

Ground Rules



FTSE Custom All-World ESG Low Carbon Index Series

v1.1

The FTSE Custom All-World ESG Low Carbon index series is not, and is not intended to be, used by supervised entities in the European Union or the United Kingdom and accordingly, the European Benchmark Regulation* and the UK Benchmark Regulation# do not apply to the index. Consequently, supervised entities within the European Union and the United Kingdom are not permitted to use the index as a benchmark as set out in article 3(1)(7) of the European Benchmark Regulation.

For the avoidance of doubt, neither FTSE International Limited nor any other member of the London Stock Exchange Group plc group of companies, is the benchmark administrator (as defined in article 3(1)(6) of the European Benchmark Regulation) of the index.

* [*Regulation \(EU\) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds*](#)

[*The Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019 \(which amends the European benchmark regulation in the United Kingdom\)*](#)

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Section 1

Introduction

1.0 Introduction

- 1.1 This document sets out the Ground Rules for the construction and management of the FTSE Custom All-World ESG Low Carbon Index Series. Copies of these Ground Rules are available from www.ftserussell.com.
- 1.2 These Ground Rules should be read in conjunction with:
- FTSE Global Equity Index Series Ground Rules
 - FTSE Global Factor Index Series Ground Rules
- and the Corporate Actions and Events Guide for Market Capitalisation and Non Market Capitalisation Weighted Indices which are available at www.ftserussell.com.
- 1.3 Price and Total Return Indices will be calculated on an end of day basis.
- 1.4 The base currency of all indices is US Dollars (USD). Index values may also be published in other currencies.
- 1.5 The FTSE Custom All-World ESG Low Carbon Index Series takes account of ESG factors in its index design (See Section 4).
- 1.6 **FTSE Russell**
- FTSE Russell is a trading name of FTSE International Limited, Frank Russell Company, FTSE Global Debt Capital Markets Limited (and its subsidiaries FTSE Global Debt Capital Markets Inc. and FTSE Fixed Income Europe Limited), FTSE Fixed Income LLC, The Yield Book Inc and Beyond Ratings.
- 1.7 FTSE Russell hereby notifies users of the index series that it is possible that circumstances, including external events beyond the control of FTSE Russell, may necessitate changes to, or the cessation of, the index series and therefore, any financial contracts or other financial instruments that reference the index series or investment funds which use the benchmark to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index series.
- 1.8 Index users who choose to follow this index series or to buy products that claim to follow this index should assess the merits of the index series' rules-based methodology and take independent investment advice before investing their own or client funds. No liability whether as a result of

negligence or otherwise is accepted by FTSE Russell for any losses, damages, claims and expenses suffered by any person as a result of:

- any reliance on these Ground Rules, and/or
- any inaccuracies in these Ground Rules, and/or
- any non-application or misapplication of the policies or procedures described in these Ground Rules, and/or
- any inaccuracies in the compilation of the index series or any constituent data.



Section 2

Management Responsibilities

2.0 Management Responsibilities

2.1 FTSE International Limited (FTSE)

2.1.1 FTSE is the benchmark administrator of the index series.¹

2.1.2 FTSE is responsible for the daily calculation, production and operation of the index and will:

- maintain records of the index weightings of all constituents;
- make changes to the constituents and their weightings in accordance with the Ground Rules;
- carry out the periodic reviews of the index series and apply the changes resulting from the reviews as required by the Ground Rules;
- publish changes to the constituent weightings resulting from their ongoing maintenance and the periodic reviews;
- disseminate the index series.

2.1.3 These Ground Rules set out the methodology and provide information about the publication of the FTSE Custom All-World ESG Low Carbon Index Series.

2.2 Amendments to these Ground Rules

2.2.1 These Ground Rules shall be subject to regular review (at least once a year) by FTSE Russell to ensure that they continue to best reflect the aims of the index series. Any proposals for significant amendments to these Ground Rules will be subject to consultation with FTSE Russell advisory committees and other stakeholders if appropriate. The feedback from these consultations will be considered by the FTSE Russell Index Governance Board before approval is granted.

2.2.2 As provided for in the Statement of Principles for FTSE Russell Equity Indices, where FTSE Russell determines that the Ground Rules are silent or do not specifically and unambiguously apply to the subject matter of any decision, any decision shall be based as far as practical on the Statement of Principles. After making any such determination, FTSE Russell shall advise the market of its decision at the earliest opportunity. Any such treatment will not be considered as an exception or change to the

¹ FTSE is not the benchmark administrator of the Index Series as the term administrator is defined in the [IOSCO Principles for Financial Benchmarks](#) and [Regulation \(EU\) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds](#) (the European Benchmark Regulation) and [The Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019](#) (the UK Benchmark Regulation).

Ground Rules, or to set a precedent for future action, but FTSE Russell will consider whether the Ground Rules should subsequently be updated to provide greater clarity.

Section 3

FTSE Russell Index Policies

3.0 FTSE Russell Index Policies

These Ground Rules should be read in conjunction with the following policy documents which can be accessed using the links below:

3.1 Corporate Actions and Events Guide

- 3.2 Full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate Actions and Events Guide for Market Capitalisation and Non-Market Cap Weighted Indices using the following link:

[Corporate Actions and Events Guide for Market Cap Weighted Indices.pdf](#)
[Corporate Actions and Events Guide for Non Market Cap Weighted Indices.pdf](#)

3.3 Statement of Principles for FTSE Russell Equity Indices (the Statement of Principles)

Indices need to keep abreast of changing markets and the Ground Rules cannot anticipate every eventuality. Where the Ground Rules do not fully cover a specific event or development, FTSE Russell will determine the appropriate treatment by reference to the Statement of Principles which summarises the ethos underlying FTSE Russell's approach to index construction. The Statement of Principles is reviewed annually and any changes proposed by FTSE Russell are presented to the FTSE Russell Policy Advisory Board for discussion before approval by FTSE Russell's Index Governance Board.

The Statement of Principles can be accessed using the following link:

[Statement of Principles.pdf](#)

3.4 Queries and Complaints

- 3.4.1 FTSE Russell's complaints procedure can be accessed using the following link:

[Benchmark Determination Complaints Handling Policy.pdf](#)

3.5 Index Policy for Trading Halts and Market Closures

- 3.5.1 Guidance for the treatment of index changes in the event of trading halts or market closures can be found using the following link:

[Index Policy for Trading Halts and Market Closures.pdf](#)

3.6 **Index Policy in the Event Clients are Unable to Trade a Market or a Security**

3.6.1 Details of FTSE Russell's treatment can be accessed using the following link:

[Index Policy in the Event Clients are Unable to Trade a Market or a Security.pdf](#)

3.7 **Recalculation Policy and Guidelines**

3.7.1 Where an inaccuracy is identified, FTSE Russell will follow the steps set out in the FTSE Russell Index Recalculation Guidelines when determining whether an index or index series should be recalculated and/or associated data products reissued. Users of the FTSE Custom All-World ESG Low Carbon Index will be notified through appropriate media.

For further information refer to the FTSE Russell Recalculation Policy and Guidelines document which is available from the FTSE Russell website using the link below or by contacting info@ftserussell.com.

[Recalculation_Policy_and_Guidelines_Equity_Indices.pdf](#)

3.8 **Recalculation Policy and Guidelines – Sustainable Investment Data and Scores**

Where an inaccuracy in an ESG data product is identified, FTSE Russell will follow the guidelines set out in this document when determining if an Sustainable Investment Data Product should be recalculated.

[Recalculation Policy and Guidelines Sustainable Investment.pdf](#)

3.9 **Policy for Benchmark Methodology Changes**

3.9.1 Details of FTSE Russell's policy for making benchmark methodology changes can be accessed using the following link:

[Policy for Benchmark Methodology Changes.pdf](#)

3.10 **FTSE Russell Governance Framework**

3.10.1 To oversee its indices, FTSE Russell employs a governance framework that encompasses product, service and technology governance. The framework incorporates the London Stock Exchange Group's three lines of defence risk management framework and is designed to meet the requirements of the IOSCO Principles for Financial Benchmarks², the European benchmark regulation³ and the UK benchmark regulation⁴. The FTSE Russell Governance Framework can be accessed using the following link:

[FTSE_Russell_Governance_Framework.pdf](#)

² IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013

³ Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds

⁴ The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019

Section 4

Sustainable Investment Data Inputs

4.0 SI Data Inputs

- 4.1 Further information on SI data provided by FTSE Russell and third parties used in this index series can be found in the following guide:

[Guide to FTSE and Third Party Sustainable Investment Data used in FTSE Russell Indices](#)

The following Sustainable Investment datasets are used in the construction of the FTSE Custom All-World ESG Low Carbon Index Series

4.2 Operational Carbon Emissions

- 4.2.1 Section 5 sets out the definition and treatment of Operational Carbon Emissions Intensity.

4.3 FTSE ESG Scores

- 4.3.1 Further details on FTSE ESG Scores data can be found in the following guide

[Guide to FTSE and Third Party Sustainable Investment Data used in FTSE Russell Indices](#)

4.3.2 Sustainable Investment Metrics

- 4.3.3 Please see the FTSE Russell [Sustainable Investment Metrics](#) website for the scores and values of the environmental, social and governance (ESG) factors listed in Annex II to Delegated Regulation (EU) 2020/1816 which are taken into account in the benchmark methodology for the benchmarks within this index series.

Section 5

Operational Carbon Emissions Intensity

5.0 Operational Carbon Emissions Intensity

5.1 Operational Carbon Emissions Intensity (OE) Definition

Operational Carbon Emissions Intensity is defined as the latest annual CO2 equivalent greenhouse gas (GHG) emissions in metric tons scaled by annual sales (in USD). CO2 equivalent GHG emissions data is defined as GHG Protocol Scope 1 and 2 emissions. Annual sales data is sourced from Worldscope.

The data cut-off date for the availability of Operational Carbon Emissions Intensity is the close of business on the last business day of the month prior to the review month.

5.2 Z-Scores and Missing Data Treatment

5.2.1 Z-scores are calculated for Operational Carbon Emissions Intensity (OE).

5.2.2 Individual stock quantities are normalised cross-sectionally to create Z-Scores within each underlying universe according to:

$$Z_{F,i} = \frac{F_i - \mu_F}{\sigma_F} \quad \text{where} \quad F \in \{OE\} \quad (1)$$

where F_i is the F -quantity of the i^{th} stock and μ_F and σ_F are its cross-sectional factor mean and standard deviation respectively.

Z-Scores that are greater (less) than three (minus three) are truncated to a value of three (minus three). Post-truncation, individual Z-Scores are renormalized by the re-application of equation (1).

All Z-Scores, including truncated ones are included in this re-application. This process is repeated until all Z-Scores lie in a range between plus and minus three.

Stocks with missing data are excluded from this process.

5.2.3 Stocks with missing Operational Carbon Emissions Intensities are assigned the average Z-Score of their ICB sector. The average is taken across non missing Z-Scores of Operational Carbon Emissions Intensities in the sector at the process described in Rule 5.2.2. A Z-Score of zero is assigned when there are less than three stocks with Z-Scores in the ICB sector.

Section 6

Eligible Securities

6.0 Eligible Securities

- 6.1.1 The eligible securities of each Developed or Emerging sub-index are the constituents of the corresponding underlying index shown in Table 1. The All-World indices are composites of the sub-indices, as shown in table 2.

Table 1: Index Eligible Securities

Index Name	Underlying Index Universe	Index Type	Exclusion List applied
FTSE Custom All-World ESG Low Carbon Index	FTSE All-World Index	Composite	Exclusion list constructed and maintained by Rabobank
FTSE Custom Developed ESG Low Carbon Index	FTSE Developed Index	Sub-index	
FTSE Custom Emerging ESG Low Carbon Index	FTSE Emerging Index	Sub-index	
FTSE Custom All-World Exclusions Index	FTSE All-World Index	Composite	
FTSE Custom Developed Exclusions Index	FTSE Developed Index	Sub-index	
FTSE Custom Emerging Exclusions Index	FTSE Emerging Index	Sub-index	
FTSE Custom All-World Exclusions + ESG worst in class Index	FTSE All-World Index	Composite	
FTSE Custom Developed Exclusions + ESG worst in class Index	FTSE Developed Index	Sub-index	
FTSE Custom Emerging Exclusions + ESG worst in class Index	FTSE Emerging Index	Sub-index	

Index Name	Underlying Index Universe	Index Type	Exclusion List applied
FTSE Custom All-World Exclusions + Carbon Reduction Index	FTSE All-World Index	Composite	
FTSE Custom Developed Exclusions + Carbon Reduction Index	FTSE Developed Index	Sub-index	
FTSE Custom Emerging Exclusions + Carbon Reduction Index	FTSE Emerging Index	Sub-index	

6.1.2 All companies that are classified as “Excluded Companies” (see Rule 6.2) are excluded from the indices.

6.2 Excluded Companies

6.2.1 The FTSE Custom All-World ESG Low Carbon Index Series excludes companies that are included in a specific exclusion list sent to FTSE Russell by Achmea, on behalf of Rabobank, on the first Friday of the review month.

6.2.2 This exclusion is maintained by Rabobank and includes companies involved in Tobacco, Controversial weapons, Thermal coal and Tar sands, Norms-based exclusions, and State owned enterprises.

6.2.3 The custom exclusion list is delivered to FTSE Russell on a quarterly basis.

6.3 Exclusions using FTSE ESG scores and data model

6.3.1 For each of these four indices below, stocks which fall into the bottom 25% of the free-float adjusted market capitalisation of the underlying index universe when ordered by FTSE ESG scores are removed from the index.

FTSE Custom Developed ESG Low Carbon Index

FTSE Custom Emerging ESG Low Carbon Index

FTSE Custom Developed Exclusions + ESG worst in class Index

FTSE Custom Emerging Exclusions + ESG worst in class Index

6.3.2 This exclusion is applied iteratively, meaning the stock with the lowest ESG rating is removed until the cumulative weight of removed stocks reaches 25%. As such, the cumulative weight of stocks removed by the screen will typically be slightly higher than 25%.

6.3.3 Where two or more stocks have the same ESG rating, the stock with the largest free-float adjusted market capitalisation is removed first.

6.3.4 The exclusion list maintained by Rabobank set out in Section 6 are applied after the ESG screen.

6.3.5 Following the application of the ESG rating exclusions and Rabobank exclusions, the remaining constituents weights’ are re-weighted pro-rata.

6.4 Multiple Lines

6.4.1 All lines of the same company that are eligible securities are eligible for inclusion in the index.



Section 7

Periodic Review of Constituent Companies

7.0 Periodic Review of Constituent Companies

7.1 Review Dates

- 7.1.2 All indices in the FTSE Custom All-World ESG Low Carbon Index Series are reviewed semi-annually in March and September.
- 7.1.3 Index reviews will use FTSE ESG Scores and FTSE Carbon emissions data as of the last business day of the month prior to the review month (the data cut-off date). Index reviews will use stock prices available as at the close of business on the Wednesday before the first Friday of the review month (price cut-off date).
- 7.1.4 The review will be implemented after the close of business on the third Friday of the review month.
- 7.1.5 Index reviews will incorporate constituent changes associated with reviews of the underlying eligible universe as of the review effective date. Any changes to the status of "Excluded Companies" as defined in Section 6 are applied using data that is sent as at the close of business on the first Friday of the review month.

Section 8

Weighting Methodology

8.0 Weighting Methodology

8.1 Index Composite

- 8.1.1 The FTSE Custom All-World ESG Low Carbon Index Series consists of the composite and sub-indices shown in table 2; the weights of the sub-indices in each composite are also shown in the table.

Table 2: Composite Sub-Indices

Composite Index Names	Sub-index Names	Weight in Composite
FTSE Custom All-World ESG Low Carbon Index	FTSE Custom Developed ESG Low Carbon Index	80%
	FTSE Custom Emerging ESG Low Carbon Index	20%
FTSE Custom All-World Exclusions Index	FTSE Custom Developed Exclusions Index	80%
	FTSE Custom Emerging Exclusions Index	20%
FTSE Custom All-World Exclusions + ESG worst in class Index	FTSE Custom Developed Exclusions + ESG worst in class Index	80%
	FTSE Custom Emerging Exclusions + ESG worst in class Index	20%
FTSE Custom All-World Exclusions + Carbon Reduction Index	FTSE Custom Developed Exclusions + Carbon Reduction Index	80%
	FTSE Custom Emerging Exclusions + Carbon Reduction Index	20%

- 8.1.2 Each of the sub-indices is constructed separately as described in the succeeding sections and then combined to form the respective composite index.

8.2 Index Weights

- 8.2.1 The sub-indices shown in table 3 are constructed using the Target Exposure methodology with the targets and constraints set out in table 3. The constraints of the sub-indices are set such that when combined at the weights set out in table 2 the respective composite indices effectively has the targets and constraints shown in table 3.

8.2.2 The detailed construction methodology for Target Exposure indices is set out in the FTSE Global Factor Index Series Ground Rules. Unless stated in these Ground Rules, the relevant sub-indices will follow the standard process and rules for Target Exposure indices.

Table 3: Index Parameters

	Targets	Constraints						
Index	Index Operational Emissions*	Country	Industry	Max 2-Way T/O (%)**	Max Stock Weight (%)	Max Active Stock Weight (%)	Min Stock Weight (b.p.)	Review Month
FTSE Custom Developed ESG Low Carbon Index	87.52	+/-3.125%	+/-2.5%	15	6.25%	+/-2.5%	0.625	March & September
FTSE Custom Emerging ESG Low Carbon Index	87.52	+/-12.5%	+/-2.5%	40	25%	+/-10%	2.5	March & September
FTSE Custom All-World ESG Low Carbon Index***	87.52	+/-2.5%	+/-2.5%	N/A	5%	+/-2%	0.5	March & September
FTSE Custom Developed Exclusions + Carbon Reduction Index	87.52	+/-3.125%	+/-2.5%	15	6.25%	+/-2.5%	0.625	March & September
FTSE Custom Emerging Exclusions + Carbon Reduction Index	87.52	+/-12.5%	+/-2.5%	40	25%	+/-10%	2.5	March & September
FTSE Custom All-World Exclusions + Carbon Reduction Index***	87.52	+/-2.5%	+/-2.5%	N/A	5%	+/-2%	0.5	March & September

* Expressed in units of CO2 Metric Tons divided by USDm Revenue.

** Per review.

*** These are the resulting targets and constraints from the combination of the sub-indices.

Section 9

Changes to Constituent Companies

9.0 Changes to Constituent Companies

9.1 Intra-review Additions

- 9.1.1 Additions to the underlying indices will be considered for inclusion into the relevant index at the next semi-annual review.

9.2 Intra-review Deletions

- 9.2.1 A constituent will be removed from the FTSE Custom All-World ESG Low Carbon Index Series if it is removed from the relevant underlying universe, a minimum of two days' notice will be provided. The weight of the removed constituent will be distributed pro-rata amongst the remaining constituents in the relevant index.

9.3 Intra-review Changes to Exclusion Lists

- 9.3.1 A constituent will be removed from the FTSE Custom All-World ESG Low Carbon Index Series if it is added to a relevant exclusion list. The deletion will be concurrent with its addition to the exclusion list in conjunction with the semi-annual reviews in March and September and the quarterly updates effective after the close of business of the third Friday in June and December.
- 9.3.2 A stock that is removed from a relevant exclusion list will be considered for inclusion at the next semi-annual review.

Section 10

Corporate Actions and Events

10.0 Corporate Actions and Events

- 10.1 If a constituent has a stock split, stock consolidation, rights issue, bonus issue, a change in the number of shares in issue or a change in free-float (with the exception of tender offers), the constituent's weighting in the relevant FTSE Custom All-World ESG Low Carbon Index remains unchanged pre and post such an event.
- 10.2 The FTSE Custom All-World ESG Low Carbon target exposure indices will maintain the same Weight Adjustment Factors of the underlying indices and corporate actions will follow the Methodology guide for Non market capitalisation weighted Indices. For example: if a constituent of a FTSE Custom All-World ESG Low Carbon index acquires a constituent of the underlying Index but a FTSE Custom All-World ESG Low Carbon index non-constituent, the factors will merge based upon the underlying Index and the acquirer's weight will increase within the FTSE Custom All-World ESG Low Carbon index.

Index Name	Index Type
FTSE Custom All-World ESG Low Carbon Index	Target Exposure – Non Market Cap Weighted
FTSE Custom Developed ESG Low Carbon Index	Target Exposure – Non Market Cap Weighted
FTSE Custom Emerging ESG Low Carbon Index	Target Exposure – Non Market Cap Weighted
FTSE Custom All-World Exclusions Index	Market Cap Weighted
FTSE Custom Developed Exclusions Index	Market Cap Weighted

Index Name	Index Type
FTSE Custom Emerging Exclusions Index	Market Cap Weighted
FTSE Custom All-World Exclusions + ESG worst in class Index	Market Cap Weighted
FTSE Custom Developed Exclusions + ESG worst in class Index	Market Cap Weighted
FTSE Custom Emerging Exclusions + ESG worst in class Index	Market Cap Weighted
FTSE Custom All-World Exclusions + Carbon Reduction Index	Target Exposure – Non Market Cap Weighted
FTSE Custom Developed Exclusions + Carbon Reduction Index	Target Exposure – Non Market Cap Weighted
FTSE Custom Emerging Exclusions + Carbon Reduction Index	Target Exposure – Non Market Cap Weighted

- 10.3 Full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate Actions and Events Guide for Market Capitalisation and for Non Market Capitalisation Weighted Indices using the following links:

[Corporate Actions and Events Guide for Market Cap Weighted Indices.pdf](#)

[Corporate Actions and Events Guide for Non Market Cap Weighted Indices.pdf](#)

A Corporate ‘Action’ is an action on shareholders with a prescribed ex date. The share price will be subject to an adjustment on the ex date. These include the following:

- Capital Repayments
- Rights Issues/Entitlement Offers
- Stock Conversion
- Splits (sub-division) / Reverse splits (consolidation)
- Scrip issues (Capitalisation or Bonus Issue)

A Corporate ‘Event’ is a reaction to company news (event) that may impact the index depending on the index rules. For example, a company announces a strategic shareholder is offering to sell their shares (secondary share offer) – this could result in a free float weighting change in the index. Where an index adjustment is required FTSE Russell will provide notice advising of the timing of the change.

10.4 Suspension of Dealing

Suspension of Dealing rules can be found within the Corporate Actions and Events Guide for Non Market Capitalisation Weighted Indices.

10.5 **Takeovers, Mergers and Demergers**

The treatment of takeovers, mergers and demergers can be found within the Corporate Actions and Events Guide for Non Market Capitalisation Weighted Indices.

Section 11

Treatment of Dividends

11.0 Treatment of Dividends

- 11.1 Declared dividends are used to calculate the Standard Total Return Indices in the FTSE Custom All-World ESG Low Carbon Index Series. All dividends are applied as at the ex-div date.
- 11.2 Net of tax Total Return Indices are also calculated based on dividends received following deduction of withholding tax at the rates applicable to a UK pension fund that benefits from double-taxation treaties.

Withholding tax rates used in the net-of-tax indices can be accessed using the following link:

[Withholding Tax Service](#)

Please also refer to the FTSE Russell Withholding Tax Guide which can be accessed using the following link:

[FTSE_Russell_Withholding_Tax_Guide.pdf](#)

Section 12

Industry Classification Benchmark (ICB)

12.0 Industry Classification Benchmark (ICB)

12.1 Classification Structure

12.1.1 The FTSE Custom All-World ESG Low Carbon Index Series constituents are classified into Industries, Supersectors, Sectors and Subsectors, as defined by the Industry Classification Benchmark (ICB).

12.1.2 Details of the Industry Classification Benchmark are available from FTSE Russell and published on the FTSE Russell website (www.ftserussell.com) and can be accessed using the following link:

[Industry Classification Benchmark](#)



Section 13

Indices Algorithm and Calculation Method

13.0 Indices Algorithm and Calculation Method

13.1 Prices

13.1.1 The FTSE Custom All-World ESG Low Carbon Index Series uses actual closing mid-market or last trade prices, where available, for securities with local market quotations. Further details can be accessed using the following link:

[Closing Prices Used For Index Calculation.pdf](#)

13.2 Calculation Frequency

13.2.1 The FTSE Custom All-World ESG Low Carbon Index Series will be calculated on an end of day basis and displayed to eight decimal points.

13.3 Index Calculation

The FTSE Custom All-World ESG Low Carbon Index Series is calculated using the algorithm

13.3.1 described below:

$$\sum_{i=1}^N \frac{(p_i \times e_i \times s_i \times f_i \times c_i)}{d}$$

Where,

- $i=1,2,\dots,N$
- N is the number of securities in the index.
- p_i is the latest trade price of the component security (or the price at the close of the index on the previous day).
- e_i is the exchange rate required to convert the security's currency into the index's base currency.
- s_i is the number of shares in issue used by FTSE Russell for the security, as defined in these Ground Rules.
- f_i is the Investability Weighting Factor to be applied to a security to allow amendments to its weighting, expressed as a number between 0 and 1, where 1 represents a 100% free float. This factor is published by FTSE Russell for each security in the underlying index.

- c_i is the Weight Adjustment Factor (WAF) to be applied to a security to correctly weight that security in the index. This factor maps the investable market capitalisation of each stock to a notional market capitalisation for inclusion in the index.

d is the divisor, a figure that represents the total issued share capital of the Index at the base date. The divisor can be adjusted to allow changes in the issued share capital of individual securities to be made without distorting the index.



Appendix A: Further Information

A Glossary of Terms used in FTSE Russell's Ground Rule documents can be found using the following link [Glossary.pdf](#)

The FTSE Russell Sustainable Investment Metrics website can be found using the following link: [Sustainable Investment Metrics](#)

For further information on the FTSE Custom All-World ESG Low Carbon Index visit www.ftserussell.com or e-mail info@ftserussell.com. Contact details can also be found on this website.

Website: www.ftserussell.com

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