



## A Minimum Set of Exclusions for Sustainable Investment Indices Update and Implementation Timelines

06 February 2023

Following FTSE Russell's [market consultation](#) on the application of a minimum set of exclusions to FTSE Russell's sustainable investment (SI) indices, FTSE Russell has considered the responses from market participants and announces an update to the [Guide to the Construction and Maintenance of FTSE Exclusion Lists.pdf](#) to include a set of minimum exclusions. These changes to the index methodology reflect the outcome of the consultation and were approved by the FTSE Russell Index Governance Board. Implementation will occur according to the timelines detailed below.

### Consultation outcome

FTSE Russell consulted index users on whether a minimum set of exclusions should apply to FTSE Russell's standard SI indices and received support for the proposal. FTSE Russell defines exclusions as business activities which may lead to a company being removed from an index. (Please note these exclusions do not apply to sovereign bond universes).

The [Guide to the Construction and Maintenance of FTSE Exclusion Lists.pdf](#) has been updated to include the following minimum exclusions:

Minimum Exclusions	Definition	Threshold
Tobacco	Production • Companies engaged in the production of tobacco and/or tobacco products	Greater than 0% of revenues
Thermal Coal	Extraction • Companies that extract thermal coal	Revenues greater than or equal to 50%
Controversial Weapons	Production • Companies that produce anti-personnel mines, cluster munitions, and/or biological and chemical weapons	Greater than 0% of revenues
Controversial Conduct	Violations of the United Nations Global Compact Principles • The principles are classified into four categories: Human Rights, Labour, Environment, and Anti-corruption	All companies deemed non-compliant

This minimum set of exclusions references the EU Benchmark Regulation exclusions for EU Climate Benchmarks and the activities which FTSE Russell's index users often target for removal/exclusion. Additional exclusions can be applied above this minimum standard to fulfil additional investment objectives, mandates, or restrictions.

### Scope

There will be no change to the following FTSE Russell SI indices as the minimum set of exclusions is already reflected in the construction of these indices:

FTSE Fixed Income Global Choice Index Series
FTSE Fixed Income ex Fossil Fuel Enhanced Index Series
FTSE Canada Ex Fossil Fuels Bond Index Series
FTSE Global Choice Index Series
Russell US ESG Index Series
Russell Green America Index Series
FTSE EU Climate Benchmark Index Series
FTSE MPF ESG Low Carbon Select Index Series

FTSE Bursa Malaysia ESG Low Carbon Select Index Series
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**Implementation timetable**

The following standard FTSE SI indices will be aligned to the minimum set of exclusions at the specified index review:

<b>FTSE SI Index series</b>	<b>Index review when the Minimum Exclusions will be implemented (2023)</b>
FTSE/JSE Responsible Investment Index Series	June
FTSE Women on Boards Leadership Index Series	June
FTSE Green Revenues Index Series	June
FTSE EPRA Nareit Green Index Series	September
FTSE Divest-Invest Index Series	September
FTSE ex Fossil Fuels Index Series	September
FTSE ESG Index Series	September
FTSE Global Climate Index Series	September
FTSE TPI Climate Transition Index Series	September
FTSE Smart Sustainability Index Series	September
FTSE Global Choice ex Controversies indices	December
FTSE JPX Net Zero Japan Index Series	December
FTSE4Good Index Series	December
FTSE Environmental Markets Index Series	December

Ground rules for the indices mentioned above will be updated and published to reference the guide to exclusions.

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