

FTSE ECPI ITALIA SRI INDEX SERIES

Sustainable and Responsible Investment (SRI) strategies are gaining strength and market share globally as the risks and opportunities related to the impact companies have on the environment and society become increasingly apparent. Therefore, assessing the Environmental, Social, and Governance (ESG) performance of a business are of vital importance to investors. How well a company addresses its ESG issues – from treatment of staff, suppliers or shareholders to the environmental impact or governance standards – can be indicators of quality and management and how well placed it is to deliver long-term shareholder value.

The FTSE ECPI Italia SRI Index Series is designed to create a family of benchmark and tradable indices for the Italian market that tracks the performance of companies following leading ESG practices.

MEETING THE NEEDS OF INVESTORS

The FTSE ECPI Italia SRI Index Series appeal to a broad range of institutional and retail investors who are looking to invest in Italian companies with strong ESG performance. The indices are a helpful tool in incorporating ESG issues into investments, can be used for benchmarking ESG fund performance and as the basis of investment products such as index tracking funds and structured notes.

CONSTRUCTION OF INDICES

Eligible Universe/Financial Criteria

All large and mid cap stocks (100 in total) that are included in the FTSE Italia All-Share are eligible for inclusion in the FTSE ECPI Italia SRI indices. The FTSE ECPI Italia SRI indices therefore incorporate the investibility requirements of the eligible universe such as size, liquidity, and free-float.

ESG Rating and Ranking

ECPI conducts regular reviews of all public documentation (e.g. annual reports, websites, sustainability reports, corporate filings) for the eligible companies. This information is analysed to produce an ESG rating (see sidebar), which is used to rank the companies in the universe and construct the indices.

Index Composition

There are two indices in the series:

FTSE ECPI ITALIA SRI BENCHMARK INDEX

The index is a broad benchmark composed of ordinary stocks issued by companies that demonstrate good ESG practice. All eligible companies will be given one of nine ESG rankings from EEE (highest) to F (lowest). All companies ranked E+ and above will be included. The index is weighted according to free-float adjusted market-cap and is also capped to reduce the concentration of large constituents.

FTSE ECPI ITALIA SRI LEADERS INDEX

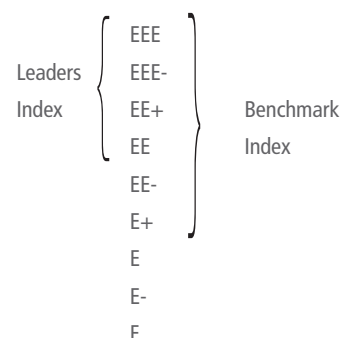
FTSE ECPI Italia SRI Leaders Index is composed of a selected basket of Italian companies showing excellent ESG rating. Only stocks rated EE or above, according to ECPI, will be included. The index will be equally weighted to ensure homogeneous exposure to all Italian ESG Leaders.

FTSE ECPI ITALIA SRI INDEX SERIES INCLUSION CRITERIA

The index inclusion criteria measure the quality of a company's environmental and social performance and corporate governance structure through a series of measures in these areas:

- Environmental Strategy and Policy
- Environmental Management
- Products (industry specific)
- Production Process (industry specific)
- Community Relations
- Employees and Human Capital
- Markets
- Corporate Governance & Shareholders

The output is a rating from "EEE" to "F," along 9 notches:



All research and rating of companies is carried out by ECPI.

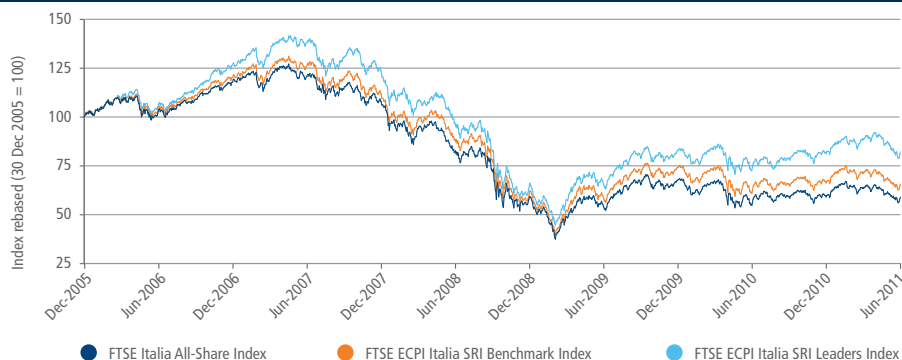
INFORMATION

For further details on the FTSE ECPI Italia SRI Index Series please visit: www.ftse.com

Vendor Codes

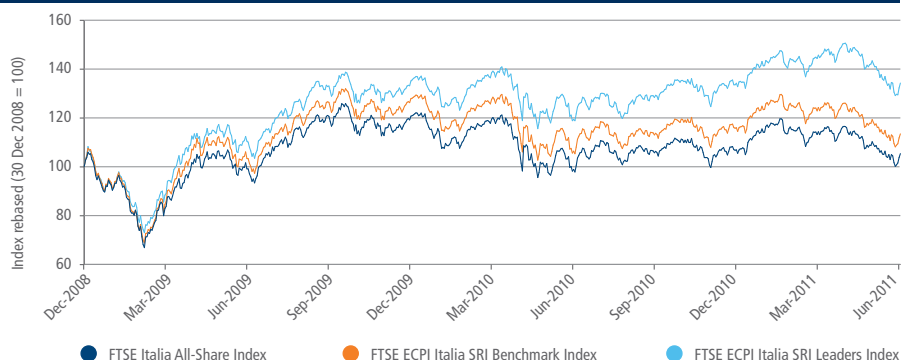
- Bloomberg
- FTSE ECPI Benchmark: FTECP
 - FTSE ECPI Leaders: FTECPL

FTSE ECPI ITALIA SRI INDEX SERIES EVOLUTION IN 2006-2011



SOURCE: FTSE Group, data as at 30 June 2011

FTSE ECPI ITALIA SRI INDEX SERIES EVOLUTION IN 2009-2011



SOURCE: FTSE Group, data as at 30 June 2011

FTSE ECPI ITALIA SRI INDEX SERIES PERFORMANCE AND VOLATILITY

	FTSE Italia All-Share	FTSE Italia AS Capped	FTSE MIB	FTSE ECPI Benchmark	FTSE ECPI Leaders
Annual Performance					
2006	17.9%	19.2%	16.0%	20.1%	26.4%
2007	-7.3%	-8.1%	-7.0%	-5.6%	-0.7%
2008	-48.8%	-49.0%	-49.5%	-49.0%	-51.3%
2009	19.2%	23.1%	19.5%	26.2%	33.2%
2010	-11.5%	-8.8%	-13.2%	-9.3%	-0.3%
YTD 2011	-0.1%	-0.4%	0.1%	-0.9%	1.1%
Annual Volatility*					
2006	12.6%	12.6%	13.1%	12.8%	12.6%
2007	14.7%	14.5%	15.3%	15.2%	14.6%
2008	36.7%	34.1%	37.9%	34.2%	31.5%
2009	29.1%	28.1%	31.0%	29.1%	27.3%
2010	24.2%	23.2%	25.6%	23.3%	21.1%
YTD 2011	18.2%	17.7%	19.3%	18.1%	16.2%

SOURCE: FTSE Group, data as at 30 June 2011

*annualised over a year with 252 trading days

INDEX PORTFOLIO CHARACTERISTICS

	FTSE ECPI Italia SRI Index	FTSE ECPI Italia SRI Leaders Index
Number of Constituents	54	24
Index Market Cap (EURm)	157,960	165,981
Constituent Sizes (Index Market Cap EURm)		
Average	2,925	6,916
Largest	15,345	7,884
Smallest	121	5,614
Median	842	6,942
Weight of Largest Constituent (%)	9.71	4.75
Top 10 Holdings (% Index Market Cap)	60.49	44.46

SOURCE: FTSE Group, data as at 30 June 2011

INDEX FEATURES

FTSE ECPI Italia SRI Benchmark Index

- The index consists of ordinary stocks issued by companies that have been screened for size and liquidity which are listed on the MTA market of Borsa Italiana (BIt)
- The eligible universe for the index is the FTSE MIB Index plus the FTSE Italia Mid Cap Index (a total of 100 stocks)
- Stocks whose issuer is ranked E+ or above by ECPI are included in the index
- A capped methodology, which is UCITS compliant, reduces concentration of large constituents
- Capital and total return indices available
- The index is reviewed quarterly, at the normal FTSE Italia Index Series dates
- Base is set at 20,000 at 19 Dec 2008

FTSE ECPI Italia SRI Leaders Index

- The index consists of ordinary stocks issued by companies that have been screened for size and liquidity which are listed on the MTA market of Borsa Italiana (BIt)
- The eligible universe for the index is the FTSE ECPI Italia ESG Benchmark
- Stocks whose issuer is ranked EE or above by ECPI are included in the index
- The index is equally weighted
- Capital and total return indices available
- The index is reviewed quarterly, at the normal FTSE Italia Index Series dates
- Base is set at 20,000 at 19 Dec 2008

PARTNERS



ECPI is a leading, independent provider of sustainability rating and indexing solutions.

Since 1997, its ESG ratings and indices have helped investors integrate values, sustainability and non-traditional risk factors into mainstream quantitative financial analysis.

To find out more see www.ecpigroup.com

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