

# **INDEX RULE BOOK**

## **Euronext BeNeLux ESG Leaders 20**

Version 22-01

Effective from 8 Sept 2022

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# Index

<b>1. General</b>		<b>2</b>
Version notes	2	
<b>2. Index reviews</b>		<b>3</b>
2.1 Review frequency and relevant dates	3	
2.2 Review Selection	3	
2.3 Periodical Weighting Update	4	
<b>3. References</b>		<b>5</b>
3.1 Reference Table	5	
3.2 Base currency	5	
3.3 Publication	5	
<b>4. ESG Disclosures</b>		<b>6</b>

## 1. GENERAL

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This document is applicable to the Euronext® BeNeLux ESG Leaders 20 Family (“Index Family”), which consists of all the Indices as mentioned in the Reference Table.

The objective of the Index Family is to reflect the price level trends in the trading of shares listed in the markets in The Netherlands, Belgium and Luxembourg.

Euronext Paris is the Administrator of this Index Family. For this Index Family no Independent Supervisor is appointed.

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.

### VERSION NOTES

Version	Effective date	New or changed parts	Reference/announcement
21-01	15-12-2021	restyled version in view of newly published Calculation and Corporate Actions rulebooks	
22-01	08-09-2022	Addition of Review Weighting Date	EIA 2022-318

## 2. INDEX REVIEWS

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### 2.1 REVIEW FREQUENCY AND RELEVANT DATES

<b>Review frequency:</b>	Quarterly
<b>Review Effective Date:</b>	After the market close of the third Friday of March, June, September and December.
<b>Review Cut-Off Date:</b>	After the market close of the penultimate Friday of February, May, August and November.
<b>Review Announcement Date:</b>	At least two trading days before the Review Effective Date.
<b>Review Weighting Date:</b>	Three trading days before the Review Effective Date.
<b>Review Weighting Announcement Date:</b>	Two trading days before the Review Effective Date.

### 2.2 REVIEW SELECTION

#### Step 1: Index Universe

The Index Universe consists of the Companies included in the AEX® Index and the BEL 20® Index as well as the 10 largest Companies in terms of Free Float Market Capitalisation on the Review Cut-Off Date with a Main Listing on the Luxembourg Stock Exchange. At reviews this means included in the Indices after the Review Effective Date.

#### Step 2: Eligibility screening at reviews

Companies with a 1 year average daily Turnover lower than 5 million Euro are not eligible.

Moreover, the following Companies are not eligible:

- Companies with both: a Moody's ESG Solutions Carbon footprint score is equal to D and a V.E Energy Transition score lower or equal to 50,
- Companies with a major involvement in alcohol, armaments, gambling, nuclear, sex industry or tobacco. This list is defined by Moody's ESG Solutions,
- Companies included in the Moody's ESG Solutions Controversy Warning List, and having a Severity (controversies) score equal to "Critical".

More detailed information on scoring and controversies is available in the Euronext ESG Providers Reference document or on Moody's ESG Solutions website.

#### Step 3: Selection Ranking

Companies within the Index universe that fulfil the eligibility screening are by descending Moody's ESG Solutions ESG score. In case of equal score, the company with the highest Free Float Market Capitalization will rank higher.

#### Step 4: Selection of constituents at the reviews

The 20 highest ranking Companies are selected.

## **2.3 PERIODICAL WEIGHTING UPDATE**

### **Weighting method**

The index is Non-Market Capitalisation weighted, based on  $1/(180d \text{ volatility})$  normalized.

The Weighting Factors are explained in the following paragraphs.

### **Number of shares**

The new weightings are calculated such that each constituent will have a weight in the index inversely proportional to its 180 days volatility. The weightings will be rounded to the nearest whole number.

The Number Of Shares are determined based on the closing prices of the Companies to be included in the Index on the Review Weighting Date.

### **Free Float factor**

The Free Float Factor is not applicable for the weighting of this Index Family.

### **Capping Factor**

A maximum weighting of 10% is applied to each index constituent at the reviews. The assessment and new capping coefficients are based on the Review Weighting Announcement Date.

### 3. REFERENCES

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#### 3.1 REFERENCE TABLE

Index name	Isincode	Mnemo	Bloom- berg Code	Reuters code	Base date	Base value	Publication since	Index Type
Euronext BeNeLux ESG Leaders 20	NL0013025695	BESGP	BESGP	.BESGP	31-12-05	1000	11-07-18	Price
Euronext BeNeLux ESG Leaders 20 NR	NL0013025703	BESGN	BESGN	.BESGN	31-12-05	1000	11-07-18	Net Return
Euronext BeNeLux ESG Leaders 20 GR	NL0013025711	BESGG	BESGG	.BESGG	31-12-05	1000	11-07-18	Gross Return
Euronext BeNeLux ESG Leaders 20 Decrement 4.5%	NL0013025729	BESGD	BESGD	.BESGD	31-12-05	1000	11-07-18	Decrement Return 4.5% on NR

#### 3.2 BASE CURRENCY

The Base Currency of this index family is Euro.

#### 3.3 PUBLICATION

The level of the Indices are in principle published every 15 seconds starting from 09:00. Index levels published before the official opening level is published are considered pre-opening index levels.

The official opening level is the first level published after a share price is available for all constituents.

If share prices are not available for all constituents five minutes after Euronext Markets started regular daytime trading, the official opening level will be published as soon as the companies whose share prices are available of the current trading day represent at least 80% of the value of the index at the close of the previous trading day.

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

## 4. ESG DISCLOSURES

<b>EXPLANATION OF HOW ESG FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY</b>	
<b>Item 1.</b> Name of the benchmark administrator.	Euronext Paris
<b>Item 2.</b> Type of benchmark	Equity Benchmark
<b>Item 3.</b> Name of the benchmark or family of benchmarks.	<b>Euronext BeNeLux ESG Leaders 20 index</b>
<b>Item 4.</b> Does the benchmark methodology for the benchmark or family of benchmarks take into account ESG factors?	Yes
<b>Item 5.</b> 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	
a) List of environmental factors considered:	<p>ESG scores, Carbon footprint scores, Energy transition scores and controversy warning list</p> <p>Selection:</p> <p>The 20 highest-ranking ESG scores are selected. In case the marginally selected stocks (ex: ranked 19, 20 and 21) have the same Moody's ESG Solutions ESG score, the second ranking is done by descending Free Float Market Capitalisation on the review cut-off date.</p> <p>Exclusion:</p> <ul style="list-style-type: none"> <li>• Companies with a Moody's ESG Solutions Carbon footprint score equal to D and a Moody's ESG Solutions Energy Transition score lower or equal to 50.</li> <li>• Companies with a major involvement in alcohol, armaments, gambling, nuclear, sex industry or tobacco. This list is defined by Moody's ESG Solutions.</li> <li>• Companies included in the Moody's ESG Solutions Controversy Warning List, and having a Severity (controversies) score equal to "Critical".</li> </ul>
b) List of social factors considered:	Please refer to a)
c) List of governance factors considered:	Please refer to a)
<b>Item 6.</b> Data and standards used.	
<p>a) Data input.</p> <p><i>(i) Describe whether the data are reported, modelled or, sourced internally or externally.</i></p> <p><i>(ii) Where the data are reported, modelled or sourced externally, please name the third party data provider.</i></p>	<p>Moody's ESG Solutions provides :</p> <ul style="list-style-type: none"> <li>• ESG scores</li> </ul> <p>The ESG score is based on a 2-step approach:</p> <p>Step 1:</p> <p>Moody's ESG Solutions 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> <p>Step2 – Overall score</p> <p>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>

	<ul style="list-style-type: none"> <li>• Carbon footprint scores</li> </ul> <p>A company's carbon footprint is based on three key factors: The nature of activities, The size of the company and The carbon footprint of its peers</p> <ul style="list-style-type: none"> <li>• Energy Transition scores</li> </ul> <p>The energy transition performance assessment is based on a 3-step approach:</p> <p>Stage 1: Sector Contextualisation</p> <p>Different sectors face different energy transition challenges. Moody's ESG Solutions identifies criteria specific to each sector so that companies can be assessed not only on transversal climate-related issues, but also on sectorspecific risk and opportunity areas.</p> <p>Stage 2: Assessment Grid</p> <p>Each company is evaluated using Moody's ESG Solutions' Equitics methodology. Each criteria identified in the Sector Contextualisation stage is subdivided into Managerial Principles for Action (MPA) i.e. what the company should be doing to address each criteria. Each MPA is assessed across three pillars and nine angles of analysis using precise, specific questions:</p> <p>Leadership - How the company intends to address each criterion. Assessment of strategic commitment, policies and targets.</p> <p>Implementation - How the company does address each criterion. Assessment of concrete measures implemented.</p> <p>Results - How well the company addresses each criterion. Assessment of past and present performance and response to controversies.</p> <p>Stage 3: Energy Transition Score</p> <p>The scoring process is on a scale of 0 - 100 categorised according to the four levels of performance shown on the left. The score reflects the quality of a company's management and strategy to address risk and opportunities associated with the transition to a low carbon economy. The process is as follows: Score per angle of analysis, Score per pillar, Score per criteria, Corporate Global Energy Transition score: This is a weighted average of criteria scores</p> <ul style="list-style-type: none"> <li>• Controversy Warning List:</li> </ul> <p>Continuous analysis of controversies through three factors: severity, frequency and company response</p> <p>Analysis is based on publicly available information: Moody's ESG Solutions only analyses information from legitimate, identifiable stakeholders, and the information must be documented and traceable</p>
<p>b) Verification of data and guaranteeing the quality of those data.</p> <p><i>Describe how data are verified and how the quality of those data is ensured.</i></p>	<p>Moody's ESG Solutions 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"> <li>• shall promptly correct any errors made in its computations of the Data and inform Euronext thereof, immediately.</li> </ul>

	<ul style="list-style-type: none"> <li>• periodically review the Methodology</li> <li>• has clear written rules identifying how and when discretion may be exercised when deviating from the methodology</li> <li>• will inform Euronext prior to making any material change to the Methodology and will provide Euronext with the rationale for such change.</li> </ul>
<p>c) Reference standards</p> <p><i>Describe the international standards used in the benchmark methodology.</i></p>	<p>Moody's ESG Solutions : the methodology behind ESG performance indicators and the assessment of controversies severity is based on the following international standards :</p> <ul style="list-style-type: none"> <li>• Global Reporting Initiative (GRI)</li> <li>• OECD Guidelines for Multinational Enterprises, and sectorial guidance</li> <li>• G20/OECD recommendations on Corporate governance</li> <li>• UN Conventions and recommendations,</li> <li>• UN Global Compact Principles</li> <li>• UN Sustainable Development Goals</li> <li>• ILO Conventions , including the core ones, and recommendations</li> <li>• TFCO recommendations</li> <li>• Paris Agreement (UNFCCC)</li> </ul>
<p><b>Information updated on:</b></p>	<p>April 2021</p>