INDEX RULE BOOK

CAC 40® Governance Index

Version 17-01
Effective from 21 February 2017
indices.euronext.com
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### 1. INDEX SUMMARY

<table>
<thead>
<tr>
<th>Factsheet</th>
<th>CAC 40® Governance indices</th>
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| **Index names** | CAC 40® Governance  
CAC 40® Governance NR  
CAC 40® Governance GR  
CAC 40® Governance Decrement 5% |
| **Index type** | Price, Gross, Net and Decrement 5% |
| **Underlying Index** | CAC 40® |
| **Index governance structure** | The index follows the selection of the underlying index, which is under supervision of an independent steering committee. Euronext acts as the Compiler and is responsible for the day-to-day management of the index. |
| **Eligible stocks** | Companies included in underlying index. |
| **Selection** | Same composition as the underlying index on review date |
| **Number of constituents** | 40 |
| **Weighting** | Based on Vigeo Eiris Responsible Corporate Governance scores. |
| **Capping** | n.a. |
| **Review of composition** | Follows annual/quarterly review scheme of underlying index. Effective after the third Friday of March, June, September and December. |
| **Rebalancing** | Quarterly. Effective after the third Friday of each month. |
| **Review of number of shares** | n.a. |
| **Base Currency** | Euro |

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

<table>
<thead>
<tr>
<th>Index name</th>
<th>Isincode</th>
<th>Mnemo</th>
<th>Bloomberg Code</th>
<th>Reuters code</th>
<th>Base date</th>
<th>Base value</th>
<th>Publication since</th>
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<tr>
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<td>31-12-05</td>
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<td>1000</td>
<td>09/05/2017</td>
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</table>
2. GOVERNANCE AND DISCLAIMER

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

- CAC 40® Governance index

The underlying index (hereinafter “Underlying Index”) is:

- CAC 40®

2.2 SUPERVISOR
The Conseil Scientifique respectively acts as independent Supervisor of the index’ underlying Blue Chip index. The Supervisor is responsible for monitoring the selection of constituents for the index and ensuring that the index offers a reliable and representative view of the market.

2.3 COMPILER
Euronext is the compiler of the index (“Compiler”). The Compiler is responsible for the day-to-day management of the index and is also responsible for decisions regarding the interpretation of these rules.

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

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

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

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

2.7 OWNERSHIP AND TRADEMARKS
Euronext owns all intellectual and other property rights to the index, including the name, the composition and the calculation of the index. CAC® and CAC 40® are registered trademarks of Euronext.
3. PUBLICATION

3.1 DISSEMINATION OF INDEX VALUES

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

The official opening level is the first level published after a share price is available for all constituents. Index levels published before the official opening level is published are considered pre-opening index levels.

If, for whatever reason, share prices are not available for all constituents five minutes after Euronext Markets (as defined in the Euronext harmonised rule book) 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.

3.1.2 Calculation and dissemination
The index is calculated based on the most recent prices of transactions concluded on Euronext 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.

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

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

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

If the index remains in pre-opening phase during the entire trading session, the last published pre-opening level of the index will be used as the official closing level of the index for that day. In such cases, the Compiler will not calculate an official opening level for the index.

3.3 ANNOUNCEMENT POLICY
The announcement policy is described in the Euronext Indices Announcement policy document that is available on indices.euronext.com/index-rules.
4. CALCULATION

4.1 CALCULATION OF THE PRICE INDEX
The index is calculated on a price return basis. The calculation is based on the current numbers of shares included in the index of each constituent multiplied by the most recent price and subsequently divided by the divisor. The divisor was determined on the initial capitalization base of the index and the base level. The divisor is adapted as a result of corporate actions and composition changes.

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

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

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

4.3.2 Withholding tax rate
The net dividend is calculated as the gross dividend minus the applicable withholding tax. A table detailing the percentages that are applied is available on the website of Euronext.

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

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

4.4 DECREMENT INDEX CALCULATION
A Decrement index is calculated and disseminated at the same frequency as the price Index. The Decrement index is obtained by deducting on a daily basis a 5% rate per annum from the net return index.

The formula for the Decrement index is stated in chapter 7.
5. INDEX REVIEWS

5.1 GENERAL AIM AND FREQUENCY OF REVIEWS

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

5.1.2 Effective date of rebalancings
The reviews become effective after the market close of the third Friday of March, June, September and December (quarterly reviews).

5.2 INDEX UNIVERSE AND SELECTION PRINCIPLE

5.2.1 Selection
At each periodical review the companies that are expected to be included in the underlying Blue Chip index after the close of the business day on the date of the periodical adjustment, are selected for the index.

5.2.2 Selected line
As only one listing – the most active one - is permitted per company, the listing representing the company’s ordinary shares is generally used.

5.3 PERIODICAL UPDATE OF WEIGHTING

5.3.1 Corporate Governance Score
Vigeo Eiris assesses and rates the performances of companies on their corporate governance responsibility according the Equitics® Responsible Corporate Governance methodology (cf 9.2, Corporate Governance Score).

The companies that are expected to be included in the Underlying Index are ranked based on the Corporate Governance score. The new weightings are based on this ranking and are calculated as follow:

<table>
<thead>
<tr>
<th>Ranking based on the Corporate Governance score</th>
<th>Total weight for each range</th>
<th>Individual stocks weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 10</td>
<td>40%</td>
<td>4%</td>
</tr>
<tr>
<td>11 to 20</td>
<td>30%</td>
<td>3%</td>
</tr>
<tr>
<td>21 to 30</td>
<td>20%</td>
<td>2%</td>
</tr>
<tr>
<td>31 to 40</td>
<td>10%</td>
<td>1%</td>
</tr>
</tbody>
</table>

In case identic Corporate Governance scores make the ranges impossible to be defined (ex: rank 9, 10 and 11 have the same score), the second ranking criteria will be the ESG score (see 9. ESG Score). In case of identic ESG scores, the free float market capitalisation on the review cut-off date will be used.

5.3.2 Update of number of shares
The new weightings in shares of the constituents are based on the new composition of the underlying Blue Chip index in combination with the closing prices of the Review Composition Announcement Date.

The weightings in shares will be rounded to the nearest whole number.
5.3.3 Free Float
Not applied for this index.

5.3.4 Capping
Not applied for this index.
6. CORPORATE ACTIONS

6.1 GENERAL
The index may be adjusted in order to maintain the continuity of the index level and the composition. The underlying aim is that the index continues to reflect as closely as possible the value of the underlying portfolio.

Adjustments take place in reaction to events that occur with constituents in order to mitigate or eliminate the effect of that event on the index.

6.2 REMOVAL OF CONSTITUENTS
Constituents which are removed from the Underlying Index will be removed simultaneously from the index.

If a company is removed from the index, the divisor will be adapted to maintain the index level.

6.2.1 Mergers and acquisitions
If the effect of a merger or takeover is that one constituent is absorbed by another constituent the resulting company will remain a constituent of the index. If the merger offer takes place in the form of shares, the shares of the target will be replaced by the shares of the acquirer in accordance with the terms of the offer, unless the acquirer won’t be included in the underlying Blue Chip index.

Companies which are added to the composition of the Underlying Index or which are re-entered after a temporary removal, will not be added to the index until the next periodical review.

6.2.2 Delistings, suspensions and company distress
Constituents which are removed from the Underlying Index will be removed simultaneously from the index.

The company will be deleted from the index based on either the last known price established during regular daytime trading or else a price determined by the Compiler, whereby the company may also be deleted at EUR 0.

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

6.3 SPLIT UP / SPIN-OFF
In the event that a company included in the index is split up, the companies resulting from the split, including the original company where appropriate will continue to be included in the index providing they still qualify as an eligible company in their own right. The index may then temporarily consist of fewer than, or more than the normal number of companies until the next periodical review takes place.

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

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

The removal of any non-qualifying company resulting from a split up will take place after the close of the first day of trading in the shares of that company. If all companies resulting from the split are to be removed, the removal will take place at the close of the last trading day before the split.
6.4  EARLY INCLUSION OF NON-CONSTITUENTS
As a rule newly listed companies are considered for inclusion in the index at the time of the periodical index rebalancing.

6.5  DIVIDENDS
6.5.1  Distinction ordinary and special dividend
The price index will be adjusted for dividends that are special.

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

a) The declaration of a company of a dividend additional to those dividends declared as part of the company’s normal results and dividend reporting cycle; merely an adjustment to the timing of the declaration of a company’s expected dividend would not be considered as a special dividend circumstance; or

b) The identification of an element of a dividend paid in line with a company’s normal results and dividend reporting cycle as an element that is unambiguously additional to the company’s normal payment.

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

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

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

6.6  RIGHTS ISSUES AND OTHER RIGHTS
In the event of a rights issue the index is adjusted based on the value of the rights only. The divisor will be adapted in such a way that the level of the index remains the same.

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

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

6.7  BONUS ISSUES, STOCK SPLITS AND REVERSE STOCK SPLITS
For bonus issues, stock splits and reverse stock splits, the number of shares included in the index will be adjusted in accordance with the ratio given in the corporate action. The divisor will not be changed because of this. The Compiler may regard a bonus issue as the issue of an entitlement in lieu of an ordinary dividend and therefore treat this in accordance with 6.5.1.

6.8  CHANGES IN NUMBER OF SHARES OR FREE FLOAT
Not applied for this index.

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

The general formula for the price index is:

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

Where:
- \( t \) Time of calculation
- \( N \) Number of constituent equities in index
- \( Q_{i,t} \) Number of shares of equity \( i \) included in the index on day \( t \)
- \( F_{i,t} \) Free Float factor of equity \( i \)
- \( f_{i,t} \) Capping factor of equity \( i \)
- \( C_{i,t} \) Price of equity \( i \) on \( t \)
- \( X_{i,t} \) Current exchange rate on \( t \)
- \( d_t \) Divisor of the index on day \( t \)

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

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

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

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

\[ TR_t = TR_{t-1} \left( \frac{IV_{t-1} + XD}{IV_{t-1}} \right) \]

Where:
- \( TR_{t-1} \): Total return index value yesterday;
- \( TR_t \): Total return index value on \( t \);
- \( IV_{t-1} \): Underlying price index yesterday;
- \( IV_t \): Underlying price index on \( t \);

\[ \text{Factor is equal to 1 if not applied for the index} \]
The **Decrement index** uses the following formula:

\[
DI_t = DI_{t-1} \left( \frac{NR_{t-1}}{NR_{t-1}} - \frac{Dcrt \cdot \text{day}}{365} \right)
\]

Where:

- \(DI_{t-1}\): Decrement index value previous calculation date;
- \(DI_t\): Decrement index value on \(t\);
- \(NR_{t-1}\): Net return index value previous calculation date;
- \(NR_t\): Net return index value on \(t\);
- \(Dcrt\): 5%
- \(\text{day}\): number of calendar days between index business day \(t-1\) and \(t\)
8. DEFINITIONS

8.1 INDEX STEERING COMMITTEE
Committee consisting of independent persons which acts as supervisor to the (underlying) index and to which all decisions regarding supplementing, amending, revising or withdrawing these rules are submitted for approval. The composition and responsibilities of the Index Steering Committee are laid down in the Rules of Procedure document that is available on the website www.euronext.com.

8.2 COMPILER
Committee of Euronext officials appointed by Euronext.

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

The Review Announcement Date is the date on which, after the market close, the changes relating to the periodical review are announced as well as the preliminary free float factors.

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

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

9.1 ENVIRONMENTAL, SOCIAL AND GOVERNANCE SCORE

Vigeo-Eiris assesses and rates the performances of companies according the Equitics® methodology based on 38 criteria, organized in to six key areas of corporate environmental, social and governance responsibility, namely:

- Human Resources: Constant improvement of industrial relations, Career Development, Promotion of Health and Safety, Responsible Remuneration and Working Hours.
- Community Involvement: Contribution to Local 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.
- Corporate Governance: Responsible Board Practices and Organization, Audit and Internal Controls, Respect of Shareholders’ Rights, Responsible Executive Remuneration.

Each issuer is assigned an overall score out of 100 which is a weighted and consolidated score of all sustainability factors in a given sector.

9.2 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:

- CGV 1.1: Responsible Board Practice and Organisation.
- CGV 2.1: Audit and Internal Controls.
In addition to the traditional themes of Corporate Governance that are addressed throughout national codes, Vigeo Eiris analyses themes specific to CSR, notably:

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

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

Vigeo Eiris is a global provider of environmental, social and governance (ESG) research to investors and public and private corporates.

Vigeo Eiris offers two types of services through separate business units

- **Vigeo Eiris rating**, offers a large range of products and services designed for all kind of investors and covering all sustainable and ethical investment practices.
- **Vigeo Eiris enterprise** works with organizations of all sizes, from all sectors, public and private, to support them in the integration of ESG criteria into their business functions and strategic operations.

Vigeo Eiris methodologies and rating services adhere to the strictest quality standards.

Vigeo Eiris is present in Paris, London, Boston, Brussels, Casablanca, Milan, Montreal, Santiago and Tokyo and has a team of 200. The agency works with partners through its “Vigeo Eiris Global Network” in every continent.

*For more information: [www.vigeo-eiris.com](http://www.vigeo-eiris.com)*