

# **INDEX RULE BOOK**

## **Euronext Europe SBT 1.5 Index Family**

Version 24-01

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# 1. GENERAL

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This document is applicable to the Euronext Europe SBT 1.5 Index family ("Index Family"), which consists of all the Indices as mentioned in the Reference Table.

The Euronext Europe SBT 1.5 Index family is designed to reflect the price level trends in the trading of shares listed on Euronext Paris.

Euronext Paris is the Administrator of this Index Family.

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## VERSION NOTES

Version	Effective date	New or changed parts	Reference/announcement
23-01	24 Apr 2023	Initial version	
24-01	22 Feb 2024	Update on some Sustainalytics Field Id	

## 2. INDEX REVIEWS

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### 2.1 REVIEW FREQUENCY AND RELEVANT DATES

**Review frequency:** Quarterly

**Review Effective Date:** After the market close of the third Friday of March, June, September and December.

**Review Cut-Off Date:** After the market close of the penultimate Friday of February, May, August and November.

**Review Announcement Date:** At least six trading days before the Review Effective Date.

**Review Weighting Announcement Date:** Two days before the Review Effective Date.

### 2.2 REVIEW SELECTION

#### Step 1: Index Universe

##### Index Universe definition

The Index Universe consists of the Companies included in the Euronext Europe 500 Index. At reviews this means included in the Euronext Europe 500 Index after the Review Effective Date.

##### Continuous eligibility screening

Companies facing an ESG controversy rating of category High or Severe, or that are not compliant with the UNGC principles, as assessed by Sustainalytics, are not eligible for the index.

The datapoints used to monitor the continuous eligibility are listed below:

- **Controversies:**

Exclusion topic	Exclusion criteria	Sustainalytics Field Id
ESG controversy rating	Categories 4 (High) or 5 (Severe)	121010112599

- **United Nation Global Compact:**

Exclusion topic	Exclusion criteria	Sustainalytics Field Id
United Nations Global Compact	Flagged "Non-compliant"	231112111799

## Step 2: Eligibility screening at reviews

From the Index Universe, the Companies with any of the following characteristics are not eligible:

### Exclusion of companies based on temperature assessment

- All companies that are not approved with a 1.5° near-term Temperature target on Scopes 1+2 by Science Based Target Initiative (SBTi) are not eligible
- All Companies without a Scope 3 Temperature Target  $\leq 2^\circ$  by Science Based Target Initiative (SBTi) are not eligible. Before 2019, the Science Based Target (SBT) was based on Scopes 1 & 2 only. As a consequence, for all companies that have been approved with a SBT before 2019, the Scope 3 assessment is performed using the most recent Scope 3 Temperature score, as assessed by CDP.
- If less than 100 companies are excluded, remaining companies are ranked in decreasing order by the Scope 3 Temperature score, as assessed by CDP. Companies with the highest Scope 3 Temperature scores are excluded until we reach a total number of 100 companies are excluded.
- In case of equal Scope 3 Temperature score, the Company with the higher Free Float Market Capitalization will rank higher.

### Activity exclusions

From the Index Universe, the Companies with any of the following characteristics are not eligible:

- **Tobacco production or distribution:**

Exclusion topic	Exclusion revenue criteria	Sustainalytics Field Id
Tobacco Products Production	Any involvement	172911112999
Tobacco Products Related Products/Services	Revenues $\geq 10\%$	172913112999
Tobacco Products Retail	Revenues $\geq 10\%$	172915112999

- **Controversial Weapons:**

Exclusion topic	Exclusion criteria	Sustainalytics Field Id
Controversial Weapons Tailor-made and essential <sup>1</sup>	Any involvement	171611102999
Controversial Weapons Non tailor-made or non essential <sup>1</sup>	Any involvement	171613102999

- **Unconventional Oil & Gas:**

Exclusion topic	Exclusion revenue criteria	Sustainalytics Field Id
Shale Energy Extraction	Any involvement	173211112999

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<sup>1</sup> This includes: Anti-Personnel Mines; Biological and Chemical Weapons; Cluster Weapons; Depleted Uranium and White Phosphorus

Oil Sands Extraction	Any involvement	173012171899
Arctic Oil & Gas Exploration Extraction	Any involvement	173111112999

- **Thermal Coal:**

Exclusion topic	Exclusion revenue criteria	Sustainalytics Field Id
Thermal Coal Extraction	Any involvement	172811112999
Thermal Coal Power Generation	Revenues $\geq$ 5%	172813112999

- **Civilian Firearms:**

Exclusion topic	Exclusion revenue criteria	Sustainalytics Field Id
Small Arms Civilian customers (Assault weapons)	Revenues $\geq$ 5%	171711112999
Small Arms Civilian customers (Non-assault weapons)	Revenues $\geq$ 5%	171721112999

### Step 3: Selection Ranking

No ranking is applied

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

All eligible Companies are selected

## 2.3 PERIODICAL WEIGHTING UPDATE

### Weighting method

The index is Free Float Market Capitalization weighted.

The Weighting Factors are explained in the following paragraphs.

### Number of shares

The Number of Shares of a Company included in the Index Family will be identical to the Euronext Europe 500 Index.

### Free Float factor

The Free Float Factor of a Company included in the Index Family will be identical to the Euronext Europe 500 Index.

### Capping Factor

A Capping Factor is calculated based on the Review Weightings Announcement Date such that the Companies included in the index have a maximum weight of 10%.

## 3. REFERENCES

### 3.1 REFERENCE TABLE

Index name	Isincode	Mnemo	Bloom- berg Code	Reuters code	Base date	Base value	Publicatio n since	Index Type
Euronext Europe SBT 1.5	FRESG0001304	ESBTP	EUSBT15P	.ESBTP	01-01-2010	1000	24-04-2023	Price return
Euronext Europe SBT 1.5 NR	FRESG0001312	ESBTN	EUSBT15N	.ESBTN	01-01-2010	1000	24-04-2023	Net return
Euronext Europe SBT 1.5 GR	FRESG0001320	ESBTG	EUSBT15G	.ESBTG	01-01-2010	1000	24-04-2023	Gross return
Euronext Europe SBT 1.5 NR Decrement 3.75%	FRESG0001338	ESN3D	EUSBTN3D	.ESN3D	01-01-2010	1000	24-04-2023	Net return Decrement
Euronext Europe SBT 1.5 NR Decrement 4%	FRESG0001346	ESN4D	EUSBTN4D	.ESN4D	01-01-2010	1000	24-04-2023	Net return Decrement
Euronext Europe SBT 1.5 NR Decrement 5%	FRESG0001353	ESN5D	EUSBTN5D	.ESN5D	01-01-2010	1000	24-04-2023	Net return Decrement
Euronext Europe SBT 1.5 GR Decrement 3.75%	FRESG0001361	ESDG3	EUSBTG3D	.ESDG3	01-01-2010	1000	24-04-2023	Gross return Decrement
Euronext Europe SBT 1.5 GR Decrement 4%	FRESG0001379	ESDG4	EUSBTG4D	.ESDG4	01-01-2010	1000	24-04-2023	Gross return Decrement
Euronext Europe SBT 1.5 GR Decrement 5%	FRESG0001387	ESDG5	EUSBTG5D	.ESDG5	01-01-2010	1000	24-04-2023	Gross return Decrement

### 3.2 BASE CURRENCY

The Base Currency of this index family is Euro.

### 3.3 PUBLICATION

The levels 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 Companies included in the Index.

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.

### 3.4 BACKTEST

Because most companies have not set temperature targets before 2020, the methodology has been back-tested since 01-01-2010 by using the temperature targets as of the live date.

In the backtest, a quarterly review has been applied, where only components of the Euronext Europe 500 Index were eligible.

## 4. ESG DISCLOSURES

EXPLANATION OF HOW ESG FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY	
<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 Europe SBT 1.5</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>Exclusion:</p> <p><b>Sustainalytics:</b></p> <ul style="list-style-type: none"> <li>- ESG controversy rating</li> <li>- United Nations Global Compact assessment</li> <li>- Involvement in production / distribution of tobacco</li> <li>- Involvement in controversial Weapons tailor made or essential</li> <li>- Involvement in controversial weapons non tailor made or non-essential</li> <li>- Involvement in shale energy extraction</li> <li>- Involvement in Oil Sands extraction</li> <li>- Involvement in Arctic Oil &amp; Gas extraction</li> <li>- Involvement in Thermal coal extraction</li> <li>- Involvement in Thermal coal power generation</li> <li>- Involvement in small arms civilian customers (assault weapons)</li> <li>- Involvement in small arms civilian customers (non assault weapons)</li> </ul> <p><b>CDP / SBTi:</b></p> <ul style="list-style-type: none"> <li>- CDP Scope 3 Temperature assessment</li> <li>- SBTi Scope 1+2 Science Based Target</li> <li>- SBTi Scope 3 Science Based Target assessment</li> </ul>
b) List of social factors considered:	<p><b>Sustainalytics:</b></p> <ul style="list-style-type: none"> <li>- United Nations Global Compact assessment</li> </ul>
c) List of governance factors considered:	<p><b>Sustainalytics:</b></p> <ul style="list-style-type: none"> <li>- United Nations Global Compact assessment</li> </ul>
<b>Item 6.</b> Data and standards used.	
a) Data input. <i>(i) Describe whether the data are reported, modelled or, sourced internally or externally.</i>	The data are based on company self-reported data on emissions reduction targets which are then applied to climate models to produce temperature alignment scores.

*(ii) Where the data are reported, modelled or sourced externally, please name the third party data provider.*

The data are reported to and then assessed by the SBTi and/or CDP.

**Sustainalytics:**

Sustainalytics applies several measures to ensure consistency in application of the methodology. Firstly, all analysis is conducted in line with our methodology and guidelines. This ensures that research, particularly when qualitative in nature, remains consistent. The data we use includes publicly disclosed, Artificial Intelligence (AI) and assessments by our experienced analysts.

Artificial Intelligence: Sustainalytics sources issuer disclosures through the use of artificial intelligence. Once the sources have been identified, they are thoroughly assessed by our analyst team for completeness and consistency, and for interpretation. In addition, before publication of the ESG Risk Ratings and Research, issuers are contacted for feedback. Issuers are also contacted in case of a significant or severe Controversy. When issuers can provide sufficient proof for management indicators, this will be taken into consideration.

Publicly disclosed information: Sustainalytics' issuer research is based on publicly disclosed information. On a daily basis we screen over 80,000 media sources using artificial intelligence, sourced by LexisNexis. As part of our research cycle, we do give issuers the opportunity to give feedback on our findings. If they can provide sufficient proof, we will take this into consideration. The response rate of issuers has increased substantially over the recent years, reflecting the recognition of corporates that ESG issues are material and affect their ability to attract investors.

Analyst Research: Sustainalytics have over 650 data analysts and specialists focused on fund collection and processing, quality assurance, fund company relationships, and client support which is a significantly larger team than our closest competitor. This team is situated across our global offices in 27 countries and the local presence ensures that we understand the distinct nuances of the underlying content and our customer needs in every country and region.

To maximize our data processing speed and efficiency, we take advantage of our geographical dispersion to collect the most relevant data by country and investment type and to keep our "data factory" working 24 hours a day.

b) Verification of data and guaranteeing the quality of those data.

*Describe how data are verified and how the quality of those data is ensured.*

**Sustainalytics:**

Data Quality

- Operational Management: Business processes and tools are in place for universe maintenance, research planning, monitoring of timely publication and tracking of production targets.

	<p>Productivity Tools: Our internal research platforms and databases are continuously enhanced to ensure research data integrity as well as efficient data collection and processing.</p> <ul style="list-style-type: none"> <li>- Data Management: Systems are in place for the periodic collection and verification of non-research data (e.g. company identifiers) and ensuring the integrity of all data points from backend to front-end.</li> <li>- Automated end-of-gate quality checks: Daily automated quality control systems are in place to ensure the accuracy and integrity of ESG Ratings pre-publication, flagging outliers and unusual patterns to avoid unwarranted rating volatility.</li> <li>- Data Delivery Systems: Our online client portal (Global Access) and data services are maintained daily and continuously improved to give a comprehensive and accurate representation of our products.</li> <li>- Data Deliverables: Automated and manual quality assurance checks are run on all periodic and on-off custom client deliverables.</li> </ul> <p>Product/Service Quality</p> <ul style="list-style-type: none"> <li>- Research Product Innovation: As we continuously expand and improve our offering, the client impact of any structural product changes is thoroughly assessed prior to implementation.</li> <li>- Service Innovation: As we continuously expand and improve our digital services to clients, any new features are thoroughly tested before being released to clients.</li> <li>- New Product Launches: A well-defined Stage-Gate process has been put in place to carefully manage product launches and ensure quality, at the launch and beyond.</li> </ul> <p><b>SBTi:</b></p> <p>A detailed description of how the SBTi assesses target conformance against the SBTi standards can be found in the SBTi Target Validation Protocol: <a href="https://sciencebasedtargets.org/resources/files/Target-Validation-Protocol.pdf">https://sciencebasedtargets.org/resources/files/Target-Validation-Protocol.pdf</a></p> <p><b>CDP:</b></p> <p>All emission reduction target data reported by companies to CDP is assessed for validity according to a specific methodology. This includes checks for disclosure completeness, consistency, and outliers. Only valid targets are further assessed for temperature alignment.</p>
<p>c) Reference standards</p> <p><i>Describe the international standards used in the benchmark methodology.</i></p>	<p><b>Sustainalytics:</b></p> <p>Through our norms based screening, Global Standard Screening, we cover a broad range of international norms and standards including; UN Global Compact Principles (UNGC), UN Guiding Principles on Business</p>

and Human Rights (UNGPs), OECD Guidelines for Multinational Enterprises and Related Conventions.

**SBTi:**

Information on SBTi criteria for near-term emission reduction targets in the corporate sector can be found at

<https://sciencebasedtargets.org/resources/files/SBTi-criteria.pdf>, while that for the SBTi corporate net-zero

standard can be found at

<https://sciencebasedtargets.org/resources/files/Net-Zero-Standard-Criteria.pdf>

**CDP:**

The CDP Temperature Ratings are not produced using international standards. However, they are based on publicly available rating methodologies and the CDP disclosure standard.

<https://www.cdp.net/en/investor/temperature-ratings>

CDP incentivize through their survey to companies the disclosure of climate-related information according to the following standards: GHG protocol, TCFD recommendations, Science-Based Targets, UN Global Compact the CEO Water Mandate guidelines. Further details can be found on CDP website at [www.cdp.net](http://www.cdp.net), find below some of the relevant links :

- <https://www.cdp.net/en/scores/cdp-scores-explained>
- <https://www.cdp.net/en/guidance/environmental-disclosure-standards-and-frameworks>

**Information updated on:**

24-04-2023