants and clients, there is interest in creating additional granularity for REITs to help investors track the increased specialization in the REITs space.

PROPOSAL

Introduce more granularity to Equity REITs in the GICS structure.

- Split Residential REITs into 2 Sub-Industries
 - Multi-family Residential REITs
 - Single-Family Residential REITs

- Create 4 new Sub-Industries from Specialized REITs
 - Self storage REITs
 - Telecom Tower REITs
 - Timber REITs
 - Data Center REITs

PROPOSED STRUCTURE

Sector	Industry Group	Industry	Sub-Industry	Company examples*
Real Estate	Equity Real Estate Investment Trusts (REITs) (New)	Diversified REITs (New)	Diversified REITs	WP Carey, VEREIT
		Industrial REITs (New)	Industrial REITs	Prologis, Goodman Group
		Hotel & Resort REITs (New)	Hotel & Resort REITs	Host Hotels & Resorts, Ryman Hospitality Properties
		Office REITs (New)	Office REITs	Alexandria Real Estate, Boston Properties
		Health Care REITs (New)	Health Care REITs	Welltower, Ventas
		Residential REITs (New)	Multi-family Residential REITs (New)	American Campus Communities, Apartment Income
			Single-Family Residential REITs (New)	Invitation Homes, UMH Properties
		Retail REITs (New)	Retail REITs	Simon Property Group, Realty Income
			Self Storage REITs (New)	Public Storage, Life Storage
			Telecom Tower REITs (New)	Crown Castle, SBA Communications
		Specialized REITs (New)	Timber REITs (New)	Weyerhaeuser, Rayonier
			Data Center REITs (New)	Equinix, Digital Realty Trust
			Specialized REITs (Definition update)	Vici Properties, Lamar Advertising

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PROPOSED DEFINITIONS

Sub-Industry	Proposed definitions
Multi-family Residential REITs	Companies or Trusts engaged in the acquisition, development, ownership, leasing, management and operation of apartments and other multi-family housing including student housing.
Single-Family Residential REITs	Companies or Trusts engaged in the acquisition, development, ownership, leasing, management and operation of single-family residential housing including manufactured homes.
Self storage REITs	Companies or Trusts engaged in the acquisition, development, ownership, leasing, management and operation of self storage properties.
Telecom Tower REITs	Companies or Trusts engaged in the acquisition, development, ownership, leasing, management and operation of telecom towers and related structures that support wireless telecommunications.
Timber REITs	Companies or Trusts engaged in the acquisition, development, ownership, leasing, management and operation of timberland and timber-related properties.
Data Center REITs	Companies or Trusts engaged in the acquisition, development, ownership, leasing, management and operation of data center properties.
Other Specialized REITs	Companies or Trusts engaged in the acquisition, development, ownership, leasing, management and operation of properties not classified elsewhere. This Sub-Industry includes REITs that manage and own properties such as natural gas and crude oil pipelines, gas stations, fiber optic cables, prison, automobile parking, and automobile dealerships.

DISCUSSION TOPIC

1. Should additional Sub-Industries for REITs be added to increase the granularity of Equity REITS in the GICS structure?

CLASSIFICATION OF TRANSPORTATION

Current classification:

Sector	Industry Group	Industry	Sub-Industry
Industrials	Transportation	Air Freight & Logistics	Air Freight & Logistics
		Airlines	Airlines
		Marine	Marine
		Road & Rail	Railroads
			Trucking
		Transportation Infrastructure	Airport Services
			Highways & Railtracks
	Marine Ports & Services		

Rationale for the review:

- The Trucking Sub-Industry includes a mix of companies providing cargo/goods and passenger ground transportation services. This includes truck transportation services, household and office goods moving services, taxi and ride sharing companies and platforms, and motor vehicle rental companies.
- The name 'Trucking' is no longer descriptive of the diverse group of companies in this Sub-Industry.
- The passenger ground transportation business has evolved over the years through the development of online apps and marketplaces for taxis and on-demand ride sharing, as well as consumer bicycle and scooter rental platforms. In addition, these companies are distinct from those offering cargo/goods ground transportation services.

PROPOSAL

Passenger land transportation is distinct from cargo/goods land transportation. Therefore, the existing Trucking Sub-Industry will undergo a definition change, and one new Sub-Industry will be created called Passenger Ground Transportation.

Proposed Structure:

Sector	Industry Group	Industry	Sub-Industry	Company examples*
Industrials	Transportation	Air Freight & Logistics	Air Freight & Logistics	United Parcel, Fedex
		Airlines	Airlines	Southwest Airlines, Delta Air Lines
		Marine Transportation (Rename)	Marine Transportation (Rename)	AP Moller Maersk, Kuehne & Nagel
		Ground Transportation (Rename)	Rail Transportation (Rename)	Union Pacific, Canadian National Railway
			Trucking (Definition Update)	Old Dominion Freight, J.B. Hunt Transport Services
			Passenger Ground Transportation (New)	Uber Technologies, Lyft, ALD, SixT SE
		Transportation Infrastructure	Airport Services	Airports Of Thailand, Aena
			Highways & Railtracks	Transurban Group, Atlantia
			Marine Ports & Services	Adani Ports and SEZ, Shanghai International Port

Note: Changes to the GICS structure are highlighted in red

*The purpose of identifying companies as examples is only to provide context to the discussion. It does not imply that the company is being reclassified, even if changes are made to the GICS structure. MSCI and S&P DJI reserve the right to classify companies as they see appropriate.

PROPOSED DEFINITIONS

Sub-Industry	Proposed definitions
Trucking	Companies providing ground transportation services for goods and freight.
Passenger Ground Transportation	Companies providing passenger ground transportation and related services, including bus, taxi, vehicle rental, ride sharing and on-demand ride sharing platforms, and other passenger logistics.

DISCUSSION TOPIC

1. Should the definition of Trucking be updated to include only freight ground transportation, with passenger transportation moved to a new Sub-Industry called Passenger Ground Transportation?

UPDATE TO GICS DEFINITION: CLASSIFICATION OF CANNABIS

- The cannabis industry has expanded rapidly in recent years due to an ease in regulations and increased discovery of uses for a variety of applications.
- There are companies involved in cannabis cultivation, cannabis distribution including dispensaries, the processing and distribution of cannabis plants, and the creation of cannabis derivative products with diverse applications across the healthcare, recreational, industrial, and consumer product markets.
- The legality of recreational usage is still inconsistent globally, whereas legal medicinal use is more widespread. Additional uses are still in a nascent stage.
- The definition of Pharmaceuticals is being updated to include companies primarily engaging in the research, development, and manufacturing of cannabis-based drugs used to treat diseases. The Pharmaceuticals Sub-Industry will exclude companies primarily manufacturing non-medicinal marijuana and other cannabis products used for non-medical purposes which are classified based on end-use.
- MSCI and S&P Dow Jones Indices will continue to monitor this industry.

Update in GICS definition:

Sector	Industry Group	Industry	Sub-Industries
Health Care	Pharmaceuticals, Biotechnology & Life Sciences	Biotechnology	Biotechnology
		Pharmaceuticals	Pharmaceuticals (Definition update)
		Life Sciences Tools & Services	Life Sciences Tools & Services

Sub-Industries	Proposed definitions
Pharmaceuticals	Companies engaged in the research, development or production of pharmaceuticals including cannabis-based drugs used for medicinal purposes and veterinary drugs. This Sub-Industry excludes manufacturers of other cannabis-based products that are classified based on their end-use.

Note: Changes to the GICS structure are highlighted in red

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