METHODOLOGY BOOK FOR:
- MSCI FRANCE & EMU SELECT ESG TOP 50 INDEX
- MSCI FRANCE & EMU SELECT ESG TOP 50 3.5% DECREMENT INDEX

January 2021
Contents

1 Introduction ........................................................................................................... 3

2 ESG Research Framework .................................................................................. 4
  2.1 MSCI ESG Ratings ......................................................................................... 4
  2.2 MSCI ESG Controversies ............................................................................... 4
  2.3 MSCI Climate Change Metrics ...................................................................... 4
  2.4 MSCI ESG Business Involvement Screening Research ............................... 5

3 Constructing the Index ....................................................................................... 6
  3.1 Eligible Universe Screening ............................................................................ 6
    3.1.1 ESG Score Eligibility .............................................................................. 6
    3.1.2 ESG Ratings Eligibility ........................................................................... 6
    3.1.3 ESG Controversies Score Eligibility ...................................................... 6
    3.1.4 Values Based Exclusions ....................................................................... 6
  3.2 Constituent Securities selection ..................................................................... 7
  3.3 Security Weighting ......................................................................................... 7
  3.4 Applying the MSCI Decrement Indexes Methodology .................................. 7

4 Maintaining the Index ....................................................................................... 8
  4.1 Quarterly Index Reviews ............................................................................... 8
  4.2 Daily decrement calculation .......................................................................... 8
  4.3 Ongoing Event-Related Changes .................................................................. 8

Appendix 1: Values and Climate-Based Exclusion Criteria .............................. 10
Appendix 2: Parameters used for the MSCI France & EMU Select ESG Top 50 3.5% Decrement Index ................................................................. 12
1 Introduction

The MSCI France & EMU Select ESG Top 50 Index aims to represent the performance of a set of 25 securities from France and 25 securities from EMU ex-France with improved ESG characteristics.

The MSCI France & EMU Select ESG Top 50 3.5% Decrement Index aims to represent the gross performance of the MSCI France & EMU Select ESG Top 50 Index, while applying a constant markdown (‘synthetic dividend’) of 3.5% on an annual basis, expressed as a percentage of performance.
2 ESG Research Framework

The MSCI France & EMU Select ESG Top 50 Index uses company ratings and research provided by MSCI ESG Research. The index uses the following MSCI ESG Research products: MSCI ESG Ratings, MSCI ESG Controversies, MSCI Climate Change Metrics, MSCI ESG Business Involvement Screening Research.

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 RATINGS

MSCI ESG Ratings provides research, analysis and ratings of how well companies manage environmental, social and governance risks and opportunities.

MSCI ESG Ratings provides an overall company ESG rating - a seven-point scale from ‘AAA’ to ‘CCC’. In addition, the product provides scores and percentiles indicating how well a company manages each key issue relative to industry peers.

For more details on MSCI ESG Ratings, please refer to: https://www.msci.com/esg-ratings

2.2 MSCI ESG CONTROVERSIES

MSCI ESG Controversies (formerly known as MSCI Impact Monitor) provides assessments of controversies concerning the 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.

For more details on MSCI ESG Controversies, please refer to: https://www.msci.com/documents/10199/acbe7c8a-a4e4-49de-9cf8-5e957245b86b

2.3 MSCI CLIMATE CHANGE METRICS

MSCI Climate Change Metrics is designed to support investors seeking to achieve a range of objectives, including measuring and reporting on climate risk exposure, implementing low carbon and fossil fuel-free strategies, and factoring climate change research into their risk management processes. It provides Carbon Emissions, Fossil Fuel exposure, environmental impact (i.e., clean technology) data and screens, as well as climate-related risk exposure and management assessment on companies such as Low Carbon Transition scores and categories.
For more details on MSCI Climate Change Metrics, please refer to https://www.msci.com/climate-change-solutions

2.4 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
3 Constructing the Index

The MSCI France & EMU Select ESG Top 50 Index is constructed from MSCI EMU Index (the "Parent Index"). The securities from the Parent Index are divided into two regions:

- France
- EMU ex-France

3.1 ELIGIBLE UNIVERSE SCREENING

3.1.1 ESG SCORE ELIGIBILITY

The MSCI France & EMU Select ESG Top 50 Index excludes the bottom 20% securities from each region, ranked in descending order based on their ESG scores.

3.1.2 ESG RATINGS ELIGIBILITY

The MSCI France & EMU Select ESG Top 50 Index uses MSCI ESG Ratings to identify companies that have demonstrated an ability to manage their ESG risks and opportunities. Companies having MSCI ESG Rating of 'BB' or above are eligible for inclusion in the MSCI France & EMU Select ESG Top 50 Index.

3.1.3 ESG CONTROVERSIES SCORE ELIGIBILITY

The MSCI France & EMU Select ESG Top 50 Index uses MSCI ESG Controversies Scores to identify those companies that are involved in very serious controversies involving the environmental, social, or governance impact of their operations and/or products and services. Companies are required to have an MSCI ESG Controversies Score of 1 or higher to be eligible for inclusion in the MSCI France & EMU Select ESG Top 50 Index.

3.1.4 VALUES BASED EXCLUSIONS

The MSCI France & EMU Select ESG Top 50 Index uses MSCI ESG Business Involvement Screening Research and MSCI Climate Change Metrics to identify companies that are involved in the following business activities. Companies that meet the business involvement criteria are excluded from the MSCI France & EMU Select ESG Top 50 Index. Please refer to the Appendix 1 for details on these criteria.
3.2 CONSTITUENT SECURITIES SELECTION

The securities in the eligible universe that meet above screening and ESG eligibility criteria subsequently ranked in the descending order of their free float market capitalization. The top 25 securities from each region are selected for inclusion in the index:

- France – 25 securities
- EMU ex-France – 25 securities

3.3 SECURITY WEIGHTING

At each Index Review, the securities selected for inclusion in the Index are assigned weights in proportion to their free float adjusted market capitalization.

3.4 APPLYING THE MSCI DECREMENT INDEXES METHODOLOGY

The MSCI Decrement Indexes Methodology is applied on the MSCI France & EMU Select ESG Top 50 Index to construct the MSCI France & EMU Select ESG Top 50 3.5% Decrement Index. The parameters for the application of the decrement methodology in the above index is noted in Appendix 2.

1Please refer to the MSCI Decrement Indexes methodology at www.msci.com/index-methodology
4  Maintaining the Index

4.1  QUARTERLY INDEX REVIEWS

The MSCI France & EMU Select ESG Top 50 Index is reviewed on a quarterly basis to coincide with the May and November Semi-Annual Index Reviews and the February and August Quarterly Index Reviews of the Parent Index.

In general, MSCI uses MSCI ESG Research data (including MSCI ESG Ratings, MSCI ESG Controversies Scores, 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.

The pro forma index is in general announced nine business days before the effective date.

4.2  DAILY DECREMENT CALCULATION

The performance of the MSCI France & EMU Select ESG Top 50 3.5% Decrement Index is computed by reducing the gross performance of the MSCI France & EMU Select ESG Top 50 Index, by a fixed percentage, on a daily basis using parameters detailed in Appendix 2.

4.3  ONGOING EVENT-RELATED CHANGES

The following section briefly describes the treatment of common corporate events within the MSCI France & EMU Select ESG Top 50 Index.

No new securities will be added (except where noted below) to the Index between Index Reviews. For cases where additions are noted below, securities will be added to the index only if added to the parent index. Parent Index deletions will be reflected simultaneously.
<table>
<thead>
<tr>
<th>EVENT TYPE</th>
<th>EVENT DETAILS</th>
</tr>
</thead>
<tbody>
<tr>
<td>New additions to the Parent Index</td>
<td>A new security added to the parent index (such as IPO and other early inclusions) will not be added to the index.</td>
</tr>
<tr>
<td>Spin-Offs</td>
<td>All securities created as a result of the spin-off of an existing Index constituent will not 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.</td>
</tr>
<tr>
<td>Merger/Acquisition</td>
<td>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. 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.</td>
</tr>
<tr>
<td>Changes in Security Characteristics</td>
<td>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.</td>
</tr>
</tbody>
</table>

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](https://www.msci.com/index-methodology)
Appendix 1: Values and Climate-Based Exclusion Criteria

Companies, whose activities meet the following values and climate-based criteria, as evaluated by MSCI ESG Research LLC, are excluded from the Index:

**Values Based Exclusion Criteria**

- **Civilian Firearms**
  - All companies deriving 15% or more aggregate revenue from the manufacture and retail of civilian firearms and ammunition

- **Tobacco**
  - All companies deriving 15% or more aggregate revenue from the production, distribution, retail, supply, and licensing of tobacco-related products

- **Adult Entertainment**
  - All companies deriving 15% or more aggregate revenue from the production, distribution, and retail of adult entertainment materials

- **Gambling**
  - All companies deriving 15% or more aggregate revenue from gambling-related business activities

- **Genetically Modified Organisms (GMO)**
  - Genetically Modified Organisms (GMO) - All companies deriving 15% or more revenue from activities like genetically modifying plants, such as seeds and crops, and other organisms intended for agricultural use or human consumption

- **Weapons**
  - All companies deriving 15% or more aggregate revenue from conventional, nuclear, and bio/chem weapons systems, components, and support systems and services

**Climate Change based Exclusion Criteria**

- **Thermal Coal Mining**
  - All companies deriving more than 15% 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 does not cover revenue from metallurgical coal; coal mined for internal power generation (e.g. in the case of
vertically integrated power producers); intra-company sales of mined thermal coal; and revenue from coal trading

- **Thermal Coal-based Power Generation**
  - All companies deriving 5% or more revenue (either reported or estimated) from thermal coal-based power generation

- **Unconventional Oil and Gas**
  - All companies deriving 15% or more revenue (either reported or estimated) from unconventional oil and gas extraction. It covers revenue from the production of oil sands, oil shale (kerogen-rich deposits), shale gas, shale oil, coal seam gas, and coal bed methane. It does not cover revenue from conventional oil and gas production including onshore/offshore oil and gas production in the Arctic region, deep water, shallow water and other onshore/offshore oil and gas.
Appendix 2: Parameters used for the MSCI France & EMU Select ESG Top 50 3.5% Decrement Index

The following parameters are used for the calculation of MSCI France & EMU Select ESG Top 50 3.5% Decrement Index:

<table>
<thead>
<tr>
<th>MSCI Decrement Indexes Methodology Parameters</th>
<th>Parameters</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Currency of Calculation</td>
<td>EUR</td>
</tr>
<tr>
<td>2 Return Variant of the Parent Index</td>
<td>Daily Gross Total Return</td>
</tr>
<tr>
<td>3 Decrement Type</td>
<td>Fixed Percentage</td>
</tr>
<tr>
<td>4 Decrement Application</td>
<td>Geometric</td>
</tr>
<tr>
<td>5 Decrement Value</td>
<td>3.5%</td>
</tr>
<tr>
<td>6 Day-count Convention</td>
<td>Actual / 360</td>
</tr>
<tr>
<td>7 Index Floor</td>
<td>0</td>
</tr>
<tr>
<td>8 Decrement Frequency</td>
<td>Daily</td>
</tr>
</tbody>
</table>
ABOUT MSCI

MSCI is a leader provider of critical decision support tools and services for the global investment community. With over 45 years of expertise in research, data and technology, we power better investment decisions by enabling clients to understand and analyze key drivers of risk and return and confidently build more effective portfolios. We create industry-leading research-enhanced solutions that clients use to gain insight into and improve transparency across the investment process.

To learn more, please visit www.msci.com.
Notice and disclaimer

- This document and all of the information contained in it, including without limitation all text, data, graphs, charts (collectively, the "Information") is the property of MSCI Inc. or its subsidiaries (collectively, "MSCI"), or MSCI's licensors, direct or indirect suppliers or any third party involved in making or compiling any Information (collectively, with MSCI, the "Information Providers") and is provided for informational purposes only. The Information may not be modified, reverse-engineered, reproduced or redistributed in whole or in part without prior written permission from MSCI. All rights in the Information are reserved by MSCI and/or its Information Providers.

- The Information may not be used to create derivative works or to verify or correct other data or information. For example (but without limitation), the information may not be used to create indexes, databases, risk models, analytics, software, or in connection with the issuing, offering, sponsoring, managing or marketing of any securities, portfolios, financial products or other investment vehicles utilizing or based on, linked to, tracking or otherwise derived from the Information or any other MSCI data, information, products or services.

- The user of the Information assumes the entire risk of any use it may make or permit to be made of the Information. NONE OF THE INFORMATION PROVIDERS MAKES ANY EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE INFORMATION (OR THE RESULTS TO BE OBTAINED BY THE USE THEREOF), AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH INFORMATION PROVIDER EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF ORIGINALITY, ACCURACY, TIMELINESS, NON-INFRINGEMENT, COMPLETENESS, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO ANY OF THE INFORMATION.

- Without limiting any of the foregoing and to the maximum extent permitted by applicable law, in no event shall any Information Provider have any liability regarding any of the Information for any direct, indirect, special, punitive, consequential (including lost profits) or any other damages even if notified of the possibility of such damages. The foregoing shall not exclude or limit any liability that may not by applicable law be excluded or limited, including without limitation (as applicable), any liability for death or personal injury to the extent that such liability results from the negligence or willful default of itself, its servants, agents or sub-contractors.

- Information containing any historical information, data or analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. Past performance does not guarantee future results.

- The Information should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. All information is impersonal and not tailored to the needs of any person, entity or group of persons.

- None of the Information constitutes an offer to sell (or a solicitation of an offer to buy), any security, financial product or other investment vehicle or any trading strategy.

- It is not possible to invest directly in an index. Exposure to an asset class or trading strategy or other category represented by an index is only available through third party investable instruments (if any) based on that index. MSCI does not issue, sponsor, endorse, market, offer, review or otherwise express any opinion regarding any fund, ETF, derivative or other security, investment, financial product or trading strategy that is based on, linked to or seeks to provide an investment return related to the performance of any MSCI index (collectively, "Index Linked Investments"). MSCI makes no assurance that any Index Linked Investments will accurately track index performance or provide positive investment returns. MSCI Inc. is not an investment adviser or fiduciary and MSCI makes no representation regarding the advisability of investing in any Index Linked Investments.

- Index returns do not represent the results of actual trading of investible assets/sectories. MSCI maintains and calculates indexes, but does not manage actual assets. Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the index or Index Linked Investments. The imposition of these fees and charges would cause the performance of an index linked investment to be different than the MSCI index performance.

- The Information may contain back tested data. Back-tested performance is not actual performance, but is hypothetical. There are frequently material differences between back tested performance results and actual results subsequently achieved by any investment strategy.

- Constituents of MSCI equity indexes are listed companies, which are included in or excluded from the indexes according to the application of the relevant index methodologies. Accordingly, constituents in MSCI equity indexes may include MSCI Inc., clients of MSCI or suppliers to MSCI. Inclusion of a security within an MSCI index is not a recommendation by MSCI to buy, sell, or hold such security, nor is it considered to be investment advice.

- Data and information produced by various affiliates of MSCI Inc., including MSCI ESG Research LLC and Barra LLC, may be used in calculating certain MSCI indexes. More information can be found in the relevant index methodologies on www.msci.com.

- MSCI receives compensation in connection with licensing its indexes to third parties. MSCI Inc.’s revenue includes fees based on assets in Index Linked Investments. Information can be found in MSCI Inc.’s company filings on the Investor Relations section of www.msci.com.

- MSCI ESG Research LLC is a Registered Investment Adviser under the Investment Advisers Act of 1940 and a subsidiary of MSCI Inc. Except with respect to any applicable products or services from MSCI ESG Research, neither MSCI nor any of its products or services recommends, endorses, approves or otherwise expresses any opinion regarding any issuer, securities, financial products or instruments or trading strategies and MSCI’s products or services are not intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Issuers mentioned or included in any MSCI ESG Research materials may include MSCI Inc., clients of MSCI or suppliers to MSCI, and may also purchase research or other products or services from MSCI ESG Research. MSCI ESG Research materials, including materials utilized in any MSCI ESG Indexes or other products, have not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body.

- Any use of or access to products, services or information of MSCI requires a license from MSCI. MSCI, Barra, RiskMetrics, IPD and other MSCI brands and product names are the trademarks, service marks, or registered trademarks of MSCI or its subsidiaries in the United States and other jurisdictions. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and Standard & Poor’s. “Global Industry Classification Standard (GICS)” is a service mark of MSCI and Standard & Poor’s.

- MiFID2/MiFIR notice: MSCI ESG Research LLC does not distribute or act as an intermediary for financial instruments or structured deposits, nor does it deal on its own account, provide execution services for others or manage client accounts. No MSCI ESG Research product or service supports, promotes or is intended to support or promote any such activity. MSCI ESG Research is an independent provider of ESG data, reports and ratings based on published methodologies and available to clients on a subscription basis. We do not provide custom or one-off ratings or recommendations of securities or other financial instruments upon request.

Privacy notice: For information about how MSCI collects and uses personal data, please refer to our Privacy Notice at https://www.msci.com/privacy-pledge.