

FTSE ENVIRONMENTAL OPPORTUNITIES ALL-SHARE INDEX CRITERIA

The FTSE Environmental Opportunities All-Share Index measures the performance of global companies that have significant involvement in environmental technology (ET) and environmental business activities. Aligned with the FTSE ET50 Index, the FTSE Environmental Opportunities All-Share Index provides investors with a broader benchmark index of over 450 constituents globally that have at least 20% of their business derived from environmental markets and technologies.

The FTSE Environmental Opportunities All-Share Index has been developed in collaboration with Impax Asset Management and under the direction of the independent FTSE Environmental Technology Committee, further enhancing FTSE's suite of Responsible Investment indices and providing investors with an increasing set of robust responsible investment tools.

FTSE ENVIRONMENTAL OPPORTUNITIES ALL-SHARE INDEX CONSTRUCTION

Please see ground rules for full details.

Identify Index Universe

Global environmental technology companies are identified by Impax Asset Management as those businesses whose activities provide value-added solutions to environmental problems, falling into one of the three categories below:

- Alternative Energy & Energy Efficiency e.g. wind turbine and solar manufacturers
- Water Technologies & Pollution Control e.g. filtration, purification & separation technology companies
- Waste Technologies & Resource Management e.g. production using recycled material

Impax Asset Management's selections are then approved by FTSE's Environmental Technology Advisory Committee.



Environmental Opportunity Analysis

Impax Asset Management then conduct analysis on each of the selected companies. This will involve the consideration of each of the following parameters:

- (1) Environmental technology revenues versus total revenues
- (2) Environmental technology-invested capital versus total invested capital
- (3) Net income of environmental technology business versus total net income of company

A company will be considered an environmental opportunity company if any of the three parameters is greater than 20%.



Apply FTSE liquidity and free float methodology

FTSE liquidity screen is applied to the free-float adjusted companies.



FTSE Environmental Opportunities All-Share Index

All eligible companies that meet FTSE's liquidity and free-float requirements are included within the index.

ABOUT IMPAX ASSET MANAGEMENT

Impax is a specialist investment manager in the environmental sector with over US\$1.9 billion under management across a range of funds investing in quoted securities and private equity.

The firm was founded in 1994 as a specialist finance house focusing on the markets for cleaner or more efficient delivery of basic services of energy, water and waste. These markets are expanding rapidly, as business and political leaders encourage the development of cleaner products and services in response to the increasing pressures placed on the environment.

Impax's dedicated team of professionals, with many years of experience in the financial and environmental sectors, is ideally placed to understand and take advantage of the investment opportunities arising from these growing markets.

For more information, please visit www.impax.co.uk

ABOUT THE FTSE ENVIRONMENTAL TECHNOLOGY ADVISORY COMMITTEE

FTSE has set up an independent committee of clean tech and investment professionals, who will govern both the research and management of the FTSE Environmental Opportunities All-Share Index.

The Chair is Winston Hickox, an industry leader with unparalleled experience in environmental policy, regulation and environmental investing. Mr Hickox designed and implemented CalPERS environmental investment mandates, served as the Chair of the California Market Advisory Committee and is the former Secretary of the State of California Environmental Protection Agency (Cal/EPA).

The independent members of the Committee include:

- Winston Hickox** - Chair
- David Russell** - Head of Responsible Investment, USS
- Eric Borremans** - Head of Sustainable & Responsible Investments, BNP Paribas
- Mark Thompson** - Director in Equity Research, Canaccord Adams

FTSE and Impax representatives also attend the meetings in an ex-officio capacity.

Examples of activities and sub-sectors that fit with the environmental technology theme are listed below:

Alternative Energy & Energy Efficiency: Using cleaner and more efficient methods to produce energy thus reducing pollutant emissions and addressing global environmental problems. It does not include the activity of using conventional fossil fuel or nuclear power generation technologies. The main technologies that are part of the ET universe are:

Wind turbine manufacturing	Companies manufacturing wind power generation technologies.
Solar manufacturers and integrators	Companies across the photovoltaic (PV) cell and the solar value-chain including manufacturers, distributors and installers.
Renewable energy developers and independent power producers (IPPs)	Companies involved in the development and operation of renewable energy power generation (including hydro power).
Biofuels	Companies that produce biofuels, including bioethanol and biodiesel, which are derived from plant materials and renewable resources such as vegetable oils, animal fats, or other types of biomass. They are particularly suited to the transport sector where they can be blended with the conventional fuels.
Meters and demand side management	Companies manufacturing or installing advanced meters to allow remote reading and facilitate efficient delivery of electricity and gas as well as promoting demand side management.
Industrial energy efficiency	Companies offering products with superior energy efficiency characteristics for the use of electricity and heat.
Buildings energy efficiency	Companies involved in the manufacturing and/or provision of insulation materials and energy efficient lighting.
Transport energy efficiency	Companies that deliver improved efficiency and emissions profile of the transport sector with emerging technologies such as hybrids, natural gas engines and electric vehicles.
Businesses related to the trading of carbon and other environmental assets	Companies which generate investment returns from creating, trading and profiting from carbon credits and other environmental assets such as sulphur dioxide.
Fuel cells & hydrogen	Companies involved in the manufacture and deployment of fuel cells which produce electricity for stationary, portable and mobile applications. In addition companies involved in related hydrogen generation, distribution and deployment.

Water Technologies & Pollution Control: employing clean technologies to reduce the contamination of air, water and soil to address local and regional environmental problems. The regulated activity of using conventional technology and infrastructure for water distribution (ie water utilities) is also included. The main technologies and activities that are part of the ET universe are:

Water infrastructure companies	Companies supplying products (eg pumps, valves, actuators, hydrants) to improve water infrastructure and meet environmental requirements.
Water utilities	Companies owning and operating water treatment and supply infrastructure.
Multi-technology water treatment companies	Companies offering water environmental treatment technology (membranes, UV, desalination, filtration, ion exchange etc) to the municipal and industrial markets.
Sulphur dioxide (SO₂), nitrous oxides (NOx) and other air pollution control technologies	Companies manufacturing, installing or providing sulphur dioxide, nitrous oxide and other air pollution control technologies.
Environmental testing and gas sensing	Companies providing environmental testing services to allow clients to comply with environmental legislation.

Waste Technologies & Resource Management: are those with technologies and services to support recycling, sustainable waste management, and environmental planning. Conventional waste management, involving waste collection and haulage to landfill disposal sites, is also included in this group. These companies are addressing environmental resource issues. The main technologies and investment areas are:

Recycling equipment and systems	Companies providing recycling equipment and system services. This includes shredders, sorters, reverse-vending machines, collection and registration systems, logistics and materials processing.
Commodity recycling	Companies involved in commodity recycling. Key recycling markets include metals, plastics, oils, paper and aggregates.
Integrated waste management	Companies providing integrated waste management solutions to maximise the value extracted from the waste stream through reuse, recycling and energy recovery. Includes waste collection and disposal.
Hazardous waste management	Companies involved in the processing and treatment of pollutants such as clinical waste, batteries, end of life vehicles (ELV), electronic equipment (e-waste) and radioactive waste.
Environmental consultancy companies	Companies providing environmental consultancy services.

FOR FURTHER INFORMATION VISIT WWW.FTSE.COM, EMAIL INFO@FTSE.COM OR CALL YOUR LOCAL FTSE OFFICE:

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