FTSE Global Choice Index Series

Screening definitions

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.

The FTSE Global Choice Index Series includes negative screens in three product categories and two conduct categories:

- 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) and Diversity practices

### Company Products

<table>
<thead>
<tr>
<th>Non-Renewable Energy</th>
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<tbody>
<tr>
<td><strong>Fossil Fuel Reserves - Coal, Oil &amp; Gas</strong></td>
</tr>
<tr>
<td>Companies that own proved or probable reserves in coal, oil or gas.</td>
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</tbody>
</table>

| **Oil and Gas - Production, supporting products and services** |
| Any company owning oil or gas reserves, and any company with primary business activity in |
| - the exploration for and drilling, production, refining and supply of oil and gas products (as defined by the ICB subsector 0533 Exploration & Production) |
| - the supply of equipment and services to oil fields and offshore platforms, such as drilling, exploration, seismic-information services and platform construction (ICB subsector 0573 Oil Equipment & Services) |
- the operations of pipelines carrying oil, gas or other forms of fuel (ICB subsector 0577 Pipelines; note that this excludes pipeline operators that derive the majority of their revenues from direct sales to end users)
- integrated oil and gas companies, providing a combination of the services listed above, including refining and marketing of oil and gas products (ICB subsector 0537 Integrated Oil & Gas)

### Coal
**Production, supporting products and services**
Any company owning coal reserves, and any company with primary business activity in the exploration for or mining of coal (as defined by the ICB subsector 1771 Coal).

### Nuclear Power - Generation and Uranium Mining
**Companies that generate revenues from nuclear power production.**
This includes:
- nuclear power generation
- nuclear power plant equipment, components and construction
- uranium mining
- uranium processing and enrichment

### Vice Products

#### Adult Entertainment
**Companies that produce adult entertainment.**
This includes:
- movies
- print publications
- online content
- live entertainment

#### Alcohol
**Companies that produce alcoholic beverages.**
This includes:
- all companies that are classified in the Industry Classification Benchmark (ICB) Subsectors Brewers (3533) and Distillers & Vintners (3535)
- companies that are not classified in ICB Subsectors Brewers (3533) and Distillers & Vintners (3535), but that are identified as having activity in these Subsectors

#### Gambling
**Companies that provide gambling services.**
This includes:
- all companies that are classified in the Industry Classification Benchmark (ICB) Subsector Gambling (5752)
- companies that are not classified in ICB Subsector Gambling (5752), but that are identified as having activity in this Subsector

#### Tobacco
**Companies that produce tobacco products.**
This includes:
- all companies that are classified in the Industry Classification Benchmark (ICB) Subsectors Tobacco (3785)
- companies that are not classified in ICB Subsector Tobacco (3785), but that are identified as having activity in this Subsector

### Weapons

#### Chemical & Biological Weapons
**Companies that produce chemical or biological weapons, or that produce specific and critical parts or services for chemical or biological weapons.**

#### Cluster Munitions
**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.**

#### Anti-Personnel Landmines
**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.

<table>
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<tr>
<th>Nuclear Weapons</th>
<th>Companies that produce nuclear weapons systems, or that produce specific and critical parts or services for nuclear weapons systems.</th>
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</table>
| Conventional Military Weapons | Companies that produce other weapons for military use.  
This includes:  
• munitions  
• vehicles designed to carry military weapons (mounted or demountable)  
• weapons delivery systems; including mounting and launching systems as well as targeting and guidance systems |
| Firearms | Companies that produce firearms or ammunition for non-military use.  
This includes:  
• handguns  
• shotguns  
• rifles  
• semi-automatic weapons |

**Company Conduct**

### Controversies

**Anti-Corruption**  
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.

**Environment**  
Controversies related to Principles 7, 8, and 9 of the UN Global Compact, which is derived from the Rio Declaration on Environment and Development.  
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.

**Human Rights**  
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.

**Labor**  
Controversies related to Principles 3, 4, 5, and 6 of the UN Global Compact, which is derived from the International Labor 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 labor;  
Principle 5: the effective abolition of child labor; and  

### Diversity

For this criteria, an "Excluded Company" will fail to meet two out of three diversity indicators:  
- Woman/women on the Board  
- Diversity policies  
- Diversity management systems
About FTSE Russell

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