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# **FTSE Global Choice Index Series**

v3.4

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## Section 1

# Introduction

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### 1.0 Introduction

- 1.1 This document sets out the Ground Rules for the construction and management of the FTSE Global Choice Index Series. Copies of these Ground Rules are available from FTSE Russell.
- 1.2 The FTSE Global Choice Index Series is designed to represent the performance of FTSE Russell indices that exclude companies based on their involvement in specific products or conduct which can have negative impacts on society or the environment.
- 1.3 The FTSE Global Choice Index Series takes account of ESG factors in its index design. Please see further details in Section 4 and 5.
- 1.4 The FTSE Global Choice Index Series consists of the following indices:
  - FTSE Global All Cap Choice Index
  - FTSE Global All Cap ex US Choice Index
  - FTSE US All Cap Choice Index
  - FTSE Developed ex Australia Choice Index
  - FTSE Australia 300 Choice Index
  - FTSE Developed All Cap Choice Index
  - FTSE Emerging All Cap Choice Index
  - FTSE Developed Europe All Cap Choice Index
  - FTSE All World ex Controversies ex CW Index
  - FTSE Developed ex Controversies ex CW Index
  - FTSE Emerging ex Controversies ex CW Index
  - FTSE Advanced Emerging ex Controversies ex CW Index
  - FTSE UK ex Controversies ex CW Index
  - FTSE World ex UK ex Controversies ex CW Index
  - FTSE Developed Europe ex UK ex Controversies ex CW Index
  - FTSE North America ex Controversies ex CW Index
  - FTSE World North America ex Controversies ex CW Index
  - FTSE Developed Asia Pacific ex Japan ex Controversies ex CW Index
  - FTSE Japan ex Controversies ex CW Index
  - FTSE Developed Middle East and Africa ex Controversies ex CW Index
  - FTSE All-Share ex Controversies ex CW Index
  - FTSE North America All Cap Choice Index
  - FTSE Developed Asia Pacific All Cap Choice Index
  - FTSE Developed Choice Index

- 1.4.1 These Ground Rules should be read in conjunction with the FTSE Global Equity Index Series Ground Rules, the FTSE UK Series Ground Rules, the FTSE Australian Equity Index Series Ground Rules and the Guide to the Construction and Maintenance of FTSE Exclusion Lists which can be accessed using the following links:
- [FTSE Global Equity Index Series.pdf](#)
- [FTSE Australian Equity Index Series\\_new.pdf](#)
- [FTSE UK Index Series.pdf](#)
- [Guide to the Construction and Maintenance of FTSE Exclusion Lists.pdf](#)
- [FTSE Russell Capping Methodology Guide](#)
- 1.5 The indices are calculated on an end of day basis
- 1.6 A Price Index, Total Return Index and Net of Tax Index will be available. The Total Return and Net of Tax Indices include income based on ex dividend adjustments.
- 1.7 The base currency of the benchmark is US Dollars (USD). Index values may also be published in other currencies.
- 1.8 **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.
- 1.9 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 index series to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index series.
- 1.10 Index users who choose to follow this index series or to buy products that claim to follow this index series should assess the merits of the index's 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 (or any person concerned with the preparation or publication of these Ground Rules) 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 any constituent data in the index series.

## Section 2

# Management Responsibilities

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## 2.0 Management Responsibilities

### 2.1 FTSE International Limited (FTSE)

2.1.1 FTSE is the benchmark administrator of the index series.<sup>1</sup>

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

- maintain records of the index weightings of all constituents and reserve companies;
- make changes to the constituents and their weightings in accordance with the Ground Rules;
- carry out the periodic index 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 indices.

2.1.3 FTSE is also responsible for monitoring the performance of the index series throughout the day and will determine whether the status of each index should be 'firm', 'indicative' or 'held' (when calculated in real-time).

2.1.4 FTSE is responsible for maintaining the list of Excluded Companies.

### 2.2 Amendments to These Ground Rules

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.

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<sup>1</sup> The term administrator is used in this document in the same sense as it is defined in [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).

## Section 3

# FTSE Russell Index Policies

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### 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

- 3.1.1 Full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate Actions and Events Guide using the following link:

[Corporate Actions and Events Guide.pdf](#)

#### 3.2 Statement of Principles for FTSE Russell Equity Indices (the Statement of Principles)

- 3.2.1 Indices need to keep abreast of changing markets and the Ground Rules cannot anticipate every eventuality. Where the 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 which is reviewed annually and any changes proposed by FTSE Russell are presented to the FTSE Russell Policy Advisory Board for discussion before approval by the FTSE Russell Index Governance Board.

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

[Statement of Principles.pdf](#)

#### 3.3 Queries and Complaints

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

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

#### 3.4 Recalculation Policy and Guidelines

- 3.4.1 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 Global Choice Index Series 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](mailto:info@ftserussell.com).

[Recalculation Policy and Guidelines Equity Indices.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 **Policy for Benchmark Methodology Changes**

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

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

### 3.8 **FTSE Russell Governance Framework**

- 3.8.1 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 defense risk management framework and is designed to meet the requirements of the IOSCO Principles for Financial Benchmarks<sup>2</sup>, the European benchmark regulation<sup>3</sup> and the UK benchmark regulation<sup>4</sup>. The FTSE Russell Governance Framework can be accessed using the following link:

[FTSE\\_Russell\\_Governance\\_Framework.pdf](#)

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

<sup>3</sup> 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

<sup>4</sup> The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019



## Section 4

# Eligible Securities

### 4.0 Eligible Securities

- 4.1 The FTSE Global Choice Index Series consists of the indices in the table below. Each Global Choice Index is based on an “Underlying Index” as per the table with certain constituents excluded.

**Table 1: FTSE Global Choice Indexes and Underlying Indexes**

FTSE Global Choice Index	Underlying Index
FTSE Global All Cap Choice Index	FTSE Global All Cap Index
FTSE Global All Cap ex US Choice Index	FTSE Global All Cap ex USA Index
FTSE US All Cap Choice Index	FTSE USA All Cap Index
FTSE Developed ex Australia Choice Index	FTSE Developed ex Australia Index
FTSE Australia 300 Choice Index	FTSE Australia 300 Index
FTSE Developed All Cap Choice Index	FTSE Developed All Cap Index
FTSE Emerging All Cap Choice Index	FTSE Emerging All Cap Index
FTSE Developed Europe All Cap Choice Index	FTSE Developed Europe All Cap Index
FTSE All World ex Controversies ex CW Index	FTSE All World Index
FTSE Developed ex Controversies ex CW Index	FTSE Developed Index
FTSE Emerging ex Controversies ex CW Index	FTSE Emerging Index
FTSE Advanced Emerging ex Controversies ex CW Index	FTSE Advanced Emerging Index
FTSE UK ex Controversies ex CW Index	FTSE UK Index
FTSE World ex UK ex Controversies ex CW Index	FTSE All World ex UK Index
FTSE Developed Europe ex UK ex Controversies ex CW Index	FTSE Developed Europe ex UK Index
FTSE North America ex Controversies ex CW Index	FTSE North America Index
FTSE World North America ex Controversies ex CW Index	FTSE World North America Index
FTSE Developed Asia Pacific ex Japan ex Controversies ex CW Index	FTSE Developed Asia Pacific ex Japan Index
FTSE Japan ex Controversies ex CW Index	FTSE Japan Index
FTSE Developed Middle East and Africa ex Controversies ex CW Index	FTSE Developed Middle East and Africa Index
FTSE All-Share ex Controversies ex CW Index	FTSE All-Share Index
FTSE North America All Cap Choice Index	FTSE North America All Cap Index
FTSE Developed Asia Pacific All Cap Choice Index	FTSE Developed Asia Pacific All Cap Index
FTSE Developed Choice Index	FTSE Developed Index

4.2 Unless stated otherwise in this document, the Ground Rules for each FTSE Global Choice Index follow the Ground Rules of the respective Underlying Index. Ground Rules for FTSE Russell indices are available from FTSE Russell or directly from the website at [www.ftserussell.com](http://www.ftserussell.com).

### 4.3 Excluded Companies

4.3.1 FTSE Russell maintains various exclusion lists of companies. Exclusion lists are based on companies' involvement in conduct or products that may impact the society and/or the environment.

4.3.2 For the FTSE Global Choice Index Series, there are three product-related exclusion categories and two conduct-related exclusion categories. A summary of the exclusion categories is provided in the table below and a full description of the categories can be found in [Appendix A \(Product-Related Exclusions\)](#) and [Appendix B \(Conduct-Related Exclusions\)](#) of this document.

**Table 2: Exclusion Categories**

	Category	Exclusions	
Company Conduct	Controversies	Anti-Corruption	
		Environment	
		Human Rights	
		Labor	
	Diversity	Board diversity and equal opportunities practices	
Company Products	Non-Renewable Energy	Nuclear Power	Generation
			Uranium Mining
		Fossil Fuels	Coal
			Oil & Gas
	Vice Products	Adult Entertainment	
		Alcohol	
		Gambling	
		Tobacco	
		Cannabis	
	Weapons	Chemical & Biological	
		Cluster Munitions	
		Anti-Personnel Mines	
		Nuclear	
		Conventional Military Weapons	
		Civilian Firearms	

4.3.3 Companies with incomplete product and conduct involvement data are excluded from the index.

4.3.4 Investment Trusts are an exception to Rule 4.3.3. The FTSE All-Share ex Controversies ex CW Index use the FTSE All-Share Index as the underlying index. The FTSE All-Share Index includes ICB Subsector Equity Investment Trusts (ICB Subsector Closed End Investments (30204000)). Investment Trusts are closed end collective investment schemes and as such may invest in companies that are involved in the exclusion categories in Table 2. Investment Trusts are not covered by exclusion lists used by FTSE Russell. Therefore, the FTSE All Share ex Controversies ex CW index do not exclude Investment Trusts with incomplete product and conduct involvement data.

4.3.5 The exclusion categories applied to each of the indices in the FTSE Global Choice Index Series is shown in the table below.

**Table 3: Exclusion Categories used in FTSE Global Choice Indices**

	Exclusion Category									
FTSE Global Choice Index	Conduct		Product							
	Controversies	Diversity	Non-Renewable Energy	Vice Product	Weapons					
					Chemical & Biological	Cluster Munitions	Anti-Personnel Mines	Nuclear	Conventional Military Weapons	Civilian Firearms
FTSE Australia 300 Choice Index	x		x	x	x	x	x	x	x	x
FTSE Developed ex Australia Choice Index	x		x	x	x	x	x	x	x	x
FTSE Global All Cap ex US Choice Index	x	x	x	x	x	x	x	x	x	x
FTSE US All Cap Choice Index	x	x	x	x	x	x	x	x	x	x
FTSE Global All Cap Choice Index	x		x	x	x	x	x	x	x	x
FTSE Developed All Cap Choice Index	x		x	x	x	x	x	x	x	x
FTSE Emerging All Cap Choice Index	x		x	x	x	x	x	x	x	x
FTSE Developed Europe All Cap Choice Index	x		x	x	x	x	x	x	x	x
FTSE All World ex Controversies ex CW Index	x				x	x	x			
FTSE Developed ex Controversies ex CW Index	x				x	x	x			
FTSE Emerging ex Controversies ex CW Index	x				x	x	x			
FTSE Advanced Emerging ex Controversies ex CW Index	x				x	x	x			
FTSE UK ex Controversies ex CW Index	x				x	x	x			
FTSE World ex UK ex Controversies ex CW Index	x				x	x	x			
FTSE Developed Europe ex UK ex Controversies ex CW Index	x				x	x	x			
FTSE North America ex Controversies ex CW Index	x				x	x	x			

	Exclusion Category									
FTSE Global Choice Index	Conduct		Product							
	Controversies	Diversity	Non-Renewable Energy	Vice Product	Weapons					
					Chemical & Biological	Cluster Munitions	Anti-Personnel Mines	Nuclear	Conventional Military Weapons	Civilian Firearms
FTSE World North America ex Controversies ex CW Index	x				x	x	x			
FTSE Developed Asia Pacific ex Japan ex Controversies ex CW Index	x				x	x	x			
FTSE Japan ex Controversies ex CW Index	x				x	x	x			
FTSE Developed Middle East and Africa ex Controversies ex CW Index	x				x	x	x			
All-Share ex Controversies ex CW Index	x				x	x	x			
FTSE North America All Cap Choice Index	x		x	x	x	x	x	x	x	x
FTSE Developed Asia Pacific All Cap Choice Index	x		x	x	x	x	x	x	x	x
FTSE Developed Choice Index	x		x	x	x	x	x	x	x	x

## Section 5

# Sustainable Investment Data Inputs

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## 5.0 Sustainable Investment Data Inputs

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

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

- 5.1.1 The following Sustainable Investment datasets are used in the construction of the FTSE Global Choice Index Series.

## 5.2 Sustainable Investment Metrics

- 5.2.1 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.

## 5.3 Controversy Monitoring Data

Data is sourced from Reprisk AG and Sustainalytics.

## 5.4 Product involvement exclusion data

- 5.4.1 FTSE Exclusion Lists are maintained according to the following guide:

[Guide to the Construction and Maintenance of FTSE Exclusion Lists.pdf](#)

- 5.4.2 Product involvement data for certain exclusions within the categories of Vice Products (Cannabis), Weapons (Cluster Munitions, Anti-personnel landmines, Nuclear Weapons, Chemical & Biological Weapons) and Non-Renewable Energy (Nuclear Power - Generation and Uranium Mining, Fossil Fuel Reserves, Oil, Gas and Coal - Production, supporting products and services) are sourced from FTSE Russell Sustainable Investment Data.

- 5.4.3 Product involvement data for certain exclusions within the categories of Vice Products (Adult Entertainment, Alcohol, Gambling and Tobacco), Non-Renewable Energy (Thermal Coal, Oil and Gas – Generation) and Weapons (Conventional Military Weapons and Civilian Firearms) are sourced from a third party provider, Sustainalytics. This data is subject to regular quality checks to identify discrepancies and ensure accuracy; these checks include trend analysis to assess data quality and detailed review of underlying data for significant score changes.

## 5.5 Minimum Set of Exclusions for Sustainable Investment Indices

- 5.5.1 The exclusions applied to this Index Series include the minimum set of exclusions set out in the [Guide to the Construction and Maintenance of FTSE Exclusion Lists.pdf](#) (ftserussell.com).

Minimum exclusions will be applied to the FTSE Global Choice ex Controversies indices with effect from December 2023.

## Section 6

# Periodic Review of Constituents

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### 6.0 Periodic Review of Constituents

6.1 The FTSE Global Choice Index Series is reviewed quarterly in March, June, September, and December. At each quarterly review, the Product-Related Exclusion List (see Appendix A) and Conduct-Related Exclusion List (see Appendix B) are applied to the underlying eligible universes of relevant FTSE Global Choice Indices. Companies that are included in the relevant Exclusions Lists as at the Monday immediately preceding the review effective date are removed from the FTSE Global Choice Indices at the quarterly review. In exceptional circumstances, companies that are added to Exclusion Lists up until the Wednesday immediately preceding the review effective date are removed from the FTSE Global Choice Indices, see Rule 4.5 in the [Guide to the Construction and Maintenance of the FTSE Exclusion Lists for further detail](#).

6.2 The FTSE Global Choice Index Series is weighted by free float adjusted market capitalisation. The free float adjustments are in line with the corresponding Underlying Index.

### 6.3 Capping

#### 6.3.1 FTSE Australia 300 Choice Index

- A. At each review, constituents of the FTSE Australia 300 Choice Index are capped so that no industry in the index has an active weight less than -5% or greater than 5%.
- B. The calculation of the constituent capping factors (c) will be based on prices as at the close on the second Friday of the review month using shares in issue and investability weights as designated to take effect after close on the third Friday of the review month (i.e. taking effect on the review effective date).
- C. The calculation will take into account any corporate actions/events that take effect after close on the second Friday of the review month up to and including the review effective date if they have been announced and confirmed by the second Friday of the review month.
- D. Corporate actions / events announced after the second Friday of the review month that become effective up and including the review effective date will not result in any further capping adjustment.
- E. Any exclusions made in exceptional circumstances in the week of the effective review of the FTSE Australia 300 Choice Index will not result in any further capping adjustment.
- F. Each constituent in the capped industry will be treated equally therefore they will receive the same capping factor.
- G. Where an industry does not exist in the index but breaches the limit of -5% active weight from the underlying index, capping for the industry is not possible. The industry will receive 0% weight in the index, and may breach the -5% active exposure compared to the benchmark.

## Section 7

# Changes to Constituent Companies

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### 7.0 Changes to Constituent Companies

#### 7.1 Intra-review Additions

- 7.1.1 If a constituent is added to an Underlying Index (see Rule 4.1), for example as a fast entrant, it will not automatically be added to the respective FTSE Global Choice Index. The treatment of fast entrants and other companies which have yet to be researched is set out in the Guide to the Construction and Maintenance of FTSE Exclusion Lists which can be accessed using the following link:

[Guide to the Construction and Maintenance of FTSE Exclusion Lists.pdf](#)

#### 7.2 Intra-review Deletions

- 7.2.1 If a constituent is removed from an Underlying Index (see Rule 4.1), it will be removed from the respective FTSE Global Choice Index. The removal will be concurrent with its removal from its Underlying Index.

#### 7.3 Intra-review Exclusion Changes

If the exclusion status of an existing constituent of an Underlying Index changes due to a corporate action or event, the consequent change to the membership of the FTSE Global Choice Index will be considered at the next index review. Further details on the treatment of events leading to intra-review exclusion status changes is set out in Guide to the Construction and Maintenance of FTSE Exclusion Lists which can be accessed using the following link:

[Guide to the Construction and Maintenance of FTSE Exclusion Lists.pdf](#)



## Section 8

# Corporate Actions and Events

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### 8.0 Corporate Actions and Events

- 8.1 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 Weighted Indices using the following link:

[Corporate Actions and Events Guide for 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.

### 8.2 Takeovers, Mergers and Demergers / Suspension of Dealing

Please see the Guide to the Construction and Maintenance of FTSE Exclusions Lists which can be accessed using the following link:

[Guide to the Construction and Maintenance of FTSE Exclusion Lists.pdf](#)

## Section 9

# Index Calculation

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### 9.0 Index Calculation

#### 9.1 Prices

- 9.1.1 The 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](#)

- 9.1.2 Exchange rates used in the End of Day calculations are WM/Refinitiv Closing Spot Rates™, collected at 16:00 UK time (further information on the WM/Refinitiv Closing Spot Rates™ service is available from the WM Company).

#### 9.2 Algorithm

- 9.2.1 For details on the Algorithm and calculation methods used please refer to the FTSE Global Equity Index Series.

#### 9.3 Calculation Schedule

The index series is calculated Monday to Friday, when one or more of the constituent markets are open, however on 1 January, the indices may not be disseminated.

# Appendices

## Appendix A: Product-Related Exclusions

At each quarterly review, FTSE Russell will exclude companies from the relevant underlying eligible universe of FTSE Global Choice Indexes that meet the criteria in Table 4.

**Table 4: Product-Related Exclusions**

	Product Involvement Categories	Involvement Threshold for Exclusion
Non-Renewable Energy	<b>Nuclear Power - Generation and Uranium Mining</b>	
	Companies involved in the operation and supply of nuclear power generation, that harnesses the energy present within atomic nuclei or their components. Also, those engaged in development, processing, production and distribution of equipment and facilities that are specifically designed for and critical to the generation of nuclear power. This includes: <ul style="list-style-type: none"> <li>Nuclear power generation</li> <li>Nuclear power plant equipment, components, and construction</li> <li>Uranium mining</li> <li>Uranium processing and enrichment</li> </ul>	Greater than 0% of revenues
	<b>Fossil Fuel Reserves - Coal, Oil &amp; Gas</b>	
	Companies that own proved or probable reserves in coal, oil or gas	Greater than 50% ownership
	<b>Oil &amp; Gas - Production, supporting products and services</b>	
	Companies classified in the following ICB Subsectors <sup>5</sup> : <ul style="list-style-type: none"> <li>60101010 Oil: Crude Producers</li> <li>60101020 Oil Refining and Marketing</li> <li>60101030 Oil Equipment &amp; Services</li> <li>60101015 Offshore Drilling and Other Services</li> <li>60101035 Pipelines</li> <li>60101000 Integrated Oil and Gas</li> </ul>	Not applicable
	<b>Coal - Production, supporting products and services</b>	
	Companies classified in the following ICB Subsector <sup>5</sup> : <ul style="list-style-type: none"> <li>60101040 Coal</li> </ul>	Not applicable
	<b>Oil &amp; Gas - Generation</b>	
Vice Products	Companies generating electricity from oil and/or gas	Greater than 0% of revenues
	<b>Thermal Coal - Generation</b>	
	Companies generating electricity from thermal coal	Greater than 0% of revenues
	<b>Adult Entertainment</b>	
	Companies producing adult entertainment and/or owning/operating adult entertainment establishments	Equal to or greater than 5% of revenues
	Companies distributing adult entertainment materials	Equal to or greater than 10% of revenues
	<b>Alcohol</b>	
	Companies manufacturing alcoholic beverages	Equal to or greater than 5% of revenues

<sup>5</sup> The Industry Classification Benchmark (ICB) is a detailed and comprehensive structure for sector and industry analysis, facilitating the comparison of companies across four levels of classification and national boundaries. The classification system allocates companies to the Subsector whose definition closely describes the nature of its business as determined from the source of its revenue or the source of the majority of its revenue where available. Further detail and subsector definitions can be found on the ICB webpage: [Industry Classification Benchmark \(ICB\) | FTSE Russell](https://www.ftserussell.com/industry-classification-benchmark) and in the ICB Ground Rules: [ICB\\_Rules\\_new.pdf \(ftserussell.com\)](https://www.ftserussell.com/industry-classification-benchmark)

	Companies supplying alcohol-related products/services to alcoholic beverage manufacturers	Equal to or greater than 10% of revenues
	Companies involved in distribution and/or retail sale of alcoholic beverages	Equal to or greater than 10% of revenues
	<b>Cannabis</b>	
	Companies classified in the following ICB Subsector <sup>6</sup> : • 20103020 Cannabis Producers	Not applicable
	<b>Gambling</b>	
	Companies that own and/or operate a gambling establishment	Equal to or greater than 5% of revenues
	Companies manufacturing specialized equipment used exclusively for gambling.	Equal to or greater than 10% of revenues
	Companies providing supporting products/services to gambling operations.	Equal to or greater than 10% revenues
	<b>Tobacco</b>	
	Companies manufacturing tobacco products	Greater than 0% of revenues
	Companies supplying tobacco related products/services	Equal to or greater than 5% of revenues
	Companies involved in distribution and/or retail sale of tobacco products	Equal to or greater than 5% of revenues
<b>Weapons</b>	<b>Chemical &amp; Biological Weapons</b>	
	Companies producing chemical or biological weapons and their components, including all precursors, munitions, devices or equipment specifically designed for, and used directly in connection with, these weapons	Greater than 0% of revenues
	<b>Cluster Munitions</b>	
	Companies that produce cluster munitions as defined in the Convention on Cluster Munitions, or that produce specific and critical parts or services for cluster munitions	Greater than 0% of revenues
	<b>Anti- Personnel Landmines</b>	
	Companies that produce anti-personnel mines as defined in the “1997 Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction”, or that produce specific and critical parts or services for anti-personnel mines	Greater than 0% of revenues
	<b>Nuclear Weapons</b>	
	Companies that produce nuclear weapons or their components. This includes companies that provide delivery systems (e.g. ballistic missile submarines) or critical services (e.g. maintenance or IT) that are directly related to and specifically designed for nuclear weapons	Greater than 0% of revenues
	<b>Conventional Military Weapons</b>	
	Companies manufacturing military weapons systems and/or integral, tailor-made components or these weapons	Greater than 0% of revenues
	Companies providing tailor-made products and/or services that support military weapons	Equal to or greater than 5% of revenues
	Companies providing non-weapons related tailor-made products and/or services related to the military or defense industry	Equal to or greater than 5% of revenues
	<b>Civilian Firearms</b>	
	Companies producing and selling assault weapons to civilian customers	Greater than 0% of revenues
	Companies producing and selling small arms (non-assault weapons) to civilian customers	Greater than 0% of revenues
	Companies producing and selling key components of small arms	Greater than 0% of revenues
	Companies involved in the retail and/or distribution of assault weapons	Greater than 0% of revenues
	Companies involved in the retail and/or distribution of small arms (non-assault weapons)	Greater than 0% of revenues

<sup>6</sup> The Industry Classification Benchmark (ICB) is a detailed and comprehensive structure for sector and industry analysis, facilitating the comparison of companies across four levels of classification and national boundaries. The classification system allocates companies to the Subsector whose definition closely describes the nature of its business as determined from the source of its revenue or the source of the majority of its revenue where available. Further detail and subsector definitions can be found on the ICB webpage: [Industry Classification Benchmark \(ICB\) | FTSE Russell](https://www.ftserussell.com/industry-classification-benchmark) and in the ICB Ground Rules: [ICB Rules\\_new.pdf \(ftserussell.com\)](https://www.ftserussell.com/industry-classification-benchmark)

## Appendix B: Conduct-Related Exclusions

At each quarterly review, FTSE Russell will exclude companies from the relevant underlying eligible universe of FTSE Global Choice Indexes that meet the criteria in Table 5.

**Table 5: Conduct-Related Exclusions<sup>7</sup>**

	Exclusions	Threshold
Controversies	<b>Human Rights</b>	All companies deemed to be non-compliant
	Controversies related to Principles 1 and 2 of the UN Global Compact, which is derived from the Universal Declaration of Human Rights.	
	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.	
	<b>Labor</b>	
	Controversies related to Principles 3, 4, 5, and 6 of the UN Global Compact, which is derived from the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.	
	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation.	
	<b>Environment</b>	
	Controversies related to Principles 7, 8, and 9 of the UN Global Compact, which is derived from the Rio Declaration on Environment and Development.	
Diversity	Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.	
	<b>Anti-Corruption</b>	
	Controversies related to Principle 10 of the UN Global Compact, which is derived from the United Nations Convention Against Corruption.	
	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	
Diversity	<b>Diversity</b>	
	For this criterion an "Excluded Company" will fail to meet two out of three diversity indicators:  1. Woman/women on the Board 2. Diversity policies 3. Diversity management systems	

<sup>7</sup> Conduct-Related Exclusions utilize data sourced from Sustainalytics' Global Standards Screening (GSS) dataset. GSS provides an assessment as to whether a company is violating, or is at risk of violating, one or more of the UN Global Compact (UNGC) principles and related international norms and standards. In making its assessment, GSS analyses norms and standards that are enshrined in the UNGC, the Organization for Economic Co-operation and Development Guidelines for Multinational Enterprises (OECD MNE Guidelines) and the United Nations Guiding Principles on Business and Human Rights (UNGPs), as well as their underlying conventions and treaties.

# Appendix C: Further Information

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A Glossary of Terms used in FTSE Russell's Ground Rule documents can be found using the following link [Glossary - Sustainable Investment.pdf \(ftserussell.com\)](https://www.ftserussell.com/Glossary_-_Sustainable_Investment.pdf)

The FTSE Russell Sustainable Investment Metrics website can be found using the following link: [Sustainable Investment Metrics](https://www.ftserussell.com/Sustainable-Investment-Metrics)

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