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Euronext Launches New Sustainable Investment Tools and ESG Initiatives

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In September 2023, pan-European stock exchange and market infrastructure provider Euronext **announced the imminent launch** of a range of ESG tools and initiatives focused on sustainable finance, including its intention to publish the non-financial data of issuers on its website. It is intended that the tools and initiatives will support and implement Euronext’s “Fit for 1.5°” commitment, under which it will develop products and services to assist companies and organizations to mitigate temperature increases. The new initiatives will also support the “Growth for Impact 2024” strategy, i.e., the ambition to build the leading market infrastructure in Europe.

One of the tools launched by Euronext is the “My ESG Profile,” a digital tool that will enable issuers to display their sustainability efforts and also provide investors a way to access and evaluate ESG data. Euronext will reportedly be the first stock exchange to make the non-financial data of issuers available to investors. It is envisaged that the tool will classify nearly 1,900 companies’ profiles on its website, including information regarding, among other things, GHG emissions and the percentage of women employed.

Another tool announced by Euronext, and developed in partnership with Iceberg Data Law, is the Euronext Biodiversity Enablers Index, which takes into account the effect that companies and organizations can have on biodiversity. The index will rely on two new metrics: (i) a Dependency Exposure Score, which will identify companies that have a significant revenue dependency linked to biodiversity ecosystems; and (ii) a Biodiversity Avoided Impact, which will serve to identify companies that carry out innovative and efficient practices in biodiversity ecosystems.

Euronext also revealed the launch of “Euronext Foundation,” which will promote and support local sustainable communities and projects across Europe in a number of areas, including financial literacy and diversity and inclusion.

Taking the Temperature: Euronext’s “My ESG Profile” is a significant step towards closing the information gap between companies and investors. One caveat, however, is that the source of information is the issuer itself and as such is subject to the issuer’s data assessment and reporting choices. The data is not subject to external verification and is unaudited. There also does not appear to be any indication as to whether the information will be analyzed in any way in order to make the data comparable from company to company.