

## **INDEX RULE BOOK**

# **Euronext Transatlantic Circular Economy 50 EW**

Version 21-01

Effective from 12 May 2021

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

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## 1. INDEX SUMMARY

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	Euronext Transatlantic Circular Economy 50 EW
Objective	The Euronext Transatlantic Circular Economy 50 EW is designed to offer exposure to companies involved in sustainable goods and services.
Administrator	Euronext Paris
Index type	Price index; Net return index, Gross return and 5% Decrement version.
Index governance structure	Euronext internal supervisor
Index Universe	<p>Constituents of Euronext® North America 500 and Europe 500 Indices. This list of stocks is then further reduced by a series of screens. The stocks with the following characteristics are excluded:</p> <ul style="list-style-type: none"><li>• Environmental overall score &lt; 30</li><li>• Waste Management score &lt; 50</li><li>• Management of Environmental Impacts from the Use and Disposal of Products/Services score &lt; 50</li><li>• Companies facing UNGC critical controversies, revenue from Tobacco or Controversial weapons (anti-personnel landmines and cluster munitions)</li></ul> <p>Companies with either of the following characteristics are retained:</p> <ul style="list-style-type: none"><li>• Average of Waste Management score and Management of Environmental Impacts from the Use and Disposal of Products/Services score <math>\geq 60</math></li><li>• Involved in Circular Economy Products and/or Services</li></ul>
Selection	50 companies, based on the largest FFM, are selected.
Number of constituents	50
Weighting	Equal weights.
Review cut-off date	Penultimate Friday of February, May, August and November
Review of composition	Effective after the close of the third Friday of March, June, September and December.
Base Currency	Euro

Note: the factsheet is a summary of the rule book for information purposes only. The text of the rulebook is leading.

## Reference Data

Index name	ISIN	Mnemo	Bloomberg Code	Reuters code	Base date	Base value	Publication since
Euronext Transatlantic Circular Economy 50 EW	FR0014003BU4	TCEPR	CIRCEP	.TCEPR	1 Jan 2010	1000	12 May 2021
Euronext Transatlantic Circular Economy 50 EW NR	FR0014003BV2	TCENR	-	.TCENR	1 Jan 2010	1000	12 May 2021
Euronext Transatlantic Circular Economy 50 EW GR	FR0014003BX8	TCEGR	CIRCEG	.TCEGR	1 Jan 2010	1000	12 May 2021
Euronext Transatlantic Circular Economy 50 EW Decrement 5%	FR0014003BY6	TCED5	CIRCE50	.TCED5	1 Jan 2010	1000	12 May 2021

Version notes:

21-01 First version

## **2. GOVERNANCE AND DISCLAIMER**

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### **2.1 INDICES**

This rule book applies to the following indices (hereinafter “index”) owned by Euronext N.V. or its subsidiaries (hereinafter jointly “Euronext”):

- Euronext Transatlantic Circular Economy (and the return versions thereof)

### **2.2 ADMINISTRATOR AND SUPERVISOR**

Euronext is the supervisor (“Supervisor”) and Administrator of the index (“Administrator”). The Supervisor is responsible for monitoring the selection of constituents for the index and ensuring that the index offers a reliable and representative view of the market. The Administrator is responsible for the day-to-day management of the index and is also responsible for decisions regarding the interpretation of these rules

### **2.3 CASES NOT COVERED IN RULES**

In cases which are not expressly covered in these rules, operational adjustments will take place along the lines of the aim of the index. Operational adjustments may also take place if, in the opinion of the Administrator, it is desirable to do so to maintain a fair and orderly market in derivatives on this index and/or this is in the best interests of the investors in products based on the index and/or the proper functioning of the markets. The Administrator will report to the Supervisor if it took a decision about a case which is not specifically covered in the rules for comments and review.

### **2.4 RULE BOOK CHANGES**

These rules may be supplemented, amended in whole or in part, revised or withdrawn at any time. Supplements, amendments, revisions and withdrawals may also lead to changes in the way the index is compiled or calculated or affect the index in another way. The Administrator will submit all decisions regarding supplementing, amending, revising or withdrawing these rules to the Supervisor for recommendations or approval.

### **2.5 LIABILITY**

Euronext, the Administrator and the Supervisor are not liable for any losses resulting from supplementing, amending, revising or withdrawing the rules for the index.

The Administrator will do everything within its power to ensure the accuracy of the composition, calculation, publication and adjustment of the index in accordance with relevant rules. However, neither Euronext, nor the Administrator, nor the Supervisor are liable for any inaccuracy in index composition, share prices, calculations and the publication of the index, the information used for making adjustments to the index and the actual adjustments. Furthermore, Euronext, the Administrator and the Supervisor do not guarantee the continuity of the composition of the index, the continuity of the method of calculation of the index, the continuity of the dissemination of the index levels, and the continuity of the calculation of the index.

### **2.6 OWNERSHIP AND TRADEMARKS**

Euronext owns all intellectual and other property rights to the index, including the name, the composition and the calculation of the index. Euronext® is a registered trademark of Euronext.

### 3. PUBLICATION

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#### 3.1 DISSEMINATION OF INDEX VALUES

##### 3.1.1 Opening

The opening level is calculated using the last known prices of traded constituents or in the case of constituents that have non-traded, halted or suspended status, the previous day reference prices or estimated prices (for IPOs, buyouts and swap offers).

The official opening level is the first level published after a share price is available for all constituents. Index levels published before the official opening level is published are considered pre-opening index levels.

If, for whatever reason, share prices are not available for all constituents five minutes after Euronext Markets (as defined in the Euronext harmonised rule book) 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.

##### 3.1.2 Calculation and dissemination

The index is calculated based on the most recent prices of transactions concluded on the markets of reference of each stock. The level of the index is in principle published every 15 seconds. The index is calculated from 09:00 hours until US and Canadian markets stop regular daytime trading.

##### 3.1.3 Closing level

The closing level is the last level disseminated on the trading day.

#### 3.2 EXCEPTIONAL MARKET CONDITIONS AND CORRECTIONS

In the event that part of the constituents is reserved, suspended from trading or if technical problems prohibit normal trading, index values will continue to be calculated and published. For those constituent stocks that are not available for trading, the last known value will be used when determining index values.

The general procedures in case of index outages and other situations in which the normal provision of indices is interrupted are described in Euronext Indices Correction Policy on [indices.euronext.com/index-rules](https://indices.euronext.com/index-rules).

#### 3.3 ANNOUNCEMENT POLICY

The announcement policy is described in the Euronext Indices Announcement policy document that is available on [indices.euronext.com/index-rules](https://indices.euronext.com/index-rules).

## 4. CALCULATION

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### 4.1 CALCULATION OF THE PRICE INDEX

The index is calculated on a price return basis. The calculation is based on the current Free Float (see section 8. Definitions) market capitalization divided by the divisor. The divisor was determined on the initial capitalization base of the index and the base level. The divisor is adapted as a result of corporate actions and composition changes.

### 4.2 CURRENCY CONVERSION

The base currency of the index is Euro ("Base Currency").

Share prices that are quoted in other currencies than the Base Currency will be converted to the Base Currency using the last known exchange rate observed on Reuters. Closing prices will be converted based on the most recent WM/Reuters spot rates, which are published each business day around 17:00 CET.

### 4.3 TOTAL RETURN INDEX CALCULATION

#### 4.3.1 Return indices

A net total return index as well as a gross total return index, is calculated and disseminated at the same frequency as the price index. The return indices are obtained by reinvesting the net and gross dividends respectively.

#### 4.3.2 Withholding tax rate

The net dividend is calculated as the gross dividend minus the applicable withholding tax. A table detailing the percentages that are applied is available on the website of Euronext.

#### 4.3.3 Ordinary dividends in shares

If a dividend is distributed in the form of shares only and if this is regarded as ordinary dividend, the return index will be reinvesting a cash equivalent of the dividend. If shareholders may choose between cash or shares the amount which is reinvested will be based on the cash option.

#### 4.3.4 Conversion of dividends declared in other currencies

If a dividend for a constituent is declared in another currency than the Base Currency of the index, then in first instance the Base Currency amount will be used if investors have the option to be paid in that currency. If the dividend amount is available only in currencies that deviate from the Base Currency, the dividend amount will be converted using the reference rate for the cum-day (the business day prior to the ex-date). In principle the reference rate will be based on the foreign exchange reference rates as published daily by the ECB.



## 5. INDEX REVIEWS

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### 5.1 GENERAL AIM AND FREQUENCY OF REVIEWS

#### 5.1.1 General aim of the periodical review

The general aim of the periodical review of the index is to ensure that the selection and weighting of the constituents continues to reflect the underlying market or market segment it represents.

#### 5.1.2 Review Cut-Off Dates and Review Effective Dates

##### ANNUAL REVIEW

The Review Cut-Off Date (see 9. Definitions) is after the market close of the penultimate Friday day of February, May, August and November.

The Review Announcement Date is at least six trading days before the Review Effective Date.

The Review Composition Announcement Date is at least two trading days before the Review Effective Date.

The Review Effective Date is after market close of third Friday in March, June, September and December.

### 5.2 INDEX UNIVERSE AND SELECTION

Index universe is composed of companies that are constituents of Euronext North America 500 and Euronext Europe 500 indices, after the following series of exclusions and retentions.

The stocks with the following characteristics are excluded:

- Environmental overall score < 30
- Waste Management score < 50
- Management of Environmental Impacts from the Use and Disposal of Products/Services score < 50
- Companies facing UNGC critical controversies, revenue from Tobacco or Controversial weapons (anti-personnel landmines and cluster munitions)

Companies with either of the following characteristics are retained:

- Average of Waste Management score and Management of Environmental Impacts from the Use and Disposal of Products/Services score  $\geq 60$
- Involved in Circular Economy Products and/or Services

From the retained stocks after exclusions, 50 largest stocks based on Free Float Market

Vigeo-Eiris provides the scores mentioned above.

### 5.3 INDEX WEIGHTS

Companies in the index are equal-weighted at reviews.

## 6. CORPORATE ACTIONS

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### 6.1 GENERAL

The index may be adjusted in order to maintain the continuity of the index level and the composition. The underlying aim is that the index continues to reflect as closely as possible the value of the underlying portfolio.

Adjustments take place in reaction to events that occur with constituents in order to mitigate or eliminate the effect of that event on the index.

### 6.2 REMOVAL OF CONSTITUENTS

A constituent will be removed from the index if it has appeared that the liquid trading will be significantly affected due to a takeover, merger, bankruptcy or has ceased to be a viable constituent as defined by the rules. The constituent in question will either be removed or will be replaced by the acquiring company.

If a company is removed from the index, the divisor will be adapted to maintain the index level.

#### 6.2.1 Mergers and acquisitions

If a constituent is subject to a take-over offer, a merger, an acquisition or a similar situation or has in the opinion of Index Design ceased to be a viable constituent as defined by the rules, the constituent in question will be removed on a day determined by Index Design.

If an index component is acquired by another company (component or non-component of the index), the former will be removed on a day determined by Index Design.

#### 6.2.2 Delistings, suspensions and company distress

If a constituent is suspended, Index Design will consider whether the constituent should be removed on the understanding that a transitional period with a maximum of three months may be observed.

If a constituent will be delisted from Euronext, it will be removed from the index as soon as possible and on a day determined by Index Design.

The company will be deleted from the index based on either the last known price established during regular daytime trading or else a price determined by Index Design, whereby the company may also be deleted at EUR 0.

In the event that the trading in shares is suspended, the last known price established during regular daytime trading will be used.

### 6.3 SPLIT UP / SPIN-OFF

In the event that a company included in the index is split up, the companies resulting from the split, including the original company where appropriate will continue to be included in the index providing they still qualify as an eligible company in their own right. The index may then temporarily consist of fewer than, or more than the standard number of constituents until the next periodical review takes place.

For the purposes of these rules a split up is taken to mean a legal demerger, a spin-off or another situation which Index Design deems to be similar.

In case the shareholder of the company which was originally included in the index does not automatically receive shares in a company which is created as a result of the split up, this company is considered to be a newly listed company.

The removal of any non-qualifying company resulting from a split up will take place after the close of the first day of trading in the shares of that company. If all companies resulting from the split are to be removed, the removal will take place at the close of the last trading day before the split.

### 6.4 EARLY INCLUSION OF NON-CONSTITUENTS

As a rule newly listed companies are considered for inclusion in the index at the time of the periodical index rebalancing.

### 6.5 DIVIDENDS

#### 6.5.1 Distinction ordinary and special dividend

The price index will be adjusted for dividends that are special.

The following criteria will be applied to decide whether a dividend should be considered a special dividend:

- a) The declaration of a company of a dividend additional to those dividends declared as part of the company's normal results and dividend reporting cycle; merely an adjustment to the timing of the declaration of a company's expected dividend would not be considered as a special dividend circumstance; or
- b) The identification of an element of a dividend paid in line with a company's normal results and dividend reporting cycle as an element that is unambiguously additional to the company's normal payment.

For the purpose of clarification, no adjustment will be made for the following situations:

- 1. Payment of ordinary dividends, irrespective of how they are financed;
- 2. Issue of redeemable shares or any other entitlement in lieu of an ordinary dividend; or
- 3. Unexpected increase or decrease, resumption or cessation, or change in frequency to an ordinary dividend.

#### **6.5.2 Adjustment for special dividend**

The adjustment of the index takes place by a reduction of the closing price of the share in question. Subsequently the divisor will be adapted in order to maintain the index level. The adjustments will be based on gross amounts.

### **6.6 RIGHTS ISSUES AND OTHER RIGHTS**

In the event of a rights issue the new shares will be included in the index on the ex-date of the rights issue and an adjusted closing price will be applied. The adjustment will be made based on the shares currently in the index. The divisor will be adapted in such a way that the level of the index remains the same.

The new shares are only added if less than 0.4 share is issued for every share that is currently held and if the new shares are fungible with the existing line of shares (e.g. no dividend disadvantage). Otherwise the index is adjusted based on the value of the rights only.

The index will be adjusted only if the rights represent a positive value.

The index will also be adjusted if a value can be attributed to a subscription right for convertible bonds, bonds with warrants or warrants with preferential rights for shareholders or similar situations.

### **6.7 BONUS ISSUES, STOCK SPLITS AND REVERSE STOCK SPLITS**

For bonus issues, stock splits and reverse stock splits, the number of shares included in the index will be adjusted in accordance with the ratio given in the corporate action. The divisor will not be changed because of this. Index Design may regard a bonus issue as the issue of an entitlement in lieu of an ordinary dividend and therefore treat this in accordance with 6.5.1.

### **6.8 CHANGES IN NUMBER OF SHARES OR FREE FLOAT**

In between the reviews the number of shares included in the index and free float factors will remain unchanged.

### **6.9 PARTIAL TENDER OFFERS ON OWN SHARES**

The divisor of the index will be adjusted if the premium represents more than 5% of the share price of the close on the penultimate day before the ex-date (the day prior to the last day before the ex-day). The premium is calculated as the difference between the offered price and the closing price, multiplied by the percentage of the share capital targeted in the offer. If the divisor is adjusted, the number of shares in the index will be adjusted as well.

## 7. INDEX CALCULATION FORMULAS

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The general formula for the **price index** is:

$$I_t = \frac{\sum_{i=1}^N Q_{i,t} F_{i,t} f_{i,t} C_{i,t} X_{i,t}}{d_t}$$

Where:

t	Time of calculation
N	Number of constituent equities in index
$Q_{i,t}$	Number of shares of equity i included in the index on day t
$F_{i,t}$	Free Float factor of equity i <sup>1</sup>
$f_{i,t}$	Capping factor of equity i <sup>1</sup>
$C_{i,t}$	Price of equity i on t
$X_{i,t}$	Current exchange rate on t <sup>1</sup>
$d_t$	Divisor of the index on day t

The **total return index** calculation takes two steps: the first step is to transpose the announced dividend payment into index points. This is called the XD adjustment. This uses the following formula:

$$\text{XD adjustment} = \sum_{i=1}^N \frac{g_i * w_i}{d}$$

Where:

N	Number of constituent equities in index
$g_i$	The announced dividend per share of the i <sup>th</sup> component stock (for net return index withholding tax is deducted from this dividend);
$w_i$	The weighting of the i <sup>th</sup> component stock in the index, based on number of shares included in the index, Free Float factor, capping factor and exchange rate;
d	Divisor of the index.

The second step of the calculation uses the figures calculated in step one (XD adjustment). The dividend is assumed to be reinvested at the close of the ex-date.

$$TR_t = TR_{t-1} \left( \frac{IV_t + XD}{IV_{t-1}} \right)$$

Where:

$TR_{t-1}$ :	Total return index value yesterday;
$TR_t$ :	Total return index value on t;
$IV_{t-1}$ :	Underlying price index yesterday;
$IV_t$ :	Underlying price index on t;

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<sup>1</sup> Factor is equal to 1 if not applied for the index

The **Decrement return index** uses the following formula:

$$DI_t = DI_{t-1} \left( \frac{NR_t}{NR_{t-1}} - Dcr \times \frac{day}{365} \right)$$

Where:

$DI_{t-1}$	Decrement Return Index value on day t-1
$DI_t$	Decrement Return Index value on day t
$NR_{t-1}$	Net Return Index value on day t-1
$NR_t$	Net Return Index value on day t
$Dcr$	5%
$day$	Number of calendar days between day t and day t-1

## 8. DEFINITIONS

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### 8.1 FREE FLOAT FACTOR

The Free Float Factor is the percentage representing all listed securities of the selected line of the relevant company eligible for index inclusion (as described in section 5.2), minus any shareholdings that are considered non-free float. The Free Float Factor is based on public information available on the Review Cut-Off Date. The Free Float Factor will be rounded to the nearest 5%.

The following shareholdings are considered non-free float (based on public information available on the Review Cut-Off Date):

- Any single shareholder who holds 5% or more of the listed securities in the selected line eligible for index inclusion, with the exception of collective entities or pension funds. Collective entities are those entities that fulfill all the following criteria:
  - i. are open for investment to investors or tradable on the market; and
  - ii. have a diversified portfolio; and
  - iii. have an open ended structure.Collective entities include mutual funds and other open end-funds.
- Collective entities or pension funds that hold 5% or more of the listed securities in the selected line eligible for index inclusion and are represented in any governing body of the company in question.
- Parties acting in concert that collectively hold 5% or more of the listed securities in the selected line eligible for index inclusion.
- Employee shareholding plans, employee pension plans, individual employees, management or members of the board of directors of the relevant company when their cumulative shareholding is 5% or more of the listed securities in the selected line eligible for index inclusion.
- Shares held by the relevant company that represent 5% or more of the listed securities in the selected line eligible for index inclusion (e.g. treasury shares).

### 8.2 REVIEW RELEVANT DATES

The **Index Universe Cut-Off Date** is the date on which, after the market close, relevant data are gathered that will serve as basis to construct the Large Universe.

The **Review Cut-Off Date** is the date on which, after the market close, relevant data are gathered that will serve as basis for the periodical review of the index.

The **Review Announcement Date** is the date on which, after the market close, the changes relating to the periodical review are announced as well as the preliminary free float factors.

The **Review Composition Announcement Date** is the date on which, after the close, the full details are announced regarding the index composition that will come into effect after the review effective date. This includes numbers of shares, free float factors and capping factors of all companies included in the new index portfolio.

The **Review Effective Date** is the date on which, after the market close, the changes relating to the periodical review are being effectuated in the index portfolio.

## 9. ESG DISCLOSURE

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 Transatlantic Circular Economy 50 EW 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 combined ESG factors	<p><b>Exclusion:</b></p> <ul style="list-style-type: none"> <li>• Companies with an Environmental overall score &lt; 30</li> <li>• Companies with a Waste Management score &lt; 50</li> <li>• Companies with a Management of Environmental Impacts from the Use and Disposal of Products/Services score &lt; 50</li> <li>• Companies facing UNGC critical controversies, revenue from Tobacco or Controversial weapons (anti-personnel landmines and cluster munitions)</li> </ul> <p><b>Selection:</b></p> <ul style="list-style-type: none"> <li>• Average of Waste Management score and Management of Environmental Impacts from the Use and Disposal of Products/Services score <math>\geq 60</math></li> <li>• Involved in Circular Economy Products and/or Services</li> </ul>
b) List of environmental factors considered:	Please refer to a)
c) List of social factors considered:	Please refer to a)
d) List of governance factors considered:	Please refer to a)
Item 6. 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><b>V.E</b></p> <ul style="list-style-type: none"> <li>• Environmental score</li> <li>• Waste Management score</li> <li>• United Nations Global Compact (UNGC) screening</li> <li>• Controversial weapons involvement</li> <li>• Management of Environmental Impacts from the Use and Disposal of Products/Services score</li> <li>• Circular Economy Products and/or Services</li> </ul>
<p>b) Verification of data and guaranteeing the quality of those data.</p> <p>Describe how data are verified and how the quality of those data is ensured.</p>	<p><b>V.E</b></p> <p>Vigeo-Eiris 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><b>V.E</b></p> <p>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> <li>• ILO Conventions, including the core ones, and recommendations</li> <li>• TFCD recommendations</li> <li>• Paris Agreement (UNFCCC)</li> </ul>
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