

Global Challenges Index

consistent sustainable investment

Description	Global Challenges Index
Index type	Euro-based price and performance index
ISIN	Price index: DE000A0MEN33 Performance index: DE000A0MEN25
Rebalancing	Half-yearly (March and September)
Number of companies	50
Weighting of individual companies	Max. 10 %
Weighting of SMEs	Approx. 10% in total
www.gc-index.com	

The **Global Challenges Index** is a real innovation on the financial market. For the first time, it maps out trends in the model of sustainable development consistently and intelligibly in an index. Sustainability-oriented investors will profit from the Global Challenges Index, which

- **defines “sustainability” in concrete terms** by focusing on seven future-relevant fields for action,
- **sets stringent and consistent performance criteria** for the companies listed and
- **identifies pioneering companies** that make active use of the opportunities provided by global change.

Global – the challenges

The Global Challenges Index focuses on **seven global challenges** for this millennium which politics, society and the economy must face up to:

- combating the causes and consequences of **climate change**
- securing adequate provision of **drinking water**
- stopping deforestation and promoting **sustainable forest management**
- preserving **biodiversity**
- dealing with **population development**
- combating **poverty**
- supporting responsible management (**governance**) structures

Innovative – the composition

The Global Challenges Index comprises companies which are actively facing up to this responsibility and have made substantial, forward-looking contributions to surmounting the global challenges. The Index contains 50 securities from globally active large companies as well as small and medium-sized companies (SMEs), which are promoting sustainable development through their range of products and services and are simultaneously opening up opportunities for the future development of their business. These include, for example, companies from the renewable energies sector and companies involved in drinking water treatment.

The companies are weighted according to their market capitalisation, and SMEs can make up approximately 10 per cent of the total market capitalisation of the Index. Individual securities can be given a maximum weighting of 10 per cent. Geographically, the Index focuses on companies from Europe and the G7 countries. The Index universe will be monitored continuously by oekom research and the composition of the Index will be reviewed at the end of March and the end of September each year. Companies which no longer meet the defined requirements will be replaced at these times.

Competent – the initiating companies

The Global Challenges Index was initiated by **BÖAG Börsen AG**, the parent company operating the stock exchanges in Hamburg and Hanover. Börsen AG was formed as a result of an agreement between the two stock exchanges in 1999. Today, Börsen AG’s trading partners include over 150 lending institutions and securities brokers, some of which are based abroad. Its three segments (Regulated Market, Open Market and Premium Capital Port) offer a broad range of products and services for institutional and private investors as well as for company flotations.

The Hanover stock exchange commissioned **oekom research AG** to develop the concept for the Global Challenges Index and to compile the Index universe. oekom research is an independent sustainability rating agency specialising in the evaluation of companies and countries on the basis of social, environmental and ethical criteria. oekom research will monitor the companies listed in the Index with regard to their sustainability-related performance and potential violations of the specified exclusionary criteria.

An independent **advisory board** assists the Hanover stock exchange and oekom research in the drawing up and composition of the Index. The advisory board’s main input is in the development of the concept, the definition of the criteria and the selection of suitable companies. Its members include representatives from the **Association of German Foundations**, the **Evangelical and Catholic churches** and **WWF**.

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Consistent – the selection process

A two-stage selection process ensures that only companies which have integrated sustainability into their business processes and are simultaneously actively tackling the global challenges are included in the Index:

- **In the first step**, oekom research uses its Corporate Responsibility Ratings to identify which companies take particular account of environmental and social criteria in their business processes. Only companies which satisfy the rating's stringent requirements will make the shortlist for selection for the Index (absolute best-in-class approach). Companies which violate specified exclusionary criteria (see right) are excluded on principle.
- **In the second step**, oekom research selects those companies which make a substantial contribution to surmounting the global challenges and at the same time make use of new market opportunities. These include the sustainable use of resources in forestry and fishery management, the expansion of competitiveness in the wake of technological innovations – for example in the area of renewable energies – or the opening up of new markets, for example through microfinance products.

Total oekom universe: approx. 900 companies

Stage 1

Selection of companies which achieve prime status under oekom's best-in-class approach and satisfy the defined exclusion criteria.

Prime status

Corporate Responsibility Rating of the companies' observance of social and environmental standards. Only companies which satisfy the stringent requirements are awarded "prime" status by oekom research.

Exclusionary criteria

Areas of business

Nuclear power · Biocides · Chlororganic mass production · Genetic engineering in agriculture · Military

Business practices

- Environmental violations, e.g. overuse or pollution of waters
- Violations of fundamental human rights and labour standards
- Violations in the areas of corruption and accounting fraud



Sustainability universe: approx. 250 companies

Stage 2

Selection of companies which within the framework of their core business make an active and substantial contribution to tackling the global challenges and have a minimum market capitalisation of 100 million euros.



Global Challenges Index: 50 companies

Disclaimer

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