



FTSE EPRA Nareit IdealRatings Developed Islamic Index Series – Ground Rule Update

22 May 2023

FTSE Russell would like to inform clients of the addition of a UN Global Compact (UNGC) Controversies Screen to the FTSE EPRA Nareit IdealRatings Developed Islamic Index Series, which is effective from the June 2023 review. The Ground Rules have been updated to include the UNGC Screen in the following sections.

Section 4: Eligibility Criteria has been updated to include the following rule

4.4 Excluded Companies

- 4.4.1 UNGC data used to create the exclusion list is collected from Sustainalytics.
- 4.4.2 For the FTSE EPRA Nareit IdealRatings Developed Islamic Index, there are conduct-related exclusions. A summary of the exclusions is provided in Appendix A.
- 4.4.3 Stocks with missing product and activity involvement data are excluded from the index.

Section 5: Sustainable Investment Data Inputs

5.2 UNGC screening for index exclusions

- 5.2.1 Product and activity involvement data are collected from publicly available information by FTSE Russell analysts. Where data is not obtained by FTSE Russell analysts, external sources are used to supplement the data including from Sustainalytics.
- 5.2.2 All data undergo several layers of quality control including consistency checks over time, sector relative checks, and knowledge checks. Where discrepancies are found analysts refer to primary data sources.
- 5.2.3 Further information as to the definitions for product and activity screening can be found here: [Guide_to_the_Construction_and_Maintenance_of_FTSE_Exclusion_Lists.pdf](#)

Appendix A: UNGC Exclusions

At each index review date, FTSE Russell will apply the UN Global Compact (UNGC) controversies exclusion list outlined below to the FTSE EPRA Nareit IdealRatings Developed Islamic Index. This data is provided by third party data vendor, Sustainalytics.

Exclusion	Threshold
UN Global Compact (UNGC) Controversies	
Companies involved in controversies related to the UNGC principles. The principles are classified into four categories: Human Rights, Labor, Environment and Anti-corruption.	All companies deemed to be noncompliant

For further details on FTSE Russell and/or Sustainalytics data, please refer to Section 4. Companies not covered by FTSE Russell and/or Sustainalytics are excluded from the FTSE EPRA Nareit IdealRatings Developed Islamic Index

An updated copy of the FTSE EPRA Nareit IdealRatings Islamic Index Series (v1.3) is now available using the following link: [FTSE_EPRA_Nareit_IdealRatings_Islamic_Index_Series_Ground_Rules.pdf](#)

Or on the FTSE Russell website: www.ftserussell.com

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