INDEX RULE BOOK

Mirova® Sustainability Indices Family

Mirova® Sustainable Investment Europe Index

Version 17-01

March 2017

Indices.euronext.com

Index

1. INDEX SUMMARY

Factsheet	Mirova® Sustainability Indices Family
Index names	Mirova® Sustainable Investment Europe Index
Index type	Price; Net return and Gross return indices
Index governance structure	Mirova® acts as the Constituent Agent. Mirova is responsible for setting the rules as well as selecting the eligible universe and undertaking periodical revision of the index. Euronext acts as the Supervisor and Compiler of the index. It is responsible for day-to-day management of the index
Eligible stocks	The Mirova® index universe is comprised entirely of European listed companies whose market capitalisation exceeds €1bn or daily liquidity exceeds €1M.
Selection	The selection process consists of 3 steps: • Step 1: identification of sustainability opportunities, • Step 2: Selection of eligible issuers based on CSR practices and financial fundamentals • Step 3: construction of the index The selection process is based on a combination of fundamental and quantitative research, conducted by Mirova's responsible investment research team. It seeks to identify companies within the Mirova® index universe that offer high or significant exposure to sustainable development challenges through their offer of products and services, while eliminating companies that fail to maintain good CSR practices, or whose financial ratios highlight a financial risk. The selection process is based on a combination of fundamental and quantitative research, conducted by Mirova's responsible investment research team.
Number of constituents	The Mirova® Sustainable Investment Europe Index is composed of 80 issuers representative of the highest-ranking listed companies within the eight sustainable themes as defined in the Mirova research methodology.
Weighting	The new weightings are calculated each year, such that each constituent has an equal weight in the index. The weightings will be rounded to the nearest whole number.
Review of composition	The index will be reviewed annually each September using the latest rating reviews performed by Mirova. Component changes are announced on the last Friday of September (after the close) Component changes are implemented on last trading day of September (after the close)
Base Currency	Euro

Reference Data

Index name	Isincode	Mnemo	Bloom Code	Reuters code	Base date	Base value	Publication since
Mirova® Sustainable Investment Europe Index	FR0011710326	MSIEU	MSIEU	.MSIEU	31-03-2014	1000	31-03-2014
Mirova® Sustainable Investment Europe Index NR	FR0011710342	MSEUN	MSEUN	.MSEUN	31-03-2014	1000	31-03-2014
Mirova® Sustainable Investment Europe Index GR	FR0011710359	MSEUG	MSEUG	.MSEUG	31-03-2014	1000	31-03-2014

2. GOVERNANCE AND DISCLAIMER

2.1 INDICES

This rule book applies to the following indices(hereinafter “index”) owned by Mirova®(hereinafter “Constituent Agent”) :

- Mirova® Sustainable Investment Europe Index

2.2 SUPERVISOR

The Constituent Agent is responsible for the selection of constituents for the index.

Euronext N.V. or its subsidiaries (hereinafter jointly “Euronext”) acts as independent Supervisor of the 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. The Compiler is responsible for 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 be made in keeping with the stated aims of the index. Operational adjustments may also take place if, in the opinion of the Compiler, they are desirable for maintaining 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 Constituent Agent requesting a decision or forwarding a decision for comments and review should a ruling be required for a case not specifically covered in the rules.

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 other ways.

The Compiler will submit all decisions regarding supplements, amendments, revisions or withdrawal of these rules to the Supervisor for additional recommendations or approval, excepting the rules in Section 5 concerning the Index review.

The Compiler will submit all decisions regarding supplements, amendments, revisions or withdrawal of the rules of Section 5 concerning the Index reviews to the Constituent Agent for recommendations or approval.

2.6 LIABILITY

Euronext, the Constituent Agent, 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 Constituent Agent, 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

Mirova® owns all intellectual and other property rights to the index, including the name and the composition of the index.
Euronext shall not commit any action in violation of Mirova’s property rights. Therefore, Euronext is not allowed to proceed with the commercialization of the Index to a third party without the consent of the Constituent Agent.

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's reference prices or estimated prices (for IPOs, buyouts and swap offers).

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

3.1.2 Calculation and dissemination

The index is calculated based on the most recent prices of transactions concluded on 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

In the event that part of the constituents is reserved, suspended from trading, or if technical problems prohibit normal trading, index values will continue to be calculated and published. For those constituent stocks not available for trading, the last known value will be used when determining index values.

Notwithstanding the previous paragraph, the Compiler retains in all cases the right to delay publication of the opening level of the index. Furthermore, the Compiler of the index always retains the right to suspend publication of the level of the index or to mark the level of the index as 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, after the market opens, the index remains in pre-opening during the entire trading session, the reference closing level of the index will be calculated on the basis of the most recent traded prices, or the most recent reference price (possibly adjusted to account for corporate actions).

The general procedures in case of index outages and other situations in which the normal provision of indices is interrupted are described in the Correction Policy on indices.euronext.com/index-rules.

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 market capitalization 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 indices is the 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 15:00 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 are 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 applied is available on the Euronext website.

4.3.3 Ordinary dividends in shares

If a dividend is distributed in the form of shares only, and if this is regarded as an ordinary dividend, the return index will reinvest a cash equivalent of the dividend. If shareholders may choose between cash or shares, the amount 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.

5. INDEX REVIEWS

5.1 GENERAL AIM AND FREQUENCY OF REVIEWS

5.1.1 General aim of the periodical review

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 reviews

The reviews become effective after the market close of the last trading day of September.

5.2 INDEX UNIVERSE AND SELECTION PRINCIPLE

5.2.1 Index universe

The Mirova® index universe is composed of all European listed companies whose market capitalisation exceeds €1bn or that have daily liquidity exceeding €1M. These criteria aim to ensure good investment conditions by requiring a reasonable level of liquidity.

5.2.2 Selection criteria

The selection process takes place through two selection steps:

- Step 1: Identification of sustainable development opportunities

Based on its in-house analysis of 8 sustainable investment themes, Mirova's responsible investment research team identifies sustainable opportunities within the Mirova® index universe. Eligible companies are those that have directed their business toward providing products and/or services which provide new or significant solutions to sustainable development challenges as per Mirova's internal evaluation process (which is specific to each sector).

- Step 2: Selection of companies eligible for the index
  - ✓ 2.1: Examination of of CSR practices for quality

Following the first step, Mirova's responsible investment research team reviews the selected companies' CSR practices. This proprietary evaluation process is based on both internal analysis (sources includepublic data, sell-side analysis, academic research, etc.) and external analysis (specialised rating agencies). This step aims to eliminate companies with CSR practices that fall short, bearing in mind the sectoral issues defined by Mirova's research team, i.e. companies that obtained a Risk or Negative opinion following the CSR internal rating process (see Definitions section 8.2).

- ✓ Step 2.2: Financial fundamentals

Final screening to eliminate companies whose financial ratios indicate high risk

This filter is composed of 3 criteria: profitability, liquidity and solvency. It aims at removing companies that exhibit negative cash flow over the last three financial years or whose ratios suggest a questionable ability to repay debt, either short-term (liquidity) or long term (solvency).

- ➢ *Criterion 1: profitability.* This criterion aims to eliminate companies with a reduced ability to generate cash flow in the medium term. Profitability is assessed based on the Cash Flow Return On Investment ratio or CFROI (see definition section: definition of financial ratios). This ratio expresses the economic profitability of investments, i.e. the company's global internal rate of return.

  Eligibility threshold: positive CFROI ratio over the last three financial years.

- *Criterion 2: solvency.* This criterion aims to eliminate companies with a reduced ability to repay debt in the long term. Solvency is assessed based on the following solvency ratio:

$$\frac{\text{gross Cash Flow } - \text{fixed charges}}{\text{net debt}}$$

Eligibility threshold:

For all sectors (excluding the "utilities" and "waste and water" sectors) the solvency ratio over the last financial year must exceed 10% where net debt is greater than zero. Where net debt is negative, eligibility is automatic for this criterion.

For the "utilities" and "waste and water" sectors: the solvency ratio over the last financial year must exceed 7% where net debt is greater than zero. Where net debt is negative, eligibility is automatic for this criterion

- *Criterion 3: liquidity.* This criterion aims to eliminate companies showing a reduced ability to repay debt in the short term. Liquidity is assessed based on the following liquidity ratio:

$$\frac{\text{EBITDAR}}{\text{Gross interest expenses} + \text{rental expenses}}$$

With EBITDAR: Earnings before Interests, Taxes, Depreciation, Amortization and Rent

Eligibility threshold: Liquidity ratio over the last financial year to exceed 2% or be negative.

Evaluations are based on past performance and do not include a prospective element.

5.2.3 Selection of constituents at the annual review (in September)

The selection of index constituents is governed by a formal process.
This process aims to identify the 80 highest-ranking listed companies within the 8 sustainable themes while ensuring that all sustainable themes are represented as long as eligible companies have been identified through the selection process.
The index-construction process consists of three stages:

Stage 1: Ranking of the eight sustainable themes

The eight sustainable themes are ranked based on their proportion of companies with high or significant exposure to opportunities as defined by the universe criteria.

Stage 2: Ranking of companies within the sustainable themes.

The companies within each sustainable theme are ranked according to CFROI, using the following rules:

- where the cash flow ratio during the last financial year is above 7, companies are ranked based on the lowest cash flow volatility during the last three financial years.

- where the CFROI during the last financial year is under 7, companies are ranked based on the highest growth of CFROI during the last three financial years.

Stage 3: Selection of the highest ranked companies within each sustainable theme

The ten highest-ranking companies are selected from each sustainable theme to build the target index. However, if the selection process fails to identify sufficient issuers with high or significant exposure to sustainable development challenges, then eligible issuers are selected from each of the other themes in turn, starting with the highest ranked theme, until the index is composed of 80 issuers.

Finally, each constituent of the index carries the same weight.

5.3 PERIODIC UPDATE OF WEIGHTING

5.3.1 Weighting in shares

The new weightings are calculated each year, such that each constituent has an equal weight in the index. The weightings will be rounded to the nearest whole number.

5.3.2 Capping

Not applied.

6. CORPORATE ACTIONS

6.1 GENERAL

The index may be adjusted in order to maintain the continuity of the index level and composition. The underlying aim is that the index continue to reflect as closely as possible the value of the underlying portfolio.
Adjustments take place in reaction to events that involve constituents in order to mitigate or eliminate the effect of such events on the index.

6.2 REMOVAL OF CONSTITUENTS

A constituent will be removed from the index if it transpires that the liquid trading will be significantly affected due to a takeover, merger, bankruptcy or the constituent has ceased to be viable as defined by the rules. The constituent in question will be removed and not replaced in the index until the next review.

The Constituent agent reserves the right to remove a constituent by a process of exceptional review at any time, should a company become ineligible due to a significant downgrading of the thematic or CSR opinion of an issuer following controversial practices. In such case, the Constituent Agent shall review the index and decide whether replacement of the concerned constituent(s) is appropriate. Any replacement must be made within three months of the decision. The substitute constituent must comply with all eligibility requirements stated in the selection and index-building process described herein.

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

6.2.1 Takeovers, mergers and acquisitions

In In the event of a bid in cash or a merger, acquisition or similar situation where the bid is made in the form of shares, the target company will be removed from the index.

The removal will take place after the close of the first (full) business day after the offer is declared unconditional or successful. The constituent in question will not be replaced in the index till the next review.

The Compiler reserves the right to apply a specific treatment in non-standard situations including but not limited to:

- Competing bids with differing closing dates or structures;
- Offers made without the intention to gain full control.

A separate announcement detailing the specific treatment will be issued timely to the market.

6.2.2 Delisting, suspension and company distress

If a constituent is suspended, the Supervisor will consider whether the constituent should be removed on the understanding that a transitional period may be observed up to a maximum of three months. When a constituent is removed following suspension, it will be removed at its suspension price unless otherwise decided by the Compiler.

Should a constituent be delisted from Euronext, it will be removed from the index as soon as possible and on a day to be determined and announced by the Compiler.

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 Price sources

In the event that 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, provided they still qualify as eligible companies in their own right. The index may then temporarily consist of fewer or more than the standard number of constituents 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 such case as shareholders of a company that was originally included in the index do not automatically receive shares in the company created as a result of the split, such company is considered a newly listed company.

The removal of any non-qualifying company resulting from a split 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 INCLUSION OF NON-CONSTITUENTS

As a rule, newly listed companies are considered for inclusion in the index at the time of the periodical review.

6.5 DIVIDENDS

6.5.1 Distinction between ordinary and special dividends

The price index will be adjusted for dividends that are special.

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

a) The declaration by a company of a dividend which is supplemental to those dividends declared as part of the company's normal results and dividend reporting cycle; a mere adjustment to the timing of when a company's expected dividend is declared would not be considered a special dividend circumstance; or
b) The identification of an element within a dividend paid in line with a company's normal results and dividend reporting cycle as an element that is unambiguously above and beyond the company's normal payment.

For the purposes 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. An unexpected increase decrease, resumption or cessation, or change in the frequency of an ordinary dividend.

6.5.2 Adjustment for special dividend

The adjustment of the index takes place by the reduction of the closing price of the share in question. Subsequently, the divisor will be adapted in order to maintain the index level. These adjustments will be based on gross amounts.

6.6 RIGHTS ISSUES AND OTHER RIGHTS

In the event of a rights issue, the new shares will be included in the index on the ex-date of the rights issue and an adjusted closing price will be applied as calculated by the Compiler. The adjustment will be made based on the shares currently in the index. The divisor will be adapted in such a way that the level of the index remains the same.

The new shares are only added if less than 0.4 share is issued for every share currently held, and if the new shares are fungible with the existing line of shares (e.g. no dividend disadvantage). Otherwise the index is adjusted based on the value of the rights only.

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

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 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 on 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:

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

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 at time t
$F_{i,t}$	Free Float factor of equity i [1]
$f_{i,t}$	Capping factor of equity i [1]
$C_{i,t}$	Price of equity i on t
$X_{i,t}$	Current exchange rate at t [1]
d_t	Divisor of the index at time t

The **total return index** calculation entails two steps: the first step is to transpose the announced dividend payment into index points. This is called the XD adjustment and employs 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.

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

Where:

TR_{t-1}:	Total return index value yesterday;
TR_t:	Total return index value at time t;
IV_{t-1}:	Underlying price index yesterday;
IV_t:	Underlying price index at time t;

[1] Factor is equal to 1 if not applied to the index

8. DEFINITIONS

8.1 DEFINITION OF FINANCIAL RATIOS

CFROI: Cash Flow Return on Investment. CFROI is a reliable and comparable measurement of the company's global economic return on investments, or, internal rate of return (IRR). It is calculated following the HOLT methodology, based on a ratio of the company's gross cash flow to sum of investments. This ratio takes into account the lifetime of depreciable assets (operating assets, leasing assets, R&D) and the remaining value of non-depreciable assets (working capital requirement, land, treasury), while limiting all the accounting distortions on a global basis.

Gross Cash Flow: this number is calculated based on net income, to which are added:

- ✓ depreciations
- ✓ amortizations
- ✓ financial charges/ interest on loans
- ✓ R&D expenditures
- ✓ rent paid on operating leases
- ✓ expenditures linked to minority interests
- ✓ adjustments related to retirement charges
- ✓ adjustments LIFO-FIFO on stocks

Fixes charges: all rental charges and maintenance capex, including R&D investments, tangible and intangible assets.

Net debt: this number includes all balance sheet financial liabilities, operating lease liabilities, other long term financial engagements and financial engagements linked to retirement minus an adjustment estimated on the basis of liabilities' market value.

EBITDAR: Earnings before Interest, Taxes, Depreciation, Amortization and Rent. EBITDAR is the EBITDA minus rents paid on operating leases.

8.2 DEFINITION OF SUSTAINABLE THEMES

High exposure: Companies that have oriented *the bulk* of their business so as to provide products and/or services offering solutions to sustainable development challenges.

Significant exposure: Companies that have oriented a *substantial, but not predominant portion* of their business so as to provide products and/or services which offer solutions to sustainable development challenges.

Low or no exposure: Companies whose products and services present neither significant opportunities nor significant risks to sustainable development issues.

Negative exposure: Companies whose products and services present *significant risks to sustainable development* issues and whose investments in transforming the current business model into a more sustainable one are absent or insufficient.

8.3 DEFINITION OF SUSTAINABILITY OPINION

SRI Committed: Companies with good CSR practices and a strategy of seizing opportunities offered by sustainable development.
SRI Positive: Companies with good CSR practices.
SRI Neutral: Companies with adequate E and S practices.
SRI Risk: Companies with deficient CSR practices.
SRI Negative: Companies highly deficient or very risky with regard to CSR practices.