

# INDEX RULE BOOK

Euronext® CDP Water Eurozone EW

Version 21-01

Effective from 6 January 2021

[indices.euronext.com](https://indices.euronext.com)

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## Index Summary

<b>Factsheet</b>	Euronext® CDP Water Eurozone EW
Index type	Price index; Net return index, Gross return index and Decrement 5% on NR.
Index Universe	The 150 Largest stocks in term of free float market capitalization in the Euronext Eurozone 300 index.
Selection	<p>The companies will be ranked on both the Social score as well as the Governance score as provided by Vigeo-Eiris. The 10% worst companies in terms of Social score are excluded, as well as the 10% worst companies in terms of Governance score.</p> <p>The index targets the sectorial repartition of the top 50 stocks, ranked by Free float market cap, of the index Universe. In each ICB Super Sector, the stocks with the highest CDP Water scores (equal or better than B- (cf CDP Equivalence table in section 7.4) are selected. In case, not enough companies are covered by water score in a specific ICB Super Sector, the stocks with the highest CDP Climate scores are selected until the target number of stocks to be selected by Super Sector is reached</p>
Number of constituents	50
Weighting	Equally weighted
Capping	Not applicable
Review of composition	Annual after the close of the third Friday of March.
Review of weights	Quarterly after the close of the third Friday of June, September and December.
Base Currency	Euro

Note: the factsheet is a summary of the rule book for information purposes only. The text of the rule book is leading.



Reference Data							
Index name	Isincode	Mnemo	Bloomberg Code	Reuters code	Base date	Base value	Publication since
Euronext CDP Water Eurozone EW	NL00150005G1	EZWTP		.EZWT	22-03-10	1000	06-01-21
Euronext CDP Water Eurozone EW NR	NL00150005F3	EZWTN		.EZWTN	22-03-10	1000	06-01-21
Euronext CDP Water Eurozone EW GR	NL00150005E6	EZWTG		.EZWTG	22-03-10	1000	06-01-21
Euronext CDP Water Eurozone EW Decrement 5%	NL00150005D8	EZWTR		.EZWTR	22-03-10	1000	06-01-21

Version Notes:

21.01	First version: creation of the index

## **1. GOVERNANCE AND DISCLAIMER**

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### **1.1 INDICES**

This rule book applies to the following indices (hereinafter “index”) owned by Euronext N.V. or its subsidiaries (hereinafter jointly “Euronext”):

- Euronext® CDP Water Eurozone EW

### **1.2 SUPERVISOR AND COMPILER**

Euronext is the supervisor (“Supervisor”) and compiler of the index (“Compiler”). The Supervisor is responsible for monitoring the selection of constituents for the index and ensuring that the index offers a reliable and representative view of the market. The Compiler is responsible for the day-to-day management of the index and is also responsible for decisions regarding the interpretation of these rules.

### **1.3 CASES NOT COVERED IN RULES**

In cases which are not expressly covered in these rules, operational adjustments will take place along the lines of the aim of the index. Operational adjustments may also take place if, in the opinion of the Compiler, it is desirable to do so to maintain a fair and orderly market in derivatives on this index and/or this is in the best interests of the investors in products based on the index and/or the proper functioning of the markets. The Compiler will report to the Supervisor if it took a decision about a case which is not specifically covered in the rules for comments and review.

### **1.4 RULE BOOK CHANGES**

These rules may be supplemented, amended in whole or in part, revised or withdrawn at any time. Supplements, amendments, revisions and withdrawals may also lead to changes in the way the index is compiled or calculated or affect the index in another way. The Compiler will submit all decisions regarding supplementing, amending, revising or withdrawing these rules to the Supervisor for recommendations or approval.

### **1.5 LIABILITY**

Euronext, the Compiler and the Supervisor are not liable for any losses resulting from supplementing, amending, revising or withdrawing the rules for the index.

The Compiler will do everything within its power to ensure the accuracy of the composition, calculation, publication and adjustment of the index in accordance with relevant rules. However, neither Euronext, nor the Compiler, nor the Supervisor are liable for any inaccuracy in index composition, share prices, calculations and the publication of the index, the information used for making adjustments to the index and the actual adjustments. Furthermore, Euronext, the Compiler and the Supervisor do not guarantee the continuity of the composition of the index, the continuity of the method of calculation of the index, the continuity of the dissemination of the index levels, and the continuity of the calculation of the index.

### **1.6 OWNERSHIP AND TRADEMARKS**

Euronext owns all intellectual and other property rights to the index, including the name, the composition and the calculation of the index. Euronext® is a registered trademark of Euronext.

## **2. PUBLICATION**

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### **2.1 DISSEMINATION OF INDEX VALUES**

#### **2.1.1 Opening**

The opening level is calculated using the last known prices of traded constituents or in the case of constituents that have non-traded, halted or suspended status, the previous day reference prices or estimated prices (for IPOs, buyouts and swap offers).

The opening index level is disseminated at the same time as the first index level

#### **2.1.2 Calculation and dissemination**

The index is calculated based on the most recent prices of transactions concluded on the main markets in each of the countries that are included in the index. The level of the index is in principle published every 15 seconds. The index is calculated from 09:00 hours until Euronext Markets stop regular daytime trading on the days when Euronext Markets are open for trading.

#### **2.1.3 Closing**

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

### **2.2 EXCEPTIONAL MARKET CONDITIONS AND CORRECTIONS**

The Compiler retains the right to delay the publication of the opening level of the index. Furthermore, the Compiler retains the right to suspend the publication of the level of the index to mark the level of the index indicative if it believes that circumstances prevent the proper calculation of the index.

If prices are cancelled, the index will not be recalculated unless the Compiler decides otherwise.

### **2.3 ANNOUNCEMENT POLICY**

The announcement policy is described in the Euronext Indices Announcement policy document that is available on [indices.euronext.com/index-rules](https://indices.euronext.com/index-rules).

## **3. CALCULATION**

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### **3.1 CALCULATION OF THE PRICE INDEX**

The index is calculated on a price return index basis. The calculation of the price return index is based on the current capitalization divided by the divisor. The divisor was determined on the initial capitalization base of the index and the base level. The divisor is adapted as a result of corporate actions and composition changes.

### **3.2 CURRENCY CONVERSION**

The base currency of the index is Euro (“Base Currency”).

Share prices that are quoted in other currencies than the Base Currency will be converted to the Base Currency using the last known exchange rate observed on Reuters. Closing prices will be converted based on the most recent WM/Reuters spot rates, which are published each business day around 17:00 CET.

### **3.3 TOTAL RETURN INDEX CALCULATION**

#### **3.3.1 Return index**

A net total return index as well as a gross total return index, is calculated and disseminated at the same frequency as the price index. The return indices are obtained by reinvesting the net and gross dividends respectively.

### **3.4 DECREMENT INDEX CALCULATION**

A Decrement Index is calculated and disseminated at the same frequency as the price Index. The Decrement index is obtained by deducting on a daily basis a 5% rate per annum from the net return index . The formula for the Decrement index is stated in chapter 6.

## 4. INDEX REVIEWS

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### 4.1 GENERAL AIM AND FREQUENCY OF REVIEWS

#### 4.1.1 General aim of the periodical review

The general aim of the periodical review of the index is to ensure that the selection and weighting of the constituents continues to reflect the underlying market or market segment it represents.

#### 4.1.2 Review Cut-off Dates and Review Effective Dates

For the annual review, the Cut-Off date is after the market close of the penultimate Friday of February. The new compositions are announced 5 trading days before the effective date, generally the Friday before, after close (Review Announcement Date). The weightings are announced 2 trading days before the effective date, generally the Wednesday after close (The Review Composition Announcement Date). The Review Effective Date is after the close of on the third Friday of March.

For the quarterly reviews, the new compositions and weightings are announced 2 trading days before the effective date, generally the Wednesday after close (The Review Composition Announcement Date). The Review Effective Dates are after the close on the third Friday of June, September and December.

### 4.2 INDEX UNIVERSE AND SELECTION PRINCIPLE

#### 4.2.1 Index universe: requirements for inclusion

To be eligible for the universe fulfil the requirements for inclusion of the Euronext® Eurozone 300 Index.

#### 4.2.2 Index universe: composition

Out of the companies eligible for the universe, the 150 Largest stocks in terms of free float market capitalization on the Review Cut-off Date, that are expected to be included in the Euronext Eurozone 300® index after the close of business of the Review Effective Date make up the Index Universe.

#### 4.2.3 The annual review (March)

At the annual review, the companies that form the index universe will be ranked on both the Social score as well as the Governance score as provided by Vigeo-Eiris. The 10% worst companies in terms of Social score are excluded, as well as the 10% worst companies in terms of Governance score. In case of an equal Social or Governance score, the Companies with the highest free float market capitalization will rank better. The remaining companies are eligible for inclusion

The index targets the sectorial breakdown of the top 50 stocks, ranked by Free float market cap, of the index Universe. The number of stocks to be selected by sector is rounded to the nearest integer (e.g if the Super Sector Chemicals represents 6.5% of the top 50 stocks, then 3 stocks have to be selected in the index and each stock will be allocated a weight of 2%). In each ICB Super Sector, the stocks with the highest CDP Water scores (equal or better than B-) are selected. In case, not enough companies are covered by water score in a specific ICB Super Sector, the stocks with the highest CDP Climate scores are selected until the number of stocks to be selected by Super Sector is reached

In case the number of selected stocks is below 50, the stocks with the highest Water scores (cf CDP Equivalence table in section 7.4) are selected until 50 stocks are selected. In case of equal score, the stock with the biggest Free float market cap ranks better. A maximum of 1 stock by Super Sector is selected.

In case the number of selected stocks is above 50, the stocks with the smallest free float market capitalization are removed until 50 stocks remain in the index. A maximum of 1 stock by Super Sector is removed and at least 1 stock should remain in each Super Sector.

#### 4.2.4 **The quarterly review (June, September and December)**

In case the number of constituents has become more than 50, the Compiler will remove one or more constituents in order to bring the number down to the theoretical one. The Compiler will remove constituents that aren't included in the universe anymore and subsequently constituents with the lowest free float market capitalization. A maximum of 1 stock by Super Sector can be removed and at least 1 stock should remain in each Super Sector.

In case the number of constituents has become less than 50, the Compiler will add replacing companies at the quarterly review based on the ranking by Water score (and free float market capitalization if equal score) determined at the annual review. A maximum of 1 stock by Super Sector can be added.

### **4.3 PERIODICAL UPDATE OF WEIGHTING**

The new weightings are calculated such that each constituent will have an equal weight in the index. The weightings will be rounded to the nearest whole number. The weightings are determined based on the closing prices observed on the Review Composition Announcement Date.

## 5. CORPORATE ACTIONS

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### 5.1 EVENTS THAT CHANGE THE COMPOSITION

#### 5.1.1 Mergers and acquisitions

##### **Acquisitions in cash**

In the event of a bid in cash, the target company will be removed from the index. The removal will take place with effect after the close of the first full business day following the acceptance of the bid. If a company is removed from the index, the divisor will be adapted to maintain the index level.

##### **Mergers and takeovers in shares**

In the event of a merger, acquisition or similar situation where the bid is made in the form of shares, the constituent will be replaced by the newly formed company, provided that this company complies with the requirements for inclusion in the index in line with the criteria defined in the index reviews section. The replacement will take place in line with the schedule of the transaction. The replacement of the shares of the relevant index constituent by the shares of the newly formed company will be executed on the basis of the bid ratio.

##### **Mixed transactions**

In case of a mixed bid of cash and shares the Compiler will treat the bid as a share bid if the share part amounts to at least 75% of the offer price, on the day of the publication of the terms of the offer. The replacement of the shares of the relevant index constituent by the shares of the company that continues to be traded will be executed on the basis of the bid ratio. The divisor will be adapted only for the cash part of the offer price.

##### **Continued inclusion or specific treatments**

The Compiler reserves the right to apply a specific treatment in non-standard situations including but not limited to:

- Competing bids with differing closing dates or structures;
- Offers made without the intention to gain full control.

In case of a specific treatment a separate announcement detailing the specific treatment will be issued timely to the market.

##### **Inclusion of new companies for periodical reviewed indices**

As a rule newly listed companies are considered for inclusion in the index at the time of the periodical index review.

### 5.1.2 Suspensions, Company distress and Delistings

#### **Suspension**

If a constituent is suspended, the Compiler will consider whether the constituent should be removed or not within five trading days. If it is decided to maintain the constituent a further reassessment date will be set. The Compiler reserves the right to take action before that date if new developments give reason to do so.

In case a constituent is removed following suspension, it will be removed from the index as soon as possible and on a day announced by the Compiler. The company will be removed from the index after the close of the markets assuming a price of zero unless the Compiler sets a different price, where possible supported by an objective source.

If it has been announced that a constituent will be delisted from the relevant market, it will be removed from the index as soon as possible and on a day announced by the Compiler. The company will be removed from the index based on either the last known price established during regular daytime trading or on a price determined by the Compiler, whereby the company may also be removed at a price of zero.

Removing assuming a price of zero implies no divisor change because of the removal. If another price is set, the divisor will change based on the removal of the value of that company from the index portfolio when applying that price.

In the event that the trading in shares is suspended, the last known price established during regular daytime trading will be used.

### 5.1.3 SPLIT UP / SPIN-OFF

In the event that a company included in the index is split up, the companies resulting from the split, including the original company where appropriate will continue to be included in the index providing they meet the requirements for inclusion of the index. This means, in line with section 4.2, that the resulting entity should remain listed on one of the markets on which the index is based.

The index may then temporarily consist of fewer than, or more than the standard number of constituents until the next periodical review takes place.

For the purposes of these rules a split up is taken to mean a legal demerger, a spin-off or another situation which the Compiler deems to be similar.

In case the shareholder of the company which was originally included in the index does not automatically receive shares in a company which is created as a result of the split up, this company is considered to be a newly listed company.

The removal of any non-qualifying company resulting from a split up will take place after the close of the first day of trading in the shares of that company. If all companies resulting from the split are to be removed, the removal will take place at the close of the last trading day before the split.

In case a company resulting from the split up will not be admitted to listing on a main market in one of the countries that are included in the index, the Compiler will select an appropriate price source for the calculation of the index and the removal of the spun off company on the first trading day after the spin off.

## 5.2 EVENTS THAT CHANGE THE WEIGHTING FACTORS

### 5.2.1 Dividends

#### Criteria for determining special dividends

The price index will be adjusted for dividends that are special.

The following criteria will be applied to decide whether a dividend should be considered a special dividend:

- a) The declaration of a company of a dividend additional to those dividends declared as part of the company's normal results and dividend reporting cycle; merely an adjustment to the timing of the declaration of a company's expected dividend would not be considered as a special dividend circumstance; or
- b) The identification of an element of a dividend paid in line with a company's normal results and dividend reporting cycle as an element that is unambiguously additional to the company's normal payment.

For the purpose of clarification, no adjustment will be made for the following situations:

1. Payment of ordinary dividends, irrespective of how they are financed;
2. Issue of redeemable shares or any other entitlement in lieu of an ordinary dividend; or
3. Unexpected increase or decrease, resumption or cessation, or change in frequency to an ordinary dividend.

#### Adjustment for special dividend

The adjustment of the index takes place by a reduction of the closing price of the share in question. Subsequently the divisor will be adapted in order to maintain the index level. The adjustments will be based on gross amounts.

#### Ordinary dividends in shares

If a dividend is distributed in the form of shares only and if this is regarded as ordinary dividend, the return index will be reinvesting a cash equivalent of the dividend. If shareholders may choose between cash or shares the amount which is reinvested will be based on the cash option.

#### Conversion of dividends declared in other currencies

If a dividend for a constituent is declared in another currency than the Base Currency of the index, then the Compiler will in first instance use the Base Currency amount if investors have the option to be paid in that currency. If the dividend amount is available only in currencies that deviate from the Base Currency, the Compiler will convert the dividend amount using the reference rate for the cum-day (the business day prior to the ex-date). In principle the reference rate will be based on the foreign exchange reference rates as published daily by the ECB.

### 5.2.2 Bonus issues, stock splits and reverse stock splits

For bonus issues, stock splits and reverse stock splits, the number of shares included in the index will be adjusted in accordance with the ratio given in the corporate action. The divisor will not be changed because of this. The Compiler may regard a bonus issue as the issue of an entitlement in lieu of an ordinary dividend and therefore treat this as a dividend.

### 5.2.3 Rights issues and other rights

In the event of a rights issue an adjusted closing price will be applied as calculated by the Compiler. The index is adjusted based on the value of the rights only. The divisor will be adapted in such a way that the level of the index remains the same.

The index will be adjusted only if the rights represent a positive value.

The index will also be adjusted if a value can be attributed to a subscription right for convertible bonds, bonds with warrants or warrants with preferential rights for shareholders or similar situations. If the value cannot be attributed straightforward, the Compiler may also decide to include the detached instrument for one day and adjust the index at the close based on the closing price for that subscription right on that day.

### 5.2.4 Partial tender offers on own shares

The Compiler will adjust the divisor of the index if the premium represents more than 5% of the share price of the close on the penultimate day before the ex-date (the day prior to the last day before the ex-day). The premium is calculated as the difference between the offered price and the closing price, multiplied by the percentage of the share capital targeted in the offer. If the divisor is adjusted, the number of shares in the index will be adjusted as well.

## 6. INDEX CALCULATION FORMULAS

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The general formula for the **price index** is:

$$I_t = \frac{\sum_{i=1}^N Q_{i,t} F_{i,t} f_{i,t} C_{i,t} X_{i,t}}{d_t}$$

Where:

- t Time of calculation
- N Number of constituent equities in index
- $Q_{i,t}$  Number of shares of equity i included in the index on day t
- $F_{i,t}$  Free Float Factor of equity i <sup>1</sup>
- $f_{i,t}$  Capping factor of equity i <sup>1</sup>
- $C_{i,t}$  Price of equity i on t
- $X_{i,t}$  Current exchange rate on t <sup>1</sup>
- $d_t$  Divisor of the index on day t

The **total return index** calculation takes two steps: the first step is to transpose the announced dividend payment into index points. This is called the XD adjustment. This uses the following formula:

$$\text{XD adjustment} = \sum_{i=1}^N \frac{g_i * w_i}{d}$$

Where:

- N Number of constituent equities in index
- $g_i$  The announced dividend per share of the  $i^{\text{th}}$  component stock (for net return index withholding tax is deducted from this dividend);
- $w_i$  The weighting of the  $i^{\text{th}}$  component stock in the index, based on number of shares included in the index, Free Float Factor, capping factor and exchange rate;
- d Divisor of the index.

The second step of the calculation uses the figures calculated in step one (XD adjustment). The dividend is assumed to be reinvested at the close of the ex-date.

$$\text{TR}_t = \text{TR}_{t-1} \left( \frac{\text{IV}_t + \text{XD}}{\text{IV}_{t-1}} \right)$$

Where:

- $\text{TR}_{t-1}$ : Total return index value yesterday;
- $\text{TR}_t$ : Total return index value on t;
- $\text{IV}_{t-1}$ : Underlying price index yesterday;

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<sup>1</sup> Factor is equal to 1 if not applied for the index

$IV_t$ : Underlying price index on t;

The **decrement on NR index** uses the following formula:

$$DI_t = DI_{t-1} \left( \frac{NR_t}{NR_{t-1}} - Dcr \times \frac{day}{365} \right)$$

Where:

- $DI_{t-1}$  Decrement Return Index value on day t-1
- $DI_t$  Decrement Return Index value on day t
- $NR_{t-1}$  Net Return Index value on day t-1
- $NR_t$  Net Return Index value on day t
- $Dcr$  5%
- $day$  Number of calendar days between day t and day t-1

## 7. DEFINITIONS

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### 7.1 COMPILER

Committee of Euronext officials appointed by Euronext.

### 7.2 REVIEW DATES

The **Review Cut-Off Date** is the date on which, after the market close, relevant data are gathered that will serve as basis for the periodical review of the index.

The **Review Announcement Date** is the date on which, after the market close, the changes relating to the periodical review are announced.

The **Review Composition Announcement Date** is the date on which, after the close, the full details are announced regarding the index composition that will come into effect after the review effective date. This includes numbers of shares, free float factors and capping factors of all companies included in the new index portfolio.

The **Review Effective Date** is the date on which, after the market close, the changes relating to the periodical review are being effectuated in the index portfolio.

### 7.3 FREE FLOAT FACTOR

The Free Float Factor is the percentage representing all listed securities of the selected line of the relevant company eligible for index inclusion (as described in section 5.2), minus any shareholdings that are considered non-free float. The Free Float Factor is based on public information available on the Review Cut-Off Date. The Free Float Factor will be rounded to the nearest 5%.

The following shareholdings are considered non-free float (based on public information available on the Review Cut-Off Date):

- Any single shareholder who holds 5% or more of the listed securities in the selected line eligible for index inclusion, with the exception of collective entities or pension funds.  
Collective entities are those entities that fulfill all the following criteria:
  - i. are open for investment to investors or tradable on the market; and
  - ii. have a diversified portfolio; and
  - iii. have an open ended structure.Collective entities include mutual funds and other open end-funds.
- Collective entities or pension funds that hold 5% or more of the listed securities in the selected line eligible for index inclusion and are represented in any governing body of the company in question.
- Parties acting in concert that collectively hold 5% or more of the listed securities in the selected line eligible for index inclusion.
- Employee shareholding plans, employee pension plans, individual employees, management or members of the board of directors of the relevant company when their cumulative shareholding is 5% or more of the listed securities in the selected line eligible for index inclusion.
- Shares held by the relevant company that represent 5% or more of the listed securities in the selected line eligible for index inclusion (e.g. treasury shares).

#### 7.4 CDP EQUIVALENCE TABLE

CDP Score Alphabetical	Numerical Score
A	8
A-	7
B	6
B-	5
C	4
C-	3
D	2
D-	1
Late response	0.5
F*	0

\* Companies who are requested to disclose their data and fail to do so, or fail to provide sufficient information to CDP to be evaluated will receive an F. Also companies that are willing to disclose their data, but refuse to pay for the administrative fee levied by CDP will receive an F. An F does not indicate a failure in environmental stewardship.

## 8. EURONEXT SCORE PROVIDERS

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### 8.1 CDP

CDP is an international non-profit that drives companies and governments to reduce their greenhouse gas emissions, safeguard water resources and protect forests. Voted number one climate research provider by investors and working with institutional investors with assets of US\$106 trillion, we leverage investor and buyer power to motivate companies to disclose and manage their environmental impacts. Over 9.600 companies over 50% of global market capitalization disclosed environmental data through CDP in 2020. This is in addition to the over 920 cities, states and regions who disclosed in 2019, making CDP's platform one of the richest sources of information globally on how companies and governments are driving environmental change. CDP, formerly Carbon Disclosure Project, is a founding member of the We Mean Business Coalition.

#### **PRINCIPLES OF SCORING**

Scoring at CDP is mission-driven, focusing on CDP's principles and values for a sustainable economy, and highlighting the business case to do this. Scoring provides a roadmap to companies to achieve best practice and by developing the scoring methodology over time, we are able to drive changes in company behavior to improve environmental performance. The general scoring methodologies for each of CDP's programs have been designed to incentivize actions that are to a certain extent applicable to all companies, in all sectors and in all geographies. The sector-specific methodologies incentivize actions applicable only to companies operating within that sector, across all geographies. For companies that have a good understanding of the scoring methodology, the score provides a snapshot of how they compare with other companies.

#### **POINTS ALLOCATION**

Responding companies will be assessed across four consecutive levels which represent the steps a company moves through as it progresses towards environmental stewardship. The levels are:

- 1) Disclosure;
- 2) Awareness;
- 3) Management;
- 4) Leadership.

Visit <http://www.cdp.net/eu> or follow us @cdp and on LinkedIn to find out more

## 8.2 VIGEO

### 8.2.1 Social Score

The Social pillar gathers all of the Equitics© sustainability criteria that pertain to the company's social impacts providing a comprehensive overview of its managerial approach. The content of this pillar integrates the analysis of Human Resources, Human Rights, Community Involvement and Business Behaviour issues.

#### **The company's strategic approach to Human Resources;**

- The Promotion of Social dialogue,
- The Responsible Management of Reorganisations,
- Career Management,
- The Improvement of Health & Safety.

#### **The company's respect of Human Rights;**

- Fundamental Human Rights in society,
- Fundamental Labour Rights in the workforce,
- Non Discrimination and the promotion of Diversity.

#### **The company's approach to Community Involvement;**

- The Promotion of local social and economic development,
- Management of the Societal Impacts of a company's products and services,
- Corporate Philanthropy.

#### **And in terms of corporate Business Behaviour:**

- Product Safety,
- Information to Customers,
- Responsible Customer relations,
- Sustainable Contractual Relations with Suppliers,
- The Integration of Labour Standards in the Supply Chain.

### 8.2.2 Corporate Governance Score

Each issuer is assigned an overall Social and Governance score out of 100 (the higher the better) which is a averaged score of the social and the governance scores defined here below.

In building the methodology, Vigeo-Eiris teams have undertaken reviews of both broad international governance recommendations as well as the national corporate governance codes specific to a range of countries. The themes and questions comprising the methodology reflect subjects that represent points of

convergence across these various codes. That is, the analysis focuses on those subjects that form an international consensus as being elements of effective Corporate Governance

Within the Corporate Governance pillar score , there are **seven underlying criteria** that structure the assessment framework and build the Responsible Corporate Governance Score:

- CGV 1.1: Responsible Board Practice and Organisation.
- CGV 2.1: Audit and Internal Controls.
- CGV 3.1: Shareholder’s Rights.
- CGV 4.1: Responsible Executive Remuneration.
- C&S 3.1 : Prevention of corruption
- C&S 3.2 : Prevention of anti-competitive practices
- C&S 3.3 : Transparency and integrity of influence strategies and practices

In addition to the traditional themes of Corporate Governance that are addressed throughout national codes, Vigeo-Eiris analyses themes specific to CSR, notably:

- The allocation of responsibilities over CSR issues
- The inclusion of CSR issues in the board’s agenda
- The Diversity of the board including CSR expertise
- Training provided to directors on CSR issues
- The inclusion of CSR risks in the company’s internal controls system
- The management of CSR risks
- The quality of the company’s reporting on CSR issues
- The presentation of CSR strategy to shareholders and investors
- The management’s support of shareholder resolutions on CSR themes
- The links between executive remuneration and performance on CSR
- The internal consistency of compensation policies (vertical comparability)

The inclusion of these elements in addition to the more traditional ones allows the evaluation of Responsible Corporate Governance to reflect both the established legitimate interests of shareholders as well as the interests of the company’s broader stakeholder base. A more detailed document showcasing the underlying principles that have shaped the Responsible Corporate Governance methodology is available on request at [governance\\_index@vigeo.com](mailto:governance_index@vigeo.com) .

## 9. ESG DISCLOSURES

EXPLANATION OF HOW ESG FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY	
<b>Item 1.</b> Name of the benchmark administrator.	Euronext Paris
<b>Item 2.</b> Type of benchmark	Equity Benchmark
<b>Item 3.</b> Name of the benchmark or family of benchmarks.	<b>Euronext CDP Water Eurozone EW index</b>
<b>Item 4.</b> Does the benchmark methodology for the benchmark or family of benchmarks take into account ESG factors?	Yes
<b>Item 5.</b> 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:	<p>CDP Water and Climate scores</p> <p>Selection:</p> <p>The index targets the sectorial repartition of the top 50 stocks, ranked by Free float market cap, of the index Universe. In each ICB Super Sector, the stocks with the highest Water scores (equal or better than B- (cf CDP Equivalence table in section 7.4)) are selected. In case, not enough companies are covered by water score in a specific ICB Super Sector, the stocks with the highest Climate scores are selected until the number of stocks to be selected by Super Sector is reached</p>
b) List of social factors considered:	<p>Social score</p> <p>The companies that form the index universe will be ranked on both the Social score as well as the Governance score. The 10% worst companies in terms of Social score, as well as the 10% worst companies in terms of Governance score are excluded.</p>
c) List of governance factors considered:	<p>Governance score</p> <p>Please refer to b)</p>
<b>Item 6.</b> Data and standards used.	

a) Data input.

*(i) Describe whether the data are reported, modelled or, sourced internally or externally.*

*(ii) Where the data are reported, modelled or sourced externally, please name the third party data provider.*

CDP gives a score to the companies in the universe based on two different themes, water and climate. This alphabetical score is converted into a numerical score based on the CDP equivalence table which can be found in chapter 7.2.

Vigeo Eiris provides:

- Social score

The Social pillar gathers all of the Equitics® sustainability criteria that pertain to the company's social impacts providing a comprehensive overview of its managerial approach. The content of this pillar integrates the analysis of Human Resources, Human Rights, Community Involvement and Business Behaviour issues.

- Corporate governance score

- ✓ In building the methodology, Vigeo-Eiris teams have undertaken reviews of both broad international governance recommendations as well as the national corporate governance codes specific to a range of countries. The themes and questions comprising the methodology reflect subjects that represent points of convergence across these various codes. That is, the analysis focuses on those subjects that form an international consensus as being elements of effective Corporate Governance

b) Verification of data and guaranteeing the quality of those data.

*Describe how data are verified and how the quality of those data is ensured.*

CDP and Vigeo represent and warrant 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:

- shall promptly correct any errors made in its computations of the Data and inform Euronext thereof, immediately.
- periodically review the Methodology
- has clear written rules identifying how and when discretion may be exercised when deviating from the methodology



	<ul style="list-style-type: none"> <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>CDP:</p> <p>CDP does not produce the methodology using an international standard, however we do align with and encourage the use of certain international standards e.g. verification of water accounting data should be based on international standards, the site-based actions companies take to mitigate risks should be based on the Alliance for Water Stewardship Standard and the targets companies set, should be informed by the emerging SBT for Water Methodologies.</p> <p>Vigeo:</p> <p>Vigeo-Eiris : 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>• TFCD recommendations</li> <li>• Paris Agreement (UNFCCC)</li> </ul>
<p><b>Information updated on:</b></p>	<p>22<sup>th</sup> January 2021</p>