Overview

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

The FTSE Global Choice Index Series is a market capitalization weighted index series 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 FTSE Global Choice Index Series 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:

<table>
<thead>
<tr>
<th>FTSE Global Choice Index Series</th>
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</thead>
<tbody>
<tr>
<td>FTSE Developed All Cap ex Controversies/Non-Renewable Energy/Vice Products/Weapons Index</td>
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<tr>
<td>FTSE Developed Europe All Cap ex Controversies/Non-Renewable Energy/Vice Products/Weapons Index</td>
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<tr>
<td>FTSE Emerging All Cap ex Controversies/Non-Renewable Energy/Vice Products/Weapons Index</td>
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Features

- Based on the FTSE Developed All Cap and FTSE Emerging All Cap Indexes which captures 98% of the world’s investable market capitalization.
- 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)

<table>
<thead>
<tr>
<th>Product categories</th>
<th>Conduct categories</th>
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</thead>
<tbody>
<tr>
<td><strong>Non-Renewable Energy</strong></td>
<td>• Anti-Corruption</td>
</tr>
<tr>
<td>• Fossil Fuels</td>
<td>• Environment</td>
</tr>
<tr>
<td>• Nuclear Power</td>
<td>• Human Rights</td>
</tr>
<tr>
<td><strong>Vice Products</strong></td>
<td>• Labor</td>
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<tr>
<td>• Adult Entertainment</td>
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<tr>
<td>• Alcohol</td>
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<td>• Gambling</td>
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<td>• Tobacco</td>
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<tr>
<td><strong>Weapons</strong></td>
<td></td>
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<tr>
<td>• Chemical &amp; Biological Weapons</td>
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<tr>
<td>• Cluster Munitions</td>
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<tr>
<td>• Anti-Personnel Landmines</td>
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<tr>
<td>• Nuclear Weapons</td>
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<tr>
<td>• Conventional Military Weapons</td>
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<tr>
<td>• Firearms</td>
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</tbody>
</table>

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 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 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.
FTSE Developed All Cap and Emerging All Cap ex controversies and product screen indexes

For more information about our indexes, please visit ftserussell.com.


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Index overview
About FTSE Russell

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.

A core set of universal principles guides FTSE Russell index design and management: a transparent rules-based methodology is informed by independent committees of leading market participants. FTSE Russell is focused on index innovation and customer partnership applying the highest industry standards and embracing the IOSCO Principles. FTSE Russell is wholly owned by London Stock Exchange Group.

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