

**STOXX**



# Eurex ESG Futures Overview

July 2019



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## Introduction

# Deutsche Börse Sustainability

## Accelerating Sustainable Finance

### Deutsche Börse Sustainability

- Deutsche Börse Group launched the Accelerating Sustainable Finance Initiative in May 2017.
- The initial objective of the original 23 signatories of the “Frankfurt Declaration” was to define a framework for a sustainable financial sector and launch specific initiatives in the financial center of Frankfurt.

### Eurex & STOXX

- In 2018 two Deutsche Börse Group entities (Eurex and STOXX) reached out jointly to market participants in order to assess demand for listed **ESG Derivatives**.
- Based on the positive feedback from market participants Eurex Board decided to launch their first ESG Derivatives on **Feb. 14, 2019**.

Eurex Futures based on ESG indices derived on Europe’s key benchmarks provide new tools to the ESG market with the ambition to **increase liquidity** and **lower the cost of trading**

# Feedback market participants

## Strong demand for ESG Derivatives on STOXX benchmarks

### General feedback

- Strong demand for ESG versions of STOXX benchmarks
- Focus on liquidity and lower the cost of trading ESG indices
- Keep it simple
- Similar risk-return profile as STOXX benchmarks
- Tier-1 ESG data provider (like Sustainalytics, CDP)
- Aligned with upcoming EU Commission regulation
- Easy to implement

### Market participants Europe



### Product specific feedback

- Asset managers are looking for “ESG compliant” version of STOXX Europe 600 with “standardized” set of exclusions (UN Global compact, controversial weapons, tobacco, coal)
- Insurance companies showed strong interest in low carbon version of EURO STOXX 50
- Positive feedback on STOXX Europe 600 aligned with “positive carbon impact benchmark” definition EU commission

Based on the strong demand Eurex has announced<sup>1)</sup> that the first ESG Derivatives with underlyings linked to ESG versions of STOXX European flagship indices will be launched on **Feb. 14, 2019**.

1) <https://www.eurexchange.com/exchange-en/resources/circulars/Equity-index-derivatives--Introduction-of-futures-on-STOXX--ESG-X--Low-Carbon-and-Climate-Impact-indexes/3569322>

# First Eurex ESG Derivatives

## Different ESG versions of STOXX European flagship indices

### STOXX Europe 600 ESG-X

- Based on exclusion criteria of responsible policy of leading asset owners
- Norm-based screening (Global Compact) including Human and Labour rights, Environment and Business Ethics and Corruption
- Product Involvement screening, including controversial weapons, tobacco and thermal coal
- Aimed to reduce market risk and reputational risks
- Similar risk-return profile as STOXX Europe 600

### EURO STOXX 50 Low Carbon

- New tool to address climate risks
- Lowering carbon footprint of EURO STOXX 50 with approx. 50%
- Transparent weighting scheme lowering the carbon footprint by applying carbon intensity Z-scores, no exclusions
- Aligned with “Low Carbon Benchmark” definition (article 23a) provided in proposal of EU Commission amending regulation 2016/1011
- Similar risk-return profile as EURO STOXX 50

### STOXX Europe Climate Impact

- Next generation of Low Carbon indices
- Evaluates companies progress towards transitioning to low carbon economy
- Integrated CDP climate scoring methodology which includes forward-looking metrics such as carbon pricing and science-based targets
- Addressing climate risks with additional ESG screens: UN Global Compact, Controversial Weapons, Tobacco and Coal

# Eurex ESG Derivatives

## Product suite

Index name	Curr	Index type	US allowed	Index code	Bloomberg	Eurex contract code Futures		Multiplier	Minimum Block Trade Size	Tick Size	Tick Value	Calendar Tick/Value	Contract value*
<b>STOXX Europe ESG Indices</b>													
EURO STOXX 50 Low Carbon	EUR	Price	planned	SXE5LCEP	SXE5LCEP	FSLC	up to 9 months	100	50	0.1	10	n.a.	14,600
STOXX Europe Climate Impact Ex Global Compact Controversial Weapons & Tobacco	EUR	Price	planned	SXECITEP	SXECITEP	FSCI	up to 9 months	100	50	0.1	10	n.a.	12,000
STOXX Europe 600 ESG-X	EUR	Price	planned	SXXPESGX	SXXPESGX	FSEG	up to 9 months	100	50	0.1	10	n.a.	12,900
<b>Related product benchmarks</b>													
STOXX Europe 600 (Benchmark)	EUR	Price	Y	SXXP		FXXP		50	100	0.1	5	0.02/€ 1	17,750
EURO STOXX 50 (Blue-Chip)	EUR	Price	y	SX5E		FESX		10	1000	1	10		30,600

\*as of Jan. 10, 2019; expected for ESG-X

Above mentioned Eurex ESG Derivatives are launched on Feb. 14, 2019



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STOXX Europe 600  
ESG-X



# Exclusions

## Norms-based screening and controversial weapons

### Norms-based screening

Norms-based screening uses the 10 principles of UN Global Compact for responsible business and covers the following areas:

- **Human rights**
- **Labour rights**
- **Environment**
- **Business ethics and anti-corruption.**

The principles are based on conventions as UN Universal Declaration of Human Rights, International Labour Organization Declaration on Fundamental Principles and Rights at Work, Rio Declaration on Environment and Development, and the UN Convention Against Corruption

### Controversial Weapons

International conventions prohibit companies' involvement in the development, production, maintenance, use, distribution, stockpiling, transport or trade of banned weapons or their key components. This includes:

- **Anti-personnel mines and cluster bombs**
- **Nuclear weapons and depleted uranium weapons**
- **Biological and chemical weapons**
- **White Phosphorous**

# Exclusions

## Product involvement

### Product Involvement

Screening of companies that manufacture and/or sell products or services that risk harming people or the environment. These include the following:

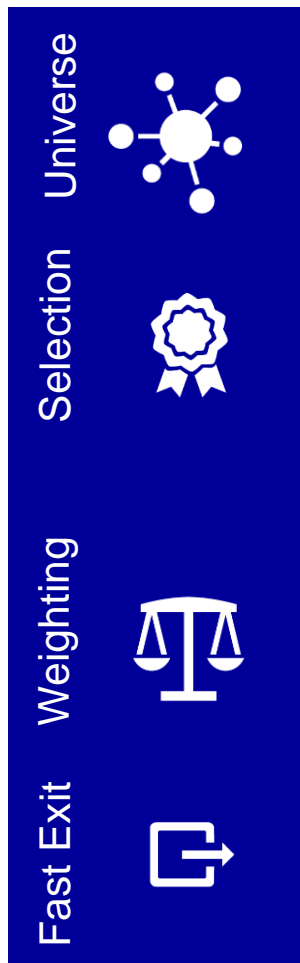
- **Tobacco Production**
- **Thermal Coal**
  - **Mining and exploration**
  - **Power Generating Capacity:**
    - Coal-fired electricity, heat or steam generation capacity / thermal coal electricity production (including utilities that own/operates coal-fired power plants)

Leading institutions world-wide started to exclude companies involved in Tobacco and/or Coal, for example:

- Pension funds/Insurances: Norwegian SWF, FRR, PGGM, APG, AP4, AP7, Allianz, MunichRe, AXA, California Public Employees Retirement, NZ Super, Calpers
- Asset Managers: BNPP AM, Robeco, Nordea, SEB, SwedbankRobur
- Retail networks: ABN AMRO

# STOXX Europe 600 ESG-X

## Norms-based, Controversial Weapons, Tobacco and Thermal Coal Screening



- STOXX® Europe 600
- Exclusion criteria:
  - UN Global Compact Compliance Principles
  - Involvement in Controversial Weapons
    - Anti-personnel mines, biological and chemical weapons, cluster weapons, depleted uranium, nuclear weapons and white phosphorus
  - Tobacco Producers (0% revenue threshold)
  - Thermal Coal
    - >25% revenue threshold from thermal coal mining and exploration
    - >25% power generating capacity (coal-fired electricity, heat or steam generation capacity / thermal coal electricity production)
- Free Float Market Cap
- In case a company which is an index constituent increases in its ESG-risk level to level 5 (non-compliant with Global Compact), the respective constituent will be deleted from the index.

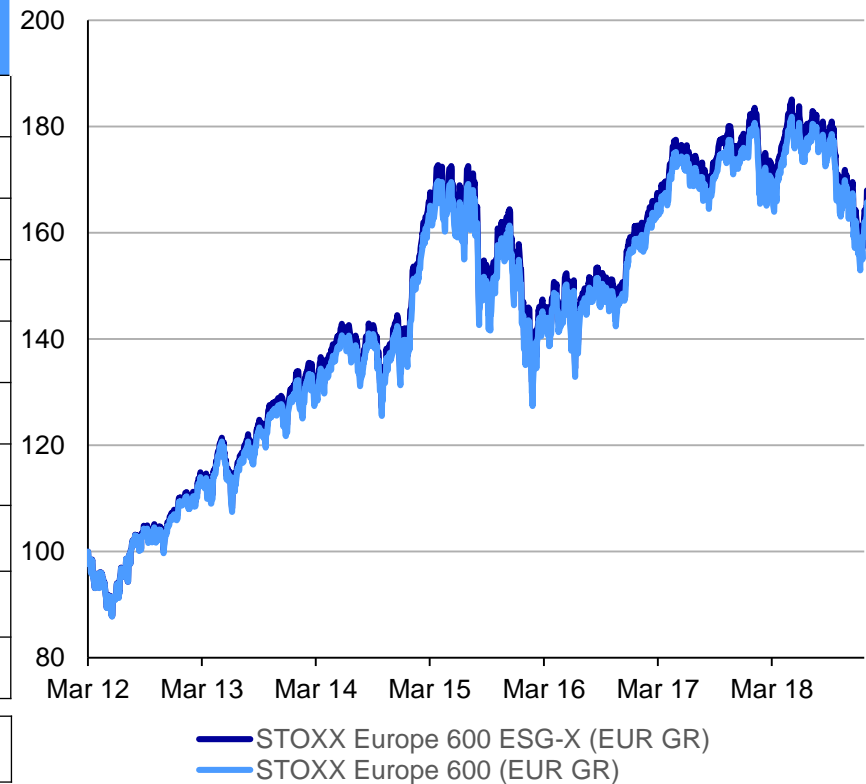
# STOXX Europe 600 ESG-X

## Risk and return overview

### Risk and return characteristics<sup>1)2)</sup>

	STOXX Europe 600 ESG-X(EUR GR)	STOXX Europe 600(EUR GR)
Return (overall)	9.0%	8.8%
Return 1y	4.6%	5.0%
Return 3y	9.1%	9.1%
Return 5y	5.9%	6.0%
Volatility 1y	12.0%	12.0%
Volatility 3y	11.1%	11.0%
Volatility 5y	15.7%	15.6%
Sharpe Ratio (overall) <sup>3)</sup>	0.66	0.65
Max. Drawdown (overall)	25.0%	24.9%
Tracking error (overall)	0.50%	
Number of Constituents	577	600

### Index performance<sup>1)</sup>



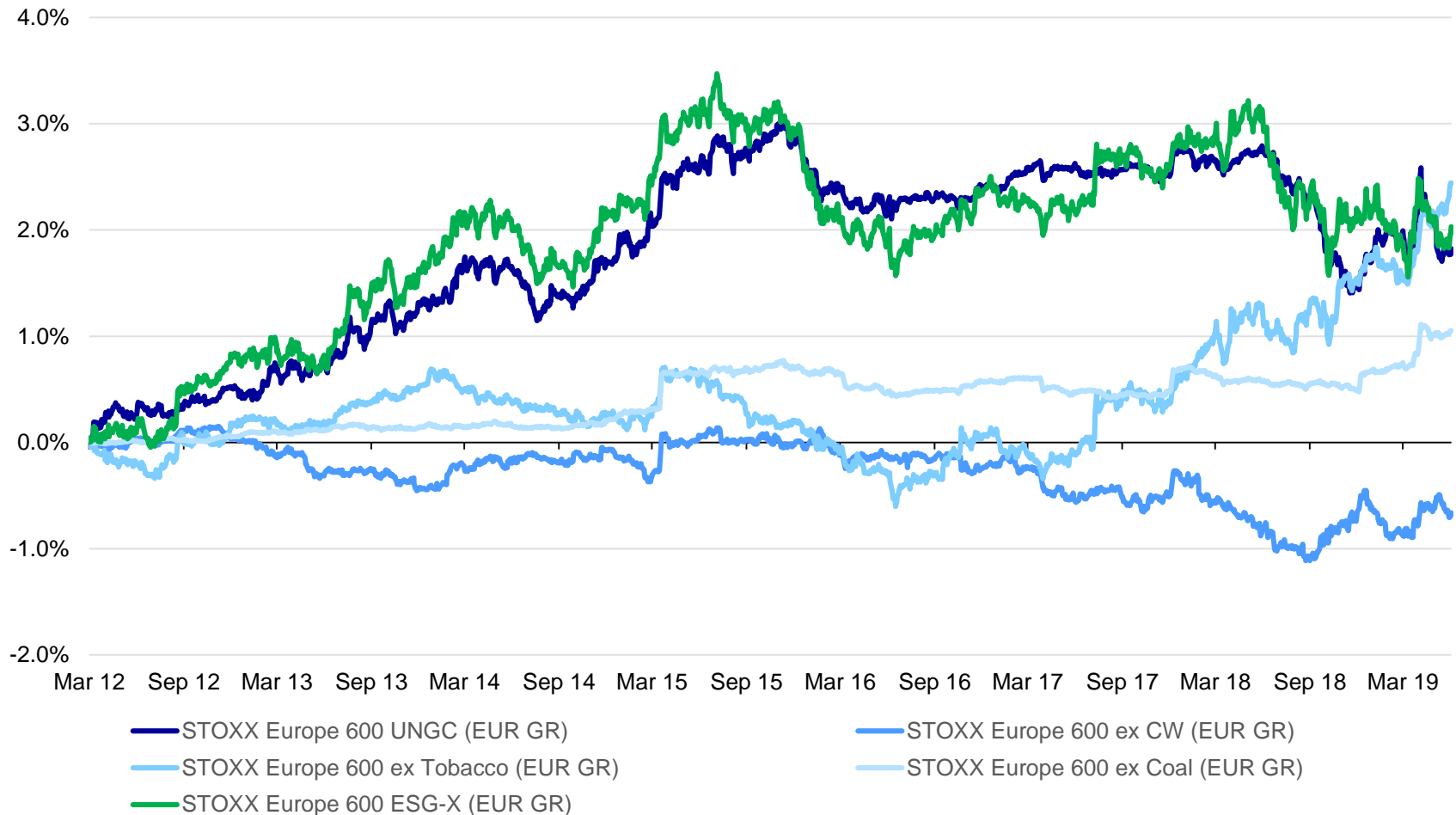
1) Source: STOXX, EUR GR daily data, Mar. 19, 2012 to June 28, 2019.

2) Annualised: returns, volatility, Sharpe ratio and tracking error figures used. Relative figures calculated against STOXX EUROPE 600 Index. Overall: from Mar 19, 2012 to Jun 28, 2019; 1Y: from Jul 02, 2018 to Jun 28, 2019 ;3Y: from Jul 01, 2016 to Jun 28, 2019 ;5Y: from Jul 01, 2014 to Jun 28, 2019

3) EONIA rate used as proxy for riskless returns.

# STOXX Europe 600 ESG-X

## Cumulative impact of exclusions on total returns



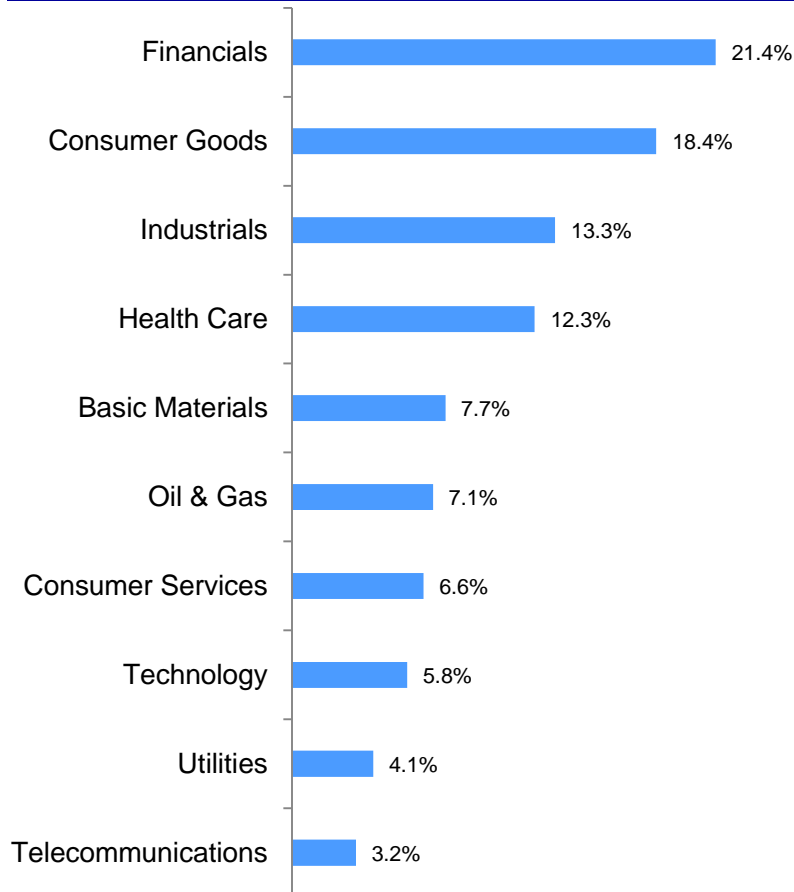
1) Source: STOXX. EUR GR, Data as of June 21, 2019.

2) Please refer to the research paper: [STOXX® Europe 600 ESG-X Index - Analyzing ESG Exclusions](#)

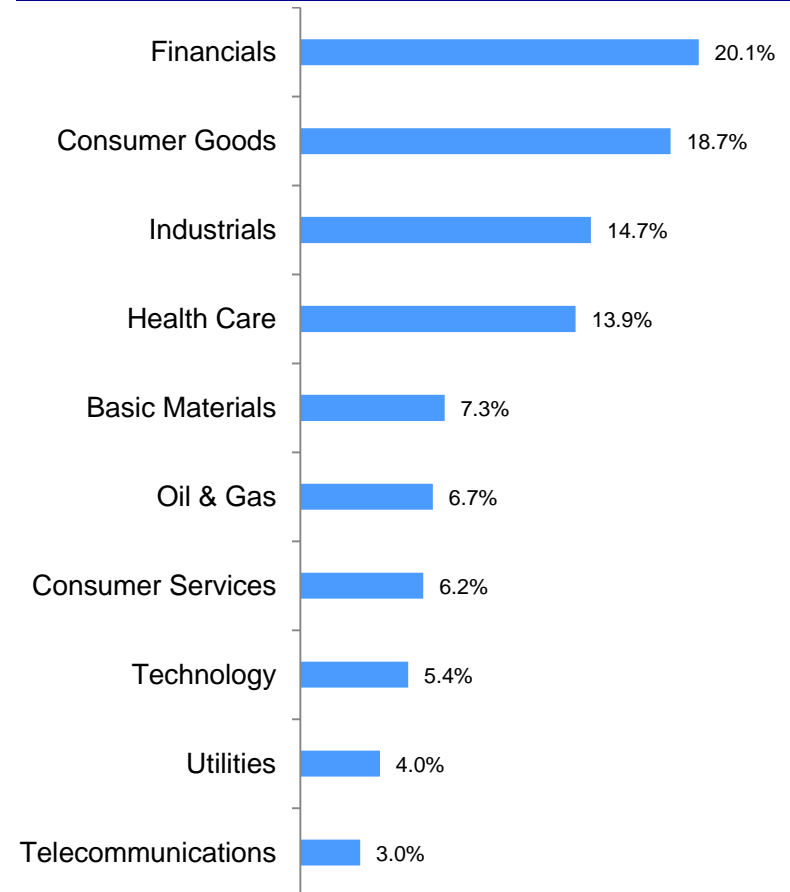
# STOXX Europe 600 ESG-X vs STOXX Europe 600

## Industry allocation<sup>1)</sup>

### STOXX Europe 600 ESG-X



### STOXX EUROPE 600



1) Source: STOXX. Data as of 28/06/2019.

# STOXX Europe 600 ESG-X

## Index details

Ticker	ISIN	Type	Currency	Bloomberg	Reuters
SXXPESGX	CH0445431064	Price	EUR	SXXPESGX INDEX	.SXXPESGX
SXXRESGX	CH0445431056	Net Return	EUR	SXXRESGX INDEX	.SXXRESGX
SXXWESGX	CH0445431072	Gross Return	EUR	SXXWESGX INDEX	.SXXWESGX
SXXLESGX	CH0445431023	Price	USD		.SXXLESGX
SXXVESGX	CH0445431031	Net Return	USD		.SXXVESGX
SXXZESGX	CH0445431049	Gross Return	USD		.SXXZESGX

The STOXX Europe 600 ESG-X index was launched on 14/11/2018, with base value of 100 on 19/03/2012.



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EURO STOXX 50  
Low Carbon



# Low Carbon investment: not a trend, rather a long-term commitment from both companies and investors

Over 700 companies joined the WE MEAN BUSINESS coalition<sup>1)</sup>

Commitments against climate change	Implications	Engaging with companies
<p>Investors can take action by making one or more of these commitments</p> <ul style="list-style-type: none"> <li>▪ Sign the Montréal Pledge for carbon transparency in investment portfolios</li> <li>▪ Join the Portfolio Decarbonization Coalition</li> <li>▪ Invest in low carbon assets</li> <li>▪ Report climate change information in mainstream reports as a fiduciary duty</li> </ul>	<p>Investors making this commitment are expected to have invested or have made a new commitment in Low Carbon assets defined by LCI registry, e.g. investments in:</p> <ul style="list-style-type: none"> <li>▪ Agriculture &amp; Forestry</li> <li>▪ Buildings, e.g. energy efficiency improvements</li> <li>▪ Energy e.g. solar, wind hydro</li> <li>▪ Fixed income e.g. green bonds</li> <li>▪ Information technology e.g. smart grids</li> <li>▪ Low carbon funds e.g. public or private funds investing &gt; 50% in low carbon assets</li> </ul>	<p>Encourage companies to commit to 1 or more of these initiatives:</p> <ul style="list-style-type: none"> <li>▪ Adopt a science-based emissions reduction budget</li> <li>▪ Put a price on carbon</li> <li>▪ Procure 100% of electricity from renewable sources</li> <li>▪ Responsible corporate engagement in climate policy</li> <li>▪ Report climate change information in mainstream reports as a fiduciary duty</li> <li>▪ Remove commodity-driven deforestation from supply chains by 2020</li> <li>▪ Reduce short-lived climate pollutant emissions</li> </ul>

**1,203** Commitments  
*to bold action*















**731** Companies  
*leading the way*

**\$16.7** Trillion  
*market cap*

1) Illustration and data: [wemeanbusinesscoalition.org/](http://wemeanbusinesscoalition.org/) as of May 2018

# STOXX offers a comprehensive set of low carbon indices

## Overview

Description	Covered regions
<b>Low Carbon indices</b> <ul style="list-style-type: none"> <li>Same constituents as benchmark and blue chip indices at the annual review in December. Tracks risk-return profile of the benchmarks, with reduced carbon footprint and tracking error.</li> <li>Uses both reported and estimated data<sup>1)</sup></li> </ul>	<ul style="list-style-type: none"> <li> Global, Global ex USA, ex Japan, ex Australia, ex Europe</li> <li> Europe and Eurozone</li> <li> Japan</li> <li> USA</li> </ul>
<b>Reported Low Carbon indices</b> <ul style="list-style-type: none"> <li>Recognizes companies that report carbon emissions publicly</li> <li>Only stocks with reported data are eligible</li> </ul>	<ul style="list-style-type: none"> <li> Global</li> <li> Europe &amp; Eurozone</li> <li> USA</li> </ul>
<b>Industry Leaders Low Carbon Indices</b> <ul style="list-style-type: none"> <li>Select companies with lowest carbon intensities from each of the 10 ICB Industries, creating diversification and avoiding concentration in certain sectors</li> <li>Uses both reported and estimated data<sup>1)</sup></li> </ul>	<ul style="list-style-type: none"> <li> Global</li> <li> Europe</li> <li> USA</li> <li> Japan</li> </ul>
<b>Low Carbon Footprint Indices</b> <ul style="list-style-type: none"> <li>Exclude 7 highest carbon emission supersectors and 10% of remaining highest emitters</li> <li>Lowest carbon footprint indices</li> <li>Uses both reported and estimated data<sup>1)</sup></li> </ul>	<ul style="list-style-type: none"> <li> Global</li> <li> Europe</li> </ul>
<b>STOXX Global Climate Change Leaders Index</b> <ul style="list-style-type: none"> <li>First global index based on CDP A-list with forward looking carbon leaders who are publicly committed to reducing carbon emissions</li> <li>Uses stocks with reported and Scope 3 data<sup>2)</sup></li> </ul>	<ul style="list-style-type: none"> <li> Global</li> </ul>

1) Carbon Intensity: ((Scope 1 + Scope 2 Greenhouse Gas Emissions (GHG)) / Revenue (\$1 million))

2) Description of emission data, see slide 6

# Trusted and reliable data sources

## Data partners



- CDP holds the largest collection globally of self reported climate change, water and forest-risk data
- Ranked # 1 by investors in climate change research



- ISS Ethix Climate Solutions specializes in carbon emission research and cooperates with CDP to provide robust estimated data

### Emission data used for STOXX Low Carbon indices <sup>1)</sup>

- Scope 1 Direct GHG emissions are emissions from sources that are owned or controlled by the company
- Scope 2 Indirect GHG emissions from the generation of purchased electricity by the company

### Emission data divided into

- Reported data = data voluntarily provided by companies to CDP
- Estimated data = carbon emissions are estimated by ISS Ethix

Recognized and regarded data providers with high quality carbon intensity data

1) Source: <http://www.co2benchmark.com/wri-ghg-protocol-scope-definitions>

# EURO STOXX 50 Low Carbon Index

## Investment Case

### Description

#### Low Carbon indices

- Same constituents as the benchmarks at the annual review in December
- Carbon-tilt overweights low emitters and underweights high emitters
- Reduces carbon footprint **without** applying exclusions
- No adverse effects from weight optimization
- Low tracking error with similar risk-return profile compared to the benchmark
- Uses both reported and estimated carbon intensity data<sup>1)</sup>

Universe



- EURO STOXX 50 constituents as of December each year

Selection



- Select all stocks with Reported and Estimated Carbon Intensity<sup>1)</sup> data
- Calculate a Z-Score

Weighting



- Price weighted: free-float market cap multiplied by the corresponding Z-score carbon intensity factor of each constituent. Overweight stocks with lower carbon intensities, underweight those with higher emissions
- Component capping of 5%

<sup>1)</sup> Carbon Intensity: ((Scope 1 + Scope 2 Greenhouse Gas Emissions (GHG)) / Revenue (\$1 million))

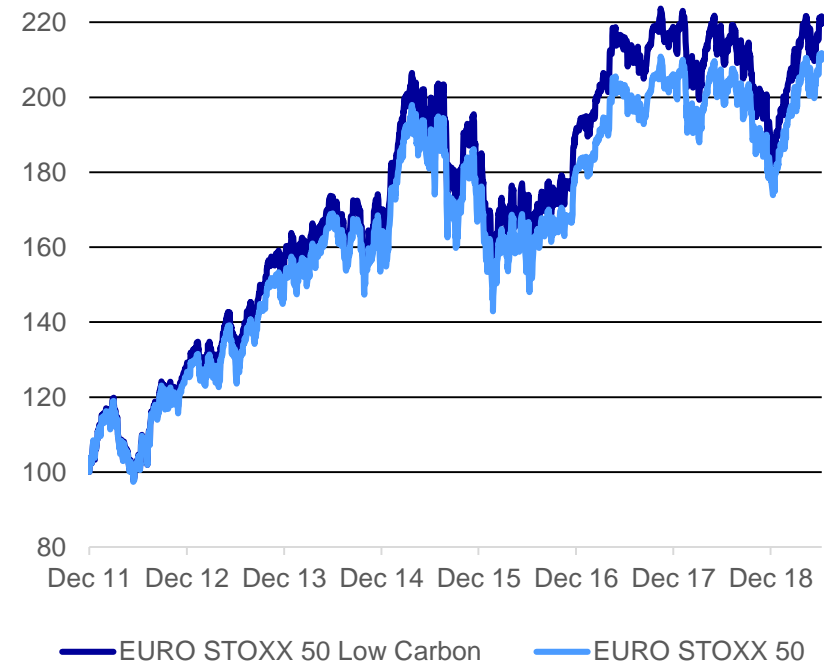
# EURO STOXX 50 Low Carbon

## Risk and return overview

### Risk and return characteristics<sup>1)2)</sup>

	EURO STOXX 50 Low Carbon	EURO STOXX 50
Return (overall)	11.3%	10.6%
Return 1y	6.3%	7.1%
Return 3y	12.3%	12.0%
Return 5y	5.7%	5.2%
Volatility 1y	13.6%	13.3%
Volatility 3y	13.0%	12.7%
Volatility 5y	18.1%	17.9%
Sharpe Ratio (overall) <sup>3)</sup>	0.69	0.66
Max. Drawdown (overall)	-27.7%	-27.8%
Tracking error (overall)	0.96%	
Number of Constituents	50	50

### Index performance<sup>1)</sup>



The EURO STOXX 50 Low Carbon index has a **64%** lower carbon footprint than the EURO STOXX 50 index.

1) Source: STOXX, EUR GR daily data, 19.12.2011 to 28.06.2019.

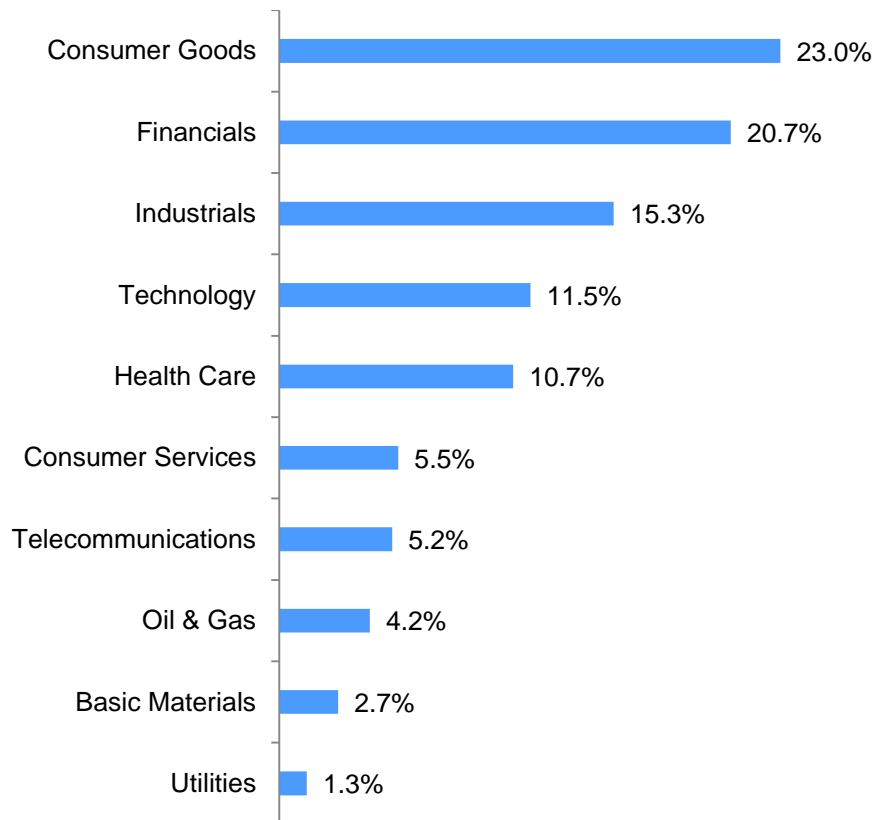
2) Annualised: returns, volatility, Sharpe ratio and tracking error figures used. Relative figures calculated against EURO STOXX 50 Index. Overall: 19.12.2011 to 28.06.2019; 1y: 28.06.2018 to 28.06.2019; 3y: 28.06.2016 to 28.06.2019; 5y: 28.06.2014 to 28.06.2019.

3) EONIA rate used as proxy for riskless returns.

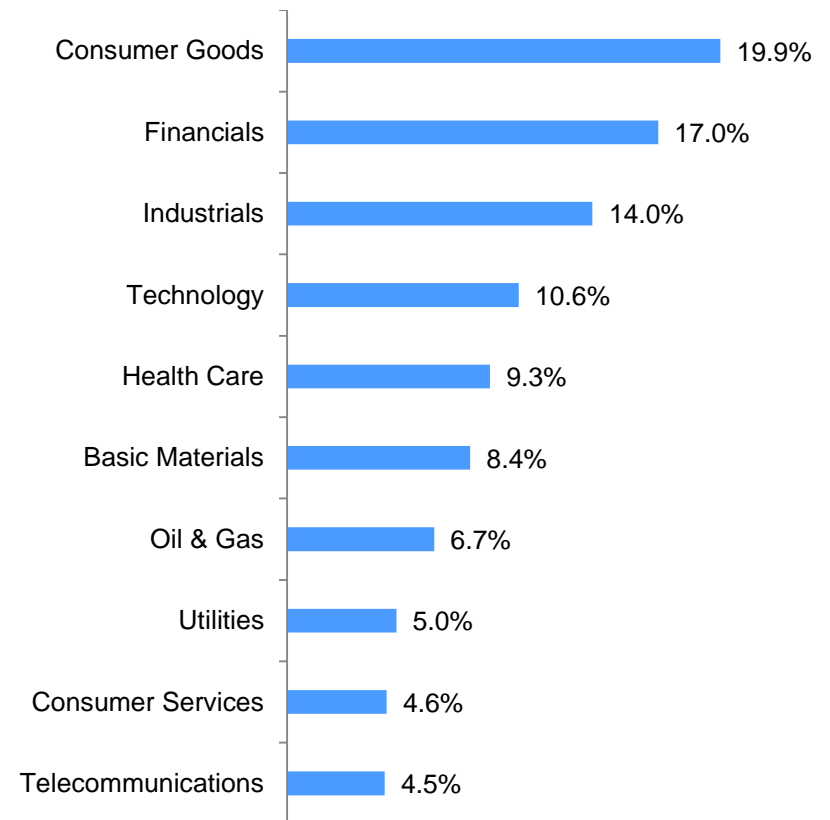
# EURO STOXX 50 Low Carbon vs EURO STOXX 50

## Industry allocation<sup>1)</sup>

### EURO STOXX 50 Low Carbon



### EURO STOXX 50



1) Source: STOXX. Data as of 28/06/2019.

# EURO STOXX 50 Low Carbon Index – Components (I)

## Comparison against the EURO STOXX 50

Name	ISIN	Weight in EURO STOXX 50	Weight in EURO STOXX 50 Low Carbon	Weight
SAP	DE0007164600	5.26%	5.15%	Underweight
TOTAL	FR0000120271	5.26%	3.53%	Underweight
LVMH MOET HENNESSY	FR0000121014	4.01%	4.83%	Overweight
LINDE	IE00BZ12WP82	3.92%	0.75%	Underweight
ALLIANZ	DE0008404005	3.61%	4.39%	Overweight
SANOFI	FR0000120578	3.45%	4.04%	Overweight
SIEMENS	DE0007236101	3.38%	3.99%	Overweight
ASML HLDG	NL0010273215	3.14%	3.73%	Overweight
UNILEVER NV	NL0000009355	3.13%	3.63%	Overweight
AIRBUS	NL0000235190	2.87%	3.41%	Overweight
BCO SANTANDER	ES0113900J37	2.66%	3.23%	Overweight
ANHEUSER-BUSCH INBEV	BE0974293251	2.63%	2.63%	Overweight
L'OREAL	FR0000120321	2.47%	2.99%	Overweight
BASF	DE000BASF111	2.36%	1.44%	Underweight
BAYER	DE000BAY0017	2.28%	2.59%	Overweight
AIR LIQUIDE	FR0000120073	2.12%	0.51%	Underweight
IBERDROLA	ES0144580Y14	2.10%	0.64%	Underweight

1) Source: STOXX. Data as of 28/06/2019.

# EURO STOXX 50 Low Carbon Index – Components (II)

## Comparison against the EURO STOXX 50

Name	ISIN	Weight in EURO STOXX 50	Weight in EURO STOXX 50 Low Carbon	Weight
VINCI	FR0000125486	2.01%	2.23%	Overweight
ADIDAS	DE000A1EWWW0	2.01%	2.44%	Overweight
DEUTSCHE TELEKOM	DE0005557508	1.98%	2.26%	Overweight
BNP PARIBAS	FR0000131104	1.93%	2.34%	Overweight
AXA	FR0000120628	1.93%	2.35%	Overweight
DANONE	FR0000120644	1.93%	2.13%	Overweight
ENEL	IT0003128367	1.92%	0.41%	Underweight
SAFRAN	FR0000073272	1.87%	2.19%	Overweight
SCHNEIDER ELECTRIC	FR0000121972	1.76%	2.08%	Overweight
DAIMLER	DE0007100000	1.75%	2.08%	Overweight
ING GRP	NL0011821202	1.60%	1.94%	Overweight
Kering	FR0000121485	1.56%	1.88%	Overweight
ENI	IT0003132476	1.49%	0.62%	Underweight
PHILIPS	NL0000009538	1.42%	1.72%	Overweight
ESSILORLUXOTTICA	FR0000121667	1.37%	1.48%	Overweight
TELEFONICA	ES0178430E18	1.35%	1.58%	Overweight
BCO BILBAO VIZCAYA ARGENTARIA	ES0113211835	1.32%	1.59%	Overweight

1) Source: STOXX. Data as of 28/06/2019.



# EURO STOXX 50 Low Carbon Index – Components (III)

## Comparison against the EURO STOXX 50

Name	ISIN	Weight in EURO STOXX 50	Weight in EURO STOXX 50 Low Carbon	Weight
MUENCHENER RUECK	DE0008430026	1.28%	1.61%	Overweight
INTESA SANPAOLO	IT0000072618	1.23%	1.50%	Overweight
AMADEUS IT GROUP	ES0109067019	1.23%	1.48%	Overweight
Industria de Diseno Textil SA	ES0148396007	1.18%	1.40%	Overweight
ORANGE	FR0000133308	1.14%	1.33%	Overweight
DEUTSCHE POST	DE0005552004	1.14%	1.16%	Overweight
VOLKSWAGEN PREF	DE0007664039	1.09%	1.25%	Overweight
ENGIE	FR0010208488	1.00%	0.22%	Underweight
NOKIA	FI0009000681	0.99%	1.16%	Overweight
CRH	IE0001827041	0.97%	0.26%	Underweight
VIVENDI	FR0000127771	0.94%	1.14%	Overweight
AHOLD DELHAIZE	NL0011794037	0.88%	1.05%	Overweight
BMW	DE0005190003	0.84%	1.00%	Overweight
FRESENIUS	DE0005785604	0.79%	0.89%	Overweight
UNIBAIL-RODAMCO-WESTFIELD	FR0013326246	0.73%	0.86%	Overweight
GRP SOCIETE GENERALE	FR0000130809	0.72%	0.87%	Overweight

1) Source: STOXX. Data as of 28/06/2019.

# EURO STOXX 50 Low Carbon Index

## Index details

Ticker	ISIN	Type	Currency	Bloomberg	Reuters
SXE5LCEP	CH0305287432	Price	EUR	SXE5LCEP INDEX	.SXE5LCEP
SXE5LCEN	CH0305287499	Net Return	EUR	SXE5LCEN INDEX	.SXE5LCEN
SXE5LCEG	CH0305287531	Gross Return	EUR	SXE5LCEG INDEX	.SXE5LCEG
SXE5LCUP	CH0305287457	Price	USD		.SXE5LCUP
SXE5LCUN	CH0305287515	Net Return	USD		.SXE5LCUN
SXE5LCUG	CH0305287556	Gross Return	USD		.SXE5LCUG

The EURO STOXX 50 Low Carbon index was launched on 04/12/2016, with base value of 100 on 19/12/2011.

## Decrement indices based on the EURO STOXX 50 Low Carbon Index

Decrement Index	Ticker	ISIN	Currency	Bloomberg	Reuters
EURO iSTOXX 50 Low Carbon Decrement 4.75% Index	ISXE50L4	CH0313264175	EUR		.ISXE50LCD4
EURO iSTOXX 50 Low Carbon Decrement 5% Index	ISXE50L5	CH0313264183	EUR	ISXE50L5 INDEX	.ISXE50LCD5

The EURO iSTOXX 50 Low Carbon Decrement 4.75% Index is based on the Net Return version of the EURO STOXX 50 Low Carbon Index, where as the EURO iSTOXX 50 Low Carbon Decrement 5% is based on the Gross Return version of the index.



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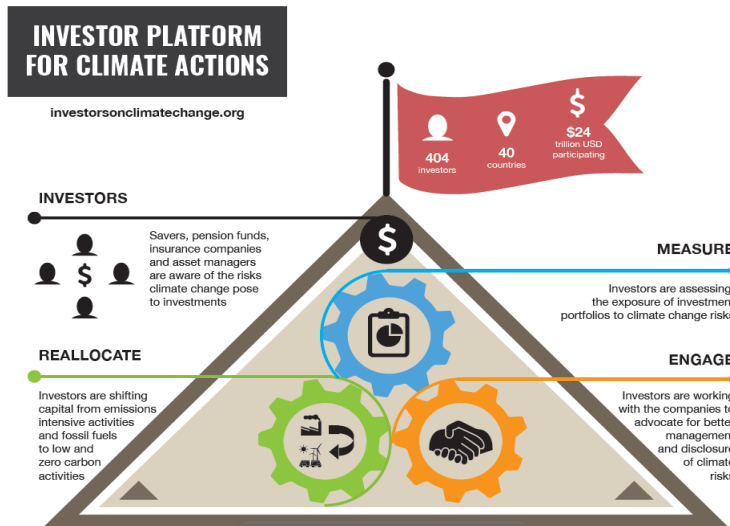
STOXX Europe  
Climate Impact

# Climate Change is not a trend, but a long-term commitment by governments, financial sector and investors globally

Investors worth a total of \$24 trillion committed to participate in the transition to a low-carbon economy

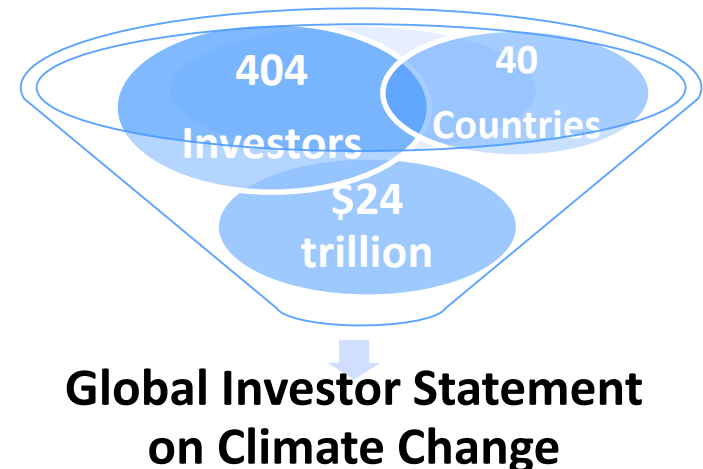
## Risks

- Research<sup>1)</sup> shows that climate change could cost up to 19% of global GDP by end of 2030
- Investors are seeking ways to mitigate the financial costs of climate change



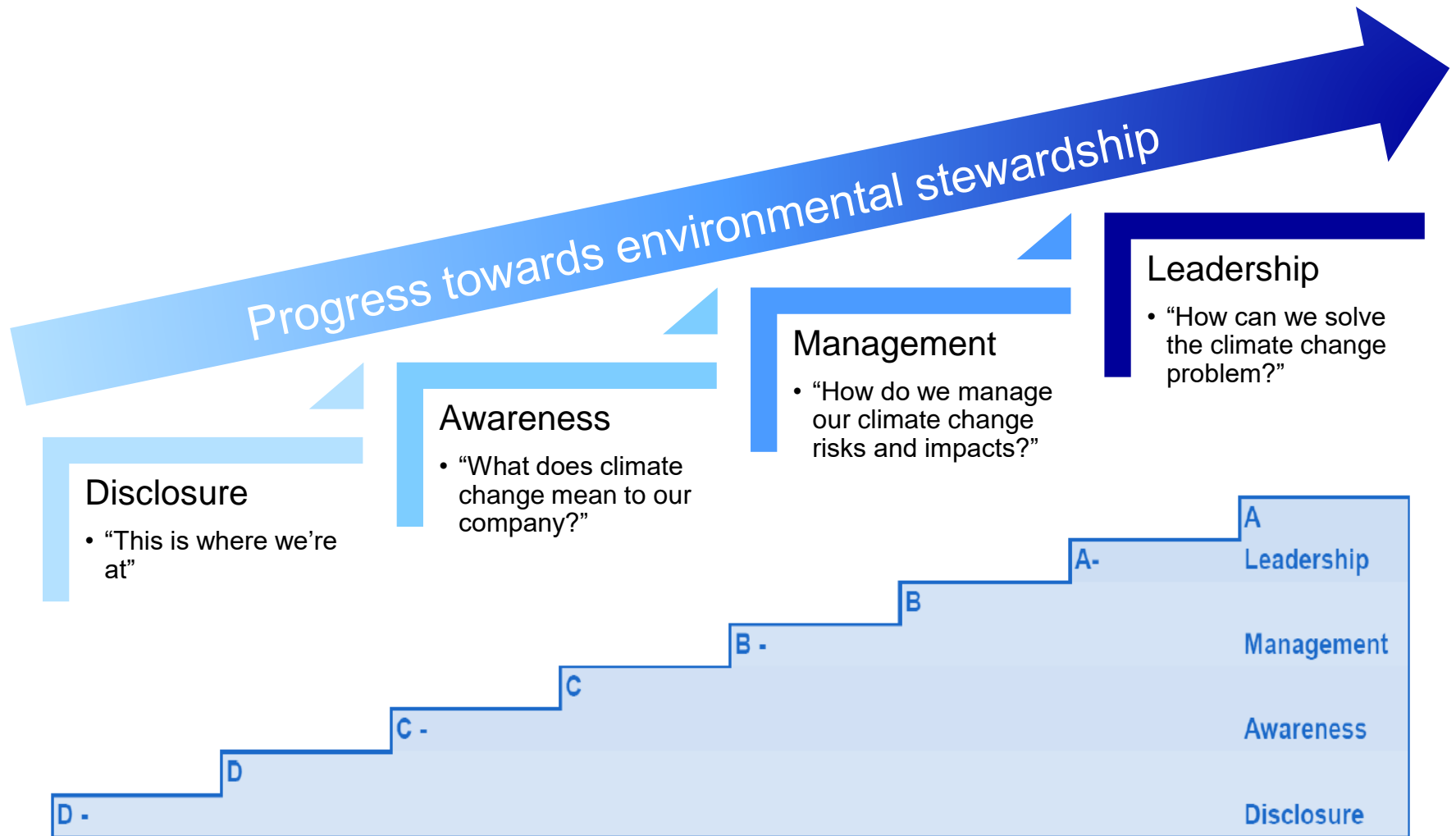
## Opportunities

- Investors are discovering the potential of investments in renewable energy and the low-carbon economy
- Such investments offer favorable risk-return profiles compared to the benchmark

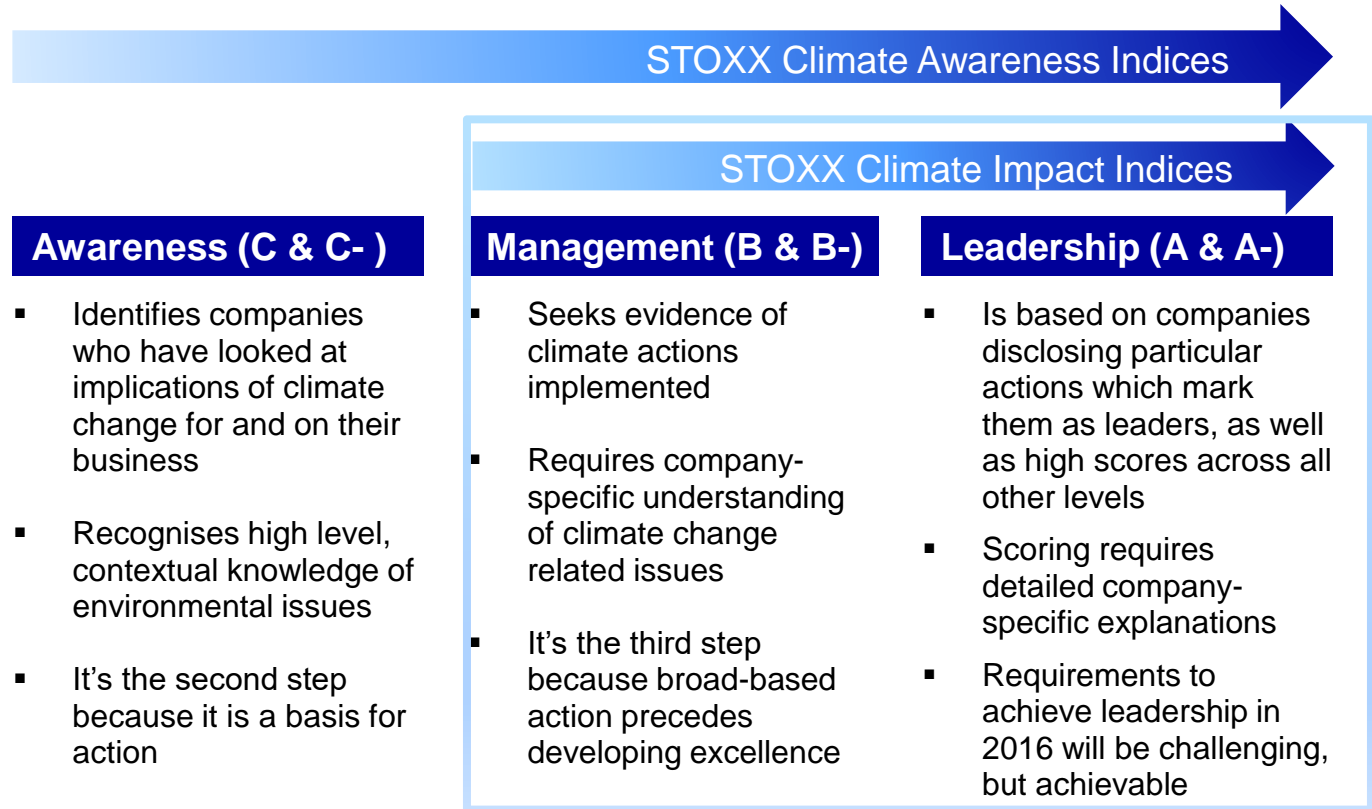


1) Report titled "Shaping Climate-Resilient Development" by Economics of Climate Adaptation (ECA) Working Group

# CDP's scoring approach and corresponding level



# CDP Scoring Levels



CDP Climate Change scoring measures companies progress towards environmental stewardship. The scoring methodology includes forward-looking metrics such as carbon pricing and science-based targets. STOXX Climate Impact indices select companies with climate change scoring Management and Leadership levels. These companies show understanding of the impact of climate change on their business and all have implemented “actions” to address climate change risk and opportunities in their organisation.

# STOXX<sup>®</sup> Europe Climate Impact Ex Global Compact, Controversial Weapons & Tobacco Index

## Description

### STOXX Climate Impact Indices

- Unique concept utilizing forward-looking indicators based on CDP research
- Contains companies with a CDP Performance Band Score of between A (Leadership) and B- (Management)
- Constituents focus on solving the climate problem (A to A-: “Leaders”) and managing climate change risks and impact (B to B-: “Management”)

Universe



- STOXX<sup>®</sup> Europe 600
- Exclude:
  - ICB subsector Coal (1771)
  - UN Global Compact Violations
  - Controversial Weapons
  - ICB Sector Tobacco (3785)

Selection



- Select all stocks from the Universe with a CDP Climate Scoring of A to B- (Leadership and Management)

Weighting



- Price weighted:
  - Free-float market cap multiplied by the corresponding Z-score carbon intensity factor of each constituent with constituent capping at 5%
  - Overweight stocks with lower carbon intensities, underweight those with higher emissions



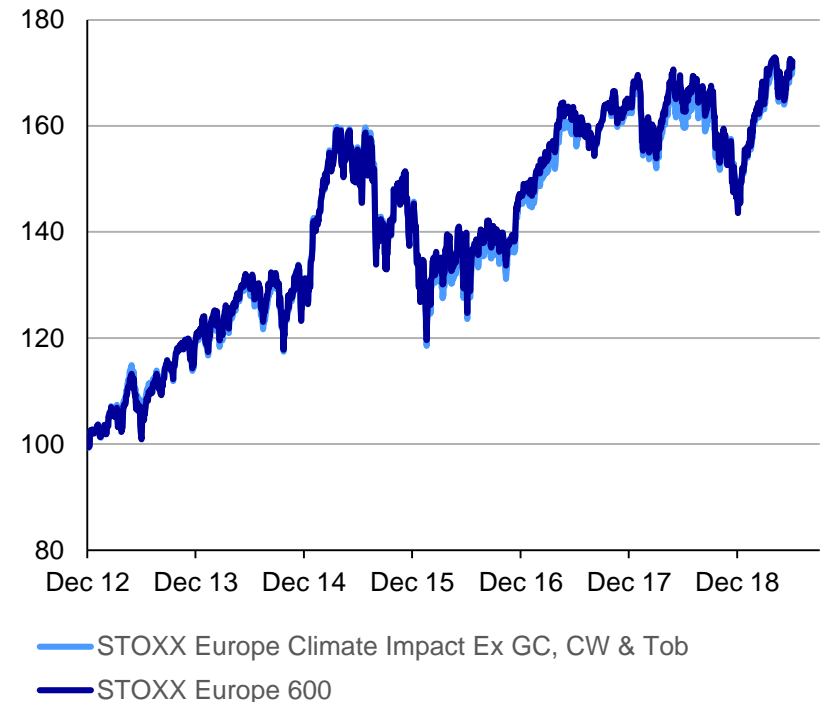
# STOXX® Europe Climate Impact Ex Global Compact, Controversial Weapons & Tobacco Index

## Risk and return overview

### Risk and return characteristics<sup>1)2)</sup>

	STOXX Europe Climate Impact Ex GC, CW & Tob	STOXX Europe 600
Return (overall)	8.7%	8.8%
Return 1y	7.3%	5.9%
Return 3y	10.7%	10.6%
Return 5y	6.1%	6.0%
Volatility 1y	11.4%	12.0%
Volatility 3y	11.0%	11.2%
Volatility 5y	15.6%	15.6%
Sharpe Ratio (overall)	0.65	0.66
Max. Drawdown (overall)	-25.8%	-24.9%
Tracking error (overall)	1.6%	
Number of Constituents	258	600

### Index performance<sup>1)</sup>



The STOXX Europe Climate Impact index has a **54%** lower carbon footprint than the STOXX Europe 600 index

1) Source: STOXX, EUR GR daily data, 19.12.2011 to 28.06.2019.

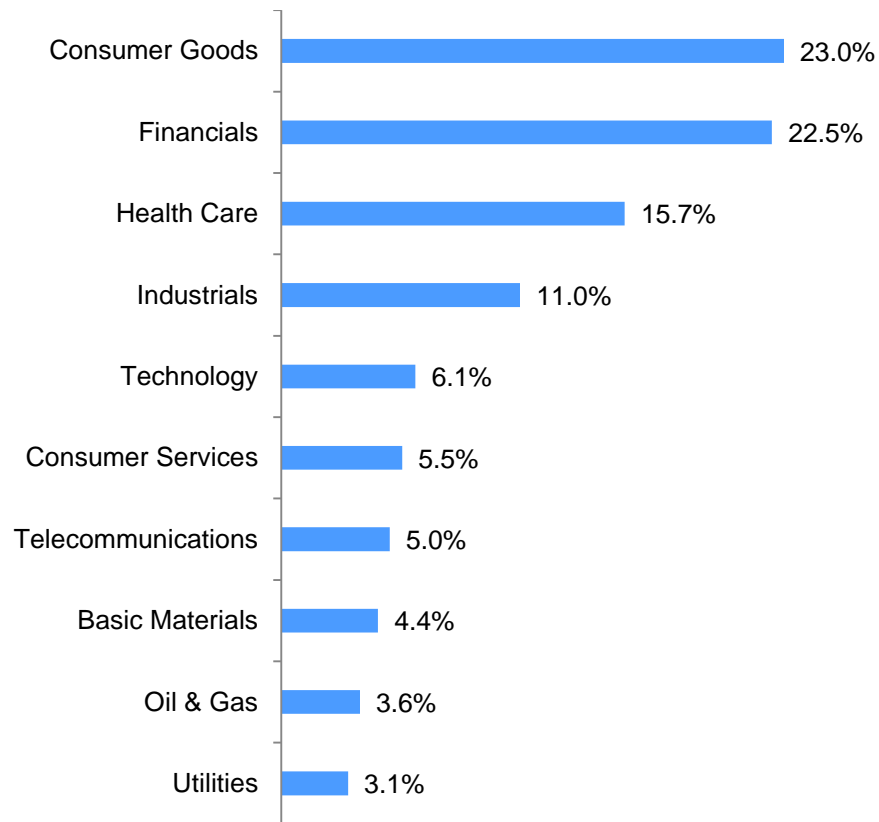
2) Annualised: returns, volatility, Sharpe ratio and tracking error figures used. Relative figures calculated against STOXX Europe 600 Index. Overall: 19.12.2011 to 28.06.2019; 1y: 28.06.2018 to 28.06.2019; 3y: 28.06.2016 to 28.06.2019; 5y: 28.06.2014 to 28.06.2019.

3) EONIA rate used as proxy for riskless returns.

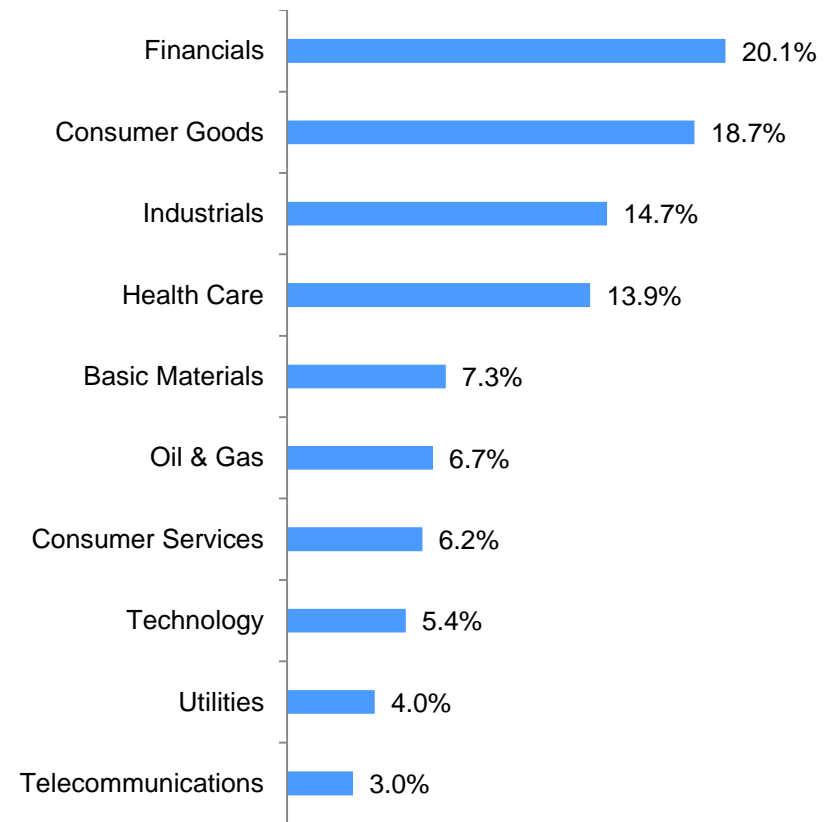
# STOXX® Europe Climate Impact Ex Global Compact, Controversial Weapons & Tobacco Index vs STOXX Europe 600

Industry allocation<sup>1)</sup>

## STOXX Europe Climate Impact



## STOXX Europe 600



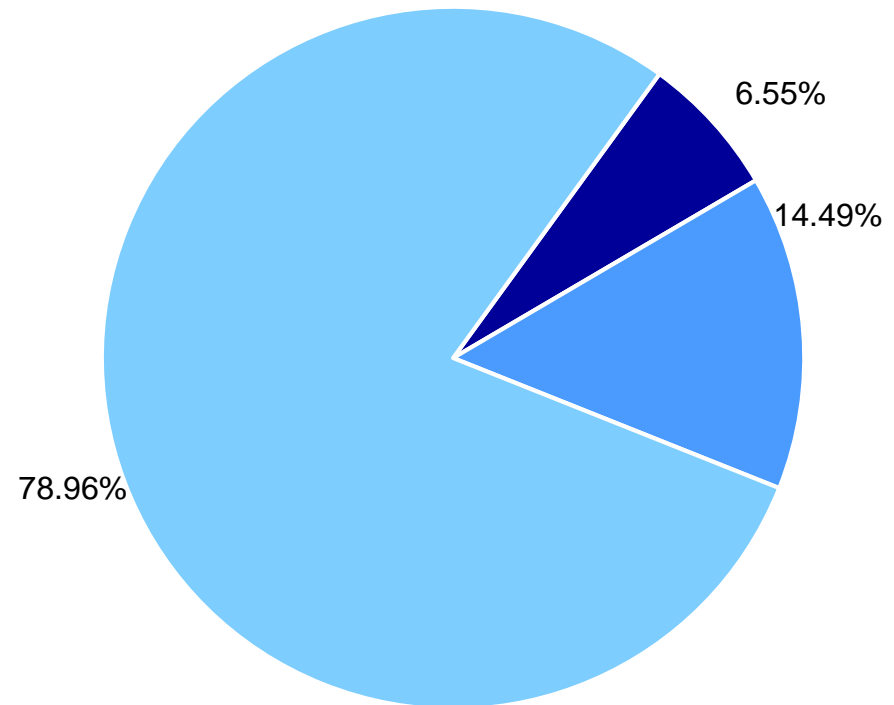
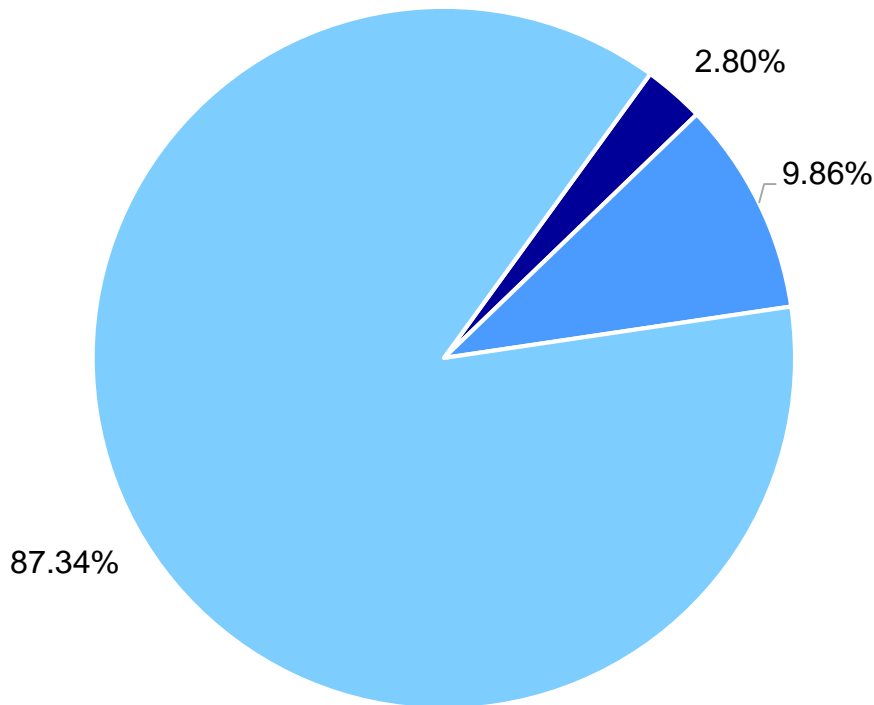
1) Source: STOXX. Data as of 28/06/2019.

# STOXX® Europe Climate Impact Ex Global Compact, Controversial Weapons & Tobacco Index vs STOXX Europe 600

Size allocation<sup>1)</sup>

**STOXX Europe Climate Impact**

**STOXX Europe 600**



- STOXX Europe Small 200 Index
- STOXX Europe Mid 200 Index
- STOXX Europe Large 200 Index

- STOXX Europe Small 200 Index
- STOXX Europe Mid 200 Index
- STOXX Europe Large 200 Index

1) Source: STOXX. Data as of 28/06/2019.

# STOXX<sup>®</sup> Europe Climate Impact Ex Global Compact, Controversial Weapons & Tobacco Index

## Index details

Symbol	ISIN	Type	Currency	Bloomberg	Reuters
SXECITEP	CH0355796415	Price	EUR	SXECITEP INDEX	.SXECITEP
SXECITEN	CH0355796225	Net Return	EUR	SXECITEN INDEX	.SXECITEN
SXECITEG	CH0355795524	Gross Return	EUR	SXECITEG INDEX	.SXECITEG
SXUCITUP	CH0355796183	Price	USD		.SXUCITUP
SXUCITUN	CH0355796027	Net Return	USD		.SXUCITUN
SXUCITUG	CH0355796126	Gross Return	USD		.SXUCITUG

The STOXX Europe Climate Impact index was launched on 07/03/2017, with base value of 100 on 24/12/2012.

## Decrement indices based on the STOXX® Europe Climate Impact Ex Global Compact, Controversial Weapons & Tobacco Index

Decrement Index	Ticker	ISIN	Currency	Bloomberg	Reuters
iSTOXX Europe Climate Impact Ex GC CW & Tobacco GR Decrement 5% Index	IXECTGD5	CH0442604689	EUR	IXECTGD5 INDEX	.IXECTGD5
iSTOXX Europe Climate Impact Ex GC CW & Tobacco NR Decrement 4.75% Index	IXECTND4	CH0442604705	EUR	IXECTND4 INDEX	.IXECTND4

The iSTOXX Europe Climate Impact Ex GC CW & Tobacco NR Decrement 4.75% Index is based on the Net Return version of the STOXX Europe Climate Impact Ex Global Compact, Controversial Weapons & Tobacco Index, where as the iSTOXX Europe Climate Impact Ex GC CW & Tobacco GR Decrement 5% is based on the Gross Return version of the index.



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## Appendix

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## About STOXX

STOXX Ltd. is an established and leading index specialist, which started in Europe. The launch of the first STOXX® indices in 1998, including the EURO STOXX 50® Index, marked the beginning of a unique success story, based on the company's neutrality and independence. Since then, STOXX has been at the forefront of market developments and has continuously expanded its portfolio of innovative indices. STOXX now operates globally across all asset classes.

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