



ECPI GLOBAL CARBON LIQUID INDEX

RULE BOOK

June 2023

Version 3.0.1

ECPI Srl is a member of Confluence

MARKET REALTY

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.

INDEX FAMILY IDENTIFIERS

BLOOMBERG TICKER	REFINITIV RIC	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

INDEX REBALANCING

Semi-Annually, on the Selection Date immediately preceding the relevant Effective Rebalance Date, index constituents are selected in accordance with the index eligibility criteria as new constituents of the index in order to ensure market representation.

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

REBALANCING TIMETABLE		
TIME REFERENCE	ACTION	WHEN
T ₀	Selection Date of the new constituents	1st Friday of Jan, Jul
T ₁	Equal Weight Reference Date	3rd Monday of Jan, Jul
T ₂	Proforma Period	4 days of Proforma, starting 3rd Monday of Jan, Jul
T ₃	Effective Rebalance Date: the new index is effective	3rd Friday (closing) of Jan, Jul

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

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

3. 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).
4. It is not involved in controversial weapons (Nuclear, Biological, Chemical, Cluster Munitions, Mines) production.
5. It is not involved in the production of tobacco or products that contain tobacco.
6. 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.

7. The issuer of the stock must have a minimum market capitalization of € 1 billion.
8. The average daily traded value of the stock over the last 6 months shall be equivalent to a minimum of € 10 million.

INDEX 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.
- 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.

Versions

VERSION	EFFECTIVE DATE	CHANGES
3.0.1	01 May 2023	Ungrouping Index Family

EXPLANATION OF HOW ESG FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY

Item 1. Name of the benchmark administrator.	StatPro
Item 2. Type of benchmark or family of benchmarks.	Equity
Item 3. Name of the benchmark or family of benchmarks.	ECPI Global Carbon Liquid Equity
Item 4. Does the benchmark methodology for the benchmark or family of benchmarks take into account ESG factors?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
<p>Item 5. Where the response to Item 4 is positive, please list below, for each family of benchmarks, those ESG factors that are taken into account in the benchmark methodology, taking into account the ESG factors listed in Annex II to Delegated Regulation (EU) 2020/1816.</p> <p>Please explain how those ESG factors are used for the selection, weighting or exclusion of underlying assets.</p> <p>The ESG factors shall be disclosed at an aggregated weighted average value at the level of the family of benchmarks.</p>	
(a) List of environmental factors considered:	<p>Selection:</p> <ul style="list-style-type: none"> Overall ECPI ESG Rating must be E- or higher <p>Exclusion:</p> <ul style="list-style-type: none"> Companies involved in systematic violations of the UN Global Compact are excluded (ESG Rating = F)
(b) List of social factors considered:	<p>Selection:</p> <ul style="list-style-type: none"> Overall ECPI ESG Rating must be E- or higher <p>Exclusion:</p> <ul style="list-style-type: none"> Companies involved in systematic violations of the UN Global Compact are excluded (ESG Rating = F) Production of controversial weapons (Nuclear, Biological, Chemical, Cluster Munitions, Mines) and/or their essential components Production of tobacco, products that contain tobacco
(c) List of governance factors considered:	<p>Selection:</p> <ul style="list-style-type: none"> Overall ECPI ESG Rating must be E- or higher <p>Exclusion:</p> <ul style="list-style-type: none"> Companies involved in systematic violations of the UN Global Compact are excluded (ESG Rating = F)
Hyperlink to the information on ESG factors for each benchmark:	https://ecpigroup.com/wp-content/uploads/rules/CARBONLP_Benchmark_Statement.pdf
Item 7. Data and standards used	
<p>(a) Data input.</p> <p>(i) Describe whether the data are reported, modelled or sourced internally or externally.</p> <p>(ii) Where the data are reported, modelled or sourced externally, please name the third party data provider.</p>	<p>Company analyses draw on a range of reliable and publicly available sources to create a transferable, equitable and auditable approach. Where possible, ECPI aims to use objective information that is easily measured and quantified and less subject to bias and opinion. In cases where an indicator is important to capture, but not easily quantifiable, ECPI process works to reduce bias, by identifying clear and unambiguous rules for assigning scores.</p> <p>Sources include:</p> <ul style="list-style-type: none"> Company annual reports Company sustainability reports, environmental reports, CSR reports or similar Company websites Regulatory data (from the regulators in the country/countries where the company is incorporated and/or listed) Information providers and search engines

	<ul style="list-style-type: none"> • Media and news services (including newsletters from local and international institutions and NGOs). • Screening of company's participation in international institutions • Screening of company's certifications • Screening of company's awards • Thematic websites promoted by international non-profit organizations • Company Investor Relations departments, when necessary. In such cases, we try to obtain written answers in order to be able to store them in the company's records
(b) Verification and quality of data. <i>Describe how data are verified and how the quality of those data is ensured.</i>	<p>The ECPI ESG methodology combines an academic and scientific approach to appraise and monitor a company's long-term strategic position, operational management and actual behavior when it comes to society, the environment and markets.</p> <p>ECPI analysis based on non-traditional, quantitative and qualitative non-financial indicators has the goal to develop a synthetic measure of the non-financial risk-opportunity profile of a company: the ECPI ESG Rating Assessments are based on the review of a broad range of publicly available sources including sustainability reports, annual reports and company websites. The ESG Evaluation covers eight categories, each one addressing a number of different aspects:</p> <ol style="list-style-type: none"> 1. Environmental Strategy and Policy 2. Environmental Management System 3. Products (industry specific) 4. Production Process (industry specific) 5. Community Relations 6. Employees 7. Markets 8. Corporate Governance <p>A company must be assessed against all the ESG categories and aspects in order to achieve the final ESG score and rating.</p> <p>Quality of the assessment is ensured by a rule-based approach, where each indicator has a multiple-choice answer with a pre-defined set of scores that can be positive or negative depending on the aspect under scrutiny, thereby reducing analyst's discretionary reading of the assessed dimension. The quality of the assessment is also insured by a two-tier validation mechanism (<i>maker-checker</i>).</p>
(c) Reference standards <i>Describe the international standards used in the benchmark methodology.</i>	<p>The rating criteria have been developed in accordance with ICCR's "Principles for Global Corporate Responsibility: Benchmarks for Measuring Business Performance" and is inspired by the principles developed by International Bodies dedicated to Responsible Investment such as UN Global Compact (www.unglobalcompact.org), the Global Reporting Initiative (www.globalreporting.org) and UN PRI (www.unpri.org).</p>
Date on which information has been last updated and reason for the update:	30 June 2023

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