



Foxberry Sustainability Consensus Index Rules

Foxberry Ltd
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1 Introduction

1.1 Objective

The objective of each Index in the Sustainability Consensus family is to offer exposure to stocks in the relevant Underlying Universe that have been categorised as eligible by having passed a set of Exclusion Guidelines by the Sustainability Committee.

The exact specification of each Index is detailed in chapter 4.

1.2 This document

This document comprises the rules (the “**Index Rules**”) of the Foxberry Sustainability Consensus indices listed in section 1.3 (each an “**Index**”), a notional rule-based proprietary index owned by Foxberry in its capacity as index owner (the “**Index Owner**”) and index administrator (the “**Index Administrator**”) of the Index.

This document only details certain specifics of each relevant Index. This document should be read in conjunction with the following documents:

- the “Sustainability Committee” document (the “**Committee Procedures**”), available on Foxberry’s [website](#);
- the “Foxberry Equity Cash Index Methodology” document (the “**Cash Methodology**”), available on Foxberry’s [website](#); *and*
- the [Index Amendment Policy & Procedures](#).

1.3 Index coverage

As of the date of this document, the following Indices are covered by this document:

- Foxberry Sustainability Consensus Europe Total Return Index

Specific attributes of these Indices are detailed in chapter 4.

2 Background

2.1 Sustainability investing

2.1.1 Introduction

Sustainability investing refers to screening potential investment opportunities by taking into account factors such as: environmental, social and corporate governance. One of the major reasons of sustainability investing is so called “**Impact Investing**”: by allocating assets into companies who score high on sustainability factors, companies are incentivised to improve their sustainability ratings. Sector exclusions, often referred to as ethical filters, are often included as well.

2.1.2 Sustainability research providers

There are many providers of sustainability data. Typically, such providers have a number of analysts that score the companies based on its performance against a number of sustainability criteria. The ratings between different sustainability data providers may vary widely depending on its processes, and indices based on such data providers risk becoming slow in adapting to changes in the sustainability landscape. At the same time, certain asset owners today have invested and developed a vast amount of in-house sustainability expertise which is not having the maximum impact in the investment community.

2.1.3 The Sustainability Consensus approach

This Index takes a different approach: using the combined expertise of the Sustainability Committee, stakeholders arrive at a consensus. By taking a certain starting universe and exclusion guidelines into account, the Sustainability Committee determines a list of stocks that have passed certain Exclusion Guidelines. The aim of this approach is to increase the impact by unlocking the sustainability expertise among the asset owner community, and to create a consensus which is able to develop in line with changing markets.

The Index applies a consensus process to:

- create an Index that can appeal to a large client base, and therefore increase its potential impact;
- enable a dynamic investment process that can respond to new sustainability considerations, including sustainability and sector based activities; *and*
- be able to have an impact where the data from sustainability research providers is sporadic, erratic, spurious and/or limited in quality or scope.

3 Methodology

3.1 Overview

This chapter described the methodology of the Index and cover among other things:

- The methodology for determining the composition of the Index is detailed in section 3.2; *and*
- A summary of the Sustainability Committee is described in section 3.4.

The exact specification of each Index is available in chapter 4.

3.2 Composition

3.2.1 Selection

The selection of stocks for each Index is conducted with respect to each Selection Day by verifying all Eligible Stocks provided by the Sustainability Committee for consideration are also in the Underlying Universe. After this process is complete, all verified stocks together form the “**Composition**” of the Index (each such stock being a “**Constituent**”).

The Composition of the Index, including with respect to each Selection Day, can be found on the Index Administrator’s [website](#).

The Index Administrator shall review the Eligible Stocks to ensure the objective of the Index is not at risk of being violated. The Index Administrator retains responsibility of the Index, and may exercise expert judgement, in accordance with its policies and procedures, to address issues where it believes the Eligible Stocks contains unintentional errors (for instance due to incorrect, stale or spurious data), or where the objective of the Index is at risk of becoming violated. In such scenarios, the Index Administrator may for instance adjust the Eligible Stocks.

3.2.2 Weighting

The weighting of each Constituent is calculated in accordance with the Weighting Methodology of the Index as defined in chapter 4.

The percentage weights are determined as of the relevant Selection Day and the new Composition is implemented on the immediately relevant following Rebalancing Day. Due to market movements between the Selection Day and the Rebalancing Day, the actual percentage weights implemented on the Rebalancing Day may differ from the weights determined in respect of the immediately previous Selection Day.

The Index rebalances periodically and ordinarily takes place on the Rebalancing Day.

3.3 Calculation

Calculation of the Index based on its Composition is defined in the Cash Methodology.

3.4 The Sustainability Committee

The “Foxberry Sustainability Committee” (the “**Sustainability Committee**”) is operated by Foxberry. Among other things, the Sustainability Committee:

- handles issues around sustainability matters, including but not limited to:
 - (i) environmental issues;
 - (ii) governance issues;
 - (iii) sustainability issues;
 - (iv) UN sustainable development goals;
 - (v) ongoing controversies;
 - (vi) norms-based standards, which are minimum standards of business practice based on international norms (“**Norms-based Standards**”);
 - (vii) equality issues; *and*
 - (viii) ethical considerationseach a “**Sustainability Matter**”.
- contains stakeholders as members with sufficient expertise in the Sustainability Matter.
- may issue public statements and opinions on current matters;

- determines a blacklist of companies based on Sustainability Matters using Norms-based Standards; *and*
- provides the Eligible Stocks used by the Index Administrator, which is based on Sustainability Matters and excludes companies failing the Exclusion Guidelines.

3.4.1 Members

Stakeholders may be invited to join the Sustainability Committee if:

- they have demonstrated sufficient expertise in the Sustainability Matter; *and/or*
- they have demonstrated a commitment to the Sustainability Matter, including allocating capital using Impact Investing.

3.4.2 Discretion

Whilst the Sustainability Committee aims to follow the Exclusion Guidelines and other specifications, it may exercise discretion in its determinations. It may also change the requirements of such guidelines to evolve with changing conditions and view of Impact Investing.

3.4.3 Independence

The Sustainability Committee is operated independently of the Index. Therefore, the Sustainability Committee does not endorse the Index or any financial instrument linked to the Index and is not obliged to take into account the consequences of any users of the Index.

3.4.4 Further information

Further information about the operating and procedures of the Sustainability Committee is available in the Committee Procedures. In case of any discrepancies between this document and the details as specified in Committee Procedures, the details in the Committee Procedures shall prevail.

3.5 Definitions

In addition to the specific definitions defined in the relevant section in chapter 4, the following key terms and definitions are defined:

3.5.1 General definitions

Index Level means with respect to a certain date, the level of the Index as determined in accordance with the methodology described in this document and any related documents.

Index Committee means the body responsible for the overall governance of the Index.

3.5.2 Index specific definitions

The specific definitions with regards to each Index are detailed in chapter 4. Please refer to the relevant section in chapter 4 applicable to each specific Index.

The purpose of the below is to serve as a summary of definitions specified in chapter chapter 4, and they shall be read in conjunction with the specific definitions for each Index which are detailed in the relevant section of chapter 4.

3.5.2.1 Identifiers

Index Name means the name of the Index.

Foxberry Ticker means the Foxberry ticker identifier of the Index.

Bloomberg Ticker means the Bloomberg ticker identifier of the Index.

Reuters RIC means the Reuters RIC identifier of the Index.

WKN means the WKN identifier of the Index.

ISIN means the ISIN identifier of the Index.

3.5.2.2 Calculation related

Index Calculator means any affiliate, subsidiary or third party designated by the Index Administrator that will act as calculation agent in connection with the Index (the “**Index Calculator**”). The identity of the Index Calculator, if applicable, is detailed for each Index in the relevant section in chapter 4.

Dividend Treatment means the type of dividend treatment of the Index, which can be (i) price return; (ii) gross total return; *or* (iii) net total return.

Corporate Actions Methodology means the methodology used to adjust for certain corporate actions as defined in the Cash Methodology, which can be (i) standard; *or* (ii) divisor.

Weighting Methodology means the weighting methodology used to determine the weight of each Constituent.

3.5.2.3 Calendar related

Index Business Day means each day for which the level of the Index is calculated.

Live Calculation Date means the date on which the Index Calculator started to publicly disseminate the Index Levels of the Index.

Live Methodology Date means the date on which the Index Administrator had finalised the methodology of the Index.

Selection Day means each periodic date from which data is used to determine the composition of the Index.

Rebalancing Day means each periodic date on which the Index rebalances and adjusts its composition.

Rebalancing Month means each of the months on which the relevant Index rebalances its composition.

3.5.2.4 Selection related

Eligible Stocks: means a list of stocks passing the Exclusion Guidelines, as determined by the Sustainability Committee.

Underlying Universe: means an underlying universe of potential stocks which will be used as a starting point to determine the composition of the Index.

Exclusion Guidelines: means the guidelines for excluding certain stocks. The Sustainability Committee may decide to amend the Exclusion Guidelines in accordance with its procedures.

Eligible Exchange means each exchange on which a listing would be eligible for inclusion in the Underlying Universe.

3.6 Calculation

The Index is calculated and disseminated by the Index Calculator with regards to each Index Business Day. Calculation of the Index based on its Constituents is detailed in the document Cash Methodology.

3.7 Amendments

Amendments are covered in the Cash Methodology and the Index Amendment Policy & Procedures, but specifically for the Index: any changes to the Exclusion Guidelines are determined by the Sustainability Committee and would therefore not require a consultation.

4 Index Specifics

4.1 Overview

This chapter describes the specific attributes with respect to each Sustainability Consensus Index listed in section 1.3.

4.2 Sustainability Consensus Europe Total Return

4.2.1 Introduction

For the purposes of this section and all subsections thereof, the Index shall refer to the Foxberry Sustainability Consensus Europe Total Return Index.

4.2.2 Methodology summary

The Index offers exposure to small, mid and large cap stocks in Europe listed on an Eligible Exchange and is a quarterly rebalanced net total return index denominated in Euro, with weights based on the free-float market-capitalisation measured in EUR (subject to a maximum weight per stock at the point of rebalance of 20%).

4.2.3 Definitions

4.2.3.1 Identifiers

Index Name means Foxberry Sustainability Consensus Europe Total Return Index.

Foxberry Ticker means sustainability_consensus_europe_tr.

Bloomberg Ticker means FXBYSCEU <Index>.

Reuters RIC means .FXBYSCEU.

WKN means SLA8NJ.

ISIN means DE000SLA8NJ0.

4.2.3.2 Calculation related

Index Calculator means Solactive AG.

Dividend Treatment means net total return.

Corporate Actions Methodology means “divisor”, as detailed in the Cash Methodology.

Weighting Methodology means proportional to the free-float market capitalisation of each stock in the index as measured in EUR, subject to a maximum weight per stock of 20%. If a Constituent would otherwise hit a weight restriction, the weight will be distributed across the other index constituents in an iterative manner.

4.2.3.3 Calendar related

Index Business Day means each weekday Monday-Friday, except the the 1 January, Good Friday, Easter Monday, the 25 December, and the 26 December of each year.

Live Calculation Date means the 11 July 2019.

Live Methodology Date means the 11 July 2019.

Rebalancing Month means each of the months of March, June, September and December.

Selection Day means the Index Business Day falling on or immediately following the second Thursday of each Rebalancing Month.

Rebalancing Day means the Index Business Day falling on or immediately following the third Thursday of each Rebalancing Month.

4.2.3.4 Selection related

Eligible Stocks: means the “Sustainability Europe Consensus Whitelist” (as defined in the Committee Procedures), which is a list of eligible stocks determined by the Sustainability Committee to have passed the Exclusion Guidelines.

Underlying Universe: means a selection of up to 600 of the largest stocks in Europe, listed on an Eligible Exchange, with a minimum liquidity greater than one million EUR equivalent average daily trading value. For each company, only the most liquid stock is considered.

Exclusion Guidelines: means the exclusion guidelines applied to determine the Eligible Stocks in accordance with the following methodology:

- (a) Sector exclusions:
 - (i) tobacco; *and*
 - (ii) controversial and/or inhumane weapons.
- (b) Substantial coal involvement (25%+ of revenues);
- (c) Companies with material stranded assets;
- (d) the ten names with the highest CO₂ emission intensity in the Underlying Universe; *and*
- (e) companies on the “Sustainability Blacklist” (as defined in the Committee Procedures) category A, a black list of stocks determined by the Sustainability Committee using Norms-based Standards.

Eligible Exchange means each of the exchanges: Bolsa De Madrid (ES), Borsa Italiana (IT), Deutsche Börse (DE), Irish Stock Exchange (IE), London Stock Exchange (GB), Luxembourg Stock Exchange, NASDAQ OMX Copenhagen (DK), NASDAQ OMX Helsinki (FI), NASDAQ OMX Stockholm (SE), EURONEXT Amsterdam (NL), EURONEXT Brussels (BE), EURONEXT Lisbon (PT), EURONEXT Paris (FR), Oslo Børs (NO), SIX Swiss Exchange (CH), Vienna Stock Exchange (AT), Warsaw Stock Exchange (PL).

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