



ECPI GLOBAL ESG GENDER EQUALITY INDEX

RULE BOOK

December 2023
Version 3.0.2

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MARKET REALTY

The ECPI Global ESG Gender Equality 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 demonstrating a strong attitude to adopting practices aimed at ensuring respect of gender equality and diversity inclusion on the workplace.

INDEX FAMILY IDENTIFIERS

| BLOOMBERG TICKER | REFINITIV RIC | INDEX NAME |
|------------------|---------------|--|
| GALPHGEP Index | .GALPHGEP | ECPI Global ESG Gender Equality Price Index |
| GALPHGER Index | .GALPHGER | ECPI Global ESG Gender Equality Total Return Index |
| GALPHGEN Index | .GALPHGEN | ECPI Global ESG Gender Equality 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 to ensure correct market representation.

ECPI collects from publicly available sources such as, but not limited to, annual reports, sustainability reports company website, NGOs, thought leadership forums and news screening engines, different measures and converts them into “Gender Indicators”.

Gender indicators are grouped into three main areas of concern:

- **Inclusive Culture:** evaluates policies and strategies for an inclusive company culture,
- **Equal Economic Treatment:** assesses gender pay parity and benefits provided for the female workforce,
- **Female Leadership and Workforce:** measures women in senior leadership, company talent pipeline and recruitment.

A score is assigned to each Indicator, and their aggregation results in the **ECPI Gender Equality Rating**.

Diversity controversies, if any, involving a company and reported in the media will negatively impact the overall gender equality rating of the company.

The **ECPI Gender Equality Rating** aims at measuring the extent of gender equality within Companies at all levels, including the gender-sensitivity of policies and programs, as well as internal organizational structure, procedures, practices, and culture.

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

Index Initial Universe:

1. It belongs to the **ECPI World ESG Index**.
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. 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
5. 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).
6. It has a positive ECPI Gender Equality Rating (from E4 to E1, where E1 corresponds to the highest possible value). Companies that attain an F in ECPI Gender Equality Rating are not eligible.
7. It is not involved in armaments production and/or distribution.
8. Does not derive more than 5% of its revenues from the production of tobacco, products that contain tobacco or the wholesale trading of these products.
9. 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.
10. 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.
11. 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.
12. 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

INDEX SELECTION

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

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Eligible Securities, i.e. the Investable Universe, are sorted by GICS sector, then by ECPI Gender Equality Rating, then by market capitalization.

1. **Sector Diversification** – Index constituents are selected to replicate the sectorial distribution of the Investable Universe. The number of index constituents belonging to a certain sector (n) will be proportional to the number of stocks in the Investable Universe belonging to that sector.
2. **Gender Equality Rating and Capitalization** – once the number of index constituents for each sector has been defined (n), within each sector, stocks are sorted by ECPI Gender Equality Rating and then by market capitalization, and the first n stocks are selected.
3. **Geographic Diversification** – the maximum exposure to a single geography cannot exceed 50 percent of index composition at rebalancing. In case, after the first selection, the number of stocks from a certain country exceeds 50 percent of index composition, the number of stocks in excess of 50 are removed starting from the ones with lower ratings and market capitalization and substitutes are selected from the same sectors starting from ones with the higher ratings and 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 € 400 million and a minimum liquidity of € 4 million.

Versions

| VERSION | EFFECTIVE DATE | CHANGES |
|---------|------------------|--|
| 3.0.1 | 30 June 2023 | Ungrouping Index Family |
| 3.0.2 | 31 December 2023 | Updated screening criteria (International norms adherence, GHG intensity Criterion, Gender diversity Criterion, Sector Exposure Criteria, Selectivity Criterion) |

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 ESG Gender Equality Index |
| 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"> • ECPI Environmental Rating must be E- or higher • Overall ECPI ESG Rating must be E+ or higher • thermal coal-related products/services absolute production not increased over the past three years and revenues below 15% AND SBTi target set at well-below 2°C or 1.5°C, or SBTi 'Business Ambition for 1.5°C' commitment OR thermal coal-related revenues less than 5% • production of unconventional oil & gas products/services not increased over the past three years AND SBTi target set at well-below 2°C or 1.5°C, or SBTi 'Business Ambition for 1.5°C' commitment • conventional oil & gas extraction less than 5% of total revenues OR SBTi target set at well-below 2°C or 1.5°C, or SBTi 'Business Ambition for 1.5°C' commitment • Companies that own or operate pipelines transporting unconventional oil or gas, and/or LNG export terminals supplied with unconventional gas are eligible if they don't derive a significant share of their revenues from these businesses • Companies involved in coal-based power generation (Electric Utilities, Multi-Utilities, Independent Power Producers & Energy Traders) are eligible if they derive less than 15% of their revenues from the activity • Companies involved in the generation of power/heat from non-renewable energy sources (Electric Utilities, Gas Utilities, Multi-Utilities, Independent Power Producers & Energy Traders) are eligible if: <ul style="list-style-type: none"> • The company's absolute production of coal-based or nuclear-based energy-related products/services shall not be structurally increasing (+5% over the past three years), AND • The company's absolute production of contributing products/services shall be increasing, AND • Have a SBTi target set at well-below 2°C or 1.5°C, or have a SBTi 'Business Ambition for 1.5°C' commitment, OR • Derive more than 50% of its revenues from contributing activities <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"> • ECPI Social Rating must be E- or higher • 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 and/or distribution of conventional weapons/armaments (including handguns and civilian firearms) and/or the production of their essential tailor-made components - more than 5% of total revenues Production of tobacco, products that contain tobacco or the wholesale trading of these products - more than 5% of total revenues |
| (c) List of governance factors considered: | <p>Selection:</p> <ul style="list-style-type: none"> ECPI Governance Rating must be E- or higher 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/GALPHGEP_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 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 |
| <p>(b) Verification and quality of data.</p> <p>Describe how data are verified and how the quality of those data is ensured.</p> | <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.</p> <p>The ESG Evaluation covers eight categories, each one addressing a number of different aspects:</p> <ol style="list-style-type: none"> Environmental Strategy and Policy Environmental Management System Products (industry specific) Production Process (industry specific) Community Relations Employees Markets 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> |

| | |
|---|---|
| <p>(c) Reference standards <i>Describe the international standards used in the benchmark methodology.</i></p> | <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> |
| <p>Date on which information has been last updated and reason for the update:</p> | <p>31 December 2023</p> |

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Bloomberg: ECPS

Reuters: ECAPITAL

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