

Methodology of CSI Jinsinan Climate Friendly Index

CSI Jinsinan Climate Friendly Index is customized by Shanghai Jinsinan Institute of Finance. The index selects 100 securities of listed firms whose business involves climate-friendly economic activities. The index is to measure the price performance of companies which have a positive impact on climate change.

1. Index Name and Index Code

- Index Name: CSI Jinsinan Climate Friendly Index
- Shortened Name: SHJIF Climate Friendly
- Index Code: 932074

2. Base Date and Base Value

The base date is June 30, 2017. The base value is 1000.

3. Index Eligibility

3.1 Index Universe

Same as the Universe of CSI All Share Index

3.2 Eligible Securities

Liquidity Criteria: securities ranked in the top 90% in the index universe in terms of average daily trading value over the past year in descending order are eligible for inclusion.

3.3 Constituents Selection

(1) For the eligible securities, select the securities with ESG ratings above B as candidates.

(2) For the candidate securities above, securities involved in the following business are selected as the candidates:

- Carbon emission reduction category: clean energy, green buildings, green transportation, green industry, etc.;

- Carbon sink category: ecological restoration, landscaping, etc.;
- Climate adaptation category: agriculture, forestry, animal husbandry and fishery, climate insurance, etc.

(3) Allocate the constituent numbers among three categories, including 85 in the Carbon emission reduction category, 10 in Climate adaptation category, and 5 in the Carbon sink category.

(4) For the candidate securities above, calculate the percentage ranking in ascending order in terms of average daily total market capitalization over the last year and the green revenue proportion in the last year; the average of the above two indicators is used as the composite score; 100 securities with high composite scores are selected as the index constituents according to the allocated constituent numbers of each category.

4. Index Calculations

The index is calculated according to the following formula:

Current Index = Current Total Adjusted Market-Cap / Divisor × Base Value

Where Current Total Adjusted Market-Cap = \sum (Security Price × Number of Free Float Adjusted Shares × Weight Factor)

For the calculation of number of free float adjusted shares, please refer to CSI Index Calculation and Maintenance Methodology for further details. The value of Weight Factor is between 0 and 1, so that the weight of the constituent is capped at 5%.

5. Constituents and Index Weights Adjustment

5.1 Constituent's Periodical Review

The index is adjusted and rebalanced semi-annually and the adjustment will be effective as of the next trading day after the 2nd Friday in June and December.

Weight Factor is assigned to each constituent at each rebalancing date. The effective date is the same as that of the constituent adjustment. The Weight Factor stays the same until next rebalancing date.

5.2 Ongoing Review

When special events occur, CSI will review the index accordingly. Delisted securities will be deleted from the constituents. Please refer to Index Calculation and Maintenance Methodology for further details.