

INDEX RULE BOOK

CAC[®] 40 ESG Index Family

Version 22-01

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1. GENERAL

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

The CAC 40 ESG family is designed to reflect the price level trends in the trading of shares listed on Euronext Paris.

Euronext Paris is the Administrator of this Index Family. The Conseil Scientifique is appointed as independent supervisor of the CAC index family (“Independent Supervisor”).

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VERSION NOTES

Version	Effective date	New or changed parts	Reference/announcement
21-02	-	restyled version in view of newly published Calculation and Corporate Actions rulebooks	
22-01	-	Minor clarification	

2. INDEX REVIEWS

2.1 REVIEW FREQUENCY AND RELEVANT DATES

Review frequency: Quarterly, with an Annual review in September

Review Effective Date: After the market close of the third Friday of March, June, September and December.

Review Cut-Off Date: After the market close of the penultimate Friday of February, May, August and November.

Review Announcement Date: At least five days before the Review Effective Date.

Review Weighting Announcement Date: Two days before the Review Effective Date.

2.2 REVIEW SELECTION

Step 1: Index Universe

Index Universe definition

The Index Universe consists of the Companies included in the CAC Large 60 index; at reviews this means included after the Review Effective Date.

Continuous eligibility screening

Companies with active critical controversies related to UNGC as determined by V.E are not eligible for the index. Each critical controversy remains active for 2 years or until V.E analysis flags it as inactive or downgrades the severity, whichever occurs first. A Company with an active critical controversy cannot be included in the index during this period. Reference date to assess the 2 years period corresponds to the first announcement date of the critical controversy identified by V.E.

Step 2: Eligibility screening at reviews

The index universe is screened on 2 sets of criteria: ESG score and Activity exclusions.

The Euronext ESG Providers Methodologies document gives a detailed background on various scoring methodologies.

ESG assessment/score

- Companies in the Index Universe (CAC Large 60) are ranked in decreasing order by ESG score, as evaluated by V.E, i.e. Companies with better ESG score will be preferred.
- In case of equal ESG score, the Company with the higher Free Float Market Capitalization will rank higher.
- The bottom 20% of the Companies included in the Index Universe based on this rank are not eligible.

Activity exclusions

Companies that breach any of the following thresholds are not eligible.

Exclusion type	Description	Revenues
UN Global Compact controversies	- Companies with active critical controversies related to UNGC are excluded (As defined in "2.2 Continuous eligibility screening").	-
Tobacco	- Companies with any involvement in the production of tobacco. - Companies with revenues above 10% derived from distribution of tobacco are excluded.	>0% ≥10%
Coal	- Companies with any involvement in Thermal Coal Mining are excluded. - Companies with revenues above 5% from Coal-fuelled power generation are excluded.	>0% ≥5%
Tar sand and oil shale	- Companies with any involvement in Tar sand and oil shale extraction are excluded.	>0%
Civilian firearms	- Companies with revenues above 5% derived from the production or sale of civilian firearms are excluded.	≥5%
Controversial Weapons	- Companies that are involved in the following weapons considered as controversial by V.E: biological weapons, chemical weapons, blinding laser weapons, incendiary weapons, non-detectable fragments, depleted uranium, white phosphorus., with involvement type Full weapons system – munitions, are excluded - Companies that are involved in the following weapons considered as controversial by V.E: Anti-Personnel Landmines, cluster munitions, with involvement type Full weapons system – munitions or Key parts – munitions, are excluded	>0% >0%

Step 3: Selection Ranking

The eligible Companies are ranked by decreasing order on the ESG score as assigned by V.E. In case of an equal score the Company with the highest free float market capitalisation will rank higher.

Step 4: Selection of constituents at the reviews

Initial selection at annual review

During annual reviews (in September), the initial selection consists of the 40 highest ranking Companies based on the ESG ranking.

Initial selection at quarterly review

During quarterly reviews, 40 Companies are selected. The 35 highest ranking Companies are automatically included in the initial selection. A buffer zone, consisting of Companies ranked 36th to 45th is created. Current constituents of the index in the buffer zone have priority over Companies that currently do not form part of the CAC 40 ESG.

Additions to the initial selection

In case the pool of eligible Companies consists of fewer than 40, the highest ranking in terms of ESG score Companies passing the Activity Exclusions are added out of the 10 largest Companies from the CAC Mid 60. In case of an equal score the Company with the highest free float market capitalization will rank higher. This is done potentially iteratively in batches of 10 Companies from CAC Mid 60 until the size of the pool of eligible Companies reaches 40.

Final selection: verification of the impact objectives

The CAC 40 ESG aims at improving the Green-to-Brown ratio as well as the Weighted Average Carbon Footprint compared to the Index Universe. Both criteria are evaluated by V.E.

Green-to-Brown ratio is defined as Company level weighted aggregation of Company revenue percentage related to green products and services (as evaluated by V.E) divided by Company level weighted aggregation of Company revenue percentage related to brown products and services (as evaluated by V.E). The weight is equal to the Company's weight in the index.

Weighted average Carbon Footprint is defined as Company-level Scope 1+2 emission weighted by each Company's weight in the index and then aggregated by summing.

Should, either or both of the indicators be left unimproved compared to the Index Universe, the place of the worst ESG scored Company will be vacated temporarily from the initial selection and put together with the other eligible stocks currently not in the index selection. The index selection will thus temporarily consists of 39 Companies and one vacated place. This vacated place will be iteratively filled with the stocks from outside of the index selection that are eligible for inclusion, in order of ESG ranking (higher ESG ranking preferred, higher FFMC preferred in case of ESG score tie). These iteration will give rise to new versions of the indices that will be checked in turn for the compliance with both impact objectives. This process is reiterated until the CAC 40 ESG index obtains a better result on both indicators. In case the iterations with one vacated place in the index are not sufficient, the worst 2 ESG scored Companies in the original selection will be vacated temporarily and put together with the other eligible stocks currently not in the index selection. The iteration will then consists of selecting a combination of 2 Companies out of a pool of 2 + number of stocks eligible outside the index. Same ESG and FFMC preference applies and process is iterative until the CAC ESG index meets the impact objectives.

Example:

Initial CAC ESG index composed of 40 Companies, 4 other Companies are eligible but outside of the index due to initial ranking.

Iterations with vacating of 1 place and 2 places did not yield the impact objectives target, therefore iterations will now be done with 3 vacated places. The worst 3 ESG-ranked stocks in the initial 40 Companies in CAC ESG are put together with the 4 Companies that were initially eligible but outside of the index. The exercise will thus be to select a combination of 3 stocks out of 7 (3 + 4). Combinations with higher ESG scored-companies continue to be preferred.

2.3 PERIODICAL WEIGHTING UPDATE

Weighting method

The index is Free Float Market Capitalisation weighted.

The Weighting Factors are explained in the following paragraphs.

Annual and Quarterly Reviews:

Number of shares

The Number of Shares of a Company included in the Index Family will be identical to the CAC Large 60 Index.

Free Float factor

The Free Float Factor of a Company included in the Index Family will be identical to the CAC Large 60 Index.

Capping Factor

A Capping Factor is calculated based on the Review Weightings Announcement Date such that the Companies included in the index have a maximum weight of 10%.

3. REFERENCES

3.1 REFERENCE TABLE

Index name	Isincode	Mnemo	Bloom- berg Code	Reuters code	Base date	Base value	Publication since	Index Type
CAC 40 ESG	FR0014002B31	CESGP	CACESG	.CESGP	31/12/2009	1000	22/3/2021	Price
CAC 40 ESG NR	FR0014002B56	CESGN	CACESGNR	.CESGN	31/12/2009	1000	22/3/2021	Net
CAC 40 ESG GR	FR0014002B49	CESGG	CACESGGR	.CESGG	31/12/2009	1000	22/3/2021	Gross
CAC 40 ESG Decrement 3%	FR0014002G69	CED3	-	.CED3	31/12/2009	1000	22/3/2021	Decrement 3% on NR
CAC 40 ESG Decrement 3.5%	FR0014002G51	CED35	-	.CED35	31/12/2009	1000	22/3/2021	Decrement 3.5% on NR
CAC 40 ESG Decrement 4%	FR0014002G77	CED4	-	.CED4	31/12/2009	1000	22/3/2021	Decrement 4% on NR
CAC 40 ESG Decrement 4.5%	FR0014002G85	CED45	-	.CED45	31/12/2009	1000	22/3/2021	Decrement 4.5% on NR
CAC 40 ESG Decrement 5%	FR0014002G93	CED5	CACESGD5	.CED5	31/12/2009	1000	22/3/2021	Decrement 5% on NR

3.2 BASE CURRENCY

The Base Currency of this index family is Euro.

3.3 PUBLICATION

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

The official opening level is the first level published after a share price is available for all Companies included in the Index.

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

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

4. ESG DISCLOSURES

EXPLANATION OF HOW ESG FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY	
Item 1. Name of the benchmark administrator.	Euronext Paris
Item 2. Type of benchmark	Equity Benchmark
Item 3. Name of the benchmark or family of benchmarks.	CAC 40 ESG index
Item 4. Does the benchmark methodology for the benchmark or family of benchmarks take into account ESG factors?	Yes
Item 5. If the response to Item 4 is positive, please find below the ESG factors that are taken into account in the benchmark methodology and how they are used for selection, weighting and exclusion	
a) List of environmental factors considered:	<p>V.E assesses and rates the performances of Companies according the Equitics® methodology based on 38 criteria, divided in to six key areas of corporate environmental, social and governance responsibility:</p> <ul style="list-style-type: none"> • Environment: Protection, safeguard, prevention of attacks on the environment, implementation of an adequate managerial strategy, ecodesign, 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 Behaviour: 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.

	<ul style="list-style-type: none"> 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.
b) List of social factors considered:	Plases refer to a)
c) List of governance factors considered:	Please refer to a)
Item 6. Data and standards used.	
<p>a) Data input.</p> <p><i>(i) Describe whether the data are reported, modelled or, sourced internally or externally.</i></p> <p><i>(ii) Where the data are reported, modelled or sourced externally, please name the third party data provider.</i></p>	<p>V.E provides :</p> <p>A) United Nations Global Compact (UNGC) screening</p> <p>Exclusion of controversial Companies. V.E provides a level of integration of the Global Compact principles into the Companies' strategy and operations.</p> <p>Assessment over 4 pillars: Human rights, Labours, Environment and Corruption.</p> <p>B) ESG score</p> <p>The ESG score is based on a 2-step approach:</p> <p>Step 1:</p> <p>V.E assesses and rates the performances of Companies according the Equities® methodology based on 38 criteria, divided in to six key areas of corporate environmental, social and governance responsibility</p> <p>Step2 – Overall score</p> <p>Each issuer is assigned an overall score out of 100 (the higher the better) which is a weighted and consolidated score of all sustainability factors in a given sector.</p>
<p>b) Verification of data and guaranteeing the quality of those data.</p> <p><i>Describe how data are verified and how the quality of those data is ensured.</i></p>	<p>V.E represents and warrants that to the best of its knowledge the Methodology is robust and reliable, rigorous and capable of validating and verifying including, but not limited to, the following:</p> <ul style="list-style-type: none"> shall promptly correct any errors made in its computations of the Data and inform Euronext thereof, immediately. periodically review the Methodology

	<ul style="list-style-type: none"> • has clear written rules identifying how and when discretion may be exercised when deviating from the methodology • will inform Euronext prior to making any material change to the Methodology and will provide Euronext with the rationale for such change.
<p>c) Reference standards</p> <p><i>Describe the international standards used in the benchmark methodology.</i></p>	<p>V.E : the methodology behind ESG performance indicators and the assessment of controversies severity is based on the following international standards :</p> <ul style="list-style-type: none"> • Global Reporting Initiative (GRI) • OECD Guidelines for Multinational Enterprises, and sectorial guidance • G20/OECD recommendations on Corporate governance • UN Conventions and recommendations, • UN Global Compact Principles • UN Sustainable Development Goals • ILO Conventions , including the core ones, and recommendations • TFCD recommendations • Paris Agreement (UNFCCC)
<p>Information updated on:</p>	<p>22 March 2021</p>

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.