



Implementation of exclusions aligned with ESMA guidelines

17 February 2025

Further to the notice issued **12 November 2024**, FTSE Russell would like to confirm that the minimum PAB aligned exclusions list will be applied to the indices listed below in conjunction with the March 2025 index reviews. There is no change to the definitions or scope of the exclusions listed in the November notice. Full details on the exclusions and indices can be found below:

1) Minimum PAB aligned exclusion list:

PAB exclusion category	BMR rules	Proposed minimum exclusions
Controversial weapons	<p>12(a) Companies involved in any activities related to controversial weapons...</p> <p>For the purposes of point (a), controversial weapons shall mean controversial weapons as referred to in international treaties and conventions, United Nations principles and, where applicable, national legislation.</p>	<p><u>Biological & Chemical weapons</u></p> <p>Companies producing chemical or biological weapons and their components, including all precursors, munitions, devices or equipment specifically designed for, and used directly in connection with, these weapons.</p> <p>Secondary products and services to chemical & biological weapons that are specific to chemical & biological weapons.</p> <p><u>Cluster Munitions</u></p> <p>Companies producing cluster munitions as defined in the Convention on Cluster Munitions and their components, including all precursors, munitions, devices or equipment specifically designed for, and used directly in connection with, these weapons.</p> <p>Secondary products and services to cluster munitions that are specific to cluster munitions.</p> <p><u>Anti-Personnel Landmines</u></p> <p>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" ("Ottawa Convention").</p> <p>Secondary products and services to anti-personnel mines that are specific to anti-personnel mines.</p>
Tobacco	<p>12(b) Companies involved in the cultivation and production of tobacco</p>	<p>Companies producing tobacco products which includes cigarettes, roll your own tobacco, pipe tobacco, cigars, cigarillos, bidis, gutka, smokeless tobacco, and heated tobacco products (HTPs), electronic cigarettes (or 'e-cigarettes') and electronic nicotine delivery systems.</p> <p>This includes:</p> <ul style="list-style-type: none">• companies that are classified in the ICB Subsector Tobacco 45103010 and Cannabis Producers 20103020• companies that are not classified in ICB Subsector Tobacco 45103010 and Cannabis Producers 20103020, but that are identified as having any activity in these Subsectors

Controversies	12(c) Companies that benchmark administrators find in violation of the United Nations Global Compact (UNGC) principles or the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	<p>Controversies are assessed related to the UN Global Compact principles. Companies are excluded if they meet the following criteria:</p> <ul style="list-style-type: none"> • Large/Mid cap: Companies have a Sustainalytics Global Standards Screening (GSS) non-compliant status, or have previously been non-compliant and are on FTSE Russell's internal watchlist • Small cap: Companies with a GSS watchlist or non-compliant status, or have previously been non-compliant or had watchlist status and are on FTSE Russell's internal watch list <p>Please see Guide to the Construction and Maintenance of Exclusion Lists used in FTSE Russell indices rule 7.3.1 for more information.</p>
Coal	12(d) Companies that derive 1 % or more of their revenues from exploration, mining, extraction, distribution or refining of hard coal and lignite	<p><u>Thermal Coal Reserves</u> Companies with proved or probable reserves in coal</p> <p>Threshold: Greater than or equal to 50% ownership</p> <p><u>Thermal Coal Extraction</u> Companies that extract thermal coal</p> <p><u>Thermal Coal Supporting Services</u> Companies that provide tailor-made products & services that support thermal coal extraction. This includes companies that provide storage & transportation, mining, and coal refining services</p> <p>Threshold: Greater than 0% of revenues</p>
Oil	12(e) Companies that derive 10 % or more of their revenues from the exploration, extraction, distribution or refining of oil fuels	<p><u>Oil & Gas Production</u> Companies involved in oil and gas (including Oil Sands) exploration, production, refining, transportation and/or storage</p> <p><u>Oil & Gas Supporting Products & Services</u> Companies providing tailor-made products and services that support oil and gas (including Oil Sands) exploration, production, refining, transportation, and storage.</p> <p>Threshold: Greater than or equal to 10% of revenues</p>
Gas	12(f) Companies that derive 50 % or more of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels	<p><u>Oil, Gas and Thermal Coal Power Generation</u> Companies generating electricity from oil and/or gas, and/or thermal coal</p> <p>Threshold: Greater than or equal to 50% of revenues</p>
Electricity generation	12(g) Companies that derive 50 % or more of their revenues from electricity generation with a GHG intensity of more than 100 g CO2 e/kWh	<p><u>Oil, Gas and Thermal Coal Power Generation</u> Companies generating electricity from oil and/or gas, and/or thermal coal</p> <p>Threshold: Greater than or equal to 50% of revenues</p>

2) List of Impacted Indices:

Index name	Code
FTSE EPRA Nareit Green Index Series	
FTSE EPRA Nareit Developed Green Index	FENGRE

FTSE EPRA Nareit Developed Green Focus Index	FENGRF
FTSE EPRA Nareit IdealRatings Developed REITs Islamic Green Index	FENGRRI
FTSE EPRA Nareit IdealRatings Developed REITs Islamic Green RIC Capped Index	FENGRIC

The above details on the minimum PAB aligned exclusion list will be added to the following document [Guide to the Construction and Maintenance of Exclusion Lists used in FTSE Russell Indices](#).

Final approval of these changes are made by the FTSE Russell Index Governance Board. If you have any questions, please contact info@ftserussell.com.

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