



FTSE Smart Sustainability Index Series – Proposed Update to the Index

Methodology

24 May 2023

FTSE Smart Sustainability Index Series is designed to represent the performance of indices that combine factor adjustments and sustainability parameters to achieve the desired exposures.

FTSE Russell proposes to make changes to the tilts and targets used for the construction of the FTSE All-World Climate Balanced Comprehensive Factor Index within the index series (index code: AWCBCF). For details regarding this index including index construction, please refer to the [FTSE Smart Sustainability Index Series Ground Rules](#)

The table below summarises the fixed Factor and Sustainability tilts, as well as the active factor exposure and sustainability targets, currently applied to the FTSE All-World Climate Balanced Comprehensive Factor Index as part of the index construction method at every semi-annual rebalance:

Index	Factor Tilts					Sustainability Tilts		
	Value	Quality	Size	Momentum	Low Volatility	Fossil Fuel Reserves Reduction	Operational Emissions Reduction	Green Revenue Ratio Increase
FTSE All-World Climate Balanced Comprehensive Factor Index	1	1	0.25	1	1	1	1	1
	Active Factor Exposure Targets					Active Sustainability Exposure Targets		
	-	-	-	-	-	70%	60%	70%

FTSE Russell is proposing to remove the fixed tilts in index construction and apply the following active factor exposure targets as well as the current sustainability targets at every semi-annual index rebalance. The proposed factor exposure targets, which may be subject to change, are intended to achieve similar levels of factor exposure to the current index design.

Index	Active Factor Exposure Targets					Active Sustainability Exposure Targets		
	Value	Quality	Size	Momentum	Low Volatility	Fossil Fuel Reserves Reduction	Operational Emissions reduction	Green Revenue Ratio Increase
FTSE All-World Climate Balanced Comprehensive Factor Index	0.4 σ	0.4 σ	0.2 σ	0.4 σ	0.4 σ	70%	60%	70%

FTSE Russell proposes to implement this change in conjunction with the September 2023 index review, effective from the open on Monday 18 September 2023. FTSE Russell welcomes any feedback and questions on this proposal by close of business 16 June 2023. Feedback may be sent to info@ftserussell.com

Final approval of any changes will be made by the FTSE Russell Index Governance Board, with sufficient notification provided in advance of any change to the existing index methodology.

For further information please contact FTSE Russell Client Services at info@ftserussell.com or call:

Australia	+1800 653 680
Hong Kong	+852 2164 3333
Japan	+81 3 6441 1430
London	+44 (0) 20 7866 1810
New York	+1866 551 0617

Alternatively please visit our website at www.ftserussell.com

[Terms of Use](#) | Copyright © 2023 FTSE Russell