



# FINVEX GROUP SA FINVEX SUSTAINABLE & EFFICIENT EUROPE 30 INDEX



## CERTIFICATION DECLARATION 2<sup>nd</sup> QUARTER 2020

**Forum Ethibel** is a Belgian association that actively promotes Corporate Social Responsibility (CSR) and Socially Responsible Investing (SRI) to accelerate the transition to a more sustainable society. In this context, Forum Ethibel develops products and services **to promote transparent and sustainable behaviour in financial markets**.

A **Forum Ethibel certificate** offers the guarantee that the rules imposed by the customer themselves are complied with and offers the advantage to confirm and communicate this to the stakeholders. It concerns the **non-financial criteria** of a product, laid down in its specification.

The basis for this consists of:

- SRI investment criteria that are **detailed, clear and publicly** formulated.
- Minimum criteria related to **labour and human rights, environment and armament**.
- A systematic and **periodic check** of the portfolio.

This Forum Ethibel certificate therefore tests the vision and values of Finvex for this product and checks whether it meets the desired quality requirements. This is to ensure that companies and financial institutions have a positive impact on their environment and society.

*To the Index users,  
To the Index Sponsor Finvex S.A.,  
To the public,*

**Forum Ethibel asbl** is appointed by **Finvex Group**<sup>i</sup> to execute independent monitoring and certification of the **Finvex Sustainable & Efficient Europe 30 Index** (FSEURE) concerning its conformity with the non-financial aspects of the rulebook of the Index composition process.

**Forum Ethibel** solely acts as auditor and certification institute. A **Forum Ethibel** certificate provides evidence that a financial product or instrument is in line with its non-financial criteria and processes as defined by its prospectus, rulebook, and regulations or otherwise stated specifications.

### Index ID

#### *Index set-up*

The **Finvex Sustainable Efficient Europe 30 Index** is designed to reflect the performance of a dynamic portfolio of thirty equally weighted equity securities listed on various Europe-wide exchanges. The 30 securities are selected from the '**invited universe**'<sup>i</sup>, which is selection of different stock exchanges.

Based on the 'invited universe', Finvex organises all companies based on their free float market capitalisation in descending order. All companies ranked from 1 to 600 compose the '**eligible investment universe**'. All companies in the 'eligible investment universe' are ranked according to the last available global ESG score provided by Refinitiv in descending order. All companies ranked from 1 to 150 are added to the



‘**sustainable investment universe**’. Companies for which the ESG data provider doesn’t provide any score are excluded from the ‘sustainable investment universe’.

This is a 'sustainable' universe of European equities, which are subject to a risk assessment with the intention to avoid illiquid, risky stocks and selecting stocks with interesting diversification characteristics.

The “Guidebook: the Finvex Sustainable Efficient Europe 30 Index (Net Return and Price Return)” details the selection methods and is available to clients only. Finvex is the Index Sponsor. **Solactive AG**<sup>i</sup> is the Index Administrator. **Refinitiv**<sup>i</sup> acts as ESG data provider.

### Sustainable criteria

The ‘sustainable investment universe’ is composed out of the 150 highest ranked companies in comparison with the ‘eligible investment universe’. This ranking can be made based on the outcome of sustainability scoring process performed by **Refinitiv**. This data provider assess companies based on their performance regarding Environmental, Social & Governance Practices (“ESG”).

The following two sustainability criteria are applied in developing this index:

- **ESG-integration:** Systematically consider environmental, social and governance (ESG) in the evaluation of organizations, in addition to traditional financial analysis.
- **Best-in-Class:** Selecting the best performing companies, within each sector, based on their positive ESG performance.



ESG-integration



Best-in-Class

Companies without an ESG-score are not eligible to be included in the **Finvex Sustainable Efficient Europe 30 Index**. Refinitiv has developed its own ESG scoring methodology to assess companies on sustainability. The data provider identified five key principles in calculating ESG scores:

1. **Inclusion of unique ESG materiality weightings:** given that the importance of ESG factors differ across industries, the materiality of metrics have been weighted for each industry on a scale of 1 to 10.
2. **Stimulation of transparency:** as company disclosure is an important part of this methodology. Based on applied weighting, not reporting ‘immaterial’ data points doesn’t affect a company score much, but not reporting ‘highly material’ data points negatively affect a company score.
3. **ESG controversies overlay:** verifying companies’ actions against commitments and to magnify the impact of significant controversies on the overall ESG scoring. The scoring methodology aims to address market cap bias which large companies suffer from. Severity weights have been introduced, resulting in controversy scores that are adjusted based on the size of a company.
4. **Industry and country benchmarks at scoring level:** to facilitate comparable analysis within peer groups.
5. **Percentile rank scoring methodology:** to eliminate hidden layers of calculations. This methodology enables Refinitiv to produce a score between 0-100 as well as easy to understand grades.

Based on the ESG-scores provided, Finvex ranks all 600 companies present in the ‘eligible investment universe’. The 150 companies with the highest ESG score compose the ‘sustainable investment universe’. This ‘sustainable’ universe will be used to select the final index constituents.

## Certification

**Finvex Group** runs a script with monthly deliveries of the eligible universe and of updates of the Index composition. Constituents that no longer comply with the criteria are excluded from the Index. Based on quarterly audits by **Forum Ethibel**, **Finvex Group** publishes updated certificates on a quarterly basis on its website.

## Verification and quarterly revision

This certification declaration is based on the previous deliveries of the Index composition. The most recent Rebalance date was set on April 1, 2020.

Conformity has been verified against the stated principles and the involved sustainability procedures. All evidence provided by **Finvex** on the involved screening and monitoring processes and the related internal management systems regarding thoughtfulness and quality have been checked. While carrying out the audit, our additional inquiries were answered.

The Index composition as at April 1, 2020 is as follows.

Company Name	Rating Sector	ISIN code
AstraZeneca PLC	Healthcare	GB0009895292
Barry Callebaut AG	Consumer Non-Cyclicals	CH0009002962
Casino Guichard Perrachon SA	Consumer Non-Cyclicals	FR0000125585
Chr Hansen Holding A/S	Consumer Non-Cyclicals	DK0060227585
Croda International PLC	Basic Materials	GB00BJFFLV09
Danone SA	Consumer Non-Cyclicals	FR0000120644
Deutsche Telekom AG	Telecommunications Services	DE0005557508
Fresenius Medical Care AG & Co KGaA	Healthcare	DE0005785802
Geberit AG	Consumer Cyclicals	CH0030170408
GlaxoSmithKline PLC	Healthcare	GB0009252882
Grifols SA	Healthcare	ES0171996087
HSBC Holdings PLC	Financials	GB0005405286
Jeronimo Martins SGPS SA	Consumer Non-Cyclicals	PTJMT0AE0001
Koninklijke DSM NV	Basic Materials	NL0000009827
Koninklijke Philips NV	Healthcare	NL0000009538
Lonza Group AG	Healthcare	CH0013841017
L'Oreal SA	Consumer Non-Cyclicals	FR0000120321
National Grid PLC	Utilities	GB00BDR05C01
Nestle SA	Consumer Non-Cyclicals	CH0038863350
Novo Nordisk A/S	Healthcare	DK0060534915
Orkla ASA	Consumer Non-Cyclicals	NO0003733800
Powszechny Zakład Ubezpieczeń SA	Financials	PLPZU0000011
Reckitt Benckiser Group PLC	Consumer Non-Cyclicals	GB00B24CGK77
Sanofi SA	Healthcare	FR0000120578
SGS SA	Industrials	CH0002497458
Siemens Healthineers AG	Healthcare	DE000SHL1006
Sonova Holding AG	Healthcare	CH0012549785
Unilever NV	Consumer Non-Cyclicals	NL0000388619
Unilever PLC	Consumer Non-Cyclicals	GB00B10RZP78
Vivendi SA	Consumer Cyclicals	FR0000127771

## Conclusion

With reference to the Rebalance date of April 1, 2020 and based on the audit services listed above, we declare that the **Finvex Sustainable & Efficient Europe 30 index** has been revised in full compliance with stipulations of the non-financial aspects related operational modalities, a set out in the Index rulebook.

Brussels, April 16, 2020  
Forum Ethibel asbl



Kenny Frederickx,  
General Director



Ro Van den broeck,  
Research officer

### Forum Ethibel

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### Sustainability explanation <sup>i</sup>

- **Finvex Group** was created in 2009 and is member of the Horus Group. This is a Brussels based organisation. Finvex designs robust financial investment strategies in all asset classes with the focus to reduce investment risks. It combines academic research with advanced and proprietary technology to analyse all types of financial risks. The purpose is to add stability to overall investment portfolios. ([www.finvex.com](http://www.finvex.com))
- The guidebook of the index provides more information on the selection process in developing this index. ([https://solactive.com/downloads/FSEURE\\_GUIDEBOOK\\_FINVEX.pdf](https://solactive.com/downloads/FSEURE_GUIDEBOOK_FINVEX.pdf))
- The **invited universe** comprises the following exchanges as at the date of the most recent rulebook: Bolsa de Madrid (Madrid Stock Exchange), Borsa Italiana, Copenhagen Stock Exchange, Euronext Amsterdam, Euronext Brussels, Euronext Lisbon, Euronext Paris, Frankfurt Stock Exchange (Frankfurt, Xetra), Helsinki Stock Exchange, Irish Stock Exchange, London Stock Exchange, Milan Stock Exchange, Nasdaq OMX Copenhagen A/S, Nasdaq OMX Helsinki Ltd, Nasdaq OMX Iceland Hf, Nasdaq OMX Stockholm AB, Oslo Bors ASA, SIBEX, SIX Swiss Exchange, Stockholm Stock Exchange, Vienna Stock Exchange, Virtex, Warsaw Stock Exchange, XETRA Vienna
- **Refinitiv** is a global provider of financial market data and infrastructure. The company was founded in 2018. In addition to supplying ESG data, the company provides data, analytics, trading, and risk assessment tools.
- **Refinitiv ESG Methodology**, April 2020. ([https://www.refinitiv.com/content/dam/marketing/en\\_us/documents/methodology/esg-scores-methodology.pdf](https://www.refinitiv.com/content/dam/marketing/en_us/documents/methodology/esg-scores-methodology.pdf)).
- **Solactive AG** is a German index developer. Since its inception in 2007, Solactive has been developing tailor-made and multi-asset class index solutions for ETFs and other index-linked investment products.