

ECPI - INDEX RULES - EQUITY INDICES

ECPI Global Clean Tech Equity Index

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1. INTRODUCTION

The present document defines the rules for the calculation and management of the ECPI Global Clean Tech Equity Index. The Index Rules are available on ECPI website, www.ecpindices.com, and on ECPI Bloomberg page, ECPS <GO>.

RENEWABLE ENERGY & CLEAN TECHNOLOGIES: THE BACKGROUND

The time of oil and gas shortages is near to come and, as a result, obtaining energy from alternative sources has become increasingly important: the global boom in renewable energy is underway and it is set to continue.

Overall, strong growth rates are forecasted for "clean energy sources". Markets are expected to grow from USD 16 Bio in global revenues in 2004 to more than USD 100 Bio by 2014 according to a report released by Clean Edge, an energy research and publishing firm.

By burning fossil fuels such as coal, gas and oil and by clearing forests human beings have dramatically increased the amount of carbon dioxide in the Earth's atmosphere and thus temperatures are increasingly rising. According to the Intergovernmental Panel on Climate Change (IPCC)[2], this era of global warming "is unlikely to be entirely natural in origin" and "the balance of evidence suggests a discernible human influence of the global climate".

Climate change represents an issue human being can impact and must address.

The human response to climate change will give an impulse to economic growth and will positively impact several economic and financial activities. The need to increase energy capacity, while simultaneously reducing dependence on hydrocarbons, will cause radical restructuring in the years ahead (the so called "energy revolution") that may prove fundamental to economic growth. Renewable Energy and Clean Technologies are set to be one of the leading themes in the economic and financial developments of the coming years.

The ECPI Clean Technology Index is built to ease access to this important investment opportunity.

INDEX COSTRUCTION

The ECPI Clean Technology Index includes global companies that aim at providing near-term solutions to current energy and environmental issues while offsetting the longer-term impacts of climate change through renewable energy and clean technologies.

Sector Validation

Constituent Universe includes Companies belonging to the Energy Alternate Sources industry group and Companies deriving at least 20% of their revenues from the following business lines: Solar Power, Bioenergy, Wind Power, Hydro Power, Tidal and Wave Power, Geothermal Power, Fuel Cells, Hydrogen Generation Storage, Air Pollution Control, Alternative Waste Technologies, Environmental Consulting, Environmental Monitoring, Non-Hazardous Waste Disposal, Pollution Control, Power Conversion/Supply Equipment, Recycling.

Liquidity Screens

Min Market Cap: USD 200 mio

Min Avg daily value traded (6 months): USD 5 mio

2. GUIDING PRINCIPLES

The ECPI Alpha Equity Indices are constructed and maintained according to the following principles:

ESG-rated Companies

The index is representative of the positively/highest ESG-rated companies according to the proprietary ECPI ESG Rating Methodology.

Investability and Replicability

The index should be capable of being replicated by reference to securities of reasonable size and liquidity.

Disciplined Approach

The index is constructed and managed using a set of principles, rules and guidelines. This approach is followed to maintain the attributes of stability, diversification across industries and securities and accurate respect of the ESG Rating Methodology.

Transparency

The index is built and maintained using clear and pre-defined rules in the public domain. The index is published on a daily basis through a variety of well known financial services providers.

Independence and Objectivity

The index is based on independent and objective content decisions. ECPI believes in an open dialogue with its clients, considering with objectivity their suggestions to enhance the index provision. By analyzing all the feedback received by its clients, ECPI takes independently the final decision in order to preserve the quality of the index.

3. ELIGIBILITY FOR THE ECPI GLOBAL CLEAN TECH EQUITY INDEX

The ECPI Global Clean Tech Equity Index is designed to provide exposure to companies belonging to clean technologies and renewable energies sectors expected to benefit from the climate change related challenges.

The index is capitalization weighted with a 5% cap and is rebalanced annually on the third Friday of June.

To be eligible for the ECPI Global Clean Tech 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 sectors/industries:

Energy Alternate Sources
Solar Power
Bioenergy
Wind Power
HydroPower
Tidal and Wave Power
Geothermal Power
Fuel Cells
Hydrogen Generation Storage
Air Pollution Control
Alternative Waste Technologies
Environmental Consulting
Environmental Monitoring
Non-Hazardous Waste Disposal
Pollution Control
Power Conversion/Supply Equipment
Recycling

2. it is listed on the Global Developed Markets as defined in [Appendix A](#)
3. the issuer of the stock must have a minimum market capitalization of € 200 million
4. the average daily traded value of the stock over the last 6 months shall be equivalent to a minimum of € 1 million

Additionally, the ECPI Clean Tech Equity Index has to meet the following criteria (selection order):

5. **Revenues Criteria** - the ECPI Global Clean Tech Equity Index will be composed of all eligible stocks 1) belonging to the Energy Alternate Sources sector or 2) deriving at least 20% of their revenues from the industries listed in point 1) above.
6. **Stock Diversification Criteria** - the ECPI Global Clean Tech Equity Index will be composed of all eligible stocks selected in descending order of market capitalization

4. INDEX REVIEW

Annually, on the Reference Date immediately preceding the relevant Rebalance Date, stocks will be selected in accordance with the criteria described above (paragraph 3) as new constituents of the ECPI Global Clean Tech Equity Index.

As a consequence, if a constituent company is downgraded between two consecutive review dates so that it doesn't satisfy the eligibility criteria any more, it will be replaced on the immediately following review date.

Buffer Rule

- 1) for all index 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 € 180 million and a minimum liquidity of € 800 thousand.

“Reference Date” means the last business day of May.

“Rebalance Date” means the third Friday of June provided that if such day is not a Scheduled Trading Day the Rebalance Date shall be the next succeeding Scheduled Trading Day.

In the event that the scheduled Rebalance Date is a Disrupted Day, the Rebalance Date for such rebalancing will be the next succeeding Scheduled Trading Day which is not a Disrupted Day.

5. CALCULATION METHOD

At the Reference Date, the number of shares of each stock will be determined so that every stock is equally weighted. This number of shares will be effective starting from the immediately following Rebalance Date.

From that moment till the following Rebalance Date, the number of shares will be fixed and constituent weights will vary according to price changes (see [Paragraph 6](#), “Adjustments for Corporate Actions”, for details on possible share changes).

5.1 Calculation Frequency

The Index is calculated and published daily, on a next day basis.

Calendar for the Index calculation is the TARGET calendar.

5.2 Prices

The Index end-of-day calculations use official closing prices from the relevant exchanges of the constituent stocks.

Such prices shall be converted into euro using the relevant GMT WM Reuters Currency cross rates.

5.3 Index Calculation Algorithm

The closing price of securities is converted into Euro and the index is then calculated using the algorithm described below.

The price index is calculated as follows:

$$I(P)_t = I(P)_{t-1} * \frac{\sum_1^n (P_{i,t} N_i)}{\sum_1^n P_{i,t-1} N_i}$$

Where

$I(P)_t$ = price index on day t

$P_{i,t}$ = official closing price in Euro for stock i on day t

N_i = number of shares for stock i

n = number of index constituents

The gross (net) total return index is calculated as follows:

$$I(TR)_t = I(TR)_{t-1} * \left(\frac{\sum_1^i P_{i,t} N_i + \sum_1^n D_{i,t} N_i}{\sum_1^n P_{i,t-1} * N_i} \right)$$

Where

$I(TR)_t$ = total return index on day t

$P_{i,t}$ = official closing price in Euro for stock i on day t

$D_{i,t}$ = gross (net) dividend in Euro for stock i on the ex-dividend date t

N_i = number of shares for stock i

n = number of index constituents

Note:

The **Official Closing Price** shall be intended as the official closing price for the stock on the relevant Exchange. The price shall be in Euro or converted into Euro using the foreign exchange spot rate, as defined above.

See [Appendix B](#) for Dividend Withholding Tax Rates used for the calculation of Net Dividends.

6. ADJUSTMENTS FOR CORPORATE ACTIONS

Corporate Action	Adjustment made to Index	Divisor Adjustment
Dividends	Dividends are reinvested in the Index	Unchanged
Special Dividends/Return of Capital	Price of the stock making the special dividend payment is reduced by the per share special dividend amount after the close of trading on the day before the dividend ex-date. Cash from the special dividend is reinvested in the index	Yes
Stock Dividends/Bonus Issues	No weight change. This event is characterized by a free distribution of new shares to existing shareholders on a pro rata basis. Market Prices and number of shares of securities are adjusted accordingly.	Unchanged
Share Issuance or Repurchase	None	Unchanged
Spin-Off	The price is adjusted to Price of the parent company minus (price of the spun-off company/share exchange ratio). Index shares change so that the company's weight remains the same.	Unchanged
Stock Split/Reverse Split/Consolidations	Company shares are multiplied by and the price is divided by the split factor.	Unchanged
Rights Offering	Price is adjusted to the price of parent company minus (price of the rights offering/rights ratio). Index shares change so that the company's weight remains the same.	Unchanged
Delisting, acquisition or any corporate action resulting in the displacement of a stock	When a constituent company is acquired or merged or displaced for any other reason, its shares are removed from the index. The company will be replaced at the next rebalancing.	Yes

APPENDIX A: GLOBAL DEVELOPED MARKETS

Global Developed Markets
Australia
Austria
Belgium
Canada
Denmark
Finland
France
Germany
Greece
Hong Kong
Ireland
Israel
Italy
Japan
Netherlands
New Zealand
Norway
Portugal
Singapore
Spain
Sweden
Switzerland
United Kingdom
Usa

APPENDIX B: DIVIDEND WITHHOLDING TAXES

Country Name	Country Iso	Taxation
Austria	AT	0,25
Australia	AU	0,3
Belgium	BE	0,25
Bermuda	BM	0
Brazil	BR	0
Canada	CA	0,25
Switzerland	CH	0,35
Chile	CL	0,2169
China	CN	0
Czech	CZ	0,15
Germany	DE	0,26375
Denmark	DK	0,28
Spain	ES	0,19
Finland	FI	0,28
France	FR	0,25
Great Britain	GB	0
Greece	GR	0,1
Hong Kong	HK	0
Hungary	HU	0
Indonesia	ID	0,2
Ireland	IE	0,2
India	IN	0
Iceland	IS	0,15
Italy	IT	0,27
Japan	JP	0,07
South Korea	KR	0,22
Luxembourg	LU	0,15
Mexico	MX	0
Netherlands	NL	0,15
Norway	NO	0,25
New Zealand	NZ	0,15
Philippines	PH	0,3
Poland	PL	0,19
Portugal	PT	0,2
Russia	RU	0,15
Sweden	SE	0,3
Singapore	SG	0
Thailand	TH	0,1
Taiwan	TW	0,2
Usa	US	0,3
South Africa	ZA	0

APPENDIX C: DEFINITIONS

“Index Constituent” or “Constituent” means any security comprised in the index, provided that on any Reference Date and in the relevant Rebalance Period, Constituent shall include any stock which will be included in the index as of the next Rebalance Date at the end of such Rebalance Period.

“Rebalance Period” is the timeframe between Reference Date and Rebalance Date.

“Exchange” and “Related Exchange” means each exchange on which any Index Constituent is, in the determination of ECPI, principally traded.

“Scheduled Trading Day” means any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading session.

“Disrupted Day” means any Scheduled Trading Day on which: (i) a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session; or (ii) a Market Disruption Event has occurred.

“Market Disruption Event” means the occurrence, in respect of the Index Constituent of:

1. a Trading Disruption
2. an Exchange Disruption;
3. an Early Closure;

where the aggregate of all Index Constituents in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs, comprises 20 per cent or more of the aggregate number of all Index Constituents for which the Exchange and Related Exchange were scheduled to be open for trading for its regular trading session on such day.

“Trading Disruption” means any suspension of or limitation imposed on trading by the Relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Relevant Exchange and Related Exchange or otherwise.

“Exchange Disruption” means any event that disrupts or impairs (as determined by the ECPI) the ability of market participants in general (i) to effect transaction in, or obtain market values for the Index Constituents.

“Early Closure” means the closure on any Exchange Business Day of the Relevant Exchange or any Related Exchange prior to its Scheduled Closing Time.

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