

CONSULTATION SUMMARY

Consultation subject:	BEL ESG changes to eligibility criteria
Consultation started:	October 2023
Summary published:	12 December 2023

Summary:

A consultation took place in October, November and December 2023 related to some changes regarding eligibility criteria for the BEL ESG Index.

In order to limit changes during reviews, it was proposed that companies that are part of the BEL ESG Index still qualify for Index inclusion as long as their ESG Risk Rating stays within the top 30% percentile of its Subindustry. Currently for current constituents of the BEL ESG Index this threshold is set at 25% percentile within its Subindustry. For companies that are not part of the BEL ESG Index, it is proposed to keep the threshold unchanged, meaning that these companies remain not eligible for Index inclusion in case their ESG Risk rating is not within the top 25% percentile of its Subindustry. In general, consultation feedback on this change was positive.

In addition, to comply with the revised 2023 Towards Sustainability label requirements, Euronext consulted on some other product involvement screening criteria changes. Euronext proposed to exclude companies that have any involvement in Oil and Gas Production and Oil and Gas Generation, instead of excluding companies with revenues larger or equal to 5% related to this. Euronext proposed to add an exclusion criteria for Military Contracting Weapon Related Products and/or Services with a 5% threshold. In general, consultation feedback on these changes were positive.

Number of Responses:

A small number of reactions was received (5).

Follow up:

The new proposed rule regarding the ESG Risk Rating Percentile eligibility was approved by the Independent Supervisor and will be applicable per 15 February 2024. This means that this change is applicable for the first time at the March 2024 Review of the BEL ESG.

The new proposed rules on the additional product involvement screening criteria changes was also approved by the Independent Supervisor and will be applicable per May 2024 in order to be aligned with the application for the Revised 2023 Towards Sustainability label requirements. This means that these changes will be applicable for the first time at the June 2024 Review of the BEL ESG.

All details of the new rules can be found below.

Details new rules

ESG Risk Rating Percentile eligibility

Companies that have an ESG Risk Rating that is larger or equal than 25% percentile within its Subindustry, as assessed by Sustainalytics, are not eligible. For current constituents of the Index, companies with a ESG Risk Rating that is larger or equal than 30% percentile within its Subindustry, as assessed by Sustainalytics, are not eligible. Companies with a low percentile percentage score better than companies with a high percentile percentage within the Subindustry.

Product Involvement eligibility

Exclusion type	Description	Revenues	Sustainalytics Field Id
Tobacco	<ul style="list-style-type: none"> - Companies with any involvement in the Production of Tobacco. - Companies with revenues larger or equal to 5% derived from Retail of Tobacco are excluded. 	>0%	172911151899/ 172911112999
		≥5%	172915151899/ 172915112999
Small Arms	<ul style="list-style-type: none"> - Companies with revenues larger or equal to 5% from Civilian customers (Assault weapons) are excluded. - Companies with revenues larger or equal to 5% from Civilian customers (Non- Assault weapons) are excluded. - Companies with revenues larger or equal to 5% from Military/law enforcement customers are excluded. - Companies with revenues larger or equal to 5% from Key components are excluded. 	≥5%	171711151899/ 171711112999
		≥5%	171721151899/ 171721112999
		≥5%	171713151899/ 171713112999
		≥5%	171715151899/ 171715112999
Controversial Weapons	<ul style="list-style-type: none"> - Companies with specific involvement in tailor-made and essential controversial weapons are excluded. - Companies with Significant Ownership for specific involvement in tailor-made and essential controversial weapons are excluded. - Companies with specific involvement in non tailor-made or non essential controversial weapons are excluded. - Companies with Significant Ownership for specific involvement in non tailor-made or non essential controversial weapons are excluded. 	N/A	171611101899/ 171611102999
		N/A	171612101899/ 171612102999
		N/A	171613101899/ 171613102999
		N/A	171614101899/ 171614102999
Other Weapons	<ul style="list-style-type: none"> - Companies with revenues larger or equal to 5% from Military Contracting Weapons are excluded. - Companies with revenues larger or equal to 5% from Military Contracting Weapon Related Products and/or Services are excluded. 	≥5%	172111151899/ 172111112999
		≥5%	172113102999/ 172113112999
Thermal Coal	<ul style="list-style-type: none"> - Companies with any involvement in Thermal Coal Extraction are excluded. - Companies with any involvement in Thermal Coal Supporting Products/Services are excluded. 	>0%	172811151899/ 172811112999
		>0%	171025181999/ 171025171999
Oil Sands	<ul style="list-style-type: none"> - Companies with any involvement in Oil Sands Extraction are excluded 	>0%	173011151899/ 173011112999
Shale Energy	<ul style="list-style-type: none"> - Companies with any involvement in Shale Energy Extraction are excluded. 	>0%	173211151899/ 173211112999
Arctic Oil & Gas	<ul style="list-style-type: none"> - Companies with any involvement in Arctic Oil & Gas Exploration Extraction are excluded. 	>0%	173111151899/ 173111112999



Oil & Gas	<ul style="list-style-type: none"> - Companies with any involvement in Oil & Gas Production are excluded. - Companies with any involvement in Oil & Gas Generation are excluded. - Companies with revenues larger or equal to 5% from Oil & Gas Supporting Products/Services are excluded. 	<p>>0%</p> <p>>0%</p> <p>≥5%</p>	<p>173311151899/ 173311112999</p> <p>173315151899/ 173315112999</p> <p>173313151899/ 173313112999</p>
Power Generation	<ul style="list-style-type: none"> - Companies with any involvement in Thermal Coal Power Generation are excluded. - Companies with any involvement in Nuclear Energy Electricity Generation - Companies with ICB 651010 (Electricity) involved in Power Generation that derive less than 50% of their revenues from the following contributing activities: Bioenergy Renewable Energy Generation, Bioenergy Renewable Energy Support, CSP Renewable Energy Generation, CSP Renewable Energy Support, Geothermal Renewable Energy Generation, Geothermal Renewable Energy Support, Hydropower Renewable Energy Generation, Hydropower Renewable Energy Support, Ocean Renewable Energy Generation, Ocean Renewable Energy Support, Solar PV Renewable Energy Generation, Solar PV Renewable Energy Support, Technology Maintenance Renewable Energy, Technologies Renewable Energy, Wind Renewable Energy Generation, Wind Renewable Energy Support. - Companies with ICB 651010 (Electricity) involved in Power Generation that do not decrease their Total Carbon Emission Scope 1&2 	<p>>0%</p> <p>>0%</p> <p><50%</p> <p>N/A</p>	<p>172813151899/ 172813112999</p> <p>172211151899/ 172211112999, 172215151899/ 172215112999, 172213151899/ 172213112999</p> <p>361213513599, 361213523599, 361213433599, 361213443599, 361213533599, 361213543599, 361213493599, 361213503599, 361213473599, 361213483599, 361213413599, 361213423599, 361213873599, 361213223599, 361213453599 361213463599</p> <p>191111132799</p>