

# FTSE Custom Scottish Widows EU Climate Benchmarks Index Series

v1.4



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## Section 1

# Introduction

## 1. Introduction

- 1.1 This document sets out the Ground Rules for the construction and management of the FTSE Custom Scottish Widows EU Climate Benchmarks Index Series. Copies of these Ground Rules are available from [www.lseg.com/en/ftse-russell/](http://www.lseg.com/en/ftse-russell/).
- 1.2 The FTSE Custom Scottish Widows EU Climate Benchmarks Index Series is designed to align with the minimum requirements of the Paris-Aligned Benchmarks and Climate Transition Benchmarks set out in the EU Benchmark Regulation and the UK Benchmark Regulation<sup>1</sup>.
- 1.3 These Ground Rules should be read in conjunction with:
- FTSE Global Equity Index Series Ground Rules;
  - FTSE UK Index Series Ground Rules;
  - FTSE Global Factor Index Series Ground Rules,
- and the corporate actions and events guide for non-market cap weighted indices which are available at [www.lseg.com/en/ftse-russell/](http://www.lseg.com/en/ftse-russell/).
- 1.4 Price and Total Return Indices will be calculated on an end of day basis.
- 1.5 The base currency of all indices is US Dollars (USD). Index values may also be published in other currencies.
- 1.6 The FTSE Custom Scottish Widows EU Climate Benchmarks Index Series takes account of ESG factors in its index design (See Section 4).

If a tilting approach is used for a ESG data input, the objective is for the index methodology to overweight and/or underweight constituents according to specific ESG criteria. This approach will not remove all companies with exposure to a specific ESG activity or sector.

### 1.7 FTSE Russell

FTSE Russell is a trading name of FTSE International Limited, Frank Russell Company, FTSE Global Debt Capital Markets Limited (and its subsidiaries FTSE Global Debt Capital Markets Inc. and FTSE Fixed Income Europe Limited), FTSE Fixed Income LLC, FTSE (Beijing) Consulting Limited, Refinitiv Benchmark Services (UK) Limited, Refinitiv Limited and Beyond Ratings.

- 1.8 FTSE Russell hereby notifies users of the index series that it is possible that circumstances, including external events beyond the control of FTSE Russell, may necessitate changes to, or the cessation of, the index series and therefore, any financial contracts or other financial instruments that reference the index series or investment funds which use the benchmark to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index series.

<sup>1</sup> The requirements are set out in [Regulation \(EU\) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds](#) (the European Benchmark Regulation) and the [Commission Delegated Regulation \(EU\) 2020/1818 of 17 July 2020 supplementing Regulation 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-Aligned Paris-Aligned Benchmarks](#). The European Benchmark Regulation is retained EU law in the UK under [The Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019](#) (the UK Benchmark Regulation).

- 1.9 Index users who choose to follow this index series or to buy products that claim to follow this index should assess the merits of the index series' rules-based methodology and take independent investment advice before investing their own or client funds. No liability whether as a result of negligence or otherwise is accepted by FTSE Russell for any losses, damages, claims and expenses suffered by any person as a result of:
- any reliance on these Ground Rules, and/or
  - any inaccuracies in these Ground Rules, and/or
  - any non-application or misapplication of the policies or procedures described in these Ground Rules, and/or
  - any inaccuracies in the compilation of the index series or any constituent data.

## Section 2

# Management responsibilities

## 2. Management responsibilities

### 2.1 FTSE International Limited (FTSE)

2.1.1 FTSE is the benchmark administrator of the index series<sup>2</sup>.

2.1.2 FTSE is responsible for the daily calculation, production and operation of the index and will:

- maintain records of the index weightings of all constituents;
- make changes to the constituents and their weightings in accordance with the Ground Rules;
- carry out the periodic reviews of the index series and apply the changes resulting from the reviews as required by the Ground Rules;
- publish changes to the constituent weightings resulting from their ongoing maintenance and the periodic reviews;
- disseminate the index series.

2.1.3 These Ground Rules set out the methodology and provide information about the publication of the FTSE Custom Scottish Widows EU Climate Benchmarks Index Series.

### 2.2 Amendments to these Ground Rules

2.2.1 These Ground Rules shall be subject to regular review (at least once a year) by FTSE Russell to ensure that they continue to best reflect the aims of the index series. Any proposals for significant amendments to these Ground Rules will be subject to consultation with FTSE Russell advisory committees and other stakeholders if appropriate. The feedback from these consultations will be considered by the FTSE Russell Index Governance Board before approval is granted.

2.2.2 As provided for in the statement of principles for FTSE Russell Equity Indices, where FTSE Russell determines that the Ground Rules are silent or do not specifically and unambiguously apply to the subject matter of any decision, any decision shall be based as far as practical on the statement of principles. After making any such determination, FTSE Russell shall advise the market of its decision at the earliest opportunity. Any such treatment will not be considered as an exception or change to the Ground Rules, or to set a precedent for future action, but FTSE Russell will consider whether the Ground Rules should subsequently be updated to provide greater clarity.

<sup>2</sup> The term administrator is used in this document in the same sense as it is defined in [Regulation \(EU\) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds](#) (the European Benchmark Regulation) and [The Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019](#) (the UK Benchmark Regulation).

## Section 3

# FTSE Russell index policies

## 3. FTSE Russell index policies

These Ground Rules should be read in conjunction with the following policy documents which can be accessed using the links below:

### 3.1 Corporate Actions and Events Guide

3.2 Full details of changes to constituent companies due to corporate actions and events can be accessed in the corporate actions and events guide for non-market cap weighted indices using the following link:

[Corporate Actions and Events Guide for Non Market Cap Weighted Indices.pdf](#)

### 3.3 Statement of Principles for FTSE Russell Equity Indices (the Statement of Principles)

Indices need to keep abreast of changing markets and the Ground Rules cannot anticipate every eventuality. Where the Ground Rules do not fully cover a specific event or development, FTSE Russell will determine the appropriate treatment by reference to the statement of principles which summarises the ethos underlying FTSE Russell's approach to index construction. The statement of principles is reviewed annually and any changes proposed by FTSE Russell are presented to the FTSE Russell Policy Advisory Board for discussion before approval by FTSE Russell's Index Governance Board.

The statement of principles can be accessed using the following link:

[Statement\\_of\\_Principles.pdf](#)

### 3.4 Queries and Complaints

3.4.1 FTSE Russell's complaints procedure can be accessed using the following link:

[Benchmark Determination Complaints Handling Policy.pdf](#)

### 3.5 Index Policy for Trading Halts or Market Closures

3.5.1 Guidance for the treatment of index changes in the event of trading halts or market closures can be found using the following link:

[Index Policy for Trading Halts and Market Closures.pdf](#)

### 3.6 Index Policy in the Event Clients are Unable to Trade a Market or a Security

3.6.1 Details of FTSE Russell's treatment can be accessed using the following link:

[Index Policy in the Event Clients are Unable to Trade a Market or a Security.pdf](#)

### 3.7 Recalculation Policy and Guidelines

3.7.1 Where an inaccuracy is identified, FTSE Russell will follow the steps set out in the FTSE Russell Index recalculation guidelines when determining whether an index or index series should be recalculated and/or associated data products reissued. Users of the FTSE Custom Scottish Widows EU Climate Benchmarks Index Series will be notified through appropriate media.

For further information refer to the FTSE Russell Recalculation policy and guidelines document which is available from the FTSE Russell website using the link below or by contacting [info@ftserussell.com](mailto:info@ftserussell.com).

[Recalculation Policy and Guidelines Equity Indices.pdf](#)

### **3.8 Policy for Benchmark Methodology Changes**

3.8.1 Details of FTSE Russell's policy for making benchmark methodology changes can be accessed using the following link:

[Policy for Benchmark Methodology Changes.pdf](#)

### **3.9 FTSE Russell Governance Framework**

3.9.1 To oversee its indices, FTSE Russell employs a governance framework that encompasses product, service and technology governance. The framework incorporates the London Stock Exchange Group's three lines of defence risk management framework and is designed to meet the requirements of the IOSCO Principles for Financial Benchmarks<sup>3</sup>, the EU Benchmark Regulation<sup>4</sup> and the UK Benchmark Regulation<sup>5</sup>. The FTSE Russell governance framework can be accessed using the following link:

[FTSE Russell Governance Framework.pdf](#)

### **3.10 Real Time Status Definitions**

3.10.1 For indices which are calculated in real time, please refer to the following guide for details of real time status definitions:

[Real Time Status Definitions.pdf](#)

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<sup>3</sup> IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013.

<sup>4</sup> Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.

<sup>5</sup> The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019.

## Section 4

# ESG data inputs

### 4. ESG data inputs

The following ESG datasets are used in the construction of the index.

ESG data inputs	Details	Used for selection, weighting or exclusion <sup>6</sup>
<b>FTSE Green Revenues</b>	FTSE Russell's Green Revenues data model identifies companies providing green products and services and classifies associated revenues based on the Green Revenues Classification System (GRCS). GRCS is a taxonomy used to define and measure the industrial transition to a Green Economy. More information can be found here: <a href="#">ftse-green-revenues-classification-system.pdf</a>	Weighting
<b>TPI Management Quality (MQ)</b>	FTSE Russell's Transition Pathway Initiative (TPI) Management Quality (MQ) data evaluates and tracks the quality of companies' governance/management of their greenhouse gas emissions and of risks and opportunities related to the low-carbon transition. More information can be found here: <a href="http://www.transitionpathwayinitiative.org/methodology">www.transitionpathwayinitiative.org/methodology</a>	Weighting
<b>TPI Carbon Performance Scores (CP)</b>	TPI Carbon Performance (CP) scores assess how companies' carbon performance now and in the future might compare to the international targets and national pledges made as part of the Paris Agreement. More information can be found here: <a href="https://www.transitionpathwayinitiative.org/methodology">https://www.transitionpathwayinitiative.org/methodology</a>	Weighting
<b>FTSE Carbon Reserves</b>	FTSE Carbon Reserves data model provides granular coverage of fossil fuel reserve ownership among publicly listed companies in developed markets and emerging economies. More information can be found here: <a href="#">Guide to FTSE and Third Party ESG Data used in FTSE Russell Indices.pdf</a>	Weighting
<b>FTSE Carbon Emissions</b>	The FTSE Carbon Emissions Dataset provides reported and estimated Scope 1, Scope 2 and Scope 3 emissions data for both the assets and activities controlled by global publicly listed companies and their entire value chain (upstream and downstream activities). More information can be found here: <a href="#">Guide to FTSE and Third Party ESG Data used in FTSE Russell Indices.pdf</a>	Weighting
<b>Product related data – FTSE Russell</b>	FTSE exclusion lists on the activities of companies with exposure to specific products or services. More information can be found in Section 7 here: <a href="#">Guide to the Construction and Maintenance of FTSE Exclusion Lists.pdf</a> .	Exclusion

<sup>6</sup> 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.





## Section 5

# Climate transition indicators

## 5. Climate transition indicators

### 5.1 Green Revenues (GR)

- 5.1.1 The Green Revenues (GR) score is the ratio of revenues as classified by the FTSE Green Revenues Classification System to total revenue based on the FTSE Russell Green Revenue 2.0 data model.
- 5.1.2 The FTSE Green Revenues application excludes any green revenues from Tier 3 activities. Tier 3 activities are defined as micro sectors which have some environmental benefits but are overall net neutral or negative.
- 5.1.3 All constituent securities are assigned a FTSE Green Revenues ratio value. The FTSE Green Revenues ratio for a company can be:
- Zero if a constituent company has no exposure to the Green Economy;
  - A non-zero value, when a constituent company is identified to generate Green Revenues as defined by the FTSE Green Revenues Classification System;
  - The minimum of the stated range of possible Green Revenues, when a company discloses insufficient information for a precise determination of the FTSE Green Revenues ratio.

### 5.2 The Transition Pathway Initiative (TPI)

- 5.2.1 The TPI methodology assesses companies' progress on the transition to a low-carbon economy on two dimensions: Management Quality and Carbon Performance.
- 5.2.2 TPI Management Quality (MQ) assesses the quality of companies' management of their greenhouse gas emissions and of risks and opportunities related to the low-carbon transition. MQ scores are derived from the climate theme data from FTSE Russell's ESG data model based on TPI's methodology which is published on the public website [www.transitionpathwayinitiative.org/methodology](http://www.transitionpathwayinitiative.org/methodology)
- TPI Carbon Performance (CP) assesses individual companies' current and projected future emissions pathways and how this compares to the international targets and national pledges made as part of the UN Paris Agreement. Companies that receive an assessment are categorized into different groups, which are described in the [Guide to FTSE and Third Party ESG Data](#) used in FTSE Russell Indices and are provided by TPI on an annual basis.

Companies are assigned a CP score based on their Carbon Performance assessment.

Carbon Performance categories	CP scores
Below 2°C (pulp & paper only)/ 1.5°C	2
Below 2°C (pulp & paper only)/2°C	1.5
Paris/National/International Pledges	0.8
Not aligned	0*
Not assessed	1

\* The Carbon Performance score of 'not aligned' is set to  $\exp(x)$  for CTB and  $x$  is the tilt strength for not aligned emission reduction. Tilt strength for an index is determined in the weighting (see Section 8).

### 5.3 Carbon Emissions Intensity (E)

Carbon Emissions Intensity is defined as the latest annual CO2 equivalent greenhouse gas (GHG) emissions in metric tons scaled by enterprise value including cash (in USD). CO2 equivalent GHG emissions data is defined as GHG Protocol Scope 1 and 2 and Scope 3 emissions. Enterprise Value data is sourced from Worldscope. The data cut-off date for the availability of Carbon Emissions Intensity is the close of business on the last business day of the month prior to the review month.

### 5.4 Potential Emissions: Fossil Fuel Reserve Intensity (R)

Fossil Fuel Reserve Intensity is defined as the estimated CO2 equivalent GHG emissions in metric tons generated by the combustion of a company's fossil fuel reserves, divided by its full company market capitalisation (in USD). The data cut-off date for the availability of Fossil Fuel Reserve Intensity is the close of business on the last business day of the month prior to the review month.

### 5.5 Z-Scores and Missing Data Treatment for Z-Scores

5.5.1 Z-scores are calculated for Green Revenue, Scope 1 and 2 Carbon Emissions Intensity (ES1&2), Scope 3 Carbon Emissions Intensity (ES3), Fossil Fuel Reserve Intensity (R) and TPI Management Quality (MQ).

5.5.2 Individual stock quantities are normalised cross-sectionally to create Z-Scores within each underlying universe according to:

$$Z_{F,i} = \frac{F_i - \mu_F}{\sigma_F} \text{ where } F \in \{\text{Log}(GR), \text{ES1\&2}, \text{ES3}, \text{Log}(R), \text{MQ}\} \quad (1)$$

where,  $F_i$  is the  $F$ -quantity of the  $i^{\text{th}}$  stock and  $\mu_F$  and  $\sigma_F$  are its cross-sectional factor mean and standard deviation respectively.

Z-Scores that are greater (less) than three (minus three) are truncated to a value of three (minus three). Post-truncation, individual Z-Scores are renormalized by the re-application of equation (1).

All Z-Scores, including truncated ones are included in this re-application. This process is repeated until all Z-Scores lie in a range between plus and minus three.

Companies with missing data are excluded from this process. Companies with no Green Revenue are assigned a Z-Score of -3 for their Green Revenue and not included in the Z-Score calculation process.

Companies in the ICB subsector Coal (60101040) which do not have Fossil Fuel Reserve data available are assigned the average Z-score of companies in the Coal subsector. If there are no companies in the Coal subsector with reserve data, the Z-score of 0 is assigned.

Companies in the following ICB subsectors which do not have Fossil Fuel Reserve data available are assigned the average Z-score of all companies in this group of subsectors. If there are no companies in this group of subsectors with reserve data, a Z-score of 0 is assigned.

- Integrated Oil and Gas (ICB: 60101000);
- Oil: Crude Producers (ICB: 60101010);
- Offshore Drilling and Other Services (ICB: 60101015);
- Oil Refining and Marketing (ICB: 60101020);
- Oil Equipment and Services (ICB: 60101030);
- Pipelines (ICB: 60101035).

For all companies outside the ICB sectors specified above, if no Fossil Fuel Reserve data is available the company is assigned a Z-Score of -3 for their Fossil Fuel Reserves.

- 5.5.3 Stocks with missing Carbon Emissions Intensities (for Scope 1 and 2 and for Scope 3) are assigned the average Z-Score of their ICB sector with the exception of Financials Scope 3 (see 5.5.4). The average is taken across non-missing Z-Scores of Carbon Emissions Intensities in the sector at the process described in Rule 5.1.1. A Z-Score of zero is assigned when there are less than three stocks with Z-Scores in the ICB sector.
- 5.5.4 Due to low and unreliable disclosure from Financials companies, the FTSE Carbon Emissions data model used in the FTSE Custom Scottish Widows EU Climate Benchmarks Index Series does not cover financials (ICB 30). In the Index construction, all financials, including those with disclosed scope 3, are assigned a Z-score of 3 (which is the 'worst' tilt on the scope 3 carbon emissions) to reflect their very large but underestimated emissions.
- 5.5.5 Stocks with missing TPI Management Quality (MQ) scores are assigned the average Z-Score of their country. The average is taken across non-missing Z-Scores of MQ scores in the country at the process described in Rule 5.1.1. A Z-Score of zero is assigned when there are less than three stocks with Z-Scores in the country.

## Section 6

# Eligible securities

## 6. Eligible securities

6.1.1 The eligible securities of each Climate index are the constituents of the corresponding underlying index shown in Table 1.

6.1.2 Securities that are members of the applicable exclusion list (see Appendix A) are not eligible for membership of the relevant index.

### 6.2 Multiple lines

All lines of the same company that are eligible securities are eligible for inclusion in the index.

### 6.3 FTSE Custom Scottish Widows EU Climate Benchmarks Index Series

The FTSE Custom Scottish Widows EU Climate Benchmarks Index Series consists of the following indices.

**Table 1: Paris-Aligned Benchmark (PAB) Indices**

Index name	Underlying index	Exclusion list
FTSE Developed Custom Screened Paris-Aligned (PAB) Index	FTSE Developed Index	EU PAB Exclusion List and Scottish Widows Exclusion List (See Appendix A)
FTSE Emerging Custom Screened Paris-Aligned (PAB) Index	FTSE Emerging Index	

**Table 2: Climate Transition Benchmark (CTB) Indices**

Index name	Underlying index	Exclusion list
FTSE All-Share Ex-Investment Trusts Custom Screened Climate Transition (CTB) Index	FTSE All-Share Ex-Investment Trust Index	EU CTB Exclusion List and Scottish Widows Exclusion List (See Appendix A)

## Section 7

# Periodic review of constituent companies

## 7. Periodic review of constituent companies

### 7.1 Review dates

7.1.1 The FTSE Custom Scottish Widows EU Climate Benchmarks Index Series are reviewed annually in September.

FTSE indices	Review months
FTSE Developed Custom Screened Paris-Aligned (PAB) Index	September
FTSE All-Share Ex-Investment Trusts Custom Screened Climate Transition (CTB) Index	September
FTSE Emerging Custom Screened Paris-Aligned (PAB) Index	September

Index reviews will use climate indicators as of the last business day of August (the data cut-off date). The calculations described in Appendix B will be recalculated at the annual review using this data cut-off date.

7.1.2 Index reviews will use stock prices available as at the close of business on the Wednesday before the first Friday of September (price cut-off date).

7.1.3 The review will be implemented after the close of business on the third Friday of September.

The annual index review will incorporate constituent changes associated with reviews of the underlying eligible universe as of the review effective date. Any changes to the status of “Excluded Companies” as defined in Appendix A are applied on the Monday following the third Friday of the review month.

## Section 8

# Weighting methodology

## 8. Weighting methodology

### 8.1 Index weights

8.1.1 Constituent weightings in the FTSE Custom Scottish Widows EU Climate Benchmarks Index Series are set to meet the Paris-Aligned (PAB) and Climate Transition (CTB) index objectives set out in the EU Benchmark Regulation and UK Benchmark Regulation. The FTSE Custom Scottish Widows Paris-Aligned benchmark (PAB) indices are set to meet EU Paris-Aligned benchmark (EU PAB) Minimum Requirements and the FTSE Custom Scottish Widows Climate Transition Benchmark (CTB) indices are set to meet the EU Climate Transition Benchmark (CTB) Minimum Requirements. Both FTSE Custom Scottish Widows EU Climate Benchmark indices are set to meet the Additional Objectives.

Paris-Aligned (PAB) Minimum Requirements	Index targets
Minimum carbon emissions reduction relative to underlying Index (see 8.1.2 and Appendix B)	≥50% – Scope 1 and 2 Emissions ≥50% – Scope 3 Emissions
Minimum geometric average annual carbon emissions reduction relative to the index base year (see Appendix B)	7% – Scope 1 and 2 Emissions 7% – Scope 3 Emissions (applies after base year)
Active weight in High Climate Impact Sector relative to underlying index in aggregate (see Appendix C)	0

Climate Transition (CTB) Minimum Requirements	Index targets
Minimum geometric carbon emissions reduction relative to underlying Index (see 8.1.2 and Appendix B)	≥30% – Scope 1 and 2 Emissions ≥30% – Scope 3 Emissions
Minimum average annual carbon emissions reduction relative to the index base year (see Appendix B)	7% – Scope 1 and 2 Emissions 7% – Scope 3 Emissions (applies after base year)
Active weight in High Climate Impact Sector relative to underlying index in aggregate (see Appendix C)	0

Additional objectives	Index targets
Minimum potential emissions reduction relative to underlying Index (see 8.1.2 and Appendix B)	PAB: ≥50% – Potential Emissions CTB: ≥30% – Potential Emissions
Corporate Target Setting: TPI MQ score improvement	0.2σ
Corporate Target Setting: TPI Carbon Performance tilt	1 tilt **
Corporate Target Setting: TPI Carbon Performance Not Aligned companies' emission reduction relative to underlying Index	PAB: 0 weight CTB: ≥60% Scope 1 and 2 emissions reduction

Additional objectives	Index targets
Green Revenue improvement	≥ 100%
Active weight of each company in ICB subsector Banks (30101010)	≤ 0

\*  $\sigma$  is the weighted standard deviation of the score in the underlying universe.

\*\* TPI carbon performance fixed tilt detailed in Rule **Error! Reference source not found.**

Also see Appendix A for exclusions applied.

8.1.2 Minimum carbon emissions reduction relative to the underlying Index and minimum average carbon emissions reduction relative to the index base year apply a 0.5% buffer to allow drift between targeted and realized emission targets (see Appendix B).

8.1.3 FTSE Custom Scottish Widows EU Climate Benchmarks Index Series employs a base year of 2020 for the application of the minimum average carbon emissions reduction relative to the index base year.

The first assessment period to meet the Paris-Aligned Benchmark (PAB) and Climate Transition Benchmark (CTB) Minimum Requirements will be measured on an annual basis starting from the first index review in the calendar year following the launch of the index.

Should a significant change in the calculation methodology of GHG intensity or absolute GHG emissions occur, a new base year may be selected.

8.1.4 FTSE Custom Scottish Widows EU Climate Benchmarks Index Series also applies below constraints:

Index	Beta Banding	Country	Industry	Max Stock Weight (%)	Min Stock Weight (b.p.)	Max Capacity Ratio*	Min EffN*
FTSE Developed Custom Screened Paris-Aligned (PAB) Index	0.7 – 1.3	+/-5%	+/-5%	5	0.5	20	≥25%
FTSE All-Share Ex-Investment Trusts Custom Screened Climate Transition (CTB) Index	0.7 – 1.3	NA	+/-5%	5	0.5	20	≥25%
FTSE Emerging Custom Screened Paris-Aligned (PAB) Index	0.7 – 1.3	+/-5%	+/-5%	5	0.5	20	≥25%

\* See FTSE Global Factor Index Series Ground Rules for details on effective N (effN).

8.1.5 Constituent weightings in the FTSE Custom Scottish Widows EU Climate Benchmarks Index Series are determined using FTSE Target Exposure methodology. The weight of the constituent is determined as:

$$w_i = \frac{v_i}{\sum_j v_j}$$

where

$$v_i = w'_i \times S_{GR,i}^a \times S_{ES1\&2,i}^{b1\&2} \times S_{ES3,i}^{b3} \times S_{R,i}^c \times S_{MQ,i}^d \times CP_i \times C_i \times I_i \times \Phi_i$$

where,

- $w'_i$  is the market capitalisation weight of stock  $i$  in the underlying eligible universe;
- $S_{GR,i}$ ,  $S_{ES1\&2,i}$ ,  $S_{ES3,i}$ ,  $S_{R,i}$ ,  $S_{MQ,i}$  are natural exponents of the corresponding Z-scores detailed in Rule 5.5;
- $a$ ,  $b1\&2$ ,  $b3$ ,  $c$  and  $d$  are tilt-strength determined at index weighting;
- $CP_i$  is the TPI carbon performance fixed tilt detailed in **Error! Reference source not found.**;
- $C_i$  and  $I_i$  are Country and Industrial ICB tilt respectively;
- $\Phi_i$  is the maximum stock capacity/maximum weight tilt;

For details of FTSE Target Exposure methodology see FTSE Global Factor Index Series.



- 8.1.6 At each index review, constraints and targets may be relaxed if delivering all constraints and targets are not achievable. Industry and Country constraints are relaxed first at 1% interval till a maximum +/-20% band. If there is no feasible solution at +/- 20% industry and country banding, other constraints and targets are relaxed. Details for the relaxation can be found in FTSE Global Factor Ground Rules. Paris-Aligned (PAB) or Climate Transition Benchmark (CTB) Minimum Requirements will not be relaxed.
- 8.1.7 If there is no feasible solution after Rule 8.1.6, Paris-Aligned (PAB) or Climate Transition Benchmark (CTB) minimum emission requirements are reduced by 2.5% of their original value and the weighting process detailed in Rules 8.1.5 and 8.1.6 is re-attempted. This process is repeated until a valid solution is achieved.
- 8.1.8 In the event of Paris-Aligned (PAB) or Climate Transition Benchmark (CTB) Minimum Requirements being relaxed during the index review, the Paris-Aligned (PAB) or Climate Transition Benchmark (CTB) adjustments and targets would be applied at the next index review. Additional details are provided in Appendix B.

## **8.2 Index back-histories**

- 8.2.1 Company carbon emissions data is lagged by one year, before the end of April 2022.

## Section 9

# Changes to constituent companies

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## 9. Changes to constituent companies

### 9.1 Intra-review additions

9.1.1 Additions to the underlying index will be considered for inclusion at the next annual review.

### 9.2 Intra-review deletions

9.2.1 A constituent will be removed from the FTSE Custom Scottish Widows EU Climate Benchmarks Index Series if it is removed from the underlying universe.

### 9.3 Intra-review changes to exclusion lists

9.3.1 A constituent will be removed from the FTSE Custom Scottish Widows EU Climate Benchmarks Index Series if it is added to a relevant exclusion list. The deletion will be concurrent with its addition to the exclusion list.

9.3.2 A stock that is removed from a relevant exclusion list will be considered for inclusion at the next annual review.

## Section 10

# Corporate actions and events

## 10. Corporate actions and events

10.1 If a constituent has a stock split, stock consolidation, rights issue, bonus issue, a change in the number of shares in issue or a change in free-float, the constituent's weighting in the FTSE Custom Scottish Widows EU Climate Benchmarks Index Series remains unchanged pre and post such an event.

10.2 Full details of changes to constituent companies due to corporate actions and events can be accessed in the corporate actions and events guide for non-market capitalisation weighted indices using the following link:

[Corporate Actions and Events Guide for Non Market Cap Weighted Indices.pdf](#)

A corporate 'action' is an action on shareholders with a prescribed ex date. The share price will be subject to an adjustment on the ex date. These include the following:

- Capital repayments;
- Rights issues/entitlement offers;
- Stock conversion;
- Splits (sub-division)/Reverse splits (consolidation);
- Scrip issues (capitalisation or bonus issue).

A corporate 'event' is a reaction to company news (event) that may impact the index depending on the index rules. For example, a company announces a strategic shareholder is offering to sell their shares (secondary share offer) – this could result in a free float weighting change in the index. Where an index adjustment is required, FTSE Russell will provide notice advising of the timing of the change.

### 10.3 Suspension of dealing

Suspension of dealing rules can be found within the corporate actions and events guide for Non-Market Capitalisation Weighted Indices.

### 10.4 Takeovers, mergers and demergers

The treatment of takeovers, mergers and demergers can be found within the corporate actions and events guide for non-market capitalisation weighted indices.

## Section 11

# Treatment of dividends

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## 11. Treatment of dividends

11.1 Declared dividends are used to calculate the Standard Total Return Index of the FTSE Custom Scottish Widows EU Climate Benchmarks Index Series. All dividends are applied as at the ex-div date.

11.2 Net of tax Total Return Indices are also calculated based on dividends received following deduction of withholding tax at the rates applicable to a UK pension fund that benefits from double-taxation treaties.

Withholding tax rates used in the net-of-tax indices can be accessed using the following link:

[Withholding Tax Service](#)

Please also refer to the FTSE Russell Withholding Tax Guide which can be accessed using the following link:

[FTSE Russell Withholding Tax Guide.pdf](#)

## Section 12

# Industry Classification Benchmark (ICB)

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## 12. Industry Classification Benchmark (ICB)<sup>7</sup>

### 12.1 Classification structure

- 12.1.1 The FTSE Custom Scottish Widows EU Climate Benchmarks Index Series constituents are classified into Industries, Supersectors, Sectors and Subsectors, as defined by the Industry Classification Benchmark (ICB).
- 12.1.2 Details of the Industry Classification Benchmark are available from FTSE Russell and published on the FTSE Russell website ([www.lseg.com/en/ftse-russell/](http://www.lseg.com/en/ftse-russell/)) and can be accessed using the following link:  
[Industry Classification Benchmark](#)

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<sup>7</sup> Russell indices migrated to the new ICB classification system in September 2020 and FTSE indices migrated in March 2021.

## Section 13

# Indices algorithm and calculation method

## 13. Indices algorithm and calculation method

### 13.1 Prices

13.1.1 The FTSE Custom Scottish Widows EU Climate Benchmarks Index Series uses actual closing mid-market or last trade prices, where available, for securities with local market quotations. Further details can be accessed using the following link:

[Closing Prices Used For Index Calculation.pdf](#)

### 13.2 Calculation frequency

13.2.1 The FTSE Custom Scottish Widows EU Climate Benchmarks Index Series will be calculated on an end of day basis and displayed to eight decimal points.

### 13.3 Index calculation

The FTSE Custom Scottish Widows EU Climate Benchmarks Index Series are calculated using the algorithm described below:

$$\sum_{i=1}^N \frac{(p_i \times e_i \times s_i \times f_i \times c_i)}{d}$$

Where,

- $i=1,2,\dots,N$ ;
- $N$  is the number of securities in the index;
- $p_i$  is the latest trade price of the component security (or the price at the close of the index on the previous day);
- $e_i$  is the exchange rate required to convert the security's currency into the index's base currency;
- $s_i$  is the number of shares in issue used by FTSE Russell for the security, as defined in these Ground Rules;
- $f_i$  is the Investability Weighting Factor to be applied to a security to allow amendments to its weighting, expressed as a number between 0 and 1, where 1 represents a 100% free float. This factor is published by FTSE Russell for each security in the underlying index;
- $c_i$  is the Weight Adjustment Factor (WAF) to be applied to a security to correctly weight that security in the index. This factor maps the investable market capitalisation of each stock to a notional market capitalisation for inclusion in the index;

- $d$  is the divisor, a figure that represents the total issued share capital of the Index at the base date. The divisor can be adjusted to allow changes in the issued share capital of individual securities to be made without distorting the index.

# Appendix A

## Exclusions

### Product involvement exclusions

At each index review date, companies with the business activities listed in the table below are excluded from the eligible universe.

Exclusions lists are reviewed on a quarterly basis in March, June, September, and December.

FTSE Paris-Aligned Benchmark (PAB) Index exclusions		
Exclusions category	Definition	Involvement threshold for exclusion
<b>Controversial Weapons</b> BMR minimum requirement	<b>Chemical &amp; Biological Weapons</b>  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.  Secondary products and services to chemical & biological weapons that are specific to chemical & biological weapons.  The company is involved, either directly or through corporate ownership, in the core weapon system, or components/services of the core weapon system, that are considered either tailor-made or not tailor-made and either essential or not essential for the lethal use of the weapon.	Greater than 0% of revenues
	<b>Cluster Munitions</b>  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.  Secondary products and services to cluster munitions that are specific to cluster munitions.  The company is involved, either directly or through corporate ownership, in the core weapon system, or components/services of the core weapon system, that are considered either tailor-made or not tailor-made and either essential or not essential for the lethal use of the weapon.	Greater than 0% of revenues
	<b>Anti-Personnel Landmines</b>  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").  Secondary products and services to anti-personnel mines that are specific to anti-personnel mines.  The company is involved, either directly or through corporate ownership, in the core weapon system, or components/services of the core weapon system, that are considered either tailor-made or not tailor-made and either essential or not essential for the lethal use of the weapon.	Greater than 0% of revenues



FTSE Paris-Aligned Benchmark (PAB) Index exclusions		
Exclusions category	Definition	Involvement threshold for exclusion
<b>Tobacco</b> BMR minimum requirement	Tobacco products including 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.  This includes: – all 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 this Subsector.	Greater than 0% of revenues  Not applicable  Greater than 0% of revenues
	<b>Coal:</b> 1 % or more of revenues from exploration, mining, extraction, distribution or refining of hard coal & lignite BMR minimum requirement	<b>Thermal Coal Reserves</b> Companies with proved or probable reserves in coal.  <b>Thermal Coal Extraction</b> The company extracts thermal coal.  <b>Thermal Coal Supporting Services</b> The company provides tailor-made products & services that support thermal coal extraction. This includes companies that provide storage & transportation, mining, and coal refining services.
<b>Oil &amp; Gas:</b> – 10 % or more of revenues from the exploration, extraction, distribution or refining oil fuels; – 50 % or more of revenues from the exploration, extraction, manufacturing or distribution of hydrocarbons, hydrogen and carbon monoxide mixtures present in gaseous state. BMR minimum requirement	<b>Oil &amp; Gas Production</b> Companies involved in oil and gas (including Oil Sands) exploration, production, refining, transportation and/or storage.  <b>Oil &amp; Gas Supporting Products &amp; Services</b> Companies providing tailor-made products and services that support oil and gas (including Oil Sands) exploration, production, refining, transportation, and storage.	Greater than or equal to 10%
<b>Electricity producers:</b> carbon intensity of lifecycle GHG emissions > 100 gCO <sub>2</sub> e/kWh (50%+ revenues) BMR minimum requirement	<b>Oil &amp; Gas Generation</b> <b>Thermal Coal Power Generation</b> Companies generating electricity from oil and/or gas, and/or thermal coal.	Greater than or equal to 50% of revenues
<b>Additional exclusions</b>	<b>Oil Sands Extraction</b> The company extracts oil sands.	Greater than or equal to 5% of revenues
	<b>Tobacco</b> The company is engaged in the following activities relating to Tobacco: – The company manufactures Tobacco products; – The company supplies tobacco-related products/services; – The company derives revenues from the distribution and/or retail sale of tobacco products.	Greater than or equal to 10% of revenue

FTSE Climate Transition Benchmark (CTB) Index Exclusions		
Exclusions category	Definition	Revenue threshold applied
<b>Controversial Weapons</b> BMR minimum requirement	<b>Biological &amp; Chemical weapons</b>	
	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. Secondary products and services to chemical & biological weapons that are specific to chemical & biological weapons. The company is involved, either directly or through corporate ownership, in the core weapon system, or components/services of the core weapon system, that are considered either tailor-made or not tailor-made and either essential or not essential for the lethal use of the weapon.	Greater than 0% of revenues
	<b>Cluster Munitions</b>	
	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. Secondary products and services to cluster munitions that are specific to cluster munitions. The company is involved, either directly or through corporate ownership, in the core weapon system, or components/services of the core weapon system, that are considered either tailor-made or not tailor-made and either essential or not essential for the lethal use of the weapon.	Greater than 0% of revenues
	<b>Anti-personnel mines</b>	
	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"). Secondary products and services to anti-personnel mines that are specific to anti-personnel mines. The company is involved, either directly or through corporate ownership, in the core weapon system, or components/services of the core weapon system, that are considered either tailor-made or not tailor-made and either essential or not essential for the lethal use of the weapon.	Greater than 0% of revenues
<b>Tobacco activities</b> BMR minimum requirement	Tobacco products including 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.	Greater than 0% of revenues
	This includes: – all 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 this Subsector.	Not applicable
<b>Additional Exclusions</b>	<b>Thermal Coal – Extraction</b> Companies that extract thermal coal.	Greater than or equal to 5% of revenues
	<b>Thermal Coal – Power generation</b> Companies that generate electricity from thermal coal.	
	<b>Oil Sands extraction</b> Companies that extract oil sands.	
	<b>Tobacco</b> The company is engaged in the following activities relating to Tobacco: – The company manufactures Tobacco products; – The company supplies tobacco-related products/services; – The company derives revenues from the distribution and/or retail sale of tobacco products.	Greater than or equal to 10%

## Conduct-Related Exclusions<sup>8</sup> – applied to all indices in the FTSE Custom Scottish Widows EU Climate Benchmarks Index Series

At each index review date, FTSE Russell will apply the UN Global Compact (UNGC) controversies exclusion list outlined below to the underlying eligible universes of the EU Climate Benchmarks Index Series. This data is provided by third party data vendor, Sustainalytics.

	Exclusions	Threshold
<b>Controversies</b> BMR minimum requirement	<b>Human Rights</b> 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.	All companies deemed to be non-compliant
	<b>Labor</b> Controversies related to Principles 3, 4, 5, and 6 of the UN Global Compact, which is derived from the International Labour 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 labour; Principle 5: the effective abolition of child labour, and Principle 6: the elimination of discrimination in respect of employment and occupation.	
	<b>Environment</b> 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.	
	<b>Anti-Corruption</b> 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.	
<b>Do No Significant Harm</b> BMR minimum requirement	Companies at risk of contributing to severe or systemic and/or systematic violations of international norms and standards relating to UNGC principles 7, 8, 9.	All companies assigned Watchlist status

For further details on FTSE Russell and/or Sustainalytics data, please refer to Section 4. Companies not covered by FTSE Russell and/or Sustainalytics are excluded from the FTSE Paris-Aligned (PAB) and FTSE Climate Transition (CTB) indices.

<sup>8</sup> Conduct-Related Exclusions regarding controversies utilize data sourced from Sustainalytics' Global Standards Screening (GSS) dataset, FTSE Russell and RepRisk. Please refer to the [Guide to FTSE and Third Party ESG Data used in FTSE Indices](#) for further details.

## Appendix B

# Carbon emissions

### GHG emissions

The FTSE Custom Scottish Widows EU Climate Benchmarks Index Series uses Scope 1 and 2 carbon emission intensity, Scope 3 carbon emissions intensity and potential carbon emissions from fossil fuel reserve ownership.

Carbon emission reduction is measured as the reduction of carbon emissions intensity.

Potential carbon emission reduction is measured as the reduction of potential carbon emissions intensity.

Scope 1 and 2, and Scope 3 carbon emissions intensity is defined as:

- Company total carbon emissions (Scope 1 and 2 or Scope 3) in metric tonnes CO2 scaled by enterprise value including (EVIC) cash (USD).

Potential carbon emissions intensity is defined as:

- Company total CO2 equivalent of the fossil fuel reserve in metric tonnes CO2 scaled by full company market capitalisation (USD).

#### Average annual GHG emissions reduction relative to base year of the index

The FTSE Custom Scottish Widows EU Climate Benchmarks Index Series requires an average annual GHG intensity reduction relative to base year of the index for Scope 1 and 2 emission intensity and for Scope 3 emission intensity.

The average carbon emissions reduction relative to base year of the index is calculated<sup>9</sup> as the weighted average emission intensity ( $WA\_EM$ ) over the previous year's level, adjusted for inflation by the universe average enterprise value including cash ( $AVG\_EVIC$ ). That is:

$$1 - \left( \frac{WA\_EM_t}{WA\_EM_{t_0}} \div \frac{AVG\_EVIC_{t_0}}{AVG\_EVIC_t} \right)^{\frac{1}{t-t_0}}$$

where  $t_0$  is the base year and  $t$  is current review year.

#### Index GHG emissions targets

At review, the Scope 1 and 2 emission intensity targets and Scope 3 index emission intensity targets are set as the lower of (1) Emission Reduction Relative to Benchmark and (2) Emission Trajectory Target, where:

$$Emission\ Reduction\ Relative\ to\ Benchmark = (1 - r - b) \times Benchmark\ Emission$$

$$Emission\ Trajectory\ Target = [(1 - 7\%)^{t-t_0} - b] \times WA\_EM_{t_0} \div \frac{AVG\_EVIC_t}{AVG\_EVIC_{t_0}}$$

where  $b = 0.5\%$  is the buffer to allow for drift between targeted and realized targets and  $r$  is the minimum carbon emission intensity reduction relative to underlying Index as set out in Section 8.

The calculations for emission data will follow price cut-off date and implementation date as detailed in Rule 7.1.3 and 7.1.4.

<sup>9</sup> Calculated for Scope 3 emissions separately from Scope 1 and 2.

## Appendix C

# High climate impact sector

FTSE Custom Scottish Widows EU Climate Benchmarks Index Series will maintain equal active weight in 'High Climate Impact' and 'Low Climate Impact' sectors, relative to the underlying index. As per the delegated acts for EU climate benchmarks (A19a-A19d of the consolidated European Benchmarks Regulation), securities in NACE sector codes A, B, C, D, E, F, G, H, L are classified as "High Climate Impact", whereas securities in NACE sector codes I, J, K, M, N O, P, Q, R, S, T are classified as "Low Climate Impact".

FTSE Russell has mapped NACE classes to ICB according to the following steps:

- The NACE exposure of each ICB 4 subsector is determined;
- ICB company classifications are then cross-referenced with the Refinitiv Worldscope Fundamentals database providing the NACE sector of segmental revenues, in order to map the percentage of company revenues of each ICB Level 4 subsector aligning to a NACE Level 1 sector;
- In the cases where ICB level 4 subsector revenues are split between one or more NACE sectors, the NACE & ICB definitions are used to determine the appropriate NACE mapping.

The list of ICB 4 subsectors that are mapped to NACE sector codes A, B, C, D, E, F, G, H, L, classified as "High Climate Impact", is provided below:

ICB Level 4 subsector	Description	Defined NACE
10102010	Semiconductors	C
10102015	Electronic Components	C
10102020	Production Technology Equipment	C
10102030	Computer Hardware	C
10102035	Electronic Office Equipment	C
15101010	Telecommunications Equipment	C
20102010	Medical Equipment	C
20102015	Medical Supplies	C
20103015	Pharmaceuticals	C
20103020	Marijuana Producers	C
35101010	Real Estate Holding and Development	L
35101015	Real Estate Services	L
35102000	Diversified REITs	L
35102010	Health Care REITs	L
35102015	Hotel and Lodging REITs	L
35102020	Industrial REITs	L
35102025	Infrastructure REITs	L
35102030	Office REITs	L

ICB Level 4 subsector	Description	Defined NACE
35102040	Residential REITs	L
35102045	Retail REITs	L
35102050	Storage REITs	H
35102060	Timber REITs	A
35102070	Other Specialty REITs	L
40101010	Auto Services	G
40101015	Tires	C
40101020	Automobiles	C
40101025	Auto Parts	C
40201050	Storage Facilities	L
40201070	Consumer Services: Misc.	G
40202010	Home Construction	F
40202015	Household Furnishings	C
40202020	Household Appliance	C
40202025	Household Equipment and Products	C
40203010	Consumer Electronics	C
40203040	Electronic Entertainment	C
40203045	Toys	C
40203050	Recreational Products	C
40203055	Recreational Vehicles and Boats	C
40203060	Photography	C
40204020	Clothing and Accessories	C
40204025	Footwear	C
40204030	Luxury Items	C
40204035	Cosmetics	C
40401010	Diversified Retailers	G
40401020	Apparel Retailers	G
40401025	Home Improvement Retailers	G
40401030	Specialty Retailers	G
40501010	Airlines	H
40501015	Travel and Tourism	H
45101010	Brewers	C
45101015	Distillers and Vintners	C
45101020	Soft Drinks	C
45102010	Farming, Fishing, Ranching and Plantations	A
45102020	Food Products	C
45102030	Fruit and Grain Processing	C
45102035	Sugar	C
45103010	Tobacco	C

ICB Level 4 subsector	Description	Defined NACE
45201010	Food Retailers and Wholesalers	G
45201015	Drug Retailers	G
45201020	Personal Products	C
45201030	Nondurable Household Products	C
45201040	Miscellaneous Consumer Staple Goods	G
50101010	Construction	F
50101015	Engineering and Contracting Services	F
50101020	Building, Roofing/Wallboard and Plumbing	C
50101025	Building: Climate Control	C
50101030	Cement	C
50101035	Building Materials: Other	C
50201010	Aerospace	C
50201020	Defence	C
50202010	Electrical Components	C
50202020	Electronic Equipment: Control and Filter	C
50202025	Electronic Equipment: Gauges and Meters	C
50202030	Electronic Equipment: Pollution Control	C
50202040	Electronic Equipment: Other	C
50203000	Diversified Industrials	C
50203010	Paints and Coatings	C
50203015	Plastics	C
50203020	Glass	C
50203030	Containers and Packaging	C
50204000	Machinery: Industrial	C
50204010	Machinery: Agricultural	C
50204020	Machinery: Construction and Handling	C
50204030	Machinery: Engines	C
50204040	Machinery: Tools	C
50204050	Machinery: Specialty	C
50205010	Industrial Suppliers	G
50205030	Forms and Bulk Printing Services	C
50206010	Trucking	H
50206015	Commercial Vehicles and Parts	C
50206020	Railroads	H
50206025	Railroad Equipment	C
50206030	Marine Transportation	H
50206040	Delivery Services	H
50206060	Transportation Services	H
55101000	Diversified Materials	C

ICB Level 4 subsector	Description	Defined NACE
55101010	Forestry	A
55101015	Paper	C
55101020	Textile Products	C
55102000	General Mining	B
55102010	Iron and Steel	C
55102015	Metal Fabricating	C
55102035	Aluminium	C
55102040	Copper	B
55102050	Nonferrous Metals	B
55103020	Diamonds and Gemstones	B
55103025	Gold Mining	B
55103030	Platinum and Precious Metals	B
55201000	Chemicals: Diversified	C
55201010	Chemicals and Synthetic Fibres	C
55201015	Fertilizers	C
55201020	Specialty Chemicals	C
60101000	Integrated Oil and Gas	C
60101010	Oil: Crude Producers	B
60101015	Offshore Drilling and Other Services	B
60101020	Oil Refining and Marketing	B
60101030	Oil Equipment and Services	B
60101035	Pipelines	H
60101040	Coal	B
60102010	Alternative Fuels	C
60102020	Renewable Energy Equipment	C
65101010	Alternative Electricity	D
65101015	Conventional Electricity	D
65102000	Multi-Utilities	D
65102020	Gas Distribution	D
65102030	Water	E
65103035	Waste and Disposal Services	E

All other ICB 4 subsectors are mapped to NACE sector codes I, J, K, M, N O, P, Q, R, S, T and are classified as “Low Climate Impact”.



## Appendix D

# Further information

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A glossary of terms used in FTSE Russell's Ground Rule documents can be found using the following link

[Glossary.pdf](#)

The FTSE Russell ESG Metrics website can be found using the following link: [ESG Metrics](#)

For further information on the FTSE Custom Scottish Widows EU Climate Benchmarks Index Series visit [www.lseg.com/en/ftse-russell/](http://www.lseg.com/en/ftse-russell/) or e-mail [info@ftserussell.com](mailto:info@ftserussell.com). Contact details can also be found on this website.

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