

# Global Challenges Index

## genuine 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 genuine innovation on the financial market. First listed in 2007, it has shown continuous development and firmly established itself. It enables trends in the guiding principle of sustainable development to be portrayed consistently and comprehensively 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 of action,
- **sets stringent and consistent performance criteria** for the companies listed,
- **identifies pioneering companies** that make active use of the opportunities provided by global change and
- has since its inception shown an **impressive outperformance** versus important international stock indices.

### 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**
- tackling **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 sustainability index GCX 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 sustainability index GCX 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 conception and composition of the Index. The advisory board's main input regards 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 **Protestant and Catholic churches** and **WWF**.

[www.gc-index.com](http://www.gc-index.com)

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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:

- As a first step, oekom research uses its oekom Corporate Rating 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 sustainability index GCX (absolute best-in-class approach). Companies which violate specified exclusion criteria (see right) are excluded on principle.
- In a second step, oekom research identifies those companies in the GCX Universe which have made substantial contributions to meeting the global challenges. These include the sustainable use of resources in forestry management and fisheries, 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. These preselected companies will be presented to the GC-advisory board. The board makes recommendations on their inclusion into the index in the course of a biannual rebalancing which is based on oekom research's analysis and proposal. Together, BÖAG and oekom research then reach the final decision.

**oekom Rating Universe: around 3.800 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**

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

**Exclusion criteria**

**Controversial Business Areas**

Nuclear power • Pesticides • Chlorinated Hydrocarbons  
• GMOs • Military

**Controversial Business Practices**

- Controversial Environmental Practices
- Human Rights and Labour Rights Controversies
- Business Malpractice (Corruption and Financial Accounting)

**Geographical focus**

companies from Europe and G7 states



**Sustainability universe: approx. 375 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**

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