INDEX RULES

ECPI GLOBAL CARBON LIQUID EQUITY INDEX

FEBRUARY 2018

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INTRODUCTION

The present document defines the rules for the calculation and management of the ECPI Global Carbon Liquid Equity Index.

The Index Rules and Index Constituents are available on ECPI's website, www.ecpigroup.com, and/or can be requested at indices@ecpindices.com.

The Index values are available on Bloomberg with the following identifiers:

BLOOMBERG TICKER	INDEX NAME
CARBONLP Index	ECPI Global Carbon Liquid Price Index
CARBONLR Index	ECPI Global Carbon Liquid Total Return Index
CARBONLN Index	ECPI Global Carbon Liquid Net Return Index

The ECPI Global Carbon Liquid Equity Index offers investors liquid exposure to companies from carbon-intensive sectors that are best equipped to deal with a world of rising carbon emissions and tougher climate legislation.
Selects companies demonstrate superior carbon management strategies and low carbon intensity levels compared to their peers. These companies are not only likely to prosper in the future but may also cause a significant drop in global atmospheric CO_2.

The carbon-intensive sectors were selected on the basis of publicly available carbon emissions data. Sources of information included company documents, information providers, and relevant reports.
Companies composing the index are selected from the following GICS Industry:

CODE	INDUSTRY	CODE	INDUSTRY
101010	Energy Equipment & Services	201050	Industrial Conglomerates
101020	Oil, Gas & Consumable Fuels	201060	Machinery
151010	Chemicals	201070	Trading Companies & Distributors
151020	Construction Materials	203010	Air Freight & Logistics
151030	Containers & Packaging	203020	Airlines
151040	Metals & Mining	203030	Marine
151050	Paper & Forest Products	203040	Road & Rail
201010	Aerospace & Defense	203050	Transportation Infrastructure
201020	Building Products	551010	Electric Utilities
201030	Construction & Engineering	551020	Gas Utilities
201040	Electrical Equipment	551030	Multi-Utilities

Please refer to appendix D for industry classification.

Index components are selected on the basis of their:

- **ESG Rating**
  Any companies not attaining a positive ESG Rating according to the ECPI Methodology are excluded.

- **Carbon Intensity**
  Firms are then screened for their carbon intensity. It amounts to the sum of a company's direct and indirect emissions divided by its sales.
  The screen aims to filter out firms with carbon intensity higher than their peer-group average.

GUIDING PRINCIPLES OF ECPI INDICES

ECPI 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.

- **Investible and Replicable**
  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 and the respect of the ESG investment approach.

- **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 from its clients, ECPI takes the final decision independently in order to preserve the quality of the index.

ELIGIBILITY CRITERIA

The ECPI Global Carbon Liquid Equity Index is designed to provide exposure to positive ECPI ESG-rated tradable companies from carbon-intensive sectors such as Utilities, Basic Materials, Industrial and Energy that are best equipped to deal with a world of rising carbon emissions and tougher climate legislation.

The index is equally weighted and rebalanced semi-annually on the third Friday of January and July.

To be eligible for inclusion in the ECPI Global Carbon Liquid 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 Sub industries using GICS Classification:
   - Energy Equipment & Services
   - Oil, Gas & Consumable Fuels
   - Chemicals
   - Construction Materials
   - Containers & Packaging
   - Metals & Mining
   - Paper & Forest Products
   - Aerospace & Defense
   - Building Products
   - Construction & Engineering
   - Electrical Equipment
   - Industrial Conglomerates
   - Machinery
   - Trading Companies & Distributors
   - Air Freight & Logistics
   - Airlines
   - Marine
   - Road & Rail
   - Transportation Infrastructure
   - Electric Utilities
   - Gas Utilities
   - Multi-Utilities
2. it belongs to the Global Developed Markets as defined in Appendix A
3. it has a positive ECPI ESG Rating (from EEE to E-)
4. it has a lower Carbon Intensity within the peer-group
5. the issuer of the stock must have a minimum market capitalization of € 1 billion
6. the average daily traded value of the stock over the last 6 months shall be equivalent to a minimum of € 10 million

SELECTION

The index constituents are selected under the diversification constraints specified below:

1. **Selection Order** – the ECPI Global Carbon Equity Index will be composed of stocks selected in descending order of Carbon Intensity and subsequently of market capitalization
2. **Stock Diversification Criteria** – for each sub-industry a maximum of 5 companies is selected

REVIEW

Semi-Annually, on the Reference Date[1] immediately preceding the relevant Rebalance Date[2], stocks will be selected in accordance with the criteria described above (”Eligibility Criteria”) as new constituents of the 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 rebalance date.

COMMUNICATION DATE

ECPI will send the client the review file containing the new index composition and related changes on communication date. The review file will indicate the selected securities and the relevant exchange.

REVIEW TIMETABLE		
TIME REFERENCE	**ACTION**	**WHEN**
t_0	Selection of the new constituents	1st Friday of Jan, Jul
t_1	Communication of the new constituent	1st Friday of Jan, Jul
t_2	Effective Date: the new index is effective	3rd Friday (closing) of Jan, Jul

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 € 800 million and a minimum liquidity of € 8 million.

[1] “Reference Date” means the first Friday of January and July.

[2] “Rebalance Date” means the third Friday of January and July, provided that if such day is not a Scheduled Trading Day the Rebalance Date shall be the next 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 Scheduled Trading Day which is not a Disrupted Day.

CALCULATION METHOD

On the Communication Date, the number of shares of each stock will be communicated: the number of shares will be effective from the opening of the relevant Rebalance Date.

From that moment till (but excluding) 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).

CALCULATION FREQUENCY

The Index is calculated and published daily, on a next day basis.
The only days the index is not calculated are on days when all exchanges where index’s constituents are listed are officially closed.

If a calculation date is a Disrupted Day (see Appendix C) for some of the Index Constituents, the calculation Agent will calculate the closing price of the indices based on (1) the closing prices published by the exchange, or (2) if no closing price is available, the last regular trade reported for each stock before the exchange closed. In all cases, the prices will be from the primary exchange for each stock in the index. If an exchange fails to open due to unforeseen circumstances, the index will use the prior day’s closing prices. If all exchanges fail to open, the calculation Agent may determine not to publish the index for that day.

PRICES AND CURRENCY CONVERSION

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 4pm GMT WM Reuters Currency cross rates, Mid rate.

The closing prices shall be converted into EURO using the formula:

$$P_{i,t} = \frac{P^{o}{}_{i,t}}{FX_{i,t}}$$

Where
$P^{o}{}_{i,t}$ = official closing price for stock i as of day t
$FX_{i,t}$ = 4pm GMT WM Reuters Currency cross rate with respect to EURO, Mid rate, for stock i as of day t. For the avoidance of doubt, this rate represents the number of units in the currency in which the relevant stock i is quoted or traded on the relevant Exchange which could be exchanged with one unit of euro
$P_{i,t}$ = official closing price for stock i converted into EURO as of day t

INDEX CALCULATION ALGORITHM

The index is equally weighted and is calculated by S&P Dow Jones Indices. The index is calculated by means of the divisor methodology used in all S&P Dow Jones Indices equity indices.

For more information on the Index calculation methodology, please refer to the Equal Weighted Indices section of S&P Dow Jones Indices Index Mathematics Methodology.

The following is an extract of S&P Dow Jones Indices Index Mathematics Methodology for Equal Weighted Indices:

Definition

An equal weighted index is one where every stock has the same weight in the index, and a portfolio that tracks the index will invest an equal dollar amount in each security. As stock prices move, the weights will shift and exact equality will be lost. Therefore, an equal weighted index must be rebalanced from time to time to re-establish the proper weighting. (In contrast, a cap-weighted index requires no rebalancing as long as there aren’t any changes to share counts, IWFs, returns of capital, or stocks added or deleted.)

The overall approach to calculate equal weighted indices is the same as in the cap-weighted indices; however, the constituents' market values are re-defined to be values that will achieve equal weighting at each rebalancing. Recall two basic formulae:

$$Index\ Level = \frac{Index\ Market\ Value}{Divisor}$$

$$Index\ Market\ Value = \sum_i P_i * Shares_i * IWF_i$$

To calculate an equal weighted index, the market capitalization for each stock used in the calculation of the index is redefined so that each index constituent has an equal weight in the index at each rebalancing date. In addition to being the product of the stock price, the stock's shares outstanding, and the stock's float factor (IWF), as written above – and the exchange rate when applicable – a new adjustment factor is also introduced in the market capitalization calculation to establish equal weighting.

$$AdjustedStock\ Market\ Value_i = P_i * Shares_i * IWF_i * FxRate_i * AWF_i$$

where AWF_i is the adjustment factor of stock $_i$ assigned at each index rebalancing date, t, which makes all index constituents modified market capitalization equal (and, therefore, equal weight), while maintaining the total market value of the overall index. The AWF for each index constituent, $_i$, at rebalancing date, t, is calculated by:

$$AWF_{i,t} = \frac{Z}{N * FloatAdjustedMarketValue_{i,t}}$$

where N is the number of stocks in the index and Z is an index specific constant set for the purpose of deriving the AWF and, therefore, each stock's share count used in the index calculation (often referred to as modified index shares).

The index divisor is defined based on the index level and market value from equation (13). The index level is not altered by index rebalancings. However, since prices and outstanding shares will have changed since the last rebalancing, the divisor will change at the rebalancing.

So:

$$(Divisor)_{after\ rebalancing} = \frac{(Index\ Market\ Value)_{after\ rebalancing}}{(Index\ Value)_{before\ rebalancing}}$$

$$Index\ Market\ Value = \sum_i P_i * Shares_i * IWF_i * FxRate_i * AWF_i$$

Total Return and Net Return Indices

Each index will have a total return counterpart, which assumes dividends are reinvested in the index after the close on the ex-date S&P Dow Jones Indices calculates daily return series using both gross and net cash dividends reinvested. Net return reinvested is reflective of the return to an investor where dividends are reinvested after the deduction of withholding tax. The tax rate applied is the rate to non-resident institutions that do not benefit from double taxation treaties.

For more information on the tax rates used in the calculation of net return indices, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document located under the Resource Center on the Web site, www.spdji.com.

Please refer to the S&P Dow Jones Indices Index Mathematics Methodology document for more information on total return calculations.

ADJUSTMENTS FOR CORPORATE ACTIONS

Corporate actions are treated by the index agent, S&P Dow Jones Indices, according to S&P Dow Jones Indices' Corporate Actions Policies & Practices Methodology.

The following is an extract of S&P Dow Jones Indices Index Mathematics Methodology for Equal Weighted Indices:

The tables on the following page show the necessary adjustments to the index and the divisor for managing an equal weighted index. One key issue is how to handle events when one stock is replaced by another. Given that stock prices move all the time, the index is only truly equally weighted at the rebalancing. Therefore, when stocks are added or deleted either the new stock must assume the actual weight of the old stock or the entire index must be rebalanced. Since index rebalancing generates trading costs for tracker funds, the design decision is usually made to have a new stock assume the weight of the stock being dropped until the next rebalancing.
However, this is not always the case and may vary by index family.

CORPORATE ACTION	INDEX ADJUSTMENT	DIVISOR ADJUSTMENT
Constituent change – even number of adds and drops	The company entering the index goes in at the weight of the company coming out. This weight is used to compute the adjusted weight factor of the added stock, using Equation 15. If a company is being removed at a price of 0.00, the replacement goes in at the weight of the deleted company at the close on the day before the effective date. If more than one company is being replaced in the index on a single date, the replacements would be in the order stated in the press release for the parent index change.	No
Constituent change – deletion only	The weights of all stocks in the index will change, due to the absolute change in the number of index constituents. Relative weights will stay the same.	Yes
Share changes between quarterly share adjustments	None. The adjustment factor is changed to keep the index weight the same.	No
Quarterly share changes	There is no direct adjustment.	No
Spin-off	The price is adjusted to the Price of the Parent Company minus (the Price of Spin-off company/Share Exchange Ratio). The adjustment factor changes to maintain the weight to be the same as the company had before the spin-off.	No
Rights Offering	The price is adjusted to the Price of the Parent Company minus (the Price of Rights Offering/Rights Ratio). The adjustment factor changes to maintain the weight to be the same as the company had before the rights offering.	No
Stock Split	Shares are multiplied by and the price is divided by the split factor.	No
Share Issuance or Share Repurchase	None.	No
Special Dividends	The 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 ex-date.	A divisor adjustment is made to ensure the index level remains the same.

For more information on Corporate Actions, please refer to the S&P Dow Jones Indices / Equity Indices Policies & Practice document located under the Resources Center on the website www.spdji.com

RETROSPECTIVE CHANGES TO PREVIOUSLY PUBLISHED INDEX VALUES

The ECPI Index Methodology does not allow retrospective changes to previously published index values (“**Backfilling**”). Divisor corrections, index input changes due to late dividend announcements and other similar adjustments are not considered “backfilling”. No backfilling of index level or index composition is allowed. Only material errors in Index Calculation can justify the need to restate the index level, in which case adequate publicity must be provided to it.

ECPI ESG SCREENING METHODOLOGY AND RATING

ECPI research process follows an objective, rigorous and disciplined proprietary methodology that translates qualitative data into quantitative indicators, assigning to each issuer an Environmental, Social and Governance (**ESG**) score and a rating.

ECPI uses a rule-based non-discretionary approach considering approximately 100 key performance indicators to evaluate an issuer’s environmental, social and governance sustainability.

ECPI evaluates companies in the following areas

PUBLIC INFORMATION SOURCES				
	7	Environmental Strategy and Policy	**ENVIRONMENTAL** **Score max 60** **Rating (9 notches)** **F=>EEE**	**ESG RATING** **Score max 120** **Rating (9 notches)** **F => EEE**
	13	Environmental Management		
	3/4	Products - sector specific		
	6/11	Production Process - sector specific		
	9	Employees and Human Capital	**SOCIAL & GOVERNANCE** **Score max 60** **Rating (9 notches)** **F=>EEE**	
	12	Community Relations		
	11	Markets		
	19	Corporate Governance & Shareholders		

The traditional pillars of ESG scrutiny are the following:

“E” Environmental strategy, policy and management system. Industry-specific environmental impact of production processes and products.

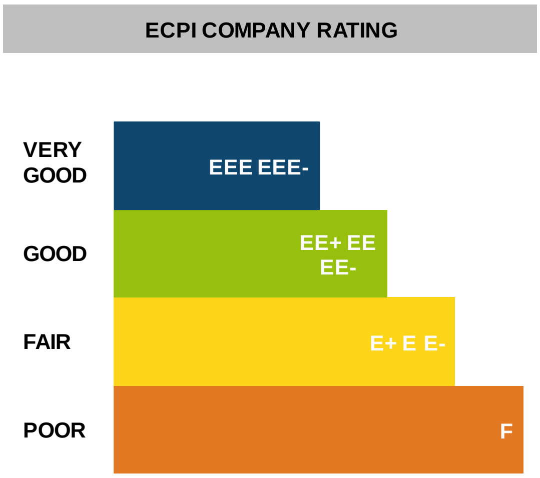
“S” Social strategy and policy: assessing the quality of the company’s relationships with its stakeholders (customers, competitors, employees, management, public agencies and regulators, shareholders, creditors, local government and international institutions), market positioning and competitor analysis.

“G” Governance structure: assessing both market and internal management issues, identifying the structure of the company’s governing bodies, its main operating characteristics, as well as the political and regulatory/legal specifics of the firm’s country of affiliation.

The analysis produces a score and a rating. A company’s overall rating is the sum of the scores from each indicator; the higher the final score, the higher the final rating.

ECPI's proprietary rating scale ranges from "F" to "EEE", along 9 notches.

RATING	LEVEL	DEFINITION
EEE EEE-	Very good	The company shows an **innovative** long-term strategic attitude, **strong** operational management practices and **proactive** actions to tackle social and environmental needs.
EE+ EE EE-	Good	The company shows a **clear** long-term strategic attitude, **sound** operational management practices and **positive** actions to tackle social and environmental needs.
E+ E E-	Fair	The company shows a **basic** long-term strategic attitude, **standard** operational management practices and/or **average** actions to tackle social and environmental needs.
F	Poor	The company shows a **poor** long-term strategic attitude, **weak** operational management practices and/or **ineffective-negative** actions to tackle social and environmental needs.



COMPLIANCE STATEMENT

ECPI Group keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units ECPI group may have information that is not available to other business units.

ECPI Group has established policies and procedures that prohibit constituents to its indices to be included in an index on the basis of payment volunteered from them.

APPENDIX A: GLOBAL DEVELOPED MARKETS

GLOBAL DEVELOPED MARKETS
Australia
Austria
Belgium
Canada
Denmark
Finland
France
Germany
Greece
Hong Kong
Ireland
Israel
Italy
Japan
Luxembourg
Netherlands
New Zealand
Norway
Portugal
Singapore
Spain
Sweden
Switzerland
United Kingdom
USA

APPENDIX B: DIVIDEND WITHHOLDING TAXES

COUNTRY NAME	TAXATION
Argentina	0%
Australia	30%
Austria	27.50%
Bahrain	0%
Bangladesh	20%
Belgium	30%
Bosnia	5%
Botswana	7.50%
Brazil	0%
Brazil (Interest on Capital)	15%
Bulgaria	5%
Cambodia	14%
Canada	25%
Chile	35%
China (Mainland Incorporated)	10%
China (Offshore Incorporated)	0%
Colombia	5%
Côte d'Ivoire	10%
Croatia	12%
Cyprus	0%
Czech Republic	35%
Denmark	27%
Ecuador	0%
Egypt	10%
Estonia	0%
Finland	30%
France	30%
Georgia	5%
Germany	26.375%
Ghana	8%
Greece	15%
Hong Kong	0%
Hungary	0%
Iceland	18%
India	0%
Indonesia	20%
Ireland	20%
Israel	25%
Italy	26%
Jamaica	33.33%
Japan	20.42%
Jordan	0%
Kazakhstan	15%
Kenya	10%
Kuwait	0%
Latvia	0%
Lebanon	10%
Lithuania	15%
Luxembourg	15%

COUNTRY NAME	TAXATION
Macedonia	10%
Malaysia	0%
Malaysia REITs	10%
Malta	0%
Mauritius	0%
Mexico	10%
Mexico REITs3	30%
Morocco	15%
Namibia	20%
Netherlands	15%
New Zealand	30%
Nigeria	10%
Norway	25%
Oman	0%
Pakistan	15%
Panama	10%
Peru	5%
Philippines	30%
Poland	19%
Portugal	25%
Qatar	0%
Romania	16%
Russia	15%
Saudi Arabia	5%
Serbia	20%
Singapore	0%
Singapore REITs	10%
Slovakia	0%
Slovenia	15%
South Africa	20%
South Korea	22%
Spain	19%
Sri Lanka	14%
Sweden	30%
Switzerland	35%
Taiwan	20%
Thailand	10%
Trinidad & Tobago	10%
Tunisia	5%
Turkey	15%
U.K. Corporations	0%
U.K. REITS	20%
U.S.	30%
Ukraine	15%
United Arab Emirates	0%
Venezuela	34%
Vietnam	0%
Zambia	15%

Data as of 1 September 2017

APPENDIX C: DEFINITIONS

Index Constituent or **Constituent**
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
It is the timeframe between Reference Date and Rebalance Date.

Exchange and **Related Exchange**
Each exchange on which any Index Constituent is, in the determination of ECPI, principally traded.

Scheduled Trading Day
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
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
The occurrence, in respect of the Index Constituent of:

- a Trading Disruption
- an Exchange Disruption
- 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
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
Any event that disrupts or impairs the ability of market participants in general to effect transaction in, or obtain market values for the Index Constituents.

Early Closure
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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