

# **INDEX RULE BOOK**

## **CAC 40 Governance index**

Version 22-01

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## 1. GENERAL

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This document is applicable to the CAC 40® Governance index (“Index Family”), which consists of all the Indices as mentioned in the Reference Table.

The objective of the CAC 40 Governance index is to reflect the price level trends in the trading of shares listed in France.

Euronext Paris is the Administrator of this Index Family. For this Index Family no Independent Supervisor is appointed.

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### VERSION NOTES

Version	Effective date	New or changed parts	Reference/announcement
V1	-	restyled version in view of newly published Calculation and Corporate Actions rulebooks	
22-01	08-09-2022	Addition of Review Weighting Date	EIA 2022-318

## 2. INDEX REVIEWS

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### 2.1 REVIEW FREQUENCY AND RELEVANT DATES

<b>Review frequency:</b>	Quarterly
<b>Review Effective Date:</b>	After the market close of the third Friday of March, June, September and December
<b>Review Cut-Off Date:</b>	After the market close of the penultimate Friday of February, May, August and November.
<b>Review Announcement Date:</b>	At least two trading days before the Review Effective Date.
<b>Review Weighting Date:</b>	Three trading days before the Review Effective Date.
<b>Review Weighting Announcement Date:</b>	Two trading days before the Review Effective Date.

### 2.2 REVIEW SELECTION

#### Step 1: Index Universe

##### Index Universe definition

The Index Universe consists of Companies included in the CAC 40 Index, at reviews this means included after the Review Effective Date.

#### Step 2: Eligibility screening at reviews

No additional eligibility screening

#### Step 3: Selection Ranking

No ranking for selection purposes.

#### Step 4: Selection of constituents at the reviews

The composition is identical to the Underlying Index.

### 2.3 PERIODICAL WEIGHTING UPDATE

#### Weighting method

The index is Non-Market Capitalisation weighted, based on Moody's ESG Solutions Corporate Governance score.

The Weighting Factors are explained in the following paragraphs.

### **Number of shares**

Moody's ESG Solutions assesses and rates the performances of companies on their corporate governance responsibility according to the Equitics® Responsible Corporate Governance methodology (See Euronext ESG Providers Methodologies for more details)

The new weightings are calculated such that each constituent will have a weight in the index that is determined based on the constituent's Corporate Governance score. The 10 best performing will be weighted 4%, the following 10 will be weighted 3%, subsequently the next 10 will be weighted 2% while the remaining constituents will be weighted 1%. If there are less than 40 constituents these percentages will be increased by the same ratio. For instance: if there are 39 stocks, then the percentages will be multiplied by  $(100/98.5)$ .

In case identical Corporate Governance scores make the ranges impossible to be defined (ex: rank 9, 10 and 11 have the same score), the second ranking criteria will be the Moody's ESG Solutions ESG score (see Euronext ESG Providers Methodologies for more details). In case of equal score, the company with the highest Free Float Market Capitalization will rank higher.

The weightings in shares will be rounded to the nearest whole number.

The Number Of Shares are determined based on the closing prices of the Companies to be included in the Index on the Review Weighting Date.

### **Free Float factor**

The Free Float Factor is not applicable for the weighting of this Index Family.

### **Capping Factor**

The Capping Factor is not applicable for the weighting of this Index Family.

### 3. REFERENCES

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#### 3.1 REFERENCE TABLE

Index name	Isincode	Mnemo	Bloom- berg Code	Reuters code	Base date	Base value	Publication since	Index Type
CAC 40® Governance	FR0013232188	CAGOV	CAGOV	.CAGOV	31-12-05	1000	21/02/2017	Price
CAC 40® Governance NR	FR0013232196	CAGON	CAGON	.CAGON	31-12-05	1000	21/02/2017	Net Return
CAC 40® Governance GR	FR0013232204	CAGOG	CAGOG	.CAGOG	31-12-05	1000	21/02/2017	Gross Return
CAC 40® Governance Decrement 5%	FR0013254323	CAGOD	CAGOD	.CAGOD	31-12-05	1000	09/05/2017	Decrement Return 5% on NR

#### 3.2 BASE CURRENCY

The Base Currency of this index family is Euro.

#### 3.3 PUBLICATION

The level of the Indices are in principle published every 15 seconds starting from 09:00. Index levels published before the official opening level is published are considered pre-opening index levels.

The official opening level is the first level published after a share price is available for all constituents.

If share prices are not available for all constituents five minutes after Euronext Markets started regular daytime trading, the official opening level will be published as soon as the companies whose share prices are available of the current trading day represent at least 80% of the value of the index at the close of the previous trading day.

The closing level is the last level disseminated on the trading day.

## 4. ESG DISCLOSURES

EXPLANATION OF HOW ESG FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY	
Item 1. Name of the benchmark administrator.	Euronext Paris
Item 2. Type of benchmark	Equity Benchmark
Item 3. Name of the benchmark or family of benchmarks.	<b>CAC 40 Governance index</b>
Item 4. Does the benchmark methodology for the benchmark or family of benchmarks take into account ESG factors?	Yes
Item 5. If the response to Item 4 is positive, please find below the ESG factors that are taken into account in the benchmark methodology and how they are used for selection, weighting and exclusion	
a) List of environmental factors considered:	Not applied
b) List of social factors considered:	Not applied
c) List of governance factors considered:	<p>Weighting:</p> <p>The companies are ranked based on the Corporate Governance score. The new weightings are based on this ranking and are calculated as follow:</p> <p>1 to 10 -&gt; 4% individual stocks weight</p> <p>11 to 20 -&gt; 3% individual stocks weight</p> <p>21 to 30 -&gt; 2% individual stocks weight</p> <p>31 to 40 -&gt; 1% individual stocks weight</p> <p>In case identic Corporate Governance scores make the ranges impossible to be defined (ex: rank 9, 10 and 11 have the same score), the second ranking criteria will be the ESG score.</p>
Item 6. Data and standards used.	
<p>a) Data input.</p> <p>(i) Describe whether the data are reported, modelled or, sourced internally or externally.</p> <p>(ii) Where the data are reported, modelled or sourced externally, please name the third party data provider.</p>	<p>Moody's ESG Solutions provides :</p> <ul style="list-style-type: none"> <li>• Corporate Governance scores</li> </ul> <p>Within the Corporate Governance domain, there are <b>four underlying criteria</b> that structure the assessment framework and build the Responsible Corporate Governance Score:</p> <ul style="list-style-type: none"> <li>• CGV 1.1: Responsible Board Practice and Organisation.</li> <li>• CGV 2.1: Audit and Internal Controls.</li> <li>• CGV 3.1: Shareholder's Rights.</li> <li>• CGV 4.1: Responsible Executive Remuneration.</li> </ul> <p>In addition to the traditional themes of Corporate Governance that are addressed throughout national codes, Moody's ESG Solutions analyses themes specific to CSR</p> <ul style="list-style-type: none"> <li>• ESG scores</li> </ul> <p>The ESG score is based on a 2-step approach:</p> <p>Step 1:</p> <p>Moody's ESG Solutions assesses and rates the performances of companies according the Equitics® methodology based on 38 criteria, divided in to six key</p>

	<p>areas of corporate environmental, social and governance responsibility</p> <p>Step2 – Overall score</p> <p>Each issuer is assigned an overall score out of 100 (the higher the better) which is a weighted and consolidated score of all sustainability factors in a given sector.</p>
<p>b) Verification of data and guaranteeing the quality of those data.</p> <p><i>Describe how data are verified and how the quality of those data is ensured.</i></p>	<p>Moody’s ESG Solutions represents and warrants that to the best of its knowledge the Methodology is robust and reliable, rigorous and capable of validating and verifying including, but not limited to, the following:</p> <ul style="list-style-type: none"> <li>• shall promptly correct any errors made in its computations of the Data and inform Euronext thereof, immediately.</li> <li>• periodically review the Methodology</li> <li>• has clear written rules identifying how and when discretion may be exercised when deviating from the methodology</li> <li>• will inform Euronext prior to making any material change to the Methodology and will provide Euronext with the rationale for such change.</li> </ul>
<p>c) Reference standards</p> <p><i>Describe the international standards used in the benchmark methodology.</i></p>	<p>Moody’s ESG Solutions : the methodology behind ESG performance indicators and the assessment of controversies severity is based on the following international standards :</p> <ul style="list-style-type: none"> <li>• Global Reporting Initiative (GRI)</li> <li>• OECD Guidelines for Multinational Enterprises, and sectorial guidance</li> <li>• G20/OECD recommendations on Corporate governance</li> <li>• UN Conventions and recommendations,</li> <li>• UN Global Compact Principles</li> <li>• UN Sustainable Development Goals</li> <li>• ILO Conventions , including the core ones, and recommendations</li> <li>• TFCF recommendations <ul style="list-style-type: none"> <li>• Paris Agreement (UNFCCC)</li> </ul> </li> </ul>
<p><b>Information updated on:</b></p>	<p>April 2021</p>