

# **INDEX RULE BOOK**

**Euronext® Climate Europe**

Version 23-01

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For further information in relation to Euronext Indices please contact: [index-team@euronext.com](mailto:index-team@euronext.com)

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## 1. GENERAL

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

The Euronext Climate Europe 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. For this Index Family no Independent Supervisor is appointed.

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### 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	
21-01a	15-12-2021	Correction text Review Announcement Date to 6 days before Review Effective Date	
23-01	09-03-2023	Update of the Carbon4 score methodology and bonus/malus system into CDP Equivalence table	

## 2. INDEX REVIEWS

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### 2.1 REVIEW FREQUENCY AND RELEVANT DATES

**Review frequency:** Annually

**Review Effective Date:** After the market close of the third Friday of March.

**Review Cut-Off Date:** After the market close of the penultimate Friday of February.

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

**Review Weighting Announcement Date:** Two trading 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 index after the Review Effective Date.

#### Step 2: Eligibility screening at reviews

No additional eligibility screening.

#### Step 3: Selection Ranking

The Euronext ESG Providers Methodologies document gives a detailed background on various scoring methodologies.

Euronext calculates a climate score by combining the scores for eligible Companies attributed by Carbon4 Finance and CDP. The Carbon4 Finance score ranges between 1 (being excellent) and 15 (being poor). For each Company, the Carbon4 Finance score will be tilted with a bonus/malus system, using the CDP equivalence table. A Carbon4 Finance score can be improved or worsened by a bonus /malus ranging from -1.5 to +1.5. For example, a Company with a Carbon4 Finance score of 2 and a CDP score of A- (equivalent to a bonus of -1.2) will get a climate score of 0.8.

## CDP Equivalence Table

CDP Score Alphabet	Bonus (-)/Malus(+)
A	-1.5
A-	-1.2
B	-0.9
B-	-0.6
C	0
C-	0.6
D	0.9
D-	1.2
F**	1.5
Not requested to respond	0

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

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

Within each ICB Super Sectors (hereafter "sectors"), the Companies are ranked from the best to the worst climate score. The "n" best companies will be selected, "n" being the number of Companies in the sector multiplied by 2/5 and rounded up to the next integer (this process enables to get at least 200 companies from the 500).

In order to bring the number of selected Companies to exactly 200, the smallest companies in term of free float market capitalization will be removed (1 per sector) with the restriction that each sector has at least 1 constituent. This removal of 1 Company per sector, observing the restriction of keeping at least 1, will be repeated until the number of 200 is arrived at.

## 2.3 PERIODICAL WEIGHTING UPDATE

### Weighting method

The index is Free Float Market Capitalisation weighted.

The Weighting Factors are explained in the following paragraphs.

### Number of shares

The Number Of Shares are determined based on the Review Cut-Off Date.

### Free Float factor

The Free Float Factors are determined based on the Review Cut-Off Date.

### 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 Weightings 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® Climate Europe	NL0011923024	ENCLE	ENCLE		19-11-10	1000	04-07-16	Price
Euronext® Climate Europe NR	NL0011923032	ENCEN	ENCEN		19-11-10	1000	04-07-16	Net Return
Euronext® Climate Europe GR	NL0011923040	ENCEG	ENCEG		19-11-10	1000	04-07-16	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 hours until Euronext Markets stop regular daytime trading on the days when the Euronext Markets are open for trading.

The opening index level is disseminated at the same time as the first index level.

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.	<b>Euronext Climate Europe index</b>
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:	Selection: Euronext calculates a score by combining the CDP and Carbone4 Finance scores. Within each ICB Super Sector the highest ranking climate scores are selected.
b) List of social factors considered:	not applied
c) List of governance factors considered:	not applied
Item 6. Data and standards used.	
a) Data input. <i>(i) Describe whether the data are reported, modelled or, sourced internally or externally.</i> <i>(ii) Where the data are reported, modelled or sourced externally, please name the third party data provider.</i>	<p><b>CDP:</b> 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.</p> <p><b>Carbon4 Finance:</b> 1 being excellent and 15 being poor. The Euronext ESG Providers Methodologies document gives a detailed background on various scoring methodologies.</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>Carbon4 Finance and CDP 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	Carbon4 Finance:



*Describe the international standards used in the benchmark methodology.*

Carbon4 Finance score is based on GHG emissions. These emissions are calculated based on the GHG Protocol standard.

CDP:

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.

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:**

9<sup>th</sup> March 2023