ESG Providers Methodologies Rulebook

Euronext Indices

Version 21-01

Effective from 15 Dec 2021

indices.euronext.com

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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

2. V.E

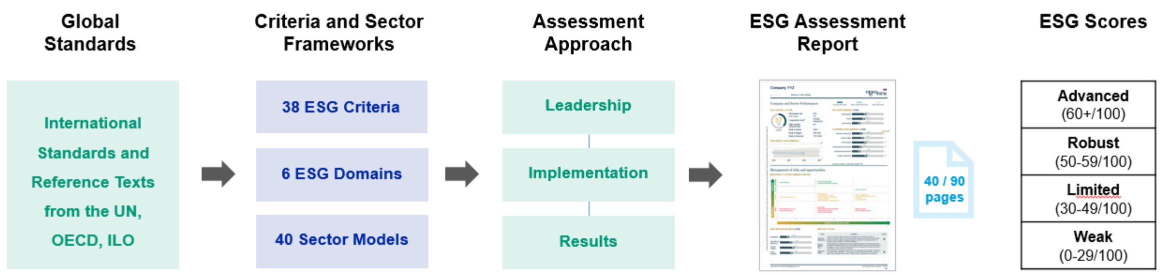
2.1 V.E ESG SCORE

Step 1:
Vigeo-Eiris 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, 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.

Step2 – Overall score

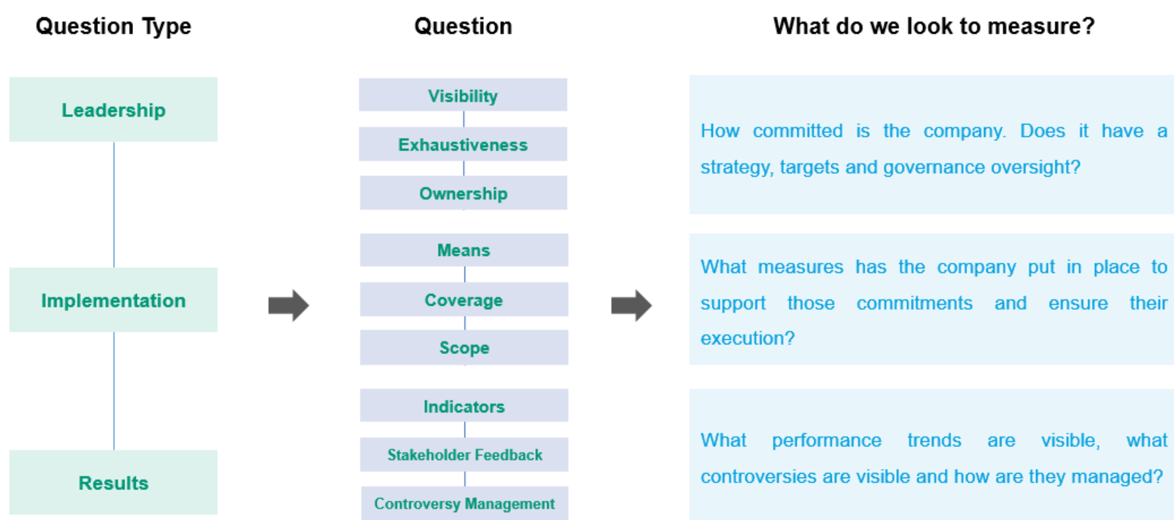
- Each issuer is assigned an overall score out of 100 (the higher the better) which is a weighted and consolidated score of all sustainability factors in a given sector



Vigeo's 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:

i. 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.
ii. Exposure: the vulnerability of stakeholders to a criterion. This will be sector specific.
iii. 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)



2.2 V.E CONTROVERSIES ASSESSMENT

V.E 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). V.E 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 V.E ENVIRONMENT, SOCIAL AND GOVERNANCE SCORE

- **Global assessment**: Vigeo Eiris 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**: VE's 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**: VE's 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:** VE's 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	Suppler 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 V.E CORPORATE GOVERNANCE SCORE

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

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 VE 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, Vigeo Eiris analyses themes specific to CSR, notably:

- The allocation of responsibilities over CSR issues

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

The inclusion of these elements in addition to the more traditional ones allows the evaluation of Responsible Corporate

Governance to reflect both the established legitimate interests of shareholders as well as the interests of the company's broader stakeholder base.

2.5 V.E ENERGY TRANSITION SCORE

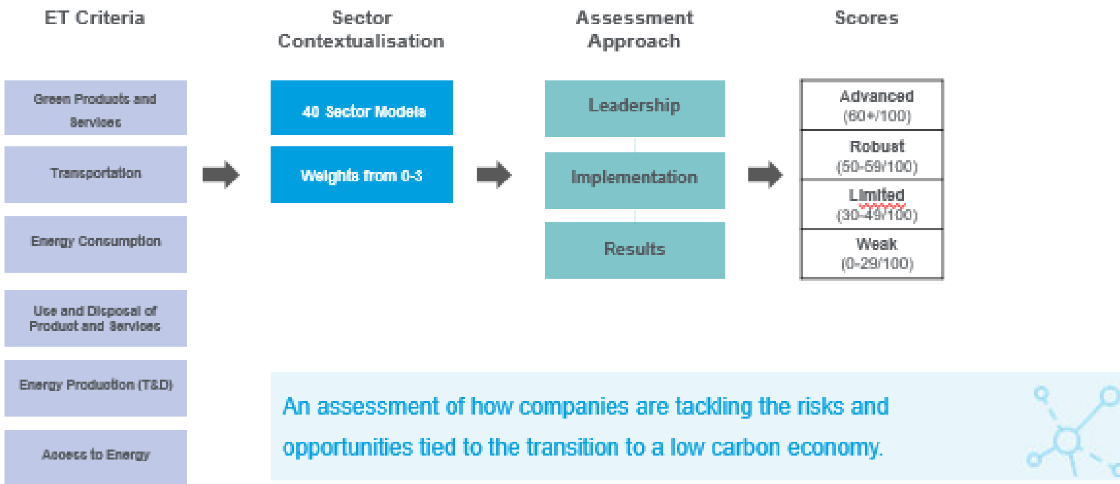
VE's Energy Transition assessment informs clients of an issuers' strategic approach to reduce their emissions and to adapt their business model to address the risks and opportunities tied to the **transition to a low-carbon economy**. 6 assessment criteria are used to produce scores from 0-100.

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° 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.



2.6 V.E 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 in 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
	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.

2.7 V.E 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:

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 (Non communicative and/or controversial)

2.8 V.E CONTROVERSIAL WEAPONS ASSESSMENT

V.E 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.

<table>
<tr><th>Weapons</th><th>Involvement</th><th>Evidence</th></tr>
<tr><td>1.1 Anti-personnel mines</td><td rowspan="10">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 %</td><td rowspan="10">Clear evidence

Some evidence

Not relevant/ Commentary</td></tr>
<tr><td>1.2 Cluster Munitions</td></tr>
<tr><td>1.3 Chemical Weapons</td></tr>
<tr><td>1.4 Biological Weapons</td></tr>
<tr><td>1.5 Nuclear Weapons</td></tr>
<tr><td>1.6 Incendiary Weapons</td></tr>
<tr><td>1.7 Non-detectable Fragments</td></tr>
<tr><td>1.8 Blinding Laser Weapons</td></tr>
<tr><td>1.9 White Phosphorus Weapons</td></tr>
<tr><td>1.10 Depleted Uranium Weapons</td></tr>
</table>

Category	Definition
Full Weapons System - Munition	Munitions include warheads, bombs, rockets, missiles, mortar and artillery projectiles, tank ammunition, mines, etc. Examples of munitions: • 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.

2.9 V.E 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).

2.10 V.E 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.)

2.11 V.E 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.

2.12 V.E WASTE MANAGEMENT

This criteria is part of the VE 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

2.13 V.E MANAGEMENT OF ENVIRONMENTAL IMPACTS FROM THE USE AND DISPOSAL OF PRODUCTS/SERVICES

This criteria is part of the VE 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)

2.14 V.E SUSTAINABLE GOODS & SERVICES

V.E's 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

3. CARBONE 4

[NOTE: update expected May 2021]

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.

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.

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 CARBONE 4 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 CARBONE 4 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. All C4F analyses are based on public documentation.

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.

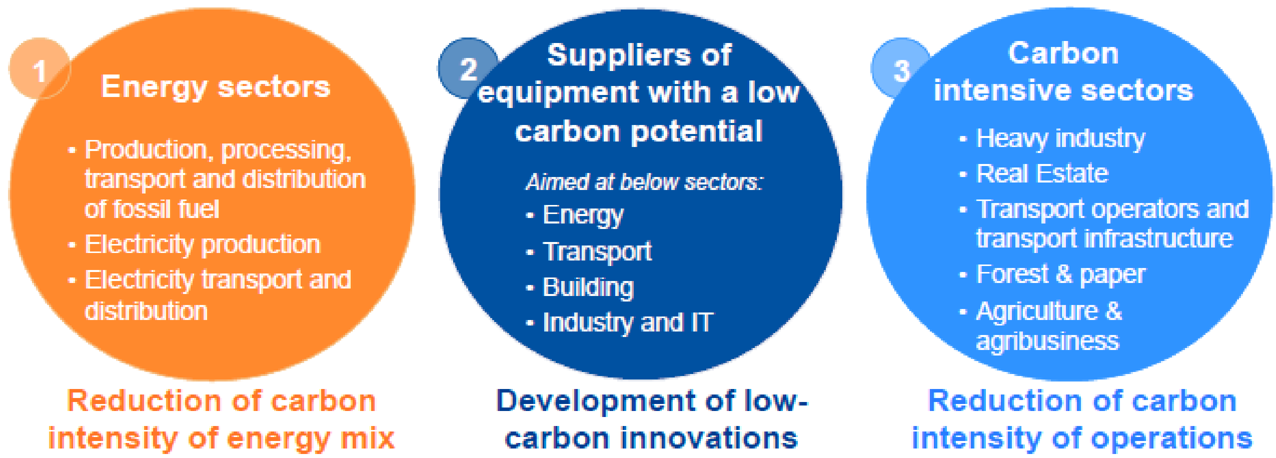
3.3 CARBONE 4 CORE PRINCIPLES

"Bottom-up" analysis:

The analysis of the carbon impact of a portfolio begins with an in-depth assessment of each underlying firm, followed by aggregation at the portfolio level. This allows for differentiation between companies in the same business sector and enables recognition of companies' efforts in integrating climate and energy-related issues in their strategic decisions and reporting.

Sectorial approach with specific insights for "high stakes" sectors:
Challenges regarding the low-carbon transition vary depending on the characteristics of each economic sector. Therefore, Carbon Impact Analytics differentiates "high stakes" and "low stakes" sectors and provides specific insights for "high stakes" sectors with tailored calculation principles for each sector.

"High stakes" sectors for which a detailed Carbon Impact analysis is performed are detailed below:



"Low stakes" sectors include companies with a limited impact on global warming as well as companies for which the current standards of disclosure are insufficient to perform a reliable CIA analysis.

3.4 THE CARBON IMPACT RATIO

The Carbon Impact Ratio (CIR) is a metric measuring the efforts of the company in mitigating its climate impacts. Corresponds to the ratio between saved and induced emissions, on all scopes. Emission savings comprises reduced emissions (resulting from an improvement in the company's carbon efficiency) and avoided emissions (resulting from the difference between the company's position and a reference scenario). It is an easy-to-read indicator of the carbon impact of a company and enables comparison between the carbon impact of a company and the impacts of its sectorial peers.

3.5 THE CLIMATE SCORE

Score measuring the carbon performance of the company's activities. Each activity is scored according to its past, current, and future carbon performance, then this score is weighted by the share of revenue generated by each activity, resulting in an overall score for the company. This score ranges from 1 to 15, 1 being the best possible score.

3.6 THE FORWARD-LOOKING SCORE

Score measuring the adequacy of the company's strategy, investments, targets, and internal organization with a transition towards a low-carbon economy. A set of 5 criteria is reviewed for each company, with a focus on the activity generating the most important share of revenues:

- Company's overall strategy
- Investments aimed towards low-carbon projects
- Reduction target for Scope 1&2 emissions
- Reduction target for Scope 3 emissions
- Governance of climate-related topics within the company

Carbon emissions measures only give an historical viewpoint of a firm's carbon impact, whereas financial analysis requires a more forward-looking evaluation of carbon impact. Such an evaluation includes an analysis of investments and R&D expenditures that will contribute to decrease carbon emissions, as well as an analysis of the firm's positioning and strategy regarding the low-carbon transition. A progress indicator would allow analysts to project how induced and avoided emissions of the firm will evolve in the coming years.

The forward-looking score ranges from A to D, A being excellent and D poor.

More information available at:

http://www.carbone4.com/wpcontent/uploads/2019/09/CarbonImpactAnalytics_November18.pdf

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 institutional investors with assets of US$87 trillion, CDP leverages investor and buyer power to motivate companies to disclose and manage their environmental impacts. Over 6,300 companies with some 55% of global market capitalization disclosed environmental data through CDP in 2017. This is in addition to the over 500 cities and 100 states and regions who disclosed, making CDP's platform one of the richest sources of information globally on how companies and governments are driving environmental change. CDP, formerly Carbon Disclosure Project, is a founding member of the We Mean Business Coalition.

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

4.7.1 CDP Cattle Product 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

4.7.2 CDP Palm Oil 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

4.7.3 CDP Soy 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

4.7.4 CDP Timber 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. ISS ESG

5.1 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/

5.2 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 liters**: 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

5.3 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.

5.4 EXCLUSIONS CONTROVERSIAL PRACTICES RELATED TO WATER

Companies with controversial practices related to water issues are excluded:

- **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 excludes companies involved in the production of tobacco, exploitation of coal mining or oil sands, manufacturing of controversial weapons.

5.5 ISS ESG ISSUER 2°C CARBON BUDGET ALIGNMENT – 2050

This factor identifies the issuer's percentage of assigned budget used based on the IEA 2°C carbon budget. The factor is based on what is required to keep global temperature increase below 2°C as per the Energy Technology Perspective Scenarios described by the International Energy Agency. This factor serves as an indication of the issuer's alignment to a climate scenario. It does not describe the exact relationship between the issuer and the scenario.

5.6 ISS ESG TRUST METRIC

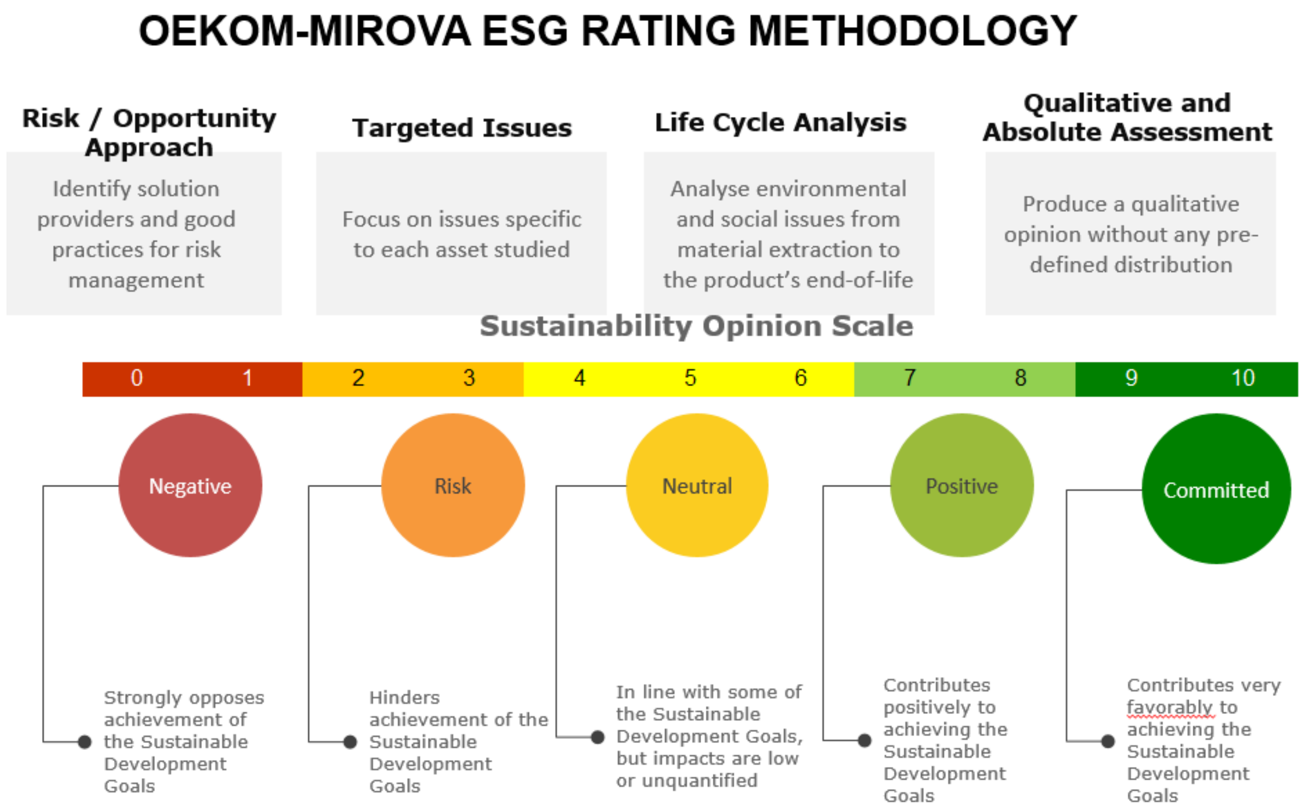
Reported Emissions - Emissions Trust Metric: This factor provides a numeric value that identifies the assessed reliability of issuer-reported emissions data. The Reported Emissions Trust Metric evaluates how consistent companies are in reporting and takes into account factors such as: whether the issuer-reported 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.

6. 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.



7. 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.