



# TCFD Report 2021

Based on the recommendations from the Task Force on Climate-related Financial Disclosures



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## About TCFD

The Task Force established by the Financial Stability Board (“FSB”), developed voluntary recommendations on climate-related information that companies and organisations should disclose to help investors, lenders, and others make sound financial decisions. Structured around four thematic areas – Governance, Strategy, Risk Management and Metrics & Targets – the TCFD Recommendations provide a framework for companies to respond to the increasing demand for transparency on climate-related risks and opportunities from investors.

## Euronext reporting according to the TCFD recommendations

On 22 March 2018, Euronext endorsed the Task Force on Climate-related Financial Disclosures Recommendations and committed to further support transparency on climate-related risks and opportunities on financial markets. The signing of the recommendations took place during an opening bell ceremony in Brussels, held in presence of Michael Bloomberg (leader of the Task Force), and during which the Belgian State, the National Bank of Belgium and the Belgian Financial Services and Markets Authority (FSMA) also signed up to endorse the TCFD Recommendations. The bell ringing coincided with the “High Level Conference: Financing Sustainable Growth” organized by the European Commission in Brussels.

This has been reiterated on the 12<sup>th</sup> of December 2020 when the 40 largest listed companies in France in the CAC 40 index, Euronext and the French Market Authority declared their support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), demonstrating a commitment to building a more resilient financial system and safeguarding against climate risk through better disclosures.

## TCFD Disclosures

This is the second TCFD report from Euronext, both as a listed company and as a market operator. Euronext's climate reporting is based on the four key elements of the TCFD recommendations:



### Governance

The world is facing significant challenges in ensuring a sustainable future for our people and our planet. Global warming and its consequences is indisputably one. Many national and international initiatives are addressing these challenges. Every organisation will have to play its own role, depending on its impact and its opportunities, in the transition to a more sustainable society and in a greener world.

The finance sector can be an important contributor to the global sustainability agenda and can promote sustainable finance, by incorporating environmental, social and governance (ESG) factors into investment decision-making, and by supporting the allocation of capital to more sustainable, greener and more environmentally friendly initiatives.

Euronext has a special position in the financial ecosystem. It serves the real economy by bringing together buyers and sellers in high integrity trading venues that are transparent, efficient and reliable. In this key role, Euronext has a responsibility vis-à-vis the whole finance community to contribute to the financial stability and the sustainable agenda in the countries in which it operates.

The Managing Board and the Supervisory Board fully endorse ESG as a core component key to the strategy of Euronext. The General Counsel, part of the Group's extended Managing Board, is in charge of coordinating ESG at the Group level, making sure that all relevant departments integrate the ESG objectives into their missions. An ESG Task Force supports the General Counsel. This Task Force consists of global champions of each of the impact areas which are in their turn supported by local ESG coordinators. The Task Force meets on regular basis and works in close cooperation with the business to develop new initiatives aligned with the Group Strategic Plan, and with the communication and investor relations teams.

Moreover, all ESG initiatives are captured by the Strategic Plan Transformation Office, which monitors the progress of the whole strategic plan of the Group, reports regularly on these progresses to the Managing Board and the Supervisory Board and, in this context, has regular update meetings with the General Counsel and the ESG Task Force. All significant new ESG related projects are submitted for approval to the Managing Board.

### PROGRESS MADE IN 2021:

1. The Managing Board and the Supervisory Board approved the new strategic plan called "Growth for Impact 2024" Strategy. This new sustainability strategy focuses on accelerating climate action both in the Euronext operations and through the role it plays in empowering sustainable finance across all its markets. As part of this strategic plan, Euronext has announced the launch of its "Fit for 1.5°" climate commitment, for its own business, its partners and its clients. It has committed to setting science-based quantitative climate targets by signing the "Business Ambition for 1.5°C", a commitment led by the Science Based Targets initiative.
2. A Head of Group ESG has been appointed. This new role will be dedicated to the development of the Euronext Sustainability Strategy.

## Strategy

In 2021 Euronext has identified its purpose and redefined its ambition. With a special position in the financial ecosystem, it connects European economies to global capital markets, to accelerate innovation and sustainable growth with the ambition to build the leading market infrastructure in Europe and the purpose to shape capital markets for future generations.

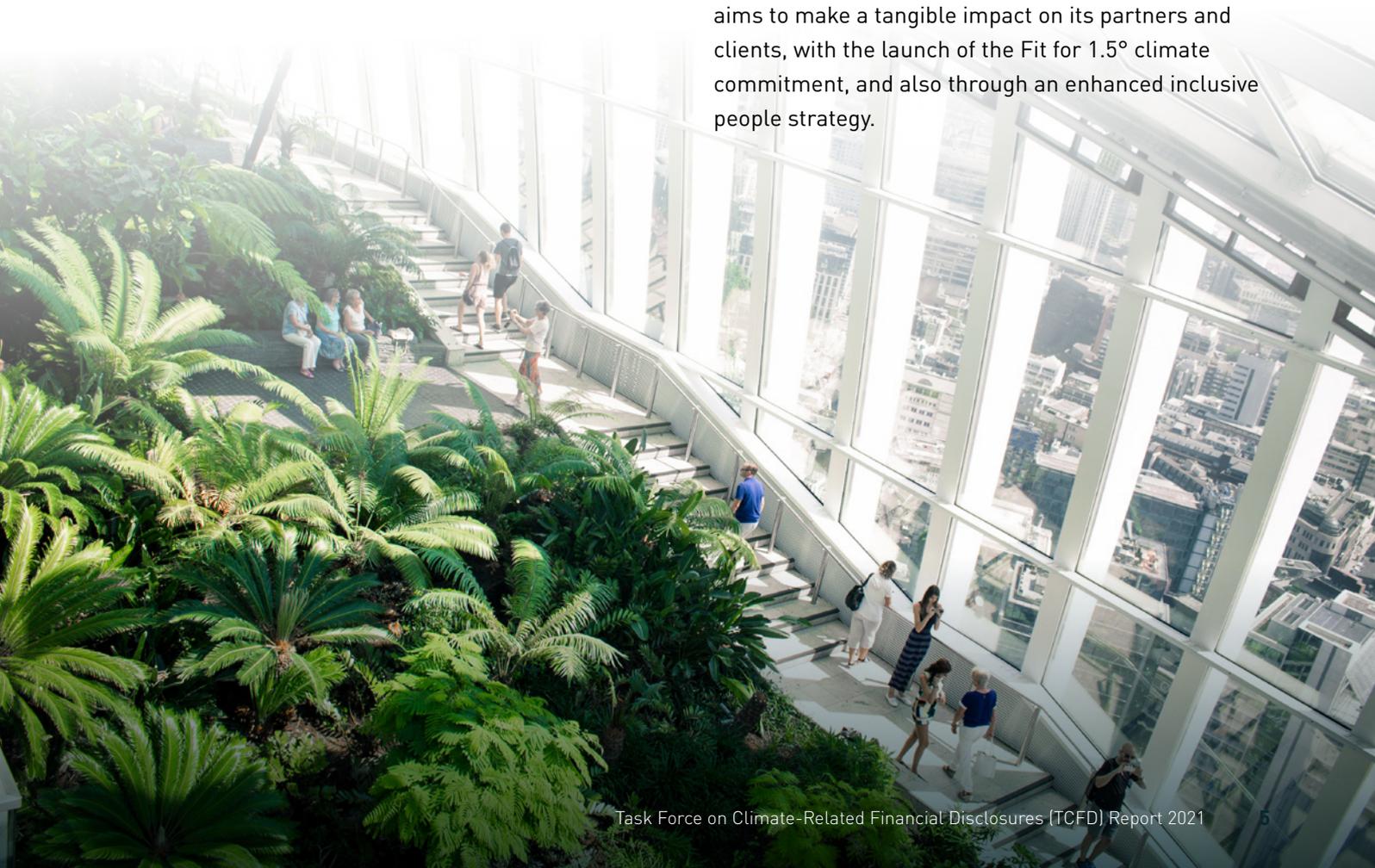
### Euronext follows its mission by:

- driving investment in innovative, sustainable products and services through secure and transparent markets, in continuous collaboration with the financial community;
- inspiring and promoting sustainable tangible practices within the company and towards our communities, by respecting and developing our people and by supporting our ecosystem.

This dual ambition is fully aligned with the Action Plan on Financing Sustainable Growth launched by the European Commission in 2018 and with the Green deal presented by the European Commission in December 2019.

In this context, based on feedback received from all of its stakeholders, Euronext has identified 11 key issues, that were grouped into 5 material impact areas, consistent with Euronext dual ESG ambition. The climate strategy of Euronext is part of the pillar “Our environment” and aims to reduce its own carbon footprint and contribute to the protection of the environment.

The new strategic plan “Growth for Impact 2024” is built on Euronext’s strong focus on ESG and the priority to empower sustainable finance through an ambitious climate commitment for Euronext that aims to make a tangible impact on its partners and clients, with the launch of the Fit for 1.5° climate commitment, and also through an enhanced inclusive people strategy.



KEY ISSUES	MATERIAL IMPACT AREA	DRIVERS OF THE MISSION	FIT FOR 1,5°	KPI
<p>Organise a trusted, fair, transparent and efficient market, thereby enhancing access to capital</p> <p>Promote and develop sustainable and innovative products and services with environmental (green and blue) or social added value</p>	<b>Our Markets</b>	<p>Driving investment in innovative, sustainable products and services through secure and transparent markets, in continuous collaboration with the financial community</p>	<p>Develop capital market solutions for a carbon neutral European economy</p>	<p>Number of incidents reported to the College of regulators</p> <p>Number of operational alerts treated internally by EMS</p> <p>Availability of the trading platform</p> <p>Percentage of ESG Revenues</p>
<p>Be the spokesperson of the sector and foster "Issuer-Investor" dialogue</p> <p>Maintain an ongoing dialogue with multi-stakeholder partnerships</p> <p>Educate our partners on financial literacy and regulations</p>	<b>Our Partners</b>			<p>Number of suppliers having signed the Code of conduct</p> <p>Client satisfaction (NPS)</p>
<p>Develop skills and retain talents in an open culture of dialogue</p> <p>Promote diversity</p> <p>Respect human rights and local labor laws</p>	<b>Our People</b>	<p>Inspiring and promoting sustainable tangible practices within the company and towards our communities, by respecting and developing our people and by supporting our ecosystem.</p>	<p>Implement a forward-looking and outcome-based approach across all its impact areas, including human capital, community investment and governance issues that are material to its industry with a view to improving its overall ESG ratings relative to peers</p>	<p>Diversity at the Senior Leadership Team</p>
<p>Act ethically, with integrity and the highest standards in terms of good governance</p> <p>Educate and engage with our local Community</p>	<b>Our Society</b>			<p>GDPR training employees</p> <p>Personal data breaches</p> <p>Use of the Whistleblowing process</p>
<p>Reduce our own carbon footprint and contribute to the protection of the environment</p>	<b>Our Environment</b>			<p>Commit to setting science-based quantitative climate targets by signing the "Business Ambition for 1.5°C"</p>

Euronext has joined the UN Global Compact, which focuses on the protection of the environment, among other things. Euronext is also an Official Partner of the United Nations Sustainable Stock Exchanges (SSE Initiative), which explores how exchanges can work together with investors, regulators, and companies to enhance corporate transparency on ESG issues and encourage responsible long-term approaches to investment.

Since 2018, Euronext has also been reporting the following indicators of greenhouse gas emissions:

- Scope 1 emissions representing direct emission from buildings and other assets, mainly deriving from the consumption of natural gas for heating purposes;
- Scope 2 emissions representing emissions deriving from the consumption of the electricity both at our buildings and at our data centres;
- Scope 3 emissions representing emissions deriving from 1) employee commuting, 2) business travel, 3) IT equipment and 4) purchased goods and services.

The Bilan Carbone methodology, has been used for estimating greenhouse gas emissions for 2018, 2020 and 2021. The Bilan Carbone is the reference

carbon inventory methodology in France, which is compliant with ISO 14064; GHG Protocol and Directive No.2003/87/EU. The chosen boundary of the footprint are Operational Control: emissions for the installations over which Euronext exercises control.

Euronext has developed sustainable products and services with environmental added value and more specifically with a focus on Blue economy and climate change.

With its new strategic plan "Growth for Impact 2024", Euronext is leveraging its ESG performance to build an impactful ESG strategy. The new sustainability strategy focuses on accelerating climate action both in the Euronext operations and through the role it plays in empowering sustainable finance across all its markets.

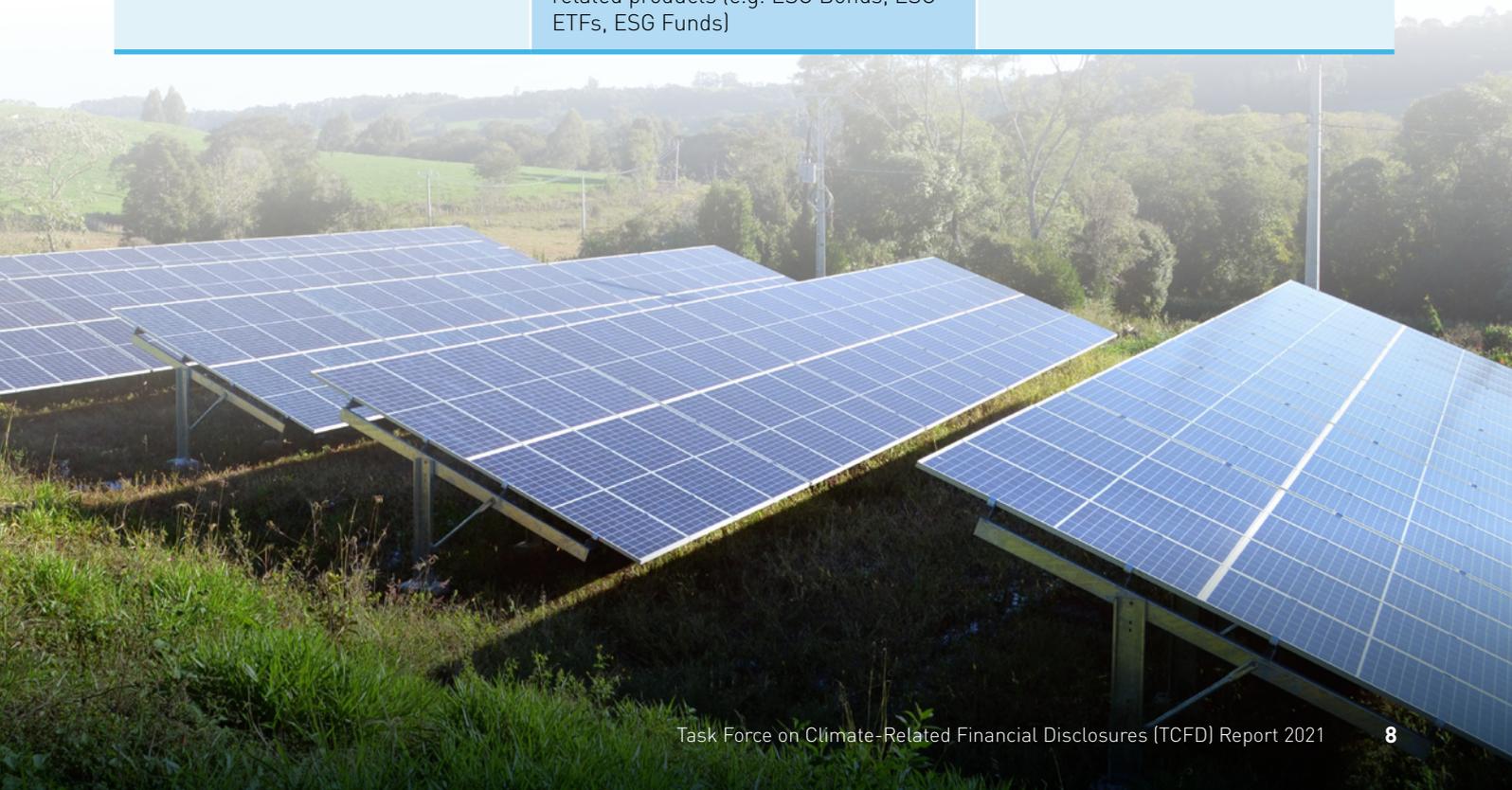
Euronext attaches great importance to the impact of climate change within the overall operational strategy. To evaluate the opportunities and risks of climate change it analyses within its different businesses how climate risks manifest themselves, how much they impact the financial performance, which of the products and services are affected, and which steps based on the core business and which strategic steps are suitable for taking advantage of opportunities and minimizing risks.



The processes used to identify, evaluate and manage climate-related opportunities and risks are solution-oriented. It is our ambition to understand the relationship between the environment and society, between climate change and the financial market and thus also the possibilities of shaping these relationships on a sustainable basis.

Along this value chain Euronext has identified the following climate-related opportunities and Transitional risks for the business:

	<b>OPPORTUNITIES</b>	<b>TRANSITIONAL RISKS</b>
<b>Sustainable regulations</b>	New business initiatives to answer increased or modified regulation	<ul style="list-style-type: none"> <li>▪ Legislation</li> <li>▪ Reputation</li> <li>▪ Competition</li> </ul>
<b>Listing</b>	Development of new service offerings (products, tools, advisory, education, etc.) to accompany issuers as embark on a path toward transforming their businesses to meet new regulatory and investors' expectations.	Expansion and further acceleration of regulatory interventions: risk of stifling issuers' impulse
<b>Indices</b>	Development - in partnership with our ESG data providers - of suite of the climate-related indices answering to clients' needs and addressing active regulation.	Concentration of the ESG data provider industry
<b>Market data</b>	Continue to explore opportunities to create valuable ESG data products for the investment community	Concentration of the ESG data provider industry
<b>Custody &amp; Settlement</b>	New services that contribute to better Governance (e.g. shareholder identification and analytics, virtual general meetings, proxy voting) Custody and settlement of climate-related products (e.g. ESG Bonds, ESG ETFs, ESG Funds)	Greenwashing in financial instruments and reputation Resource needs for adaptation



## PROGRESS MADE IN 2021:

1. On the 2<sup>nd</sup> of November 2021, Euronext became signatory of “Business Ambition for 1.5”, a campaign of the Science Based Targets initiative (SBTi) in partnership with the UN Race to Zero campaign.
2. On the 8<sup>th</sup> of November 2021, Euronext presented its new strategic plan “Growth for Impact 2024”, which sets out the Group’s ambition to build the leading market infrastructure in Europe. The Group aims to make an impact on its industry and its ecosystem to shape capital markets for future generations. One of its strategic priorities is empower sustainable finance through an ambitious sustainability strategy, which focuses on accelerating climate action both in Euronext operations and through the role it plays in empowering sustainable finance across all its markets. Euronext has therefore announced the launch of its “Fit for 1.5°” climate commitment, for its own business, its partners and its clients.
3. Euronext measured in a new KPI the ESG revenues deriving from ESG products and services, which are equivalent to 1.2% of the total revenues (see URD 2021 for more details on the calculation methodology), There has been progress regarding the development of a variety of green products and services:
  - a. Euronext launched new ESG indices, including:
    - The CAC 40<sup>®</sup> ESG index, which combines measurements of economic performance with environmental, social and governance impacts, in line with the French SRI label and the UN Global Compact principles.
    - ESG World 75 index: by focusing on worldwide equity investments, it supports the German Federal Government’s Special Pension and Care Funds in aligning its sustainable finance strategy with the climate transition targets of the EU.
    - First Social index, focusing on companies with “socially-responsible” products and that adopt a socially responsible business model.
    - New Low Carbon indices, which add up to the Paris Aligned Benchmark family. These new indices are two variants of the Low Carbon PAB 100 Europe index, launched in 2008.
    - The MIB<sup>®</sup> ESG index, the first Italian blue-chip ESG index designed to identify major listed Italian issuers that demonstrate best ESG practices.
    - Euronext ESG Biodiversity Screened index, which provides a unique opportunity for investors to integrate the protection of biodiversity in their portfolio.
  - b. During 2021, 184 new ESG ETFs and 4 additional sustainable fund securities were listed on Euronext.
  - c. Euronext’s global ESG bond issuance increased of almost 91%, as in 2021 we reached €979 billion in comparison with €513 billion of 2020. This growth was determined by an 89% increase in green bond issues and a 152% increase in sustainability linked bonds issues.
  - d. In December, Euronext launched options and mini options of the ESG Large 80 index. These options are suited for retail investors, as the maturities available are 1,2,3 months; the mini options, with a size ten times smaller, offer the retail clientele a way to integrate ESG dimension in their investment decisions.
  - e. Euronext also developed some equity initiatives, such as:
    - Financing Cleantech companies in order to support climate-friendly innovations. Euronext has seen 43 new Cleantech companies raising €3.5 billion, operating across multiple Cleantech subsectors listed on its markets.
    - Euronext Blue Economy Footprint is a study that offers a high-level overview of Blue Economy companies listed on Euronext; it promotes discussion on the opportunities and challenges of the Blue Economy.
6. Euronext has taken the business-critical decision of relocating its Core Data Centre from the UK to Bergamo (Italy) in a renewable energy-powered infrastructure.

# Risk Management

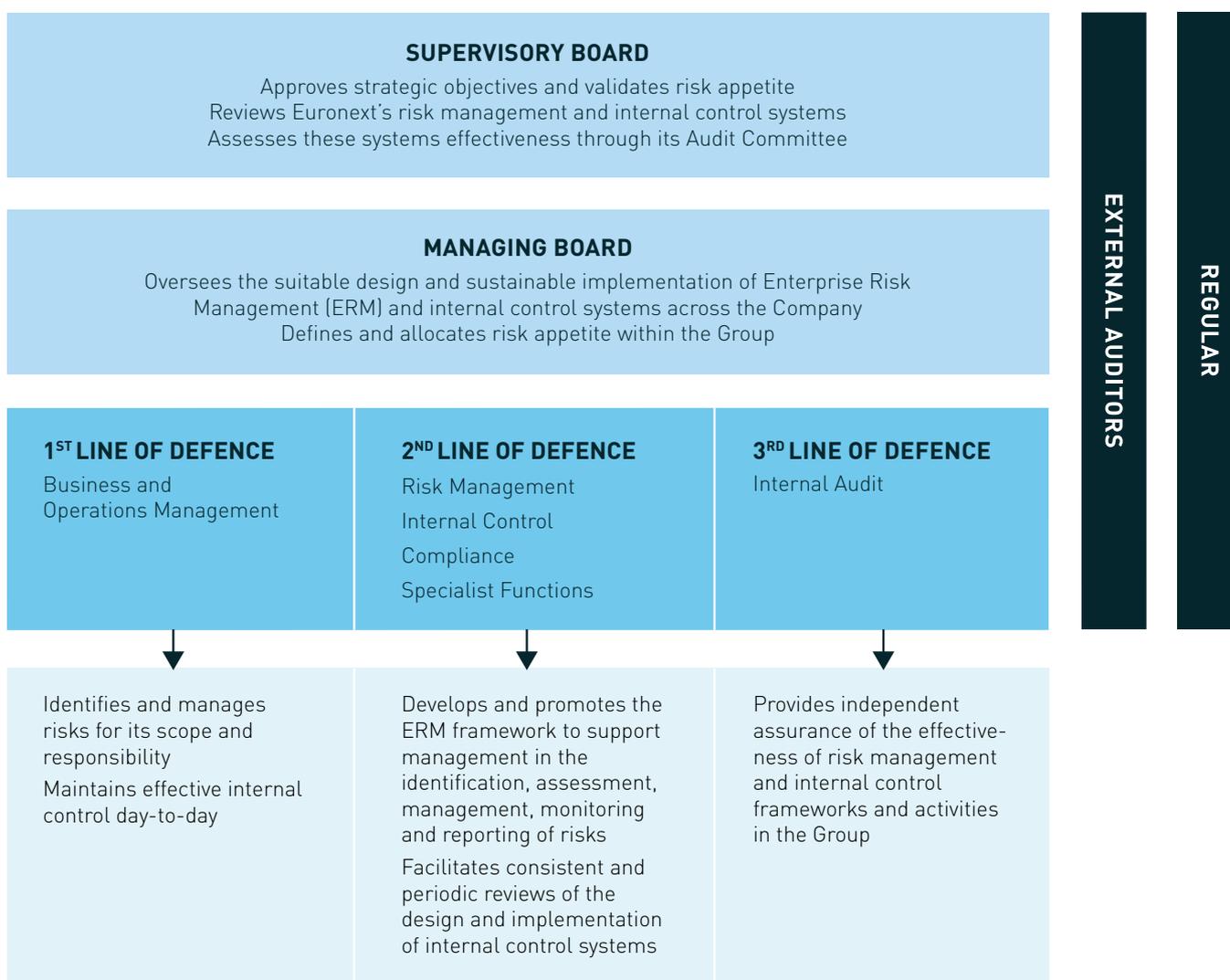
In order to achieve its ambitions and preserve favorable conditions to enable the Company to fulfill its mandate, Euronext has adopted an Enterprise Risk Management (ERM) framework.

The Enterprise Risk Management framework is designed and operated to identify and assess potential events that may affect the Company, including ESG and climate risks, and seek to manage and monitor them.

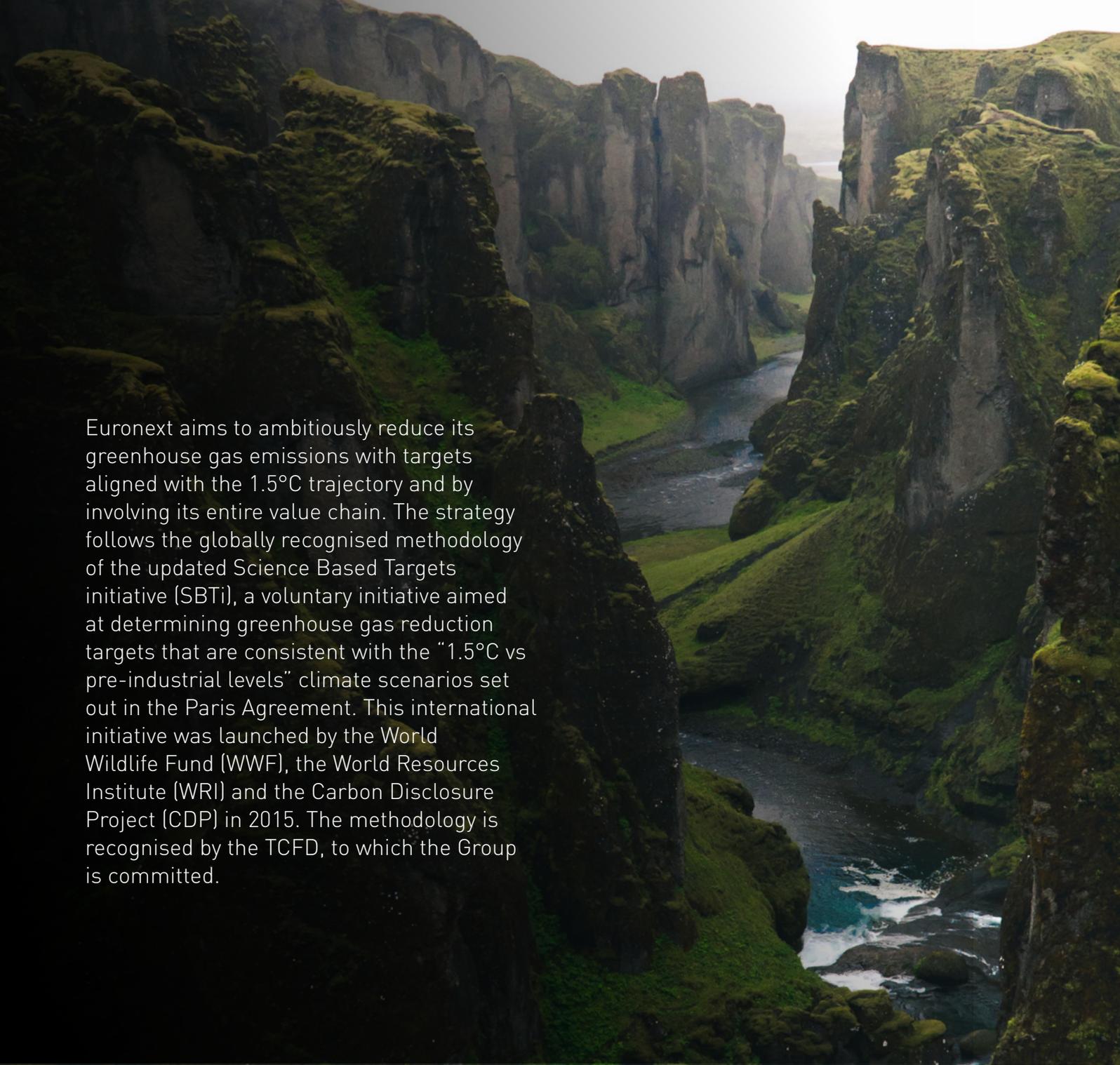
Euronext embeds the risk management philosophy into the Company culture, in order to make risk and

opportunity management a regular and everyday process for employees. The Supervisory Board and Managing Board regard ERM as a key management process to steer Euronext and enable management to effectively deal with risks and opportunities.

The ERM framework at Euronext is set out in the table below:



For further information, see Chapter 2 Risk Management & Control Structure in the Registration document of Euronext NV.



Euronext aims to ambitiously reduce its greenhouse gas emissions with targets aligned with the 1.5°C trajectory and by involving its entire value chain. The strategy follows the globally recognised methodology of the updated Science Based Targets initiative (SBTi), a voluntary initiative aimed at determining greenhouse gas reduction targets that are consistent with the “1.5°C vs pre-industrial levels” climate scenarios set out in the Paris Agreement. This international initiative was launched by the World Wildlife Fund (WWF), the World Resources Institute (WRI) and the Carbon Disclosure Project (CDP) in 2015. The methodology is recognised by the TCFD, to which the Group is committed.

## PROGRESS MADE IN 2021:

1. Reporting on ESG risk is now integrated in the global risk section of the Universal Registration Document (chapter 2). This shows that the Company recognises the importance of this type of risks. During the 2021 risk analysis, no material residual ESG core business risks has been identified as impacting the operations, revenues and stakeholders of the Group.
2. There are three risk factors that have an ESG dimension, and are therefore linked to the key ESG issues as identified in the materiality matrix.
  - a. Cyber Security Risk, which is linked to the pillars “Our market” and “Our society”.
  - b. Technology Risk, which is linked to the pillar “Our market”.
  - c. Employees Risk, which is linked to the pillar “Our people”.

## Metrics and targets

Euronext is monitoring the metrics on climate-related sustainability performance on a systematic basis and publishes these metrics as part of comprehensive reporting. As an electronic services provider, Euronext does not directly engage in materially environmentally sensitive activities. However, Euronext believes that environmental challenges - including climate change - are relevant to capital markets in general and will become increasingly so.

Indicators for its environment sustainability performance are available in the URD or in the GRI index, and include Scopes 1,2, and 3 emissions, electricity, water and gas consumption, as well as recycling figures.

### PROGRESS MADE IN 2021:

1. This year Euronext received the outcome of its first CDP assessment, with a ranking of D. CDP, a rated agency focused on climate, gives a rating from A (top) to F. include other ESG ratings:
  - a. A rating from MSCI, which has a scale from AAA (top) to CCC.
  - b. 86<sup>th</sup> percentile ranking from S&P
  - c. A score of 49 from Vigeo Eiris out of 100 (top).
2. In 2021, Euronext carbon footprint was 42.3 ktCO<sub>2</sub>; this data point can be broken down into:
  - a. Scope 1, which represents 1% of the total emissions, 380 tCO<sub>2</sub>.
  - b. Scope 2, which represents 10% of the total emissions, 4,280 tCO<sub>2</sub>.
  - c. Scope 3, which represents 89% of the total emissions, 37,680 tCO<sub>2</sub>.
3. In 2021, Euronext's carbon footprint increased by approximately 16.5%, compared to 2020, that is including Borsa Italiana in the scope of the footprint of both years. This is explained by a significant increase in purchases, mainly related to consultancy and professional costs in relation to the Borsa Italiana acquisition, and increased hardware maintenance costs. The main reductions are for the business travels, but also for the Italian data centre, due to the use of self-produced green electricity
4. Following the SBTi methodology, Euronext has developed these three targets regarding its emissions:
  - a. By 2030, Euronext will reduce its absolute Scope 1 and market-based Scope 2 emissions by 70%, compared to 2020.
  - b. By 2030, Euronext will reduce its Scope 3 travel emissions by at least 46.2%, compared to 2019
  - c. By 2027, suppliers responsible for 2/3 of Euronext emissions will have set targets on science-based Scope 1 and Scope 2 emissions.

## Appendix

The chosen boundary of the carbon footprint has been Operational Control: emissions for the installations over which Euronext exercises control, including Borsa Italiana. To allow comparison, the results of the 2020 carbon footprint have been restated including Borsa Italiana. All emissions sources relevant to Euronext's activities have been included in the assessment.

APPENDIX: DETAILED EMISSIONS (tCO <sub>2</sub> e)					
		2020 Location Based	2020 Market Based	2021 Location Based	2021 Market Based
Buildings	Scope 1	189	189	228	228
	Scope 2	1 902	793	1 753	594
	Scope 3	878	878	913	913
	<b>Total</b>	<b>2 969</b>	<b>1 860</b>	<b>2 893</b>	<b>1 735</b>
IT equipment	Scope 1	0	0	0	0
	Scope 2	0	0	0	0
	Scope 3	639	639	682	682
	<b>Total</b>	<b>639</b>	<b>639</b>	<b>682</b>	<b>682</b>
Business Travels	Scope 1	-	-	-	-
	Scope 2	-	-	-	-
	Scope 3	-	-	-	-
	<b>Total</b>	<b>714</b>	<b>714</b>	<b>581</b>	<b>581</b>
Commuting	Scope 1	-	-	-	-
	Scope 2	-	-	-	-
	Scope 3	-	-	-	-
	<b>Total</b>	<b>676</b>	<b>676</b>	<b>721</b>	<b>721</b>
Purchases	Scope 1	0	0	0	0
	Scope 2	0	0	0	0
	Scope 3	27 701	27 701	33 740	33 740
	<b>Total</b>	<b>27 701</b>	<b>27 701</b>	<b>33 740</b>	<b>33 740</b>
Wastes	Scope 1	0	0	0	0
	Scope 2	0	0	0	0
	Scope 3	6	6	6	6
	<b>Total</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
Data centers	Scope 1	3	3	3	3
	Scope 2	2530	2269	2526	202
	Scope 3	1034	1034	1184	1240
	<b>Total</b>	<b>3 567</b>	<b>3 306</b>	<b>3713</b>	<b>1 445</b>

Split by scope (location-based)	2020	2021
Scope 1	346	380
Scope 2	4 432	4 280
Scope 3	31 494	37 680
<b>TOTAL</b>	<b>36 272</b>	<b>42 340</b>



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