

# ECPI CHILDREN'S RIGHTS LEADERS INDEX

RULE BOOK

January 2025

Version 3.0.3

**ECPI Srl is part of STOXX**

## MARKET REALTY

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.

## INDEX FAMILY IDENTIFIERS

| BLOOMBERG TICKER | REFINITIV RIC | INDEX NAME                                        |
|------------------|---------------|---------------------------------------------------|
| GALPHCRP Index   | .GALPHCRP     | ECPI Children's Rights Leaders Price Index        |
| GALPHCRR Index   | .GALPHCRR     | ECPI Children's Rights Leaders Total Return Index |
| GALPHCRN Index   | .GALPHCRN     | ECPI Children's Rights Leaders 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 <sub>0</sub>        | Selection Date of the new constituents               | 1st Friday of Jan, Jul                              |
| T <sub>1</sub>        | Equal Weight Reference Date                          | 3rd Monday of Jan, Jul                              |
| T <sub>2</sub>        | Proforma Period                                      | 4 days of Proforma, starting 3rd Monday of Jan, Jul |
| T <sub>3</sub>        | 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.

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

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

Firstly, companies involved in "baseline" controversial activities as defined below are not included in the Investable Equity Universe:

- **Controversial Weapons** (Cluster Bombs, Antipersonnel Landmines, Nuclear Weapons, Biological Weapons): a company producing controversial weapons is considered "Not Eligible" regardless of the amount of revenues generated by the sale of these products.
- **Tobacco**: a company producing tobacco products or products that are instrumental for the sale of tobacco products, or distributing tobacco products, is considered "Not Eligible" if revenues originated from this business activity are greater than 2% of total sales.
- **Coal Extraction**: company involved in the mining of coal is considered "Not Eligible" if revenues originated from this business activity are greater than 5% of total sales.
- **Coal Power Generation**: company involved in coal-based electricity generation is considered "Not Eligible" if revenues originated from this business activity are greater than 50% of total sales.

as well as the following "index specific" controversial activities:

- **Alcohol**: a company involved in the production, promotion and the distribution of alcoholic products is considered "Not Eligible" if revenues originated from this business activity are greater than 2% of total sales.
- **Gambling**: a company involved sports betting, betting centres, gambling and casinos and gambling machine manufacturing is considered "Not Eligible" if revenues originated from this business activity are greater than 2% of total sales.
- **Armaments**: a company involved in the production of firearms for the consumer market or goods and services for the military sector and to the Ministry of Defence and its offices for the purpose of military objectives, is considered "Not Eligible" if revenues originated from this business activity are greater than 2% of total sales.
- **Nuclear Power Generation**: a company involved in the production of nuclear energy, in the construction of nuclear plants, in the supply of products or components used for the construction or maintenance of nuclear plants, in the extraction or distribution of uranium, is considered "Not Eligible" if revenues originated from this business activity are greater than 2% of total sales.
- **Pornography**: a company involved in the production of pornographic material and distribution of pornographic material is considered "Not Eligible" regardless of the amount of revenues generated by the sale of these products.

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

- Junk food production

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:
  - i. UN Global Compact
  - ii. UN Guiding Principles on Business and Human Rights (UNGPs)
  - iii. OECD Guidelines for Multinational Enterprises (as far as relevant)
  - iv. ILO Conventions
 are excluded

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 E- to EEE) 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

| 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

## INDEX 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.

# Versions

| VERSION | EFFECTIVE DATE | CHANGES                          |
|---------|----------------|----------------------------------|
| 3.0.1   | 30 June 2023   | Ungrouping Index Family          |
| 3.0.2   | 1 May 2024     | Verification and quality of data |
| 3.0.3   | 1 January 2025 | Exclusion criterion: Coal        |
|         |                |                                  |

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

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Item 1. Name of the benchmark administrator.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | STOXX                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Item 2. Type of benchmark or family of benchmarks.                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Equity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Item 3. Name of the benchmark or family of benchmarks.                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | ECPI Circular Economy Leaders Equity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Item 4. Does the benchmark methodology for the benchmark or family of benchmarks take into account ESG factors?                                                                                                                                                                                                                                                                                                                                                                                                              | <input checked="" type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>NO</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <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. Please explain how those ESG factors are used for the selection, weighting or exclusion of underlying assets.<br/>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><b>Selection:</b></p> <ul style="list-style-type: none"> <li>Overall ECPI ESG Rating must be E- or higher</li> </ul> <p><b>Exclusion:</b></p> <ul style="list-style-type: none"> <li>Companies involved in systematic violations of the UN Global Compact are excluded (ESG Rating = F)</li> <li>Mining of thermal coal, and coking coal; generation of electricity from coal</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| (b) List of social factors considered:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <p><b>Selection:</b></p> <ul style="list-style-type: none"> <li>Overall ECPI ESG Rating must be E- or higher</li> </ul> <p><b>Exclusion:</b></p> <ul style="list-style-type: none"> <li>Companies involved in systematic violations of the UN Global Compact are excluded (ESG Rating = F)</li> </ul> <p>Production of:</p> <ul style="list-style-type: none"> <li>Tobacco</li> <li>Alcohol</li> <li>Weapons</li> <li>Gambling</li> <li>Pornography</li> <li>Nuclear Energy</li> <li>Breast milk substitute producers</li> </ul> <p>Controversial business practices involvement:</p> <ul style="list-style-type: none"> <li>Child labour</li> <li>Junk food production</li> <li>Access to Medicine worst performers</li> <li>Corruption</li> <li>Violation of human and labour rights</li> <li>Violation of environmental legislation</li> </ul> |
| (c) List of governance factors considered:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <p><b>Selection:</b></p> <ul style="list-style-type: none"> <li>Overall ECPI ESG Rating must be E- or higher</li> </ul> <p><b>Exclusion:</b></p> <ul style="list-style-type: none"> <li>Companies involved in systematic violations of the UN Global Compact are excluded (ESG Rating = F)</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Hyperlink to the information on ESG factors for each benchmark:                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <a href="https://ecpigroup.com/wp-content/uploads/rules/GALPHCRP_Benchmark_Statement.pdf">https://ecpigroup.com/wp-content/uploads/rules/GALPHCRP_Benchmark_Statement.pdf</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

| Item 7. Data and standards used                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>(a) Data input.</b><br/><i>(i) Describe whether the data are reported, modelled or sourced internally or externally.</i><br/><i>(ii) Where the data are reported, modelled or sourced externally, please name the third party data provider.</i></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"> <li>• Company annual reports</li> <li>• Company sustainability reports, environmental reports, CSR reports or similar</li> <li>• Company websites</li> <li>• Regulatory data (from the regulators in the country/countries where the company is incorporated and/or listed)</li> <li>• Information providers and search engines</li> <li>• Media and news services (including newsletters from local and international institutions and NGOs).</li> <li>• Screening of company’s participation in international institutions</li> <li>• Screening of company’s certifications</li> <li>• Screening of company’s awards</li> <li>• Thematic websites promoted by international non-profit organizations</li> <li>• 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</li> </ul> |
| <p><b>(b) Verification and quality of data.</b><br/><i>Describe how data are verified and how the quality of those data is ensured.</i></p>                                                                                                                | <p>The ESG data is sourced externally, from ECPI, the ESG research provider. ECPI delivers ESG scores and ratings information as well as involvement in controversial sectors of activity and an assessment regarding the UNGC principles. For details on ECPI ESG research, please refer to <a href="#">ECPI ESG Methodology Document</a>.</p> <p>The provider has been selected by the Administrator based on an assessment of its existing processes to ensure the reliability and representativeness of the ESG-related data. The data provider has established processes in accordance with accepted and established market standards that ensure the permanent quality and reliability of the ESG-data provided.</p> <p>The verification and quality of data are checked both externally and internally by automated and manual quality assurance processes.</p> <p>The quality assurance process includes:</p> <ul style="list-style-type: none"> <li>• Systematic peer review for all issuers that are newly assessed</li> <li>• Systematic peer review for all significant changes during the annual update</li> <li>• Periodic spot checks for certain high-risk industries/issue areas by research leads</li> <li>• Periodic data comparison with third-party sources, including government and industry databases</li> </ul>                                                                                            |
| <p><b>(c) Reference standards</b><br/><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 (<a href="http://www.unglobalcompact.org">www.unglobalcompact.org</a>), the Global Reporting Initiative (<a href="http://www.globalreporting.org">www.globalreporting.org</a>) and UN PRI (<a href="http://www.unpri.org">www.unpri.org</a>).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <p><b>Date on which information has been last updated and reason for the update:</b></p>                                                                                                                                                                   | <p>1 January 2025</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

# CONTACTS

Index Dept.

[ecpi.indices@iss-stoxx.com](mailto:ecpi.indices@iss-stoxx.com)

[www.ecpigroup.com](http://www.ecpigroup.com)

Bloomberg: ECPS

## Disclaimer

This document has been prepared ECPI S.r.l., a company organized and existing under the laws of Italy, with registered office P.zza Velasca 5, Room 708 – 20122 Milan, Italy ("ECPI") as part of their internal research activity.

The information provided herein and, in particular, the data contained in this document are taken from information available to the public. All information contained herein is obtained from sources believed by it to be accurate and reliable. While the opinions and information contained in this document are based on public sources believed to be reliable and in good faith, ECPI have not independently verified the accuracy of such public sources. Because of the possibility of human, technical or whatsoever kind of similar error, however, such information is provided "as is" without warranty of any kind and ECPI, in particular, makes no representation or warranty, whether express or implicit, as to the fairness, accuracy, timeliness, completeness, merchantability and/or fitness of any such information and opinions contained in this document.

Accordingly, neither ECPI nor any of their respective directors, managers, officers or employees shall be held liable for whatever reason (including, without limitation, liability in negligence) for any loss (including consequential loss), expense, consequential, special, incidental, direct or indirect or similar damage, whether or not advised of the possibility of such damage, in connection with the fairness, accuracy, timeliness, completeness, merchantability and/or fitness of the information and opinions contained in this document and/or arising from any use or performance of this document or its contents or otherwise arising in connection with this document.

Any opinions, forecasts or estimates contained herein constitute a high-level information statement only valid as at the date of its release. There can be no assurance that the evolution of the information contained herein and/or any future events will be consistent with such opinions, forecasts or estimates. Any information herein is at any time subject to change, update or amendment subsequently to the date of this document, with no undertaking by ECPI to notify such change, update or amendment.

This document is not, nor may it be construed as to constitute a recommendation to make any kind of investment decision or an offer for sale or subscription of or a solicitation of any offer to buy or subscribe for any financial instrument. Accordingly, this document may not be used as a solicitation or an offer for sale or subscription, and any solicitation or offer shall be made only in accordance with all applicable laws and regulation, including, whenever applicable, the filing of a prospectus with the relevant authorities. ECPI is not a financial advisor subject to special authorization and thus do not provide formal financial advice in the area of investment nor perform any asset management activity. ECPI recommends to potential investors wishing to be provided with formal financial advice in the area of investment to contact a financial advisor duly authorized by the competent regulatory authority of its country. ECPI publishes research on a regular basis. This publication has been prepared on behalf of ECPI solely for information purposes. All the information contained herein is copyrighted in the name of ECPI, and none of such information may be copied or otherwise reproduced, except for personal use only, further transmitted, transferred, published, disseminated, redistributed or resold, in whole or in part, in any form or manner or by any means whatsoever, by any person without ECPI's prior written consent.