

# Global Challenges Corporates

consistent sustainable investment

The **Global Challenges Corporates** sustainability basket will provide an overview of sustainably managed bond issuers. Sustainability-oriented investors will profit from the Global Challenges Corporates, which

- is based on the concept of the established Global Challenges Index,
- has stringent requirements with regard to the sustainability performance of companies,
- helps investors with decisions in the sustainable bonds segment.

## The concept

The Global Challenges Corporates (GCC) is based on the concept of the Global Challenges Index (GCX) sustainability index, which since 2007 has grouped together the shares of particularly sustainable companies. 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

The Global Challenges Corporates sustainability basket has been developed in order also to offer investors guidance in the sustainable bonds segment.

## The composition

The Global Challenges Corporates comprises bond issuers which satisfy the stringent requirements of the GCX in terms of sustainability performance. It contains securities issued by major global companies. The basket universe will be continuously monitored by oekom research, and the composition of the basket reviewed on a half-yearly basis. Companies which no longer meet the defined requirements will be replaced at these times.

## The initiating companies

The Global Challenges Corporates was initiated by the **Hannover Stock Exchange**. The Hannover Stock Exchange is an innovative market place, through which a wide range of securities can be simple and conveniently traded. All services and information are consistently geared towards the needs of the investors. Issuers and listed companies will find here competent partners on financial market issues. In 1999, the Hannover Stock Exchange became part of a strong partnership. Börsen AG since then is parent and supporting organization of the stock exchanges in Hamburg and Hannover. In this stock exchanges are listed more than 14,000 securities. About 130 trading participants - including domestic and foreign banks and financial services companies - take advantage of the services of the two exchanges.

The Hannover Stock Exchange commissioned **oekom research AG** to develop the concept for the Global Challenges Corporates and to compile the basket. 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 included in the sustainability basket GCC with regard to their sustainability-related performance and potential violations of the specified exclusion criteria.

An independent **advisory board** will monitor compliance with the selection criteria. It will actively track the development of the basket of issuers and review the selection every six months. Its members include representatives from the **Association of German Foundations**, the **Evangelical and Catholic churches** and **WWF**.

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

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**The selection process**

A stringent selection process ensures that only companies which have integrated sustainability into their business processes are included in the basket:

- 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 basket GCC (absolute best-in-class approach).
- Companies which breach defined exclusion criteria (cf. right) that also apply to the GCX will be excluded on principle. These exclusion criteria will ensure that the selected companies do not demonstrate any non-compliance in the global challenges' fields for action.
- License holders will be able to use the GCC selection to design their own products. There will be the option here if required of including additional exclusion criteria recorded by oekom research, e.g. the ethical exclusion criteria of the Evangelical Church in Germany.

**Total oekom universe: approx. 3,000 Unternehmen**

**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**

**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

Numerous companies which are making a ground-breaking contribution toward overcoming the major global challenges will thus be included.



**Global Challenges Corporates sustainability basket**

**Stage 2**

Selection of issuers based on the particular fund concept of the license holder. If required, it will be possible for additional exclusion criteria recorded by oekom research, e.g. the ethical exclusion criteria of the Evangelical Church in Germany (EKD Guidelines) to be included here.



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