



FTSE ESG Data Recalculation Policy and Guidelines – Update

27 March 2025

FTSE Russell would like to inform clients of an update to the FTSE ESG Data Recalculation Policy and Guidelines. The following section has been added:

3.2 Indices that use ESG data

- 3.2.1 An update in ESG data may impact ESG equity index inclusion and will depend on the frequency of the index rebalance.
- 3.2.2 ESG data sets can be used in index methodologies for selection, weighting or exclusion of securities¹. This information is included in FTSE Russell index ground rules.
- 3.2.3 ESG scores and data sets are often based on a qualitative assessment. As there is no universal market or regulatory standard or framework, multiple approaches and methodologies are used to assess or estimate ESG factors and considerations. This may also change over time. Therefore, an element of subjectivity is inherent in any ESG score or data set.
- 3.2.4 In the event of ESG data inaccuracies, FTSE Russell will follow the guidelines below when determining any index remedial action. In general, updated ESG data will be used at the next review (apart from inaccurate inclusions), index histories will not be restated, and ex-post analysis will not be available. A client notice will be issued if the remedy is actioned intra-review.
- 3.2.5 Changes to this approach will be considered for each case, taking into account the list of criteria below.
- 3.2.6 If there are inaccuracies in the underlying index, the FTSE Equity or Fixed Income Recalculation Policy will apply and the impact will depend on the ESG index methodology.

3.3 Guidelines for indices in case of ESG data inaccuracies

Event type	Guideline
Inaccurate inclusion If a security should not have been an index constituent as defined by the <i>exclusion criteria</i> outlined in the index ground rules	Remove the security from the index with a minimum of two trading days' notice
Inaccurate exclusion If a security should have been an index constituent as defined by the <i>exclusion criteria</i> outlined in the index ground rules	Add the security to the index in conjunction with the next review, or with a minimum of two trading days' notice according to the index methodology
Inaccurate ESG data input used for index weight calculation	Updated ESG data will be used at the next review Alternative remedial actions (e.g. an additional review or recalculation of history) will be considered based on the criteria listed below

- 3.3.1 As the individual circumstances of an inaccuracy may be complex, FTSE Russell reserves the right to determine the best course of remedial action, when these general guidelines might suggest otherwise. For complex cases, custom indices and indices which are tracked by a single index user, FTSE Russell reserves the right to consult index users and market participants on potential remedial action.
- 3.3.2 In interpreting these guidelines FTSE Russell will consider relevant criteria, including but not limited to:

¹ Definitions
Selection- ESG data is used to select or rank constituents, or calculate minimum scores or thresholds
Weighting- ESG data is used to calculate the weight of a constituent in an index
Exclusion- ESG data is used to exclude companies from the index

- the asset class of the index constituents;
- the impact on constituent weights;
- the data set impacted;
- the number and weight of securities impacted;
- the methodology of the indices impacted;
- the impact on the total return of the broad, top-level index and sub-indices;
- the rebalance frequency of the indices;
- the time elapsed since the inaccuracy occurred;
- operational considerations;
- proximity to the next review;
- client impact;
- the implications for products known to track the index.

An updated copy of the FTSE ESG Data Recalculation Policy and Guidelines (v1.5) is now available using the following link: [recalculation-policy-and-guidelines-esg.pdf](#)

or on the FTSE Russell website: www.lseg.com/en/ftse-russell/

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

Australia	+61 (0) 2 7228 5659
Hong Kong	+852 2164 3333
Japan	+81 3 6441 1430
London	+44 (0) 20 7866 1810
New York	+1877 503 6437

Alternatively please visit our website at lseg.com/ftse-russell