



FTSE Global Choice Index Series

v2.5



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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 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 the impact of their conduct or products on society and/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
- 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](#)

- 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. 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 MTSNext Limited), Mergent, Inc., 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 errors or 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 errors or inaccuracies in the compilation of any constituent data in the index series.



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 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 Product Governance Board before approval is granted.

¹ 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

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 Queries and Complaints

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

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

3.3 Recalculation Policy and Guidelines

3.3.1 The FTSE Global Choice Index Series are recalculated whenever errors or distortions occur that are deemed to be significant. Users of the FTSE Global Choice Index Series are 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](#)

3.4 Index Policy for Trading Halts and Market Closures

3.4.1 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](#)

3.5 Index Policy in the Event Clients are Unable to Trade a Market

3.5.1 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.pdf](#)

3.6 Policy for Benchmark Methodology Changes

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

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

3.1 FTSE Russell Governance Framework

3.1.1 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

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.

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
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

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.

4.3 Excluded Companies

4.3.1 FTSE Russell maintains various exclusion lists of companies as set out in [the Guide to the Construction and Maintenance of FTSE Exclusion Lists](#). Exclusion lists are based on the impact of companies' conduct or products on 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 the Guide to the Construction and Maintenance of FTSE Exclusion Lists.

	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	
	Weapons	Chemical & Biological	
		Cluster Munitions	
		Anti-Personnel Mines	
		Nuclear	
Conventional Military Weapons			
Civilian Firearms			

4.3.3 The FTSE All-Share ex Controversies ex CW Index uses the FTSE All Share Index as its underlying index. The FTSE All Share Index includes ICB Subsector Equity Investment Trusts (8985) (New ICB Subsector Closed End Investments (30204000)). Investment Trusts are closed end collective investment schemes and as such may invest in companies that contravene one or more of the exclusion categories. Investment Trusts may not provide full disclosure of their holdings and are not covered by FTSE Russell's ESG research. Accordingly, the FTSE All Share ex Controversies ex CW index does not apply exclusions to the Investment Trusts in the underlying index.

4.3.4 Stocks with missing product and activity involvement data are excluded from the index.

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.

FTSE Global Choice Index	Exclusion Category									
	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 Global Choice Index	Exclusion Category									
	Conduct		Product							
	Controversies	Diversity	Non-Renewable Energy	Vice Product	Weapons					
					Chemical & Biological	Cluster Munitions	Anti-Personnel Mines	Nuclear	Conventional Military Weapons	Civilian Firearms
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			
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			



Section 5

Sustainable Investment Data Inputs

5.0 Sustainable Investment Data Inputs

- 5.1.1 Information on FTSE Sustainable Investment Data used in FTSE Russell Indexes can be found in the following guide:

[Guide to FTSE Sustainable Investment Data used in FTSE Russell Indexes.pdf](#)

- 5.1.2 Details of the use of other third party data used in FTSE Russell Indexes can be found in the following guide:

[Guide to Third Party Sustainable Investment Data used in FTSE Russell Indexes.pdf](#)

5.2 Sustainable Investment Metrics

- 5.2.1 Please see the FTSE Russell [Sustainable Investment Metrics](#) website for the ratings, 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 for the Controversy Monitor is sourced from Reprisk AG and Sustainalytics. Further details of the use of Reprisk AG, Sustainalytics, and other third party data can be found in the following Guide:

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

Exclusion Data

FTSE Exclusion Lists are maintained according to the following guide:

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



Section 6

Periodic Review of Constituents

6.0 Periodic Review of Constituents

- 6.1 The FTSE Global Choice Index Series is reviewed quarterly in March, June, September, and December. Companies that are included in the FTSE 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 the FTSE 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](#).
- 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 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%.
- 6.3.2 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).
- 6.3.3 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.
- 6.3.4 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.
- 6.3.5 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.
- 6.3.6 Each constituent in the capped industry will be treated equally therefore they will receive the same capping factor.



Section 7

Changes to Constituent Companies

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

- 7.3.1 If the exclusion status of an existing constituent of an Underlying Index changes, the consequent change to the membership of FTSE Global Choice Index will be communicated by a FTSE Russell Technical Notice and will generally be implemented with provision of T+2 notice.



Section 8

Corporate Actions and Events

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

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.



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](#)

Further information on the FTSE Global Choice Index Series is available from FTSE Russell.

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

For contact details please visit the FTSE Russell website or contact FTSE Russell client services at info@ftserussell.com.

Website: www.ftserussell.com

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