

METHODOLOGY BOOK FOR:

- **MSCI France Climate Select 40 Paris Aligned Index**
- **MSCI France Climate Select 40 Paris Aligned Decrement Indexes**

January 2023

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1 Introduction

The MSCI France Climate Select 40 Paris Aligned Index (“Index”) is designed to support investors seeking to reduce their exposure to transition and physical climate risks and who wish to pursue opportunities arising from the transition to a lower-carbon economy, while satisfying both the minimum requirements of EU Paris Aligned Benchmarks as per the EU Benchmark Regulation¹ and the United Nations Global Compact Principles². The Index is constructed from MSCI France IMI Index (“Parent Index”) following an optimization-based approach and aims to:

- Reduce the weight of companies assessed as high carbon emitters using scope 1, 2 and 3 emissions
- Realize a “self-decarbonization” rate of 7% year on year
- Reduce the weight of companies assessed as high carbon potential emitters
- Increase the weight of companies with approved science based carbon reduction targets
- Keep the active weight in securities categorized as ‘High Climate Impact Sector’³ by NACE at least equal to 0
- Achieve a modest tracking error compared to the Parent Index and low turnover.

The MSCI France Climate Select 40 Paris Aligned 5% Decrement Index (Net) and MSCI France Climate Select 40 Paris Aligned 5% Decrement Index (Gross) aim to represent the net and gross performance of the MSCI France Climate Select 40 Paris Aligned Index respectively, while applying a constant markdown (‘synthetic dividend’) of 5% on an annual basis, expressed as a percentage of performance.

The MSCI France Climate Select 40 Paris Aligned 4% Decrement Index (Net) and MSCI France Climate Select 40 Paris Aligned 4% Decrement Index (Gross) aim to represent the net and gross performance of the MSCI France Climate Select 40 Paris

¹ On December 3, 2020, the European Commission has published the delegated acts in the Official Journal (<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R1818&from=EN>) which contain the minimum technical requirements for the EU Paris-aligned Benchmarks.

² For more details, please refer to <https://www.unglobalcompact.org/what-is-gc/mission/principles>.

³ For more details, please refer to Appendix II.

Aligned Index respectively, while applying a constant markdown ('synthetic dividend') of 4% on an annual basis, expressed as a percentage of performance.

The MSCI France Climate Select 40 Paris Aligned 3.75% Decrement Index (Net) and MSCI France Climate Select 40 Paris Aligned 3.75% Decrement Index (Gross) aim to represent the net and gross performance of the MSCI France Climate Select 40 Paris Aligned Index respectively, while applying a constant markdown ('synthetic dividend') of 3.75% on an annual basis, expressed as a percentage of performance.

The MSCI France Climate Select 40 Paris Aligned 3% Decrement Index (Net) and MSCI France Climate Select 40 Paris Aligned 3% Decrement Index (Gross) aim to represent the net and gross performance of the MSCI France Climate Select 40 Paris Aligned Index respectively, while applying a constant markdown ('synthetic dividend') of 3% on an annual basis, expressed as a percentage of performance.

2 MSCI ESG Research

The Indexes use company ratings and research provided by MSCI ESG Research. In particular, the Indexes use the following MSCI ESG Research products: MSCI ESG Controversies, MSCI ESG Business Involvement Screening Research, MSCI Climate Change Metrics, and MSCI Impact Solutions.

For details on MSCI ESG Research’s full suite of ESG products, please refer to: <https://www.msci.com/esg-investing>.

2.1 MSCI ESG CONTROVERSIES

MSCI ESG Controversies provide assessments of controversies concerning the potential negative environmental, social, and/or governance impact of company operations, products and services. The evaluation framework used in MSCI ESG Controversies is designed to be consistent with international norms represented by the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact. MSCI ESG Controversies Score falls on a 0-10 scale, with “0” being the most severe controversy.

The MSCI ESG Controversies methodology can be found at: <https://www.msci.com/esg-and-climate-methodologies>.

2.2 MSCI ESG BUSINESS INVOLVEMENT SCREENING RESEARCH

MSCI ESG Business Involvement Screening Research (BISR) aims to enable institutional investors to manage environmental, social and governance (ESG) standards and restrictions reliably and efficiently.

For more details on MSCI ESG Business Involvement Screening Research, please refer to http://www.msci.com/resources/factsheets/MSCI_ESG_BISR.pdf.

2.3 MSCI CLIMATE CHANGE METRICS

MSCI Climate Change Metrics provide climate data & tools to support institutional investors seeking to integrate climate risk & opportunities into their investment strategy and processes. This includes investors seeking to achieve a range of objectives, including measuring and reporting on climate risk exposure, implementing low carbon and fossil fuel-free strategies, alignment with temperature pathways and factoring climate change research into their risk management processes, in particular through climate scenario analysis for both transition and physical risks.

The dataset spans across the four dimensions of a climate strategy: transition risks, green opportunities, physical risks and 1.5° alignment.

For more details on MSCI Climate Change Metrics, please refer to <https://www.msci.com/climate-change-solutions>.

2.4 MSCI ESG SUSTAINABLE IMPACT METRICS

MSCI Impact Solutions’ Sustainable Impact Metrics is designed to identify companies that derive revenue from products or services with positive impact on society and the environment. The Sustainable Impact Metrics are comprised of six Environmental Impact categories and seven Social Impact categories arranged by theme.

MSCI Sustainable Impact Taxonomy

Pillar	Themes	Categories
Environmental Impact	Climate Change	1. Alternative energy 2. Energy efficiency 3. Green building
	Natural capital	4. Sustainable water 5. Pollution prevention 6. Sustainable agriculture
Social Impact	Basic needs	7. Nutrition 8. Major Disease Treatment 9. Sanitation 10. Affordable Real Estate
	Empowerment	11. SME Finance 12. Education 13. Connectivity – Digital divide

Under each of the actionable environmental and social impact themes, MSCI ESG Research has identified specific categories of products and services that it has determined companies can offer as potential solutions to environmental and social challenges.

More detailed taxonomy for each category can be found in Section 2.4 of the MSCI ACWI Sustainable Impact Index Methodology available at <https://www.msci.com/index-methodology>.

3 Constructing the MSCI France Climate Select 40 Paris Aligned Index

3.1 APPLICABLE UNIVERSE

The applicable universe (“Applicable Universe”) includes all the existing constituents of the Parent Index.

3.2 ELIGIBLE UNIVERSE

The Eligible Universe is constructed from the Applicable Universe by excluding securities of companies based on the exclusion criteria below:

1. **Controversial Weapons:** All companies with any tie to Controversial Weapons (cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons, blinding lasers, non-detectable fragments, and incendiary weapons), as defined by the methodology of the MSCI Global Ex-Controversial Weapons Indexes⁴.
2. **ESG Controversies:** All companies having faced very severe controversies pertaining to ESG issues – Defined as companies with an ESG Controversy Score of 0.
3. **Tobacco:** All companies that are involved in the manufacturing of Tobacco products.
4. **Environmental Harm:** All companies having faced very severe and severe controversies pertaining to Environmental issues – Defined as companies with an Environment Controversy Score of 0 or 1.
5. **Thermal Coal Mining:** All companies deriving 1% or more revenue (either reported or estimated) from the mining of thermal coal (including lignite, bituminous, anthracite and steam coal) and its sale to external parties. It excludes revenue from metallurgical coal, coal mined for internal power generation (e.g. in the case of vertically integrated power producers), intracompany sales of mined thermal coal, and revenue from coal trading (either reported or estimated).
6. **Oil & Gas:** All companies deriving 10% or more revenue from oil and gas related activities, including distribution / retail, equipment and services,

⁴ For more details, please refer to <https://www.msci.com/index-methodology>.

extraction and production, petrochemicals, pipelines and transportation and refining but excluding biofuel production and sales and trading activities.

7. Power Generation: All companies deriving 50% or more revenue from thermal coal based power generation, liquid fuel based power generation and natural gas based power generation⁵.
8. United Nations Global Compact (UNGC) Principles⁶: All companies that fail to comply with the UNGC Principles.

3.3 OPTIMIZATION CONSTRAINTS

At each Quarterly Index Review, the Index is constructed using an optimization process that aims to achieve replicability and investability as well as minimize ex-ante tracking error relative to the Parent Index subject to the following constraints:

Table 1: Requirements imposed for the MSCI France Climate Select 40 Paris Aligned Index

No.	Minimum Requirements	MSCI France Climate Select 40 Paris Aligned Index
1	Minimum reduction in Weighted Average Scope 1+2+3 ⁷ Greenhouse Gas (GHG) Intensity relative to Parent Index	50%
2	Minimum reduction in Weighted Average Potential Emissions Intensity relative to Parent Index	50%
3	Minimum average reduction (per annum) in Scope 1+2+3 Greenhouse Gas (GHG) Intensity at the Base Date	7%
4	Minimum active weight in High Climate Impact Sector relative to Parent Index (as defined in Appendix I)	0%
5	Minimum Increase in aggregate weight in companies setting targets (as defined in Appendix I) relative to the aggregate weight	10%

⁵ As per https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc_wg3_ar5_chapter7.pdf, thermal coal based power generation, liquid fuel based power generation and natural gas based power generation have median lifecycle emissions exceeding 100gCO2/kWh.

⁶ For more details, please refer to <https://www.unglobalcompact.org/what-is-gc/mission/principles>.

⁷ Prior to the May 2020 Quarterly Index Review (SAIR) of the Indexes, the Weighted Average Carbon Emissions Intensity has been calculated based on Scope 1+2 Emissions.

No.	Minimum Requirements	MSCI France Climate Select 40 Paris Aligned Index
	of such companies from the Eligible Universe of Parent Index	
6	Maximum constituent weight	Min(5%, 3-month Average Daily Traded Value ⁸ (in €)/ 1,000 M€)
7	Number of constituents	40
8	One Way Turnover	10%

During the Quarterly Index Review, in the event that there is no optimal solution that satisfies all the optimization constraints, the following constraints will be relaxed sequentially, until an optimal solution is found:

- Relax the companies setting target constraint in steps of 2% up to a multiple of 1 (i.e., equivalent to the aggregate weight of companies setting target from the Eligible Universe of Parent Index)
- Relax the one-way turnover constraint in steps of 1% up to 15%
- Relax the maximum constituent weight constraint to Min(6%, 3-month Average Daily Traded Value/ 1,000 M€)
- Relax the maximum constituent weight constraint to Min(7%, 3-month Average Daily Traded Value/ 1,000 M€).

In the event that no optimal solution is found after the above constraint relaxations are exhausted, the relevant Index will not be rebalanced for that Quarterly Index Review.

3.4 DETERMINING THE OPTIMIZED PORTFOLIO

The Index is constructed using the Barra Open Optimizer⁹ in combination with the relevant Barra Equity Model. The optimization uses universe of eligible securities and the specified optimization objectives and constraints to determine the constituents of the Index.

⁸ 3-month Average Daily Traded Value is calculated as 3-month Annualized Traded Value divided by 252, which is the approximate trading days yearly.

⁹ For more details, please refer to Appendix III and IV.

4 Maintaining the MSCI France Climate Select 40 Paris Aligned Index

4.1 QUARTERLY INDEX REVIEWS

The Index is reviewed on a quarterly basis as of the close of the 8th business day of March, June, September and December as per the steps described in Section 3. The pro forma Index is in general announced nine business days before the effective date.

In general, MSCI uses the pro forma Parent Index announced nine business days before the effective date of quarterly index reviews of the Index. And MSCI ESG Research data (including MSCI ESG Ratings, MSCI ESG Controversies Scores, MSCI Business Involvement Screening Research and MSCI Climate-change metrics) as of the end of the month preceding the Index Reviews for the rebalancing of the Index. For some securities, such data may not be published by MSCI ESG Research by the end of the month preceding the Index Review. For such securities, MSCI will use ESG data published after the end of month, when available, for the rebalancing of the Index.

4.1.1. IMPLEMENTATION OF QUARTERLY INDEX REVIEW OF THE INDEX

The change in Index Number of Shares (NOS) for each security are implemented over five days leading into the rebalancing effective date (T). For each $t \in \{T-4, T-3, T-2, T-1, T\}$, number of shares for each security included in the Index (Staggered Index NOS (t)) are calculated as below:

$$\begin{aligned} \text{Staggered Index NOS (t)} &= \text{Pro forma Index NOS (t)} + [\text{Adjusted Pro forma Index NOS (T)} \\ &\quad - \text{Pro forma Index NOS (t)}] \times \left(\frac{N}{5}\right) \end{aligned}$$

Where:

t: Effective date of the staggering

T: Rebalancing effective date of the Pro forma Index

Pro forma Index NOS (t): It is the number of shares of a security in the Pro forma Index effective on t (as of close t-1). It is calculated as a product of the end of day

security number of share on t-1 and Full Market Cap Adjustment Factor¹⁰ in the Pro forma Index on t

Adjusted Pro forma Index NOS (T): Pro forma Index NOS (T) adjusted for change in number of shares due to events like Rights Issues, Split, Consolidation, Stock Dividend, effective between t and T

N: nth day of staggering, e.g. t-4 is the 1st day of staggering

4.2 DAILY DECREMENT CALCULATION

The performance of the MSCI France Climate Select 40 Paris Aligned 5% Decrement Index (Net), MSCI France Climate Select 40 Paris Aligned 5% Decrement Index (Gross), MSCI France Climate Select 40 Paris Aligned 4% Decrement Index (Net), the MSCI France Climate Select 40 Paris Aligned 4% Decrement Index (Gross), MSCI France Climate Select 40 Paris Aligned 3.75% Decrement Index (Net), the MSCI France Climate Select 40 Paris Aligned 3.75% Decrement Index (Gross), MSCI France Climate Select 40 Paris Aligned 3% Decrement Index (Net), and the MSCI France Climate Select 40 Paris Aligned 3% Decrement Index (Gross) is computed by reducing the performance of the MSCI France Climate Select 40 Paris Aligned Index, by a fixed percentage, on a daily basis using parameters detailed in Appendices V-XII.

4.3 ONGOING EVENT RELATED CHANGES

Corporate event treatment for the Index depends on whether the effective date of the event falls within the staggering period (T-4, T-3, T-2, T-1, T), or outside the staggering period.

4.3.1. EVENTS EFFECTIVE OUTSIDE THE STAGGERING PERIOD

The general treatment of corporate events effective outside the staggering period in the Index aims to minimize turnover outside of Index Reviews. The methodology aims to appropriately represent an investor's participation in an event based on relevant deal terms and pre-event weighting of the index constituents that are involved. Further, changes in index market capitalization that occur as a result of corporate event implementation will be offset by a corresponding change in the Variable Weighting Factor (VWF) of the constituent.

¹⁰ Full Market Cap Adjustment Factor (FMCAF): A factor that is used in index constituent weighting calculation defined as (Inclusion Factor (i.e. FIF)) * (Constraint Factor) * (Variable Weighting Factor). For more details, please refer to section 2.7 of the MSCI Corporate Events Methodology book at <https://www.msci.com/index-methodology>.

The following section briefly describes the treatment of common corporate events within the Index.

No new securities will be added (except where noted below) to the Index outside the staggering period. Parent Index deletions outside the staggering period will be reflected simultaneously.

EVENT TYPE	EVENT DETAILS
New additions to the Parent Index	A new security added to the parent index (such as IPO and other early inclusions) will not be added to the index.
Spin-Offs	All securities created as a result of the spin-off of an existing Index constituent will be added to the Index at the time of event implementation. Reevaluation for continued inclusion in the Index will occur at the subsequent Index Review.
Merger/Acquisition	<p>For Mergers and Acquisitions, the acquirer’s post event weight will account for the proportionate amount of shares involved in deal consideration, while cash proceeds will be invested across the Index.</p> <p>If an existing Index constituent is acquired by a non-Index constituent, the existing constituent will be deleted from the Index and the acquiring non-constituent will not be added to the Index.</p>
Changes in Security Characteristics	A security will continue to be an Index constituent if there are changes in characteristics (country, sector, size segment, etc.) Reevaluation for continued inclusion in the Index will occur at the subsequent Index Review.

Further detail and illustration regarding specific treatment of corporate events relevant to this Index can be found in the MSCI Corporate Events Methodology book under the sections detailing the treatment of events in Capped Weighted and Non-Market Capitalization Weighted indexes.

The MSCI Corporate Events methodology book is available at: <https://www.msci.com/index-methodology>.

4.3.2. EVENTS EFFECTIVE DURING THE STAGGERING PERIOD

The impact of event on the Index depends on the type of event and calculation date of the Index as elaborated below.

4.3.2.1 CALCULATION ON T-9

a) Before effective date

The pro forma of the Index in general is announced nine business days before T (T-9). If there is an event already confirmed on T-9 with an effective date in the staggering period, the change in numbers of shares for the security due to the rebalancing will not be staggered for such security until the event effective date. In case of multiple events, the staggering will be postponed till the effective date of the earliest event.

b) On and after effective date

In case of Rights Issues and market neutral events (like Split, Consolidation, Stock Dividend etc.) which involve change in security number of shares but does not involve change in the full market cap adjustment factor, staggering will start from the next day of the event effective date.

For all other events, staggering will start from the effective date of the event.

4.3.2.2 CALCULATION AFTER T-9

a) Before Effective Date

In case of an event effective in the staggering period, the numbers of shares for the security involved in the event as announced on T-9 will hold until a day before the effective date. In case of multiple events, the effective date of the earliest event will be taken into account.

b) On and after the Effective Date

In case of Rights Issues and market neutral events (like Split, Consolidation, Stock Dividend etc.) which involve change in security number of shares but does not involve a change in inclusion factor, staggering will be applied again from the next day of the event effective date, taking into account the new post event number of shares in the Index.

For all other events, staggering will be applied from the effective date of the event incorporating the post event number of shares.

4.3.2.3 TREATMENT OF SUSPENDED SECURITIES

A suspension treatment will be applied to any security suspended on any day starting from T-6 until T-2. On the day of suspension (t), the pro-forma Full Market Cap Adjustment Factor in the Index announced for the security for the next day (t+1) will be held constant until T. However, in case, on T-2, if a new addition to the Parent Index is reverted due to suspension and the security is no longer a part of the Parent Index on T, the security will also be deleted from the Index effective on T.

Appendix I: Calculation of Target Metrics

Calculation of GHG Intensity

For Parent Index constituents where the Scope 1+2+3 Emissions Intensity is not available, the average Scope 1+2+3 Emissions Intensity of all the constituents of the MSCI ACWI in the same GICS Industry Group in which the constituent belongs is used.

Security Level Scope 1+2+3 GHG Intensity =

$$\frac{\text{Scope 1 + 2 + 3 Carbon Emissions} * (1 + EVIAF)}{\text{Enterprise Value} + \text{Cash(in M\$)}}$$

Enterprise Value Inflation Adjustment Factor (EVIAF) =

$$EVIAF = \left(\frac{\text{Average(Enterprise Value} + \text{Cash)}}{\text{Previous (Average(Enterprise Value} + \text{Cash))}} \right) - 1$$

Weighted Average GHG Intensity of Parent Index =

$$\sum (\text{Weight in Parent Index} * \text{Security Level GHG Intensity})$$

Weighted Average GHG Intensity of Derived Index =

$$\sum (\text{Index Weight} * \text{Security Level GHG Intensity})$$

Calculation of Potential Carbon Emissions Intensity

For newly added companies to the Index where data is not available yet, MSCI uses zero fossil fuel reserves.

Security Level Potential Carbon Emissions Intensity =

$$\frac{\text{Absolute Potential Emissions} * (1 + EVIAF)}{\text{Enterprise Value} + \text{Cash(in M\$)}}$$

Weighted Average Potential Emissions Intensity of Parent Index =

$$\sum (\text{Weight in Parent Index} * \text{Security Level Potential Carbon Emissions Intensity})$$

Weighted Average Potential Emissions Intensity of Derived Index =

$$\sum (\text{Weight in Derived Index} * \text{Security Level Potential Carbon Emissions Intensity})$$

Calculation of Average Decarbonization

On average, the Indexes follow a 7% decarbonization trajectory since the Base Date. The Weighted Average Carbon Intensity at the Base Date (W_1) is used to compute the target Weighted Average Carbon Intensity at any given Quarterly Index Review (W_t) as per the below formula.

$$W_t = W_1 * 0.93^{\frac{(t-1)}{4}}$$

Where ‘t’ is the number of Quarterly Index Reviews since the Base Date.

Thus, for the 5th Quarterly Index Review since the Base Date (t=5), the target Weighted Average Carbon Intensity will be $W_1 * 0.93$.

Companies Setting Targets

Relative to companies from the Eligible Universe of Parent Index, the Index aims to achieve a minimum 10% increase in the aggregate weight of companies setting emissions reduction targets

- Companies publishing emissions reduction targets
- Companies publishing their annual emissions and
- Companies reducing their GHG intensity by 7% over each of the last 3 years

Climate Impact Sector

NACE¹¹ is the European Union’s classification of economic activities. As per the draft DA, stocks in the NACE Section codes A, B, C, D, E, F, G, H, L are classified as “High Climate Impact” sector and other stocks are classified ‘Low Climate Impact’ sector. The GICS¹² Sub-Industry code for each security is mapped to the corresponding

¹¹ For further details regarding NACE, please refer to https://ec.europa.eu/eurostat/statistics-explained/index.php?title=NACE_background

¹² For further information regarding GICS, please refer to <https://www.msci.com/gics>

“Climate Impact Sector” using a mapping. This mapping is constructed in the following steps:

1. MSCI has published a mapping¹³ between the NACE classes and GICS Sub-Industry.
2. For each GICS Sub-Industry, the number of NACE classes which fall under the High Climate Impact Sector (say the number of classes is N_H) and Low Climate Impact Sector (say the number of classes is N_L) is identified
3. If all the NACE classes for a given GICS Sub-Industry are identified in the High Climate Impact Sector ($N_L = 0$), then the GICS Sub-Industry is mapped to the High Climate Impact Sector. Conversely, if all the NACE classes for a given GICS Sub-Industry are identified in the Low Climate Impact Sector ($N_H = 0$) then the GICS Sub-Industry is mapped to the Low Climate Impact Sector
4. In case a GICS Sub-Industry is mapped to some NACE classes in the High Climate Impact Sector and the others in the Low Climate Impact Sector, the GICS Industry is mapped to the Climate Impact Sector in the following manner:
 - a. **$N_H \geq N_L$** : If the number of NACE classes in the High Climate Impact Sector is at least equivalent to the number of NACE classes in the Low Climate Impact Sector, the GICS Sub-Industry is mapped to the High Climate Impact Sector
 - b. **$N_H < N_L$** : If the number of NACE classes in the High Climate Impact Sector is less than the number of NACE classes in the Low Climate Impact Sector, the GICS Sub-Industry is mapped to the Low Climate Impact Sector
5. Using the GICS Sub-Industry to Climate Impact Sector mapping created in Step 4, and the security-level GICS Sub-Industry, each security in the Parent Index is classified in either High Climate Impact Sector or Low Climate Impact Sector.

¹³ This mapping is available in the [Handbook of Climate Transition Benchmarks, Paris-Aligned Benchmark and Benchmarks' ESG Disclosures](#)

Appendix II: Decarbonization Trajectory of Indexes

The Weighted Average Carbon Intensity on the Base Date (W_1) is used to compute the target Weighted Average Carbon Intensity at any given Quarterly Index Review (W_t) as per the below formula.

$$W_t = W_1 * 0.93^{\frac{(t-1)}{4}}$$

Where 't' is the number of Quarterly Index Reviews since the Base Date. The table below shows the Weighted Average Carbon Intensity on the Base Date (W_1) of the Indexes:

Index	Parent Index	Base Date	W_1 (tCO2/M\$ Enterprise Value + Cash)
MSCI France Climate Select 40 Paris Aligned Index	MSCI France IMI	June 10, 2020	372.00
MSCI France Climate Select 40 Paris Aligned 5% Decrement Index (Net)	MSCI France IMI	June 10, 2020	372.00
MSCI France Climate Select 40 Paris Aligned 5% Decrement Index (Gross)	MSCI France IMI	June 10, 2020	372.00
MSCI France Climate Select 40 Paris Aligned 4% Decrement Index (Net)	MSCI France IMI	June 10, 2020	372.00
MSCI France Climate Select 40 Paris Aligned 4% Decrement Index (Gross)	MSCI France IMI	June 10, 2020	372.00
MSCI France Climate Select 40 Paris Aligned 3.75% Decrement Index (Net)	MSCI France IMI	June 10, 2020	372.00
MSCI France Climate Select 40 Paris Aligned 3.75% Decrement Index (Gross)	MSCI France IMI	June 10, 2020	372.00
MSCI France Climate Select 40 Paris Aligned 3% Decrement Index (Net)	MSCI France IMI	June 10, 2020	372.00

Index	Parent Index	Base Date	W ₁ (tCO ₂ /M\$ Enterprise Value + Cash)
MSCI France Climate Select 40 Paris Aligned 3% Decrement Index (Gross)	MSCI France IMI	June 10, 2020	372.00

Appendix III: Barra Equity Model Used in The Optimization

The MSCI France Climate Select 40 Paris Aligned Index currently uses an optimization setup using the MSCI Barra Global Equity Model for Long-Term Investors (GEMTLT).

Appendix IV: New release of Barra® Equity Model or Barra® Optimizer

A major new release of the relevant Barra Equity Model or Barra Optimizer may replace the former version within a suitable timeframe.

Appendix V: Parameters used for the MSCI France Climate Select 40 Paris Aligned 5% Decrement Index (Net)

The following parameters are used for the calculation of MSCI France Climate Select 40 Paris Aligned 5% Decrement Index (Net).

	MSCI Decrement Indexes Methodology Parameters	Parameters
1	Return Variant of MSCI Parent Index	Daily Net Total Returns
2	Base Currency of MSCI France Climate Select 40 Paris Aligned Index	EUR
3	Decrement Type	Fixed Percentage
4	Decrement Frequency	Daily
5	Decrement Application	Geometric Application
6	Decrement Value	5%
7	Day Count Convention	Actual / 365
8	Index Floor	0

Appendix VI: Parameters used for the MSCI France Climate Select 40 Paris Aligned 5% Decrement Index (Gross)

The following parameters are used for the calculation of MSCI France Climate Select 40 Paris Aligned 5% Decrement Index (Gross).

	MSCI Decrement Indexes Methodology Parameters	Parameters
1	Return Variant of MSCI Parent Index	Daily Gross Total Returns
2	Base Currency of MSCI France Climate Select 40 Paris Aligned Index	EUR
3	Decrement Type	Fixed Percentage
4	Decrement Frequency	Daily
5	Decrement Application	Geometric Application
6	Decrement Value	5%
7	Day Count Convention	Actual / 365
8	Index Floor	0

Appendix VII: Parameters used for the MSCI France Climate Select 40 Paris Aligned 4% Decrement Index (Net)

The following parameters are used for the calculation of MSCI France Climate Select 40 Paris Aligned 4% Decrement Index (Net).

	MSCI Decrement Indexes Methodology Parameters	Parameters
1	Return Variant of MSCI Parent Index	Daily Net Total Returns
2	Base Currency of MSCI France Climate Select 40 Paris Aligned Index	EUR
3	Decrement Type	Fixed Percentage
4	Decrement Frequency	Daily
5	Decrement Application	Geometric Application
6	Decrement Value	4%
7	Day Count Convention	Actual / 365
8	Index Floor	0

Appendix VIII: Parameters used for the MSCI France Climate Select 40 Paris Aligned 4% Decrement Index (Gross)

The following parameters are used for the calculation of MSCI France Climate Select 40 Paris Aligned 4% Decrement Index (Gross).

	MSCI Decrement Indexes Methodology Parameters	Parameters
1	Return Variant of MSCI Parent Index	Daily Gross Total Returns
2	Base Currency of MSCI France Climate Select 40 Paris Aligned Index	EUR
3	Decrement Type	Fixed Percentage
4	Decrement Frequency	Daily
5	Decrement Application	Geometric Application
6	Decrement Value	4%
7	Day Count Convention	Actual / 365
8	Index Floor	0

Appendix IX: Parameters used for the MSCI France Climate Select 40 Paris Aligned 3.75% Decrement Index (Net)

The following parameters are used for the calculation of MSCI France Climate Select 40 Paris Aligned 3.75% Decrement Index (Net).

	MSCI Decrement Indexes Methodology Parameters	Parameters
1	Return Variant of MSCI Parent Index	Daily Net Total Returns
2	Base Currency of MSCI France Climate Select 40 Paris Aligned Index	EUR
3	Decrement Type	Fixed Percentage
4	Decrement Frequency	Daily
5	Decrement Application	Geometric Application
6	Decrement Value	3.75%
7	Day Count Convention	Actual / 365
8	Index Floor	0

Appendix X: Parameters used for the MSCI France Climate Select 40 Paris Aligned 3.75% Decrement Index (Gross)

The following parameters are used for the calculation of MSCI France Climate Select 40 Paris Aligned 3.75% Decrement Index (Gross).

	MSCI Decrement Indexes Methodology Parameters	Parameters
1	Return Variant of MSCI Parent Index	Daily Gross Total Returns
2	Base Currency of MSCI France Climate Select 40 Paris Aligned Index	EUR
3	Decrement Type	Fixed Percentage
4	Decrement Frequency	Daily
5	Decrement Application	Geometric Application
6	Decrement Value	3.75%
7	Day Count Convention	Actual / 365
8	Index Floor	0

Appendix XI: Parameters used for the MSCI France Climate Select 40 Paris Aligned 3% Decrement Index (Net)

The following parameters are used for the calculation of MSCI France Climate Select 40 Paris Aligned 3% Decrement Index (Net).

	MSCI Decrement Indexes Methodology Parameters	Parameters
1	Return Variant of MSCI Parent Index	Daily Net Total Returns
2	Base Currency of MSCI France Climate Select 40 Paris Aligned Index	EUR
3	Decrement Type	Fixed Percentage
4	Decrement Frequency	Daily
5	Decrement Application	Geometric Application
6	Decrement Value	3%
7	Day Count Convention	Actual / 365
8	Index Floor	0

Appendix XII: Parameters used for the MSCI France Climate Select 40 Paris Aligned 3% Decrement Index (Gross)

The following parameters are used for the calculation of MSCI France Climate Select 40 Paris Aligned 3% Decrement Index (Gross).

	MSCI Decrement Indexes Methodology Parameters	Parameters
1	Return Variant of MSCI Parent Index	Daily Gross Total Returns
2	Base Currency of MSCI France Climate Select 40 Paris Aligned Index	EUR
3	Decrement Type	Fixed Percentage
4	Decrement Frequency	Daily
5	Decrement Application	Geometric Application
6	Decrement Value	3%
7	Day Count Convention	Actual / 365
8	Index Floor	0

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