



ECPI GLOBAL ESG SILVER ECONOMY INDEX

RULE BOOK

December 2023
Version 3.0.2

ECPI Srl is a member of Confluence

MARKET REALTY

The ECPI Global ESG Silver Economy 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, pharmaceutical and medical innovation, changes in lifestyle and spending capacity of elderly cohorts of population.

INDEX FAMILY IDENTIFIERS

BLOOMBERG TICKER	REFINITIV RIC	INDEX NAME
GALPHSEP Index	.GALPHSEP	ECPI Global ESG Silver Economy Price Index
GALPHSER Index	.GALPHSER	ECPI Global ESG Silver Economy Total Return Index
GALPHSEN Index	.GALPHSEN	ECPI Global ESG Silver Economy 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 maintains a research universe of investable instruments construed according the ECPI ESG Screening Methodology ([ECPI ESG Rating Methodology - Companies](#)).

Starting from the research universe, ECPI has identified seven clusters of companies as being best positioned to foster and benefit from this secular trend of extension of life expectancies (**Thematic Universe**):

Financial Planning

Companies that effectively respond to:

- 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).
- Growing demand for wealth management and financial planning solutions for retired generations.

Healthcare Facilities and Services

- Companies involved in the Provision of services and facilities that respond to an Increasing demand for healthcare infrastructures and equipped facilities (e.g. residential districts and/or hospices) and related services.

Pharmaceutical & Life Science

- Companies involved in the development and production of early diagnosis and treatment of oncological, neurological and cardiovascular diseases.
- Companies active in genomic science, such as gene editing, genomic sequencing, genetic medicine/therapy, computational genomics, precision, and regenerative medicine.
- Companies involved in drug discovery, development, and production continuum by providing analytical tools, instruments, consumables and supplies, clinical trial services, and contract research services.

Medical Devices and Services

- 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.
- 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).

Active Lifestyle

- Growing relevance of 50+ cohort in terms of consumption capacity: the willingness to keep high lifestyles and consumption habits and better health conditions will lead to an increase in discretionary spending (e.g. Tourism & Entertainment, Fitness).

Healthy Nutrition

- Companies significantly involved in the production of plant based fresh and frozen food, or that develop natural ingredient solutions for the food and nutritional industries.

Personal Care

Companies providing responses and products responding to:

- Rising demand for Cosmetics, Beauty, Personal care, Anti-aging Products.
- Rising demand for safety and security devices (e.g. home automation systems).

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

Index Initial Universe:

1. The Company belongs to the **Thematic Universe** described above
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

ESG Investable Universe:

5. The following Normative & Controversy Screening is applied:
 - Companies with a poor ESG profile are excluded (ESG Rating = F)
 - Companies involved in structural, repetitive, and severe controversies or violations of the:
 - UN Global Compact
 - UN Guiding Principles on Business and Human Rights (UNGPs)
 - OECD Guidelines for Multinational Enterprises (as far as relevant)
 - ILO Conventions
 are excluded
6. The following ESG Best in Universe Strategy rule is applied:
 - Overall ESG Rating must be E or higher

The following Sector Exposure criteria are applied:

7. The company does not derive more than 5% of its revenues from: the production of tobacco, products that contain tobacco or e-cigarettes; the wholesale trading of these products; or their enabling activities.
8. The company is not involved in production of controversial weapons (Nuclear, Biological, Chemical, Cluster Munitions, Mines) and/or their essential components.
9. The company does not derive more than 5% of its revenues from: the production and/or distribution of conventional weapons/armaments (including handguns and civilian firearms); the production of their essential tailor-made components; or their enabling activities.
10. A company involved in prospection, exploration, extraction/mining, processing, or transportation of thermal coal is eligible if:
 - the company is not involved in coal exploration and exploitation of new coal mines, AND
 - the absolute production of thermal coal has not increased over the past three years AND
 - the company has a SBTi target set at well-below 2°C or 1.5°C, or has a SBTi 'Business Ambition for 1.5°C' commitment, OR
 - it derives less than 5% of its revenues from thermal coal production related activities; or less than 10% of its revenues from thermal coal transportation related activities; or less than 25% of its revenues from their enabling activities.
11. A companies involved in prospection, exploration or extraction of unconventional oil and gas is eligible if:
 - the company is not involved in exploration and exploitation of new unconventional oil or gas fields, AND
 - the absolute production of unconventional oil and gas has not increased over the past three years

AND

- the company has a SBTi target set at well-below 2°C or 1.5°C or has a SBTi 'Business Ambition for 1.5°C' commitment, OR
- it derives less than 5% of its revenues from unconventional oil & gas activities; or less than 25% of its revenues from their enabling activities.

12. A company involved in prospection, exploration, extraction, processing, refining or transportation of conventional oil & gas is eligible if:

- it is not involved in exploration and exploitation of new oil or gas fields,
AND
- it has 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
- it derives less than 5% of its revenues from oil and gas-related activities; or less than 25% of its revenues from their enabling activities.

13. A company involved in the generation of power/heat from non-renewable energy sources (Electric Utilities, Gas Utilities, Multi-Utilities, Independent Power Producers & Energy Traders) is eligible if:

- it is not involved in building new coal-fired power stations, AND
- the company's absolute production of coal-based energy shall not be structurally increasing (+5% over the past three years).

AND

- it has a SBTi target set at well-below 2°C or 1.5°C, or has a SBTi 'Business Ambition for 1.5°C' commitment, OR
- it derives less than 5% of its revenues from non-renewable energy generation, OR
- it derives more than 50% of its revenues from contributing activities.

INDEX SELECTION

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

a. Thematic Diversification Criterion:

Constituents shall be classified by theme (thematic clusters):

- Financial Planning
- Healthcare Facilities and Services
- Pharmaceutical & Life Science
- Medical Devices and Services
- Active Lifestyle
- Healthy Nutrition
- Personal Care

b. Capitalization Criterion:

Within each thematic cluster, constituents are sorted according to their market capitalization and the 14 highest companies in ranking are chosen from each cluster except for the (i) Pharma & Life Science and the (ii) Medical Devices and Services clusters that contribute to the index with 15 instruments each.

c. Geographic Diversification Criterion:

Within each thematic cluster, the maximum exposure to a single Country cannot exceed 50 percent of cluster composition (i.e., 7 securities). When 50 percent single Country exposure is reached, the remaining securities are selected from the one belonging to other Countries 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 € 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 Silver Economy 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/GALPHSEP_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

	<ul style="list-style-type: none"> • 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
(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.</p> <p>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:	31 December 2023

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