



Index overview

FTSE  
Russell

# FTSE Global, Developed and Emerging All Cap indexes with controversy and product screens

Aligning investment choices with values

## Overview

An increasing number of investors want to align their their portfolios with their values. One approach to accomplishing this objective is to select companies based on their impact on society and the environment.

The FTSE Global All Cap, FTSE Developed All Cap and FTSE Emerging All Cap indexes with controversy and product screens are part of the FTSE Global Choice index family. The indexes are market capitalization weighted, with a rules-based methodology for defining how the products and conduct of a company impact society and the environment. The result is a framework for applying robust and customizable values-based exclusions to a broad market index.

## Benefits

The index methodology provides a comprehensive set of product and conduct screens. In addition to the standard index family, clients can construct bespoke 'Choice' indexes based on particular subsets of the screens that align with their values and sustainable investment objectives.

The following indexes within the series are examples of what is available for certain client investment objectives:

### FTSE Global Choice Index Series

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FTSE Global All Cap Choice Index

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FTSE Developed All Cap Choice Index

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FTSE Developed Europe All Cap Choice Index

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FTSE Emerging All Cap Choice Index

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## Features

- Based on the FTSE Global All Cap universe, which covers around 8,900 large, mid and small stocks in Developed and Emerging markets.
- Company screening based on fundamental research about a company's business lines, product involvement, and conduct
- Transparent, rules-based framework for applying values-based exclusions to a broad index

## Definitions

These FTSE Global Choice indexes include negative screens in three product categories and one conduct category:

- The product-related screening criteria covers: Non-Renewable Energy (Fossil Fuel and Nuclear Power), Vice Products (Adult Entertainment, Alcohol, Gambling and Tobacco), and Weapons (Chemical & Biological Weapons, Cluster Munitions, Anti-Personnel Landmines, Nuclear Weapons, Conventional Military Weapons and Civilian Firearms)
- The conduct-related screening criteria covers: Controversies (based on the UN Global Compact Principles)

Product categories			Conduct categories
<b>Non-Renewable Energy</b> <ul style="list-style-type: none"> <li>• Fossil Fuels</li> <li>• Nuclear Power</li> </ul> 	<b>Vice Products</b> <ul style="list-style-type: none"> <li>• Adult Entertainment</li> <li>• Alcohol</li> <li>• Gambling</li> <li>• Tobacco</li> </ul> 	<b>Weapons</b> <ul style="list-style-type: none"> <li>• Chemical &amp; Biological Weapons</li> <li>• Cluster Munitions</li> <li>• Anti-Personnel Landmines</li> <li>• Nuclear Weapons</li> <li>• Conventional Military Weapons</li> <li>• Firearms</li> </ul> 	<b>Controversies</b> <ul style="list-style-type: none"> <li>• Anti-Corruption</li> <li>• Environment</li> <li>• Human Rights</li> <li>• Labor</li> </ul> 

Companies in the underlying index universe are researched annually for eligibility against the screens based on publicly reported information.

## Index construction process

### Starting universe

Start with the market capitalization weighted index universe, e.g. FTSE Global All Cap Index, FTSE Developed All Cap Index, FTSE Developed Europe All Cap Index, FTSE Emerging All Cap Index.

Step 1

### Screening

Exclude companies based on the defined product and conduct screens:

- The indexes exclude companies across all the product and conduct screens: Non-Renewable Energy, Vice Products, Weapons and Controversies.

Step 1

Step 2

### Publish and Review Index

The index is reviewed quarterly in March, June, September, and December.

## Supporting the sustainable investment market

FTSE Russell brings two decades of experience in SI data and benchmarks, and provides data analytics, ratings and indexes covering thousands of companies worldwide.

As an index provider, FTSE Russell plays an active role in the major regional sustainable investment industry associations. Ahead of its launch, along with other pioneers in the industry, FTSE Russell also helped develop the United Nations-backed Principles for Responsible Investment (PRI) and became a founding signatory and the first index provider member.

FTSE Russell is part of London Stock Exchange Group (LSEG), which is a member of the Sustainable Stock Exchanges Initiative and chaired its working group to develop Model Guidance on ESG Reporting for exchanges globally. This resulted in LSEG publishing its own Guidance in February 2017.

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FTSE Russell is a leading global index provider creating and managing a wide range of indexes, data and analytic solutions to meet client needs across asset classes, style and strategies. Covering 98% of the investable market, FTSE Russell indexes offer a true picture of global markets, combined with the specialist knowledge gained from developing local benchmarks around the world.

FTSE Russell index expertise and products are used extensively by institutional and retail investors globally. For over 30 years, leading asset owners, asset managers, ETF providers and investment banks have chosen FTSE Russell indexes to benchmark their investment performance and create investment funds, ETFs, structured products and index-based derivatives. FTSE Russell indexes also provide clients with tools for asset allocation, investment strategy analysis and risk management.

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