

EXTERNAL DATA PROVIDERS METHODOLOGIES RULEBOOK

Euronext Indices

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1. GENERAL

1.1 INTRODUCTION

Euronext Indices that follow an ESG theme are based on external providers of ESG ratings and scores.

In this rulebook the most recent methodologies known to Euronext are included. This will be reviewed semi-annually in order to keep track of recent developments.

1.2 VERSION HISTORY

Version	Date	
21-01	Dec 2021	Initial version
21-01a	15 Dec 2021	Initial version, including updated Carbone4 CIA methodology and adding Iceberg and Sustainalytics
21-01b	15 Dec 2021	Added 2.15 : Leaderxxchange Gender Diversity Score
22-01	1 Feb 2022	Update and verification of texts for: -Iceberg Data Lab -Sustainalytics -CDP -Moody's ESG Solutions -Carbon4 Finance -ISS ESG Issuer SDS Carbon Budget PCT
22-02	6 April 2022	Added 10. Humpact
22-03	21 October 2022	Update of texts for Moody's ESG Solutions and Sustainalytics
22-04	3 November 2022	Added 11. Ned Davis Research (NDR)
22-05	17 November 2022	Added 12. Equileap
24-01	22 April 2024	Update description of biodiversity score of Carbon4

2. MOODY'S ESG SOLUTIONS

2.1 MOODY'S ESG SOLUTIONS ESG SCORE

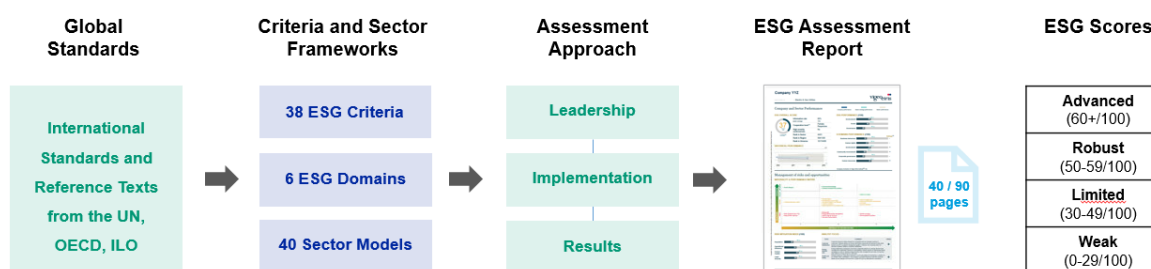
Step 1:

Moody's ESG Solutions assesses and rates the performances of companies according to the Equitics® methodology based on 38 criteria, divided into six key areas of corporate environmental, social and governance responsibility, namely:

- **Environment:** Protection, safeguard, prevention of attacks on the environment, implementation of an adequate managerial strategy, eco-design, protection of biodiversity and reasonable control of environmental impacts on the overall life cycle of products and services.
- **Human Rights:** Respect of trade unions' freedom and promotion of collective negotiation, non-discrimination and promotion of equality, eradication of banned working practices, and prevention of inhumane or humiliating treatments.
- **Human Resources:** Constant improvement of industrial relations, career development, as well as quality of working conditions.
- **Community Involvement:** Contribution to economic and social development of the territories of establishment and their human communities, concrete commitment in favor of the control of societal impacts of products and services, transparent and participative contribution to causes of general interest.
- **Business Behavior:** Taking into account clients' rights and interests, integration of social and environmental standards both in the process of selection of suppliers and in the overall supplying chain, efficient prevention of corruption, and respect of competition laws.
- **Corporate Governance :** Efficiency and integrity, insurance of both independence and effectiveness of the Board of Directors, effectiveness and efficiency of audit and control systems, and in particular inclusion of social responsibility risks, respect of shareholders' rights and most of all of the minorities, transparency and moderation in executive remuneration.

Step 2: – Overall score – Global ESG score

- 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

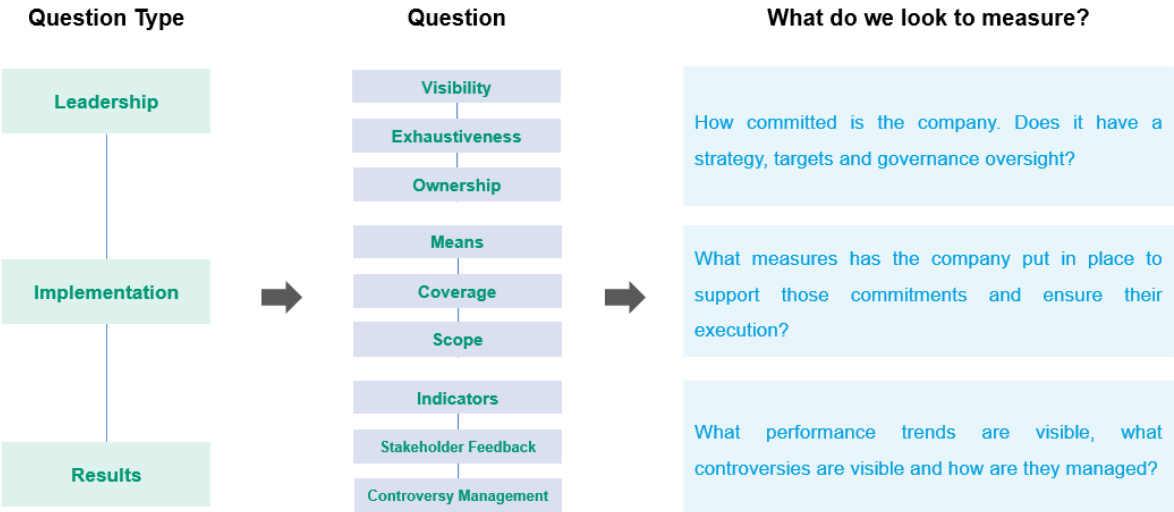


Moody's ESG Solutions methodology is customized by sector and, to a certain extent, by company, to reflect sector specific ESG risks and opportunities. Of the 38 sustainability criteria in the ESG rating framework, approximately 20-25 are evaluated for a given sector. The weight assigned to each sustainability criteria, for a given sector, corresponds to a number from 0 to 3, based on 3 criteria:

- Nature:** the nature of the criteria i.e. the contribution of that criteria to the general interest of society and stakeholders. This will be consistent across all sectors.
- Exposure:** the vulnerability of stakeholders to a criterion. This will be sector specific.
- Corporate Risk:** the type of risk a criterion exposes a company to: human capital; operational efficiency; reputation; legal security. This will be sector specific

The global ESG scores are the weighted average of the scores obtained by the company regarding 3 managerial pillars on the criteria activated by sector: Leadership (how the company is committed

toward the criteria assesses), Implementation (what are the means and measures taken to implement policies & commitments) & Results (what performance the company has toward each sustainability driver)



Step 3: Sector normalised ESG score

A sector normalised score is calculated as z-score based on the global ESG score within each sector per region. The general formula being:

$$Z - Score = \frac{ESG\ Score - Average\ ESG\ Score\ Sector/Zone}{Standard\ Deviation\ ESG\ Sector/Zone}$$

2.2 MOODY’S ESG SOLUTIONS CONTROVERSIES ASSESSMENT

Moody’s ESG Solutions analyses the impact of controversies on stakeholders and the company using the framework defined by the Office of High Commissioner of the United Nations Human Rights (analyses of the scale, scope, and irremediable character of the impact). Moody’s ESG Solutions analyses controversies towards its severity (company and stakeholder level), its frequency and the reactiveness of the company that faces the corresponding allegation.

The Severity of a controversy is thus considered critical when related to fundamental issue, with adverse and large-scale impact on the company’s and stakeholder’s interest.

An issuer cannot be penalized indefinitely for having faced a controversy. However, an issuer cannot be considered as being “clean” after having implemented corrective measures in response to a controversy. The impact of a controversy on an issuers’ reputation diminishes over time depending on the severity of the event and the issuers’ responsiveness to this.

2.3 MOODY’S ESG SOLUTIONS ENVIRONMENT, SOCIAL AND GOVERNANCE SCORE

- **Global assessment:** Moody’s ESG Solutions defines social responsibility as a managerial commitment towards the legitimate rights, interests and expectations of a company’s stakeholders with a view to continuously improve performance and risk management
- **Focus on Social:** Moody’s ESG Solutions Social assessment provides insight into a company’s capacity to manage the risks and opportunities faced in relation to two key stakeholders: the labour force, and the wider society in which it interacts. Composed of up to 19 criteria, assessments are tailored at sector level to ensure their materiality
- **Focus on Governance:** Moody’s ESG Solutions Governance assessment provides insight into a company’s capacity to manage the risks and opportunities faced in relation to its

corporate governance and business ethics responsibilities. Composed of up to 7 criteria, assessments are tailored at sector level to ensure their materiality.

- **Focus Environmental:** Moody's ESG Solutions Environment assessment provides insight into a company's capacity to manage the risks and opportunities gathers in all the criteria that are linked to the Environment, from an internal management perspective, a supply chain perspective and from a product safety perspective

The Environment, Social and Governance score are the weighted average of the criteria that are affected to each pillar as described in the following table:

Environment	Social	Governance
Environmental Strategy	Social Dialogue	Anti-Corruption
Accidental Pollution	Employee Participation	Anti-Competition
Green Products	Reorganization	Lobbying
Biodiversity	Career Management	Board of Directors
Animal Testing	Remuneration	Audit & Internal Controls
Water	Health & Safety	Shareholders
Energy	Working Hours	Executive Remuneration
Atmospheric Emissions	Information to Customers	Product Safety (G)
Waste	Customer Relations	
Local Pollution	Supplier Relations	
Transportation	Social Standards in the Supply Chain	
Use & Disposal of Products	Social & Economic Development	
Environmental Standards in the Supply Chain	Societal Impacts of Products & Services	
	Philanthropy	
	Fundamental Human Rights	
	Fundamental Labour Rights	
	Non-Discrimination	
	Child & Forced Labour	
	Product Safety (S)	

2.4 MOODY'S ESG SOLUTIONS ENVIRONMENT SCORE

The Environment score is based on a 2-step approach:

Step 1:

Moody's ESG Solutions assesses and rates the performances of companies according the Equitics® methodology. The Environmental pillar gathers all the criteria that are linked to the environment:

- From an internal management perspective (e.g. Minimizing the Environmental impacts from Energy use, waste management, Management of local pollution, etc.)
- From a supply chain perspective (Integration of Environmental factors in the supply chain)
- From a product safety perspective (e.g. for the Oil & Gas sectors, the driver C&S1.1 is tagged as "Environmental" because oil and gas are two dangerous fossil fuels and therefore upstream and downstream operations can lead to safety hazards such as explosion or fire and have irreversible impacts on the surrounding ecosystems)

The Environment pillar score takes into account the following criterions:

- Environmental strategy and eco-design
- Pollution prevention and control (soil, accident)
- Development of green products and services
- Protection of biodiversity
- Protection of water resources
- Minimizing environmental impacts from energy use
- Management of atmospheric emissions
- Waste management
- Management of local pollution
- Management of environmental impacts from transportation
- Management of environmental impacts from the use and disposal of products/services
- Integration of environmental factors in the supply chain

Step2 – Overall score

Each issuer is assigned an overall score out of 100 (the higher the better)

2.5 MOODY'S ESG SOLUTIONS 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 Behavior issues.

The company's strategic approach to Human Resources;

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

The company's respect of Human Rights;

- Fundamental Human Rights in society,
- Fundamental Labor 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 Behavior:

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

2.6 MOODY'S ESG SOLUTIONS CORPORATE GOVERNANCE SCORE

In building the methodology, Moody's ESG Solutions 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 domain, there are four underlying criteria that structure the assessment framework and build the Responsible Corporate Governance Score:

It is the weighted average of the 4 criteria within the Moody's ESG Solutions Corporate Governance Domain:

- Responsible Board Practice and Organisation
- Audit & Internal Controls
- Shareholders rights
- Responsible Executive Remuneration

In addition to the traditional themes of Corporate Governance that are addressed throughout national codes, Moody's ESG Solutions 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.

2.7 MOODY'S ESG SOLUTIONS ENERGY TRANSITION SCORE

Moody's ESG Solutions Energy Transition assessment informs clients of an issuers' strategic approach to reduce their emissions and to adapt their business model to address the risks and opportunities tied to the **transition to a low-carbon economy**. 6 assessment criteria are used to produce scores from 0-100.

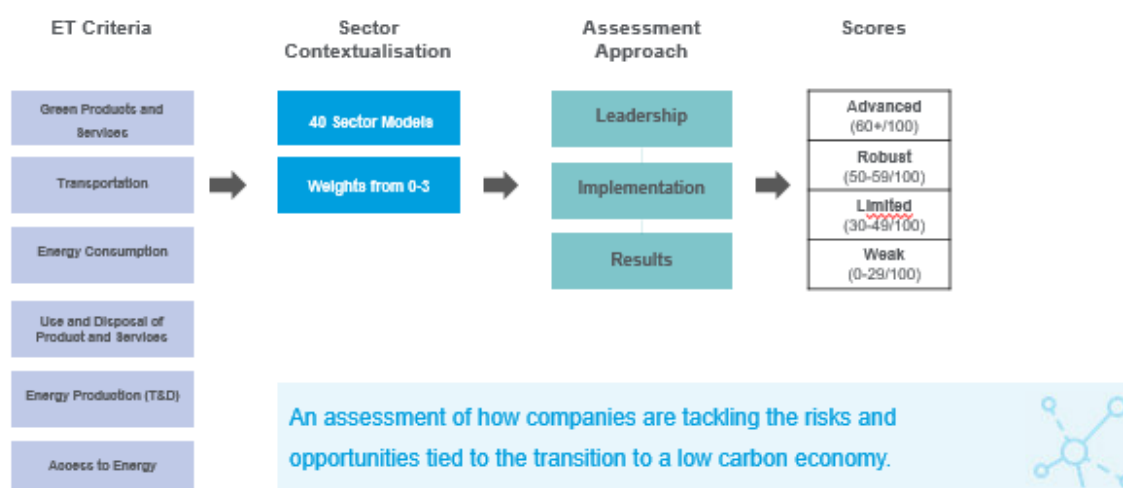
The Energy Transition Concept: Companies' responsibility to consider and mitigate the impacts of their activity, products, services and behavior on climate change;

- to significantly reduce carbon emission and to contribute to the 2^o objective

- to integrate climate change risks and opportunities within their business case so as to adapt and transform their business model towards a low-carbon economy
- to integrate the Energy Transition into Board agenda
- and to account on objectives, results, and trends.

The Energy Transition assessment is based **on three cardinal principles**: impact mitigation, risk management and contribution.

The Energy Transition framework for analysis is shaped by the following international and national authoritative norms, regulations, standards, and initiatives, which define the principles of action upon which we question and assess companies Energy Transition Performance.



2.8 MOODY'S ESG SOLUTIONS CARBON FOOTPRINT SCORE

The Carbon footprint Scope 1&2 is the sum of emissions which are total global direct emissions from sources owned or controlled by the reporting organisation in tonnes of CO2 equivalent (Scope 1) and emissions which are indirect GHG emissions originated from the consumption of purchased electricity, heat, cooling or steam in tonnes of CO2 equivalent (Scope 2). The figure is expressed in ton of CO2 Equivalent

Our methodology is in line with the GHG Protocol. It takes into account all relevant GHG emissions – CO2, CH4, N2O, HFCs, PFCs, SF6 and NF3 – reported as metric tonnes of carbon dioxide equivalent (CO2-e), based on their global warming potential (GWP).

For companies reporting emissions, data is collected and recorded for Scope 1, Scope 2 and Scope 3.

Scope 1	Scope 2	Scope3
Direct GHG emissions from sources owned or controlled by the reporting organisation; expressed in tCO2eq	Indirect GHG emissions that the company has caused through its consumption of energy in the form of electricity, heat, cooling or steam; expressed in tCO2eq.	Indirect GHG emissions that arise as a consequence of an organisation's activities from sources that are owned or controlled by others; expressed in tCO2eq.

Companies are allocated within four categories depending on their level of carbon emissions (Carbon Footprint).

Grade	Carbon Footprint	Emissions t CO2 eq
A	Moderate	< 100,000
B	Significant	>= 100,000 and < 1,000,000
C	High	>= 1,000,000 and < 10,000,000
D	Intense	>= 10,000,000

The final carbon footprint of a company is the sum of its scope 1 and scope 2 emissions.

Scope 3 emissions are excluded from the perimeter of our carbon footprint calculations because the level of adoption of Scope 3 reporting, combined with current practices in reporting Scope 3 emissions categories, do not allow us to take this scope into consideration whilst securing meaningful and comparable quantitative results. Despite not being used in the calculation of the final carbon footprint, Scope 3 emissions are included in the Carbon Database deliverable available to clients. A detailed breakdown of Scope 3 categories is provided.

In addition, scope 3 emissions are factored in the overall analysis through a qualitative assessment in our Energy Transition Score on how companies manage their scope 3 emissions from three angles: policy, implementation efforts, and results by a qualitative assessment of indicators.

2.9 MOODY’S ESG SOLUTIONS UNITED NATIONS GLOBAL COMPACT ASSESSMENT

To determine if a company is aligned or not, we base our assessment following 10 UNGC principles that can be regrouped in 4 pillars (with a score from 0 to 100):

- i. Environment : Environmental impact management. It covers all issues relevant to a given company according to its sector and core business (environmental strategy, biodiversity protection, water resource management, energy consumption and emissions, etc.).
- ii. Human Right: Respect and promotion of fundamental human rights
- iii. Labour Right: Respect and promotion of fundamental labour rights (freedom of association and the right to collective bargaining, non-discrimination, health and safety conditions, etc.).
- iv. Corruption: Corporate commitments, due diligence, and internal control systems to prevent any type of corruption or non-compliant behaviour

A company faces an UNGC exclusion if:

- A critical controversy has been spotted for one or several UNGC pillars (Human Rights, Labour Rights, Environment and Corruption)
- The company is involved in production of tobacco
- The company is involved in manufacturing Full weapon, key parts or services for Munitions and delivery platform for Cluster munition or anti personal landmines.

A company can also be set ineligible if the average of UNGC Pillar Score is below 15/100 (Non communicative and/or controversial).

Moody’s ESG Solutions maintains a controversy’s lifecycle according to the following approach¹:

- A controversy of minor or significant severity level remains active in the controversy database for 24 months following the last event related to it

¹ Moody’s ESG Solutions’ position is that an issuer cannot be penalised indefinitely for having faced a controversy. However, an issuer’s controversy cannot be considered ‘cleared’ after having implemented corrective measures in response to a controversy. The impact of a controversy on an issuers’ reputation diminishes over time depending on the severity of the controversy and the issuers’ responsiveness to it.

- A controversy of high or critical severity level remains active in the database for 48 months following the last event related to it
- A controversy that is no longer active or applicable is considered to have expired and is labelled as inactive. The details of such controversies remain visible to clients in the deliverable, but the controversy no longer impacts the overall ESG assessment and scores.

2.10 MOODY'S ESG SOLUTIONS CONTROVERSIAL WEAPONS ASSESSMENT

Moody's ESG Solutions research classifies involvement in two main strand of activities – manufacturers and shareholders. We define a manufacturer as any company that, itself or through a subsidiary or joint venture, designs, develops or produces a controversial weapon or its parts or provides services for them. A manufacturer can be involved directly or:

- through a subsidiary; if it has control of another company involved in controversial weapons, either through majority equity shares or voting rights [acquisition method – full consolidation];
- through a joint venture; if it has joint control of a company involved in controversial weapons, regardless of the ownership distribution. Examples of joint ventures include consortiums running government-owned, contractor-operated (GOCO) nuclear weapons facilities; missile manufacturers (e.g. MBDA, Arian Group), etc.

Activities falling under Manufacturer are classified into four types, depending on the scales of involvement: companies can supply full weapons systems, which can be either munitions or delivery platforms, or they can supply key parts or services, or general parts or services. Key parts or services and general parts or services can be supplied either for munitions or for delivery platforms.

A company which acts as the prime contractor of the development or production team of a controversial munition or delivery platform is considered as manufacturer of the full munition or delivery platform. Companies which are primary subcontractors of the development or production team of a controversial munition or delivery platform are normally considered as manufacturers of key parts.

Shareholders are companies, primarily financial institutions, which own equity shares in companies identified as involved in controversial weapons. For shareholders, any amount of shareholding is captured, from 0.1 percent up to 49.99 percent.

Weapons	Involvement	Evidence
1.1 Anti-personnel mines	Manufacturers: a. Full Weapons System – Munition b. Full Weapons System – Delivery Platform c. Key Parts or Services d. General Parts or Services Shareholders: a. 0 – 2.99% b. 3 – 4.99% c. 5 – 9.99% d. 10 – 19.99 % e. 20 – 49.99 %	Clear evidence
1.2 Cluster Munitions		
1.3 Chemical Weapons		
1.4 Biological Weapons		
1.5 Nuclear Weapons		
1.6 Incendiary Weapons		Some evidence
1.7 Non-detectable Fragments		
1.8 Blinding Laser Weapons		
1.9 White Phosphorus Weapons		
1.10 Depleted Uranium Weapons		

Category	Definition
Full Weapons System - Munition	<p>Munitions include warheads, bombs, rockets, missiles, mortar and artillery projectiles, tank ammunition, mines, etc.</p> <p>Examples of munitions:</p> <ul style="list-style-type: none"> • Nuclear weapons: nuclear warheads, nuclear gravity bombs, nuclear-armed ballistic and cruise missiles (e.g. ICBMs, SLBMs, ALCMs, ...). Missiles with ranges less than intercontinental (e.g. SRBMs, MRBMs and IRBMs) are usually dual-capable. • Cluster munitions: ground-launched artillery projectiles, rockets and missiles; air-launched bombs, rockets and missiles. • Anti-personnel mines: individual mines, ground-launched rockets and artillery projectiles containing APMs, air-launched bombs containing APMs. • DU weapons: aircraft gun ammunition, tank ammunition. • WP weapons: mortar and artillery projectiles, air-launched bombs and rockets.

2.11 MOODY'S ESG SOLUTIONS LEVEL OF INCORPORATION IN THE ENERGY AND CLIMATE CHANGE THEME

Minimum level of incorporation in the Energy and Climate Change theme: This is the sum, for a company, of all levels of involvement (accurate or a conservative estimate) in the products included in the theme Energy and Climate Change (Access to energy; Afforestation; Bicycles; Building materials from wood; Electric engine; Electric vehicle technology; Electric vehicles; Energy demand-side management; Energy from waste; Energy storage; Fuel cell engine; Green buildings; Hybrid engine; Hybrid vehicles; Insulation materials; LED; Materials allowing energy efficiency; Photocatalytic materials; Renewable energy; Renewable energy technology; Smart grid; Smart grid technology; Smart meters; Solar airplane; Sustainably-sourced biofuel; Transportation-sharing services).

2.12 MOODY'S ESG SOLUTIONS FOSSIL FUEL INDUSTRY REVENUES

Fossil fuel industry revenues: Proportion of turnover derived from fossil fuels industries (coal, oil, natural gas (including natural gas liquids), and peat.)

2.13 MOODY'S ESG SOLUTIONS GREEN TO BROWN RATIO

The Green To Brown ratio is a metric at a portfolio level that measures how much environmental activities are important related to fossil fuel industry involvement.

It is composed of the green share which is the average involvement in environmental activities and the brown share which is the involvement in fossil fuel industry.

2.14 MOODY'S ESG SOLUTIONS WASTE MANAGEMENT

This criteria is part of the Moody's ESG Solutions ESG analysis based on the following principles of action:

- A. Evaluate the reduction of the quantity of non-hazardous waste produced
- B. Evaluate the reduction of the quantity of hazardous waste produced
- C. Put in place measures to recycle and/or reuse waste
- D. Evaluate the reduction of the toxicity of hazardous waste
- E. Optimise the waste streams (hazardous and non-hazardous)
- F. Ensure the appropriate treatment and disposal of hazardous waste
- G. Report on levels of both hazardous and non-hazardous waste generate and or recycling activity

2.15 MOODY'S ESG SOLUTIONS MANAGEMENT OF ENVIRONMENTAL IMPACTS FROM THE USE AND DISPOSAL OF PRODUCTS/SERVICES

This criteria is part of the Moody's ESG Solutions ESG analysis based on the following principles of action:

- A. Evaluate how the company manages the environmental impacts related to the use of its products/services
- B. Evaluate how the company manages the environmental impacts related to the disposal of its products/services
- C. Evaluate the company's management of environmental impacts related to product packaging (when relevant to the sector)

2.16 MOODY'S ESG SOLUTIONS SUSTAINABLE GOODS & SERVICES

Moody's ESG Solutions' Sustainable Goods and Services (SGS) screening provides an in-depth assessment of the proportion of a company's commercial activity that is linked to the sale of goods or the provision of services, that support the achievement of the 17 UN Sustainable Development Goals (SDGs).

The SGS considered under the Circular Economy thematic are as follow:

- Sustainable farming
- Building materials from wood
- Green buildings
- Organic fertilizers
- Renewable energy
- Renewable energy technology
- Sustainably sourced biofuel
- Bio-based chemicals
- Energy demand-side management
- Energy storage
- Smart grid
- Smart grid technology
- Smart meters
- Water demand-side management
- Sustainable transportation
- Transportation-sharing services
- Recycling services
- Waste collection
- Waste treatment
- Waste-water treatment
- Water treatment
- Water treatment chemicals

The SGS considered for the methodology of the Euronext V.E Eurozone Social Focus Index family are the following:

Access to banking	Micro-finance
Access to education	Micro-insurance
Access to energy	Oral care
Access to ICT	Pharmaceutical materials
Access to insurance	Pharmaceuticals
Access to water	Safety equipment
Affordable housing	Sanitation products
Animal pharmaceuticals	Sea water desalination
Basic/Fresh food	Search engine
Data service provider	Services facilitating social progress

Early life food	SMS banking
Educational materials	Social infrastructure
Educational services	Social lending
Employment services for disadvantaged populations	Social media
Finance for SMEs	Socially responsible underwriting
Financial education	SRI
Food inspection	Support services for SMEs
Fortified nutrition	Sustainable farming
Functional ingredients	Telemedicine
Healthcare materials	Waste collection
Healthcare services	Waste treatment
Healthcare support technology	Waste-water treatment
Impact investing	Water demand-side management
Information	Water distribution
Infrastructure to withstand disasters	Water quality preservation
Insurance for SMEs	Water treatment
Medical equipment	Water treatment chemicals
Medical technology	Water treatment technology

The SGS that are related to the environmental pillar are the following:

Afforestation	Rainwater harvesting
Bicycles	Recycling services
Bio-based chemicals	Renewable energy
Building materials allowing water efficiency	Renewable energy technology
Building materials from wood	Sea water desalination
Contaminated site rehabilitation	Services facilitating environmental progress
Electric engine	Smart grid
Electric vehicle technology	Smart grid technology
Electric vehicles	Smart meters
Energy demand-side management	Solar airplane
Energy from waste	SRI
Energy storage	Sustainable farming
Fuel cell engine	Sustainable transportation
Green buildings	Sustainably-sourced biofuel
Green lending	Transportation-sharing services
Hybrid engine	Waste collection
Hybrid vehicles	Waste treatment
Impact investing	Waste-water treatment
Insulation materials	Water demand-side management
LED	Water distribution
Materials allowing energy efficiency	Water quality preservation
Organic fertilizers	Water treatment
Photocatalytic materials	Water treatment chemicals
Pollution abatement technology	Water treatment technology

2.17 MOODY'S ESG SOLUTIONS NET BEHAVIOUR AND NET CONTRIBUTION SCORES

Methodological framework

An underlying premise the methodology for this product is that *company impact is change in the world caused by the company activities*. In adopting this position, this product seeks to capture both the positive and negative externalities created by the companies and build a view on net value creation. As a result, Moody's ESG Solutions' SDG Alignment Screening is structured under two components.

1. Measuring companies' Net Contribution: Moody's ESG Solution screens companies business activities, products and services to measure companies' positive and negative contribution to each SDG. A level of net contribution to each SDG is then derived for each company.
2. Measuring companies' Net Behaviour: Moody's ESG Solution assesses how responsibly companies are doing business in support of each SDG by analysing their disclosures on environmental, social and corporate governance (ESG) management as well as their exposure to and management of ESG controversies. This analysis will result in a level of net behaviour towards each SDG for each company.

Net contribution lens

To determine companies' Net contribution to each SDG, Moody's ESG Solutions screens for companies' positive and negative impacts through:

- Sustainable Goods and Services screening. Moody's ESG Solutions identifies how companies invest in the development of sustainable goods and services that can contribute positively to society and the environment.
- Controversial Activities screening: Moody's ESG Solutions identifies the companies' business activities that have negative/detrimental impacts on sustainable development

Net Behaviour lens

Moody's ESG Solutions also analyses companies' positive impacts on society and the environment and how they prevent and mitigate adverse impacts. Moody's ESG Solutions believes companies' that integrate environmental and social factors in their business models, establish a culture of integrity and compliance are in a good position to contribute to sustainable development. To assess companies' Net Behaviour towards the SDGs, Moody's ESG Solutions conducts:

- ESG assessment: Moody's ESG Solutions analyses how companies manage their ESG responsibilities towards stakeholders
- Controversy Risk Assessment: Moody's ESG Solutions records companies' controversies, analyses their impacts on stakeholders and how they mitigate these impacts

SDG Alignment Screening

Multiple types of data provide a holistic view on SDG Alignment



2.18 GENDER DIVERSITY SCORE

The Gender Diversity score is computed and provided by Moody's ESG Solutions and the methodology is owned by LeaderXXchange. LeaderXXchange is a purpose-driven firm that delivers innovative and actionable solutions to promote diversity and sustainability in governance, leadership & investment.

The Gender Diversity score is computed as the weighted aggregation of the 7 below indicators as provided by Moody's ESG Solutions:

- Diversity Policy
- Quantitative targets
- Diversity Initiatives
- Percentage of women on board
- Percentage of women in the C-suite
- Percentage of women in management
- Trend of percentage of women

2.19 MOODY'S ESG CONTROVERSIAL ACTIVITIES

Moody's ESG Solutions Controversial Activities Screening (CAS) product provides clients with reliable and up to date information on companies' involvement in controversial activities. Companies are screened on an annual basis against 17 controversial activity areas containing a total of 63 criteria differentiating between production and distribution activities. The CAS is based entirely on traceable and demonstrable facts. We also make an analytical distinction between production and distribution activities. We ensure relevant and comparable screening results through a unified framework whilst retaining the integrity of each activity under analysis. There is no universal catch-all definition of a Controversial Activity. The areas screened by Moody's ESG Solutions reflect a blend of both the traditional demands driven by mainstream ethical investors (alcohol, tobacco, gambling etc.) and emerging areas (fossil fuels, civilian firearms, etc.).

Alcohol

- Exclusions

Our methodology does not cover:

- Production or distribution of denatured alcohol, e.g., alcohol used for medical or industrial uses
 - Renting of commercial spaces for activities including alcohol sale
 - Construction of brewing/distilling facilities or pubs and other outlets where alcohol is sold
- The provision of products or services that support the alcohol industry as an involvement.

Examples:

- o Equipment and ancillary products for use in brewing or distilling (e.g., machinery such as pumps for wine bottling, bottle labelling machines, manufacture of aluminium cans, manufacture of enzymes to make the brewing process faster/optimal, etc.)
- o Labelling and packaging of alcoholic beverages
- o Provision of advertisement / marketing services

- Major/Minor involvement attributions

		Turnover (0-10%)	Turnover (>10%)
ALC 1.1	<i>Production or distribution of alcoholic beverages</i>	Minor	Major
ALC 1.2	<i>Production of alcoholic beverages</i>	Major	Major

ALC 1.3 (Responsible marketing of alcohol) is only assessed when ALC 1.1 is greater than 10% and, therefore, it always coexists with a Major involvement.

Cannabis

- Exclusions

Our methodology does not cover:

- Cannabis-themed merchandise, such as materials or paraphernalia promoting the use of cannabis
- General products or services used in the cannabis industry that are not dedicated or specialised for cannabis
- Distribution and sale of medical cannabis
- Products for the medical cannabis industry, such as devices for the administration of medical cannabis to patients
- Hemp (cannabis sativa) and any product made from hemp not designed to be consumed for recreational or medical use, including fabrics, paper, construction materials, etc.

Methodological notes

Reasonable assumption: products, including cannabis cultivation, not explicitly and exclusively aimed for medical uses, or where their intended use is unclear or unstated, are considered by Moody's ESG Solutions to be for recreational use.

- Major/Minor involvement attributions

		Turnover (0-10%)	Turnover (>10%)
CANN 1.1	<i>Production or distribution of cannabis</i>	Minor	Major
CANN 1.2	<i>Production of cannabis</i>	Major	Major
CANN 1.3	<i>Provision of equipment or services to the cannabis industry</i>	Minor	Minor

CANN 1.4 (Production of medical cannabis) is not considered an involvement and is provided for information only.

Chemicals of Concern

- Exclusions

Under pesticides we do not include products that are normally permitted in organic agriculture. Similarly, biocides used to combat pests not strictly related to agriculture are not covered (for example, water disinfectants, rat poison, wood preservatives and personal insect repellents).

- Major/Minor involvement attributions

		Yes	No	
CHEM 1.1	<i>Production of restricted chemicals</i>	Major	-	
CHEM 1.2	Production of chemicals subject of controversy	Minor	-	
		Turnover (0-10%)	Turnover (>10%)	
CHEM 1.3	<i>Production of pesticides</i>	Distributors	Minor	Major
		Manufacturers	Major	Major

Civilian Firearms

- Exclusions

Our methodology does not cover:

- Firearms, ammunition and equipment intended exclusively for use by government-sanctioned authorities, such as armed forces, law enforcement bodies, etc.
- Weapons other than firearms, such as crossbows and hunting bows. Tasers, also, although considered controversial in some quarters.
- Firearms, ammunition and equipment intended exclusively for shooting (such as at the Olympic games)
- Soft air and paintball equipment and accessories. Air guns are covered only if they have a muzzle energy greater than 10 Joules – under which in most jurisdictions no weapons permit is needed.
- Hunting and sporting clothing, such as gloves, vests/jackets, shooting glasses and ear-protectors

- Major/Minor involvement attributions

			CFA 1.1 Production or sale of civilian firearms	
			0-10%	>10%
CFA 1.3	<i>Type of civilian firearms</i>	Semiautomatic weapons, Firearms or ammunition	Major	Major
		Key parts	Minor	Major
		General parts	Minor	Major

CFA 1.2 (Production of civilian firearms) is always assessed in conjunction – and contained within – **CFA 1.1** and so does not influence the grade on its own.

Fossil Fuels Industry

- Exclusions

Our methodology does not cover:

- Downstream: gas distribution and supply (e.g., city gas), sale of petroleum products, such as lubricants, asphalts, and petrochemicals, supermarkets' fuel stations, etc. except for refining.
- Equipment: the production of all the equipment used for the activities listed above doesn't count.
- 'Minor' services: under services the aim is to focus on the major oilfield services and infrastructure projects for extraction and transport.

- Generation of electricity for internal use, i.e. not for sale on the grid.
 - Third-party generated electricity. The sale of electricity generated by third parties and purchased by companies for resale to their customers is not included in our revenue estimates.
 - Other thermal sources: power generation from waste or biomass, which are not fossil fuels.
 - Petrochemicals: hydrocarbons for uses other than as fuels, such as waxes, lubricants, etc. and as feedstock for other industrial processes (e.g., pharmaceuticals)
- Major/Minor involvement attributions

		Turnover (0-10%)	Turnover (>10%)
FOSF 1.2	<i>Fossil fuels industry revenues</i>	Minor*	Major

*However, the grade is automatically Major if FOSF2 or FOSF3 are graded Major

FOSF 1.1 (Fossil fuels industry) and **FOSF 1.3** (Fossil fuels reserves) are always assessed in conjunction with **FOSF 1.2** and do not influence the grade on their own.

FOSF 1.3 (Fossil fuels reserves): Total reserves data is also collected and used for the estimation of potential emissions, using a methodology based on the Potsdam Institute for Climate Impact Research and IPCC guidelines.

Coal

- Exclusions

Our methodology does not cover:

- Coal transport and processing. These are covered amongst the 'Midstream' activities under FOSF1.
- Coal as feedstock for industrial processes. Typically, this includes all cases in which coal is used for its chemical properties (i.e. its carbon content) and not as a fuel, e.g., production of chemicals (including olefins, acetic acid, formaldehyde, ammonia, urea and other derivatives), or materials such as silicon (for semiconductors) and activated carbon (primarily used in the production of filters). For this reason, companies that explicitly state that their production of coal is used exclusively in the processes mentioned above are not considered involved (or the portion of coal production thus utilised is ignored in revenue estimates).
- Third-party generated electricity. The sale of electricity generated by third parties and purchased by companies for resale to their customers is not included in our revenue estimates.

- Major/Minor involvement attributions

		Turnover (0-10%)	Turnover (>10%)
FOSF 2.1	<i>Coal mining</i>	Minor	Major
FOSF 2.3	<i>Thermal coal mining</i>	Major	Major
FOSF 2.4	<i>Coal-fuelled power generation</i>	Major	Major

FOSF 2.2 (Thermal coal mining and power generation) is always assessed in conjunction with **FOSF 2.3** or **2.4** and therefore always coexists with a Major involvement. Similarly, **FOSF 2.5** (Coal in electricity fuel mix) is only assessed in conjunction with **FOSF 2.4** and therefore it also always coexists with a Major involvement.

Unconventional Oil and Gas

- Exclusions

Our methodology does not cover:

- Tar sands and oil shale: the manufacture or supply of equipment used in tar sands and oil shale operations, such as trucks, excavators, etc. as well as utilities (large quantities of natural gas and water are used in tar sands operations).
- Offshore arctic and ultra-deep drilling: the construction of rigs, platforms, and support vessels (including icebreakers), as well as the supply of underwater equipment such as remote vehicles, raisers, umbilicals, etc.
- Coalbed methane: the capture of fugitive emissions of coal mine methane (CMM) and abandoned mine methane (AMM). We only capture companies drilling virgin coal seams to extract gas which would otherwise remain inaccessibly stored underground.
- Methane hydrates: the construction of exploratory vessels, underwater vehicles (ROVs), etc.
- Hydraulic fracturing: the provision of equipment, products (such as fluids, sands, proppants, etc.), or ancillary services (wastewater management). Also, horizontal drilling that is not accompanied by hydraulic fracturing stimulation.
- LNG: the design, engineering or construction of tankers, infrastructure and LNG plants, including the provision of LNG-related equipment (e.g., cryogenic and vaporisation equipment for liquefaction and regasification plants). Also are excluded: bunkering services and small-scale LNG for the transport industry as a fuel, and peaking facilities (where gas is liquefied, stored and vaporized to meet peak gas demand).

- Major/Minor involvement attributions

		Turnover (0-10%)	Turnover (>10%)
FOSF 3.1	<i>Tar sands and oil shale extraction or services</i>	Minor	Major
FOSF 3.2	Tar sands and oil shale extraction	Major	Major
FOSF 3.4	<i>Other controversial sources and technologies</i>	Offshore arctic drilling	Major
		Ultra-deep offshore	Major
		Coal-bed methane	Major
		Methane hydrates	Major
		Hydraulic fracturing	Major
		Liquefied Natural Gas	Minor

FOSF 3.3 (Tar sand or oil shale reserves) is only assessed in conjunction with **FOSF 3.2** and therefore it always coexists with a Major involvement.

Gambling

- Exclusions

Our methodology does not cover:

- Spot-the-Ball or other prize competitions that are run mainly in shops or in newspapers.
- Lottery-like games, including raffles and scratch cards, that are normally occasional, and aimed exclusively at fundraising for charity (i.e. all the money, net of costs, goes to charity) or marketing purposes (i.e. they are part of a short marketing campaign)
- Retail of National Lottery tickets
- Ownership of venues that house gaming machines operated by third parties.
- Renting of property to third parties for use in gambling operations, typically casinos.
- Provision of advertisement / marketing services.

- Major/Minor involvement attributions

	Turnover (0-5%)	Turnover (5-10%)	Turnover (>10%)
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GAMB 1.1	<i>Gambling operations or products</i>	Minor	Minor	Major
GAMB 1.2	<i>Gambling operations</i>	Minor	Major	Major

Military

- Exclusions

Our methodology does not include products or services that are not related to weapons or parts of weapons, or that cannot be considered of 'strategic' military relevance (as defined above). These include:

- Civilian products or services: any product or service normally available on the civilian market. Examples include food and drinks; medicines, medical equipment and healthcare services; non-combat clothing and accessories; housing; furnishings and equipment (e.g. white goods); admin services (payroll, other banking services), military pensions, etc.
- General products or services (not related to weapons): any product and service that is not civilian or 'strategic' (as defined above). These can be also useful in a military context but are either too basic, or very easily procurable, so their relative importance can be considered negligible. Examples include construction materials, hardware, paints (unless military specs); chemicals; scientific materials (e.g. lab or testing equipment), fire protection systems; non-combat uniforms (fatigues); passenger vehicles, such as cars, and vans; construction works with limited or no military value, e.g. office buildings, etc.; general IT products and services (e.g. admin software, etc.); unfinished products or materials such as steel, composites, glass, unless military-grade; utilities such as electricity, gas and water; secondary components or subsystems for products classified as 'Other military parts and services' (e.g. spark plugs or tyres for military trucks; electronic components for military radios, etc.)

- Major/Minor involvement attributions

		Yes	No
MIL 1.2	<i>Controversial weapons</i>	Major	-
MIL 1.3	<i>Financing of cluster munitions or anti-personnel landmines</i>	Major	-
		Turnover (0-10%)	Turnover (≥10%)
MIL 1.4	<i>Conventional weapons</i>	Major	Major
MIL 1.5	<i>Key parts or services for weapons</i>	Minor	Major
MIL 1.6	<i>Other military parts or services</i>	Minor	Minor

MIL 1.1 (Military sales) is always associated to one of the other turnover criteria, which determine the grade of involvement.

Nuclear Power

- Exclusions

The methodology does not cover:

- nuclear medicine applications, from technologies (e.g. NMR machines, etc.) to the production of medical isotopes - if something is used exclusively for medical purposes, we won't consider it
- radio-protective clothing and other wearable equipment such as personnel radiation monitors or respiratory protection equipment for personnel working in nuclear facilities. These include overalls, gloves, masks, hazmat suits, etc. However, we do consider involvements in gloveboxes and larger environmental dosimeters, Geiger counters etc.
- In some regulated electricity markets (e.g. US New England) electricity suppliers can only purchase electricity from regional 'pools' operated by third parties (often independent not-for-profit organisations) that act as middlemen between the companies generating the

electricity and those selling it. In similar situations, a company has no real choice but buying it from the 'pool', which may or may not contain nuclear generated electricity in its mix. In these cases, we will not give records for Nuclear power generation and sale.

- Research into nuclear fusion technologies, on the presumption that it will be much cleaner and safer than the current fission technologies. We will thus not consider it as an involvement.

- Major/Minor involvement attributions

			NUCL 1.1 Turnover from nuclear power		
			0-5%	5-10%	>10%
NUCL 1.2	<i>Nuclear power generation and sale</i>	Generation	Minor	Major	Major
		Sale	Minor	Minor	Major
NUCL 1.4	<i>Nuclear parts and services</i>	Major	Minor	Minor	Major
		Minor or conventional	Minor	Minor	Minor
			Yes	No	
NUCL 1.5	<i>Uranium mining</i>		Major	-	

NUCL 1.3 (Nuclear power generated electricity) is always assessed in conjunction with **NUCL 1.2** and does not determine involvement on its own.

Pornography

- Exclusions

Our methodology does not cover:

- adult-oriented material that is not explicitly pornographic, e.g. erotic art, etc.
- mere provision of internet services as internet service provider (ISP) unless with bespoke adult content
- hotels, cruise ships, and other establishments offering access to cable or satellite TV, that includes pornographic channels
- sex toys (however, since sex shops generally also sell pornographic materials, companies operating them are considered involved)
- adult dating websites and applications
- venues aimed to nudists (hotels, camping etc.)

- Major/Minor involvement attributions

		Turnover (0-10%)	Turnover (≥10%)
PORN 1.1	<i>Pornography, adult entertainment services or facilitating access</i>	Minor	Major
PORN 1.2	<i>Pornography and adult entertainment services</i>	Major	Major

Tobacco

- Exclusions

The methodology does not cover the provision of advertisement / marketing services.

- Major/Minor involvement attributions

		Turnover (0-10%)	Turnover (>10%)
TOB 1.1	<i>Production or distribution of tobacco</i>	Minor	Major
TOB 1.2	<i>Production of tobacco</i>	Major	Major

TOB 1.3	<i>Support to the tobacco industry</i>	Minor	Minor
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TOB 1.4 (Production of e-cigarettes) is not considered an involvement and is provided for information only.

Electricity Generation

The average amount of CO2 emitted per MWh of electricity generated (from any type of primary energy) expressed in Kg CO2/ MWh.

In the standard PAB methodology, the total % of revenue derived from electricity generation by summing :

- The total % of revenue derived from electricity generation from renewable sources
- The total % of revenue derived from electricity generation from nuclear
- The total % of revenue derived from electricity generation from fossil fuels
- f
- Exclusions :
 - If the total of % revenues from electricity generation is $\geq 50\%$ - based on a combined assessment of the % of revenues derived from the electricity generation from renewable sources and non-renewable energy sources – and the company has a carbon factor ≥ 100 g CO2e/kWh.

Our methodology includes :

	Total % of revenues from electricity generation ($\leq 50\%$) and carbon factor ≥ 100g Coe/kWh	Total % of revenues from electricity generation ($\leq 50\%$) and carbon factor ≥ 100g Coe/kWh	
ENV1008	<i>Electricity producers with Carbon intensity</i>	Yes	No

3. CARBON4 FINANCE

Created in 2016 as a sister company of the consulting firm Carbone 4, Carbon4 Finance (C4F) provides lenders and investors comprehensive and reliable data solutions to assess climate risks and opportunities in their books.

Carbone 4 is a leading consulting firm specialized in the energy and climate transition. Carbone 4 advises public and private entities, assisting them in the transition to a low-carbon economy.

C4F is a fintech leveraging on Carbone 4 expertise which developed tools and solutions to embed climate data into lenders' decision-making processes. Carbon4 Finance is commercially and financially independent from the corporates assessed and do not develop any advisory businesses with them. Moreover, the company is legally split from the advisory branch of Carbone 4 Group, which is a sister company, to ensure an adequate management of potential conflict of interest with issuers.

The company's clients are asset managers, asset owners, banks and index providers wishing to report their climate performance or develop climate investment tools and policies based on custom data solutions.

3.1 CARBONE4 FINANCE GOVERNANCE

The scientific governance is shared with the advisory team of Carbone 4, with two managers of Carbone 4 ensuring the scientific sponsorship of the methodology on transition risks and physical risks, respectively.

Carbon4 Finance has a scientific committee: the group of financial and climate change experts will convene three times per year to provide insight and perspective on Carbon4 Finance's methodologies for assessing the climate change risks associated with investment portfolios and loan books and to reinforce the group's distinction for developing innovative and technically robust carbon assessment methods.

3.2 CARBONE4 FINANCE CONFLICT OF INTEREST

Carbon4 Finance believes that the integrity of data is essential for our investor clients. Therefore, we have put in place robust measures to prevent conflicts of interest.

Business with constituents in the research universe

Carbon4 Finance has no business activities with corporate issuers that are assessed under the CIA or CRIS methodologies. The businesses of advising individual companies is managed by Carbone 4, our sister company, which is a separate business entity. The analysts assessing the carbon footprint or physical risks of companies and portfolios do not undertake business with individual companies and the only source of revenues for the Carbon4 Finance team is institutional investors. C4F analyses are based on annual reports, any published information and private environmental data.

Treatment of institutional clients in the research universe

In cases where a debt or equity instrument issued by an institutional investor who has purchased services from Carbon4 Finance is included in our bottom-up research universe, a disclaimer will be included in the analysis and this analysis will be signed off by a senior member of staff.

No conflict of interest has been raised since the creation of Carbon4 Finance.

3.3 ASSESSING TRANSITION RISKS WITH CARBON IMPACT ANALYTICS

Transition risks are financial risks associated with the process of adjusting to a low-carbon economy (e.g. regulatory changes, new technologies, new market trends). To address the need of understanding the transition risk of companies, Carbone 4 developed the Carbon Impact Analytics (CIA) methodology, which is used by Carbon4 Finance to measure the carbon footprint and assess the exposure to transition risk of public and private companies, as well as sovereigns. Following is a brief summary of the CIA principles and the indicators offered by Carbon4 Finance.

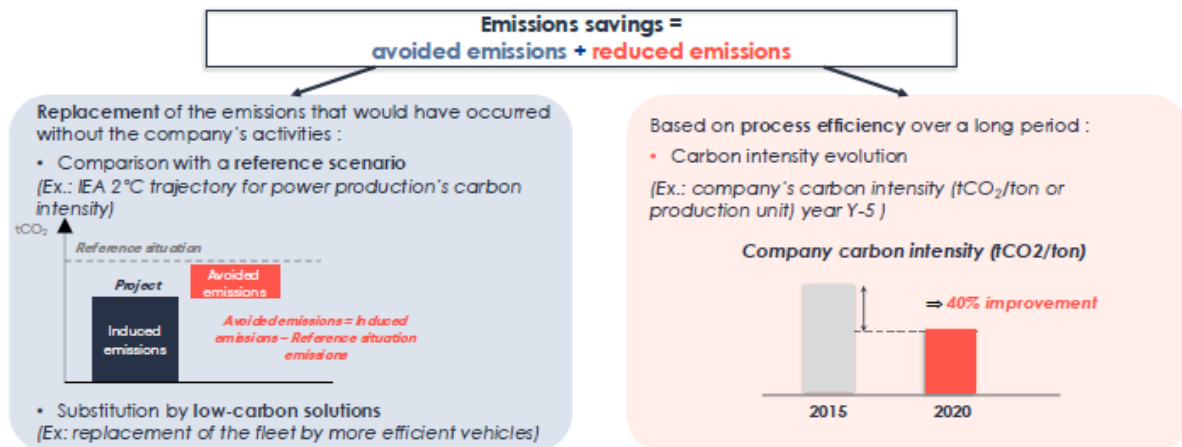
3.4 THE CORE PRINCIPLES OF CARBON IMPACT ANALYTICS

Carbon Impact Analytics performs a "**bottom-up**" analysis of a portfolio's carbon performance, meaning that **each asset is analyzed individually before the results are consolidated at the portfolio level**. This approach allows for a comparison of the carbon performance of assets within the same sector, unlike methodologies that calculate the scope 3 carbon footprint based on sectoral ratios. Our bottom-up approach is based on **operational, company-specific data**, i.e. physical data, such as production volumes, production or sales locations, process energy efficiency, or supply sources. Operational data is collected from various reports published by the company. This data falls within the scope of the audit of the companies and, therefore, is considered reliable. In case physical data is not available, estimations based on financial data are used.



As **indirect emissions (categorized as scope 3) are significant for most business sectors**, it is essential to account for these to have an accurate picture of climate-related risks and opportunities. Measuring up- and downstream scope 3 emissions in a bottom-up manner, makes it possible not only to identify significant emissions, but also to differentiate between companies in the same sector. This allows to identify areas for improvement as part of a shareholder engagement strategy, or to select the best performing companies within a sector as part of an intra-sector allocation strategy.

Beyond the carbon footprint and induced emissions, it is necessary to account for a company's capacity to contribute to the climate transition. This is integrated in CIA via the calculation of emission savings. **Emission savings consist of the sum of reduced and avoided emissions:**



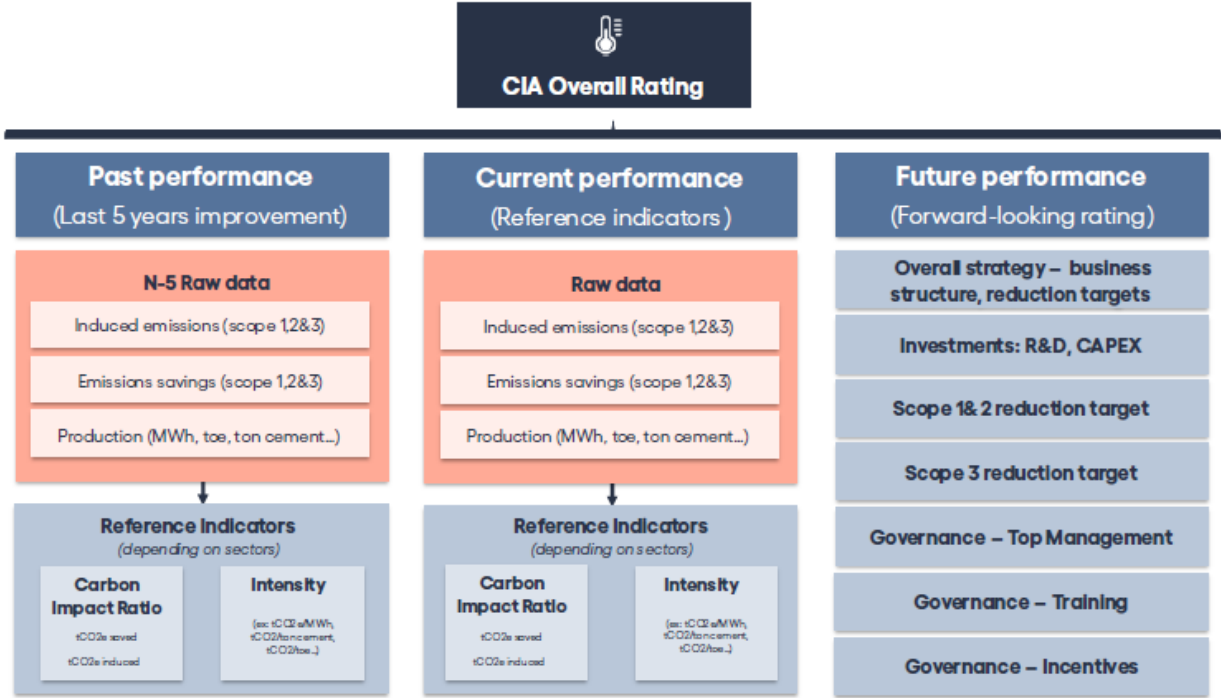
While induced emissions and emissions savings can be used to assess a company's past and current performance, CIA also reflects on the future climate related performance of analyzed companies. Therefore, a qualitative, "forward-looking" analysis is conducted, which assesses on the decarbonization strategy and other forward-looking criteria (see figure on the overall rating).

3.5 CLIMATE INDICATORS OF CARBON IMPACT ANALYTICS

Besides **induced emissions** and **emission savings**, as well as the **forward-looking rating**, Carbon Impact Analytics offers additional climate indicators:

The **Carbon Impact Ratio (CIR)**, the ratio of emission savings per induced emissions, allows to assess a company's relevance in relation to mitigating climate change. The higher the CIR, the more relevant the company is to the transition to a low-carbon economy.

The **Overall Rating**, ranging from A+ to E-, is the **average of the sectoral ratings** for each of a company's activity, weighted by the corresponding revenue share. It provides a comprehensive measure of a company's carbon performance and its transition risk exposure. The rating criteria are specific to each sector or sub-sector and are provided for each company. The following figure shows the general composition of the overall rating:



Depending on the sector of an analyzed company, the **Green and Brown Share aligned with the EU taxonomy** is calculated (e.g. for the power generation sector, the green share is the revenue share related to the production of electricity from renewable sources; for the mining sector, the brown share is the revenue share related to coal sales).

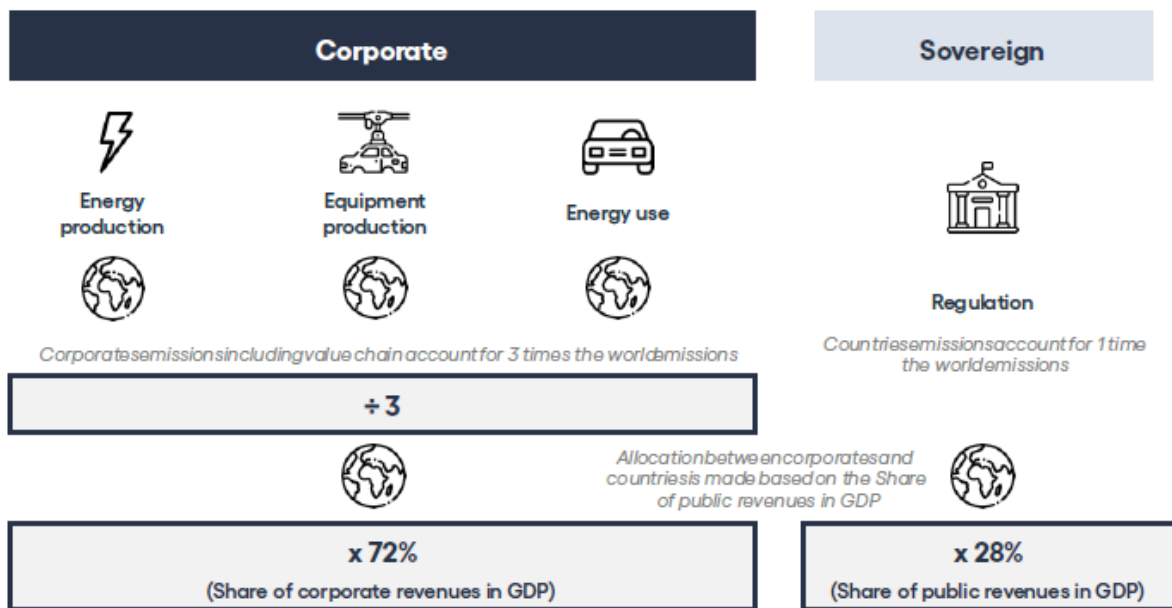
Additional sector-specific indicators include proven reserves and the downstream carbon intensity of sold products for oil & gas companies, or the Scope 1 intensity of sold electricity for power generation companies. Furthermore, **emission intensities related to financial data** (e.g. revenue, Enterprise Value, or debt in case of sovereigns) are calculated.

3.6 CARBON IMPACT ANALYTICS ON THE PORTFOLIO LEVEL

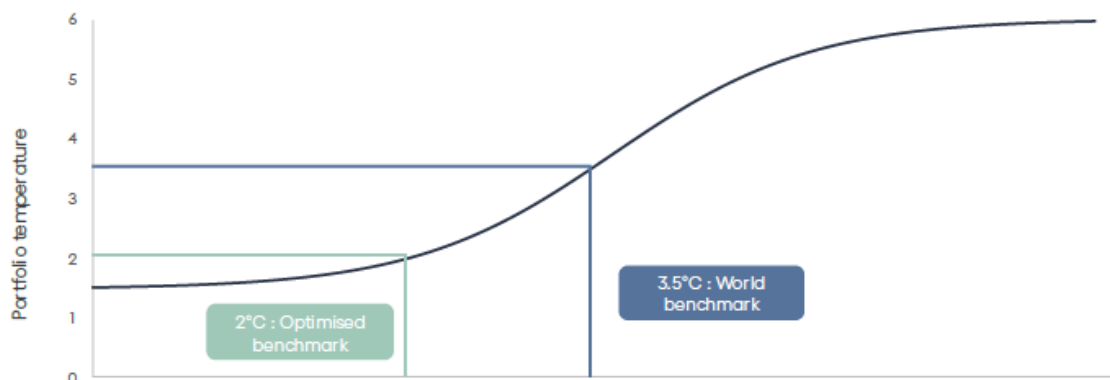
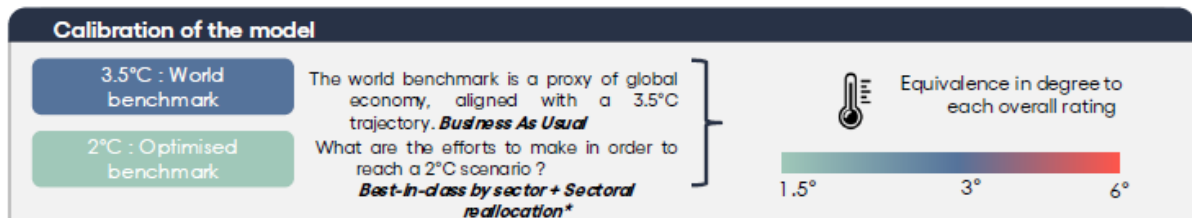
During **consolidation at the portfolio level, emissions are reprocessed to limit double counting** as much as possible, as by definition, emissions are counted three times when multiple companies are involved in the same value chain:

- Once at the energy production company (e.g. fuel produced by Total)
- Once at the manufacturer of energy consuming equipment (e.g. cars from PSA)
- Once at the equipment operator (e.g. fleet of cars operated by Hertz)

Corporate emissions will therefore be divided by 3 when the portfolio is consolidated to limit double counting. Additionally, we reprocess emissions to avoid double counting between corporates and sovereigns by multiplying emissions by the share of public/private in GDP.



Based on the weighted average overall rating of a portfolio, the **2°C alignment** of a portfolio is assessed. This indicator enables to position the portfolio's performance between the benchmarks of 1.5°C and 6°C set by Carbone 4. The "business as usual" scenario is set in line with an average temperature increase of 3.5°C based on the IPCC RCP6.0 scenario and will be represented by a World Large Cap Equity Index, a proxy for the global economy. The + 2 °C trajectory will be represented by the "Euronext Low Carbon 100" index, a "CIA optimized" lowcarbon index (including low-carbon pure players).



More information available at:

<http://www.carbon4finance.com/wp-content/uploads/2021/11/Carbon4-Finance-CIA-methodological-guide.pdf>

3.7 CARBON4 FINANCE BIODIVERSITY SCORE

MSA stands for Mean Species Abundance and is expressed as a percentage. It is an indicator of the integrity of a given ecosystem, obtained by comparing this ecosystem to its pristine, undisturbed state. The MSA is one of many units which can be used to quantify impacts on biodiversity.

As for Greenhouse Gas (GHG) emission accounting, biodiversity impacts can be accounted for different steps within a value chain. The Global Biodiversity Score (GBS) uses the concept of Scope 1, 2 and 3 impacts, which is compatible with existing biodiversity accounting frameworks (e.g. the Natural Capital Protocol) and coherent with the GHG accounting frameworks as used in the GHG Protocol and Carbon4 Finance's Carbon Impact Analytics (CIA) method.

What are the different value chain Scopes?

Scope 1: Impacts occurring on the area controlled by the company, also referred to as direct impacts.

Scope 2: Impacts linked to the generation of non-fuel energy that is consumed by the company.

Scope 3: Impacts that are consequences of a company's activities, but that occur from activities that are not within the company's operational control.

GBS distinguishes static from dynamic impacts. Static impacts represent the stock of past impacts accumulated up to the beginning of the assessment. Dynamic impacts refer to the periodic biodiversity gains and losses occurring during the assessment year. This distinction allows users to track their progress against the first goal of the CBD: drastically reduce their dynamic impact, as well as to restore damaged ecosystems, hence reducing static impacts.

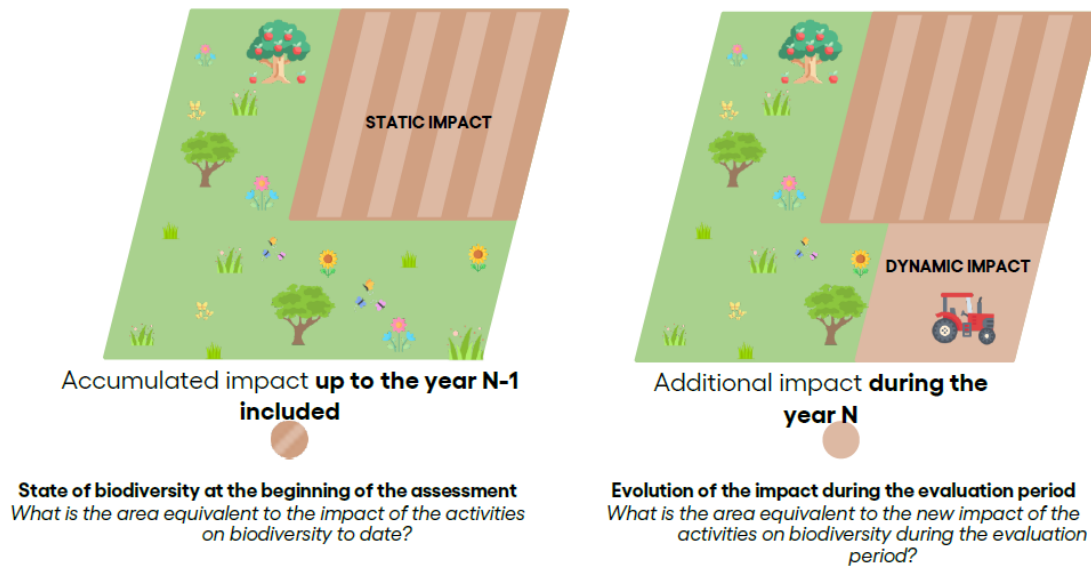


Figure 5: Illustration of the difference of static impact occurring before the assessment year (left) and dynamic impact occurring during the assessment (right)

Below are the definitions of metrics used:

- corpoFIIntensityNormalizedScoreActivityApproach** (in $MSAppb^*/EURb$): The normalized score intensity (activity approach) for corporates and financial institutions is a metric which allows for comparison within an asset class (i.e., corporates vs. corporates) best used within a sector or geography. The normalized score intensity is calculated by

dividing the normalized score by a metric which represents the level of economic activity (turnover for corporates, net banking income for financial institutions) for the analyzed entity over the analysis period (1 year). The normalized score intensity represents the normalized score from the entity's activities to generate one unit of economic output.

- ***corpoFIIIntensityImpactTerrestrialDynamicActivityApproach*** (in MSA.m²/EURk): The impact intensity (activity approach) for corporates and financial institutions is a metric which allows for comparison within an asset class (i.e. corporates vs. corporates), best used within a sector or geography. The impact intensity is calculated by dividing absolute impact figures by a metric which represents the level of economic activity for the analyzed entity over the analysis period (1 year) (turnover for corporates, net banking income for financial institutions). This impact intensity represents the impacts from the entity's activities to generate one unit of economic output for the compartment Terrestrial/Dynamic.
- ***corpoFIIIntensityImpactTerrestrialStaticActivityApproach*** (in MSA.m²/EURk): The impact intensity (activity approach) for corporates and financial institutions is a metric which allows for comparison within an asset class (i.e., corporates vs. corporates), best used within a sector or geography. The impact intensity is calculated by dividing absolute impact figures by a metric which represents the level of economic activity for the analyzed entity over the analysis period (1 year) (turnover for corporates, net banking income for financial institutions). This impact intensity represents the impacts from the entity's activities to generate one unit of economic output for the compartment Terrestrial/Static.

4. CDP

4.1 CDP CORE PRINCIPLES

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 more than 590 investors with over \$110 trillion in assets, CDP leverages investor and buyer power to motivate companies to disclose and manage their environmental impacts. Over 14,000 organizations around the world disclosed data through CDP in 2021, including more than 13,000 companies worth over 64% of global market capitalization, and over 1,100 cities, states and regions. Fully TCFD aligned, CDP holds the largest environmental database in the world, and CDP scores are widely used to drive investment and procurement decisions towards a zero carbon, sustainable and resilient economy. CDP is a founding member of the Science Based Targets initiative, We Mean Business Coalition, The Investor Agenda and the Net Zero Asset Managers initiative. Visit cdp.net or follow @CDP to find out more.

4.2 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 behaviour to improve environmental performance. The scoring methodologies have been designed to incentivize actions that are applicable to a certain extent to all companies, in all sectors and in 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.

4.3 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:

- Disclosure
- Awareness
- Management
- Leadership

4.4 CDP SCORE

By scoring companies from D- to A, CDP takes companies on a journey through disclosure to awareness, management, and finally to leadership. CDP Scores measure the comprehensiveness of disclosure, awareness and management of environmental risks and best practices associated with environmental leadership, such as setting ambitious and meaningful targets.

CDP disclosure and scoring system is constantly evolving in response to market needs and the rising urgency of the environmental challenges.

[Click here](#) for more information about the CDP Scoring methodology.

4.5 CDP CLIMATE SCORE

The CDP Climate Score assesses a company's progress towards environmental stewardship as communicated through their CDP response. Application of the methodology results in a score, which assesses the level of detail and comprehensiveness of the content, as well as the company's awareness of climate change issues, management methods and progress towards action taken on climate change as reported in the response.

[Click here](#) for more information on the CDP Climate Score

4.6 CDP WATER SCORE

The Water Security CDP score summarises the responder's progress towards water stewardship evidenced by the company's CDP response. This includes assessment of the level of detail and comprehensiveness in a response as well as the company's awareness of water issues, management methods and progress towards water stewardship.

[Click here](#) for more information on the CDP Water Score

4.7 CDP FOREST SCORE

The CDP Forest Score provides a score which assesses the responder's progress towards removing commodity-driven deforestation and forest degradation from its direct operations and supply chains, as evidenced by the company's CDP response. This includes an assessment of the level of detail and comprehensiveness in a response as well as the company's awareness of deforestation-related issues, management methods and progress towards leadership.

Companies receive a final letter score for each commodity (**Cattle, Palm Oil, Soy, Timber**) that is reported on. Unless otherwise stated, the scoring criteria apply across all commodities and points will be awarded for each commodity in isolation.

[Click here](#) for more information on the CDP Forest Score

4.8 CDP SCORE DISCLAIMER

The CDP score is based on activities and positions disclosed in the CDP response. It therefore does not consider actions not mentioned in the CDP response and data users are asked to be mindful that these may be positive or adverse or negative in terms of environmental management. The score is not a comprehensive metric of a company's level of sustainability or 'green-ness', or a specific metric on the environmental footprint, but rather an indication of the level of action taken by the company to assess and manage its impacts on, and from, environmental related issues during the reporting year.

CDP's 2021 scoring methodologies are still evolving. The methodologies have been published to indicate to responding companies how scores will be awarded this year. CDP reserves the right to make adjustments to the criteria or weighting of questions before and throughout the scoring period, based on emerging risk management strategies and best practice, quality of response data or scoring outcomes.

4.9 CDP CONFLICT OF INTEREST POLICY

Policy on conflicts of interest relating to the scoring of responses

Revised August, 2016

Maintaining CDP's reputation as an independent and unbiased provider of high-quality information is of paramount importance. Accordingly, CDP has adopted this policy to minimize the risk of conflicts of interest that might affect the accuracy of the scores we award to companies that respond to our questionnaires.

Development of scoring methodologies

1. CDP's Scoring Team is responsible for developing CDP's scoring methodologies in a way which furthers CDP's mission, takes into account scientific knowledge on environmental issues, and treats responding companies fairly. The Scoring Team must balance these factors and make an independent decision on them, and to minimize the potential for conflicts of interest none of the team members are responsible for any on-going relationships with companies.

Scoring process

2. CDP's Scoring Team oversees implementation of the scoring process, training Scoring partners (as defined in paragraph 4 below) and validating scores before their release. The Scoring Team may request input from other CDP staff (e.g. to translate an attachment to check whether it meets specific criteria) but such staff are not granted access to unpublished responses or scores and all staff remain subject to the prohibition in paragraph 7 below at all times.

3. Questionnaire responses submitted by respondents may only be amended by them, or to their instruction by CDP staff.

4. Organizations scoring responses on behalf of CDP ("Scoring partners") must be approved by CDP, and must successfully complete CDP's training programme, put in place an internal quality assurance process to ensure CDP's scoring methodology is applied consistently, and submit scores to CDP for final quality assurance before publication.

5. Scoring partners must treat all responders equally, irrespective of whether a responder is their funder, client or competitor.

Accordingly:

a. Before commencing scoring, Scoring partners must disclose to CDP if any clients, funders or competitors are included within the sample of companies they have been asked to score and if they have provided any companies in the sample with response preparation or 'response check' services.

b. Where a Scoring partner has assisted a responding company in preparing its response or has provided it a 'response check' service, such company will be scored by a different Scoring partner.

c. Where a Scoring partner is working with responding companies in any other capacity that could influence its objectivity, CDP will quality assure all or a proportion of such responses.

d. If there is any concern about a Scoring partner's impartiality, CDP will either apply additional quality assurance checks to such Scoring partner's scores or arrange for any affected companies to be scored by a different Scoring partner.

e. If CDP discovers that a Scoring partner is not being even-handed in its approach to scoring, CDP will immediately terminate its relationship with that Scoring partner and check and correct any affected scores.

Restrictions on funding and attempts to influence scores

6. Neither CDP nor its Scoring partners will accept funding where an objective of such funding is to influence any scoring decisions. This applies equally to grants, sponsorship, sales of services or any other income.

7. Any attempt by any member of CDP's staff or board of Trustees to amend responses or influence scoring methodologies or scoring results, or assist any other party in doing so for personal gain, will be regarded as gross misconduct and will result in instant dismissal without compensation.

More information available at:

[2021 Scoring methodology](#)

5. SUSTAINALYTICS

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For nearly 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices, and capital projects. End 2021, Sustainalytics has more than 1,200 staff members across 17 offices globally, including more than 500 analysts with varied multidisciplinary expertise across more than 40 industry groups. For more information, visit www.sustainalytics.com.

ESG Risk Rating

ESG Risk Ratings measure the degree to which the value of a company is at risk driven by environmental, social and governance (ESG) factors. It does this by adding up the unmanaged risk factors of a company vis-à-vis a set of ESG issues that are considered most material for the company

Involvement in Adult entertainment

This involvement area provides an assessment of whether companies derive revenue from adult entertainment. This includes producers of adult movies, cinemas that show adult movies, adult entertainment magazines, and the broadcasting of adult entertainment.

Involvement in Alcoholic beverages

This involvement area provides an assessment of whether companies derive revenue from alcoholic beverages. These include producers of these beverages as well as retails and distributors and suppliers of alcohol-related products/services to alcoholic beverage manufacturers.

Involvement in Animal testing

This involvement area provides an assessment of whether companies are involved in conducting testing on animals, for pharmaceutical products or/and medical devices and/or biotechnology, as well as non-pharmaceutical products. This includes both cosmetics as well as chemicals such as pesticides or food additives.

Involvement in Arctic Oil & gas exploration

This involvement area provides an assessment of whether companies derive revenues from oil and gas exploration in offshore Arctic regions.

Involvement in Gambling

This involvement area provides an assessment of whether companies derive revenue from gambling. This includes companies that offer gambling services (operation of casinos, lotteries, bookmaking, online gambling, etc.), gambling products (slot machines and other gambling devices) or supporting products/services to gambling operations.

Involvement in Military Contracting

This involvement area provides an assessment of whether companies derive revenue from the manufacturing of weapons or weapon components or from providing tailor-made products or services to the army or the defense industry. It also covers companies that have significant ownership in companies involved in military contracting.

Involvement in Nuclear power

This involvement area provides an assessment of whether companies are involved in the production or distribution of energy from nuclear sources or developing products or services that support the nuclear power industry.

Involvement in Palm Oil

This involvement area provides an assessment of whether companies derive revenue from palm oil production and/or distribution.

Involvement in Pesticides

This involvement area provides an assessment of whether companies derive revenue from manufacturing or marketing pesticides including herbicides, fungicides and insecticides for agricultural application/crop protection.

Involvement in tobacco

This involvement area provides an assessment of whether companies derive revenue from tobacco products including cigarettes, cigars, tobacco, electronic cigarettes, paper used by end consumers for rolling cigarettes, filters, snuff tobacco, etc. It includes tobacco products manufacturers, retailers and distributors, as well as companies providing tobacco-related products or services. It also covers companies that have significant ownership in companies involved in tobacco production or distribution.

Involvement in thermal coal

The Thermal Coal PI area assesses whether companies derive revenue from thermal coal mining, coal power generation, and products or services supporting the thermal coal industry.

Involvement in Oil Sands

This involvement area provides an assessment of whether companies are involved in oil sands extraction.

Involvement in Shale Energy

This involvement area provides an assessment of whether companies derive revenue from shale energy (gas and/or oil) extraction and/or production.

Involvement in Oil & Gas

This involvement area provides an assessment of whether companies derive revenue from involvement in oil and gas industries. It includes the oil and gas upstream, midstream, downstream and power generation industries. Petrochemicals and distribution activities are not included.

Involvement in Small arms civilian customers

This involvement area provides an assessment of whether companies derive revenue from firearms. It includes manufacturers of firearm weapons such as guns, rifles, and pistols, manufacturers of components of these weapons and retailers.

Involvement in Whale meat

This involvement area provides an assessment of whether companies derive revenue from whale meat production.

Involvement in Controversial weapons

The Controversial Weapons Radar (CWR) covers the following weapon types:

- Anti-Personnel Mines
- Biological and Chemical Weapons

- Cluster Weapons
- Nuclear Weapons
- Depleted Uranium
- White Phosphorus

Apart from the Key and Dedicated aspects (which refer to the type of product), CWR also looks at the specific activities in which a company is involved.

Activities covered by CWR include the following:

- Production
- Sales/Trade
- Testing
- Research and Development
- System integration
- Maintenance
- Maintenance/Services/Management

The Main Activity Type is selected based on the company's primary activities related to controversial weapons

Involvement areas framework

Below table provides an overview of the different categories of involvement per area, as well as available revenue ranges and thresholds, where available. Proxy used for each area are also provided.

Cat. ID	Category of Involvement	Description	Level of Involvement (Ranges)				
ADULT ENTERTAINMENT			Proxy: revenues				
			Percentage of revenues data available				
AE1	Production	The company is involved in the production of adult entertainment and/or owns/operates adult entertainment establishments.	0-4.9%	5-9.9%	10-24.9%	25-49.9%	50-100%
AE2	Significant ownership (Production)	The company owns 10-50 per cent of another company with involvement in the production of adult entertainment and/or owns/operates adult entertainment establishments.	n/a	n/a	n/a	n/a	n/a
AE3	Distribution	The company is involved in the distribution of adult entertainment materials.	0-4.9%	5-9.9%	10-24.9%	25-49.9%	50-100%
AE4	Significant ownership (Distribution)	The company owns 10-50 per cent of another company with involvement in the distribution of adult entertainment.	n/a	n/a	n/a	n/a	n/a
ALCOHOLIC BEVERAGES			Proxy: revenues				
			Percentage of revenues data available				
AL1	Production	The company manufactures alcoholic beverages.	0-4.9%	5-9.9%	10-24.9%	25-49.9%	50-100%
AL2	Significant ownership (Production)	The company owns 10-50 per cent of another company with involvement in manufacturing alcoholic beverages.	n/a	n/a	n/a	n/a	n/a
AL3	Related Products/ Services	The company is a supplier of alcohol related products/services to alcoholic beverage manufacturers.	0-4.9%	5-9.9%	10-24.9%	25-49.9%	50-100%
AL4	Significant ownership (Related Products/ services)	The company owns 10-50 per cent of another company with involvement in the supply of related products/services to alcoholic beverage manufacturers.	n/a	n/a	n/a	n/a	n/a

AL5	Retail	The company derives revenues from the distribution and/or retail sale of alcoholic beverages.	0-4.9%	5-9.9%	10-24.9%	25-49.9%	50-100%
AL6	Significant ownership (Retail)	The company owns 10-50 per cent of another company with involvement in the distribution and/or retail of alcoholic beverages.	n/a	n/a	n/a	n/a	n/a
ANIMAL TESTING			Proxy: revenue data not available				
AT1	Pharmaceutical products	The company conducts animal testing for pharmaceutical products, medical devices and biotechnology.	n/a	n/a	n/a	n/a	n/a
AT2	Significant ownership Pharmaceutical products	The company has a significant ownership (10-50%) in a company that conducts animal testing for pharmaceutical products, medical devices and biotechnology.	n/a	n/a	n/a	n/a	n/a
AT3	Suspected involvement Pharmaceutical products	Based on the company's activities and products, the company is likely to be involved in animal testing for pharmaceutical products, medical devices and biotechnology.	n/a	n/a	n/a	n/a	n/a
AT4	Non-pharmaceutical products	The company conducts animal testing for non-pharmaceutical products.	n/a	n/a	n/a	n/a	n/a
AT5	Significant ownership (Non-pharmaceutical products)	The company has a significant ownership (10-50%) in a company that conducts animal testing for non-pharmaceutical products.	n/a	n/a	n/a	n/a	n/a
AT6	Suspected involvement Non-pharmaceutical products	Based on the company's activities and products, the company is likely to be involved in animal testing for non-pharmaceutical products.	n/a	n/a	n/a	n/a	n/a
ARTIC OIL & GAS EXPLORATION			Proxy: revenues Percentage of revenues data available				
AC1	Extraction	The company is involved in oil and gas exploration in Arctic regions.	0-4.9%	5-9.9%	10-24.9%	25-49.9%	50-100%
AC2	Significant ownership (extraction)	The company owns 10-50 per cent of another company with involvement in oil and gas exploration in Arctic regions.	n/a	n/a	n/a	n/a	n/a
CONTROVERSIAL WEAPONS			Proxy: revenue data not available				
CW1	Tailor-made and essential	The company is involved in the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon.	n/a	n/a	n/a	n/a	n/a
CW2	Significant ownership (Tailor-made and essential)	The company is involved, through corporate ownership, in the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon.	n/a	n/a	n/a	n/a	n/a
CW3	Non tailor-made or non-essential	The company provides components/services for the core weapon system, which are either not considered tailor-made or not essential to the lethal use of the weapon.	n/a	n/a	n/a	n/a	n/a
CW4	Significant ownership (non-tailor-made or non-essential)	The company provides, through corporate ownership, components/services for the core weapon system, which are either not considered tailor-made or not essential to the lethal use of the weapon.	n/a	n/a	n/a	n/a	n/a
GAMBLING			Proxy: revenues Percentage of revenues data available				
GB1	Operations	The company owns and/or operates a gambling establishment.	0-4.9%	5-9.9%	10-24.9%	25-49.9%	50-100%

GB2	Significant ownership (Operations)	The company owns 10-50 per cent of another company with involvement in owning and/or operating a gambling establishment.	n/a	n/a	n/a	n/a	n/a
GB3	Specialized Equipment	The company manufactures specialized equipment used exclusively for gambling.	0-4.9%	5-9.9%	10-24.9%	25-49.9%	50-100%
GB4	Significant ownership (Specialized Equipment)	The company owns 10-50 per cent of another company with involvement in manufacturing specialized equipment used exclusively for gambling.	n/a	n/a	n/a	n/a	n/a
GB5	Supporting Products/ Services	The company provides supporting products/services to gambling operations.	0-4.9%	5-9.9%	10-24.9%	25-49.9%	50-100%
GB6	Significant ownership (Supporting Products/ Services)	The company owns 10-50 per cent of another company with involvement in providing supporting products/services to gambling operations.	n/a	n/a	n/a	n/a	n/a
MILITARY CONTRACTING			Proxy: revenues Percentage of revenues data available				
MC1	Weapons	The company manufactures military weapon systems and/or integral, tailor-made components for these weapon	0-4.9%	5-9.9%	10-24.9%	25-49.9%	50-100%
MC2	Significant ownership (Weapons)	The company owns 10-50 per cent of another company with involvement in manufacturing military weapon systems and/or integral, tailor-made components for these weapons.	n/a	n/a	n/a	n/a	n/a
MC3	Weapon related products and/or services	The company provides tailor-made products and/or services that support military weapons.	0-4.9%	5-9.9%	10-24.9%	25-49.9%	50-100%
MC4	Significant ownership (weapon-related products and/or services)	The company owns 10-50 per cent of another company with involvement in tailor-made products and/or services that support military weapons.	n/a	n/a	n/a	n/a	n/a
MC5	Non-weapon related products and/or services	The company provides non-weapons related tailor-made products and/or services to the military or defence industry. Products or services in this category are customised for military application, but are not used for lethal and offensive purposes, nor do they support offensive weapon systems.	0-4.9%	5-9.9%	10-24.9%	25-49.9%	50-100%
MC6	Significant ownership (non-weapon-related products and/or services)	The company owns 10-50 per cent of another company with involvement in non-weapons related tailor-made products and/or services to the military or defence industry.	n/a	n/a	n/a	n/a	n/a
NUCLEAR POWER			Proxy: revenues Percentage of revenues data available. Percentage of production capacity data for NP1 - Production category of involvement also available.				
NP1	Production	The company produces nuclear power.	0-4.9%	5-9.9%	10-24.9%	25-49.9%	50-100%
NP2	Significant ownership (production)	The company owns 10-50 per cent of another company with involvement in the production of nuclear power.	n/a	n/a	n/a	n/a	n/a
NP3	Supporting Products and Services	The company provides products/services that support the nuclear power industry.	0-4.9%	5-9.9%	10-24.9%	25-49.9%	50-100%
NP4	Significant ownership (supporting)	The company owns 10-50 per cent of another company with involvement in the provision of products/services that support the nuclear power industry.	n/a	n/a	n/a	n/a	n/a

	products/ services)							
NP5	Distribution	The company distributes electricity generated from nuclear power.	0- 4.9%	5- 9.9%	10- 24.9%	25- 49.9%	50- 100%	
NP6	Significant ownership (distribution)	The company owns 10-50 per cent of another company with involvement in the distribution of electricity generated from nuclear power.	n/a	n/a	n/a	n/a	n/a	
OIL & GAS			Proxy: revenues Percentage of revenues data available. Percentage of production capacity data for the OG5 - Generation category of involvement also available.					
OG1	Production	The company is involved in oil and gas exploration, production, refining, transportation and/or storage. Subcategories: - Exploration and Production - Refining - Transportation - Storage	0- 4.9%	5- 9.9%	10- 24.9%	25- 49.9%	50- 100%	
OG2	Significant ownership (production)	The company owns 10-50 per cent of another company with involvement in exploration, production, refining, transportation and storage of oil and/or gas.	n/a	n/a	n/a	n/a	n/a	
OG3	Supporting Products/ Services	The company provides tailor-made products and services that support oil and gas exploration, production, refining, transportation and storage.	0- 4.9%	5- 9.9%	10- 24.9%	25- 49.9%	50- 100%	
OG4	Significant ownership (Supporting Products/ Services)	The company owns 10-50 per cent of another company with involvement in the provision of tailor-made products and services that support oil and gas exploration, production, refining, transportation and storage.	n/a	n/a	n/a	n/a	n/a	
OG5	Generation	The company generates electricity from oil and/or gas.	0- 4.9%	5- 9.9%	10- 24.9%	25- 49.9%	50- 100%	
OG6	Significant ownership (generation)	The company owns 10-50 per cent of another company with involvement in the generation of electricity from oil and/or gas.	n/a	n/a	n/a	n/a	n/a	
OIL SANDS			Proxy: revenues Percentage of revenues data available. Percentage of production capacity data for OS1- Extraction category of involvement also available.					
OS1	Extraction	The company extracts oil sands.	0- 4.9%	5- 9.9%	10- 24.9%	25- 49.9%	50- 100%	
OS2	Significant ownership (extraction)	The company owns 10-50 per cent of another company with involvement in extraction of oil sands.	n/a	n/a	n/a	n/a	n/a	
PALM OIL			Proxy: revenues Percentage of revenues data available					
PM1	Production and distribution	The company is involved in the production and/or distribution of palm oil.	0- 4.9%	5- 9.9%	10- 24.9%	25- 49.9%	50- 100%	
PM2	Significant ownership (production and distribution)	The company owns 10-50 per cent of a company that is involved in the production and/or distribution of palm oil.	n/a	n/a	n/a	n/a	n/a	
PESTICIDES			Proxy: revenues Percentage of revenues data available.					
PE1	Production	The company manufactures pesticides.	0- 4.9%	5- 9.9%	10- 24.9%	25- 49.9%	50- 100%	
PE2	Significant ownership (production)	The company owns 10-50 per cent of another company with involvement in the manufacturing of pesticides.	n/a	n/a	n/a	n/a	n/a	
PE3	Retail (≥10% total revenues)	The company derives 10 per cent or more of its revenues from the distribution and/or retail sale of pesticides.	n/a	n/a	10- 24.9%	25- 49.9%	50- 100%	

PE4	Significant ownership (retail)	The company owns 10-50 per cent of another company with involvement in the distribution and/or retail sale ($\geq 10\%$ total revenues) of pesticide	n/a	n/a	n/a	n/a	n/a
SHALE ENERGY			Proxy: revenues Percentage of revenues data available.				
SE1	Extraction	The company is involved in shale energy exploration and/or production.	0-4.9%	5-9.9%	10-24.9%	25-49.9%	50-100%
SE2	Significant ownership (extraction)	The company owns 10-50 per cent of another company with involvement in shale energy exploration and/or production.	n/a	n/a	n/a	n/a	n/a
SMALL ARMS			Proxy: revenues Percentage of revenues data available.				
FA1	Civilian customers (Assault weapons)	The company manufactures and sells assault weapons to civilian customers.	0-4.9%	5-9.9%	10-24.9%	25-49.9%	50-100%
FA2	Significant ownership (Civilian customers – assault weapons)	The company owns 10-50 per cent of another company that manufactures and sells assault weapons to civilian customers.	n/a	n/a	n/a	n/a	n/a
FA3	Military/law enforcement customers	The company manufactures and sells small arms to military/law enforcement.	0-4.9%	5-9.9%	10-24.9%	25-49.9%	50-100%
FA4	Significant ownership (Military/law enforcement customers)	The company owns 10-50 per cent of another company manufactures and sells small arms to military/law enforcement.	n/a	n/a	n/a	n/a	n/a
FA5	Key components	The company manufactures and sells key components of small arms.	0-4.9%	5-9.9%	10-24.9%	25-49.9%	50-100%
FA6	Significant ownership (Key components)	The company owns 10-50 per cent of another company that manufactures and sells key components of small arms.	n/a	n/a	n/a	n/a	n/a
FA7	Retail/ Distribution (assault weapons)	The company is involved in the retail and/or distribution of assault weapons.	0-4.9%	5-9.9%	10-24.9%	25-49.9%	50-100%
FA8	Significant ownership (Retail/ Distribution – assault weapons)	The company owns 10-50 per cent of another company that is involved in retail and/or distribution of assault weapons.	n/a	n/a	n/a	n/a	n/a
FA9	Retail/ distribution (Non-assault weapons)	The company is involved in the retail and/or distribution of small arms (non-assault weapons).	0-4.9%	5-9.9%	10-24.9%	25-49.9%	50-100%
FA10	Significant ownership (Retail/ Distribution – non-assault weapons)	The company owns 10-50 per cent of another company that is involved in retail and/or distribution of small arms (assault weapons).	n/a	n/a	n/a	n/a	n/a
FA11	Civilian customers (Non-assault weapons)	The company manufactures and sells small arms (non-assault weapons) to civilian customers.	0-4.9%	5-9.9%	10-24.9%	25-49.9%	50-100%
FA12	Significant ownership (Civilian customers –	The company owns 10-50 per cent of another company that manufactures and sells small arms (non-assault weapons) to civilian customers.	n/a	n/a	n/a	n/a	n/a

	non-assault weapons)							
THERMAL COAL			Proxy: revenues Percentage of revenues data available. Percentage of production capacity data for TC3 - Power Generation category of involvement also available.					
TC1	Extraction	The company extracts thermal coal.	0-4.9%	5-9.9%	10-24.9%	25-49.9%	50-100%	
TC2	Significant ownership (extraction)	The company owns 10-50 per cent of another company with involvement in the extraction of thermal coal.	n/a	n/a	n/a	n/a	n/a	
TC3	Power Generation	The company generates electricity from thermal coal. (additional proxy: generating capacity)	0-4.9%	5-9.9%	10-24.9%	25-49.9%	50-100%	
TC4	Significant ownership (power generation)	The company owns 10-50 per cent of another company with involvement in the generation of electricity from thermal coal.	n/a	n/a	n/a	n/a	n/a	
TC5	Supporting Products/ Services	The company provides tailor-made products and services that support thermal coal extraction.	0-4.9%	5-9.9%	10-24.9%	25-49.9%	50-100%	
TC6	Significant ownership (supporting products/ services)	The company owns 10-50 percent of another company with involvement in the provision of tailor-made products and services that support thermal coal extraction.	n/a	n/a	n/a	n/a	n/a	
TOBACCO			Proxy: revenues Percentage of revenues data available.					
TP1	Production	The company manufactures tobacco products.	0-4.9%	5-9.9%	10-24.9%	25-49.9%	50-100%	
TP2	Significant ownership (production)	The company owns 10-50 per cent of another company with involvement in manufacturing tobacco products.	n/a	n/a	n/a	n/a	n/a	
TP3	Related Products/ Services	The company supplies tobacco-related products/services.	0-4.9%	5-9.9%	10-24.9%	25-49.9%	50-100%	
TP4	Significant ownership (related products/ services)	The company owns 10-50 per cent of another company with involvement in supplying tobacco-related products/services.	n/a	n/a	n/a	n/a	n/a	
TP5	Retail	The company derives revenues from the distribution and/or retail sale of tobacco products.	0-4.9%	5-9.9%	10-24.9%	25-49.9%	50-100%	
TP6	Significant ownership (retail)	The company owns 10-50 per cent of another company with involvement in the distribution and/or retail sale of tobacco products.	n/a	n/a	n/a	n/a	n/a	
WHALE MEAT			Proxy: revenues Percentage of revenues data available.					
WM1	Whale meat processing	The company processes whale meat.	0-4.9%	5-9.9%	10-24.9%	25-49.9%	50-100%	
WM2	Significant ownership (whale meat processing)	The company owns 10-50 per cent of another company with involvement in processing whale meat.	n/a	n/a	n/a	n/a	n/a	

UNGC assessment

A company is assessed as Non-Compliant with the UN Global Compact principles when it is determined to be causing or contributing to severe or systemic and/or systematic violations of international norms. In other words, a company is assessed as Non-Compliant when it does not act in accordance with the principles and their associated standards, conventions and treaties, according to our framework. Companies assessed as Non-Compliant include those that are directly associated

with issues causing severe, irreversible impacts that affect stakeholders and/or the environment and interfere with the enjoyment of rights and/or impose a clear cost on society. Companies displaying inadequate responses to address or remediate the issues at hand, including attempts to conceal their wrongdoing and/or involvement, are also assessed as Noncompliant. In addition, Sustainalytics Global Standards Screening assesses companies that facilitate third parties in human rights violations as Non-Compliant (with Principle 2 of the UN Global Compact).

A company is assessed as Watchlist if it is determined to be at risk of contributing to severe or systemic and/or systematic violations of international norms and standards.

6. ICEBERG DATA LAB

Our company

Iceberg Data Lab is a Fintech specialised in ESG Data Solutions for Financial Institutions headquartered in Paris, France.

Iceberg Data Lab developed the Corporate Biodiversity Footprint (CBF) to model the corporates' impact on biodiversity. It enlarged the scope of its environmental data solutions in July 2020 through the asset contribution of I Care data branch.

Founded by experienced professionals in Environmental Science, Data Analytics and Finance, Iceberg Data Lab data are used by leading international financial institutions to report and manage their impact on Climate, Biodiversity and the Environment.

Scientific Governance

Iceberg Data Lab has an independent Scientific Committee to advise on core scientific issues.

The CBF Scientific Committee is comprised of seven leading independent experts who review the methodology and advise IDL on the core methodological assumptions.

Data Governance

Each line appraised by IDL is updated on a yearly basis. The methodology is versioned to ensure the traceability of data produced and evolution between each version recorded in a ledger.

No conflict of interest

To avoid any conflict of interest, Iceberg Data Lab has no business relationship nor advisory business with the corporates which could be scored by its teams.

The company is independent and its founders are its largest shareholders.

6.1 IDL CORPORATE BIODIVERSITY FOOTPRINT METHODOLOGY

The MSA to quantify the impact on Biodiversity

The « Mean Species Abundance » (MSA) is a biodiversity indicator expressing the average relative abundance of native species in an ecosystem compared to their abundance in undisturbed ecosystems.

The CBF methodology uses the Mean Species Abundance (MSA) for its biodiversity score because it offers the largest and more robust toolbox in terms of damage functions in the scientific literature and is the most commonly used metric for measuring the biodiversity footprint of companies, with several published case studies^{2,3,4,5}

Factoring the pressures from the corporates' businesses

The Corporate Biodiversity Footprint assesses the four most material pressures on terrestrial and aquatic biodiversity listed below:

- Change of land use ;
- Climate change with greenhouse gases emissions ;
- Air Pollution, leading to the ecosystems' disturbance due to eutrophication and acidification (Nitrogen and Sulphur) ;
- Water Pollution: release of toxic compounds in the environment ;

² Baltussen, W, T Achterbosch, E Arets, A de Blaeij, N Erlenborn, V Fobelets, P Galgani, et al. 2016. *Valuation of livestock eco-agri-food systems: poultry, beef, and dairy*. Wageningen, Wageningen University and Research, publication 2016-023.

³ Chaplin-Kramer, Rebecca, Sarah Sim, Perrine Hamel, Benjamin Bryant, Ryan Noe, Carina Mueller, Giles Rigarfsford, et al. 2017. « Life cycle assessment needs predictive spatial modelling for biodiversity and ecosystem services ». *Nature Communications* 8 (1): 15065. <https://doi.org/10.1038/ncomms15065>

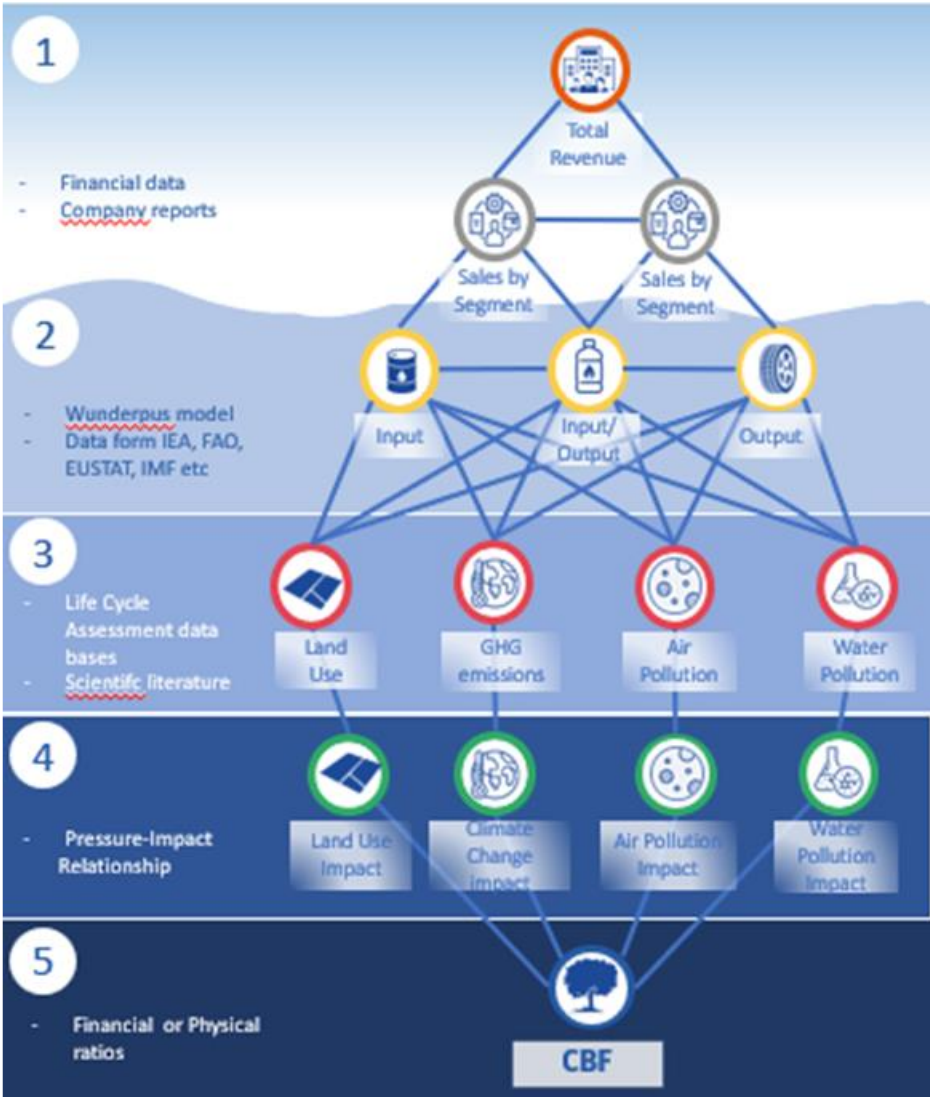
⁴ Bie, Steven De, et Jolanda Van Schaick. 2011. « COMPENSATING BIODIVERSITY LOSS Dutch companies' experience with biodiversity compensation, including their supply chain, The 'BioCom' Project. De Gemeiynt, Klarenbeek. » Bie, Steven De, et Jolanda Van Schaick. 2011. « COMPENSATING BIODIVERSITY LOSS Dutch companies' experience with biodiversity compensation, including their supply chain, The 'BioCom' Project. De Gemeiynt, Klarenbeek. »

⁵ Wilting, H.C., van Oorschot, M.M.P., 2017. Quantifying biodiversity footprints of Dutch economic sectors: A global supply-chain analysis. *J. Clean. Prod.* 156, 194–202. <https://doi.org/10.1016/j.jclepro.2017.04.066>

These pressures are calculated along the whole value chain of the corporate, appraising their processes, products, and supply chains. All pressures are aggregated into scope 1, 2 and 3 using the definitions and boundaries defined in the GHG Protocol.

Calculation of the CBF

1. Assessment of the products purchased and sold by the company throughout its value chain based on our internal *Wunderpus* model which allocate the company’s physical products’ flows at each NACE⁶ sector’s level,
2. Calculate the company’s environmental pressures based on its products’ flows,
3. Translate the pressures through pressure-impact functions into the same biodiversity impact unit, which is km2.MSA,
4. Aggregate the different impacts into an overall absolute impact and calculate several ratios (physical and financial ones)



CBF calculation steps

The CBF Score

On each economical super-sectors a CBF financial ratio is calculated as follows:
 [CBF Absolute (in km2.MSA)/Capital Employed (in €Mn)]

⁶ The European classification system of economic activities

CBF scores are calculated on a range from 1 to 6, 1 being the best (lowest CBF Financial Ratio) and 6 the worst (highest CBF Financial Ratio). The threshold between each score is defined sector by sector and are set to ensure an equal repartition by number of constituents.

Sector by sector, an even distribution of issuers, ranked by their CBF Financial ratio, is then built. This is a "best in class" approach, which means that the CBF score of constituents are not comparable between sectors (a corporate scored "2" in a sector may have a higher relative impact on Biodiversity than a corporate rated "5" in another sector).

The Data Quality Level Indicator

With each data point, a Data Quality Level Indicator (DQL) is calculated and based on the input used for the calculation. This indicator reflects the transparency level of the analysed entity or asset and therefore the degree of uncertainty of the final result.

Methodological bias and limits

The CBF covers the most material biodiversity impacts and the model is continuously improved. All material biodiversity impacts calculated are supported by robust scientific frameworks (damage functions, pressure factors).

However, there are methodological bias and limits to the CBF methodology, the most important ones being listed below:

- the CBF covers terrestrial and (partially) aquatic biodiversity, which are in the scope of many inventories, reviews, and damage functions ;
- the CBF is limited by data availability. Production, consumption, and prices are needed for the Input/Output model and, when national sectoral data are lacking, regional or global data set are used

Contact and information

A comprehensive methodological guide on the CBF is available on demand.

www.icebergdatalab.com

contact@icebergdatalab.com

7. ISS ESG

7.1 ISS ESG

ISS ESG is the responsible investment arm of Institutional Shareholder Services Inc., the world's leading provider of environmental, social, and governance solutions for asset owners, asset managers, hedge funds, and asset servicing providers. With more than 30 years of corporate governance expertise and 25 years of providing in-depth responsible investment research and analytics, ISS ESG has the unique understanding of the requirements of institutional investors. With its comprehensive offering of solutions, ISS ESG enables investors to develop and integrate responsible investing policies and practices, engage on responsible investment issues, and monitor portfolio company practices through screening solutions.

It also provides climate data, analytics, and advisory services to help financial market participants understand, measure, and act on climate-related risks across all asset classes. In addition, ISS ESG delivers corporate and country ESG research and ratings enabling its clients to identify material social and environmental risks and opportunities. Along with these robust ESG offerings, the unit provides institutions with an established standard in measuring, analyzing, projecting, valuing, and discounting a firm's underlying economic profit.

More information available at:

<https://www.issgovernance.com/compliance/due-diligence-materials/>

7.2 WATER & OCEAN SCORING METHODOLOGY

Each company is evaluated with a Water & Ocean performance score, which assesses its contribution to the achievement of SDG 6 (Water and Sanitation), as well as its impact on the conservation of water resources and the preservation of oceans (SDG 14 Life below water).

The scoring methodology includes a risk and opportunity approach. The Water & Ocean score is computed as a weighted average of three sub-scores:

- i. **Contribution** - how products and services offered by the company contribute to the achievement of SDG 6 (Water and Sanitation). The pillar is measured with the percentage of net sales: to achieve a high sub-score, the company should have a high share of net sales with positive impact on the SDG 6.
- ii. **Managing scarcity**: this pillar assesses the performance of a company in the management of water resources. It includes notably the historical evolution of freshwater use (measured by water withdrawal over time), the efficiency of water risk management, and, for companies involved in the food production chain, the performance of its water conservation system in agricultural production, etc.
- iii. **Curbing pollution**: this pillar measures the performance of a company in the preservation of the quality of water resources and oceans. It includes different aspects of water pollution:
 - a. **Effluents and contaminants**: this sub-pillar factors in the management of waste water, notably by assessing the capacity of the company to reduce the use of substances of concern in the production process, the intensity of effluent load in waster, etc.
 - b. **Marine litter**: this sub-pillar evaluates the commitment of the company in the reduction of packaging and plastic waste, as well as the prevention of marine microplastics pollution, etc.
 - c. **Ocean and fish stocks**: this sub-pillar reflects the capacity of concerned companies in the preservation of marine resources and biodiversity, notably through the management of the impact of aquaculture and fisheries on aquatic ecosystems or the compliance of fleet with IMO standards

7.3 SECTORIAL APPROACH WITH SPECIFIC INSIGHTS FOR HIGH STAKE SECTORS

Challenges in the preservation of water and marine resources, either in the perspective of quantity (managing scarcity) or in the aspect of quality (curbing pollution) vary greatly depending on the characteristics of each economic sector. Therefore, identifying sectors that present strongest impacts on water and marine resources, either by providing solutions for water access or by implementing good practices for water management and pollution reduction, is key in the methodology.

A sector is considered "high stake" if it demonstrates large impacts in one of the three pillars mentioned above:

- i. **Contribution:** high stake companies are those with high percentage of net sales contributing to the achievement of SDG 6
- ii. **Managing scarcity:** global demand of freshwater is particularly concentrated. The highest consumers of freshwater are identified by measuring their respective water intensity (m³ of water withdrawal by unit of production or by m\$ of sales)
- iii. **Curbing pollution:** polluted water is the world's largest health risk. High stake sectors are notably the one the most exposed to pollutants, which include various types such as physicochemical and bacteriological contaminant, industrial effluents, plastic waste, etc.

7.4 CONTROVERSIAL PRACTICES RELATED TO WATER

Companies with controversial practices related to water issues are identified based on:

- **Water controversies:** controversies related to the impact of aquaculture and fisheries on aquatic ecosystems or to soil and biodiversity management in agricultural production
- **Hazardous Substances** - Third Party Lists and specifically by its subfactor "Hazardous Substances – REACH Authorisation List": This factor identifies issuers listed by the International Chemical Secretariat (ChemSec) to be involved in the production or import of the most hazardous chemicals in Europe and USA. The "ChemSec SIN List" factor identifies issuers involved in the production or import of hazardous substances in Europe and USA, as identified by ChemSec; the "REACH Authorisation List" factor refers to the list of issuers identified by ChemSec as being engaged in the production or import of hazardous substances included in Annex XIV of the EU chemical regulation REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals); the "REACH Candidate List" factor refers to the list of issuers identified by ChemSec as being engaged in the production or import of hazardous substances of very high concern, which are candidates for eventual inclusion in the Authorisation List of the EU chemical regulation REACH.
- **Companies involved in hydraulic fracturing**, which is a highly water intensive drilling technique that carries major environmental risks such as the contamination of groundwater, surface pollution or depletion of fresh water.
- **Pesticides producers.** Pesticides include all chemicals that are used to control or kill pests. They can reach and contaminate groundwater and are persistent organic pollutants.

The methodology also identifies companies involved in the production of tobacco, exploitation of coal mining or oil sands, manufacturing of controversial weapons.

7.5 ISS ESG ISSUER SDS CARBON BUDGET PCT

This factor identifies the issuer's percentage of assigned budget used based on the IEA Sustainable Development Scenario. The Sustainable Development Scenario (SDS) pathway is fully aligned with the Paris Agreement by holding the rise in global temperatures to "well below 2°C ... and pursuing efforts to limit [it] to 1.5°C", and meets Sustainable Development Goals (SDGs) objectives related to achieve universal access to energy (SDG 7), to reduce the severe health impacts of air pollution (part of SDG 3) and to tackle climate change (SDG 13).

7.6 ISS ESG TRUST METRIC

Reported Emissions - Emissions Trust Metric: This factor provides a numeric value that identifies the assessed reliability of issuer-reported emissions data. The Reported Emissions Trust Metric evaluates how consistent companies are in reporting and takes into account factors such as: whether the issuer-reported data has been externally verified; the extent of disparity between data reported to different sources; and the consistency of the issuer's reporting over time.

7.7 ISS NBS OVERALL FLAG

This factor assigns an overall Red, Amber, or Green flag to an issuer based on the issuer's link with any breaches of international standards. The "Red" value covers instances of a failure to respect established norms which has been verified by an authoritative body and where the issue remains unaddressed. The "Amber" value covers instances where the issuer has entered contract(s) that would, when actualised, lead to a failure to respect established norms; where there are credible allegations that the issuer is involved in a failure to respect an established norm; where the failure to respect established norms has been verified, yet the issuer is implementing remedial measures; or where there are credible allegations but there is fragmentary information about the issuer's ongoing involvement. The "Green" value covers instances where there are allegations of a failure to respect international norms, but the information is fragmentary or the severity has yet to be established; where the incidents are not severe and the issuer has committed to improve its practice, but the issue is not yet fully addressed.

7.8 CONTROVERSIAL ACTIVITIES ASSESSMENT:

- **Coal Mining and Power Generation:** This factor provides the maximum percentage of recent-year revenues for the issuer's involvement in both coal mining, including thermal and metallurgical coal, and the generation of electric power using coal. The maximum percentage of revenues values are based on the best available data, which may include reported revenues, reported percentage of revenues, or estimated revenues based on available information.
- **Fossil Fuel:** This factor provides the maximum percentage of recent-year revenues for the issuer's total involvement in fossil fuel, including any exposure in Production, Exploration, Distribution, and Services. The maximum percentage of revenues values are based on the best available data, which may include reported revenues, reported percentage of revenues, or estimated revenues based on available information.
- **Power Generation:** This factor provides the maximum percentage of recent-year revenues for the issuer's involvement in the generation of electric power using fossil fuels. The maximum percentage of revenues values are based on the best available data, which may include reported revenues, reported percentage of revenues, or estimated revenues based on available information.
- **Tobacco:** This factor identifies the maximum percentage value of revenue derived from involvement in the production of tobacco.

7.9 ISS CONTROVERSIAL WEAPONS ASSESSMENT

This factor assigns an overall Red, Amber, or Green flag to an issuer based on the issuer's involvement in any programme regarding controversial weapons. The Overall Flag is determined by the lowest individual assessment signal within the issue area. For example, if the issuer is assigned both a Red signal and an Amber signal for different assessments in this issue area, the issuer's Overall Flag will be Red.

7.10 SDG IMPACT RATING – CLIMATE ACTION

This factor assesses an issuer's impact on Sustainable Development Goal 13 – Climate Action. The rating is determined by the issuer's Products and Services, Operations, and Controversies Scores for this goal. Ratings range on a scale from -10.0 (significant negative impact) to +10.0 (significant positive impact). For funds and other aggregated issuers, the score is based on the median score among holdings.

7.11 SDG IMPACT RATING – LIFE ON LAND

This factor assesses an issuer's impact on Sustainable Development Goal 15 – Life On Land. The rating is determined by the issuer's Products and Services, Operations, and Controversies Scores for this goal. Ratings range on a scale from -10.0 (significant negative impact) to +10.0 (significant positive impact). For funds and other aggregated issuers, the score is based on the median score among holdings.

7.12 SDG IMPACT RATING – LIFE BELOW WATER

This factor assesses an issuer's impact on Sustainable Development Goal 14 – Life Below Water. The rating is determined by the issuer's Products and Services, Operations, and Controversies Scores for this goal. Ratings range on a scale from -10.0 (significant negative impact) to +10.0 (significant positive impact). For funds and other aggregated issuers, the score is based on the median score among holdings.

7.13 SDG IMPACT RATING – RESPONSIBLE CONSUMPTION AND PRODUCTION

This factor assesses an issuer's impact on Sustainable Development Goal 12 – Responsible Consumption and Production. The rating is determined by the issuer's Products and Services, Operations, and Controversies Scores for this goal. Ratings range on a scale from -10.0 (significant negative impact) to +10.0 (significant positive impact). For funds and other aggregated issuers, the score is based on the median score among holdings.

7.14 CLIMATE SCOPE EMISSIONS

File Header	Description
ClimateScope1Emissions	GHG Emissions - Preferred Scope 1 - Direct Emissions: This factor provides the issuer's Scope 1 Direct emissions (tCO ₂ e). The Direct emissions data represents the final, ISS ESG reviewed and approved value based on the ISS ESG methodology, which selects the most accurate value from available sources.
ClimateScope2Emissions	GHG Emissions - Preferred Scope 2 - Energy Indirect Emissions: This factor provides the issuer's Scope 2 Energy Indirect emissions (tCO ₂ e). The Energy Indirect Emissions data represents the final, ISS ESG reviewed and approved value based on the ISS ESG methodology, which selects the most accurate value from available sources.
ClimateScope3Emissions	GHG Emissions - Scope 3 - Other Indirect Emissions (tCO ₂ e): This factor provides the issuer's Scope 3 "Other Indirect" emissions (tCO ₂ e). The Scope 3 emissions data represents the final, ISS ESG reviewed and approved value based on the ISS ESG methodology, which selects the most accurate value from available sources.

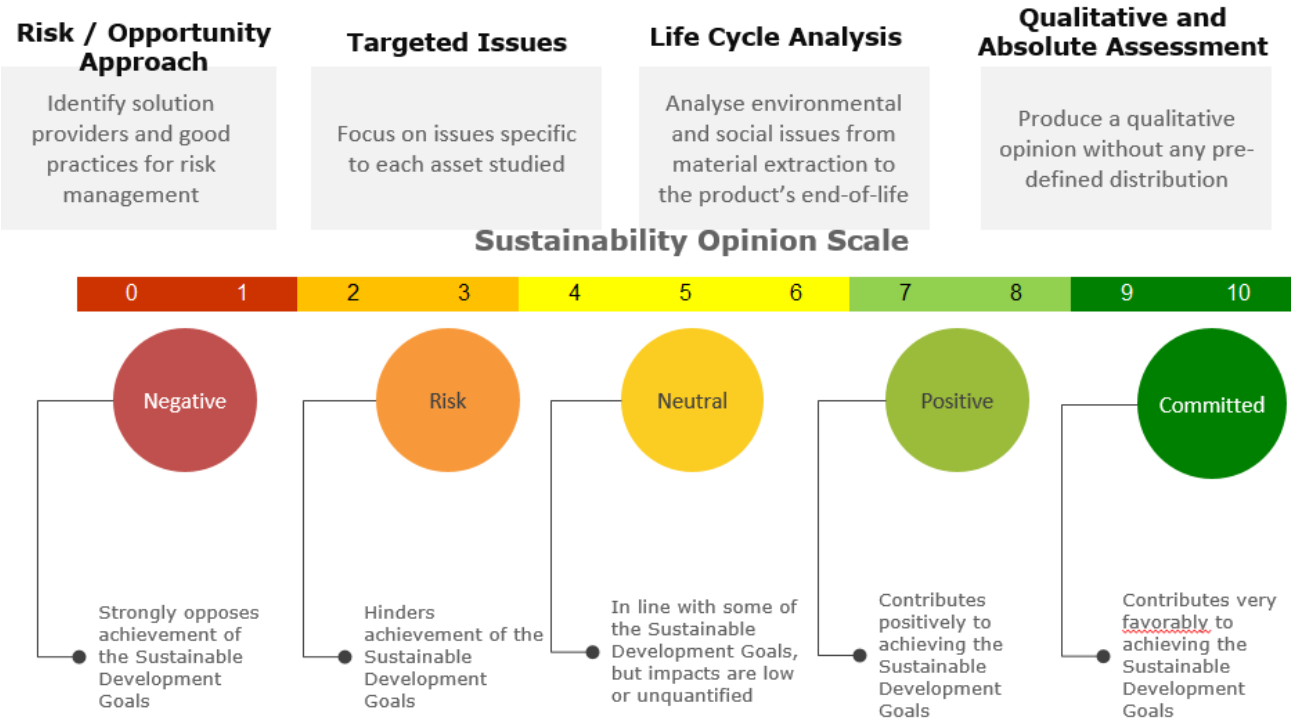
8. MIROVA/ISS-OEKOM SCORE

The Mirova/ISS-Oekom Sustainability score is based on the qualitative opportunities’ assessment and risk review score.

The qualitative opportunities assessment looks at the product side, i.e. whether the company’s product portfolio either contributes or obstructs sustainable development (see below scale).

The risk review score combines the Social and Environmental Risk Review, which look at the company’s performance at its operations regarding management of risks. It enables to give more granularity to the score and avoid equality between 2 companies.

OEKOM-MIROVA ESG RATING METHODOLOGY



9. GRESB

GRESB SUSTAINABLE INVESTMENT UNIVERSE PROVIDER

GRESB B.V. (hereinafter “GRESB”) acts as independent provider of the Sustainable Investment Universe (“Provider”) of the Index. The Provider is responsible to provide the Supervisor with the Sustainable Investment Universe on each annual review date (“Investment Universe Review Date”) determined as the third Friday of September each year or the business day directly following in case such day is not a business day. The Sustainable Investment Universe consists of listed real estate companies and REITs and will be objectively reviewed at least annually by GRESB.

GRESB collects ESG disclosure data from publicly available sources. The data is open for review from 1st April through 1st July each year. During this period, listed property companies and REITs have the opportunity to review and amend the public disclosure data collected by GRESB. All updated data is then included in GRESB’s validation process.

At each Investment Universe Review Date, the Provider objectively scores the ESG performance of each real estate investment company that are candidates to be included in the Sustainable Investment Universe based on five criteria: (a) governance of sustainability, (b) implementation, (c) operational performance and (d) stakeholder engagement, and (e) disclosure methods.

The ESG public disclosure information includes 22 ESG indicators. Each indicator is awarded points depending on the availability of evidence. Combined, these indicators add up to a maximum of 70 points. Listed real estate companies and REITs receive a GRESB Public Disclosure Scorecard with a GRESB Public Disclosure Level, from A to E. Level A is equivalent to a score between 57 and 70, Level B is equivalent to a score between 43 and 56, Level C is equivalent to a score between 29 and 42, Level D is equivalent to a score between 15 and 28 and Level E is equivalent to a score between 0 and 14.

10. HUMPACT

Our company

HUMPACT is an extra-financial rating agency focusing on the S of ESG. Founded in 2020 by André Coisne and Hugues Franc, Humpact's ambition is to have a positive impact on social issues in France and Europe by helping asset managers to assess the HR policies of listed companies and measure the contribution of their portfolios to societal issues.

Our methodology is to identify "S" issues where listed companies' contribution can be substantial and

gather public and audited - quantitative and qualitative - data to assess the impact of each company on the issue. We provide scores and measure the impact of any portfolio on an annual basis.

Data Governance

Each Data collected by Humpact is updated every year. The methodology is versioned to ensure the traceability of data produced and evolution between each version recorded in a ledger.

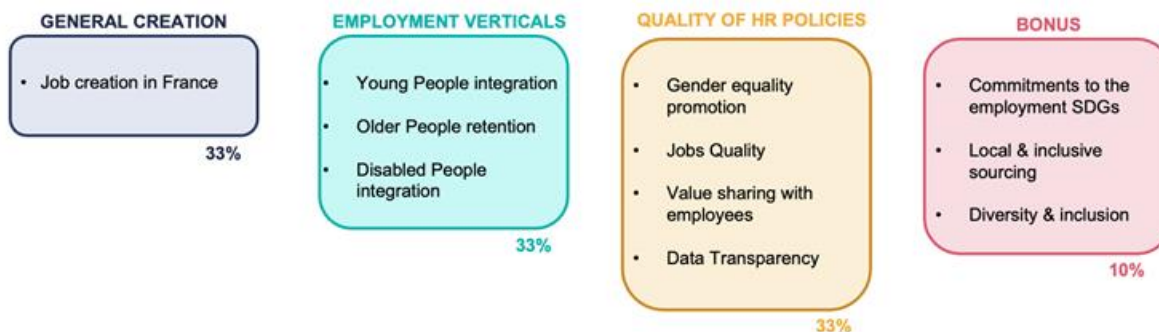
No conflict of interest

To avoid any conflict of interest, Humpact has no business relationship nor advisory business with the corporates which could be score by its teams. The company is independent and its founders are its largest shareholders.

Description of Humpact Score

To build the methodology, Humpact listed the issues concerning employment in France and identified the companies with the strongest positive impact on employment.

A Score between 0 and 100 is given to companies (convert into a 5 star-rating from 1 to 5 stars for communication) with the best employment results over the last 3 years available and with the best social policies to promote employment. The integrated criteria are as follows:



Each category integrates quantitative criterias illustrating past performance and qualitative criteria illustrating the companies social commitment and intentionality. Overall, 50 static and dynamic (over 3 years) quantitative criterias and 90 qualitative criteria are integrated.

The objective of the methodology is to highlight the companies with the best social impact in France. Companies are therefore compared according to the Best in Universe method. A watch is made to identify social controversies.

Humpact assesses and rates the performances of companies according its proprietary methodology based on 50 quantitative criterias and 90 qualitative criterias:

- **Job creation in france:** Organic jobs creation in France (relative & absolute)
- **Integration of young people:** young people share evolution, number of jobs created for young people, apprenticeship & internship, integration of young people excluded from employment (quali), partnerships with schools (quali), objectives (quali)...
- **Retention of older people:** older people share evolution, number of jobs created for older people, position adaptation (quali), retirement transition (quali)...

- **Integration of people with disabilities:** disabled people share evolution, number of jobs created for disabled people, respect of national obligation, accessibility (quali) work adaptation (quali), sensitization (quali), partnerships & subcontracts with the protected or adapted sector (quali)...
- **Gender equality promotion:** "index égalité femmes hommes" results, women share at board, women managers share evolution, Networks & women promotion (quali), anti sexual harassment protocols (quali), pay gap monitoring (quali)...
- **Job's quality:** permanent employees share, accidents frequency & severity rate, absenteeism, average seniority, training hours per employee, turnover rate, hard skills /soft skills & individual tailored learning plan implemented (quali, internal mobility (quali), well being survey (quali), access to health care & well being and health prevention (quali)...
- **Value sharing:** Capital held by employees, average remuneration evolution, remuneration evolution compared to dividend distribution, employee share purchase plan (quali), profit sharing plan (quali)...
- **SDG's commitment:** evaluation on three levels for SDG 1,3,4,5,8,10: simple reference, action detailed in 2-3 sentences, objectives & results
- **Diversity:** fight against discrimination (quali), raising awareness of LGBTQ+ rights (quali), fight against racism (quali), diversity dashboard (quali)...
- **Local & inclusive sourcing:** responsible sourcing (quali), local sourcing (quali), social impact sourcing measures (quali)...

France local data is used. if it is not available, global perimeter is used with a penalty.

11. NED DAVIS RESEARCH (NDR)

About

Ned Davis Research (NDR) is a global provider of independent investment research, solutions, model portfolios, and tools. Founded in 1980, NDR helps clients around the world make objective investment decisions. Our experienced strategists and analysts use macro, fundamental, sentiment, and technical research with models, charts, and indicators in a weight-of-the-evidence methodology to help clients see the signals and invest with confidence. NDR is headquartered in Nokomis, Florida with offices in New York, London, Hong Kong, Montreal, and Sydney.

NDR's approach combines macro, fundamental, sentiment, and technical research disciplines. The macro and fundamentals tell us how the markets *should be* acting, while sentiment and technicals reveal how the markets *are* acting. Truly insightful and timely ideas demand a balance between these disciplines. Actionable ideas meet balanced, strategic insights through our 360-degree methodology.

For more information visit: <https://www.ndr.com/about>



Governance

NDR is registered as an investment adviser with the U. S. Securities and Exchange Commission ("SEC") in order to provide the investment advisory products and services described in its disclosure document (Form ADV). In conducting NDR's investment advisory business, the Company and applicable associated persons must comply at all times with the provisions of the Investment Advisers Act of 1940, as amended (the "Advisers Act"), the rules under the Advisers Act and comparable provisions.

Pursuant to SEC Rule 206(4)-7, the Company has adopted written compliance policies and procedures (the "Manual") as part of its compliance program to help prevent violation of the Advisers Act. It is unlawful for an adviser that is registered with the SEC to provide advice unless the adviser has adopted and implemented written policies and procedures reasonably designed to prevent violations of the Advisers Act and its rules by the adviser or any of its supervised persons.

A copy of NDR's current written disclosure brochure which discusses among other things, NDR's business practices, services, and fees, is available through the SEC's website at: <https://adviserinfo.sec.gov/firm/summary/112260>.

Data Governance

NDR collects and processes data from dozens of global sources. NDR's data team processes the feeds and distributes the information to the research team. The research team consists of approximately 30 strategists and analysts, each with specific coverage areas. The team uses proprietary software

to analyze the data and build indicators, models, and indices based on linear and nonlinear techniques. NDR's Index Committee, consisting of strategists, analysts, and product members, meets at least once per quarter to review core models or approve proposed models.

NDR's disaster recovery strategy utilizes continuous duplication of crucial data in one Amazon Web Services (AWS) cloud region, to a geographically separated AWS site. Recovery of services in the alternate AWS region involves scripted launching of servers and loading of databases from backups. Remote terminal access permits access to those recovered systems for testing. The recovery may be performed without disabling or affecting production services. If the recovery is in response to a disaster, rather than a planned exercise, public web traffic will be rerouted to the newly recovered region as soon as possible.

Conflicts of interest

NDR earns money by charging fees for providing research and based on an agreed upon percentage of assets managed by third-party advisors who use our research to manage those assets. We refer clients to these third parties when they want to apply our research to their investments, but want someone else to manage their portfolios. The larger the amount of assets these third parties manage using our strategies, the more we will make in fees. Thus, we have a conflict in recommending these third parties because we earn additional fees when clients use these third parties to manage their portfolios based on our strategies. NDR addresses this conflict by disclosing its interest.

For more information visit: <https://www.ndr.com/ndr-investment-solutions>

Neither NDR nor its Management Persons have any other financial industry activities or affiliations deemed a conflict of interest.

For more information visit: <https://www.ndr.com/documents/10192/271294767/sec-form-adv-part-3.pdf>

Process for developing thematic indices

NDR research members collaborate with NDR strategists to develop the thematic portfolios through a multi-step process:

Choosing the Theme

The NDR Thematic Opportunities product provides actionable investment ideas for investment managers and their clients through the insights of our Thematic Strategists.

- Recommended themes are assigned a conviction level and target return and can be implemented using a concentrated portfolio of 10 to 15 companies or a thematic ETF.
- Themes are informed by market and macro trends and are delivered with theme-based research reports, universe indices, supporting charts, historical analysis, and tools
- Delivers high-conviction, actionable thematic investment ideas and research.
- Offers an identifiable theme universe with indices built to capture an investable theme and provides a list of recommended themes with investment vehicles to implement the theme.

For more information visit: <https://www.ndr.com/thematic-opportunities>

Constructing the Theme

NDR Custom Research Solutions focuses on customized, objective research based on extensive quantitative analysis and models. Also provides data solutions for economic indicators, factors and models and uses Artificial Intelligence in the investments process.

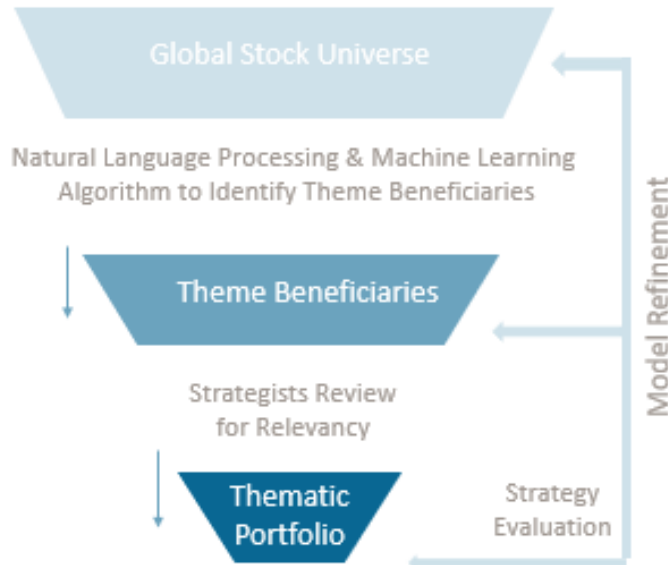
- Builds and maintains NDR's flagship strategy models, powers its investment solutions, and serves as the engine behind NDR's advisory platform models and signals
- Provides customized investment research, market analysis and models

- Improves clients' processes through content organization (dashboards, reports, charts), automation, investment software and tools
- Offers an integrated strategy approach and investment process tailored to clients' needs

For more information visit: <https://www.ndr.com/custom-research-solutions>

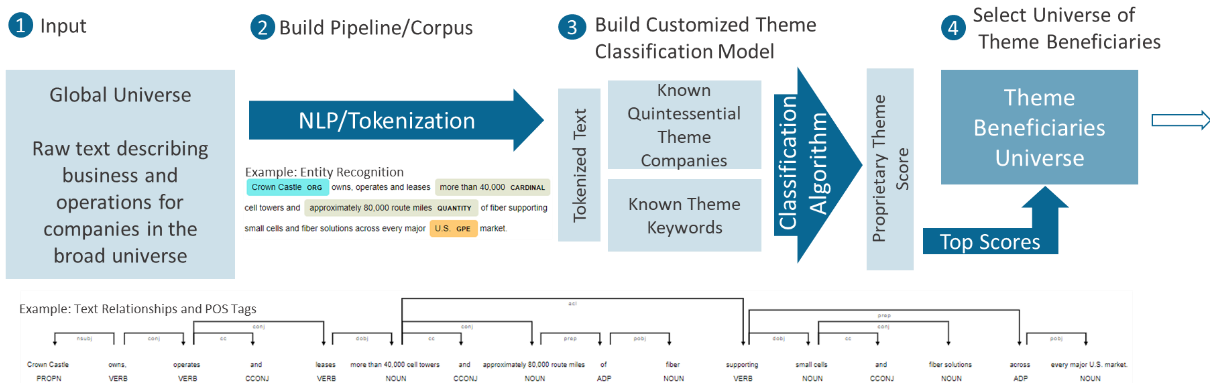
Overview of Creating a Thematic Portfolio

Once a theme has been chosen for index creation, NDR filters a broad global stock universe through multiple levels to develop the final thematic portfolio. The process is summarized in the following visual:



Identifying Theme Beneficiaries

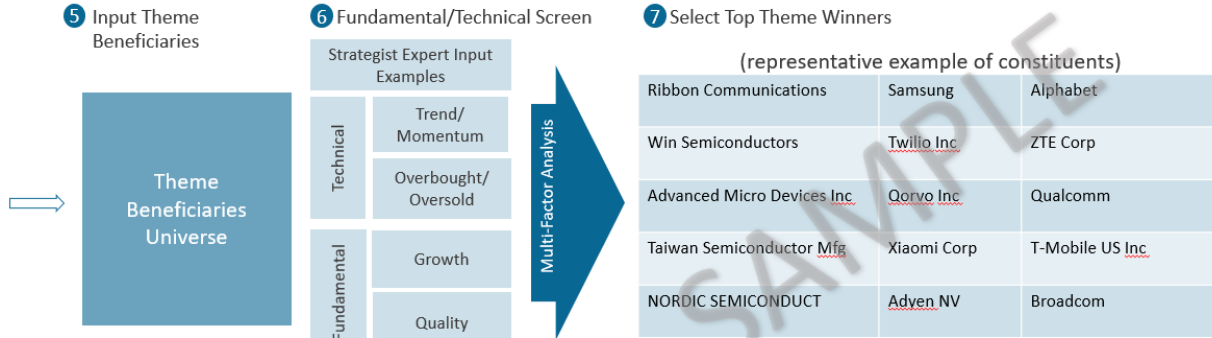
After the Thematic Opportunities team chooses a theme, the CRS team uncovers companies benefitting from that theme by filtering from a broad universe. By using Natural Language Processing (NLP) and Machine Learning techniques (as shown in the below image), the team identifies companies that support and/or benefit from the growth of the theme. The Thematic Opportunities and CRS teams determine the relevant keywords and relevant companies from which to compare the companies in the broader universe. Companies that best align with the keywords and relevant companies receive a higher thematic score and are included in the Theme Beneficiaries universe.



Constructing the Thematic Portfolio

The Thematic Opportunities and CRS teams review the theme beneficiary companies to remove “false positives” and distressed companies. This step involves determining the reason for how the firms benefit from the theme. The companies with favorable thematic scores and a verified reason for being a theme beneficiary are considered for the final thematic portfolio.

If the reviewed theme beneficiaries list is too large, the team may develop a multi-factor selection criteria used to distinguish best-positioned companies from Theme Beneficiaries Universe as shown in the below example. In this scenario, companies with favorable attributes across multiple factors receive a higher multi-factor score and would be considered for the final thematic portfolio.



12. EQUILEAP

About Equileap

Equileap is the leading provider of gender equality research and data. We research, evaluate and rank around 4000 public companies listed on the main global and regional equity benchmarks. Equileap's proprietary research methodology (the "Equileap Scorecard") consists of a company-specific framework that assesses a company's commitment to gender equality from its boardroom to its supply chain, and is inspired by the UN Women's Empowerment Principles.

Equileap's mission is to close the equality gap in the workplace. Equileap believes equal opportunities at work for people of all genders are powerful levers to grow global prosperity and sustainable development.

Equileap's research and data is leveraged by institutional investors in a broad range of activities to support better informed decision making. These use cases vary from the construction of gender-focused products, to corporate engagement, to stewardship/engagement, to ESG integration.

Key Criteria: The Equileap Scorecard

The Equileap Scorecard is a unique and comprehensive method to assess a company's performance in gender equality. The Equileap Scorecard was the result of extensive deliberation and engagement of an Expert Review Committee, which included practitioners and policy experts in the fields of women's rights, academia, sustainable investment, and business. The result was the identification of 19 Criteria, divided into 4 Categories, which were considered critical in assessing company performance in gender equality.

A. Gender Balance in Leadership & Workforce

In this category, Equileap measures female participation across all levels of the company. We look for balanced numbers of men and women at each level of the company (between 40-60% of each gender) and measure the progression of women to senior levels of the company.

B. Equal Compensation & Work-Life Balance

In this category, Equileap measures company performance in regards to policies that enable work-life balance for both genders and ensure equal compensation. Companies are evaluated on a fair living wage policy, equal pay and the gender pay gap, provision of paid parental leave, and the availability of flexible work options.

C. Politics Promoting Gender Equality

In this category, Equileap evaluates companies in regards to eight policies that promote gender equality and make the workplace a safe place to work, where employees feel supported, irrespective of gender. Two key policies are anti-sexual harassment and supplier diversity policies. Under the first, we look for publicly available company policies that explicitly condemn sexual harassment. We evaluate a company's commitment to diversity in the supply chain on whether it has a programme to proactively procure from women-owned businesses.

D. Commitment, Transparency & Accountability

In this category, Equileap evaluates a company's formal commitment to gender equality. We examine whether companies are a signatory to the UN Women's Empowerment Principles and whether they have undertaken a gender audit carried out by an independent auditor.

Key Criteria: Assessment

All companies are assessed and evaluated using the same scoring methodology. The Equileap Scorecard is sector and country agnostic and is used to assess all industries and countries, enabling comparisons. It is a holistic composition that falls under a human rights framework for both genders. Data points are assigned zero points when (i) the evidence found does not fulfill the relevant criterion or (ii) when no data/evidence is found. We give zero points to companies that do not disclose data as we feel that transparency and disclosure are key to enabling change towards gender equality in the workplace. Transparency is an essential building-block for corporate health and accountability-

based dialogue with employees, consumers and investors. We believe a company's evaluation should not improve if they only provide gender metrics to us and not to the general public.

Research process: Several steps are involved in Equileap's evaluation of each company:

1. The most recent publicly available evidence for each criterion is gathered. All evidence must be published by the company itself within the past two years, with the exception of active policies that may be older but are still in use, and some vetted external sources (e.g. UN WEPs list of signatories)
2. An internal peer review of the initial evaluation is carried out by Equileap's research analysts for quality assurance
3. Equileap sends all companies a request for feedback on the evaluation to ensure the data is up-to-date, complete, and accurately interpreted,

Controversies

Gender discrimination and gender-based violence in the workplace are endemic. Only a small proportion of cases are reported and an even smaller proportion of those result in any action being taken. Equileap monitors class actions, individual cases and official rulings dealing with sexual harassment, gender discrimination in the company, and gender discrimination in its marketing and advertising. Equileap assigns an Alarm Bell to a company when, within the past 2 years (24 months), it has had:

- A legal judgement or an official ruling regarding gender discrimination or sexual harassment against the company or an employee, or
- Two or more legal cases, or one class action, that have been settled against a company or an employee regarding gender discrimination or sexual harassment, or
- Two or more legal judgements or official rulings regarding gender discriminatory practices in a company's marketing and advertising. Information on controversies is gathered by following news and litigation databases on a weekly basis. Controversies are then assessed and the data is updated on a quarterly basis.

Methodology review

The Equileap Scorecard was the result of the extensive deliberation and engagement of an Expert Review Committee, which included practitioners and policy experts in the fields of women's rights, academia, sustainable investment, and business. The result was the identification of 19 Criteria, divided into 4 Categories, which were considered critical in assessing company performance in gender equality. The Equileap Scorecard is reviewed on a regular basis by the Equileap team.

Data Governance

All companies are assessed and evaluated using the same scoring methodology. The Equileap Scorecard is sector and country agnostic and is used to assess all industries and countries, enabling comparisons. It is a holistic composition that falls under a human rights framework for all genders. Every company evaluated by Equileap is evaluated on an annual basis. The most recent publicly available evidence for each criterion is gathered. All evidence must be published by the company itself within the past two years, with the exception of active policies that may be older but are still in use, and some vetted external sources (e.g. UN WEPs list of signatories). An internal peer review of the initial evaluation is carried out by Equileap's research analysts for quality assurance. Further on Equileap sends all companies a request for feedback on the evaluation to ensure the data is up-to-date, complete, and accurately interpreted.

No conflict of interest

The company is independent, and its founders are its largest shareholder. No conflict of interest has been raised since the company was founded.

EQUILEAP CRITERIA	DEFINITION	METRICS
C POLICIES PROMOTING GENDER EQUALITY		
10 Training & Career Development	Commitment to ensure equal access to training and career development to both men and women.	Has an employee training policy to ensure career development for all employees
11 Recruitment Strategy	Commitment to ensure non-discrimination against any type of demographic group and equal opportunities to ensure gender parity.	Has an equal opportunity policy or equivalent to ensure gender diversity
12 Freedom from Violence, Abuse & Sexual Harassment	Prohibits all forms of violence in the work place, including verbal, physical and sexual harassment.	Has an anti-sexual harassment policy or equivalent
13 Safety at Work	Commitment to the safety of employees in the workplace, in travel to and from the workplace, and on company related business, and ensure the safety of vendors in the workplace.	Has an employee health and safety policy
14 Human Rights	Commitment to ensure the protection of the rights of all people it works with including employees' rights to participate in legal, civic and political affairs.	Has a human rights policy
15 Social Supply Chain	Commitment to reduce social risks in its supply chain such as forbid business related activities that use forced labour or child labour, exploit or harass workers, engage in human trafficking, or abuse human or labour rights in any way.	Has implemented a robust initiative or policy to reduce the social risks in its supply chain
16 Supplier Diversity	Commitment to ensure diversity in the supply chain, including support for women-owned businesses in the supply chain.	Has a supplier diversity programme that includes women-owned businesses
17 Employee Protection	Systems and policies for the reporting of internal ethical compliance complaints without retaliation or retribution, including but not limited to access to confidential third-party ethics hotlines or systems for confidential written complaints.	Has an employee protection/ whistle-blower policy or equivalent

EQUILEAP CRITERIA	DEFINITION	METRICS
B EQUAL COMPENSATION & WORK LIFE BALANCE		
6 Living Wage	Commitment to ensure payment of a living wage to all employees. Living wage is defined as a base salary that covers a decent standard of living in an employee's place of residence. Minimum wages not considered.	Has a living wage policy, or equivalent, for all employees
7 Gender Pay Gap	Commitment to provide comparable wages for comparable work and to close the gender pay gap	Does not have any of the below options a. Has published gender-disaggregated pay information or an overall gender pay gap in company reports or filings b. Has published gender-disaggregated pay information in all pay/occupational bands in company reports or filings (100% of employees covered, and reported in a min. of 3 hierarchical pay bands) c. Has a strategy with at least two specific actions to close any gender pay gap Has both a and c Has both b and c d. Has published verifiable figures showing an overall mean, unadjusted gender pay gap in the company of less than or equal to 3 percent (100% of employees covered) e. Has published verifiable figures showing the mean, unadjusted gender pay gap in all pay bands is less than or equal to 3 percent (100% of employees covered, and reported in a min. of 3 hierarchical pay bands) has both d and e
8 Parental Leave	Paid leave programs (at least 2/3 paid) for child care to both primary or secondary carers globally or at least in the country of evaluation.	Primary carer: A minimum of 14 weeks in the country of evaluation Secondary carer: A minimum of 2 weeks in the country of
Flexible Work Options	Option for employees to control and/or vary the start and end times of the work day (flexible schedules) and/or vary the location from which employees work (remote work).	Offers flexible work hours Offers flexible work locations Offers flexible work hours and locations

EQUILEAP CRITERIA	DEFINITION	METRICS
D COMMITMENT, TRANSPARENCY & ACCOUNTABILITY		
18 Commitment to Women's Empowerment	Recognition and commitment to ensuring women's empowerment in the workplace.	Is signatory to the UN Women's Empowerment Principles
19 Audit	Undertaken and awarded an independent gender audit certificate by an Equileap recognised body.	None of the below EDGE Certificate: Assess, GEEIS Label EDGE Certificate: Move, WGEA Employer of Choice for Gender Equality (EOCGE) Citation EDGE Certificate: Lead, EQUAL-SALARY Certification

Overview of Rulebooks and other documents applicable for Euronext Indices

The following documents, all available on or via the following link: <https://www.euronext.com/en/indices/index-rules> should be read in conjunction with this document or provide other relevant information for the reader.

BENCHMARK STATEMENT

The Benchmark Statement identifies the primary features of an index family or families of indices in the context of the EU Benchmark regulation. For ESG based indices it also contains disclosure of ESG factors and reporting of scores.

COMPLIANCE STATEMENT

The Compliance Statement provides details, for both significant and non-significant benchmarks, for which provisions the Administrator has chosen not to apply, and offers an explanation as to why it is appropriate not to apply each provision.

GOVERNANCE EURONEXT INDICES

The purpose of the 'Governance Euronext Indices' is to describe the role and responsibilities of each of the governance bodies that are part of the Benchmark Administrators of Euronext.

RULEBOOK OF EACH FAMILY OF INDICES

Each index is part of an index family that shares the basis for selection (universe) and which is managed in a comparable way. A separate rulebook is provided for each index family that will describe the specific features of that index family as well as specific elements of each index within that family.

INDEX CALCULATION AND PERIODICAL REVIEW Euronext Indices

The Methodology Euronext describes all common aspects that apply for the

- periodical reviews, and
- the calculation of indices

EURONEXT INDICES CORPORATE ACTION RULES

- treatment of corporate actions

of indices provided by Euronext Indices.

EURONEXT ESG PROVIDERS METHODOLOGIES

An overview of various methods applied by providers of ESG scorings and labels

PROCEDURES EURONEXT INDICES

These rulebooks describe the various procedures that are applied for all Euronext Indices:

- Correction Policy
- Announcement Policy
- Complaints Procedure
- Consultations Procedure
- Procedure For Cessation of Indices

RULES OF PROCEDURE INDEPENDENT SUPERVISORS

For each Independent Supervisor Euronext publishes a 'Rules of Procedure' that describes the responsibilities and composition of each Independent Supervisor.

BENCHMARK OVERSIGHT COMMITTEE CHARTER

The Benchmark Oversight Committee Charter describes the role and responsibilities of the Benchmark Oversight Committee.