



# ADASINA SOCIAL JUSTICE INDEX

Methodology Guide

Version 2.03

02 August 2023



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# INDEX GUIDELINE

## Introduction

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# INTRODUCTION

This document (the “Index Manual”) is to be used as a guideline with regard to the composition, calculation, and management of the **Adasina Social Justice Index** . Any changes made to the Index Manual are initiated by the Committee specified in Section 1.6. This version of the Index Manual is correct as of the date on the cover of this document. The **Adasina Social Justice Index** is calculated and published by Refinitiv.

Capitalized terms not otherwise defined in this document have the meanings attributed to each term in Section 4.



# INDEX GUIDELINE

## Index Specifications

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# 1 INDEX SPECIFICATIONS

- The Adasina Social Justice Index (JUSTICE) (the “Index”) is an index of Adasina Social Capital, administered by EQM Indexes LLC and calculated and published by Refinitiv.
- The Index intends to track the price movements of a portfolio of global companies whose business practices are aligned with Adasina’s Social Justice Investment Criteria.
- The Index is a Gross Total Return index.
- The Index is published in the United States Dollar (USD).

## 1.1 SHORT NAME AND INDEX CODE

The Adasina Social Justice Index (JUSTICE) is published in Bloomberg under the code JUSTICE and in Refinitiv under the code .JUSTICE.

## 1.2 INITIAL VALUE

The Index is based on 100 at the close of trading on the start date October 31, 2017.

## 1.3 DISTRIBUTION

The Index is published via the price marketing services of Refinitiv and is distributed to all affiliated vendors. Each vendor decides on an individual basis as to whether they will distribute/display the Index via their information systems.

## 1.4 PRICES AND CALCULATION FREQUENCY

The level of the Index is calculated on each Business Day based on the prices on the respective Exchanges on which the Index Components are listed. For each update, the most recent prices of all Index Components are used. Prices of Index Components not listed in the Index Currency are converted using spot foreign exchange rates quoted by Refinitiv using WM London 1600 rates. The daily index closing value is calculated using Refinitiv’s Elektron network closing spot rates from 4pm London time. Should there be no current price available on Refinitiv, the most recent price or the Trading Price on Refinitiv for the preceding Trading Day is used in the calculation.

The Index follows the Global calendar, observing only global market holidays. On an index holiday, no prices are calculated. The Indices are calculated every 15 seconds from 9:00 am to 10:30 pm, CET. The indices close shortly after the close of the US Markets. Index End-Of-Day files are published to the Refinitiv SFTP server.

In the event that data cannot be provided to Refinitiv or to the pricing service, the Index cannot be distributed. Any incorrect calculation is adjusted on a retrospective basis. Please note that, at the time of the calculation and publication of the Index, the prices used for the calculation may already have changed.



## 1.5 WEIGHTING

On each Adjustment Day each Index Component of the Adasina Social Justice Index (JUSTICE) the investable universe is optimization weighted using the Bloomberg Global Risk Model to minimize active risk relative to a global benchmark. Each global equity market capitalization category (Large, Mid, and Small) is optimized relative to its respective global market capitalization benchmark to minimize active risk. The three optimized constituent baskets are then recombined, targeting aggregate weights that reflect current broad market capitalization exposure, subject to Selection Pool criteria and a minimum 2 basis point position size constraint.

## 1.6 OVERSIGHT

A Committee selected by Adasina Social Capital and managed by EQM Indexes LLC is responsible for decisions regarding the composition of the Index divisor as well as any amendments to the rules (in this Index Manual referred to as the "Committee" or the "Index Committee"). The future composition of the Index is set by the Committee on the Selection Days by choosing from the Selection Pool. The Committee shall also decide about the future composition of the Index in the event that any Extraordinary Event occurs or any necessary adjustments are implemented by the Index Calculator.

Members of the Committee may, at any time, recommend changes to the composition of the Index or to the Index Manual and submit them to the Committee for approval.

The Committee shall make all decisions and any amendments to the Index or Index Manual on a reasonably commercial basis.

## 1.7 PUBLICATION

All specifications and information relevant for calculating the Index are made available on the EQM Indexes website and sub-pages (or any successor pages thereto).

## 1.8 HISTORICAL DATA

Historical data will be maintained from the launch of the Index on 11/30/2020. The backtested performance history duration is three years, commencing on 10/31/2017 to 10/30/2020.

## 1.9 LICENSING

Licenses to use the Index as the underlying value for derivative instruments are issued to stock exchanges, banks, financial services providers, and investment houses by the Index Owner, Adasina Social Capital.



# INDEX GUIDELINE

## Composition of the Index

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## 2 COMPOSITION OF THE INDEX

### 2.1 SELECTION OF THE INDEX COMPONENTS

The initial composition of the Index as well as any ongoing adjustment are based on the following non-discretionary rules.

On the Selection Day, Adasina Social Capital, with assistance from EQM Indexes, provides the Selection Pool. From the Selection Pool the index selects global companies which fulfill the Adasina Social Justice Investment Criteria defined in Section 4.

### 2.2 ORDINARY ADJUSTMENT

The composition of the Index is ordinarily adjusted semi-annually at the close of the last trading day of the rebalance month in November and May.

If this happens not to be a Business Day, the adjustment is conducted on the preceding Business Day.

The composition of the Adasina Social Justice Index (JUSTICE) is reviewed (see 2.1) on the Selection Day and the appropriate decision made is announced.

The first adjustment will be made on May 28, 2021 based on the Trading Prices of the Index Components on the Adjustment Day.

The Index Administrator shall publish any changes made to the Index composition on the Selection Day and consequently with sufficient notice before the Adjustment Day.

### 2.3 EXTRAORDINARY ADJUSTMENTS

If a company included in the Adasina Social Justice Index is removed from the Index between two regularly scheduled Adjustment Days due to an Extraordinary Event, if necessary, the Committee shall designate a successor and the Adasina Social Justice Index will be adjusted on the same day. Once Refinitiv is notified of the constituent change, it will apply the change as soon as possible, adjusting the divisor to maintain price stability.

In the event of an equity currently not in the index becoming relevant to the index through a market event (e.g., Initial Public Offering, stock made available to a regulated stock exchange, or if listed company has a change in business model material to the guidelines of the Adasina Social Justice Index), the index committee may decide to include or exclude companies as extraordinary adjustments. The new company must meet all quantitative requirements as outlined in Section 4 of reference Adasina Social Justice Index Methodology Guide.

If an extraordinary adjustment is triggered, it will be applied in compliance with the rules described in [Refinitiv's Corporate Action Methodology](#).



# INDEX GUIDELINE

## Calculation of the Index

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## 3 CALCULATION OF THE INDEX

### 3.1 INDEX FORMULA

The Index Value on a Business Day at the relevant time is calculated in accordance with the following formula:

$$I_{i,t} = \sum_{ii=1}^m x_{ii,t} * p_{ii,t}$$

Where:

$x_{ii,t}$  = Number of Shares of the Index Component  $ii$  on Trading Day  $tt$

$p_{ii,t}$  = Price of Index Component  $ii$  on Trading Day  $tt$  in Index Currency

### 3.2 PRECISION

- The value of the Index will be rounded to four decimal places.
- The Number of Shares of the Index Components and foreign exchange will be rounded to four decimal places using the following foreign exchange rate calculation:

$$r_{ii,t} = \text{exchange rate from local currency to index currency for equity } ii \text{ at time } t$$

### 3.3 ADJUSTMENTS

Indexes need to be adjusted for systematic changes in prices once these become effective. This requires the new Number of Shares of the affected Index Component.

Following the Committee’s decision, the Index is adjusted for distributions, capital increases, and stock splits.

There are a number of corporate events (e.g., special dividends, splits, consolidations, etc.) that if left unaddressed could impact the price of an index. To address these events, share adjustments are made on the affected Index Components to maintain Index price stability and overall Index integrity. The adjustments are effective from the first price after the event ex-date and then reflected in the end-of-day index files produced by the Index Calculator.

### 3.4 DIVIDENDS AND OTHER DISTRIBUTIONS

Dividend payments and other distributions are included in the Index, resulting in an adjustment to the Number of Shares. If a dividend is paid, it will be applied in accordance with the rules described in [Refinitiv’s Corporate Action Methodology](#).

Refinitiv uses a divisor driven calculation methodology. The value of the Index equals the aggregate market value of all index securities divided by the divisor of the Index. The divisor is an arbitrary



number chosen at the inception of the index to fix the starting value of the index (in this case, 100). The divisor serves the purpose of scaling such aggregate value to a lower magnitude which is more desirable for reporting purposes. In the event of any corporate action affecting the market value of the index, the divisor is adjusted to offset the change in the market value of the index such that the index value remains relatively stable.

The Gross Total Return, also referred to as Total Return, calculation reconciles gross dividend payments that would otherwise impact the index calculation. When a company issues a dividend, the share price of that equity declines in an amount equal to the per share dividend amount. Leaving aside subsequent market movements of the equity price, the impact of a constituent equity dividend upon an index is an inappropriate reduction in the price of the index. Refinitiv adjusts for this event by adding back the dividend paid, resulting in an index calculation in which the index numerator includes the sum of the dividend amount and market capitalization of the equity.

The total return index is computed as follows:

$$\frac{\sum_{i=1}^n (p_{i,t} * q_{i,t} * r_{i,t}) + (D_{i,t} * q_{i,t} * r_{i,t})}{D_t} * I_{t-1}$$

Where:

$p_{i,t}$  = price of equity  $i = 1, 2, \dots, I$ , at time  $t = 0, 1, 2, \dots, T$

$I$  = the number of equities in the index

$q_{i,t}$  = shares held in Index for equity  $i$  at time  $t$

$r_{i,t}$  = exchange rate from local currency to index currency for equity  $i$  at time  $t$

$D_{i,t}$  = per share dividend on ex-date

$D_t$  = variable applied to stabilize the index value as compared to the original index construction as a result of changes in the constituent values (e.g., share adjustments).

### 3.5 CORPORATE ACTIONS

#### 3.5.1 Principles

Corporate actions are applied on their scheduled ex-date as published by the corporation. Refinitiv’s Corporate Action team makes all actions available to the Index team through their Corporate Actions database. It is Refinitiv’s policy to only publish a corporate action when the company has formally announced the action. We do not apply actions based upon rumor or third parties. However, we will use third parties to confirm actions where actions are challenged.

All corporate actions being applied to your portfolio & indices will be reflected in the Forward-Looking Corporate Action file.

Refinitiv will apply all corporate actions as per the Refinitiv Corporate Action Methodology (see reference [Refinitiv’s Corporate Action Methodology](#)).



## 3.6 MISCELLANEOUS

### 3.6.1 Recalculation

As the Index Calculator, Refinitiv will make the greatest possible effort to accurately calculate and maintain the Index. However, the possibility of errors in the index determination process cannot be eliminated. In such cases, Refinitiv will adhere to its publicly available restatement policy in their [Refinitiv Global Equity Indices Index Methodology](#). The restatement policy, stated on page 16, is as follows: "A retrospective recalculation will only be made when a manifest and material error has been identified. Any retrospective recalculation will be notified to users via the alert system on Refinitiv Eikon."

### 3.6.2 Market Disruption

The Index is not calculated in the event of a Market Disruption Event or Force Majeure Event. If the Market Disruption Event or Force Majeure Event continues over a period of eight Trading Days, then the Committee will determine the necessary action (including, but not limited to, accounting for the market conditions prevailing at that point in time, the last quoted Trading Price for each of the underlying securities, as well as any other conditions that it deems relevant for calculating the Index value) such that the affected Index Components resulting from the Market Disruption Event are no longer causing such disruption to occur.



## 4 DEFINITIONS

The “**Adjustment Day**” is the last trading day of the rebalance month. If this happens not to be a Business Day, the Adjustment Day is the immediately preceding Business Day.

An “**Affiliated Exchange**” is, with respect to the Index and every Index Component, a trading or quotation system on which securities are traded, as specified by the Index Provider.

A “**Business Day**” is defined as any day global markets are open for trading.

A “**Change in Company Status**” may occur as a result of a change in the company’s practices as assessed by the Adasina Social Justice Investment Criteria.

An Index Component is “**Delisted**” if the Exchange announces pursuant to the Exchange regulations that the listing of, the trading in, or the issuing of public quotes on the Index Component at the Exchange has ceased immediately or will cease at a later date, for whatever reason (provided the Delisting is the result of a Merger or a Takeover Bid), and the Index Component is not immediately listed, traded, or quoted again on an exchange, trading or listing system, acceptable to the Index Calculator.

The “**Dividend Correction Factor**” is calculated as 1 minus the applicable withholding tax rate and/or other applicable tax rate currently prevalent in the respective country.

The “**Exchange**” is, with respect to the Index and every Index Component, the respective primary exchange where the Index Component has its primary listing. The Committee may decide to declare a different stock exchange the “Exchange” for trading reasons, even if the company is only listed there via a Stock Substitute.

In particular, an “**Extraordinary Event**” is when the issuing company of an Index Component undergoes:

- a Merger,
- a Takeover Bid,
- a Delisting,
- the Nationalization of a company,
- Insolvency, or
- a Change in Company Status relative to the Adasina Social Justice Investment Criteria.

A “**Gross Total Return**” index measures the performance of the index components by assuming that all distributions are reinvested into the index, i.e. the index does not only reflect pure price movements.

The “**Index Administrator**” is EQM Indexes.

The “**Index Calculator**” is Refinitiv or any other appropriately appointed successor in this function.

The “**Index Calendar**” follows the Global calendar, observing only global market holidays. On an index holiday no prices are calculated.

The “**Index Component**” is each share currently included in the Index.

The “**Index Currency**” is the United States Dollar (USD).



The “**Index Owner**” is Adasina Social Capital.

The “**Index Provider**” is Adasina Social Capital and EQM Indexes.

“**Insolvency**” occurs with regard to an Index Component if (A) all shares of the respective issuer must be transferred to a trustee, liquidator, insolvency administrator or a similar public officer as result of voluntary or compulsory liquidation, insolvency or winding-up proceedings, or comparable proceedings affecting the issuer of the Index Components or (B) the holders of the shares of this issuer are legally enjoined from transferring the shares.

The “**Market Capitalization**” is with regard to each of the Index Components in the Index on a Selection Day the share class-specific Market Capitalization for any underlying security in the Selection Pool. It is calculated as the multiplication of the shares outstanding (as sourced from data vendors) with the Trading Price of the share class as of the respective Selection Day.

A “**Market Disruption Event**” occurs if one of the following events occurs or exists on a Trading Day prior to the opening quotation time for an Index Component:

1. Trading is suspended or restricted (due to price movements that exceed the limits allowed by the Exchange or an Affiliated Exchange, or for other reasons):
  - 1.1. across the whole Exchange; or
  - 1.2. in options or futures contracts on or with regard to an Index Component or an Index Component that is quoted on an Affiliated Exchange; or
  - 1.3. on an Exchange or in a trading or quotation system (as determined by the Index Calculator) in which an Index Component is listed or quoted; or
2. An event that (in the assessment of the Index Calculator) generally disrupts and affects the opportunities of market participants to execute on the Exchange transactions with respect to an Index Component included in the Index or to determine market values for a share included in the Index or to execute on an Affiliated Exchange transaction with regard to options and futures contracts on these shares or to determine market values for such options or futures contracts.
3. Trading on the Exchange or an Affiliated Exchange is ceased prior to the “Normal Exchange Closing Time”, which is the time at which the Exchange or an Affiliated Exchange is normally closed on Business Days without taking into account after-hours trading or other trading activities carried out outside of normal trading hours. An exception to this classification as a Market Disruption Event is where the early cessation of trading is announced by the Exchange or Affiliated Exchange on this Trading Day at least one hour before
  - 3.1. the actual closing time for normal trading on the Exchange or Affiliated Exchange on the Trading Day in question; or
  - 3.2. if earlier, the closing time (if given) of the Exchange or Affiliated Exchange for the execution of orders at the time the quote is given.
4. A general moratorium is imposed on banking transactions in the country in which the Exchange is resident if the above-mentioned events are material in the assessment of the Index Calculator, whereby the Index Calculator makes its decision based on those circumstances it considers reasonable and appropriate.

With regard to an Index Component, a “**Merger**” is



1. a change in the security class or a conversion of this share class that results in a transfer or an ultimate definite obligation to transfer all the shares in circulation to another legal person,
2. a merger (either by acquisition or through forming a new structure) or a binding obligation on the part of the issuer to exchange shares with another legal person (except in a merger or share exchange under which the issuer of this Index Component is the acquiring or remaining company and which does not involve a change in security class or a conversion of all the shares in circulation),
3. a takeover offer, exchange offer, other offer or another act of a legal person for the purposes of acquiring or otherwise obtaining from the issuer 100% of the shares issued that entails a transfer or the irrevocable obligation to transfer all shares (with the exception of shares that are held and controlled by the legal person), or
4. a merger (either by acquisition or through forming a new structure) or a binding obligation on the part of the acquiring issuer of the share or its subsidiaries to exchange shares with another legal person, whereby the issuer of the share is the acquiring or remaining company and it does not involve a change in the class or a conversion of the all shares issued, but the shares in circulation directly prior to such an event (except for shares held and controlled by the legal person) represent in total less than 50% of the shares in circulation directly subsequent to such an event.

The “**Merger Date**” is the date on which a Merger is concluded, or the date specified by the Index Calculator if such a date cannot be determined under the law applicable to the Merger.

“**Nationalization**” is a process whereby all shares or the majority of the assets of the issuer of the shares are nationalized or are expropriated or otherwise must be transferred to public bodies, authorities, or institutions.

The “**Number of Shares**” are with respect to an Index Component and any given Business Day the number or fraction of shares included in the Index. It is calculated for any Index Component as the ratio of (A) the Percentage Weight of an Index Component multiplied by the Index value and (B) its Trading Price (converted into the Index Currency according to the principles laid out in Section 1.4 of this document).

The “**Percentage Weight**” of an Index Component is the ratio of its Trading Price multiplied by its Number of Shares divided by the Index value.

The “**Selection Day**” is the day as of which the Index is reviewed based on the selection criteria described in the Index Guideline. Selections will be communicated to the Index Calculator at least one week prior to the Adjustment Day.

The “**Selection Pool**” with respect to a Selection Day are:

- Publicly traded securities, excluding real estate investment trusts (REITs),
- Non-US company securities as U.S. exchange traded ADR (American depository receipt) versions if available, provided their liquidity is comparable to locally traded shares,

and fulfill the following criteria:

1. Screened for inclusion based on Adasina’s Social Justice Investment Criteria in the following categories:





A) **Racial Justice**

- Decarceration
- Land Rights & Self-Determination
- Equity & Inclusion
- Fair Dealing

B) **Gender Justice**

- Gender Equity
- LGBTQ+ Equality

C) **Economic Justice**

- Livable Wages
- Fair Labor
- Fair Lending

D) **Climate Justice**

- Clean Air & Water
- Environmental Sustainability

E) **Movement Aligned**

- Animal Welfare
- Human Safety
- Corporate Citizenship
- Corporate Accountability

2. Listed on a regulated stock exchange in the form of shares tradable for foreign investors without restrictions.
3. Market capitalization of at least \$300 million USD at time of inclusion
4. Average daily traded value of at least \$1 million USD over the last six months at time of inclusion, or adequate constituent liquidity and accessibility for an exchange listed product as determined by the Index Provider.

A “**Stock Substitute**” includes, in particular, American depository receipts (ADRs) and global depository receipts (GDRs).

A “**Takeover Bid**” is a bid to acquire, an exchange offer, or any other offer or act of a legal person that results in the related legal person acquiring as part of an exchange or other transaction more than 10% and less than 100% of the voting shares in circulation from the issuer of the Index Component or the right to acquire these shares, as determined by the Index Calculator based on notices submitted to public or self-regulatory authorities or other information considered by the Index Calculator to be relevant.

A “**Trading Day**” is in relation to the Index or Index Component, and refers to a Trading Day on the Exchange (or a day that would have been such a day if a market disruption had not occurred), excluding days when trading has ceased prior to the normal Exchange closing time. The Index



Administrator ultimately determines which day is considered a Trading Day with regard to the Index or an Index Component.

With regard to an Index Component (subject to the provisions given above under “Extraordinary Events”) the “**Trading Price**” with respect to a Trading Day is the closing price on this Trading Day determined in accordance with the Exchange regulations. If the Exchange has no closing price for an Index Component, the Index Calculator shall determine the Trading Price and the time of the quote for the share in question in a manner it deems reasonable.



# INDEX GUIDELINE

## Appendix



## 5 APPENDIX

### 5.1 CONTACT INFORMATION

Adasina Social Capital  
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United States of America  
Tel.: 1 (415) 986-5500  
Email: [invest@adasina.com](mailto:invest@adasina.com)

EQM Indexes LLC  
10620 Treena Street, Suite 230  
San Diego, CA 92131  
United States of America  
Tel.: 1 (858) 935-6041  
Fax: 1 (858) 461-6576  
Email: [info@eqmindexes.com](mailto:info@eqmindexes.com)

### 5.2 CHANGES IN CALCULATION METHOD

The application by the Index Calculator of the method described in this document is final and binding. The Index Calculator will apply the method described above for the composition and calculation of the Index. However, the market environment, supervisory, legal, financial, or tax reasons may require changes to be made to this method. The Index Calculator may also make changes to the terms and conditions of the Index and the method applied to calculate the Index that it deems to be necessary and desirable in order to prevent obvious or demonstrable error or to remedy, correct, or supplement incorrect terms and conditions. The Index Calculator is not obliged to provide information on any such modifications or changes. Despite the modifications and changes, the Index Calculator will take the appropriate steps to ensure a calculation method is applied that is consistent with the method described herein.