

# **INDEX RULE BOOK**

**Euronext CDP Environment ESG Eurozone EW**

Version 21-01

Effective from 15 Dec 2021

[indices.euronext.com](https://indices.euronext.com)

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## 1. GENERAL

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This document is applicable to the Euronext CDP Environment ESG Eurozone EW (“Index Family”), which consists of all the Indices as mentioned in the Reference Table.

The Euronext CDP Environment ESG Eurozone EW is designed to reflect the price level trends in the trading of shares listed in the Eurozone.

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	

## 2. INDEX REVIEWS

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### 2.1 REVIEW FREQUENCY AND RELEVANT DATES

<b>Review frequency:</b>	Quarterly. March being the annual review.
<b>Review Effective Date:</b>	After the market close of the third Friday of March, June, September and December.
<b>Review Cut-Off Date:</b>	After the market close of the penultimate Friday of February, May, August and November.
<b>Review Announcement Date:</b>	At least two days before the Review Effective Date and at least 5 days before the Review Effective Date for the Annual Review.
<b>Review Weighting Announcement Date:</b>	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 Eurozone 300 index. At reviews this means included in the Euronext Eurozone 300 index after the Review Effective Date.

#### Step 2: Eligibility screening at reviews

At Reviews the 200 largest Companies in terms of Free Float Market Capitalization out of the Index Universe are eligible.

At Reviews will be ranked on their Social Score as well as on their Governance Score as provided by V.E. The 10% companies with the worst Social score as well as the 10% companies with the worst Governance score are not eligible. In case of an equal score Social or Governance score, the Company with the highest of Free Float Market Capitalization will rank better. The remaining Companies are eligible.

#### Step 3: Selection Ranking

CDP gives a score to the eligible Companies based on three different themes: forests, water and climate. This alphabetical score is converted into a numerical score based on the CDP equivalence table which can be found hereunder.

For the forests parameter, an average score is used between the scores provided on the 4 (cattle products, palm oil, soy and timber) dimensions.

Euronext calculates an Environmental score based on the average rating of a company across the three different themes: forests, water and climate. If a Company has not been asked to participate in a certain theme, the average will be determined based on the remaining themes. E.g if a company is not asked to participate in the water theme, its score will be the average of both climate and forests scores.

CDP Score Alphabetical	Numerical Score
A	8
A-	7
B	6
B-	5
C	4
C-	3
D	2
D-	1
Late response	0.5
F*	0

\* Companies who are requested to disclose their data and fail to do so, or fail to provide sufficient information to CDP to be evaluated will receive an F. Also companies that are willing to disclose their data, but refuse to pay for the administrative fee levied by CDP will receive an F. An F does not indicate a failure in environmental stewardship.

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

The eligible Companies will be ranked on their Environmental score. In case of an equal score the company with the highest Free Float Market Capitalization will rank higher.

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

##### **Annual reviews**

The ranking will result in the following composition:

The 50 highest ranking companies will be selected in the index.

##### **Quarterly reviews**

In case the number of constituents has become more than 50, the Administrator will remove one or more Companies in order to bring the number down to 50. The Administrator will remove Companies that aren't included in the Index Universe anymore and subsequently Companies with the lowest environmental score.

In case the number of Companies has become less than 50, the highest ranking Company at the Annual Review will be added until there are 50 Companies selected.

### **2.3 PERIODICAL WEIGHTING UPDATE**

#### **Weighting method**

The index is Non-Market Capitalisation weighted, based on Equal Weight.

The Weighting Factors are explained in the following paragraphs.

#### **Number of shares**

The Number of Shares will be calculated such that each Company will have an equal weight in the Index. The Number of Shares will be rounded to the nearest whole number.

The Number Of Shares are determined based on the closing prices of the Companies to be included in the Index on the Review Weightings Announcement Date.

**Free Float factor**

The Free Float Factor is not applied for this Index Family.

**Capping Factor**

The Capping Factor is not applied for this Index Family.

### 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 CDP Environment ESG Eurozone EW	NL0013941024	EESGP	EESGP	.EESGP	31-12-05	1000	02-10-19	Price
Euronext CDP Environment ESG Eurozone EW NR	NL0013941032	EESGN	EESGN	.EESGN	31-12-05	1000	02-10-19	Net Return
Euronext CDP Environment ESG Eurozone EW GR	NL0013941040	EESGG	EESGG	.EESGG	31-12-05	1000	02-10-19	Gross Return
Euronext CDP Environment ESG Eurozone EW Decrement 5%	NL0013941057	EZESG	EZESG	.EZESG	31-12-05	1000	02-10-19	Decrement Return 5% on NR

#### 3.2 BASE CURRENCY

The Base Currency of this index family is Euro.

#### 3.3 PUBLICATION

The index is calculated based on the most recent prices of transactions concluded on the main markets in each of the countries that are included in the index. The level of the index is in principle published every 15 seconds. The index is calculated from 09:00 hours until Euronext Markets stop regular daytime trading on the days when 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	
<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 CDP Environment ESG Eurozone EW 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:	<p>Environmental score</p> <p>Selection:</p> <p>The companies that form the index universe will be ranked on their environmental score. The 50 highest ranking companies will be selected in the index.</p>
b) List of social factors considered:	<p>Social score</p> <p>The companies that form the index universe will be ranked on both the Social score as well as the Governance score. The 10% worst companies are excluded.</p>
c) List of governance factors considered:	<p>Governance score</p> <p>Please refer to b)</p>
<b>Item 6.</b> Data and standards used.	
<p>a) Data input.</p> <p>(i) Describe whether the data are reported, modelled or, sourced internally or externally.</p> <p>(ii) Where the data are reported, modelled or sourced externally, please name the third party data provider.</p>	<p>CDP provides:</p> <ul style="list-style-type: none"> <li>• Environmental scores</li> </ul> <p>CDP gives a score to the companies in the universe based on three different themes, forests, water and climate. This alphabetical score is converted into a numerical score based on the CDP equivalence table</p> <p>For the forests parameter, an average score is used between the scores provided on the 4 (cattle products, palm oil, soy and timber) dimensions.</p> <p>Euronext calculates an Environmental score based on the average rating of a company across the three different themes, forests, water and climate. If a company has not been asked to participate in a certain theme, the average will be determined based on the remaining themes. E.g if a company is not asked to participate in the water theme, its score will be the average of both climate and forests scores.</p> <p>V.E provides :</p> <ul style="list-style-type: none"> <li>• Social score</li> </ul> <p>The <b>Social Score</b> gathers all the criteria that pertain to the company's social and societal impacts, in terms of:</p>

	<ul style="list-style-type: none"> <li>• <b>internal Human Resources</b></li> <li>• the company's respect of <b>Human Rights</b> in the community</li> <li>• the company's <b>Community Involvement</b></li> <li>• the company's <b>Relations with Customers</b></li> <li>• the company's <b>Sustainable Relations with Suppliers</b> and <b>Integration of Social factors in the company's supply chain</b></li> <li>• and for some sectors, the Social pillar also includes the company's management of <b>Product safety</b></li> </ul> <ul style="list-style-type: none"> <li>• Corporate governance score</li> </ul> <p>The <b>Governance Score</b> gathers:</p> <ul style="list-style-type: none"> <li>✓ all the criteria that pertain to the company's <b>internal governance bodies and systems</b></li> <li>✓ as well as the company's behaviour in terms of business <b>ethics</b></li> </ul>
<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>CDP and V.E 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>
<p>c) Reference standards</p> <p><i>Describe the international standards used in the benchmark methodology.</i></p>	<p>CDP:</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> <p>V.E:</p> <p>V.E: 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"> <li>• Global Reporting Initiative (GRI)</li> <li>• OECD Guidelines for Multinational Enterprises, and sectorial guidance</li> <li>• G20/OECD recommendations on Corporate governance</li> <li>• UN Conventions and recommendations,</li> <li>• UN Global Compact Principles</li> <li>• UN Sustainable Development Goals</li> </ul>

- ILO Conventions , including the core ones, and recommendations
- TFCD recommendations
- Paris Agreement (UNFCCC)

**Information updated on:**

April 2021

## 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.