



INDEX RULE Book

MIB ESG Index

Version 21-01
Effective from
18 October 2021
indices.euronext.com



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1. GENERAL

1.1 HIGHLIGHTS MIB ESG

Objective	The MIB® ESG Index family is designed to reflect the performance of the top 40 companies demonstrating strong Environmental, Social and Governance practices amongst the top 60 liquid Italian companies. The MIB ESG index includes most common ESG investment approaches adopted by institutional and private investors such as norm-based exclusion filters applied in accordance with the UN Global Compact Principles or involvement in coal, controversial weapons and tobacco. The index ambitions are to progressively integrate upcoming EU Taxonomy evolutions and Science Based Targets (SBT) developments.
Impact objectives	The MIB ESG Index family aims to deliver a reduced weighted carbon intensity compared to its Index Universe.
Administrator	Euronext Paris is the Administrator and is responsible for the day-to-day management of the index.
Supervisor	Euronext internal supervisor.
Index Universe	The Index Universe consists of the 60 most liquid Italian companies at review.
Continuous eligibility screening	<p>Companies with an active critical controversies related to UNGC as determined by V.E are not eligible for the index.</p> <p>In between reviews constituents of the MIB ESG Index family facing critical controversies will be deleted from the index five days after the announcement made by V.E.</p>
Eligibility screening at reviews	Based on V.E data, the following companies are not eligible: <ul style="list-style-type: none">- Companies with involvement in controversial weapons,- Companies with involvement in the production or sale of civilian firearms ($\geq 5\%$ turnover),- Companies with any involvement in Thermal Coal Mining,- Companies with involvement in Coal-fuelled power generation ($\geq 5\%$ turnover),- Companies with any involvement in Tar sand and oil shale extraction,- Companies with any involvement in the production of tobacco,- Companies with revenues larger or equal to 10% derived from distribution of tobacco are also excluded.
Selection basis	The eligible companies are assigned an ESG score, as evaluated by V.E, and are ranked on this score.
Number of constituents	40
Capping	10% at each review
Weighting basis	Free float market capitalisation
Review of composition	Full annual review in June after the close of the third Friday. Quarterly review after the close of the third Friday of September, December and March.
Trademarks	Euronext N.V. or its subsidiaries (hereinafter jointly "Euronext") owns all intellectual and other property rights to the index, including the name, the composition and the calculation of the index. MIB® is a registered trademark of Borsa Italiana S.p.A



1.2 VERSION NOTES

Version	Effective date	New or changed parts
21-01	18 October 2021	First version

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"):

- MIB ESG

2.2 SUPERVISOR AND ADMINISTRATOR

Euronext is the supervisor ("Supervisor") and Administrator of the index ("Administrator"). 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. The Administrator is responsible for the day-to-day management of the index and is also responsible for decisions regarding the interpretation of these rules.

2.3 INDEX MANAGEMENT

Euronext Index Operations is responsible for day-to-day operational maintenance of all national and cross-border stock indexes (including sector indexes). This includes deciding on operational adjustments following corporate actions that have an impact on constituent shares and the preparation of periodical reviews according to the rules that are currently in force.

Euronext Index Design is responsible for the rules governing Corporate Actions and will decide in cases that require specific interpretation. For cases with significant potential impact Index Design will liaise with the Index Panel for advice.

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 Index Design, 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. Index Design 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. Index Design will submit all decisions regarding supplementing, amending, revising or withdrawing these rules to the Supervisor for recommendations or approval.

2.6 LIABILITY

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

Euronext 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 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 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.

3. REFERENCE INFORMATION AND PUBLICATION OF INDEX LEVELS

3.1 REFERENCE TABLE

Index name	ISIN Code	Mnemo	Bloomberg Code	Reuters code	Base date	Base value	Publication since	Type of index
MIB ESG	FR0014005WN0	MESGP	MIBESG	.MIBESG	31/12/2009	1000	18/10/2021	Price
MIB ESG NR	FR0014005WL4	MESGN	MIBESGNR	.MIBESGNR	31/12/2009	1000	18/10/2021	Net
MIB ESG GR	FR0014005WM2	MESGG	MIBESGGR	.MIBESGGR	31/12/2009	1000	18/10/2021	Gross

3.2 BASE CURRENCY

All Indices have Euro as their Base Currency.

3.3 PUBLICATION OF INDEX LEVELS

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

3.3.2 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.

3.3.3 Closing level

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

3.4 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 that are not available for trading, the last known value will be used when determining index values.

Notwithstanding the previous paragraph Index Operations always retains the right to delay the publication of the opening level of the index. Furthermore, Index Operations always retains the right to suspend the publication of the level of the index or 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 Index Design 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 Euronext Indices Correction Policy on indices.euronext.com/index-rules.

3.5 ANNOUNCEMENT POLICY

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



3.6 CALCULATION OF THE PRICE INDEX

The index is calculated on a price return basis. The calculation is based on the current free float 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.

3.7 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.

3.8 TOTAL RETURN INDEX CALCULATION

3.8.1 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.

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.

3.8.2 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.

3.8.3 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 in first instance the Base Currency amount will be used 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 dividend amount will be converted 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. INDEX REVIEWS

4.1 REVIEW FREQUENCY AND RELEVANT DATES

The Review Cut-Off Date is after the market close of the penultimate Friday of May (annual review), August, November and February (quarterly reviews).

The Review Announcement Date is at least five trading days before the Review Effective Date.

The Review Composition Announcement Date is at least two trading days before the Review Effective Date.

The Review Effective Date is after the market close of the third Friday of June (annual review), September, December and March (quarterly reviews).

4.2 SELECTION

4.2.1 Step 1: Index Universe

4.2.1.1 Index Universe definition

The Index Universe consists of the 60 largest companies listed Borsa Italiana MTA and MIV markets in term of 6 months MDTV (Median Daily Traded Value).

4.2.1.2 Continuous eligibility screening

Companies with active critical controversies related to UNGC as determined by V.E are not eligible for the index. Each critical controversy remains active for 2 years or until V.E analysis flags it as inactive or downgrades the severity, whichever occurs first. A company with an active critical controversy cannot be included in the index during this period. Reference date to assess the 2 years period corresponds to the first announcement date of the critical controversy identified by V.E.

4.2.2 Step 2: Eligibility screening at reviews

The index universe is screened on 2 sets of criteria: norm based (UNGC) and Activity exclusions. Companies that breach any of the following thresholds are not eligible.

Exclusion type	Description	Revenues
UN Global Compact controversies	- Companies with active critical controversies related to UNGC are excluded.	-
Tobacco	- Companies with any involvement in the production of tobacco. - Companies with revenues larger or equal to 10% derived from distribution of tobacco are excluded.	>0% ≥10%
Coal	- Companies with any involvement in Thermal Coal Mining are excluded. - Companies with revenues larger or equal to 5% from Coal-fuelled power generation are excluded.	>0% ≥5%
Tar sand and oil shale	- Companies with any involvement in Tar sand and oil shale extraction are excluded.	>0%



Civilian firearms	- Companies with revenues larger or equal to 5% derived from the production or sale of civilian firearms are excluded.	≥5%
Controversial Weapons	- Companies with involvement type Full weapons system or Key parts in regards to munitions of the following weapon types, are excluded: Nuclear weapons, anti-personnel landmines, cluster munitions, biological weapons, chemical weapons, blinding laser weapons, incendiary weapons, non-detectable fragments, depleted uranium, white phosphorus.	>0% >0%

4.2.3 Step 3: Selection ranking

The eligible companies are ranked by decreasing order on the ESG score as assigned by V.E. In case of an equal score the company with the highest free float market capitalization will rank higher.

4.2.4 Step 4: Selection at annual and quarterly reviews

Selection at annual review

During annual reviews (in June), the initial selection consists of the 40 highest ranking companies based on the ESG ranking.

Selection at quarterly review

During quarterly reviews, 40 companies are selected. The 35 highest ranking companies are automatically included in the initial selection. A buffer zone, consisting of companies ranked 36th to 45th is created. Current constituents of the index in the buffer zone have priority over companies that currently do not form part of the MIB ESG.

Additions to the pool of eligible Companies

In case the pool of eligible Companies consists of fewer than 40, the highest ranking in terms of ESG score companies passing the Activity Exclusions are added out of the 10 next largest companies listed on Borsa Italiana MTA and MIV markets (in term of 6 months MDTV). In case of an equal score the company with the highest 6 months MDTV will rank higher. This is done potentially iteratively in batches of 10 companies from the next largest ones listed on Borsa Italiana MTA and MIV markets (in term of 6 months MDTV), until the size of the pool of eligible companies reaches 40.

5. PERIODICAL UPDATE OF WEIGHTING

Weighting method

The index is Free Float Market Capitalisation weighted.

The Weighting Factors are explained in the following paragraphs.

Number of shares

At reviews the Number of Shares of a company included in the Index Family will be updated to the listed Number of Shares on the Review Cut-Off Date, taking into account adjustments due to Corporate Actions.

For Companies, if any, to be added to an index the number of shares will be the number of shares listed on the Review Cut-Off Date.

Free Float factor

At reviews the Free Float Factor of a company included in the Index Family will be updated to the Free Float Factor on the Review Cut-Off Date.

Capping Factor

A Capping Factor is calculated based on the Review Composition Announcement Date such that the Companies included in the index have a maximum weight of 10% and such that the index Weighted Average Carbon intensity is improved compared to the Index Universe.

Weighted Average Carbon Intensity (WACI) is defined as company-level Scope 1+2 last known emission divided by the revenues (same year), multiplied by each company's weight in the index and then aggregated by summing.

Weighted Carbon Intensity (WCI) is defined as company-level Scope 1+2 last known emission divided by the revenues (same year), multiplied by each company's weight in the index.

Should the WACI be left unimproved compared to the Index Universe, the weight of the Company with the worst WCI will be decreased (up to 30%) until the index WACI is below the Index Universe WACI. If the index WACI still be above the Index Universe WACI after this decrease, this process will be iterated with another Company. In case of several iterations, the 5 first will be applied to different Companies. After that, in case the index WACI is still above the Index Universe WACI, This iterative process continues with weight decrease eligibility reset after each 5 iterations.

The weight decrease in respect of the WACI will be expressed in the capping factor. The assessment of the WACI and new capping coefficients are based on the closing prices observed on the Review Composition Announcement Date.

6. CORPORATE ACTIONS

6.1 EVENTS THAT CHANGE THE COMPOSITION

6.1.1 Mergers and acquisitions

In the event of a bid in cash, the target company will be removed from the index. In the event of a merger, acquisition or similar situation where the bid is made in the form of shares, the target company will be replaced by the company taking over, provided that this company complies with the requirements for inclusion in the index in line with the criteria defined in the index reviews section.

The removal or replacement will take place after the close of the first (full) business day after the offer is declared unconditional or successful. The replacement of the shares of the relevant index constituent by the shares of the company that continues to be traded will be executed on the basis of the bid ratio.

In case of a mixed bid of cash and shares the Index Design will treat the bid as a share bid if the share part amounts to at least 75% of the offer price, on the day of the publication of the terms of the offer. The replacement of the shares of the relevant index constituent by the shares of the company that continues to be traded will be executed on the basis of the bid ratio. The divisor will be adapted only for the cash part of the offer price.

The Index Design 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.

6.1.2 Inclusion of new companies

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

6.1.3 Suspensions, Company distress and Delistings

Suspension

If a constituent is suspended, Index Design will consider whether the constituent should be removed or not within five trading days. If it is decided to maintain the constituent a further reassessment date will be set. Index Design reserves the right to take action before that date if new developments give reason to do so.

In case a constituent is removed following suspension, it will be removed from the index as soon as possible and on a day determined by Index Design. The company will be removed from the index after the close of the markets assuming a price of zero unless Index Design sets a different price, where possible supported by an objective source.

Delisting

If it has been announced that a constituent will be delisted from the relevant market, it will be removed from the index. The removal will take place after the close of the fifth (full) business day after the announcement. The company will be removed from the index based on either the last known price established during regular daytime trading or on a price determined by Index Design, whereby the company may also be removed at a price of zero.

Removing assuming a price of zero implies no divisor change because of the removal. If another price is set, the divisor will change based on the removal of the value of that company from the index portfolio when applying that price.

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

6.1.4 Fast Exit: Continuous eligibility screening

UNGC critical controversies

A constituent of the MIB ESG Index family facing critical controversies related to UNGC as determined by V.E. will be removed from the index. The removal will take place after the close of the fifth (full) business day after the announcement is made by V.E. The index may then temporarily consist of fewer than the standard number of constituents until the next periodical review takes place. Subsequently the divisor will be adapted in order to maintain the index level (value of the company removed rebalanced to the rest of the constituents of the index, proportionally to their weight in the index).

6.1.5 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 it is included in the Index Universe defined in the index reviews section.

The index may then temporarily consist of fewer than, 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 Index Design 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.

In case a company resulting from the split up will not be admitted to listing on a main market in one of the countries that are included in the index, Index Design will select an appropriate price source for the calculation of the index and the removal of the spun off company on the first trading day after the spin off.

6.2 EVENTS THAT CHANGE THE WEIGHTING FACTORS

6.2.1 Dividends

Criteria for determining special dividends

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.

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.

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.

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 Base Currency amount will be used in 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 dividend amount will be converted 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.

6.2.2 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. Index Design may regard a bonus issue as the issue of an entitlement in lieu of an ordinary dividend and therefore treat this as a dividend.

6.2.3 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 Index Operations. 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 that is 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.

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, Index Design 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.

6.2.4 Partial tender offers on own shares

The divisor of the index will be adjusted 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:

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

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 on day 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 on t ¹
- 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} constituent stock (for net return index withholding tax is deducted from this dividend);
- w_i The weighting of the i^{th} constituent 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 on t;
- IV_{t-1} : Underlying price index yesterday;
- IV_t : Underlying price index on t;

¹ Factor is equal to 1 if not applied for the index

8. DEFINITIONS

8.1 REVIEW 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.

8.2 FREE FLOAT FACTOR

The Free Float Factor is the percentage representing all listed securities of the selected line of the relevant company eligible for index inclusion (as described in section 5.2), minus any shareholdings that are considered non-free float. The Free Float Factor is based on public information available on the Review Cut-Off Date. The Free Float Factor will be rounded to the nearest 5%.

The following shareholdings are considered non-free float (based on public information available on the Review Cut-Off Date):

- Any single shareholder who holds 5% or more of the listed securities in the selected line eligible for index inclusion, with the exception of collective entities or pension funds. Collective entities are those entities that fulfill all the following criteria:

- i. are open for investment to investors or tradable on the market; and
- ii. have a diversified portfolio; and
- iii. have an open ended structure.

Collective entities include mutual funds and other open end-funds.

- Collective entities or pension funds that hold 5% or more of the listed securities in the selected line eligible for index inclusion and are represented in any governing body of the company in question.
- Parties acting in concert that collectively hold 5% or more of the listed securities in the selected line eligible for index inclusion.
- Employee shareholding plans, employee pension plans, individual employees, management or members of the board of directors of the relevant company when their cumulative shareholding is 5% or more of the listed securities in the selected line eligible for index inclusion.
- Shares held by the relevant company that represent 5% or more of the listed securities in the selected line eligible for index inclusion (e.g. treasury shares).

9. V.E SCORES

9.1 V.E ESG SCORE

The ESG score is based on a 2-step approach:

Step 1:

V.E assesses and rates the performances of companies according the Equitics® methodology based on 38 criteria, divided in to six key areas of corporate environmental, social and governance responsibility, namely:

- Environment: Protection, safeguard, prevention of attacks on the environment, implementation of an adequate managerial strategy, ecodesign, protection of biodiversity and reasonable control of environmental impacts on the overall life cycle of products and services.
- Human Rights: Respect of trade unions' freedom and promotion of collective negotiation, non-discrimination and promotion of equality, eradication of banned working practices, and prevention of inhumane or humiliating treatments.
- Human Resources: Constant improvement of industrial relations, career development, as well as quality of working conditions.
- Community Involvement: Contribution to economic and social development of the territories of establishment and their human communities, concrete commitment in favor of the control of societal impacts of products and services, transparent and participative contribution to causes of general interest .
- Business Behaviour: Taking into account clients' rights and interests, integration of social and environmental standards both in the process of selection of suppliers and in the overall supplying chain, efficient prevention of corruption, and respect of competition laws.
- Corporate Governance : Efficiency and integrity, insurance of both independence and effectiveness of the Board of Directors, effectiveness and efficiency of audit and control systems, and in particular inclusion of social responsibility risks, respect of shareholders' rights and most of all of the minorities, transparency and moderation in executive remuneration.

Step2 – Overall score

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

9.2 V.E CONTROVERSIES

V.E analyses the impact of controversies on stakeholders and the company using the framework defined by the Office of High Commissioner of the United Nations Human Rights (analyses of the scale, scope and irremediable character of the impact). V.E analyses controversies towards its severity (company and stakeholder level), its frequency and the reactivity of the company that faces the corresponding allegation.

The Severity of a controversy is thus considered critical when related to fundamental issue, with adverse and large scale impact on the company's and stakeholder's interest.

An issuer cannot be penalized indefinitely for having faced a controversy. However, an issuer cannot be considered as being "clean" after having implemented corrective measures in response to a controversy. The impact of a controversy on an issuers' reputation diminishes over time depending on the severity of the event and the issuers' responsiveness to this.

9.3 UN GLOBAL COMPACT ASSESSMENT

To determine if a company is aligned or not, we base our assessment following 10 UNGC principles that can be regrouped in 4 pillars:

- i. Environment: Environmental impact management. It covers all issues relevant to a given company according to its sector and core business (environmental strategy, biodiversity protection, water resource management, energy consumption and emissions, etc.).
- ii. Human Right: Respect and promotion of fundamental human rights
- iii. Labour Right: Respect and promotion of fundamental labour rights (freedom of association and the right to collective bargaining, non-discrimination, health and safety conditions, etc.).
- iv. Corruption: Corporate commitments, due diligence and internal control systems to prevent any type of corruption or non-compliant behavior

9.4 CONTROVERSIAL WEAPONS

V.E research classifies involvement in two main strand of activities – manufacturers and shareholders. We define a manufacturer as any company that, itself or through a subsidiary or joint venture, designs, develops or produces a controversial weapon or its parts or provides services for them. A manufacturer can be involved directly or:

- through a subsidiary; if it has control of another company involved in controversial weapons, either through majority equity shares or voting rights [acquisition method – full consolidation];
- through a joint venture; if it has joint control of a company involved in controversial weapons, regardless of the ownership distribution. Examples of joint ventures include consortiums running government-owned, contractor-operated (GOCO) nuclear weapons facilities; missile manufacturers (e.g. MBDA, ArianeGroup), etc.

Activities falling under Manufacturer are classified into four types, depending on the scales of involvement: companies can supply full weapons systems, which can be either munitions or delivery platforms, or they can supply key parts or services, or general parts or services. Key parts or services and general parts or services can be supplied either for munitions or for delivery platforms.

A company which acts as the prime contractor of the development or production team of a controversial

munition or delivery platform is considered as manufacturer of the full munition or delivery platform. Companies which are primary subcontractors of the development or production team of a controversial munition or delivery platform are normally considered as manufacturers of key parts.

Shareholders are companies, primarily financial institutions, which own equity shares in companies identified as involved in controversial weapons. For shareholders, any amount of shareholding is captured, from 0.1 percent up to 49.99 percent.



Weapons	Involvement	Evidence
1.1 Anti-personnel mines		
1.2 Cluster Munitions	Manufacturers: a. Full Weapons System – Munition	
1.3 Chemical Weapons	b. Full Weapons System – Delivery Platform	Clear evidence
1.4 Biological Weapons	c. Key Parts or Services	Some evidence
1.5 Nuclear Weapons	d. General Parts or Services	
1.6 Incendiary Weapons	Shareholders: a. 0 – 2.99%	Not relevant/ Commentary
1.7 Non-detectable Fragments	b. 3 – 4.99%	
1.8 Blinding Laser Weapons	c. 5 – 9.99%	
1.9 White Phosphorus Weapons	d. 10 – 19.99 %	
1.10 Depleted Uranium Weapons	e. 20 – 49.99 %	

Category	Definition
Full Weapons System - Munition	<p>Munitions include warheads, bombs, rockets, missiles, mortar and artillery projectiles, tank ammunition, mines, etc.</p> <p>Examples of munitions:</p> <ul style="list-style-type: none"> • Nuclear weapons: nuclear warheads, nuclear gravity bombs, nuclear-armed ballistic and cruise missiles (e.g. ICBMs, SLBMs, ALCMs, ...). Missiles with ranges less than intercontinental (e.g. SRBMs, MRBMs and IRBMs) are usually dual-capable. • Cluster munitions: ground-launched artillery projectiles, rockets and missiles; air-launched bombs, rockets and missiles. • Anti-personnel mines: individual mines, ground-launched rockets and artillery projectiles containing APMs, air-launched bombs containing APMs. • DU weapons: aircraft gun ammunition, tank ammunition. • WP weapons: mortar and artillery projectiles, air-launched bombs and rockets.

10. ESG DISCLOSURES

EXPLANATION OF HOW ESG FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY	
Item 1. Name of the benchmark administrator.	Euronext Paris
Item 2. Type of benchmark	Equity Benchmark
Item 3. Name of the benchmark or family of benchmarks.	MIB ESG index
Item 4. Does the benchmark methodology for the benchmark or family of benchmarks take into account ESG factors?	Yes
Item 5. If the response to Item 4 is positive, please find below the ESG factors that are taken into account in the benchmark methodology and how they are used for selection, weighting and exclusion	<p>a) List of environmental factors considered:</p> <p>V.E assesses and rates the performances of companies according the Equitics® methodology based on 38 criteria, divided in to six key areas of corporate environmental, social and governance responsibility:</p> <ul style="list-style-type: none"> • Environment: Protection, safeguard, prevention of attacks on the environment, implementation of an adequate managerial strategy, ecodesign, protection of biodiversity and reasonable control of environmental impacts on the overall life cycle of products and services. • Human Rights: Respect of trade unions' freedom and promotion of collective negotiation, non-discrimination and promotion of equality, eradication of banned working practices, and prevention of inhumane or humiliating treatments. • Human Resources: Constant improvement of industrial relations, career development, as well as quality of working conditions. • Community Involvement: Contribution to economic and social development of the territories of establishment and their human communities, concrete commitment in favor of the control of societal impacts of products and services, transparent and participative contribution to causes of general interest . • Business Behaviour: Taking into account clients' rights and interests, integration of social and environmental standards both in the process of selection of suppliers and in the overall supplying chain, efficient prevention of corruption, and respect of competition laws. • Corporate Governance : Efficiency and integrity, insurance of both independence and effectiveness of the Board of Directors, effectiveness

	and efficiency of audit and control systems, and in particular inclusion of social responsibility risks, respect of shareholders' rights and most of all of the minorities, transparency and moderation in executive remuneration.
b) List of social factors considered:	Pleases refer to a)
c) List of governance factors considered:	Please refer to a)
Item 6. Data and standards used.	
a) Data input. <i>(i) Describe whether the data are reported, modelled or, sourced internally or externally.</i> <i>(ii) Where the data are reported, modelled or sourced externally, please name the third party data provider.</i>	<p>V.E provides :</p> <p>A) United Nations Global Compact (UNGC) screening Exclusion of controversial companies. V.E provides a level of integration of the Global Compact principles into the companies' strategy and operations.</p> <p>Assessment over 4 pillars: Human rights, Labours, Environment and Corruption.</p> <p>B) ESG score The ESG score is based on a 2-step approach: Step 1: V.E assesses and rates the performances of companies according the Equitics® methodology based on 38 criteria, divided in to six key areas of corporate environmental, social and governance responsibility Step2 – Overall score Each issuer is assigned an overall score out of 100 (the higher the better) which is a weighted and consolidated score of all sustainability factors in a given sector.</p>
b) Verification of data and guaranteeing the quality of those data. <i>Describe how data are verified and how the quality of those data is ensured.</i>	<p>V.E represents and warrants that to the best of its knowledge the Methodology is robust and reliable, rigorous and capable of validating and verifying including, but not limited to, the following:</p> <ul style="list-style-type: none"> • shall promptly correct any errors made in its computations of the Data and inform Euronext thereof, immediately. • periodically review the Methodology • has clear written rules identifying how and when discretion may be exercised when deviating from the methodology • will inform Euronext prior to making any material change to the Methodology and will provide Euronext with the rationale for such change.



c) Reference standards <i>Describe the international standards used in the benchmark methodology.</i>	V.E : the methodology behind ESG performance indicators and the assessment of controversies severity is based on the following international standards : <ul style="list-style-type: none">• Global Reporting Initiative (GRI)• OECD Guidelines for Multinational Enterprises, and sectorial guidance• G20/OECD recommendations on Corporate governance• UN Conventions and recommendations,• UN Global Compact Principles• UN Sustainable Development Goals• ILO Conventions , including the core ones, and recommendations• TFCD recommendations• Paris Agreement (UNFCCC)
Information updated on:	18 October 2021