

# **INDEX RULE BOOK**

## **Euronext Low Carbon 100 Europe PAB Index**

Version 25-01  
Effective from 11 April  
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[indices.euronext.com](http://indices.euronext.com)



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## **1. GENERAL**

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This document is applicable to the Euronext Low Carbon 100 Europe PAB Index ("Index Family"), which consists of all the Indices as mentioned in the Reference Table.

The Euronext Low Carbon 100 Europe PAB Index is designed to reflect the price level trends in the trading of shares listed in Europe.

Euronext Paris is the Administrator of this Index Family. The Expert Committee acts as Independent Supervisor of the Index Family.

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### **PREVIOUS VERSION NOTES**

(Low Carbon family)

18-01 Change of definition of Free Float Factor

18-01 Addition of the exclusion rules for some energy companies

18-01 Addition of some rules to arrive to '100- NG' companies

19-01 Full methodology updated, see announcement No 2019-93

19-02 Review dates modified from December to March (annual review) and from June to September (semi-annual) + exclusion of the ICB Subsectors Oil Equipment & Services.

The perimeter of exclusions at semi-annual review includes the UNGC principles.

20-01 Update of the CDP Equivalence table: "Not requested to respond" set at 0 instead of 0.5.

20-02 Integration of ESG Disclosures and update for ICB classification definition changes

20-03 Addition of PAB compliance mechanisms

20-04 Low Carbon 100 Europe® Index renamed to Low Carbon 100 Europe® PAB Index

21-01 Annual review implementation date modified to the first Wednesday of April instead of the third Friday of March, new rule weighting rule for the Green pocket, addition of exclusions related to Nuclear, Conventional weapons and Controversial weapons.

21-02 Addition of Low Carbon 100 Eurozone PAB and Low Carbon 300 World PAB

### **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	April 2022	Addition of 'civilian firearms' to the 'conventional weapons' screening. Exclusion of 'tobacco production' made explicit.	
22-02	April 2022	Update of the Carbon4 score methodology and bonus/malus system into CDP Equivalence table	

22-03	August 2022	Addition of Review Weighting Date	EIA 2022-318
25-01	April 2025	Change of methodology	

## **2. INDEX REVIEWS**

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### **2.1 REVIEW FREQUENCY AND RELEVANT DATES**

<b>Review frequency:</b>	Annual review in April. Semi-annual review screening for UNGC controversies in October. Quarterly for constituents weight capping in January, April, July and October.
<b>Review Effective Date:</b>	After the market close of the second Friday of January, April, July and October.
<b>Review Cut-Off Date:</b>	For the Annual review: after the market close of the penultimate Friday of February. Six days before the Effective Date for semi-annual and quarterly reviews.
<b>Review Announcement Date:</b>	Five trading days before the Review Effective Date.
<b>Review Weighting Date:</b>	Six trading days before the Review Effective Date.
<b>Review Weighting Announcement Date:</b>	Five trading days before the Review Effective Date.

### **2.2 REVIEW SELECTION**

#### **2.2.1 General methodology objectives**

The Index seeks compliance with Paris Aligned Benchmark (PAB) objectives. The Index targets a fixed number of constituents after a stringent exclusion process and with a Climate best-in-class approach. Among them an EU Taxonomy pocket with a minimum weight of 5% and up to 10%, is composed of stocks with high proportion of turnover linked to their alignment with EU Taxonomy objectives.

Compliance with PAB is aimed to via weight adjustments following core selection and preliminary weights.

The weights are constructed using an optimization process that aims to achieve the PAB decarbonization objectives while minimizing the deviation in sector proportions relative to the parent index. (Cf section 2.4 for further details)

The index ensures that at least 30% of the components are excluded based on extra-financial criteria.<sup>1</sup>

#### **2.2.2 Data Partner**

ISS ESG provides research datapoints related to ESG, Energy transition, Carbon exposure, Controversies and Activity involvement.

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<sup>1</sup> Extra-financial criteria are non-financial factors, such as environmental, social, and governance (ESG) aspects, used to evaluate a company's sustainability, ethics, and long-term risk management.

CDP provides research datapoints related to climate and temperature score.

### 2.2.3 Climate Impact sections

Grouping of companies based on NACE section classification (Annex I to EC Regulation No 1893/2006) into two sections:

- High Climate Impact section
  - NACE Sections A to H and Section L
- Low Climate Impact section
  - NACE Section that are not part of the High Climate Impact section
  -

NACE Section	NACE Section Name	Climate Impact Section Group
A	AGRICULTURE, FORESTRY AND FISHING	High
B	MINING AND QUARRYING	High
C	MANUFACTURING	High
D	ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLIES	High
E	WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	High
F	CONSTRUCTION	High
G	WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES	High
H	TRANSPORTATION AND STORAGE	High
I	ACCOMMODATION AND FOOD SERVICE ACTIVITIES	Low
J	INFORMATION AND COMMUNICATION	Low
K	FINANCIAL AND INSURANCE ACTIVITIES	Low
L	REAL ESTATE ACTIVITIES	High
M	PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	Low
N	ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES	Low
O	PUBLIC ADMINISTRATION AND DEFENCE; COMPULSORY SOCIAL SECURITY	Low
P	EDUCATION	Low
Q	HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	Low
R	ARTS, ENTERTAINMENT AND RECREATION	Low
S	OTHER SERVICE ACTIVITIES	Low
T	ACTIVITIES OF HOUSEHOLDS AS EMPLOYERS; UNDIFFERENTIATED GOODS- AND SERVICES-PRODUCING ACTIVITIES OF HOUSEHOLDS FOR OWN USE	Low
U	ACTIVITIES OF EXTRATERRITORIAL ORGANISATIONS AND BODIES	Low

### 2.2.4 GAFI Lists

GAFI Grey and Black Countries lists can be found [here](#).

### 2.2.5 Non fiscally cooperative countries with UE

Non fiscally cooperative countries with UE can be found [here](#).

## **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 after the Review Effective Date.

## **Step 2: Eligibility screening at reviews**

The list of Constituents is reduced by a series of screens. The Companies with any of the following characteristics are excluded:

- Companies whose country of incorporation is in the GAFI Grey List.
- Companies whose country of incorporation is in the GAFI Black List.
- Companies whose country of incorporation is in a non-fiscally cooperative country with UE.

- **They belong to the following ICB Subsectors:**

- o Tobacco (45103010)
- o Defense (50201010)
- o Aerospace (50201020)
- o Oil Equipment & Services (60101030)

- **Breaches of international standards:**

<b>Exclusion topic</b>	<b>Exclusion criteria</b>	<b>ISS-ESG Field Name</b>
Breaches of international standards	Flagged "Red"	nbr_overall_flag

- **Tobacco :**

<b>Exclusion topic</b>	<b>Exclusion criteria</b>	<b>ISS-ESG Field Name</b>
Tobacco - Production Maximum Percentage of Revenues (%)	Derived turnover > 0%	TobaccoProdMaxRev
Tobacco - Distribution Maximum Percentage of Revenues (%)	Derived turnover > 5%	TobaccoDistMaxRev

- **Controversial Weapons:**

<b>Exclusion topic</b>	<b>Exclusion criteria</b>	<b>ISS-ESG Field Name</b>
Biological Weapons	Flagged "Red" or "Amber"	BiologicalWeaponsOverallFlag
Chemical Weapons	Flagged "Red" or "Amber"	ChemicalWeaponsOverallFlag
Nuclear Weapons	Flagged "Red" or "Amber"	NuclearWeaponsOverallFlag
Nuclear Weapons Outside NPT	Flagged "Red" or "Amber"	NuclearWeaponsNonNPTOverallFlag
Cluster Munitions	Flagged "Red" or "Amber"	ClusterMunitionsOverallFlag
Depleted Uranium	Flagged "Red" or "Amber"	DepletedUraniumOverallFlag
Anti-personnel Mines	Flagged "Red" or "Amber"	APMinesOverallFlag

- **Energy and Extractives :**

<b>Exclusion topic</b>	<b>Exclusion criteria</b>	<b>ISS-ESG Field Name</b>
Coal Mining and Power Gen - Maximum Percentage of Revenues (%)	Derived turnover > 0%	CoalMiningAndPowGenRevShareMax
Fossil Fuel - Total Maximum Percentage of Revenues (%)	Derived turnover > 0%	FossilFuelRevShareMax
Power Generation - Thermal Maximum Percentage of Revenues (%)	Derived turnover > 0%	PowGenRevShareThermalMax

- **Unconventional Oil & Gas:**

<b>Exclusion topic</b>	<b>Exclusion criteria</b>	<b>ISS-ESG Field Name</b>
Shale Oil and/or Gas - Involvement Tie	Flagged "Production" or "Services"	ShaleOilGasInvolvement
Arctic Drilling - Involvement Tie	Flagged "T"	ArcticDrillingInvolvement
Fossil Fuel - Deepwater Drilling Involvement	Flagged "T"	DeepwaterDrillingInvolvement
Hydraulic Fracturing - Involvement Tie	Flagged "Production" or "Services"	HydraulicFracturingInvolvement
Coal Mining Expansion - Involved	Flagged "T"	CoalMiningExpInvolved
Oil Gas Extraction Expansion - Involved	Flagged "T"	OilGasExtractExpInvolved
Other Fossil Fuel Infrastructure - Involved	Flagged "T"	OtherFFInfraInvolved

- **Nuclear :**

<b>Exclusion topic</b>	<b>Exclusion criteria</b>	<b>ISS-ESG Field Name</b>
Nuclear Power - Involvement Tie	Flagged "Production" or "Services"	NuclearPowerInvolvement
Nuclear Power - Total Maximum Percentage of Revenues	Derived turnover $\geq$ 5%	NuclearPowerRevShareMax
Nuclear Power - Uranium Mining Max Percentage of Revenues (%)	Derived turnover $>$ 0%	NuclearPowerUraniumRevShareMax

- **Civilian firearms and Military :**

<b>Exclusion topic</b>	<b>Exclusion criteria</b>	<b>ISS-ESG Field Name</b>
Civilian Firearms - Revenue Share Max (%)	Derived turnover $\geq$ 5%	CivFARevShareMax
Military Equipment and Services - Dist Revenue Share Max (%)	Derived turnover $\geq$ 5%	MilitaryEqmtDistMaxRev

*EU Taxonomy pocket*

Companies are defined as EU Taxonomy if they meet the following criterium:

1. At least 20% of their turnover is aligned with EU Taxonomy Objective 1 – Climate Change Mitigation and Objective 2 – Climate Change Adaptation, while ensuring compliance with DNSH (Do No Significant Harm) and Minimum Safeguards as defined by ISS ESG Solutions.

If fewer than 10 companies satisfy these criteria, the '20% of turnover' condition may be relaxed at the discretion of the Expert Committee.

Note on Non-EU Taxonomy companies: For the purposes of this index, any company not classified as EU Taxonomy companies is labeled as Non-EU Taxonomy companies. This label is used solely for classification and does not reflect the degree of environmental involvement of the company.

*Non-EU Taxonomy pocket*

Companies are classified as Non-EU Taxonomy if they meet both of the following criteria:

1. They are not included in the EU Taxonomy pocket.
2. They do not fall within the top 10% of companies of the Index Universe with the worst Social and Governance scores in the index universe, calculated as the average of these two metrics, as defined by ISS ESG Solutions. In the case of tied average scores, the company with the higher Social score is excluded.

In case of serious controversies that have arisen after the cut-off date and/or controversies that are deemed to be incompatible with the index spirit, the Expert committee can decide to

exclude certain companies. The decision ground includes Environmental, Social or corporate Governance (ESG) controversies.

### Step 3: Selection Ranking

Euronext calculates a climate score for each Non-EU Taxonomy company by combining a CDP temperature score with CDP letter-based scores.

The CDP temperature score is the average between CDP target score and CDP trend score. The background of the scores is described in the Euronext ESG Providers Methodologies rulebook.

For each company, the CDP temperature score (1.5 being excellent and 3.1 being poor) will be tilted with a bonus/malus system, ranging from -0,3 to +0,3 using the CDP equivalence table. For example, a company with a CDP temperature score of 2.4 and a CDP letter-based score of A- (equivalent to a bonus of -0.24) will get a climate score of 2.16.

#### CDP Equivalence Table

CDP Score Alphabet	Bonus (-) )/Malus(+)
A	-0.3
A-	-0.24
B	-0.18
B-	-0.12
C	0
C-	0.12
D	0.18
D-	0.24
F**	0.3
Not requested to respond	0.3

F\*\*: Failure to provide sufficient information to be evaluated. Companies who are requested to disclose their data and fail to do so, or fail to provide sufficient information. This does not necessarily mean a failure of environmental stewardship

Additionally, companies that are not evaluated under the CDP temperature scoring system will be assigned a default temperature score of 3.2, reflecting insufficient or invalid disclosures.

The climate score will serve as the basis for ranking of candidate companies. The lower the climate score, the higher the stock will rank in terms of its eligibility for the index. Companies with very high, i.e. poor, climate score will not be selected.

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

### **Target number of companies and treatment of the EU Taxonomy companies**

The target number of companies is 100.

Any company that is part of the EU Taxonomy pocket and at the same time is also part of eligible universe (remaining companies after step 2 (all exclusions)-is selected only for the EU Taxonomy pocket. This step is done in order to prevent conflicts in the calculations of sectorial constraints and targets for the Non-EU Taxonomy companies.

#### **EU Taxonomy pocket**

This section is composed entirely of EU Taxonomy companies; The sum of the number of EU Taxonomy companies (' $N_G$ ') and Non-EU Taxonomy companies will be the total number of index constituents.

#### **Non-EU Taxonomy pocket**

This section is composed of eligible universe (remaining companies after step 2 (all exclusions)-. Total target number of Non-EU Taxonomy companies is equal to the Target number of index constituents minus the number of EU Taxonomy companies.

The selection of the Non-EU Taxonomy companies aims to provide a best-in-class collection of companies based on climate score while respecting sectorial constraints with respect to the Index Universe. This procedure is described in the following sections.

**Step 4a:** Determination of the target number of Non-EU Taxonomy companies within each ICB super-sector

The target number of Non-EU Taxonomy companies within each super-sector of the index is proportional to the number of companies in the Super Sectors of the Eligible Universe (remaining companies after step 2 (all exclusions)). This number is then rounded-up.

Ex:	Index Universe	Euronext Low Carbon 100 Europe PAB Index
Number of companies	211	100 - ' $N_G$ ', ex: 91
Number of companies in the ICB super-sector "Personal & Household Goods"	15	Round-up (15/211*91) = <b>Z</b>

#### **Step 4b:** Selection of Non-EU Taxonomy companies

Within each ICB super-sector, the companies are ranked from the best (lowest) to the worst (highest) climate score. The 'n' best companies will be selected, 'n' being the target number of companies in the super-sector, as determined in the previous step.

Due to the rounding of target number of companies in each super-sector, the sum of these super-sector target numbers can be above the aggregate total target for Non-EU Taxonomy companies. In this case, the surplus of companies above the Non-EU Taxonomy target will be removed as follows. The companies with worst (highest) climate scores are removed sequentially, under the constraint that only one company is excluded per super-sector and that at least 2 companies are kept in the final selection per super-sector. In case of equal climate

score, the company with lower Free Float Market Capitalisations will be removed first. If needed, iterations are performed until the number of companies is equal to the target number of Non-EU Taxonomy companies.

#### **Replacement of constituents at the semi-annual review**

At the semi-annual review, companies that have failed to respect established norms and where the issue remains unaddressed are excluded. Established norms refer to international norms on human rights, labor standards, environmental protection and anti-corruption set out in the UN Global Compact and OECD Guidelines. Please refer to the "Data Providers" section for more information about the methodology.

Are also excluded companies with strong controversies related to ESG topics and weapons as determined by the Expert Committee.

## **2.3 PERIODICAL WEIGHTING UPDATE**

### **Weighting method**

The index is Non-Market Capitalisation weighted, based on fundamental analysis fulfilling the PAB aims. The Weighting Factors are explained in the following paragraphs.

#### **Number of shares**

The new weightings are calculated such that each constituent will have the weight in accordance with the outcome of the weighting procedure detailed in 2.4.

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 this Index Family.

#### **Capping Factor**

A maximum weighting of 10% is applied to each Non-EU Taxonomy pocket constituent at the quarterly review. The surplus weight (weight above the capping for a specific company) is rebalanced to all the other index components of the Non-EU Taxonomy pocket, proportional to their size and up to the capping constraint.

## 2.4 LOW CARBON PAB WEIGHTING PROCEDURE

### 2.4.1 Decarbonization objectives

#### 2.4.1.1 Carbon Intensity calculation

Euronext will calculate the Carbon Intensity (CI) for each of the Constituents in the Index as well as for each Constituents in the Index Starting Universe.

The Carbon intensities are calculated as follows:

$$CI = \frac{\text{Sum of Emissions}}{\text{Enterprise Value including Cash}}$$

- Emissions are Scope 1+2+3 carbon emission, provided by ISS-ESG<sup>2</sup>
- Enterprise Value including Cash = Market capitalization + Debt

- For Index:

$$\text{Stock-level weighted CI} = CI * \text{Index weight}^3$$

- For Index Starting Universe:

$$\text{Stock-level weighted CI} = CI * \text{FFMC weight}^4$$

The Weighted Average Carbon Intensity (WACI) of the Index and the Index Starting Universe are established as follows:

- WACI of Portfolio =  $\sum$  Stock-level weighted CI

### 2.4.2 Decarbonization targets

The target metric for decarbonization objectives is the WACI. The following two objectives need to be respected at the same time – they form the **PAB Double Cap**.

#### i) Carbon Intensity reduction of the Index vs the Index Starting Universe of at least 50%

- The WACI of the Index each year will be compared to the WACI of the Index Starting Universe

#### ii) Year-on-year self-decarbonization trajectory of the Index<sup>5</sup>

- During the review in base year Euronext will calculate the WACI of the Index and calculate a decreasing trajectory of carbon intensity target for future years, with 7% annual geometrical decrease as below:

$$WACI_{T+1} \leq (1 - 0.07) * WACI_T$$

<sup>2</sup> In case ISS-ESG does not provide Carbon Emissions then the carbon intensity is calculated as the median of the ICB Supersector carbon intensities.

<sup>3</sup> The calculation of the Index Weights are described in the section 2.5.2

<sup>4</sup> Free Float Market Cap Weights of the components in the index starting universe

<sup>5</sup> Trajectory calculation only applicable since the publication of the Index

- This self-decarbonization trajectory will be made public

Ex:	Index WACI Trajectory	Trajectory Formula
Base Year T	1000	$WACI_T$
Year T+1	930	$(1 - 0.07) * WACI_T$
Year T+2	864.9	$(1 - 0.07)^2 * WACI_T$

The base date and level of the carbon intensity are the following:

Base date of Carbon intensity	Carbon intensity
16/02/2024	294,83

#### 2.4.3 Climate Impact Allocation Constraint

PAB indices must comply with exposure constraints to sectors linked to climate impact. Each stock in the Index selection is assigned to a NACE Letter Section. Companies belonging to NACE Sections A to H and L (subject to change in line with regulation) will be collectively referred to as High Climate Impact Section (HCI). The rest of stocks in the Index selection will be referred to as Low Climate Impact Section (LCI).

#### 2.4.4 Paris Agreement Plan

PAB indices must comply with exposure constraints to sectors linked to Paris agreement. Each stock in the Index selection is assigned a binary value (0 or 1) to indicate the absence or presence of Paris Agreement Plan. A company is deemed to have such a plan if its Issuer Temperature Score, reflects a temperature score below 2°C.

The Issuer Temperature Score is calculated as the mean of the implied temperature rise values derived from the Benchmark, Historical, and Issuer's Target projected emissions approaches under the IEA scenario model as provided by ISS-ESG.

#### 2.4.5 Liquidity constraints

##### Liquidity Constraints (EU Taxonomy pocket):

Considering a €2 billion portfolio size, the weights of the EU Taxonomy companies should fulfil the following criteria:

- Each EU Taxonomy company can be fully sold (i.e. after-sale portfolio weight of 0%) within 5 days
- The daily volume required for this sale cannot exceed 30% of the last 3 months daily average volume

$$W_{IG} = 10\% / N_{gnc}$$

$$Liquidity\ cap = \text{Min} ( W_{IG} + \frac{VOL\_AV\_3M * 30\% * 5}{2bn} ; 10\% )$$

$$Liquidity\ floor = \text{Max} ( W_{IG} - \frac{VOL\_AV\_3M * 30\% * 5}{2bn} ; 0\% )$$

$N_{gnc}$  = number of EU Taxonomy companies

$VOL\_AV\_3M$  = Average daily volume over the last 3 months as of the cut-off date

## Liquidity Constraints (Non-EU Taxonomy pocket):

Considering a €1 billion portfolio size, the weights of the Non-EU Taxonomy companies should fulfil the following criteria:

- The daily volume required for the sale cannot exceed 30% of the last 3 months daily average volume

$$W_{IG} = \frac{FFMC}{\sum FFMC}$$

$$Liquidity\ cap = Min ( W_{IG} + \frac{VOL\_AV\_3M * 30\%}{2bn} ; 10\% )$$

$$Liquidity\ floor = Max ( W_{IG} - \frac{VOL\_AV\_3M * 30\%}{2bn} ; 0\% )$$

*VOL\_AV\_3M* = Average daily volume over the last 3 months as of the cut-off date

## 2.4.6 Weight adjustments to achieve decarbonization objectives:

### Constraints

The index weights are constructed using an optimization process that aims to achieve the decarbonization objectives while minimizing the deviation in Super Sector proportions between the index and the parent index. This ensures that the Super Sector composition of the final index closely aligns with the Super Sector composition of the parent index.

The objective function to minimize is the following:

$$f(w_1, w_2, \dots, w_p) = \sum_{j=1}^m (\sum_{i=1}^p w_i \cdot SectMatrix_{ij} - Sector_{w_j})^2$$

With:

- $w_i$  = Weight of constituent i in the portfolio.
- $SectMatrix_{ij}$  = Binary matrix indicating whether constituent i belongs to Super Sector j.
- $Sector_{w_j}$  = Target weight of Super Sector j in the parent index.
- P = Number of constituents in the portfolio.
- m = The number of Super Sector.

The constraints imposed are the following:

- All weights are positive and sum to 1
- The sum of the Free Float Market Capitalizations of the selection should be lower than 70% of the sum of the Free Float Market Capitalizations of the index universe.
- Sum of weight of EU Taxonomy pocket should be superior or equal to 5%.
- Sum of weight of EU Taxonomy pocket should be inferior or equal to 10%.
- High Stake NACE Section weight in the Index  $\geq$  High Stake NACE Section weight in the Index Starting Universe
- Minimum reduction in WACI relative to Parent index of 50% (Scope 1+2+3)
- Minimum average reduction (per annum) in WACI relative to WACI at the base year of 7%.
- Temperature improvement

$$\sum_{i=1}^P w_i 1_{Plan_i=1} \geq \sum_{j=1}^K w_j 1_{Plan_i=1}$$

- 35% of HCI companies must have plans in line with Paris Agreement

$$\sum_{i=1}^P w_i 1_{HCl_i=1} 1_{Plan_i=1} \geq 35\% \sum_{i=1}^P w_i 1_{HCl_i=1}$$

With:

- $w_j$  = Weight of constituent j in the Index Starting Universe
- $K$  = Number of constituents in the Index Starting Universe
- $1_{HCI_i=1}$  : Belonging to NACE sections referred as High Climate Impact Section
- $1_{Plan_i=1}$  : Deemed to have Paris agreement plan<sup>6</sup>

- The weights of each companies should be lower than its liquidity cap<sup>7</sup>.
- The weights of each companies should be higher than its liquidity floor<sup>8</sup>.
- The weight in the Index should satisfy the below inequality:

$$\frac{\text{Weight}_{FFMC}}{\text{factor}} \leq \text{Weight in the Index} \leq \text{Weight}_{FFMC} \times \text{factor}$$

- The initial value of the factor is:
  - factor = 2

During the annual Index review, in the event that there is no optimal solution that satisfies all the optimization constraints, the following constraints will be alternatively relaxed, until an optimal solution is found:

- Relax the factor in steps of 1 up to a maximum factor of 20

In the event that no optimal solution is found after all constraint relaxations are exhausted, the relevant Index will not be rebalanced for that Annual Index Review.

The optimization process aims to enhance two indicators from the sustainability indicators <sup>9</sup> relating to adverse, mandatory or additional impact :

- Reduction of Carbon Intensity (PAI GHG intensity of investee companies)
- Investments in companies having transition plans in line with Paris Agreement (PAI Investments in companies without carbon emission reduction initiatives)

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<sup>6</sup> As described on 2.4.4 Paris Agreement Plan

<sup>7</sup> As described on 2.4.5 Liquidity Constraints

<sup>8</sup> As described on 2.4.5 Liquidity Constraints

<sup>9</sup> Tables 1, 2 and 3 of Appendix 1 to Delegated Regulation (EU) 2022/1288

### **3. REFERENCES**

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#### **3.1 REFERENCE TABLE**

<b>Index name</b>	<b>Isincode</b>	<b>Mnemo</b>	<b>Bloom-berg Code</b>	<b>Reuters code</b>	<b>Base date</b>	<b>Base value</b>	<b>Publi-cation since</b>	<b>Index Type</b>
Euronext Low Carbon 100 Europe PAB Index	QS0011131735	LC100	LC100	.LC100	29-12-06	100	13-10-08	Price
Euronext Low Carbon 100 Europe PAB Index NR	QS0011131743	LC1NR	LC1NR	.LC1NR	29-12-06	100	13-10-08	Net Return
Euronext Low Carbon 100 Europe PAB Index GR	QS0011131750	LC1GR	LC1GR	.LC1GR	29-12-06	100	13-10-08	Gross Return

#### **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.



## 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 Low Carbon 100 Europe PAB 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:	<ul style="list-style-type: none"> <li>• GHG Emissions</li> <li>• UNGC factors</li> <li>• Thermal Coal mining factors</li> <li>• Thermal Coal Power generation factors</li> <li>• Fossil Fuel Involvement factors</li> <li>• Unconventional oil and gas sources involvement factors</li> <li>• Nuclear Power generation</li> <li>• Nuclear power plants involvement factors</li> <li>• Uranium mining</li> <li>• Total Revenues Aligned EU Taxonomy</li> <li>• Temperature score factors</li> <li>• Climate score factors</li> <li>• Issuer Temperature Score</li> </ul>
b) List of social factors considered:	<ul style="list-style-type: none"> <li>• Controversial weapons factors</li> <li>• UNGC factors / NBS Overall flag</li> <li>• Tobacco Involvement factors</li> <li>• Social rating factors</li> </ul>
c) List of governance factors considered:	<ul style="list-style-type: none"> <li>• UNGC factors</li> <li>• Gouvernance rating factors</li> </ul>
<b>Item 6.</b> Data and standards used.	
a) Data input.	<b>ISS ESG provides :</b>

*(i) Describe whether the data are reported, modelled or, sourced internally or externally.*

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

- **GHG EMISSIONS - PREFERRED SCOPE 1 - DIRECT EMISSIONS**

This factor provides the issuer's Scope 1 Direct emissions (tCO<sub>2</sub>e). The Direct emissions data represents the final, ISS ESG reviewed and approved value based on the ISS ESG methodology, which selects the most accurate value from available sources.

- **GHG EMISSIONS - PREFERRED SCOPE 2 - ENERGY INDIRECT EMISSIONS**

This factor provides the issuer's Scope 2 Energy Indirect emissions (tCO<sub>2</sub>e). The Energy Indirect Emissions data represents the final, ISS ESG reviewed and approved value based on the ISS ESG methodology, which selects the most accurate value from available sources.

- **GHG EMISSIONS - SCOPE 3 - OTHER INDIRECT EMISSIONS (tCO<sub>2</sub>E)**

This factor provides the issuer's Scope 3 "Other Indirect" emissions (tCO<sub>2</sub>e). The Scope 3 emissions data represents the final, ISS ESG reviewed and approved value based on the ISS ESG methodology, which selects the most accurate value from available sources.

- **NBS OVERALL FLAG**

This factor assigns an overall Red, Amber, or Green flag to an issuer based on the issuer's link with any breaches of international standards.

- **ANTI-PERSONNEL MINES - OVERALL FLAG:**

This factor assigns an overall Red, Amber, or Green flag to an issuer based on the issuer's involvement in

any anti-personnel mines program.

- **BIOLOGICAL WEAPONS – OVERALL FLAG**

This factor assigns an overall Red, Amber, or Green flag to an issuer based on the issuer's involvement in any biological weapons program.

- **CHEMICAL WEAPONS – OVERALL FLAG**

This factor assigns an overall Red, Amber, or Green flag to an issuer based on the issuer's involvement in any chemical weapons program.

- **CLUSTER MUNITIONS – OVERALL FLAG**

This factor assigns an overall Red, Amber, or Green flag to an issuer based on the issuer's involvement in any cluster munitions program.

- **DEPLETED URANIUM – OVERALL FLAG**

This factor assigns an overall Red, Amber, or Green flag to an issuer based on the issuer's involvement in any depleted uranium program.

- **INCENDIARY WEAPONS – OVERALL FLAG**

This factor assigns an overall Red, Amber, or Green flag to an issuer based on the issuer's involvement in any incendiary weapons program.

- **NUCLEAR WEAPONS OUTSIDE NPT – OVERALL FLAG**

Nuclear Weapons Outside NPT - Overall Flag: This factor assigns an overall Red, Amber, or Green flag to an issuer based on the issuer's involvement in any nuclear weapons program outside of the Non-

	Proliferation Treaty (NPT)
	<ul style="list-style-type: none"> <li>• <b>WHITE PHOSPHORUS WEAPONS - OVERALL FLAG</b></li> </ul> <p>This factor assigns an overall Red, Amber, or Green flag to an issuer based on the issuer's involvement in any white phosphorus weapons program.</p>
	<ul style="list-style-type: none"> <li>• <b>POWER GENERATION - THERMAL MAXIMUM PERCENTAGE OF REVENUES (%)</b></li> </ul> <p>This factor provides the maximum percentage of recent-year revenues for the issuer's involvement in the generation of electric power using fossil fuels.</p>
	<ul style="list-style-type: none"> <li>• <b>COAL MINING AND POWER GEN - MAXIMUM PERCENTAGE OF REVENUES (%)</b></li> </ul> <p>This factor provides the maximum percentage of recent-year revenues for the issuer's involvement in both coal mining, including thermal and metallurgical coal, and the generation of electric power using coal. The maximum percentage of revenues values are based on the best available data, which may include reported revenues, reported percentage of revenues, or estimated revenues based on available information.</p>
	<ul style="list-style-type: none"> <li>• <b>FOSSIL FUEL - TOTAL MAXIMUM PERCENTAGE OF REVENUES (%)</b></li> </ul> <p>This factor provides the maximum percentage of recent-year revenues for the issuer's total involvement in fossil fuel, including any exposure in Production, Exploration, Distribution, and Services. The maximum percentage of revenues values are based on the best available</p>

data, which may include reported revenues, reported percentage of revenues, or estimated revenues based on available information.

- **SHALE OIL AND/OR GAS - INVOLVEMENT TIE**

This factor identifies issuers involved in shale oil and/or gas. The "Production" value identifies issuers engaged in activities pertaining to the extraction of crude oil and natural gas that is found within shale formations. "Services" identifies issuers engaged in the provision of relevant services, equipment, and/or support to shale operations. These include surveying services, risk assessment, regulations monitoring, logistical support, engineering services, machinery and equipment provision, chemical and/or water suppliers, waste disposal, and remediation services.

- **FOSSIL FUEL - DEEPWATER DRILLING INVOLVEMENT**

This factor identifies issuers engaged in oil and gas exploration in water of depths greater than 125 meters.

- **ARCTIC DRILLING - INVOLVEMENT TIE**

This factor identifies issuers engaged in arctic drilling, including production or exploration, specifically in offshore locations enclosed by the southernmost extent of winter sea ice above the Arctic Circle. The "Production" value includes companies engaged in oil and gas extraction through arctic drilling. "Exploration" identifies issuers engaged in the pre-production stages of oil and gas extraction through arctic drilling, which includes prospecting for, acquiring, exploring, and developing resources prior to the point where the

production of commercially recoverable quantities commences.

- **HYDRAULIC FRACTURING - INVOLVEMENT TIE**

This factor identifies issuers involved in hydraulic fracturing. The "Production" value identifies issuers engaged in activities pertaining to well stimulation through hydraulic fracturing with the goal of extracting hydrocarbons from within a reservoir for utilization. "Services" identifies issuers engaged in the provision of relevant services, equipment, and/or support to hydraulic fracturing operations. These include surveying services, risk assessment, regulations monitoring, logistical support, engineering services, machinery and equipment provision, chemical and/or water suppliers, waste disposal, and remediation services.

- **COAL MINING EXPANSION - INVOLVED**

This factor identifies issuers involved in coal mining expansion operations or plans.

- **OIL GAS EXTRACTION EXPANSION – INVOLVED**

This factor identifies issuers involved in oil and gas extraction expansion operations or plans.

- **OTHER FOSSIL FUEL INFRASTRUCTURE – INVOLVED**

This factor identifies issuers involved in other fossil fuel infrastructure expansion operations or plans. 'Other fossil fuel infrastructure' entails any fossil fuel related project besides coal mining, coal power, and oil & gas extraction.

- **NUCLEAR POWER -**

## INVOLVEMENT TIE

This factor identifies issuers engaged in the production, distribution, or provision of services related to nuclear power. The "Production" value identifies issuers engaged in core activities in the nuclear fuel cycle to produce energy, including uranium mining, processing and enrichment, fuel production, and the operation of power reactors. "Services" identifies issuers engaged in the provision of services to the nuclear power industry such as the supply of material components, technical support, maintenance, and the management of nuclear waste.

- **NUCLEAR POWER - TOTAL MAXIMUM PERCENTAGE OF REVENUES**

This factor identifies the issuer's max percentage value of revenue derived from nuclear power

- **NUCLEAR POWER - URANIUM MINING MAX PERCENTAGE OF REVENUES (%)**

This factor provides the maximum percentage of recent-year revenues for the company's involvement in uranium exploration, extraction, and processing.

- **TOBACCO - PRODUCTION MAXIMUM PERCENTAGE OF REVENUES (%)**

This factor identifies the maximum percentage value of revenue derived from involvement in the production of tobacco.

- **TOBACCO - DISTRIBUTION MAXIMUM PERCENTAGE OF REVENUES (%)**

This factor identifies the maximum share of revenue estimated or

reported to be derived from involvement in the distribution of tobacco.

- **SOCIAL RATING NUMERIC**

This factor provides a numeric score from 1 (D-) to 4 (A+) linked to the rated entity's Social rating. For funds and other aggregated issuers, the score is the weighted average of aggregated Social rating values from holdings. The Social rating is based on an assessment of performance across key social sustainability metrics, including staff and suppliers, health and safety, human rights, sector specific product responsibility, and other issues.

- **GOVERNANCE RATING NUMERIC**

This factor provides a numeric score from 1 (D-) to 4 (A+) linked to the rated entity's Governance rating. For funds and other aggregated issuers, the score is the weighted average of aggregated Governance rating values from holdings. The Governance rating is based on an assessment of performance across key governance metrics, including business ethics, corporate governance, and other issues.

- **CLIMATEITRIEABCH2030**

This factor provides the Implied Temperature Rise which quantifies the under/overshoot of the issuer to a global warming impact under the IEA scenario model using a Benchmark projected emissions approach at year 2030.

- **CLIMATEITRIEAHIST2030**

This factor provides the Implied Temperature Rise which quantifies the under/overshoot of the issuer to a global warming impact under the IEA

	<p>scenario model using a Historical projected emissions approach at year 2030.</p> <ul style="list-style-type: none"> <li><b>• CLIMATEITRIEATGT2030</b></li> </ul> <p>This factor provides the Implied Temperature Rise which quantifies the under/overshoot of the issuer to a global warming impact under the IEA scenario model using a Issuer's Target projected emissions approach at year 2030.</p> <ul style="list-style-type: none"> <li><b>• EU TAXON - TOTAL ALIGNED REVENUES (ADAPTATION)</b></li> </ul> <p>This factor identifies the percentage value of revenue derived from activities that are aligned with Taxonomy criteria for substantial contribution to climate change adaptation, do no significant harm and minimum social safeguards.</p> <ul style="list-style-type: none"> <li><b>• EU TAXON - TOTAL ALIGNED REVENUES (MITIGATION)</b></li> </ul> <p>This factor identifies the percentage value of revenue derived from activities that are aligned with Taxonomy criteria for substantial contribution to climate change mitigation, do no significant harm and minimum social safeguards.</p> <p><b>CDP provides :</b></p> <ul style="list-style-type: none"> <li><b>• TEMPERATURE -TARGET SCORES</b></li> </ul> <p>Using an intuitive metric expressed in °C, this indicator can be used to compare the ambition of different companies' decarbonization goals as expressed in their public GHG emissions reduction targets. Temperature scores are computed at the Scope 1+2, Scope 3, and Scope 1+2+3 levels.</p>
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	<ul style="list-style-type: none"> <li>• <b>TEMPERATURE -TREND SCORES</b></li> </ul> <p>Using an intuitive metric expressed in °C, this indicator provides a backward-looking assessment of a company's recent emissions reduction trend over the past 3 to 6 years. Trend scores are computed at the Scope 1+2 level and allow users to compare the ambition of a company's decarbonization goals (target score) with its recent emissions trajectory.</p> <ul style="list-style-type: none"> <li>• <b>CLIMATE -LETTER-BASED SCORES</b></li> </ul> <p>A being excellent and D- poor. The F score (Failure to disclose) is given to a company part of the sample but not responding to disclose CDP methodology is available on: <a href="http://www.cdp.net">www.cdp.net</a>.</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><b>ISS ESG</b> 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> <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>
c) Reference standards  <i>Describe the international standards used in the benchmark methodology.</i>	<p><b>ISS ESG</b> :Norm-Based Research is aligned with the Principles of the U.N. Global Compact and the OECD Guidelines for Multinational Enterprises. These globally endorsed standards translate obligations established in international norms into</p>

expectations of what constitutes Responsible Business Conduct. Principles of international law referenced and translated for business in leading global frameworks for Responsible Business Conduct include the following:

- Human rights (among others):
  - The International Covenant on Civil and Political Rights (ICCPR)
  - The International Covenant on Economic, Social and Cultural Rights (ICESCR)
  - The Geneva Conventions
- Labour rights:
  - International Labour Organization (ILO) Conventions
- Environmental standards (among others):
  - The Rio Declaration on Environment and Development
  - The Convention on Biological Diversity
  - The UN Framework Convention on Climate Change
  - The Paris Agreement
- Anti-corruption standards:
  - The UN Convention against Corruption

Regarding Controversial Weapons, these are the relevant standards:

- Anti-personnel mines: Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on Their Destruction
- Biological weapons: Convention on the Prohibition of the Development, Production and Stockpiling of

	<p>Bacteriological (Biological) and Toxin Weapons and on their Destruction</p> <ul style="list-style-type: none"> <li>• Chemical weapons: Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction</li> <li>• Cluster munitions: Convention on Cluster Munitions</li> <li>• Nuclear weapons: Treaty on the Non-Proliferation of Nuclear Weapons and the International Court of Justice's Advisory Opinion on the Legality of the Threat or Use of Nuclear Weapons as well as the Treaty on the Prohibition of Nuclear Weapon</li> </ul> <p><b><u>CDP:</u></b></p> <p>CDP do not produce the methodology using an international standard, however do include elements of international standards in what we incentivize, ie all of the verification is based on international standards, the targets and specifically the push for SBT is a de facto standard.</p>
<b>Information updated on:</b>	11-04-2025

## **Overview of Rulebooks and other documents applicable for Euronext Indices**

The following documents, all available on or via the following link: <https://www.euronext.com/en/indices/index-rules> should be read in conjunction with this document or provide other relevant information for the reader.

### **BENCHMARK STATEMENT**

The Benchmark Statement identifies the primary features of an index family or families of indices in the context of the EU Benchmark regulation. For ESG based indices it also contains disclosure of ESG factors and reporting of scores.

### **COMPLIANCE STATEMENT**

The Compliance Statement provides details, for both significant and non-significant benchmarks, for which provisions the Administrator has chosen not to apply, and offers an explanation as to why it is appropriate not to apply each provision.

### **GOVERNANCE EURONEXT INDICES**

The purpose of the 'Governance Euronext Indices' is to describe the role and responsibilities of each of the governance bodies that are part of the Benchmark Administrators of Euronext.

### **RULEBOOK OF EACH FAMILY OF INDICES**

Each index is part of an index family that shares the basis for selection (universe) and which is managed in a comparable way. A separate rulebook is provided for each index family that will describe the specific features of that index family as well as specific elements of each index within that family.

### **INDEX CALCULATION AND PERIODICAL REVIEW Euronext Indices**

The Methodology Euronext describes all common aspects that apply for the

- periodical reviews, and
- the calculation of indices

### **EURONEXT INDICES CORPORATE ACTION RULES**

• treatment of corporate actions  
of indices provided by Euronext Indices.

### **EURONEXT ESG PROVIDERS METHODOLOGIES**

An overview of various methods applied by providers of ESG scorings and labels

### **PROCEDURES EURONEXT INDICES**

These rulebooks describe the various procedures that are applied for all Euronext Indices:

- Correction Policy
- Announcement Policy
- Complaints Procedure
- Consultations Procedure
- Procedure For Cessation of Indices

### **RULES OF PROCEDURE INDEPENDENT SUPERVISORS**

For each Independent Supervisor Euronext publishes a 'Rules of Procedure' that describes the responsibilities and composition of each Independent Supervisor.

### **BENCHMARK OVERSIGHT COMMITTEE CHARTER**

The Benchmark Oversight Committee Charter describes the role and responsibilities of the Benchmark Oversight Committee.