

INDEX RULE BOOK

MIB ESG Index Family

Version 22-01

Effective from June 2022

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1. GENERAL

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

The MIB ESG family is designed to reflect the price level trends in the trading of shares listed on Euronext Milan.

Euronext Paris is the Administrator of this Index Family. Euronext acts as supervisor of the MIB ESG index family.

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PREVIOUS VERSION NOTES

Version	Effective date	New or changed parts
21-01	18 October 2021	First version
21-02	1 December 2021	Removed Nuclear weapons from list of controversial weapons in the eligibility screening at reviews. Addition Decrement 3.75% and 5% versions

VERSION NOTES

Version	Effective date	New or changed parts	Reference/announcement
21-03	15 Dec 2021	restyled version in view of newly published Calculation and Corporate Actions rulebooks	
22-01	June 2022	Update to the liquidity screening	EIA_2022-151_NXTG

2. INDEX REVIEWS

2.1 REVIEW FREQUENCY AND RELEVANT DATES

Review frequency: Quarterly, with an Annual review in June

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 five 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 all Companies listed Euronext Milan MTA and MIV markets.

Continuous eligibility screening

Companies with active critical controversies related to UNGC as determined by Moody's ESG Solutions are not eligible for the index. Each critical controversy remains active for 2 years or until Moody's ESG Solutions 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 Moody's ESG Solutions.

Step 2: Eligibility screening at reviews

Liquidity screening

The companies part of the Index Universe are screened for liquidity. The top 60 in term of 6 months MDTV (Median Daily Traded Value) are eligible. Companies currently included in the Index are eligible as long as they rank in the top 70 in terms of 6 months MDTV.

Negative screening

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
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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: Anti-personnel landmines, cluster munitions, biological weapons, chemical weapons, blinding laser weapons, incendiary weapons, non-detectable fragments, depleted uranium, white phosphorus.	>0% >0%

Step 3: Selection Ranking

The eligible Companies are ranked by decreasing order on the ESG score as assigned by Moody's ESG Solutions. In case of an equal score the Company with the highest free float market capitalisation will rank higher.

Step 4: Selection of constituents at the reviews

Initial selection at annual review

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

Initial 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 initial selection

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 next 10 largest Companies within the Index Universe. In case of an equal score the Company with the highest free float market capitalization will rank higher. This is done potentially iteratively in batches of 10 Companies from the Index Universe until the size of the pool of eligible Companies reaches 40.

2.3 PERIODICAL WEIGHTING UPDATE

Weighting method

The index is Free Float Market Capitalisation weighted.

The Weighting Factors are explained in the following paragraphs.

Annual and Quarterly Reviews:

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.

3. REFERENCES

3.1 REFERENCE TABLE

Index name	Isincode	Mnemo	Bloom-berg Code	Reuters code	Base date	Base value	Publication since	Index Type
MIB ESG	FR0014005WN0	MESGP	MIBESG	.MIBESG	31/12/2009	1000	18/10/2021	Price
MIB ESG NR	FR0014005WL4	MESGN	MIBESG NR	.MIBESG NR	31/12/2009	1000	18/10/2021	Net
MIB ESG GR	FR0014005WM2	MESGG	MIBESG GR	.MIBESG GR	31/12/2009	1000	18/10/2021	Gross
MIB ESG Decrement 3.75%	FRESG0000041	MED37	MIBED375	.MED37	31/12/2009	1000	17/11/2021	Decrement 3.75% on NR
MIB ESG Decrement 5%	FRESG0000058	MED5	MIBESGD5	.MED5	31/12/2009	1000	17/11/2021	Decrement 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 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.

4. 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	
a) List of environmental factors considered:	<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> <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:	Please refer to a)
c) List of governance factors considered:	Please refer to a)
Item 6. 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> <p>A) United Nations Global Compact (UNGC) screening</p> <p>Exclusion of controversial companies. Moody's ESG Solutions 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</p> <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>
<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"> •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.
<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"> • 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 • TFCDD recommendations • Paris Agreement (UNFCCC)
<p>Information updated on:</p>	<p>18 October 2021</p>

