ECPI Sense in sustainability

# ECPI EQUITY INDEX METHODOLOGY

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# INTRODUCTION

The present document defines the rules for the calculation and management of the ECPI Equity Indices.

The Index Rules and Index Constituents are available on ECPI's website, www.ecpigroup.com, as well as on the Confluence website at: https://www.confluence.com/index-governance/ and/or can be requested at ecpi.indices@confuence.com.

## ECPI SUSTAINABLE INDICES

The objective of ECPI Indices is that of providing the user with tradable indices that in their construction and management consider, in addition to traditional financial criteria, also non-financial dimensions.

All of ECPI Indices are characterized by (i) either a rigorous exclusion of companies that operate in certain sectors in coherence with the ethical sensibility of the investor and/or by (ii) a positive selection of companies that demonstrate a solid ESG profile.

ECPI Indices may be used as the basis for various investment vehicles: they allow for an efficient implementation of socially responsible or sustainable mandates as well as index-tracking portfolios and exchange traded funds.

Socially Responsible and Sustainability criteria used to select the indices' constituents, offer a conduit for investors to jointly express their interest in sustainability and, thus, to collectively move the relevant issues up the corporate agenda.

StatPro Ltd, a Confluence Company, is the Index Administrator of the ECPI Equity Index Family.



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## GUIDING PRINCIPLES

The ECPI Socially Responsible & ESG Equity Indices family is built and maintained according to the following principles:

- **Market Representation**
  The indices represent the reference markets and reflect the opportunities available to the investors. The main criteria used to ensure market representation are market capitalization and sector composition.

- **Investible and Replicable**
  The indices should be capable of being replicated by users, this objective is achieved by: free float adjusting of constituent capitalization and selection of securities with reasonable size and liquidity.

- **Disciplined Approach**
  ECPI Indices are constructed and managed using a set of principles, rules and guidelines. This approach is followed to maintain the attributes of a benchmark, such as stability of the index, proper diversification across industries and securities and accurate respect of the socially responsible criteria.

- **Transparency**
  The indices are built and maintained using clear and transparent rules, available on public sources; moreover, the indices are published daily on the most important financial info providers worldwide (Bloomberg, Refinitiv and StatPro Revolution).

- **Independence and Objectivity**
  The indices are based on independent and objective content decisions. ECPI believes in an open dialogue with its clients, considering with objectivity their suggestions to enhance the indices' provision. Analyzing all the feedback received by its clients, ECPI takes the final decision in order to preserve the quality of the indices via the adoption of a rigorous mechanism of "Approval of Index Rules Revisions".

- **Continuity and Indices' Turnover**
  ECPI Indices are managed to ensure the continuity of the indices. Continuity refers to the consistent application of the index methodology. The indices are also managed with the aim of keeping the level of index turnover relatively low, while at the same time reflecting the evolution of the reference market.

- **Sustainability**
  Every security which composes the indices has to satisfy defined socially responsible investment criteria.
  All indices are construed based on a rigorous ESG methodology (ECPI ESG Screening Methodology and Rating, page 77-78). Companies not passing the ESG filter are excluded from the Universe of Eligible companies.
  The application of the ESG filter and thematic filters (when applicable) leads to an improvement of average ESG rating for the index compared the average ESG rating of the *initial investment universe* (investment universe that would have been selected for a similar index not presenting non-financial characteristics) and to a significant reduction (at least 20%) in investable ESG universe relative to the initial investment universe.


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# CAPITALIZATION WEIGHTED INDICES

## DEFINITION

A capitalization-weighted (or "cap-weighted") index, also called a market-value-weighted index is a stock market index whose components are weighted according to the total market value of their outstanding shares.
A common version of capitalization weighting is the free-float weighting. With this method a float factor is assigned to each stock to account for the proportion of outstanding shares that are held by the general public, as opposed to "closely held" shares owned by the government, royalty, or company insiders. The number of shares used for calculation is the number of shares "floating", rather than outstanding.

## CALCULATION FREQUENCY

The Index is calculated and published daily, on a next day basis.
The only days the index is not calculated are on days when all exchanges where index's constituents are listed are officially closed.
If a calculation date is a Disrupted Day (see Appendix B) for some of the Index Constituents, the calculation Agent will calculate the closing price of the indices based on (1) the closing prices published by the exchange, or (2) if no closing price is available, the last regular trade reported for each stock before the exchange closed. In all cases, the prices will be from the primary exchange for each stock in the index. If an exchange fails to open due to unforeseen circumstances, the index will use the prior day's closing prices. If all exchanges fail to open, the calculation Agent may determine not to publish the index for that day.

## PRICES

The Index end-of-day calculations use official closing prices from the relevant exchanges of the constituent stocks. Such prices shall be converted into euro using the relevant 4pm GMT WM Reuters Currency cross rates, Mid rate.

The closing prices shall be converted into EURO using the formula:

$$P_{i,t} = \frac{P^{o}_{i,t}}{FX_{i,t}}$$

Where
$P^{o}_{i,t}$ = official closing price for stock i as of day t

$FX_{i,t}$ = 4pm GMT WM Reuters Currency cross rate with respect to EURO, Mid rate, for stock i as of day t. For the avoidance of doubt, this rate represents the number of units in the currency in which the relevant stock i is quoted or traded on the relevant Exchange which could be exchanged with one unit of euro

$P_{i,t}$ = official closing price for stock i converted into EURO as of day t

## PRICE INDEX

The Price Index is calculated according the following formula:

$$Index\,Level = \frac{\sum_{i} P_i * Q_i}{Divisor}$$

where:

- *P* is the price of the stock *i*
- *Q* is the number of shares of the stock *i* used in the index calculation

The numerator on the right hand side is the market value of the index.



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The denominator is the divisor.

Because ECPI's market cap-weighted indices are float-adjusted, the quantity Q is calculates as

$$Q_i = IWF_i * TotalShares_i$$

where:

- *IWF* is the free float factor, i.e. the percentage of the investable total shares outstanding of the stock *i*
- *TotalShares* is the number of outstanding shares of the stock *i*

**DIVISOR ADJUSTMENTS**

The divisor for a stock index will change when the index drops and adds component stocks and when certain corporate actions take place that alters the total market value of the index.
Because the index level before and after these events must be the same, the divisor must change. The formula for determining the new divisor is:

$$Divisor_t = (Divisor_{t-1}) * \frac{MV_t}{MV_{t-1}}$$

where:

- $Divisor_t$ is the divisor after the event
- $Divisor_{t-1}$ is the divisor before the event
- $MV_t$ is index market value after the event
- $MV_{t-1}$ is index market value before the event

Index events, corporate actions and the necessary adjustments are discussed in more details in the following paragraph **ADJUSTMENTS FOR CORPORATE ACTIONS**

**TOTAL RETURN INDEX**

The Total Return Index reflects both movements in stock prices and the reinvestment of dividend income: represents the total return earned in a portfolio that tracks the underlying price index and reinvests dividend income in the overall index.

Total Dividend paid on a given day is calculated as follows:

$$TotalDailyDividend = \sum_i Dividend_i * Shares_i$$

where:

- *Dividend* is the dividend per share paid for stock *i*
- *Shares* are the index share of stock *i*

*TotalDailyDividens* is converted to index points by dividing by the divisor of the underlying index:

$$IndexDividend = \frac{TotalDailyDividend}{Divisor}$$

The Daily Total Return of the index (*DTR*) is calculated as follows:

$$DTR_t = \left(\frac{IndexLevel_t + IndexDividend_t}{IndexLevel_{t-1}} - 1\right)$$

The *DTR* is used to update the total return index from one day to the next:



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$$Total\ Return\ Index_t = (Total\ Return\ Index_{t-1}) * (1 + DTR_t)$$

## NET TOTAL RETURN INDEX

Compared with a Total Return Index, a Net Total Return Index also takes into account for tax withheld from dividends. The calculation of the *TotalDailyDividens is:*

$$TotalDailyDividend = \sum_i Dividend_i * Shares_i * (1 - WithholdingRate_i)$$

Tax rates are reported in APPENDIX A: Dividend Withholding Taxes.

## ADJUSTMENTS FOR CORPORATE ACTIONS

Corporate actions are treated by the index agent, S&P Dow Jones Indices, according to S&P Dow Jones Indices' Corporate Actions Policies & Practices Methodology.

The following is an extract of S&P Dow Jones Indices Index Mathematics Methodology for Cap Weighted Indices:

There are a large range of different corporate actions ranging from routine share issuances or buy backs to unusual events like spin-offs or mergers. These are listed on the table below with notes about the necessary changes and whether the divisor is adjusted.

With corporate actions where cash or other corporate assets are distributed to shareholders, the price of the stock will gap down on the ex-dividend day (the first day when a new shareholder is not eligible to receive the distribution.) The effect of the divisor adjustment is to prevent this price drop from causing a corresponding drop in the index.

| CORPORATE ACTION | INDEX ADJUSTMENT | DIVISOR ADJUSTMENT |
|---|---|---|
| Company added/deleted | Net change in market value determines the divisor adjustment. | Yes |
| Change in shares outstanding | Any combination of secondary issuance, share repurchase or buy back – share counts revised to reflect change. | Yes |
| Stock split | Share count revised to reflect new count. Divisor adjustment is not required since the share count and price changes are offsetting. | No |
| Spin-off | If the spun-off company is not being added to the index, the divisor adjustment reflects the decline in index market value (i.e., the value of the spun-off unit). | Yes |
| Spin-off | Spun-off company added to the index, no company removed from the index. | No |
| Spin-off | Spun-off company added to the index, another company removed to keep number of names fixed. Divisor adjustment reflects deletion. | Yes |
| Change in IWF | Increasing (decreasing) the IWF increases (decreases) the total market value of the index. The divisor change reflects the change in market value caused by the change to an IWF. | Yes |
| Special Dividend | When a company pays a special dividend the share price is assumed to drop by the amount of the dividend; the divisor adjustment reflects this drop in index market value. | Yes |
| Rights offering | Each shareholder receives the right to buy a proportional number of additional shares at a set (often discounted) price. The calculation assumes that the offering is fully subscribed. Divisor adjustment reflects increase in market cap measured as the shares issued multiplied by the price paid. | Yes |

*For more information on Corporate Actions, please refer to the S&P Dow Jones Indices / Equity Indices Policies & Practice document located under the Resources Center on the website [www.spdji.com](http://www.spdji.com)*



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## INDEX REBALANCING

Quarterly, on the Reference Date[1] immediately preceding the relevant Rebalance Date[2], index constituents are selected in accordance with the "Index Eligibility Criteria" as new constituents of the index in order to ensure market representation.

As a consequence, if a constituent company is downgraded between two consecutive review dates so that it doesn't satisfy the eligibility criteria any more, it will be replaced on the immediately following rebalance date.

The rebalancing of the indices considers the financial and extra-financial evolution of the reference market. The evolution may be due to economic and financial developments – such as a change in the composition or structure of an industry (e.g. changes in the market capitalization and representation of a company) - as well as to changes in the sustainability profile of the constituents.

The rules for inserting and deleting securities at the periodic review are designed to provide stability in the selection of constituents of the indices, while ensuring the indices continue to be representative of the reference market.

Below, the reference calendar for the quarterly review.
If the review day falls on a holiday, the subsequent working day will be considered.

| REVIEW TIMETABLE | | |
|---|---|---|
| **TIME REFERENCE** | **ACTION** | **WHEN** |
| $t_0$ | Selection<br>of the new constituents | 1st Friday of<br>Dec, Mar, Jun, Sep |
| $t_1$ | Communication<br>of the new constituent | 1st Friday of<br>Dec, Mar, Jun, Sep |
| $t_2$ | Effective Date:<br>the new index is effective | 3rd Friday (closing) of<br>Dec, Mar, Jun, Sep |

[1] "Reference Date" means the first Friday of March, June, September and December.

[2] "Rebalance Date" means the third Friday of March, June, September and December, provided that if such day is not a Scheduled Trading Day the Rebalance Date shall be the next Scheduled Trading Day.
In the event that the scheduled Rebalance Date is a Disrupted Day, the Rebalance Date for such rebalancing will be the next Scheduled Trading Day which is not a Disrupted Day.


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# EQUAL WEIGHTED INDICES

## DEFINITION

An equal-weighted index is a stock market index – comprised of a group of publicly traded companies – that invests an equal amount of money in the stock of each company that makes up the index. Thus, the performance of each company's stock carries equal importance in determining the total value of the index.

## CALCULATION FREQUENCY

The Index is calculated and published daily, on a next day basis.
The only days the index is not calculated are on days when all exchanges where index's constituents are listed are officially closed.
If a calculation date is a Disrupted Day (see Appendix B) for some of the Index Constituents, the calculation Agent will calculate the closing price of the indices based on (1) the closing prices published by the exchange, or (2) if no closing price is available, the last regular trade reported for each stock before the exchange closed. In all cases, the prices will be from the primary exchange for each stock in the index. If an exchange fails to open due to unforeseen circumstances, the index will use the prior day's closing prices. If all exchanges fail to open, the calculation Agent may determine not to publish the index for that day.

## PRICES

The Index end-of-day calculations use official closing prices from the relevant exchanges of the constituent stocks. Such prices shall be converted into euro using the relevant 4pm GMT WM Reuters Currency cross rates, Mid rate.

The closing prices shall be converted into EURO using the formula:

$$P_{i,t} = \frac{P^{o}{}_{i,t}}{FX_{i,t}}$$

Where
$P^{o}{}_{i,t}$ = official closing price for stock i as of day t

$FX_{i,t}$ = 4pm GMT WM Reuters Currency cross rate with respect to EURO, Mid rate, for stock i as of day t. For the avoidance of doubt, this rate represents the number of units in the currency in which the relevant stock i is quoted or traded on the relevant Exchange which could be exchanged with one unit of euro

$P_{i,t}$ = official closing price for stock i converted into EURO as of day t

## PRICE INDEX

The equally weighted index is calculated by means of the divisor methodology used in all S&P Dow Jones Indices equity indices.

The overall approach to calculate equal weighted indices is the same as in the cap-weighted indices; however, the constituents' market values are re-defined to be values that will achieve equal weighting at each rebalancing. Recall two basic formulae:

$$Index\ Level = \frac{Index\ Market\ Value}{Divisor}$$

$$Index\ Market\ Value = \sum_i P_i * Shares_i * IWF_i$$



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To calculate an equal weighted index, the market capitalization for each stock used in the calculation of the index is redefined so that each index constituent has an equal weight in the index at each rebalancing date. In addition to being the product of the stock price, the stock's shares outstanding, and the stock's float factor (IWF), as written above – and the exchange rate when applicable – a new adjustment factor is also introduced in the market capitalization calculation to establish equal weighting.

$$Adjusted Stock\ Market Value_i = P_i * Shares_i * IWF_i * FxRate_i * AWF_i$$

where $AWF_i$ is the adjustment factor of stock $_i$ assigned at each index rebalancing date, t, which makes all index constituents modified market capitalization equal (and, therefore, equal weight), while maintaining the total market value of the overall index. The AWF for each index constituent, $_i$, at rebalancing date, t, is calculated by:

$$AWF_{i,t} = \frac{Z}{N * FloatAdjustedMarketValue_{i,t}}$$

where N is the number of stocks in the index and Z is an index specific constant set for the purpose of deriving the AWF and, therefore, each stock's share count used in the index calculation (often referred to as modified index shares).

The index divisor is defined based on the index level and market value from equation (13). The index level is not altered by index rebalancing. However, since prices and outstanding shares will have changed since the last rebalancing, the divisor will change at the rebalancing.

So:

$$(Divisor)_{\ after\ rebalancing} = \frac{(Index\ Market\ Value)_{\ after\ rebalancing}}{(Index\ Value)_{\ before\ rebalancing}}$$

$$Index\ Market\ Value = \sum_i P_i * Shares_i * IWF_i * FxRate_i * AWF_i$$

## TOTAL RETURN AND NET RETURN INDICES

Each index will have a total return counterpart, which assumes dividends are reinvested in the index after the close on the ex-date S&P Dow Jones Indices calculates daily return series using both gross and net cash dividends reinvested.
Net return reinvested is reflective of the return to an investor where dividends are reinvested after the deduction of withholding tax. The tax rate applied is the rate to non-resident institutions that do not benefit from double taxation treaties.

For more information on the calculation of Total Return and Net Return Indices, refer to the previous chapter.

## ADJUSTMENTS FOR CORPORATE ACTIONS

Corporate actions are treated by the index agent, S&P Dow Jones Indices, according to S&P Dow Jones Indices' Corporate Actions Policies & Practices Methodology.

The following is an extract of S&P Dow Jones Indices Index Mathematics Methodology for Equal Weighted Indices:

The tables on the following page show the necessary adjustments to the index and the divisor for managing an equal weighted index. One key issue is how to handle events when one stock is replaced by another. Given that stock prices move all the time, the index is only truly equally weighted at the rebalancing. Therefore, when stocks are added or deleted either the new stock must assume the actual weight of the old stock or the entire index must be rebalanced. Since index rebalancing generates trading costs for tracker funds, the design decision is usually made to have a new stock assume the weight of the stock being dropped until the next rebalancing.
However, this is not always the case and may vary by index family.


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| CORPORATE ACTION | INDEX ADJUSTMENT | DIVISOR ADJUSTMENT |
|---|---|---|
| Constituent change – even number of adds and drops | The company entering the index goes in at the weight of the company coming out. This weight is used to compute the adjusted weight factor of the added stock, using Equation 15. If a company is being removed at a price of 0.00, the replacement goes in at the weight of the deleted company at the close on the day before the effective date. If more than one company is being replaced in the index on a single date, the replacements would be in the order stated in the press release for the parent index change. | No |
| Constituent change – deletion only | The weights of all stocks in the index will change, due to the absolute change in the number of index constituents. Relative weights will stay the same. | Yes |
| Share changes between quarterly share adjustments | None. The adjustment factor is changed to keep the index weight the same. | No |
| Quarterly share changes | There is no direct adjustment. | No |
| Spin-off | The price is adjusted to the Price of the Parent Company minus (the Price of Spin-off company/Share Exchange Ratio). The adjustment factor changes to maintain the weight to be the same as the company had before the spin-off. | No |
| Rights Offering | The price is adjusted to the Price of the Parent Company minus (the Price of Rights Offering/Rights Ratio). The adjustment factor changes to maintain the weight to be the same as the company had before the rights offering. | No |
| Stock Split | Shares are multiplied by and the price is divided by the split factor. | No |
| Share Issuance or Share Repurchase | None. | No |
| Special Dividends | The price of the stock making the special dividend payment is reduced by the per share special dividend amount after the close of trading on the day before the ex-date. | A divisor adjustment is made to ensure the index level remains the same. |

*For more information on Corporate Actions, please refer to the S&P Dow Jones Indices / Equity Indices Policies & Practice document located under the Resources Center on the website [www.spdji.com](http://www.spdji.com)*

## INDEX REBALANCING

Semi-Annually, on the Reference Date[3] immediately preceding the relevant Rebalance Date[4], index constituents are selected in accordance with the "Index Eligibility Criteria" as new constituents of the index in order to ensure market representation.

As a consequence, if a constituent company is downgraded between two consecutive review dates so that it doesn't satisfy the eligibility criteria anymore, it will be replaced on the immediately following rebalance date.

The rebalancing of the indices considers the financial and extra-financial evolution of the reference market. The evolution may be due to economic and financial developments – such as a change in the composition or structure of an industry (e.g. changes in the market capitalization and representation of a company) - as well as to changes in the sustainability profile of the constituents.

The rules for inserting and deleting securities at the periodic review are designed to provide stability in the selection of constituents of the indices, while ensuring the indices continue to be representative of the reference market.

Below, the reference calendar for the Semi-Annual review.

[3] "Reference Date" means the first Friday of January and July.

[4] "Rebalance Date" means the third Friday of January and July, provided that if such day is not a Scheduled Trading Day the Rebalance Date shall be the next Scheduled Trading Day.
In the event that the scheduled Rebalance Date is a Disrupted Day, the Rebalance Date for such rebalancing will be the next Scheduled Trading Day which is not a Disrupted Day.


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If the review day falls on a holiday, the subsequent working day will be considered.

| REVIEW TIMETABLE | | |
|---|---|---|
| **TIME REFERENCE** | **ACTION** | **WHEN** |
| $t_0$ | Selection of the new constituents | 1st Friday of Jan, Jul |
| $t_1$ | Communication of the new constituent | 1st Friday of Jan, Jul |
| $t_2$ | Effective Date: the new index is effective | 3rd Friday (closing) of Jan, Jul |



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# CURRENCY HEDGED INDICES

## DEFINITION

A currency hedged index is constructed by adding a layer of currency forward contracts to the underlying unhedged indexes. The Hedged Indexes are calculated as daily return indexes and hedged on a monthly basis. The Hedged Indexes are designed to represent returns for global investment strategies that involve hedging currency risk, but not the underlying constituent risk.

## HEDGING ALGORITHM

The hedged index performance is calculated as the performance of the unhedged index in the base currency plus the hedge impact in the base currency, as derived from the forward positions.

The hedge impact ($HI$) is calculated according to the following formula:

$$HI(t) = NAF \times \sum_{i=1}^{n} \left\{ Weight_{i,M-2} \times FXRate_{i,M-2} \times \left( \frac{1}{FF\ Rate_{i,M-1}} - \frac{1}{FF\ Rate_{i,old-days_t}} \right) \right\}$$

Where

$t$ = Index calculation date

$NAF = \frac{HedgedIndex_{M-2}}{HedgedIndex_{M-1}}$

$M$ = First calendar day of the month

$HI(t)$ = Index Hedge Impact at time $t$

$Weight_{i,M-2}$ = Currency weight in the index 2 days before next month first day

$FXRate_{i,M-2}$ = Spot rate of the currency $i$ two business days before the start of the current calendar month. This term determines the notional amount of the foreign currency to be sold corresponding to its weight in the index

$FFRate_{i,M-1}$ = 1-month Forward for the currency $i$ one business day before the start of the current calendar month (or last business day of the previous calendar month)

$FF\ Rate_{i,old-days_t}$ = Interpolated odd-days forward rate of the currency $i$ on day $t$.

The interpolated odd-days forward rate is calculated according to the following formula:

$$FFRate_{odd-days_t} = FXRate_t + \left\{ \left( FFRate_{1-month_t} - FXRate_t \right) \text{x} \frac{Odd - days_t}{TotNbOfCalcDaysDuringMonth} \right\}$$

Where

$FXRate_t$ = Spot rate at time $t$

$FFRate_{1-month_t}$ = 1 month forward rate at time $t$

$Odd - Days_t$ = Number of days until the last business day of the current month (not counting $t$)

The performance of the hedged index total return net is calculated as:

$$Hedged\ Index = \frac{I(TRNet)_t}{I(TRNet)_{M-1}} - 1 + HI(t)$$



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# VOLATILITY CONTROL INDICES

## DEFINITION

The Volatility Control Index represents the returns of a portfolio with a dynamic allocation between:

- a risky component or the underlying index and
- a risk free component or a cash investment.

The cash investment component of the Index is defined by a money market rate: the EONIA. A 360-day year is assumed for the calculation of the cash investment's return.

When observed volatility increases, the index reduces its exposure to the underlying index and increases exposure towards the cash investment.

Conversely, as observed volatility decreases, the index reduces exposure to the cash investment and increases exposure to the underlying index.

Three factors are considered to manage the Index volatility:

- target volatility
- observed volatility
- participation ratio

## GENERAL NOTATION

1. $I$: volatility control index (built as a rebalancing strategy between a risky component and a risk-free component).
2. $S$: risky component of $I$.
3. $Cal$: calendar of $I$. It must coincide with the calendar of $S$.
4. $Eonia$: interest rate associated to the performance of the risk-free component of $I$.
5. $\Sigma$: target volatility of $I$ .
6. $\sigma_S(t_i)$: volatility estimation for the $S$ component corresponding to date $t_i$.
7. $W_{max} = 1$: maximum equity weight (1 corresponds to 100% equity allocation).
8. $\epsilon = 0.05$: relative tolerance for target volatility bounds.

## TARGET VOLATILITY

The target volatility is set during the construction of the index at the level of 10%.
This volatility level is used as the Index target volatility throughout the life of the Index and to determine the Index allocation between the risky asset and the cash investment during index rebalancing to achieve this target volatility.

## OBSERVED VOLATILITY

The observed volatility of the Index is calculated as follows:

1. **Estimated daily volatility**:

$$\tilde{\sigma}_S(t_j) = \sqrt{\frac{252}{N_\sigma} \cdot \sum_{k=0}^{N_\sigma - 1} \log^2 \frac{S(t_{j-L_\sigma-k})}{S(t_{j-L_\sigma-k-1})}}$$

$N_\sigma = 22$: number of log-returns for standard deviation estimation.

$L_\sigma = 0$: lag business days for volatility series.

2. **Average estimated daily volatility of last three business days:**

$$\bar{\sigma}_S(t_j) = \frac{1}{N_A} \sum_{k=0}^{N_A - 1} \tilde{\sigma}_S(t_{j-k})$$



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where:

$N_A = 3$: averaging factor.

3. **Observed volatility**, the maximum average estimated daily volatility over the last twenty business days:

$$\sigma_S(t_i) = \max_{k=0}^{M-1} \bar{\sigma}_S(t_{i-L_M-k})$$

where:

$M = 20$: number of observations for volatility estimation maximization.

$L_M = 1$: lag business days for maximum estimation.

**PARTICIPATION RATIO**

The Index Participation Ratio, $W$, determines the allocation among the underlying index and the cash investment. It is defined as the percentage of the Index that is invested in the underlying risky component. A buffer is applied in order to rebalance the Index only if the change in the participation ratio is greater than the pre-determined level or buffer.

The Participation Ratio is calculated on a daily basis using the following algorithm:

- At index inception, $t_0$, the participation ratio $W(t_0)$, is calculated as the lesser of the maximum participation ratio, $W_{max}$, and the ratio of the target volatility to observed volatility.
- Every day ($t_i$, $i > 0$) the calculation of the observed volatility is updated and a target participation ratio, $W_{target}(t_i)$, is defined as the ratio of the target volatility and the observed volatility; in case observed volatility is equal to zero, the target participation ratio is equal to one.
- Realized participation ratio - $\hat{W}(t_i)$ - is the ratio of the underlying index contribution - $R(t_i)$ - and index level - $I(t_i)$ - as defined in *INDEX CALCULATION*.

  Its percentage deviation from target participation ratio - $\delta(t_i)$ - is calculated and:

  1. If it is lower than the pre-determined level or buffer, $\varepsilon$ = 5%, then the new participation ratio is the realized participation ratio
  2. If it is higher, then the new participation ratio is the lesser of the maximum allowable equity investment, and the target participation ratio.

By defining:

1. $W(t_0) = \min\left\{W_{max}, \frac{\Sigma}{\sigma_S(t_0)}\right\}$
2. $W_{target}(t_i) = \frac{\Sigma}{\sigma_S(t_i)}$ if $\sigma_S(t_i) > 0$, $W_{max}$ otherwise
3. $\tilde{W}(t_i) = R(t_i)/I(t_i)$
4. $\delta(t_i) = abs\left\{\frac{\tilde{W}(t_i)}{W_{target}(t_i)} - 1\right\}$

$W(t_i)$ is updated according the following rule:

1) if $\delta(t_i) <= \epsilon$:
$W(t_i) = \tilde{W}(t_i)$



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otherwise

$$W(t_i) = \min\{W_{max}, W_{target}(t_i)\}$$

**CALCULATION ALGORITHM**

The return of the Index consists of two components – the return of the underlying index and the return on the cash investment.

The index level equation is presented below:

For $i = 0$ (index inception):

$$I(t_0) = 100[EUR]$$

and

$$W(t_0) = \min\left\{W_{max}, \frac{\Sigma}{\sigma_S(t_0)}\right\}$$

For $i \geq 1$, $I$ is computed as follows:

$$I(t_i) = R(t_i) + B(t_i)$$

where:
the contribution of the underlying index is

$$R(t_i) = I(t_{i-1}) \cdot W(t_{i-1}) \cdot \frac{S(t_i)}{S(t_{i-1})}$$

and the contribution of the cash investment is

$$B(t_i) = I(t_{i-1}) \cdot (1 - W(t_{i-1})) \cdot \left(1 + Eonia(t_{i-1})\frac{t_i - t_{i-1}}{360}\right)$$



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## ECPI WORLD ESG INDEX

The ECPI World ESG Index is a cap-weighted equity index designed to be a broad benchmark representative of developed market companies that satisfy ECPI ESG criteria.

The Index values are available on Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| GALPHPWP Index | ECPI World ESG Price Index |
| GALPHPWR Index | ECPI World ESG Total Return Index |
| GALPHPWN Index | ECPI World ESG Net Return Index |
| GALPHEWP Index | ECPI World ESG Hedged Price Index |
| GALPHEWR Index | ECPI World ESG Hedged Total Return Index |
| GALPHEWN Index | ECPI World ESG Hedged Net Return Index |

### EQUITY UNIVERSE

Every three months ECPI reviews the index constituents in order to ensure market representation.

The index construction process starts with the identification of the Equity Universe.
Equity securities listed in a Global Developed Market with a minimum market capitalization of € 400 million are eligible for inclusion in the Equity Universe.
Global Developed Markets are defined in Appendix C.

Investment trust, mutual funds, Exchange Traded Funds (ETFs) and equity derivatives are not included in the Equity Universe. Convertible and preference shares and loan stocks are excluded until converted.

Where there are multiple lines of equity capital in a company, all are included and priced separately in the Equity Universe.

### INVESTABLE EQUITY UNIVERSE

Investable Equity Universe is derived by applying investability screens to securities in the Equity Universe.

The investability screens used to determine the Investable Equity Universe are:

- Minimum Market Capitalization
- Minimum Free Float Adjusted Market Capitalization
- Minimum Liquidity
- Minimum Free Float
- Sustainability Rating

#### Minimum Market Capitalization

In order to be included in the Investable Equity Universe must have a required minimum full market capitalization.
The Minimum Market Capitalization is derived as follows:

- Companies in the Equity Universe are sorted in descending order of full market capitalization and the cumulative coverage of the free float adjusted market capitalization of the Equity Universe is calculated at each company.
- When the cumulative free float adjusted market capitalization coverage of 99% of the sorted Equity Universe is achieved, the full market capitalization of the company at that point defines the Equity Universe Minimum Market Capitalization Requirement.

- Companies with a full market capitalization lower than the Minimum Market Capitalization Requirement are excluded from the Investable Equity Universe.


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**Minimum Free Float Adjusted Market Capitalization**

The adjusted market capitalization is defined as the total market capitalization multiplied by a free float factor. Companies with a free float adjusted market capitalization lower than the 150% of the Minimum Market Capitalization Requirement are excluded from the Investable Equity Universe.

**Minimum Liquidity**

Securities which do not turnover at least, on an annual basis, 20% of their current capitalization (after the application of any free float factor) prior to selection as an index constituent, are excluded from the Investable Equity Universe. In exceptional market conditions, if trading volumes are very low ECPI may reduce the percentage figure stated above in order to avoid a large amount of turnover in the Indices.

**Minimum Free Float**

ECPI estimate of free float is based on publicly available information obtained from multiple information sources. Estimated free float is rounded to the closest 5%.
If the free float is less than 15%, the company is excluded from the Investable Equity Universe.

**Sustainability Rating**

Companies which have an ESG rating less than E- are not included in the Investable Equity Universe (minimum ESG Rating).

**SELECTION ALGORITHM**

Once the Investable Equity Universe is defined, the selection process for the ECPI World ESG Index continues according to the following steps:

- For each Country, companies are sorted in descending order of full market capitalization and the cumulative coverage of the free float-adjusted market capitalization of the Country Universe is calculated at each company. European Countries are aggregated in just one region.

| EUROPEAN COUNTRIES | | |
|---|---|---|
| Austria | Greece | Norway |
| Belgium | Italy | Portugal |
| Denmark | Ireland | Spain |
| Finland | Israel | Sweden |
| France | Luxembourg | Switzerland |
| Germany | Netherlands | United Kingdom |

- Stocks - already included in the index current composition - comprised in the cumulative free float-adjusted market capitalization coverage of 95% of the sorted country universe are eligible for inclusion in the index. New Stocks – not included in the index current composition - comprised in the cumulative free float-adjusted market capitalization coverage of 70% of the sorted country universe are eligible for inclusion in the index.

- All eligible securities in each Country Universe are aggregated into the new index composition.



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## ECPI GLOBAL DEVELOPED ESG BEST-IN-CLASS INDEX

The ECPI Global Developed ESG Best-in-Class Index is a cap-weighted equity index that represents global developed market companies selected on the basis of their ESG performance as measured by ECPI ESG ratings and scores (Best-in-Class approach).

The Index values are available on Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| GALPHBCP Index | ECPI Global Developed ESG Best in Class Price Index |
| GALPHBCR Index | ECPI Global Developed ESG Best in Class Total Return Index |
| GALPHBCN Index | ECPI Global Developed ESG Best in Class Net Return Index |

### EQUITY UNIVERSE

Every three months ECPI reviews the index constituents in order to ensure market representation.

The index construction process starts with the identification of the Equity Universe.
Equity securities listed in a Global Developed Market with a minimum market capitalization of € 400 million are eligible for inclusion in the Equity Universe.
Global Developed Markets are defined in Appendix C.

Investment trust, mutual funds, Exchange Traded Funds (ETFs) and equity derivatives are not included in the Equity Universe. Convertible and preference shares and loan stocks are excluded until converted.

Where there are multiple lines of equity capital in a company, all are included and priced separately in the Equity Universe.

### INVESTABLE EQUITY UNIVERSE

Investable Equity Universe is derived by applying investability screens to securities in the Equity Universe.

The investability screens used to determine the Investable Equity Universe are:

- Minimum Market Capitalization
- Minimum Free Float Adjusted Market Capitalization
- Minimum Liquidity
- Minimum Free Float
- Sustainability Rating

#### Minimum Market Capitalization

In order to be included in the Investable Equity Universe must have a required minimum full market capitalization.
The Minimum Market Capitalization is derived as follows:

- Companies in the Equity Universe are sorted in descending order of full market capitalization and the cumulative coverage of the free float adjusted market capitalization of the Equity Universe is calculated at each company.

- When the cumulative free float adjusted market capitalization coverage of 99% of the sorted Equity Universe is achieved, the full market capitalization of the company at that point defines the Equity Universe Minimum Market Capitalization Requirement.

- Companies with a full market capitalization lower than the Minimum Market Capitalization Requirement are excluded from the Investable Equity Universe.

#### Minimum Free Float Adjusted Market Capitalization

The adjusted market capitalization is defined as the total market capitalization multiplied by a free float factor.


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Companies with a free float adjusted market capitalization lower than 150% of the Minimum Market Capitalization Requirement are excluded from the Investable Equity Universe.

**Minimum Liquidity**

Securities which do not turnover at least, on an annual basis, 20% of their current capitalization (after the application of any free float factor) prior to selection as an index constituent, are excluded from the Investable Equity Universe. In exceptional market conditions, if trading volumes are very low ECPI may reduce the percentage figure stated above in order to avoid a large amount of turnover in the Indices.

**Minimum Free Float**

ECPI estimate of free float is based on publicly available information obtained from multiple information sources. Estimated free float is rounded to the closest 5%.
If the free float is less than 15%, the company is excluded from the Investable Equity Universe.

**Sustainability Rating**

Companies which have an ESG rating less than E- are not included in the Investable Equity Universe (minimum ESG Rating).

**SELECTION ALGORITHM**

Once the Investable Equity Universe is defined, the selection process for the ECPI Global Developed ESG Best-in-Class Index continues according to the following steps:

- For each Country, companies are sorted in descending order of full market capitalization and the cumulative coverage of the free float-adjusted market capitalization of the Country Universe is calculated at each company. European Countries are aggregated in just one region.

| EUROPEAN COUNTRIES | | |
|---|---|---|
| Austria | Greece | Norway |
| Belgium | Italy | Portugal |
| Denmark | Ireland | Spain |
| Finland | Israel | Sweden |
| France | Luxembourg | Switzerland |
| Germany | Netherlands | United Kingdom |

- Stocks - already included in the index current composition - comprised in the cumulative free float-adjusted market capitalization coverage of 95% of the sorted country universe are eligible for inclusion in the index. New Stocks – not included in the index current composition - comprised in the cumulative free float-adjusted market capitalization coverage of 70% of the sorted country universe are eligible for inclusion in the index.

- All eligible securities in each Country Universe are aggregated into the Index Reference Universe.

- A stratified sampling procedure is applied to the index Reference Universe in order to reproduce the geographical/sector allocation of such universe. In the selection process, eligible stocks are ordered and selected by ESG score, coherently with the best-in-class approach. Best-in-class approach will be fulfilled by giving selection priority to companies with higher ESG score.


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## ECPI EURO ESG INDEX

The ECPI Euro ESG Index is a cap-weighted equity index composed by the 320 most capitalized companies in the Euro zone market that satisfy ECPI ESG criteria.

The Index values are available on Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| ECAPPEP Index | ECPI Euro ESG Price Index |
| ECAPPER Index | ECPI Euro ESG Total Return Index |
| ECAPPEN Index | ECPI Euro ESG Net Return Index |

**EQUITY UNIVERSE**

Every three months ECPI reviews the index constituents in order to ensure market representation.

The index construction process starts with the identification of the Equity Universe.
Equity securities listed in a Global Developed Market with a minimum market capitalization of € 400 million are eligible for inclusion in the Equity Universe.
Global Developed Markets are defined in Appendix C.

Investment trust, mutual funds, Exchange Traded Funds (ETFs) and equity derivatives are not included in the Equity Universe. Convertible and preference shares and loan stocks are excluded until converted.

Where there are multiple lines of equity capital in a company, all are included and priced separately in the Equity Universe.

**INVESTABLE EQUITY UNIVERSE**

Investable Equity Universe is derived by applying investability screens to securities in the Equity Universe.

The investability screens used to determine the Investable Equity Universe are:

- Minimum Market Capitalization
- Minimum Free Float Adjusted Market Capitalization
- Minimum Liquidity
- Minimum Free Float
- Geographic selection
- Sustainability Rating

**Minimum Market Capitalization**

In order to be included in the Investable Equity Universe must have a required minimum full market capitalization.
The Minimum Market Capitalization is derived as follows:

- Companies in the Equity Universe are sorted in descending order of full market capitalization and the cumulative coverage of the free float adjusted market capitalization of the Equity Universe is calculated at each company.
- When the cumulative free float adjusted market capitalization coverage of 99% of the sorted Equity Universe is achieved, the full market capitalization of the company at that point defines the Equity Universe Minimum Market Capitalization Requirement.

- Companies with a full market capitalization lower than the Minimum Market Capitalization Requirement are excluded from the Investable Equity Universe.

**Minimum Free Float Adjusted Market Capitalization**

The adjusted market capitalization is defined as the total market capitalization multiplied by a free float factor.



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Companies with a free float adjusted market capitalization lower than the 150% of the Minimum Market Capitalization Requirement are excluded from the Investable Equity Universe.

**Minimum Liquidity**

Securities which do not turnover at least, on an annual basis, 20% of their current capitalization (after the application of any free float factor) prior to selection as an index constituent, are excluded from the Investable Equity Universe. In exceptional market conditions, if trading volumes are very low ECPI may reduce the percentage figure stated above in order to avoid a large amount of turnover in the Indices.

**Minimum Free Float**

ECPI estimate of free float is based on publicly available information obtained from multiple information sources. Estimated free float is rounded to the closest 5%.
If the free float is less than 15%, the company is excluded from the Investable Equity Universe.

**Geographic Selection**

The country markets included in the indices are:

| COUNTRY TABLE | |
|---|---|
| Austria | Ireland |
| Belgium | Italy |
| Finland | Luxembourg |
| France | Netherlands |
| Germany | Portugal |
| Greece | Spain |

**Sustainability Rating**

Companies which have an ESG rating less than E- are not included in the Investable Equity Universe (minimum ESG Rating).

**SELECTION ALGORITHM**

After identifying the universe of securities, ECPI sorts securities according to their adjusted market capitalization. The adjusted market capitalization is defined as the total market capitalization multiplied by a free float factor.

The following rules are applied to the updated investment universe.

The number of constituents is kept constant at

- 320 constituents

A company is eligible for inclusion at the quarterly review if it rises above the inclusion threshold, when the eligible companies are ranked by adjusted market value.
The inclusion threshold is:

- 250th position

A company is eligible for exclusion at the quarterly review if it falls below the exclusion threshold, when the eligible companies are ranked by adjusted market value.
The exclusion threshold is:

- 350th position

The expected number of constituents' changes is the minimum between the number of securities that rises above the inclusion threshold and the number of securities that falls under the exclusion threshold ensuring market representation and maintaining the turnover under a target of about 6%.


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## ECPI GLOBAL ETHICAL INDEX

The ECPI Global Ethical Index is a cap-weighted equity index that selects the 300 top capitalized companies in the Global market which are eligible investments according to ECPI ESG Rating Methodology and Controversial Sectors Screening.

The Index values are available on Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| ECAPGP Index | ECPI Global Ethical Price Index |
| ECAPGR Index | ECPI Global Ethical Total Return Index |
| ECAPGND Index | ECPI Global Ethical Net Return Index |

**EQUITY UNIVERSE**

Every three months ECPI reviews the index constituents in order to ensure market representation.

The index construction process starts with the identification of the Equity Universe.
Equity securities listed in a Global Developed Market with a minimum market capitalization of € 400 million are eligible for inclusion in the Equity Universe.
Global Developed Markets are defined in Appendix C.

Investment trust, mutual funds, Exchange Traded Funds (ETFs) and equity derivatives are not included in the Equity Universe. Convertible and preference shares and loan stocks are excluded until converted.

Where there are multiple lines of equity capital in a company, all are included and priced separately in the Equity Universe.

**INVESTABLE EQUITY UNIVERSE**

Investable Equity Universe is derived by applying investability screens to securities in the Equity Universe.

The investability screens used to determine the Investable Equity Universe are:

- Minimum Market Capitalization
- Minimum Free Float Adjusted Market Capitalization
- Minimum Liquidity
- Minimum Free Float
- Sustainability Rating

**Minimum Market Capitalization**

In order to be included in the Investable Equity Universe must have a required minimum full market capitalization.
The Minimum Market Capitalization is derived as follows:

- Companies in the Equity Universe are sorted in descending order of full market capitalization and the cumulative coverage of the free float adjusted market capitalization of the Equity Universe is calculated at each company.
- When the cumulative free float adjusted market capitalization coverage of 99% of the sorted Equity Universe is achieved, the full market capitalization of the company at that point defines the Equity Universe Minimum Market Capitalization Requirement.

- Companies with a full market capitalization lower than the Minimum Market Capitalization Requirement are excluded from the Investable Equity Universe.

**Minimum Free Float Adjusted Market Capitalization**



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The adjusted market capitalization is defined as the total market capitalization multiplied by a free float factor. Companies with a free float adjusted market capitalization lower than the 150% of the Minimum Market Capitalization Requirement are excluded from the Investable Equity Universe.

**Minimum Liquidity**

Securities which do not turnover at least, on an annual basis, 20% of their current capitalization (after the application of any free float factor) prior to selection as an index constituent, are excluded from the Investable Equity Universe. In exceptional market conditions, if trading volumes are very low ECPI may reduce the percentage figure stated above in order to avoid a large amount of turnover in the Indices.

**Minimum Free Float**

ECPI estimate of free float is based on public available information obtained from multiple information sources. Estimated free float is rounded to the closest 5%.
If the free float is less than 15%, the company is excluded from the Investable Equity Universe.

**Sustainability Rating**

Companies with an ESG rating less than E- and/or involved in controversial activities are not included in the Investment Universe (minimum ESG Rating).

**SELECTION ALGORITHM**

After identifying the universe of securities, ECPI sorts securities according to their adjusted market capitalization. The adjusted market capitalization is defined as the total market capitalization multiplied by a free float factor.

The following rules are applied to the updated investment universe.

The number of constituents is kept constant at

- 300 constituents

A company is eligible for inclusion at the quarterly review if it rises above the inclusion, when the eligible companies are ranked by adjusted market value. The inclusion threshold is:

- 200th position

A company is eligible for inclusion at the quarterly review if it rises above the inclusion, when the eligible companies are ranked by adjusted market value. The inclusion threshold is:

- 400th position

The expected number of constituents' changes is the minimum between the number of securities that rises above the inclusion threshold and the number of securities that falls under the exclusion threshold ensuring market representation and maintaining the turnover under a target of about 6%.


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## ECPI EURO ETHICAL INDEX

The ECPI Euro Ethical Index is a cap-weighted equity index that selects the 150 top capitalized companies in the European market which are eligible investments according to ECPI ESG Rating Methodology and Controversial Sectors Screening.

The Index values are available on Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| ECAPEP Index | ECPI Euro Ethical Price Index |
| ECAPER Index | ECPI Euro Ethical Total Return Index |
| ECAPEND Index | ECPI Euro Ethical Net Return Index |

### EQUITY UNIVERSE

Every three months ECPI reviews the index constituents in order to ensure market representation.

The index construction process starts with the identification of the Equity Universe.
Equity securities listed in a Global Developed Market with a minimum market capitalization of € 400 million are eligible for inclusion in the Equity Universe.
Global Developed Markets are defined in Appendix C.

Investment trust, mutual funds, Exchange Traded Funds (ETFs) and equity derivatives are not included in the Equity Universe. Convertible and preference shares and loan stocks are excluded until converted.

Where there are multiple lines of equity capital in a company, all are included and priced separately in the Equity Universe.

### INVESTABLE EQUITY UNIVERSE

Investable Equity Universe is derived by applying investability screens to securities in the Equity Universe.

The investability screens used to determine the Investable Equity Universe are:

- Minimum Market Capitalization
- Minimum Free Float Adjusted Market Capitalization
- Minimum Liquidity
- Minimum Free Float
- Geographic selection
- Sustainability Rating

#### Minimum Market Capitalization

In order to be included in the Investable Equity Universe must have a required minimum full market capitalization.
The Minimum Market Capitalization is derived as follows:

- Companies in the Equity Universe are sorted in descending order of full market capitalization and the cumulative coverage of the free float adjusted market capitalization of the Equity Universe is calculated at each company.
- When the cumulative free float adjusted market capitalization coverage of 99% of the sorted Equity Universe is achieved, the full market capitalization of the company at that point defines the Equity Universe Minimum Market Capitalization Requirement.

- Companies with a full market capitalization lower than the Minimum Market Capitalization Requirement are excluded from the Investable Equity Universe.

#### Minimum Free Float Adjusted Market Capitalization

The adjusted market capitalization is defined as the total market capitalization multiplied by a free float factor.


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Companies with a free float adjusted market capitalization lower than the 150% of the Minimum Market Capitalization Requirement are excluded from the Investable Equity Universe.

**Minimum Liquidity**

Securities which do not turnover at least, on an annual basis, 20% of their current capitalization (after the application of any free float factor) prior to selection as an index constituent, are excluded from the Investable Equity Universe. In exceptional market conditions, if trading volumes are very low ECPI may reduce the percentage figure stated above in order to avoid a large amount of turnover in the Indices.

**Minimum Free Float**

ECPI estimate of free float is based on public available information obtained from multiple information sources. Estimated free float is rounded to the closest 5%.
If the free float is less than 15%, the company is excluded from the Investable Equity Universe.

**Geographic selection**

The country markets included in the indices are:

| COUNTRY TABLE | |
|---|---|
| Austria | Luxembourg |
| Belgium | Netherlands |
| Denmark | Norway |
| Finland | Portugal |
| France | Spain |
| Germany | Sweden |
| Greece | Switzerland |
| Ireland | United Kingdom |
| Italy | |

**Sustainability Rating**

Companies with an ESG rating less than E- and/or involved in controversial activities are not included in the Investment Universe (minimum ESG Rating).

**SELECTION ALGORITHM**

After identifying the universe of securities, ECPI sorts securities according to their adjusted market capitalization. The adjusted market capitalization is defined as the total market capitalization multiplied by a free float factor.

The following rules are applied to the updated investment universe.

The number of constituents is kept constant at

- 150 constituents.

A company is eligible for inclusion at the quarterly review if it rises above the inclusion, when the eligible companies are ranked by adjusted market value. The inclusion threshold is:

- 100th position

A company is eligible for exclusion if it falls below the exclusion threshold, when the eligible companies are ranked by adjusted market value. The exclusion threshold is:

- 250th position


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The expected number of constituents' changes is the minimum between the number of securities that rises above the inclusion threshold and the number of securities that falls under the exclusion threshold ensuring market representation and maintaining the turnover under a target of about 6%.



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## ECPI EMU ETHICAL INDEX

The ECPI Emu Ethical Index is a cap-weighted equity index that selects the 150 top capitalized companies in the EMU market which are eligible investments according to ECPI ESG Rating Methodology and Controversial Sectors Screening.

The Index values are available on Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| ECAPMP Index | ECPI Emu Ethical Price Index |
| ECAPMR Index | ECPI Emu Ethical Total Return Index |
| ECAPMND Index | ECPI Emu Ethical Net Return Index |

**EQUITY UNIVERSE**

Every three months ECPI reviews the index constituents in order to ensure market representation.

The index construction process starts with the identification of the Equity Universe.
Equity securities listed in a Global Developed Market with a minimum market capitalization of € 400 million are eligible for inclusion in the Equity Universe.
Global Developed Markets are defined in Appendix C.

Investment trust, mutual funds, Exchange Traded Funds (ETFs) and equity derivatives are not included in the Equity Universe. Convertible and preference shares and loan stocks are excluded until converted.

Where there are multiple lines of equity capital in a company, all are included and priced separately in the Equity Universe.

**INVESTABLE EQUITY UNIVERSE**

Investable Equity Universe is derived by applying investability screens to securities in the Equity Universe.

The investability screens used to determine the Investable Equity Universe are:

- Minimum Market Capitalization
- Minimum Free Float Adjusted Market Capitalization
- Minimum Liquidity
- Minimum Free Float
- Geographic selection
- Sustainability Rating

**Minimum Market Capitalization**

In order to be included in the Investable Equity Universe must have a required minimum full market capitalization.
The Minimum Market Capitalization is derived as follows:

- Companies in the Equity Universe are sorted in descending order of full market capitalization and the cumulative coverage of the free float adjusted market capitalization of the Equity Universe is calculated at each company.
- When the cumulative free float adjusted market capitalization coverage of 99% of the sorted Equity Universe is achieved, the full market capitalization of the company at that point defines the Equity Universe Minimum Market Capitalization Requirement.

- Companies with a full market capitalization lower than the Minimum Market Capitalization Requirement are excluded from the Investable Equity Universe.

**Minimum Free Float Adjusted Market Capitalization**

The adjusted market capitalization is defined as the total market capitalization multiplied by a free float factor.


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Companies with a free float adjusted market capitalization lower than the 150% of the Minimum Market Capitalization Requirement are excluded from the Investable Equity Universe.

**Minimum Liquidity**

Securities which do not turnover at least, on an annual basis, 20% of their current capitalization (after the application of any free float factor) prior to selection as an index constituent, are excluded from the Investable Equity Universe. In exceptional market conditions, if trading volumes are very low ECPI may reduce the percentage figure stated above in order to avoid a large amount of turnover in the Indices.

**Minimum Free Float**

ECPI estimate of free float is based on publicly available information obtained from multiple information sources. Estimated free float is rounded to the closest 5%.
If the free float is less than 15%, the company is excluded from the Investable Equity Universe.

**Geographic selection**

The country markets included in the indices are:

| COUNTRY TABLE | |
|---|---|
| Austria | Ireland |
| Belgium | Italy |
| Finland | Luxembourg |
| France | Netherlands |
| Germany | Portugal |
| Greece | Spain |

**Sustainability Rating**

Companies with an ESG rating less than E- and/or involved in controversial activities are not included in the Investment Universe (minimum ESG Rating).

**SELECTION ALGORITHM**

After identifying the universe of securities, ECPI sorts securities according to their adjusted market capitalization. The adjusted market capitalization is defined as the total market capitalization multiplied by a free float factor.

The following rules are applied to the updated investment universe.

The number of constituents is kept constant at

- 150 constituents.

A company is eligible for inclusion at the quarterly review if it rises above the inclusion, when the eligible companies are ranked by adjusted market value. The inclusion threshold is:

- 100th position

A company is eligible for inclusion at the quarterly review if it rises above the inclusion, when the eligible companies are ranked by adjusted market value. The inclusion threshold is:

- 250th position

The expected number of constituents' changes is the minimum between the number of securities that rises above the inclusion threshold and the number of securities that falls under the exclusion threshold ensuring market representation and maintaining the turnover under a target of about 6%.



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## ECPI EMERGING MARKETS ESG INDEX

The ECPI Emerging Markets ESG Index is a cap-weighted equity index designed to be a broad benchmark representative of emerging market companies that satisfy ECPI ESG criteria.

The Index values are available on Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| GALPHEMP Index | ECPI Emerging Markets ESG Price Index |
| GALPHEMR Index | ECPI Emerging Markets ESG Total Return Index |
| GALPHEMN Index | ECPI Emerging Markets ESG Net Return Index |

### EQUITY UNIVERSE

Every three months ECPI reviews the index constituents in order to ensure market representation.

The index construction process starts at the country level, considering all the listed companies in the reference markets. Equity securities listed in Emerging Markets are eligible for inclusion in the Equity Universe.
Emerging Markets are defined in Appendix D.

Investment trust, mutual funds, Exchange Traded Funds (ETFs) and equity derivatives are not included in the Equity Universe. Convertible and preference shares and loan stocks are excluded until converted.

Where there are multiple lines of equity capital in a company, all are included and priced separately in the Equity Universe.

In general, companies and their respective securities are classified as belonging to the country in which they are incorporated.

### SELECTION ALGORITHM

The selection process for the ECPI Emerging Markets ESG Index is organized according to the following steps:

First, companies in each country are sorted in descending order of full market capitalization.
For each security, the adjusted market capitalization is defined as the full market capitalization multiplied by a free float factor. The free float factor represents the percentage of shares that do not belong to strategic shareholdings and so are deemed to be available for purchase in the public equity markets by investors. ECPI estimate of free float is based on publicly available information obtained from multiple information sources.
The cumulative coverage of the free float-adjusted market capitalization of the country universe is calculated at each company.

Second, when the cumulative free float-adjusted market capitalization coverage of 95% of the sorted country universe is achieved, the full market capitalization of the company at that point defines the Country Universe Minimum Size Requirement.

Third, to be eligible for inclusion in the index, a security must have:

- a full market capitalization equal to or higher than the Country Universe Minimum Size Requirement;
- a free float-adjusted market capitalization equal to or higher than 0.5 times the Country Universe Minimum Size Requirement;
- a turnover (trading volume/free float adjusted market cap) equal to or higher than 20%.
  In exceptional market conditions, if trading volumes are very low ECPI may reduce the percentage figure stated above in order to avoid a large amount of turnover in the Indices.

Last, all eligible securities in each Country Universe are aggregated into the index composition, after the exclusion of those companies which have an ESG rating less than E-.


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## ECPI ASIAN INFRASTRUCTURE INDEX

The ECPI Asian Infrastructure Index is an equally weighted equity index designed to offer investors exposure to the highest ESG-rated companies that are active in the Asian infrastructure industry.

The Index values are available on Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| ECPAIFP Index | ECPI Asian Infrastructure Price Index |
| ECPAIFR Index | ECPI Asian Infrastructure Total Return Index |
| ECPAIFN Index | ECPI Asian Infrastructure Net Return Index |

**EQUITY UNIVERSE**

Every six months ECPI reviews the index constituents in order to ensure market representation.

To be eligible for inclusion in the ECPI Asian Infrastructure Equity Index, a stock must satisfy the following criteria (in which case, it will be an "eligible stock"):

1. it belongs to one of the following Sub industries using GICS Classification:

| CODE | INDUSTRY GROUP | CODE | INDUSTRY GROUP |
|---|---|---|---|
| 25302010 | Education Services | 50101010 | Alternative Carriers |
| 10101010 | Oil & Gas Drilling | 50101020 | Integrated Telecommunication Srvs. |
| 10101020 | Oil & Gas Equipment & Services | 50102010 | Wireless Telecommunication Services |
| 10102040 | Oil & Gas Storage & Transportation | 55101010 | Electric Utilities |
| 35102020 | Health Care Facilities | 55102010 | Gas Utilities |
| 20302010 | Airlines | 55105010 | Indp. Pwr. Producers & Energy Traders |
| 20305010 | Airport Services | 55105020 | Renewable Electricity |
| 20305020 | Highways & Railtracks | 55103010 | Multi-Utilities |
| 20305030 | Marine Ports & Services | 55104010 | Water Utilities |

2. it is listed on a Global Developed Market as defined in Appendix C, or
3. it is listed on the following Asian Emerging Market: South Korea.
4. it has a positive ECPI ESG Rating (from EEE to E-)
5. the issuer of the stock must have a minimum market capitalization of € 300 million
6. the average daily traded value of the stock over the last 6 months shall be equivalent to a minimum of € 1 million

**SELECTION**

The index selects the first 30 highest capitalization stocks under the diversification constraints specified below:

a) **Stock Exposure –** the ECPI Asian Infrastructure Equity Index will be composed of companies deriving at least 20% of their revenues from the following Asia except Japan.

b) **Sector Diversification Criteria** – constituents shall be classified by sector in accordance with the GICS classification. Maximum sector concentration is 30%.

c) **Currency Diversification Criteria** – maximum currency concentration is 50%.

d) **Country Diversification Criteria** – maximum concentration by country of risk is 40%.



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**BUFFER RULE**

For all current constituents, a tolerance of 20% is applied to the market capitalization and 6-months daily average value traded limits. Therefore, a constituent will be allowed to remain in the index if it has a minimum market cap of € 240 million and a minimum liquidity of € 800 thousand.



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## ECPI CHILDREN'S RIGHTS LEADERS INDEX

The ECPI Children's Rights Leaders Equity Index is an equally weighted equity index designed to offer investors exposure to companies in the Global developed market which are the ones best placed to address the needs and effectively promote the respect of Children's Rights.

The Index values are available on Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| GALPHCRP Index | ECPI Children's Rights Leaders Price Index |
| GALPHCRR Index | ECPI Children's Rights Leaders Total Return Index |
| GALPHCRN Index | ECPI Children's Rights Leaders Net Return Index |

**EQUITY UNIVERSE**

Every six months ECPI reviews the index constituents in order to ensure market representation.

ECPI maintains a research universe of investable instruments construed according the ECPI ESG Screening Methodology.

Starting from the research universe, ECPI has built a thematic selection of companies according to the following criteria.

Firstly, seven controversial sectors are excluded, such as: Tobacco, Alcohol, Weapons, Gambling, Pornography, Nuclear Energy and Breast milk substitute producers.

Second, companies involved in controversial business practice, as the ones below, are excluded:

- Child labour
- Junk food production
- Access to Medicine worst performers
- Corruption
- Violation of human and labour rights
- Violation of environmental legislation

Finally, the companies most involved in the production and distribution of goods and services linked to Children's well-being and with a positive ECPI ESG Rating (from EEE to E-) are selected and classified into seven themes:

- Healthcare
- Water
- Nutrition
- Education
- Financial
- Technology
- Climate Change

To be eligible for inclusion in the ECPI Children's Rights Leaders Equity Index, a stock must satisfy the following criteria (in which case, it will be an "eligible stock"):

1. Belongs to the thematic universe described above

2. it is listed on a Global Developed Market as defined in Appendix C

3. The issuer of the stock must have a minimum market capitalization of € 500 million

4. The average daily traded value of the stock over the last 6 months shall be equivalent to a minimum of € 5 million



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**SELECTION**

The index selects the first 70 highest capitalization stocks under the diversification constraint specified below:

a) **Thematic Diversification Criteria** – constituents shall be classified by theme (Climate Change, Education, Financial, Healthcare, Nutrition, Technology, Water) and 10 constituents from each theme are selected.

**BUFFER RULE**

For all current constituents, a tolerance of 20% is applied to the market capitalization and 6-months daily average value traded limits. Therefore, a constituent will be allowed to remain in the index if it has a minimum market cap of € 400 million and a minimum liquidity of € 4 million.



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## ECPI CHINA CONSUMPTION TRADABLE INDEX

The ECPI China Consumption Tradable Equity Index is an equally-weighted index which offers investors exposure to companies in the developed markets that are expected to benefit from the boom in consumer spending in China.

The Index values are available on Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| ECPACCTP Index | ECPI China Consumption Tradable Price Index |
| ECPACCTR Index | ECPI China Consumption Tradable Total Return Index |
| ECPACCTN Index | ECPI China Consumption Tradable Net Return Index |

### EQUITY UNIVERSE

Every six months ECPI reviews the index constituents in order to ensure market representation.

To be eligible for the ECPI China Consumption Tradable, a stock must satisfy the following criteria (in which case, it will be an “eligible stock”):

1. it belongs to one of the following Sector using GICS Classification:

| CODE | SECTOR |
|---|---|
| 25 | Consumer Discretionary (Education Services excluded) |
| 30 | Consumer Staples |
| 40 | Financials |
| 35 | Health Care (Health Care Facilities excluded) |
| 45 | Information Technology |
| 50 | Telecommunication Services |

2. it is listed on a Global Developed Market as defined in Appendix C
3. The latest Financial Year geographical segment revenue from Asia should be greater than 20%.
4. it has a positive ECPI ESG Rating (from EEE to E-)
5. the issuer of the stock must have a minimum market capitalization of € 1 billion
6. the average daily traded value of the stock over the last 6 months shall be equivalent to a minimum of € 10 million

### SELECTION

The index selects the first 40 highest capitalization stocks.

### BUFFER RULE

For all current constituents, a tolerance of 20% is applied to the market capitalization and 6-months daily average value traded limits. Therefore, a constituent will be allowed to remain in the index if it has a minimum market cap of € 800 million and a minimum liquidity of € 8 million.



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## ECPI CIRCULAR ECONOMY LEADERS INDEX

The ECPI Circular Economy Leaders Equity Index is an equally weighted equity index designed to offer investors exposure to listed companies in Global developed markets, characterized by a positive ESG profile and that are the ones best placed to grasp the benefits deriving from the adoption of circular economy models and companies that have been able to translate circular economy principles into business practices.

The Index values are available on Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| GALPHCEP Index | ECPI Circular Economy Leaders Price Index |
| GALPHCER Index | ECPI Circular Economy Leaders Total Return Index |
| GALPHCEN Index | ECPI Circular Economy Leaders Net Return Index |

**EQUITY UNIVERSE**

Every six months ECPI reviews the index constituents in order to ensure market representation.

Starting from the research universe, ECPI has built a thematic selection of companies according to the following definition of Circular Business Models and Industrial Sectors:

- **Circular Supplies**: Provide renewable energy, bio based- or fully recyclable input material to replace single-lifecycle inputs
  Industrial Sectors: Renewable Energy Generation, Renewable Energy Equipment, Renewable Energy Project Dev, Biofuels, Fuel Cells

- **Resource Recovery**: Recover useful resources/energy out of disposed products or by-products
  Industrial Sectors: Waste Management, Environmental Services & Equipment (Environmental Engineer & Consulting, Pollution Control Equipment)

- **Product Life Extension**: Extend working lifecycle of products and components by repairing, upgrading and reselling
  Industrial Sectors: Apparel & Textile Products, Automotive, Chemicals, Construction Materials, Consumer Products, Containers & Packaging, Distributors, Electrical Equipment, Forest & Paper Products, Home & Office Products, Iron & Steel, Machinery, Manufactured Goods, Metals & Mining, Retail

- **Sharing Platforms**: Enable increased utilization rate of products by making possible shared use/access/ownership
  Industrial Sectors: Technology (Hardware, Semiconductors), Shared Services (ride-sharing, house sharing, etc.)

- **Product as a Service**: Offer product access and retain ownership to internalize benefits of circular resource productivity
  Industrial Sectors: Technology (Software, Technology Services, Cloud Computer), Retail (leasing services), Shared Goods (car, bike, etc.)

*(source: Accenture)*

To be eligible for inclusion in the ECPI Circular Economy Leaders, a stock must satisfy the following criteria (in which case, it will be an “eligible stock”):

1. It belongs to the ECPI Global Developed Best in Class Equity Index

2. It has a positive ECPI ESG Rating (from E+ to EEE). Companies involved in systematic violations of the UN Global Compact attain a negative ESG rating (F)

3. It is not involved in armaments production



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4. Does not derive more than 10% of its revenues from the production of tobacco, products that contain tobacco or the wholesale trading of these products

5. Companies involved in extraction of thermal coal or unconventional oil & gas extractions for more than 10% of their revenues are excluded from the investable universe

6. Companies involved in conventional oil & gas extraction are eligible only if more than 40% of their revenues derives from natural gas extraction or renewable energy sources

7. Companies belonging to UTILITY sector (GICS) are included in the investable universe if their carbon intensity is aligned with a below 2 degrees scenario.
   In case carbon data are not available, utility companies are included in the investable universe if the production of energy:
   - based on coal does not exceed 10% of the power production
   - based on oil & gas does not exceed 30% of the power production
   - based on nuclear sources does not exceed 30% of the power production

8. It adopts a circular business model as defined above

9. It belongs to the Global Markets as defined in Appendix C

10. The issuer of the stock must have a minimum market capitalization of € 500 million

11. The average daily traded value of the stock over the last 6 months shall be equivalent to a minimum of € 5 million

**SELECTION**

The index selects the first 50 highest capitalization stocks under the diversification constraint specified below:

a) **Sector Diversification Criteria** – constituents shall be selected in order to reflect the universe sector composition

**BUFFER RULE**

For all current constituents, a tolerance of 20% is applied to the market capitalization and 6-months daily average value traded limits. Therefore, a constituent will be allowed to remain in the index if it has a minimum market cap of € 400 million and a minimum liquidity of € 4 million.



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## ECPI DIGITAL REVOLUTION INDEX

The ECPI Digital Revolution Equity Index is an equally weighted equity index designed to offer investors exposure to companies in the Global market which are the ones best placed to seize the opportunities presented by the long-term trends in:

- Big Data (data analytics, e-commerce, social networks, cloud services, customer analytics, software, etc.)
- Fintech (payment tools, financial software, risk management, crowd investing, mPayment, trading, etc.)
- Cyber Security (cybersecurity solutions, firewall, web filtering, antivirus, mobile security, etc.)

The Index values are available on Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| GALPHDRP Index | ECPI Digital Revolution Price Index |
| GALPHDRR Index | ECPI Digital Revolution Total Return Index |
| GALPHDRN Index | ECPI Digital Revolution Net Return Index |

### EQUITY UNIVERSE

Every six months ECPI reviews the index constituents in order to ensure market representation.

To be eligible for inclusion in the ECPI Digital Revolution Equity Index, a stock must satisfy the following criteria (in which case, it will be an “eligible stock”):

1. It belongs to one of the following GICS sectors/industries:

| CODE | INDUSTRY GROUP | CODE | INDUSTRY GROUP |
|---|---|---|---|
| 25 | Consumer Discretionary | 20 | Industrials |
| 40 | Financials | 45 | Information Technology |

2. it is listed on a Global Developed Market as defined in Appendix C
3. It has a positive ECPI ESG Rating (from EEE to E-)
4. The issuer of the stock must have a minimum market capitalization of € 500 million
5. The average daily traded value of the stock over the last 6 months shall be equivalent to a minimum of € 5 million
6. The average close auction volume of the stock over the last 5 days shall be equivalent to a minimum of € 1 million

### SELECTION

The index selects the first 100 highest capitalization stocks under the diversification constraint specified below:

a) **Sector Diversification Criteria** – constituents shall be classified by field (Big data, Cyber Security, Fintech) and selected on the basis of the following rule:
   - 40 constituents belonging to Big Data field.
   - 30 constituents belonging to Cyber Security field.
   - 30 constituents belonging to Fintech field.

### BUFFER RULE

For all current constituents, a tolerance of 20% is applied to the market capitalization and 6-months daily average value traded limits. Therefore, a constituent will be allowed to remain in the index if it has a minimum market cap of € 80 million and a minimum liquidity of € 800 thousand.


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# ECPI GLOBAL AGRICULTURE LIQUID INDEX

The ECPI Global Agriculture Equity Index is an equally weighted equity index designed to offer investors exposure to the agriculture sector, through commodity production and related industries. The Index is designed to select companies best placed to seize the opportunities arising from the gap between demand for food, feed and fuel and the supply of the necessary inputs.

The Index values are available on Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| GALPLAGP Index | ECPI Global Agriculture Liquid Price Index |
| GALPLAGR Index | ECPI Global Agriculture Liquid Total Return Index |
| GALPLAGN Index | ECPI Global Agriculture Liquid Net Return Index |

## EQUITY UNIVERSE

Every six months ECPI reviews the index constituents in order to ensure market representation.

To be eligible for inclusion in the ECPI Global Agriculture Equity Index, a stock must satisfy the following criteria (in which case, it will be an "eligible stock"):

1. it belongs to one of the following Sub-Sector using GICS Classification:

| CODE | SUB-INDUSTRY |
|---|---|
| 25203010 | Textiles |
| 30202010 | Agricultural Products |
| 30202030 | Packaged Foods & Meats |
| 20106015 | Agricultural & Farm Machinery |
| 15101020 | Diversified Chemicals |
| 15101030 | Fertilizers & Agricultural Chemicals |

2. it is listed on a Global Developed Market as defined in Appendix C

3. it has a positive ECPI ESG Rating (from EEE to E-)

4. the issuer of the stock must have a minimum market capitalization of € 1 billion

5. the average daily traded value of the stock over the last 6 months shall be equivalent to a minimum of € 10 million

## SELECTION

The index selects the first 40 highest capitalization stocks under the diversification constraint specified below:

a) **Stock Exposure Criteria –** the ECPI Global Agriculture Equity Index will be composed of stocks for which at least 20% of corporate revenues are generated in the agriculture-related businesses: Agricultural Chemicals, Agricultural Equipment and Agricultural Products as previously defined.

## BUFFER RULE

For all current constituents, a tolerance of 20% is applied to the market capitalization and 6-months daily average value traded limits. Therefore, a constituent will be allowed to remain in the index if it has a minimum market cap of € 800 million and a minimum liquidity of € 8 million.



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# ECPI GLOBAL BLUE GOLD INDEX

The ECPI Global Blue Gold GD Equity Index is an equally weighted equity index designed to offer investors exposure to the positively ESG-rated companies belonging to sectors expected to benefit from the water related challenges as water scarcity, population growth and urbanization, food security requirements and pollution.

The Index values are available on Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| GALPHWP Index | ECPI Global Blue Gold GD Price Index |
| GALPHWR Index | ECPI Global Blue Gold GD Total Return Index |
| GALPHWN Index | ECPI Global Blue Gold GD Net Return Index |

## EQUITY UNIVERSE

Every six months ECPI reviews the index constituents in order to ensure market representation.

To be eligible for inclusion in the ECPI Global Blue Gold GD Equity Index, a stock must satisfy the following criteria (in which case, it will be an "eligible stock"):

1. it belongs to one of the following Sub industries using GICS Classification:

| CODE | INDUSTRY GROUP | CODE | INDUSTRY GROUP |
|---|---|---|---|
| 20102010 | Building Products | 15101010 | Commodity Chemicals |
| 20103010 | Construction & Engineering | 15101020 | Diversified Chemicals |
| 20105010 | Industrial Conglomerates | 15101050 | Specialty Chemicals |
| 20106015 | Agricultural & Farm Machinery | 55103010 | Multi-Utilities |
| 20106020 | Industrial Machinery | 55104010 | Water Utilities |
| 20201050 | Environmental & Facilities Ser | | |

2. it is listed on a Global Developed Market as defined in Appendix C
3. it has a positive ECPI ESG Rating (from EEE to E-)
4. the issuer of the stock must have a minimum market capitalization of € 250 million
5. the average daily traded value of the stock over the last 6 months shall be equivalent to a minimum of € 1 million

## SELECTION

The index selects the first 30 highest capitalization stocks under the diversification constraints specified below:

a) **Sector Diversification Criteria** – constituents shall be classified by sector in accordance with the GICS classification. Maximum sector concentration is 50%.

b) **Country Diversification Criteria** – maximum concentration by country of risk is 50%.

## BUFFER RULE

For all current constituents, a tolerance of 20% is applied to the market capitalization and 6-months daily average value traded limits. Therefore, a constituent will be allowed to remain in the index if it has a minimum market cap of € 200 million and a minimum liquidity of € 800 thousand.



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## ECPI GLOBAL CARBON LIQUID INDEX

The ECPI Global Carbon Liquid Equity Index is an equally weighted equity index designed to offer investors exposure to companies from carbon-intensive sectors that are best equipped to deal with a world of rising carbon emissions and tougher climate legislation.
Selects companies demonstrate superior carbon management strategies and low carbon intensity levels compared to their peers. These companies are not only likely to prosper in the future but may also cause a significant drop in global atmospheric CO2.

The Index values are available on Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| CARBONLP Index | ECPI Global Carbon Liquid Price Index |
| CARBONLR Index | ECPI Global Carbon Liquid Total Return Index |
| CARBONLN Index | ECPI Global Carbon Liquid Net Return Index |

**EQUITY UNIVERSE**

Every six months ECPI reviews the index constituents in order to ensure market representation.

To be eligible for inclusion in the ECPI Global Carbon Liquid Equity Index, a stock must satisfy the following criteria (in which case, it will be an “eligible stock”):

1. it belongs to one of the following Sub industries using GICS Classification:

| CODE | INDUSTRY | CODE | INDUSTRY |
|---|---|---|---|
| 101010 | Energy Equipment & Services | 201050 | Industrial Conglomerates |
| 101020 | Oil, Gas & Consumable Fuels | 201060 | Machinery |
| 151010 | Chemicals | 201070 | Trading Companies & Distributors |
| 151020 | Construction Materials | 203010 | Air Freight & Logistics |
| 151030 | Containers & Packaging | 203020 | Airlines |
| 151040 | Metals & Mining | 203030 | Marine |
| 151050 | Paper & Forest Products | 203040 | Road & Rail |
| 201010 | Aerospace & Defense | 203050 | Transportation Infrastructure |
| 201020 | Building Products | 551010 | Electric Utilities |
| 201030 | Construction & Engineering | 551020 | Gas Utilities |
| 201040 | Electrical Equipment | 551030 | Multi-Utilities |

2. it is listed on a Global Developed Market as defined in Appendix C

3. it has a positive ECPI ESG Rating (from EEE to E-)

4. it has a lower Carbon Intensity within the peer-group. Carbon Intensity is defined as the sum of a company’s direct and indirect emissions divided by its sales.

5. the issuer of the stock must have a minimum market capitalization of € 1 billion

6. the average daily traded value of the stock over the last 6 months shall be equivalent to a minimum of € 10 million

**SELECTION**

The index selects 40 stocks under the diversification constraints specified below:

**a)** **Selection Order** – the ECPI Global Carbon Equity Index will be composed of stocks selected in descending order of Carbon Intensity and subsequently of market capitalization


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b) **Stock Diversification Criteria** – for each sub-industry a maximum of 5 companies is selected

**BUFFER RULE**

For all current constituents, a tolerance of 20% is applied to the market capitalization and 6-months daily average value traded limits. Therefore, a constituent will be allowed to remain in the index if it has a minimum market cap of € 800 million and a minimum liquidity of € 8 million.



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## ECPI GLOBAL CLEAN ENERGY INDEX

The ECPI Global Clean Energy Equity Index is an equally weighted equity index designed to offer investors exposure to companies in the Global market which operate in the clean and renewable energy sector.

The Index values are available on Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| GALPHCLP Index | ECPI Global Clean Energy Price Index |
| GALPHCLR Index | ECPI Global Clean Energy Total Return Index |
| GALPHCLN Index | ECPI Global Clean Energy Net Return Index |

**EQUITY UNIVERSE**

Every six months ECPI reviews the index constituents in order to ensure market representation.

Starting from the research universe, ECPI has built a thematic selection of companies that operates in the industries described below:

Sunlight, or solar energy, can be used directly for heating and lighting homes and other buildings (**Passive Solar Heating and Daylighting**), for generating electricity (**Photovoltaic Systems**), and for hot water heating (**Solar Hot Water**) and solar cooling (**Solar Process Space Heating and Cooling**).

The sun's heat also drives the winds, whose energy, is captured with wind turbines (**Wind Energy**).

Then, the winds and the sun's heat cause water to evaporate. When this water vapor turns into rain or snow and flows downhill into rivers or streams, its energy can be captured using **hydroelectric power**.

Along with the rain and snow, sunlight causes plants to grow. The organic matter that makes up those plants is known as biomass. Biomass can be burned directly or converted into fuel to generate electricity (**Biopower**), transformed into liquid fuels for transportation (**Biofuels**), or converted into chemicals for making products that typically are made from petroleum (**Bioproducts**). The use of biomass for any of these purposes is called bioenergy.

Hydrogen is the most abundant element on the Earth. However, it is not directly available as a gas. It is always combined with other elements, such as with oxygen to make water. Once separated from another element, hydrogen can be burned as a fuel or converted into electricity (**Hydrogen & Fuel Cells**).

Geothermal energy exploits the Earth's internal heat for a variety of uses, including electric power production (**Geothermal Electricity**), and the heating and cooling of buildings (**Geothermal Heat Pumps**).

The ocean can produce two types of energy:

- **thermal energy** from the sun's heat: sun warms the surface of the ocean more than the ocean depths, creating a temperature difference that can be used as an energy source
- **mechanical energy** from the **tides** and **waves**: ocean's tides come from the gravitational pull of the moon and the sun upon the Earth; ocean's waves are driven by both the tides and the winds

All these forms of ocean energy can be used to produce electricity.

Companies must derive an important and growing percentage of revenues and/or profit as technology manufacturers, developers, distributors, and/or installers.



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To be eligible for inclusion in the ECPI Global Clean Energy Equity Index, a stock must satisfy the following criteria (in which case, it will be an “eligible stock”):

1. It belongs to one of the following GICS sectors/industries:

| CODE | INDUSTRY GROUP | CODE | INDUSTRY GROUP |
|---|---|---|---|
| 25 | Consumer Discretionary | 45 | Information Technology |
| 10 | Energy | 15 | Materials |
| 40 | Financials | 55 | Utilities |
| 20 | Industrials | | |

2. it is listed on a Global Developed Market as defined in Appendix C

3. It has a positive ECPI ESG Rating (from EEE to E-)

4. The issuer of the stock must have a minimum market capitalization of € 500 million

5. The average daily traded value of the stock over the last 6 months shall be equivalent to a minimum of € 5 million

6. The average close auction volume of the stock over the last 5 days shall be equivalent to a minimum of € 1 million

**SELECTION**

The index selects the first 80 highest capitalization stocks.

**BUFFER RULE**

For all current constituents, a tolerance of 20% is applied to the market capitalization and 6-months daily average value traded limits. Therefore, a constituent will be allowed to remain in the index if it has a minimum market cap of € 400 million and a minimum liquidity of € 4 million.



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## ECPI GLOBAL CLIMATE CHANGE INDEX

The ECPI Global Climate Change Liquid Equity Index is an equally weighted equity index designed to offer investors exposure to companies that are best placed to seize the opportunities presented by the challenge of climate change. Selected firms operate in sectors identified as playing a key role in meeting that challenge and have the highest ECPI ESG ratings in their industries.

The Index values are available on a Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| GALPLACC Index | ECPI Global Climate Change Liquid Price Index |
| GALPLACR Index | ECPI Global Climate Change Liquid Total Return Index |
| GALPLACN Index | ECPI Global Climate Change Liquid Net Return Index |

### EQUITY UNIVERSE

Every six months ECPI reviews the index constituents in order to ensure market representation.

To be eligible for inclusion in the Global Climate Change Liquid Equity Index, a stock must satisfy the following criteria (in which case, it will be an "eligible stock"):

1. it belongs to one of the following Sub-Industries using GICS Classification:

| CODE | INDUSTRY GROUP | CODE | INDUSTRY GROUP |
|---|---|---|---|
| 20101020 | Tires & Rubber | 20106020 | Industrial Machinery |
| 25102010 | Automobile Manufacturers | 20201050 | Environmental & Facilities Services |
| 40101010 | Diversified Banks | 20304010 | Railroads |
| 40101015 | Regional Banks | 45301010 | Semiconductor Equipment |
| 40301030 | Multi-line Insurance | 45301020 | Semiconductors |
| 40301040 | Property & Casualty Insurance | 15101050 | Specialty Chemicals |
| 40301050 | Reinsurance | 55101010 | Electric Utilities |
| 20102010 | Building Products | 55105010 | Indp. Pwr. Producers & Energy Traders |
| 20104010 | Electrical Components & Equipment | 55105020 | Renewable Electricity |
| 20105010 | Industrial Conglomerates | 55103010 | Multi-Utilities |
| 20106010 | Construction Machinery & Heavy Trucks | 55104010 | Water Utilities |

2. it is listed on a Global Developed Market as defined in Appendix C

3. it has a positive ECPI ESG Rating (from EEE to E-)

4. the issuer of the stock must have a minimum market capitalization of € 5 billion

5. the average daily traded value of the stock over the last 6 months shall be equivalent to a minimum of € 10 million

### SELECTION

The index selects the first 40 highest capitalization stocks under the diversification constraints specified below:

**a) Sector Diversification Criteria** – constituents shall be classified by sector in accordance with the GICS classification. Maximum sector concentration is 20%.



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**BUFFER RULE**

For all current constituents, a tolerance of 20% is applied to the market capitalization and 6-months daily average value traded limits. Therefore, a constituent will be allowed to remain in the index if it has a minimum market cap of € 4 billion and a minimum liquidity of € 8 million.



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## ECPI GLOBAL COMMODITY GD INDEX

The ECPI Global Commodity GD Equity Index is an equally weighted equity index designed to offer investors exposure to companies with direct or indirect correlation with the commodities market holding the highest ECPI ESG Rating.

The Index values are available on Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| GALPHCGP Index | ECPI Global Commodity GD Price Index |
| GALPHCGR Index | ECPI Global Commodity GD Total Return Index |
| GALPHCGN Index | ECPI Global Commodity GD Net Return Index |

### EQUITY UNIVERSE

Every six months ECPI reviews the index constituents in order to ensure market representation.

To be eligible for inclusion in the ECPI Global Commodity GD Equity Index, a stock must satisfy the following criteria (in which case, it will be an "eligible stock"):

1. it belongs to one of the following Sub-Industry using GICS Classification:

| CODE | SUB-INDUSTRY GROUP | CODE | SUB-INDUSTRY GROUP |
|---|---|---|---|
| 30202010 | Agricultural Products | 10102040 | Oil & Gas Storage & Transportation |
| 30202030 | Packaged Foods & Meats | 15104010 | Aluminum |
| 10101010 | Oil & Gas Drilling | 15104020 | Diversified Metals & Mining |
| 10101020 | Oil & Gas Equipment & Services | 15104030 | Gold |
| 10102050 | Coal & Consumable Fuels | 15104040 | Precious Metals & Minerals |
| 10102010 | Integrated Oil & Gas | 15104045 | Silver |
| 10102020 | Oil & Gas Exploration & Production | 15104050 | Steel |
| 10102030 | Oil & Gas Refining & Marketing | | |

2. it is listed on a Global Developed Market as defined in Appendix C
3. it has a positive ECPI ESG Rating (from EEE to E-)
4. the issuer of the stock must have a minimum market capitalization of € 3 billion
5. the average daily traded value of the stock over the last 6 months shall be equivalent to a minimum of € 10 million

### SELECTION

The index selects the first 40 highest capitalization stocks under the diversification constraint specified below:

a) **Sector Diversification Criteria** – each sector is weighted according to its relative market capitalization

### BUFFER RULE

For all current constituents, a tolerance of 20% is applied to the market capitalization and 6-months daily average value traded limits. Therefore, a constituent will be allowed to remain in the index if it has a minimum market cap of € 2.4 billion and a minimum liquidity of € 8 million.



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## ECPI GLOBAL ECO REAL ESTATE & BUILDING LIQUID INDEX

The ECPI Global Eco Real Estate & Building Liquid Equity Index is an equally weighted equity index designed to offer investors exposure to the best positioned Property Companies vis à vis the Climate Change trend and the best positioned Property Sector Suppliers owing to the environmental-friendly nature of their products or services.

The Index values are available on Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| GALPLREP Index | ECPI Global Eco Real Estate & Building Liquid Price Index |
| GALPLRER Index | ECPI Global Eco Real Estate & Building Liquid Total Return Index |
| GALPLREN Index | ECPI Global Eco Real Estate & Building Liquid Net Return Index |

### EQUITY UNIVERSE

Every six months ECPI reviews the index constituents in order to ensure market representation.

Starting from the research universe, ECPI has built a thematic selection of companies

1. Property Companies: best positioned companies according to their capacity of reaction/adaptation to Key eco issue.
2. Suppliers to Property Companies: best positioned companies according to the environmental-friendly nature of the supplied product or service.

To be eligible for inclusion in the ECPI Global Eco Real Estate & Building Index, a stock must satisfy the following criteria (in which case, it will be an “eligible stock”):

1. it belongs to one of the following Sub-Industry using GICS Classification:

| CODE | SUB-INDUSTRY GROUP | CODE | SUB-INDUSTRY GROUP |
|---|---|---|---|
| 25201030 | Homebuilding | 40402060 | Retail REITs |
| 40402010 | Diversified REITs | 40402070 | Specialized REITs |
| 40402045 | Health Care REITs | 40403010 | Diversified Real Estate Activities |
| 40402035 | Hotel & Resort REITs | 40403030 | Real Estate Development |
| 40402020 | Industrial REITs | 40403020 | Real Estate Operating Companies |
| 40402030 | Mortgage REITs | 40403040 | Real Estate Services |
| 40402040 | Office REITs | 20102010 | Building Products |
| 40402050 | Residential REITs | 15102010 | Construction Materials |
| 20103010 | Construction & Engineering | | |

2. it is listed on a Global Developed Market as defined in Appendix C

3. it has a positive ECPI ESG Rating (from EEE to E-)

4. the issuer of the stock must have a minimum market capitalization of € 1 billion

5. the average daily traded value of the stock over the last 6 months shall be equivalent to a minimum of € 10 million

### SELECTION

The index selects the first 40 highest capitalization stocks under the diversification constraint specified below:

**a) Sector Diversification Criteria** – Minimum number of components belonging to the Property Company Industry Group shall be 25



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**BUFFER RULE**

For all current constituents, a tolerance of 20% is applied to the market capitalization and 6-months daily average value traded limits. Therefore, a constituent will be allowed to remain in the index if it has a minimum market cap of € 800 million and a minimum liquidity of € 8 million.



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## ECPI GLOBAL ESG BLUE ECONOMY INDEX

The ECPI Global ESG Blue Economy Equity Index is an equally weighted equity index designed to offer investors exposure to companies in the Global developed market which are the best placed to seize the opportunities provided by the sustainable use of ocean resources. Hence the Blue economy is the use of ocean resources for economic growth, improved livelihoods and jobs and ocean ecosystem health[5].

The Index values are available on Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| GALPHBEP | ECPI Global ESG Blue Economy Price Index |
| GALPHBER | ECPI Global ESG Blue Economy Total Return Index |
| GALPHBEN | ECPI Global ESG Blue Economy Net Return Index |

**EQUITY UNIVERSE**

Every six months ECPI reviews the index constituents in order to ensure market representation.

ECPI maintains a research universe of investable instruments construed according the ECPI ESG Screening Methodology.

Starting from the research universe, ECPI has built a thematic selection of companies according to the following criteria.

The companies most involved in the sustainable use of ocean resources and with a positive ECPI ESG Rating (from EEE to E-) are selected and classified into six Ocean clusters:

- Costal Livelihood: coastal protection, eco-tourism
- Energy & Resources: offshore wind, marine biotech, wave & tidal
- Fish and Seafood: Wild catch fisheries, Aquaculture farming, Aquaculture breeding & genetics
- Pollution Reduction: Recycling / waste management companies, Environmental Services
- Shipping Lanes: container shipping, ship equipment

To be eligible for inclusion in the ECPI Global ESG Blue Economy Equity Index, a stock must satisfy the following criteria (in which case, it will be an “eligible stock”):

1. Belongs to the thematic universe described above

2. It has a positive ECPI ESG Rating. Companies involved in systematic violations of the UN Global Compact attain a negative ESG rating (F)

3. It is not involved in armaments production

4. Does not derive more than 10% of its revenues from the production of tobacco, products that contain tobacco or the wholesale trading of these products

5. Companies involved in extraction of thermal coal or unconventional oil & gas extractions for more than 10% of their revenues are excluded from the investable universe

6. Companies that own or operate pipelines transporting unconventional oil or gas, and/or LNG export terminals supplied with unconventional gas are excluded from the investable universe if they derive a significant share of their revenues from these businesses

7. Companies involved in conventional oil & gas extraction are eligible only if more than 40% of their revenues derives from natural gas extraction or renewable energy sources

[5] World Bank



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8. Companies belonging to UTILITY sector (GICS) are included in the investable universe if their carbon intensity is aligned with a below 2 degrees scenario
   In case carbon intensity data is not available, utility companies are included in the investable universe if the production of energy:
   - based on coal does not exceed 10% of the power production[6]
   - based on oil & gas does not exceed 30% of the power production
   - based on nuclear sources does not exceed 30% of the power production

9. It is listed on a Global Developed Market as defined in Appendix C

10. The issuer of the stock must have a minimum market capitalization of € 500 million

11. The average daily traded value of the stock over the last 6 months shall be equivalent to a minimum of € 3 million

**SELECTION**

The index selects the first 50 highest capitalization stocks under the diversification constraint specified below:

**a)** **Thematic Diversification Criteria** – constituents shall be classified by Ocean Cluster (Coastal livelihoods, Energy & Resources, Fish and Seafood, Pollution Reduction, Shipping Lanes) and selected on the basis of the following rule: for each theme a number of components is selected coherent with the cluster dimension to which that company belongs to
**b)** **Sector concentration limit -** no more than 15 belonging to the same Oceans Cluster are included at each rebalance
**c)** **Geographic concentration limit -** maximum Country exposure, at rebalancing date, of 50% for USA and 10% for all other Countries.

**BUFFER RULE**

For all current constituents, a tolerance of 20% is applied to the market capitalization and 6-months daily average value traded limits. Therefore, a constituent will be allowed to remain in the index if it has a minimum market cap of € 400 million and a minimum liquidity of € 2,4 million.

[6] This requirement might be further refined in a 2020-2025 timeframe


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# ECPI GLOBAL ESG HEALTHCARE INDEX

The ECPI Global ESG Healthcare Equity Index is an equally weighted equity index designed to offer investors exposure to the most sustainable companies belonging to the Healthcare sector and listed in the global developed markets.

The Index values are available on Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| GALPHHCP Index | ECPI Global ESG Healthcare Price Index |
| GALPHHCR Index | ECPI Global ESG Healthcare Total Return Index |
| GALPHHCN Index | ECPI Global ESG Healthcare Net Return Index |

**EQUITY UNIVERSE**

Every six months ECPI reviews the index constituents in order to ensure market representation.

To be eligible for inclusion in the ECPI Global ESG Healthcare Equity Index, a stock must satisfy the following criteria (in which case, it will be an "eligible stock"):

1. it belongs to one of the following Sub-Industry using GICS Classification:

| CODE | SUB-INDUSTRY GROUP |
|---|---|
| 35101010 | Health Care Equipment |
| 35101020 | Health Care Supplies |
| 35102010 | Health Care Distributors |
| 35102020 | Health Care Facilities |
| 35102015 | Health Care Services |
| 35102030 | Managed Health Care |
| 35103010 | Health Care Technology |
| 35203010 | Life Sciences Tools & Services |
| 35202010 | Pharmaceuticals |

2. it is listed on a Global Developed Market as defined in Appendix C
3. it has a positive ECPI ESG Rating (from EEE to E-)
4. the issuer of the stock must have a minimum market capitalization of € 5 billion
5. the average daily traded value of the stock over the last 6 months shall be equivalent to a minimum of € 5 million

**SELECTION**

The index selects the first 30 stocks in descending order of market capitalization.

**BUFFER RULE**

For all current constituents, a tolerance of 20% is applied to the market capitalization and 6-months daily average value traded limits. Therefore, a constituent will be allowed to remain in the index if it has a minimum market cap of € 4 billion and a minimum liquidity of € 4 million.



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## ECPI GLOBAL ESG TECHNOLOGY INDEX

The ECPI Global ESG Technology Equity Index is an equally weighted equity index designed to offer investors exposure to 30 Technology companies selected on the basis of fundamental indicators such as R&D Expenditure and Revenues and that are listed in the global markets.

The Index values are available on Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| GALPHGTP Index | ECPI Global ESG Technology Price Index |
| GALPHGTR Index | ECPI Global ESG Technology Total Return Index |
| GALPHGTN Index | ECPI Global ESG Technology Net Return Index |

**EQUITY UNIVERSE**

Every six months ECPI reviews the index constituents in order to ensure market representation.

To be eligible for inclusion in the ECPI Global ESG Technology Equity Index, a stock must satisfy the following criteria (in which case, it will be an "eligible stock"):

1. it belongs to one of the following Sub-Industry using GICS Classification:

| CODE | INDUSTRY GROUP | CODE | INDUSTRY GROUP |
|---|---|---|---|
| 45301010 | Semiconductor Equipment | 45201020 | Communications Equipment |
| 45301020 | Semiconductors | 45203015 | Electronic Components |
| 45102020 | Data Processing & Outsourced Srvs. | 45203010 | Electronic Equipment & Instruments |
| 45102010 | IT Consulting & Other Services | 45203020 | Electronic Manufacturing Services |
| 45101010 | Internet Software & Services | 45203030 | Technology Distributors |
| 45103010 | Application Software | 45202010 | Computer Hardware |
| 45103030 | Home Entertainment Software | 45202020 | Computer Storage & Peripherals |
| 45103020 | Systems Software | 45202030 | Technology Hardware Storage & Peripherals |
| 25201010 | Consumer Electronics | | |

2. it is listed on a Global Developed Market as defined in Appendix C
3. it has a positive ECPI ESG Rating (from EEE to E-)
4. the issuer of the stock must have a minimum market capitalization of € 1 billion
5. the average daily traded value of the stock over the last 6 months shall be equivalent to a minimum of € 1 million

**SELECTION**

The index constituents are selected under the diversification constraints specified below:

**a)** **Stock Diversification Criteria** – the ECPI Global ESG Technology Equity Index will be composed of 20 eligible stocks selected in descending order of **R&D Expenditure** and 10 eligible stocks selected in descending order of **Revenues** from the remaining universe, with 30 being the total number of components.

**BUFFER RULE**

For all current constituents, a tolerance of 20% is applied to the market capitalization and 6-months daily average value traded limits. Therefore, a constituent will be allowed to remain in the index if it has a minimum market cap of € 800 million and a minimum liquidity of € 800 thousand.



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## ECPI GLOBAL ESG INFRASTRUCTURE INDEX

The ECPI Global ESG Infrastructure Equity Index is an equally weighted equity index designed to offer investors exposure to companies in the Global developed market which are the ones best placed to seize the opportunities provided by the growing demand for development and maintenance of Global Sustainable Infrastructure.

The Index values are available on Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| GALPHGIP Index | ECPI Global ESG Infrastructure Price Index |
| GALPHGIR Index | ECPI Global ESG Infrastructure Total Return Index |
| GALPHGIN Index | ECPI Global ESG Infrastructure Net Return Index |

**EQUITY UNIVERSE**

Every six months ECPI reviews the index constituents in order to ensure market representation.

ECPI maintains a research universe of investable instruments construed according the ECPI ESG Screening Methodology.

Starting from the research universe, ECPI has built a thematic selection of companies according to the following criteria.

The companies most involved in development and the maintenance of sustainable infrastructures and with a positive ECPI ESG Rating (from EEE to E-) are selected and classified into six themes:

- Communication: Networks, antenna towers, fiber cables, broadcasting…
- Energy: Transmission and distribution, energy utilities, renewable energy…
- Transportation: Public transportation, ports, airports, logistics, highways and rail tracks…
- Waste Management: Waste collection and treatment…
- Water: distribution networks, wastewater treatment…
- Social infrastructure: Schools, hospitals, elderly homes…

To be eligible for inclusion in the ECPI Global ESG Infrastructure Equity Index, a stock must satisfy the following criteria (in which case, it will be an “eligible stock”):

1. Belongs to the thematic universe described above

2. It has a positive ECPI ESG Rating. Companies involved in systematic violations of the UN Global Compact attain a negative ESG rating (F)

3. It is not involved in armaments production

4. Does not derive more than 10% of its revenues from the production of tobacco, products that contain tobacco or the wholesale trading of these products

5. Companies involved in extraction of thermal coal or unconventional oil & gas extractions for more than 10% of their revenues are excluded from the investable universe

6. Companies that own or operate pipelines transporting unconventional oil or gas, and/or LNG export terminals supplied with unconventional gas are excluded from the investable universe if they derive a significant share of their revenues from these businesses

7. Companies involved in conventional oil & gas extraction are eligible only if more than 40% of their revenues derives from natural gas extraction or renewable energy sources

8. Companies belonging to UTILITY sector (GICS) are included in the investable universe if their carbon intensity is aligned with a below 2 degrees scenario
   In case carbon intensity data is not available, utility companies are included in the investable universe if the production of energy:


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- based on coal does not exceed 10% of the power production[7]
- based on oil & gas does not exceed 30% of the power production
- based on nuclear sources does not exceed 30% of the power production

9. It is listed on a Global Developed Market as defined in Appendix C

10. The issuer of the stock must have a minimum market capitalization of € 500 million

11. The average daily traded value of the stock over the last 6 months shall be equivalent to a minimum of € 5 million

**SELECTION**

The index selects the first 100 highest capitalization stocks under the diversification constraint specified below:

**d) Thematic Diversification Criteria** – constituents shall be classified by theme (Communication, Energy, Social, Transportation, Waste, Water) and selected on the basis of the following rule: for each theme a number of components is selected coherent with the cluster dimension to which that company belongs to.

**BUFFER RULE**

For all current constituents, a tolerance of 20% is applied to the market capitalization and 6-months daily average value traded limits. Therefore, a constituent will be allowed to remain in the index if it has a minimum market cap of € 400 million and a minimum liquidity of € 4 million.

[7] This requirement might be further refined in a 2020-2025 timeframe



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## ECPI GLOBAL LIVESTOCK GD INDEX

The ECPI Global Livestock GD Equity Index is an equally weighted equity index designed to offer investors exposure to companies best placed to benefit from the global increase in the consumption of food originating from animals.

The Index values are available on Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| GALPHLGP Index | ECPI Global Livestock GD Price Index |
| GALPHLGR Index | ECPI Global Livestock GD Total Return Index |
| GALPHLGN Index | ECPI Global Livestock GD Net Return Index |

### EQUITY UNIVERSE

Every six months ECPI reviews the index constituents in order to ensure market representation.

To be eligible for inclusion in the ECPI Global Livestock GD Equity Index, a stock must satisfy the following criteria (in which case, it will be an “eligible stock”):

1. it belongs to one of the following Sub-Industry using GICS Classification:

| CODE | SUB-INDUSTRY |
|---|---|
| 30202010 | Agricultural Products |
| 30202030 | Packaged Foods & Meats |
| 30302010 | Personal Products |
| 35201010 | Biotechnology |
| 35202010 | Pharmaceuticals |
| 30101020 | Food Distributors |
| 30101030 | Food Retail |
| 30101040 | Hypermarkets & Super Centers |

2. it is listed on a Global Developed Market as defined in Appendix C
3. it has a positive ECPI ESG Rating (from EEE to E-)
4. the issuer of the stock must have a minimum market capitalization of € 200 million
5. the average daily traded value of the stock over the last 6 months shall be equivalent to a minimum of € 1 million

### SELECTION

The index selects the first 35 stocks in descending order of market capitalization.

### BUFFER RULE

For all current constituents, a tolerance of 20% is applied to the market capitalization and 6-months daily average value traded limits. Therefore, a constituent will be allowed to remain in the index if it has a minimum market cap of € 160 million and a minimum liquidity of € 800 thousand.


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## ECPI GLOBAL LONGEVITY WINNERS INDEX

The ECPI Global Longevity Winners Equity Index is an equally weighted equity index designed to offer investors exposure to listed companies in Global developed markets, characterized by a positive ESG profile and that are the ones best placed to grasp the benefits deriving from life expectancy increase and aging population.

The Index values are available on Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| GALPHLWP Index | ECPI Global Longevity Winners Price Index |
| GALPHLWR Index | ECPI Global Longevity Winners Total Return Index |
| GALPHLWN Index | ECPI Global Longevity Winners Net Return Index |

**EQUITY UNIVERSE**

Every six months ECPI reviews the index constituents in order to ensure market representation.

ECPI has identified six sectors as being best positioned to benefit from the longevity trend, both in terms of:
- Additional turnover on existing products/services and/or
- Additional turnover from new products/services

**Financial**
- Growing demand for Life Insurance as a private supplement to public retirement schemes (e.g. reforms aiming at creating a Third pillar besides public pensions and pension funds)
- Growing demand for private Health insurance schemes covering a wider range of events (e.g. welfare reforms in continental Europe)

**Real Estate**
Increasing demand for healthcare infrastructures and equipped facilities (e.g. residential districts and/or hospices)

**Healthcare – Pharma and Medical**
Increasing demand for health-related products and services. The elderly, together with chronically ill and disabled people, already make up the largest share of healthcare expenditures

**Technology & Industrial**
- Increasing demand of cost saving technologies in the healthcare industry (e.g. devices for personal data gathering, sharing and elaboration)
- Rising demand for home-technology solutions (e.g. health monitoring)
- Rising demand for safety and security devices (e.g. home automation systems)

**Consumer**
Growing relevance of 50+ cohort in terms of consumption capacity: the willingness to keep high life styles and consumption habits and better health conditions will lead to an increase in discretionary spending (e.g. Tourism & Entertainment as well as Food & Cosmetics).

To be eligible for inclusion in the ECPI Global Longevity Winners, a stock must satisfy the following criteria (in which case, it will be an “eligible stock”):

1. It belongs to one of the following 5 sectors/industries:
    - Financial
    - Real Estate
    - Pharma and Medical
    - Technology & Industrial
    - Consumer

2. It has a positive ECPI ESG Rating (from E+ to EEE)

3. it is listed on a Global Developed Market as defined in Appendix C


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4. The issuer of the stock must have a minimum market capitalization of € 500 million

5. The average daily traded value of the stock over the last 6 months shall be equivalent to a minimum of € 10 million

**SELECTION**

The index selects the first 40 highest capitalization stocks under the diversification constraint specified below:

**a) Sector Diversification Criteria** – for each sector/industry, the number of constituents must be proportional to the weight of the sector/industry within the selection universe

**BUFFER RULE**

For all current constituents, a tolerance of 20% is applied to the market capitalization and 6-months daily average value traded limits. Therefore, a constituent will be allowed to remain in the index if it has a minimum market cap of € 400 million and a minimum liquidity of € 8 million.



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## ECPI GLOBAL MEGATREND 100 INDEX

The ECPI Global Megatrend 100 Equity Index is an equally weighted equity index designed to offer investors exposure to securities within investment themes that cut across traditional industry definitions and geographic boundaries.

The Index values are available on a Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| GALPHM1P Index | ECPI Global Megatrend 100 Price Index |
| GALPHM1R Index | ECPI Global Megatrend 100 Total Return Index |
| GALPHM1N Index | ECPI Global Megatrend 100 Net Return Index |
| GALPHM1V Index | ECPI Global Megatrend 100 Volatility Control Index |
| GALPHM1W Index | ECPI Global Megatrend 100 Volatility Control Index Weight |

**EQUITY UNIVERSE**

Every six months ECPI reviews the index constituents in order to ensure market representation.

The Macro Megatrends represent the main social, environmental and demographic changes that will impact mankind in the coming decades.
ECPI maintains a universe of stocks that are expected to benefit from the impact of the global macro megatrends; these stocks are grouped under the megatrend they are selected to represent, the so called “Macro Mega Trends”. The stocks are further grouped into coherent baskets (“Underlying Trends”) that identify specific aspects of the Macro Mega Trends:

1. **Emerging Markets:**
    a. Asian Infrastructure
    b. China consumption

2. **Population Dynamics**:
    a. Longevity
    b. Sustainable technology
    c. Healthcare
    d. Communication
    e. Biotech

3. **Scarcity of Resources**:
    a. Agriculture
    b. Water
    c. Commodities
    d. Livestock

4. **Climate Change**:
    a. Co2 emissions
    b. Climate change
    c. “Eco” real estate
    d. Clean technologies


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To be eligible for inclusion in the ECPI Global Megatrend 100 Equity Index, a stock must satisfy the following criteria (in which case, it will be an “eligible stock”):

1. It belongs to the reference Megatrend Stocks Universe as determined above

2. it is listed on a Global Developed Market as defined in Appendix C

3. It has a positive ESG Rating (from E- to EEE)

4. the issuer of the stock must have a minimum market capitalization of € 3 billion

5. the average daily traded value of the stock over the last 6 months shall be equivalent to a minimum of € 5 million

**SELECTION**

The stocks are ranked in decreasing order of market capitalization and the index selects the first 100 highest capitalization Mega Trend stocks under the diversification constraints specified below:

**a)** **Country Diversification Criteria –** North America: 50% minimum; Europe: 25% minimum; Asia Pacific: 10% minimum.

**b)** **Sector Diversification Criteria** – constituents shall be classified by sector in accordance with the GICS classification. Maximum sector concentration is 20%.

**c)** **Liquidity Check** – in order to contain transaction costs and any liquidity related issue that could compromise the effective management of the portfolio, ECPI will analyze the proposed index composition by indicating any relevant liquidity issue and will then adjust the resulting composition.

**BUFFER RULE**

In order to control index turnover, the following buffer rule is applied:

At the review date, a constituent will be allowed to remain in the index if its market capitalization rank is within position 130.


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## ECPI GLOBAL RENEWABLE ENERGY INDEX

The ECPI Global Renewable Energy Equity Index is an equally weighted equity index designed to offer investors exposure to global companies that aim at providing near-term solutions to global warming while offsetting the longer-term impacts of climate change through renewable energy, alternative fuels, clean technology and efficiency.

The Index values are available on a Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| GALPLRWE Index | ECPI Global Renewable Energy Price Index |
| GALPLRWR Index | ECPI Global Renewable Energy Total Return Index |
| GALPLRWN Index | ECPI Global Renewable Energy Net Return Index |

**EQUITY UNIVERSE**

Every six months ECPI reviews the index constituents in order to ensure market representation.

Renewable energy is generally classified as commercial energy production or energy sources which are inexhaustible.

- Bioenergy: a low cost energy source that can be obtained from biomass, in particular wood straw maize, sugar beet, oil-seed rape, biogas and plant oils. Its main advantage is the reduction of carbon dioxide emission into the atmosphere.
- Solar Power: energy of the sun (nuclear fusion), which takes the form of electromagnetic radiation.
- Waterpower: energy of water currents which can be converted into mechanical energy.
- Wind power: the kinetic energy produced by masses of air moving in the atmosphere.
- Geothermal: the heat stored in the upper layer of the earth's crust. It describes both the energy produced by or stored in the earth.
- Fuel cells: a fuel cell is a voltaic cell that converts a continuous supply of fuel and an oxidizing agent into usable electrical energy.
- Alternative Solutions: ECPI selects global players active in implementing innovative solutions that allow a more efficient and environmental friendly use of power resources.

To be eligible for inclusion in the ECPI Global Renewable Energy Equity Index, a stock must satisfy the following criteria (in which case, it will be an "eligible stock"):

1. it belongs to one of the following Sub industries using GICS Classification and has significant exposure to the renewable energy business as described above

| CODE | INDUSTRY GROUP | CODE | INDUSTRY GROUP |
|---|---|---|---|
| 1010 | Energy | 4520 | Technology Hardware & Equipment |
| 1510 | Materials | 4530 | Semiconductors & Semiconductor Equipment |
| 2010 | Capital Goods | 5510 | Utilities |
| 2510 | Automobiles & Components | | |

2. it is listed on a Global Developed Market as defined in Appendix C
3. It has a positive ESG Rating (from E- to EEE)
4. the issuer of the stock must have a minimum market capitalization of € 1 billion


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5. the average daily traded value of the stock over the last 6 months shall be equivalent to a minimum of € 10 million

**SELECTION**

The index selects the first 40 highest capitalization stocks under the diversification constraint specified below:

a) **Sector Diversification Criteria** – constituents shall be classified by sector in accordance with the GICS classification. Maximum sector concentration is 30%.

**BUFFER RULE**

For all current constituents, a tolerance of 20% is applied to the market capitalization and 6-months daily average value traded limits. Therefore, a constituent will be allowed to remain in the index if it has a minimum market cap of € 800 million and a minimum liquidity of € 8 million.


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## ECPI GLOBAL SCIENCE FOR LIFE INDEX

The ECPI Global Science For Life Equity Index is an equally weighted equity index designed to offer investors exposure to companies active in the fields of oncology, neuroscience, cardiology, science and education, healthy nutrition and longevity.

The Index values are available on Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| GALPHSLP Index | ECPI Global Science For Life Price Index |
| GALPHSLR Index | ECPI Global Science For Life Total Return Index |
| GALPHSLN Index | ECPI Global Science For Life Net Return Index |

**EQUITY UNIVERSE**

Every six months ECPI reviews the index constituents in order to ensure market representation.

The Index selects companies best placed to seize the opportunities arising from the growing need and importance of:

- Early diagnosis and treatment of oncological, neurological and cardiovascular diseases
- Healthy nutrition for disease prevention
- Scientific communication and education
- Facilities and services for an aging population

To be eligible for inclusion in the ECPI Global Science For Life Equity Index, a stock must satisfy the following criteria (in which case, it will be an “eligible stock”):

1. It belongs to one of the following GICS sectors

| CODE | INDUSTRY GROUP | CODE | INDUSTRY GROUP |
|---|---|---|---|
| 25 | Consumer Discretionary | 20 | Industrials |
| 30 | Consumer Staples | 15 | Materials |
| 35 | Health Care | 60 | Real Estate |

with a specific involvement in the themes listed below:

- Biotechnology & Pharmaceuticals
- Contract Research
- Health Care Testing Services
- Radiation Therapy
- Imaging Equipment
- Radiology & Diagnostic Imaging
- Education
- Medical, Health & Fitness Websites
- Software and services
- Organic & Natural Food Manufacturing
- Fruit, vegetables, grain, oil,
- Non-alcoholic beverages,
- Dairy products
- Poultry
- Fish
- Seeds & Agriculture Biotechnology
- Health Care Facilities
- Managed Care
- Medical Equipment/Devices.

2. it is listed on a Global Developed Market as defined in Appendix C

3. It has a positive ECPI ESG Rating (from EEE to E-)

4. It is not involved in the following industries: tobacco, alcoholic beverages, animal slaughtering, junk food, soft drinks

5. The issuer of the stock must have a minimum market capitalization of € 3 billion

6. The average daily traded value of the stock over the last 6 months shall be equivalent to a minimum of € 5 million


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**SELECTION**

The index selects the first 100 highest capitalization stocks under the diversification constraint specified below:

a) **Stock Exposure Criteria** – at least 20% of corporate revenues are generated in the businesses previously defined.

b) **Sector Diversification Criteria** – constituents shall be classified by sector in accordance with the GICS classification. Maximum sector concentration is 75%.

**BUFFER RULE**

For all current constituents, a tolerance of 20% is applied to the market capitalization and 6-months daily average value traded limits. Therefore, a constituent will be allowed to remain in the index if it has a minimum market cap of € 2.4 million and a minimum liquidity of € 4 million.


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# ECPI ROBOTICS & ARTIFICIAL INTELLIGENCE INDEX

The ECPI Robotics and Artificial Intelligence Equity Index is an equally weighted equity index designed to offer investors exposure to companies in the Global market which are the ones best placed to seize the opportunities presented by Robotics and Automation technologies and Artificial Intelligence.

The Index values are available on Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| GALPRAIP Index | ECPI Robotics and Artificial Intelligence Price Index |
| GALPRAIR Index | ECPI Robotics and Artificial Intelligence Total Return Index |
| GALPRAIN Index | ECPI Robotics and Artificial Intelligence Net Return Index |

## EQUITY UNIVERSE

Every six months ECPI reviews the index constituents in order to ensure market representation.

ECPI maintains a research universe of investable instruments construed according the ECPI ESG Screening Methodology.

Starting from the research universe, ECPI has built a thematic selection of companies according to the following criteria.

Companies (i) belonging to the following sectors: Consumer Discretionary, Health Care, Industrials, Information Technology, Materials, (ii) providing technological solution in the fields of industrial automation and computational thinking and (iii) with a positive ECPI ESG Rating (from EEE to E-) are selected and classified into two broad themes:

- **Robotics and Automation**: the science or technology of designing, building, and using robots (Actuator Devices (gripper and rotary servomotors), Sensing Technologies, Unmanned aerial vehicle components, Exoskeleton, Additive Technologies, Batteries)

- **Artificial Intelligence**: the capacity of a computer to perform operations analogous to learning and decision making in humans, as by an expert system, a program for CAD or CAM, or a program for the perception and recognition of shapes in computer vision systems (Computation Solutions, Machine Learning, System Integrators, Big Data Analytics, Data Robotics)

To be eligible for inclusion in the ECPI Robotics & Artificial Intelligence Equity Index, a stock must satisfy the following criteria (in which case, it will be an “eligible stock”):

1. Belongs to the thematic universe described above

2. It is listed on a Global Developed Market as defined in Appendix C

3. The issuer of the stock must have a minimum market capitalization of € 500 million

4. The average daily traded value of the stock over the last 6 months shall be equivalent to a minimum of € 5 million

## SELECTION

The index selects the first 50 highest capitalization stocks under the diversification constraint specified below:

**a) Thematic Diversification Criteria** – constituents shall be classified by theme (Robotics, Artificial Intelligence) and selected on the basis of the following rule

- 20 constituents belonging to Artificial Intelligence.
- 30 constituents belonging to Robotics.


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b) **Sector Diversification Criteria** – for each theme, the number of constituents belonging to a certain sector must be proportional to the weight of the sector within the theme

**BUFFER RULE**

For all current constituents, a tolerance of 20% is applied to the market capitalization and 6-months daily average value traded limits. Therefore, a constituent will be allowed to remain in the index if it has a minimum market cap of € 400 million and a minimum liquidity of € 4 million.


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## ECPI GLOBAL ESG FUTURE MOBILITY INDEX

The ECPI Global ESG Future Mobility Index is an equally weighted index designed to track the performance of companies best placed, in global developed markets, to benefit from the revolution brought about by autonomous driving systems and electric vehicles.
The index includes companies involved in shared fleets business, autonomous and electric vehicles production, companies producing and assembling storage technologies, and mining of rare metals used to manufacture batteries.
Electric Vehicle are experiencing an important growth due to technological developments, and an increased attention to climate change, pollution, and renewable energy themes while the world of mobility is experiencing the transition from assisted driving to fully autonomous driving.
The Index values are available on Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| GALPHFMP Index | ECPI Global ESG Future Mobility Price Index |
| GALPHFMR Index | ECPI Global ESG Future Mobility Total Return Index |
| GALPHFMN Index | ECPI Global ESG Future Mobility Net Return Index |

### EQUITY UNIVERSE

Every six months ECPI reviews the index constituents in order to ensure market representation.

ECPI maintains a research universe of investable instruments construed according the ECPI ESG Screening Methodology.

Starting from the research universe, ECPI has built a thematic selection of companies according to the following criteria.

The companies most involved in the smart and innovative mobility market with a positive ECPI ESG Rating (from EEE to E-) are selected and classified into three clusters:

- Eco Vehicles: producers of electric and hybrid vehicles and components' suppliers
- Assisted/Autonomous Driving Technologies and Shared Mobility: specialized software and technologies producers, shared fleets managers
- Energy Storage and Lithium Cycle: companies involved in the lithium mining and refining, in battery production, distribution and recycling, companies producing and managing EV charging stations

To be eligible for inclusion in the ECPI Global ESG Future Mobility Index, a stock must satisfy the following criteria (in which case, it will be an "eligible stock"):

1. Belongs to the thematic universe described above
2. It has a positive ECPI ESG Rating. Companies involved in systematic violations of the UN Global Compact attain a negative ESG rating (F)
3. It is not involved in controversial weapons (Nuclear, Biological, Chemical, Cluster Munitions, Mines) production
4. It is listed on a Global Developed Market as defined in Appendix A
5. The issuer of the stock must have a minimum market capitalization of € 500 million
6. The average daily traded value of the stock over the last 6 months shall be equivalent to a minimum of € 5 million


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**SELECTION**

The index selects the first 50 highest capitalization stocks under the diversification constraint specified below:

**Thematic Diversification Criteria** – constituents shall be classified by theme and selected on the basis of the following rule:

- 20 constituents belonging to Eco Vehicles
- 15 constituents belonging to Assisted/Autonomous Driving Technologies and Shared Mobility
- 15 constituents belonging to Energy Storage and Lithium Cycle

**BUFFER RULE**

For all current constituents, a tolerance of 20% is applied to the market capitalization and 6-months daily average value traded limits. Therefore, a constituent will be allowed to remain in the index if it has a minimum market cap of € 400 million and a minimum liquidity of € 4 million.


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## ECPI GLOBAL ESG MILLENNIAL INDEX

The ECPI Global ESG Millennial Index aims to gain exposure to companies best placed, in global developed markets, to benefit from the growing spending power of the so-called Millennial Generation.
The ECPI Global ESG Millennial Index is an equally weighted index, of 100 components, rebalanced semiannually.

The index Includes companies belonging to a variety of activity sectors, including, but not limited to: clothing and apparel, nutrition, technology and social media, travel and leisure, smart mobility, sharing economy, fintech, logistics, education, housing furniture.

The Index values are available on Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| GALPHMLP Index | ECPI Global ESG Millennial Price Index |
| GALPHMLR Index | ECPI Global ESG Millennial Total Return Index |
| GALPHMLN Index | ECPI Global ESG Millennial Net Return Index |

### EQUITY UNIVERSE

Every six months ECPI reviews the index constituents to ensure market representation.

ECPI maintains a research universe of investable instruments construed according the ECPI ESG Screening Methodology.

Starting from the research universe, ECPI has built a thematic selection of companies according to the following criteria.

The companies most exposed to benefit from the growing spending power of the Millennial Generation with a positive ECPI ESG Rating (from EEE to E-) are selected and classified into five different clusters:

- **Apparel, Clothing, Luxury & Personal Care**: Companies involved in the production and commercialization of Clothing, Sport apparels, Luxury Goods, Fashion Brand, Beauty and Personal Care Products.
- **Technology & Consumers Electronics**: Companies involved in the production and commercialization of Software and Hardware equipment, Mobile Devices, storage solutions, small appliances.
- **Leisure & Lifestyle**: Companies involved in food and dining, travel, hospitality, Health and fitness, Home Improvement Retail
- **Entertainment & Interactive Media**: companies involved in the production and distribution of Movies, gaming solutions, Social Networks, and related services
- **E-Commerce, Fintech & Sharing Economy**: Companies involved in the provision of electronic payment systems, web based financial services, smart mobility solutions, E-Commerce Platforms, and direct marketing

To be eligible for inclusion in the ECPI Global ESG Millennial Index, a stock must satisfy the following criteria (in which case, it will be an “eligible stock”):

1. Belongs to the thematic universe described above

2. It has a positive ECPI ESG Rating. Companies involved in systematic violations of the UN Global Compact attain a negative ESG rating (F)

3. It is not involved in controversial weapons (Nuclear, Biological, Chemical, Cluster Munitions, Mines) production

4. It is listed on a Global Developed Market as defined in Appendix A


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5. Does not derive more than 10% of its revenues from the production of tobacco, products that contain tobacco or the wholesale trading of these products

6. Are also excluded from the investable universe Companies involved in extraction of thermal coal or conventional and unconventional oil & gas extractions and companies belonging to UTILITY sector

7. The issuer of the stock must have a minimum market capitalization of € 500 million

8. The average daily traded value of the stock over the last 6 months shall be equivalent to a minimum of € 5 million

**SELECTION**

The index selects the first 100 highest capitalization stocks under the diversification constraint specified below:

**Thematic Diversification Criteria** – constituents shall be classified by theme and selected on the basis of the following rule:

- 20 constituents ordered by Market capitalization for each one of the five Eligible Cluster

**BUFFER RULE**

For all current constituents, a tolerance of 20% is applied to the market capitalization and 6-months daily average value traded limits. Therefore, a constituent will be allowed to remain in the index if it has a minimum market cap of € 400 million and a minimum liquidity of € 4 million.


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## ECPI GLOBAL ESG MULTITREND INDEX

The ECPI Global ESG MultiTrend Index is an equally weighted index designed to offer investors exposure to companies most exposed to three distinctive Global Megatrends:

- **Science for Life** → Companies active in the fields of oncology, neuroscience, cardiology, science and education, healthy nutrition, and longevity.
- **Digital Revolution**→ Companies best placed, in global developed markets, to benefit from the growing opportunities brought about by the Big Data, Fintech and Cybersecurity
- **Millennial Generation** → Companies best placed, in global developed markets, to benefit from the growing spending power of the so-called Millennial Generation.

The ECPI Global ESG MultiTrend Index is an equally weighted index, of 100 components, rebalanced semiannually.

The Index values are available on Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| GALPH3TP Index | ECPI Global ESG Multitrend Price Index |
| GALPH3TR Index | ECPI Global ESG Multitrend Total Return Index |
| GALPH3TN Index | ECPI Global ESG Multitrend Net Return Index |

**EQUITY UNIVERSE**

Every six months ECPI reviews the index constituents to ensure market representation.

ECPI maintains a research universe of investable instruments construed according the ECPI ESG Screening Methodology.

Starting from the research universe, ECPI has built a thematic selection of companies according to the following criteria.

The companies most involved in the different Megatrend Selected by the Index, with a positive ECPI ESG Rating (from EEE to E-) are selected and classified into three different Megatrend and Sub Clusters:

### Science for Life Megatrend Theme

Companies best placed to seize the opportunities arising from the growing need and importance of:

- **Early diagnosis and treatment** of oncological, neurological and cardiovascular diseases
- **Healthy nutrition** for disease prevention
- **Scientific communication** and education
- **Facilities and services** for an aging population

### Millennial Generation Megatrend Theme

Companies best placed to seize the opportunities arising from the growing Spending Power of the Millennial Generation:

- **Apparel, Clothing, Luxury & Personal Care**: Companies involved in the production and commercialization of Clothing, Sport apparels, Luxury Goods, Fashion Brand, Beauty and Personal Care Products.
- **Technology & Consumers Electronics**: Companies involved in the production and commercialization of Software and Hardware equipment, Mobile Devices, storage solutions, small appliances.
- **Leisure & Lifestyle**: Companies involved in food and dining, travel, hospitality, Health and fitness, Home Improvement Retail
- **Entertainment & Interactive Media**: companies involved in the production and distribution of Movies, gaming solutions, Social Networks, and related services


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- **E-Commerce, Fintech & Sharing Economy**: Companies involved in the provision of electronic payment systems, web based financial services, smart mobility solutions, E-Commerce Platforms, and direct marketing

### Digital Revolution Megatrend Theme

Companies best placed to seize the opportunities arising from the Digital Revolution in three specific areas:

- **Big Data** (data analytics, e-commerce, social networks, cloud services, customer analytics, software, etc)
- **Fintech** (payment tools, financial software, risk management, crowd investing, mPayment, trading, etc)
- **Cyber Security** (cybersecurity solutions, firewall, web filtering, antivirus, mobile security, etc)

To be eligible for inclusion in the ECPI Global ESG MULTITREND Index, a stock must satisfy the following criteria (in which case, it will be an "eligible stock"):

1. Belongs to the thematic universe described above
2. It has a positive ECPI ESG Rating. Companies involved in systematic violations of the UN Global Compact attain a negative ESG rating (F)
3. It is listed on a Global Developed Market as defined in Appendix A
4. It is not involved in controversial weapons (Nuclear, Biological, Chemical, Cluster Munitions, Mines) production
5. Does not derive more than 10% of its revenues from the production of tobacco, products that contain tobacco or the wholesale trading of these products
6. Are also excluded from the investable universe Companies involved in extraction of thermal coal or conventional and unconventional oil & gas extractions and companies belonging to UTILITY sector
7. The issuer of the stock must have a minimum market capitalization of € 500 million
8. The average daily traded value of the stock over the last 6 months shall be equivalent to a minimum of € 5 million

**SELECTION**

The index selects the first 100 highest capitalization stocks under the diversification constraint specified below:

**Thematic Diversification Criteria** – constituents shall be classified by Megatrend and theme and selected based on the following rule:

- At least 33 constituents ordered by Market capitalization for each one of the three underlying Global Megatrend selected by the Index ensuring a fair representation of the different themes comprised in each Megatrend

**BUFFER RULE**

For all current constituents, a tolerance of 20% is applied to the market capitalization and 6-months daily average value traded limits. Therefore, a constituent will be allowed to remain in the index if it has a minimum market cap of € 400 million and a minimum liquidity of € 4 million.


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## ECPI GLOBAL ESG RECOVERY INDEX

The ECPI Global ESG Recovery Index is an equally weighted index designed to offer investors exposure to companies most exposed to five distinctive Global Megatrends that are expected to benefit the most from the 'Next Generation EU' fund:

- **Digitalization** → Big Data, Fintech, Cyber Security.
- **Smart Cities** → Smart Grids, Internet of things; Home entertainment; Eco Buildings; E-commerce and delivery; Leisure and lifestyle.
- **Energetic Transition** → Clean and renewable energy: Solar Energy, Windmills and Hydroelectric power generation; geothermic, wave and tidal energy; Energy storage and transmission; Advanced Materials; Energy efficient applications.
- **Sustainable Transportation** → Eco Vehicles; Assisted/Autonomous Driving Technologies and Shared Mobility; Energy Storage, EV Charging stations and Lithium Cycle.
- **Healthcare & Pharma** → Biotechnology; Pharmaceutical; Healthcare equipment; Life science technologies.

The ECPI Global ESG Recovery Index is an equally weighted index, of 100 components, rebalanced semiannually.

The Index values are available on Bloomberg with the following identifiers:

| BLOOMBERG TICKER | INDEX NAME |
|---|---|
| GALPHRFP Index | ECPI Global ESG Recovery Price Index |
| GALPHRFR Index | ECPI Global ESG Recovery Total Return Index |
| GALPHRFN Index | ECPI Global ESG Recovery Net Return Index |

**EQUITY UNIVERSE**

Every six months ECPI reviews the index constituents to ensure market representation.

ECPI maintains a research universe of investable instruments construed according the ECPI ESG Screening Methodology.

Starting from the research universe, ECPI has built a thematic selection of companies according to the following criteria.

The companies most involved in the different Megatrend composing the Index, with a positive ECPI ESG Rating (from EEE to E-) are selected and classified into five different Megatrend:

- **Digitalization**
- **Smart Cities**
- **Energetic Transition**
- **Sustainable Transportation**
- **Healthcare & Pharma**

To be eligible for inclusion in the ECPI Global ESG Recovery Index, a stock must satisfy the following criteria (in which case, it will be an "eligible stock"):

1. It belongs to the thematic universes described above

2. It has a positive ECPI ESG Rating. Companies involved in systematic violations of the UN Global Compact attain a negative ESG rating (F)

3. It is listed on a Global Developed Market as defined in Appendix A

4. Exposure to Europe: For non-European companies, at least 20% of revenues in Europe

5. It is not involved in controversial weapons (Nuclear, Biological, Chemical, Cluster Munitions, Mines) production

6. The issuer of the stock must have a minimum market capitalization of € 500 million


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7. The average daily traded value of the stock over the last 6 months shall be equivalent to a minimum of € 5 million

The index selects the first 100 highest capitalization stocks under the diversification constraints specified below:

constituents shall be classified by Megatrend and Geography (Europe, United States and Others, based on their Country of Exchange), ordered by Capitalization, and selected based on the following rules:

- **Thematic Diversification Criteria:**
  20 constituents for each one of the five underlying Global Megatrends are selected.

- **Geographic Diversification Criteria:**
  For each one of the five underlying Global Megatrends:
  - 60% of the constituents (12 stocks) shall be listed in Europe
  - 30% of the constituents (6 stocks) shall be listed in the United States
  - 10% of the constituents (2 stocks) shall be listed in other countries

**BUFFER RULE**

For all current constituents, a tolerance of 20% is applied to the market capitalization and 6-months daily average value traded limits. Therefore, a constituent will be allowed to remain in the index if it has a minimum market cap of € 400 million and a minimum liquidity of € 4 million.


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## COMPLIANCE STATEMENT

### Retrospective Changes

The ECPI Index Methodology does not allow retrospective changes to previously published index values ("**Backfilling**"). Divisor corrections, index input changes due to late dividend announcements and other similar adjustments are not considered "backfilling".

### Conflict of Interests

ECPI keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units ECPI may have information that is not available to other business units.

ECPI has established policies and procedures that prohibit constituents to its indices to be included in an index on the basis of payment volunteered from them.

### Frequency of the Index Rules review

This Index Rules document is subject to periodic review to ensure that it remains representative of the relevant market it was created to evaluate and continues to meet the current and future requirements of index stakeholders.

Such a review will take place at a frequency determined by a number of factors outlined below, but will be undertaken at least annually.

### Revisions to the Index Rules

Revisions to the Index Rules may originate as a result of recommendations from internal review, modifications to the regulatory regime, feedback from clients or in response to changes in the financial markets structure.

In the case of material alterations, for example, those with the potential to change the composition of an index, such as index eligibility criteria, frequency of index reconstitution or index construction rules, a wider consultation with relevant stakeholders may also be undertaken.

### Approval of Index Rules revisions

The final approval of an Index Rules revision is made by The Index Governance Committee. Following the approval of a revision to the Index Rules, index users and other stakeholders are notified through the publication of a notice. Such notices can be found on the Confluence website at: https://www.confluence.com/index-governance/.

Any feedback received from stakeholders following the implementation of revised Index Rules may be considered by The Index Governance Committee as part of the ongoing management and development of future index rules and methodologies.

### Potential limitations of the Index Rules methodology

Given the objective and robust methodology of the ECPI indices, any limitations are most likely to arise due to external factors. Such factors could include an inadequate availability of market data, poor quality data or an insufficient number of eligible constituents available for inclusion in the index. In the unlikely event that such periods of stress were prolonged, then it is probable that The Index Governance Committee would consider decommissioning the index or index series. This would be essential if the index was unable to continue to adequately measure the market or economic reality it was intended to evaluate.


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**Decommissioning an index**

ECPI have a documented procedure which is followed when considering decommissioning an index or index series. Any decommissioning proposal must be approved by The Index Governance Committee. The reasons for decommissioning an index may include those mentioned above, and additionally, an absence of clients using the index or that it is uneconomic to continue to produce the index.

In the event that an index or index series is decommissioned the following process will occur to facilitate the stakeholder's transitions to alternative indices:

- Identification of stakeholders of the index
- Publish notice to stakeholders of the index decommission at least three months prior to the decommissioning date
- Remind stakeholders one month prior to the decommission
- Publish a notice confirming decommission of the index on ECPI website


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## ECPI ESG SCREENING METHODOLOGY AND RATING

ECPI research process follows an objective, rigorous and disciplined proprietary methodology that translates qualitative data into quantitative indicators, assigning to each issuer an Environmental, Social and Governance (**ESG**) score and a rating.

ECPI uses a rule-based non-discretionary approach considering approximately 80 key performance indicators to evaluate an issuer's environmental, social and governance sustainability.

ECPI evaluates companies in the following areas

The traditional pillars of ESG scrutiny are the following:

**"E"**
Environmental strategy, policy and management system. Industry-specific environmental impact of production processes and products.

**"S"**
Social strategy and policy: assessing the quality of the company's relationships with its employees and local communities (labour and human rights, health & safety)

**"G"**
Relation with other stakeholders (customers, competitors, management, public agencies and regulators, shareholders, creditors, local government and international institutions), market positioning and competitor analysis. Governance structure: assessing both market and internal management issues, identifying the structure of the company's governing bodies, its main operating characteristics, as well as the political and regulatory/legal specifics of the firm's country of affiliation.

The analysis produces a score and a rating. A company's overall rating is the sum of the scores from each indicator; the higher the final score, the higher the final rating.

ECPI also monitors the involvement of companies in the following controversial activities:

- **Alcohol**: Production and/or promotion of alcoholic products and its use
- **Gambling**: Involvement in horse betting, betting centers, casinos, gambling machine manufacturing
- **Weapons and Violence**: Involvement in the spread of violence, such as manufacture of firearms for the consumer market, manufacture of landmines, major weapons contractors contributing to the spread of global militarism
- **Tobacco**: Manufacturing, processing, trading or distributing wholesale tobacco, and tobacco products
- **Pornography**: Production aimed exclusively at inducing sexual excitement or a prurient interest in sex e.g. the objectification of women as sexual objects


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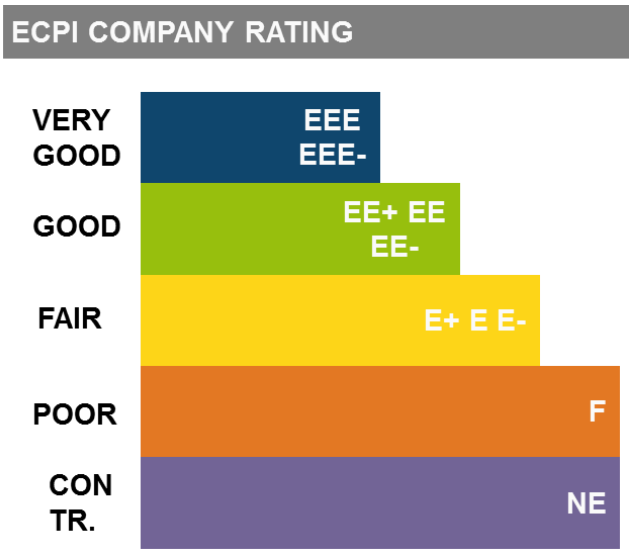
- **Nuclear energy**: Involvement in the production of Nuclear energy, with relation to possible accidents and disasters, residual generation of plutonium and raw material used in nuclear armament production (proliferation)
- **Contraceptives**: In the pharmaceutical industry, production of contraceptives, medicines and equipment related to abortion or birth control methods
- **GMO - Genetically modified organism – food production**: Involvement in the research, development and production of biotechnologies and in the genetic modification and production of species, produce and other organisms

Exclusions are driven by the percentage contribution of the controversial activity to the total revenues of the issuer.

ECPI's proprietary rating scale ranges from "NE" to "EEE", along 10 notches.




| RATING | LEVEL | DEFINITION |
|---|---|---|
| EEE<br>EEE- | Very good | Companies display ***innovative*** long-term strategic attitudes, ***strong*** operational management and ***proactive*** contribution towards society and the environment |
| EE+<br>EE<br>EE- | Good | Companies display ***clear*** long-term strategic attitudes, ***sound*** operational management and ***positive*** contribution towards society and the environment. |
| E+<br>E<br>E- | Fair | Companies display ***basic*** long-term strategic attitude, ***standard*** operational management and ***average*** contribution towards society and the environment. |
| F | Poor | Companies display ***poor*** long-term strategic attitude, ***weak*** operational management and ***ineffective/negative*** contribution towards society and the environment. |
| NE | Controversial | Companies are involved in ***controversial sectors***. |

Other controversial activities (applied only to specific indices, see single index rules for details) monitored are:

- **Unconventional Oil & Gas:** involvement in unconventional oil & gas extraction (tar sands, shale gas through hydraulic fracking)
- **Coal – Mining:** involvement in the extraction and management of thermal coal mines
- **Coal – Thermal**: companies in the Utilities industry involved in the production of energy from thermal coal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## APPENDIX A: DIVIDEND WITHHOLDING TAXES

| COUNTRY NAME | TAXATION |
|---|---|
| Argentina | 7% |
| Australia | 30% |
| Austria | 27.50% |
| Bahrain | 0% |
| Bangladesh | 20% |
| Belgium | 30% |
| Bosnia | 5% |
| Botswana | 7.50% |
| Brazil | 0% |
| Brazil (Interest on Capital) | 15% |
| Bulgaria | 5% |
| Cambodia | 14% |
| Canada | 25% |
| Chile | 35% |
| China (Mainland Incorporated) | 10% |
| China (Offshore Incorporated) | 0% |
| Colombia | 10% |
| Côte d'Ivoire | 10% |
| Croatia | 12% |
| Cyprus | 0% |
| Czech Republic | 35% |
| Denmark | 27% |
| Ecuador | 0% |
| Egypt | 10% |
| Estonia | 0% |
| Finland | 30% |
| France | 28% |
| Georgia | 5% |
| Germany | 26.375% |
| Ghana | 8% |
| Greece | 5% |
| Hong Kong | 0% |
| Hungary | 0% |
| Iceland | 20% |
| India | 20% |
| Indonesia | 20% |
| Ireland | 25% |
| Israel | 25% |
| Italy | 26% |
| Jamaica | 33.33% |
| Japan | 20.42% |
| Jordan | 0% |
| Kazakhstan | 15% |
| Kenya | 10% |
| Kuwait | 0% |
| Latvia | 0% |
| Lebanon | 10% |
| Lithuania | 15% |
| Luxembourg | 15% |
| Macedonia | 10% |
| Malawi | 15% |
| Malaysia | 0% |
| Malaysia REITs | 10% |

| COUNTRY NAME | TAXATION |
|---|---|
| Malta | 0% |
| Mauritius | 0% |
| Mexico | 10% |
| Mexico REITs | 30% |
| Montenegro | 9% |
| Morocco | 15% |
| Namibia | 20% |
| Netherlands | 15% |
| New Zealand | 30% |
| Nigeria | 10% |
| Norway | 25% |
| Oman | 0% |
| Pakistan | 15% |
| Palestine | 0% |
| Panama | 10% |
| Peru | 5% |
| Philippines | 30% |
| Poland | 19% |
| Portugal | 25% |
| Qatar | 0% |
| Romania | 5% |
| Russia | 15% |
| Rwanda | 15% |
| Saudi Arabia | 5% |
| Serbia | 20% |
| Singapore | 0% |
| Singapore REITs | 10% |
| Slovakia | 35% |
| Slovenia | 15% |
| South Africa | 20% |
| South Korea | 22% |
| Spain | 19% |
| Sri Lanka | 14% |
| Sweden | 30% |
| Switzerland4 | 35% |
| Taiwan | 21% |
| Tanzania | 10% |
| Thailand | 10% |
| Trinidad & Tobago | 10% |
| Tunisia | 10% |
| Turkey | 15% |
| Turkey REITs | 0% |
| Uganda | 15% |
| U.K. | 0% |
| U.K. REITs | 20% |
| U.S. | 30% |
| Ukraine | 15% |
| United Arab Emirates | 0% |
| Venezuela | 34% |
| Vietnam | 0% |
| Zambia | 20% |
| Zimbabwe | 10% |

*Data as of April 22, 2020*


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## APPENDIX B: DEFINITIONS

**Index Constituent or Constituent**
Any security comprised in the index, provided that on any Reference Date and in the relevant Rebalance Period, Constituent shall include any stock which will be included in the index as of the next Rebalance Date at the end of such Rebalance Period.

**Rebalance Period**
It is the timeframe between Reference Date and Rebalance Date.

**Exchange** and **Related Exchange**
Each exchange on which any Index Constituent is, in the determination of ECPI, principally traded.

**Scheduled Trading Day**
Any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading session.

**Disrupted Day**
Any Scheduled Trading Day on which: (i) a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session; or (ii) a Market Disruption Event has occurred.

**Market Disruption Event**
The occurrence, in respect of the Index Constituent of:

- a Trading Disruption
- an Exchange Disruption
- an Early Closure

where the aggregate of all Index Constituents in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs, comprises 20 per cent or more of the aggregate number of all Index Constituents for which the Exchange and Related Exchange were scheduled to be open for trading for its regular trading session on such day.

**Trading Disruption**
Any suspension of or limitation imposed on trading by the Relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Relevant Exchange and Related Exchange or otherwise.

**Exchange Disruption**
Any event that disrupts or impairs the ability of market participants in general to effect transaction in, or obtain market values for the Index Constituents.

**Early Closure**
The closure on any Exchange Business Day of the Relevant Exchange or any Related Exchange prior to its Scheduled Closing Time.


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# APPENDIX C – GLOBAL DEVELOPED MARKETS

| GLOBAL DEVELOPED MARKETS |
|---|
| Australia |
| Austria |
| Belgium |
| Canada |
| Denmark |
| Finland |
| France |
| Germany |
| Greece |
| Hong Kong |
| Ireland |
| Israel |
| Italy |
| Japan |
| Luxembourg |
| Netherlands |
| New Zealand |
| Norway |
| Portugal |
| Singapore |
| Spain |
| Sweden |
| Switzerland |
| United Kingdom |
| United States |


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## APPENDIX D – EMERGING MARKETS

| EMERGING MARKETS |
|---|
| Brazil |
| Chile |
| China |
| Colombia |
| Czech Republic |
| Egypt |
| Hungary |
| India |
| Indonesia |
| Korea |
| Malaysia |
| Mexico |
| Morocco |
| Peru |
| Phillipines |
| Poland |
| Russia |
| South Africa |
| Taiwan |
| Thailand |
| Turkey |


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