

INDEX RULE BOOK

Euronext Earth Focus 40 index

Version 24-01

Effective from 23 April 2024

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1. GENERAL

This document is applicable to Euronext Earth Focus 40 Index family, which consists of all the Indices as mentioned in the Reference Table.

The Euronext Earth Focus 40 Index family aims to mirror the price movements of shares traded within the Eurozone. It comprises companies that steer clear of negative activities, as evaluated by their biodiversity scores.

Euronext Paris is the Administrator of this Index Family.

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VERSION NOTES

Version	Effective date	New or changed parts	Reference/announcement
24-01		Initial version	

2. INDEX REVIEWS

2.1 REVIEW FREQUENCY AND RELEVANT DATES

Review frequency: Annual

Review Effective Date: After the market close of the third Friday of September.

Review Cut-Off Date: After the market close of the penultimate Friday of August.

Review Announcement Date: At least six trading days before the Review Effective Date.

Review Weighting Date: Three trading 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 Euronext Eurozone 300 Index. At reviews this means included in the Euronext Eurozone 300 Index after the Review Effective Date.

Step 2: Eligibility screening at reviews

Activity exclusions

From the Index Universe, the companies with any of the following characteristics are not eligible:

- Companies with a Free Float Market Capitalization of less than €7bn.
- Companies with a 3 months ADTV of less than €7m.
- Companies that don't have ESG Risk score provided by Sustainalytics
- Companies that don't have MSA score (MSA Terrestrial Static and MSA Terrestrial Dynamic) provided by Carbon4.
- Companies among the worst 25% ESG Risk score within each ICB Sector, from the Index universe.
 - In case of equal ESG risk score, companies will rank in such a way that companies with lower FFMC will not be eligible
- **Controversies:**

Exclusion topic	Exclusion criteria	Sustainalytics Field Id
Operations Incidents	Score level >3	121113112599

Environmental Supply Chain Incidents	Score level >3	121113122599
Product & Service Incidents	Score level >3	121113132599
Land Use and Biodiversity	Score level >2	132811112599
Water Use	Score level >2	133811112599

- **United Nation Global Compat:**

Exclusion topic	Exclusion criteria	Sustainalytics Field Id
United Nations Global Compact	Flagged "Non-compliant"	231112111799

- **Tobacco production or distribution:**

Exclusion topic	Exclusion criteria	Sustainalytics Field Id
Tobacco Products Production	Any involvement	172911112999
Tobacco Products Retail	Derived turnover ≥ 5%	172915112999
Tobacco Products Related Products/Services	Derived turnover ≥ 5%	172913112999

- **Controversial Weapons.**

Exclusion topic	Exclusion criteria	Sustainalytics Field Id
Controversial Weapons Tailor-made and essential	Any involvement	171611102999
Controversial Weapons Non tailor-made or non essential	Any involvement	171612151899
Controversial Weapons Significant Ownership (Tailor-made and essential)	Any involvement	171612151899
Controversial Weapons Significant Ownership (Non Tailor-made or non-essential)	Any involvement	171614151899

- **Unconventional Oil & Gas:**

Exclusion topic	Exclusion criteria	Sustainalytics Field Id
Shale Energy Extraction	Any involvement	173211102999
Oil Sands Extraction	Any involvement	173011102999
Arctic Oil & Gas Exploration Extraction	Any involvement	173111102999

- **Conventional Oil & Gas:**

Exclusion topic	Exclusion criteria	Sustainalytics Field Id
Oil & Gas Production	Any involvement	173311102999
Oil & Gas Generation	Derived turnover \geq 5%	173316171899
Oil & Gas Supporting Products/Services	Derived turnover \geq 25%	173313112999

- **Thermal Coal:**

Exclusion topic	Exclusion criteria	Sustainalytics Field Id
Thermal Coal Extraction	Any involvement	172811102999
Thermal Coal Power Generation	Derived turnover \geq 5%	172813112999
Thermal coal Supporting Products/Services	Derived turnover \geq 5%	171025171999

- **Gambling:**

Exclusion topic	Exclusion criteria	Sustainalytics Field Id
Gambling Operations	Derived turnover \geq 5%	171911112999
Gambling Specialized Equipment	Derived turnover \geq 5%	171913112999
Gambling Supporting Products/Services	Derived turnover \geq 5%	171915112999

- **Adult entertainment:**

Exclusion topic	Exclusion criteria	Sustainalytics Field Id
Adult Entertainment Distribution	Derived turnover \geq 5%	171213112999
Adult Entertainment Production	Derived turnover \geq 5%	171211112999

- **Nuclear power generation:**

Nuclear Production	Any involvement	172211102999
Nuclear Distribution	Any involvement	172215102999

- **Military contracting:**

Military Contracting Weapons	Derived turnover \geq 5%	172111112999
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Military Contracting Weapon-related products and/or services	Derived turnover \geq 10%	172113112999
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- **Genetically modified organisms:**

GMO Involvement	Any involvement	171016181199
GMO Policy	<100	181268702099
Pesticides Production	Derived turnover \geq 5%	172311112999

- **Palm Oil:**

Palm Oil Production and Distribution	Any involvement	172511102999
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- **Alcohol:**

Alcoholic Beverages Production	Derived turnover \geq 25%	171311112999
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- **Recycled Material:**

Recycled Material	Score level <30	181248512399
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- **Pollution: S**

Emissions of Air Pollutants - NOx & SOx_Tonne/evic ¹	Ratio \geq 0.06	322013112799
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- **Sustainable agriculture:**

Sustainable Agriculture Programmes	Score level <50	321710272299
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- **Deforestation:**

Deforestation Programme	Score level <50	221113882599
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- **Fleet Emissions:**

Fleet Emissions Trend	Score level \leq 20	181248662399
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¹ Enterprise Value including Cash = Market capitalization + Debt

Biodiversity impact:

The MSA aggregated score is defined as below:

(The terms used to compute this score are provided by Carbon4)

$$MSA_{aggregated}Score = MSA\ Terrestrial\ Static + MSA\ Terrestrial\ Dynamic$$

$$with \begin{cases} MSA\ Terrestrial\ Static = \frac{corpoFIIntensityImpactTerrestrialStaticActivityApproach}{50} \\ MSA\ Terrestrial\ Dynamic = corpoFIIntensityImpactTerrestrialDynamicActivityApproach \end{cases}$$

corpoFIIntensityImpactTerrestrialStaticActivityApproach and *corpoFIIntensityImpactTerrestrialDynamicActivityApproach* are provided by Carbon4.

Companies among the highest 40% MSA aggregated score, within each ICB Sector, from the Index Universe are not eligible as follows:

- In case of equal MSA Score, companies will rank in such a way that companies with lower Free float market capitalization will not be eligible.
- If less than 40 Companies are eligible, we include the best companies verifying all exclusions above until we have 40 companies in the eligible universe. In case of equal MSA Score, companies will rank in such a way that companies with lower Free float market capitalization will not be eligible.

Step 3: Selection ranking

The eligible companies are ranked by free float market capitalisation.

Step 4: Initial selection of constituents at the reviews

The 40 highest ranking companies will be selected in the index.

2.3 PERIODICAL WEIGHTING UPDATE

Weighting method

The index is Free Float Market Capitalization weighted.

The Weighting Factors are explained in the following paragraphs.

Number of shares

The Number of Shares of a Company included in the Index Family will be identical to the Euronext Eurozone 300 Index.

Free Float factor

The Free Float Factor of a Company included in the Index Family will be identical to the Euronext Eurozone 300 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 TABLE²

Index name	Isincode	Memo	Bloomberg Code	Reuters code	Base date	Base value	Publication since	Index Type
Euronext Earth Focus 40	FRESG0002690	TERPR	TERRE40	.TERPR	31/12/2014	1000	23/04/2024	Price
Euronext Earth Focus 40 NR	FRESG0002708	TERNR	TERRE40N	.TERNR	31/12/2014	1000	23/04/2024	Net
Euronext Earth Focus 40 GR	FRESG0002716	TERGR	TERRE40G	.TERGR	31/12/2014	1000	23/04/2024	Gross
Euronext Earth Focus 40 Decrement 5%	FRESG0002724	TER5D	TERRED5	.TER5D	31/12/2014	1000	23/04/2024	Decrement 5% on NR
Euronext Earth Focus 40 Decrement 3.5%	FRESG0002732	TER35	TERRED35	.TER35	31/12/2014	1000	23/04/2024	Decrement 3.5% on NR
Euronext Earth Focus 40 GR Decrement 50 Points	FRESG0002740	TER50	TERRED50	.TER50	23/04/2024	935	23/04/2024	Decrement 50 points on GR
Euronext Earth Focus 40 NR Decrement 50 Points	FRESG0002757	TER5N	TERREN50	.TER5N	23/04/2024	935	23/04/2024	Decrement 50 points on NR

3.2 BASE CURRENCY

The Base Currency of this index family is Euro.

3.3 PUBLICATION

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

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

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

² Because most companies don't have MSA scores before 2017, the methodology has been back-tested since 01-01-2015.

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.	Euronext Earth Focus 40 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>Exclusion:</p> <p>Sustainalytics:</p> <ul style="list-style-type: none"> - ESG controversy rating - United Nations Global Compact assessment - Involvement in production / distribution of tobacco - Involvement in controversial Weapons tailor made or essential - Involvement in controversial weapons non tailor made or non-essential - Involvement in shale energy extraction - Involvement in Oil Sands extraction - Involvement in Arctic Oil & Gas extraction - Involvement in Thermal coal extraction - Involvement in Thermal coal power generation - Involvement in small arms civilian customers (assault weapons) - Involvement in small arms civilian customers (non assault weapons) <p>Carbon 4:</p> <ul style="list-style-type: none"> - Biodiversity score: <ul style="list-style-type: none"> o Static Terrestrial impact on Biodiversity o Dynamic Terrestrial impact on Biodiversity
b) List of social factors considered:	<p>Sustainalytics:</p> <ul style="list-style-type: none"> - United Nations Global Compact assessment
c) List of governance factors considered:	<p>Sustainalytics:</p> <ul style="list-style-type: none"> - United Nations Global Compact assessment
Item 6. Data and standards used.	
a) Data input. <i>(i) Describe whether the data are reported, modelled or, sourced internally or externally.</i>	<p>The data are based on company self-reported data on emissions reduction targets which are then applied to climate models to produce temperature alignment scores.</p> <p>Sustainalytics:</p>

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

Sustainalytics applies several measures to ensure consistency in application of the methodology. Firstly, all analysis is conducted in line with our methodology and guidelines. This ensures that research, particularly when qualitative in nature, remains consistent. The data we use includes publicly disclosed, Artificial Intelligence (AI) and assessments by our experienced analysts.

Artificial Intelligence: Sustainalytics sources issuer disclosures through the use of artificial intelligence. Once the sources have been identified, they are thoroughly assessed by our analyst team for completeness and consistency, and for interpretation. In addition, before publication of the ESG Risk Ratings and Research, issuers are contacted for feedback. Issuers are also contacted in case of a significant or severe Controversy. When issuers can provide sufficient proof for management indicators, this will be taken into consideration.

Publicly disclosed information: Sustainalytics' issuer research is based on publicly disclosed information. On a daily basis we screen over 80,000 media sources using artificial intelligence, sourced by LexisNexis. As part of our research cycle, we do give issuers the opportunity to give feedback on our findings. If they can provide sufficient proof, we will take this into consideration. The response rate of issuers has increased substantially over the recent years, reflecting the recognition of corporates that ESG issues are material and affect their ability to attract investors.

Analyst Research: Sustainalytics have over 650 data analysts and specialists focused on fund collection and processing, quality assurance, fund company relationships, and client support which is a significantly larger team than our closest competitor. This team is situated across our global offices in 27 countries and the local presence ensures that we understand the distinct nuances of the underlying content and our customer needs in every country and region.

To maximize our data processing speed and efficiency, we take advantage of our geographical dispersion to collect the most relevant data by country and investment type and to keep our "data factory" working 24 hours a day.

Carbon4 Finance:

Data input coming from the Factset database for turnover (sourced externally), CIA database for GHG emissions (modeled), use of the Global Biodiversity Score, a tool developed by CDC Biodiversité

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

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

Sustainalytics:

Data Quality

- Operational Management: Business processes and tools are in place for universe maintenance, research planning, monitoring of timely publication and tracking of production targets.

Productivity Tools: Our internal research platforms and databases are continuously enhanced to ensure research data integrity as well as efficient data collection and processing.

- Data Management: Systems are in place for the periodic collection and verification of non-research data (e.g. company identifiers) and ensuring the integrity of all data points from backend to front-end.

- Automated end-of-gate quality checks: Daily automated quality control systems are in place to ensure the accuracy and integrity of ESG Ratings pre-publication, flagging outliers and unusual patterns to avoid unwarranted rating volatility.

- Data Delivery Systems: Our online client portal (Global Access) and data services are maintained daily and continuously improved to give a comprehensive and accurate representation of our products.

- Data Deliverables: Automated and manual quality assurance checks are run on all periodic and on-off custom client deliverables.

Product/Service Quality

- Research Product Innovation: As we continuously expand and improve our offering, the client impact of any structural product changes is thoroughly assessed prior to implementation.

- Service Innovation: As we continuously expand and improve our digital services to clients, any new features are thoroughly tested before being released to clients.

- New Product Launches: A well-defined Stage-Gate process has been put in place to carefully manage product launches and ensure quality, at the launch and beyond.

Carbon4 Finance:

Data quality is an integrated process across the different steps of analysis and data generation.

- Entity-level data is updated twice a year by the data team, who checks consistency of the data generated by the automated tools in SQL databases and runs additional scripts to aggregate data at portfolio level.

- Carbone 4 IT team has implemented a workflow to keep track of data versioning and store historical data directly in the SQL databases.

For CIA emissions data, it is modeled by an analyst, then systematically reviewed by a senior analyst before validation.

A critical review was conducted by an external committee in 2020 on the Global Biodiversity Score.

c) Reference standards

Sustainalytics:

Describe the international standards used in the benchmark methodology.

Through our norms based screening, Global Standard Screening, we cover a broad range of international norms and standards including; UN Global Compact Principles (UNGC), UN Guiding Principles on Business and Human Rights (UNGPs), OECD Guidelines for Multinational Enterprises and Related Conventions. <https://www.cdp.net/en/investor/temperature-ratings>

Carbon4 Finance:

No international standards have been set up on Biodiversity. CDC B is a member of several international initiatives (TNFD, SBTN, ALIGN, Finance for Biodiversity).

Information updated on:

27-03-2024