

# ECPI GLOBAL ESG RECOVERY INDEX

RULE BOOK

January 2025  
Version 3.0.3

**ECPI Srl is part of STOXX**

## MARKET REALTY

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.

## INDEX FAMILY IDENTIFIERS

BLOOMBERG TICKER	REFINITIV RIC	INDEX NAME
GALPHRFP Index	.GALPHRFP	ECPI Global ESG Recovery Price Index
GALPHRFR Index	.GALPHRFR	ECPI Global ESG Recovery Total Return Index
GALPHRFN Index	.GALPHRFN	ECPI Global ESG Recovery Net Return Index
GALPHRRD Index	.GALPHRRD	ECPI Global ESG Recovery Net Return Index 3.5% Decrement

# 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 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 E- to EEE) 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"):

## Index Initial Universe:

1. It belongs to the thematic universes 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. Company has a positive ECPI ESG Rating (from E- to EEE).
6. The following Normative & Controversy Screening is applied:
  - o Companies with a poor ESG profile (ESG Rating = F) are excluded.
  - o 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 Conventionsare excluded.
7. Companies involved in "baseline" controversial activities as defined below are excluded from the Investable Equity Universe:
  - a. **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.
  - b. **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 (threshold considered for "Distributors" is 5%).
  - c. **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.
  - d. **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.
8. Exposure to Europe: For non-European companies, at least 20% of revenues in Europe

## INDEX SELECTION

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.

# 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 Global ESG Recovery 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. 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> <li>• Production of controversial weapons (Nuclear, Biological, Chemical, Cluster Munitions, Mines) and/or their essential components</li> <li>• Production of tobacco, products that contain tobacco</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/GALPHRFP_Benchmark_Statement.pdf">https://ecpigroup.com/wp-content/uploads/rules/GALPHRFP_Benchmark_Statement.pdf</a>

Item 7. Data and standards used	
<p>(a) Data input. <i>(i) Describe whether the data are reported, modelled or sourced internally or externally.</i> <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) Verification and quality of data. <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>(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 (<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>Date on which information has been last updated and reason for the update:</p>	<p>1 January 2025</p>

# CONTACTS

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Bloomberg: ECPS

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