

FTSE Global Choice Index Series

v3.7



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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 Global Choice Index Series. Copies of these Ground Rules are available from FTSE Russell.
- 1.2 The FTSE Global Choice Index Series is designed to represent the performance of FTSE Russell indices that exclude companies based on their involvement in specific products or conduct which can have negative impacts on society or the environment.
- 1.3 The FTSE Global Choice Index Series takes account of ESG factors in its index design. Please see further details in Section 4 and 5.
- 1.4 The FTSE Global Choice Index Series consists of the following indices:
- FTSE Global All Cap Choice Index;
 - FTSE Global All Cap Ex-US Choice Index;
 - FTSE US All Cap Choice Index;
 - FTSE Developed Ex-Australia Choice Index;
 - FTSE Australia 300 Choice Index;
 - FTSE Developed All Cap Choice Index;
 - FTSE Emerging All Cap Choice Index;
 - FTSE Developed Europe All Cap Choice Index;
 - FTSE All World ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index
 - FTSE Developed ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index
 - FTSE Emerging ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index
 - FTSE Advanced Emerging ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index
 - FTSE UK ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index
 - FTSE World ex UK ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index
 - FTSE Developed Europe ex UK ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index
 - FTSE North America ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index
 - FTSE World North America ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index
 - FTSE Developed Asia Pacific ex Japan ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Net Tax Index
 - Japan ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index
 - FTSE Developed Middle East and Africa ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index Net Tax
 - FTSE Middle East and Africa ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index
 - FTSE All-Share ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index
 - FTSE Korea ex-Controversies ex-CW ex-Tobacco ex-Thermal Coal (10%) Index
 - FTSE North America All Cap Choice Index;
 - FTSE Developed Asia Pacific All Cap Choice Index;
 - FTSE Developed Choice Index;
 - FTSE All-Share Choice Capped Index.

1.4.1 These Ground Rules should be read in conjunction with the FTSE Global Equity Index Series Ground Rules, the FTSE UK Series Ground Rules, the FTSE Australian Equity Index Series Ground Rules and the guide to the construction and maintenance of FTSE Exclusion Lists which can be accessed using the following links:

[FTSE Global Equity Index Series.pdf](#)

[FTSE Australian Equity Index Series_new.pdf](#)

[FTSE UK Index Series.pdf](#)

[Guide to the Construction and Maintenance of FTSE Exclusion Lists.pdf](#)

[FTSE Russell Capping Methodology Guide](#)

1.5 The indices are calculated on an end of day basis.

1.6 A Price Index, Total Return Index and Net of Tax Index will be available. The Total Return and Net of Tax Indices include income based on ex-dividend adjustments.

1.7 The base currency of the benchmark is US Dollars (USD). Index values may also be published in other currencies.

1.8 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, The Yield Book Inc. and Beyond Ratings.

1.9 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 index series to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index series.

1.10 Index users who choose to follow this index series or to buy products that claim to follow this index series should assess the merits of the index's 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 (or any person concerned with the preparation or publication of these Ground Rules) 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 any constituent data in the index series.

Section 2

Management responsibilities

2. Management responsibilities

2.1 FTSE International Limited (FTSE)

2.1.1 FTSE is the benchmark administrator of the index series¹.

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

- maintain records of the index weightings of all constituents and reserve companies;
- make changes to the constituents and their weightings in accordance with the Ground Rules;
- carry out the periodic index 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 indices.

2.1.3 FTSE is also responsible for monitoring the performance of the index series throughout the day and will determine whether the status of each index should be 'firm', 'indicative' or 'held' (when calculated in real-time).

2.1.4 FTSE is responsible for maintaining the list of Excluded Companies.

2.2 Amendments to these Ground Rules

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.

¹ 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

3.1.1 Full details of changes to constituent companies due to corporate actions and events can be accessed in the corporate actions and events guide using the following link:

[Corporate Actions and Events Guide.pdf](#)

3.2 Statement of Principles for FTSE Russell Equity Indices (the Statement of Principles)

3.2.1 Indices need to keep abreast of changing markets and the Ground Rules cannot anticipate every eventuality. Where the 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 which is reviewed annually and any changes proposed by FTSE Russell are presented to the FTSE Russell Policy Advisory Board for discussion before approval by the FTSE Russell Index Governance Board.

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

[Statement of Principles.pdf](#)

3.3 Queries and Complaints

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

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

3.4 Recalculation Policy and Guidelines

3.4.1 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 Global Choice 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.

[Recalculation Policy and Guidelines Equity Indices.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 Policy for Benchmark Methodology Changes

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

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

3.8 FTSE Russell Governance Framework

3.8.1 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 defense risk management framework and is designed to meet the requirements of the IOSCO Principles for Financial Benchmarks², the European benchmark regulation³ and the UK benchmark regulation⁴. The FTSE Russell Governance Framework can be accessed using the following link:

[FTSE Russell Governance Framework.pdf](#)

3.9 Real Time Status Definitions

3.9.1 Please refer to the following guide for details of real time status definitions for indices that are calculated in real time.

[Real Time Status Definitions.pdf](#)

² IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013.

³ 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.

⁴ The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019.

Section 4

Eligible securities

4. Eligible securities

4.1 The FTSE Global Choice Index Series consists of the indices in the table below. Each Global Choice Index is based on an “Underlying Index” as per the table with certain constituents excluded.

Table 1: FTSE Global Choice Indices and Underlying Indices

FTSE Global Choice Index	Underlying Index
FTSE Global All Cap Choice Index	FTSE Global All Cap Index
FTSE Global All Cap Ex-US Choice Index	FTSE Global All Cap Ex-USA Index
FTSE US All Cap Choice Index	FTSE USA All Cap Index
FTSE Developed Ex-Australia Choice Index	FTSE Developed Ex-Australia Index
FTSE Australia 300 Choice Index	FTSE Australia 300 Index
FTSE Developed All Cap Choice Index	FTSE Developed All Cap Index
FTSE Emerging All Cap Choice Index	FTSE Emerging All Cap Index
FTSE Developed Europe All Cap Choice Index	FTSE Developed Europe All Cap Index
FTSE All-World ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index	FTSE All World Index
FTSE Developed ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index	FTSE Developed Index
FTSE Emerging ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index	FTSE Emerging Index
FTSE Advanced Emerging ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index	FTSE Advanced Emerging Index
FTSE UK ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index	FTSE UK Index
FTSE World ex UK ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index	FTSE All World Ex-UK Index
FTSE Developed Europe ex UK ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Net Tax Index	FTSE Developed Europe Ex-UK Index
FTSE North America ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Net Tax Index	FTSE North America Index
FTSE World North America ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index	FTSE World North America Index
FTSE Developed Asia Pacific ex Japan ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index	FTSE Developed Asia Pacific Ex-Japan Index
FTSE Japan ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index	FTSE Japan Index

FTSE Developed Middle East and Africa ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index	FTSE Developed Middle East and Africa Index
FTSE All-Share ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index	FTSE All-Share Index
FTSE Middle East and Africa ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index	
FTSE Korea Ex-Controversies Ex-CW Ex-Tobacco Ex-Thermal Coal (10%) Index	FTSE Korea Index
FTSE North America All Cap Choice Index	FTSE North America All Cap Index
FTSE Developed Asia Pacific All Cap Choice Index	FTSE Developed Asia Pacific All Cap Index
FTSE Developed Choice Index	FTSE Developed Index
FTSE All-Share Choice Capped Index	FTSE All-Share Index

4.2 Unless stated otherwise in this document, the Ground Rules for each FTSE Global Choice Index follow the Ground Rules of the respective Underlying Index. Ground Rules for FTSE Russell indices are available from FTSE Russell or directly from the website at www.lseg.com/en/ftse-russell/.

4.3 Excluded companies

4.3.1 FTSE Russell maintains various exclusion lists of companies. Exclusion lists are based on companies' involvement in conduct or products that may impact the society and/or the environment.

4.3.2 For the FTSE Global Choice Index Series, there are three product-related exclusion categories and two conduct-related exclusion categories. A summary of the exclusion categories is provided in the table below and a full description of the categories can be found in [Appendix A \(Product-Related Exclusions\)](#) and [Appendix B \(Conduct-Related Exclusions\)](#) of this document.

Table 2: Exclusion categories

	Category	Exclusions	
Company conduct	Controversies	Anti-Corruption	
		Environment	
		Human Rights	
	Labor		
	Diversity	Board diversity and equal opportunities practices	
Company products	Non-Renewable Energy	Nuclear Power	Generation
			Uranium Mining
		Fossil Fuels	Coal
			Oil & Gas
	Vice Products	Adult Entertainment	
		Alcohol	
		Gambling	
		Tobacco	
		Cannabis	
	Weapons	Chemical & Biological	
Cluster Munitions			
Anti-Personnel Mines			
Nuclear			
Conventional Military Weapons			
	Civilian Firearms		

4.3.3 Companies with incomplete product and conduct involvement data are excluded from the index.

- 4.3.4 Investment Trusts are an exception to rule 4.3.3 The FTSE All-Share ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index and FTSE All-Share Choice Capped Index use the FTSE All-Share Index as the underlying index. The FTSE All-Share Index includes ICB Subsector Equity Investment Trusts (8985) (ICB Subsector Closed End Investments (30204000)). Investment Trusts are closed end collective investment schemes and as such may invest in companies that are involved in the exclusion categories in Table 2. Investment Trusts are not covered by exclusion lists used by FTSE Russell. Therefore, the FTSE All Share Ex-Controversies Ex-CW index and the FTSE All-Share Choice Capped Index do not exclude Investment Trusts.
- 4.3.5 The exclusion categories applied to each of the indices in the FTSE Global Choice Index Series is shown in the table below.

Table 3: Exclusion categories used in FTSE Global Choice Indices

FTSE Global Choice Index	Minimum Set of Exclusions	Exclusion category									
		Conduct			Product						
		Controversies	Diversity	Non-Renewable Energy	Thermal Coal Extraction & Power Generation 10%	Vice Product	Weapons				
							Chemical & Biological	Cluster Munitions	Anti-Personnel Mines	Nuclear	Conventional Military Weapons
FTSE Australia 300 Choice Index		x		x		x	x	x	x	x	x
FTSE Developed Ex-Australia Choice Index		x		x		x	x	x	x	x	x
FTSE Global All Cap Ex-US Choice Index		x	x	x		x	x	x	x	x	x
FTSE US All Cap Choice Index		x	x	x		x	x	x	x	x	x
FTSE Global All Cap Choice Index		x		x		x	x	x	x	x	x
FTSE Developed All Cap Choice Index		x		x		x	x	x	x	x	x
FTSE Emerging All Cap Choice Index		x		x		x	x	x	x	x	x
FTSE Developed Europe All Cap Choice Index		x		x		x	x	x	x	x	x
FTSE All World ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index		x				x	x	x			
FTSE Developed ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index		x				x	x	x			
FTSE Emerging ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index		x				x	x	x			
FTSE Advanced Emerging ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index		x				x	x	x			
FTSE UK ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index		x				x	x	x			

	Minimum Set of Exclusions	Exclusion category									
		Conduct			Product						
		Controversies	Diversity	Non-Renewable Energy	Thermal Coal Extraction & Power Generation 10%	Vice Product	Weapons				
							Chemical & Biological	Cluster Munitions	Anti-Personnel Mines	Nuclear	Conventional Military Weapons
FTSE Global Choice Index											
FTSE World ex UK ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index		x				x	x	x			
FTSE Middle East and Africa ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index											
FTSE Developed Europe ex UK ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index		x				x	x	x			
FTSE North America ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index		x				x	x	x			
FTSE World North America ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index		x				x	x	x			
FTSE Developed Asia Pacific ex Japan ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index		x				x	x	x			
FTSE Japan ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index		x				x	x	x			
FTSE Developed Middle East and Africa ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index		x				x	x	x			
FTSE All-Share ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index		x				x	x	x			

	Minimum Set of Exclusions	Exclusion category									
		Conduct			Product						
		Controversies	Diversity	Non-Renewable Energy	Thermal Coal Extraction & Power Generation 10%	Vice Product	Weapons				
							Chemical & Biological	Cluster Munitions	Anti-Personnel Mines	Nuclear	Conventional Military Weapons
FTSE Global Choice Index											
FTSE Korea Ex-Controversies Ex-CW Ex-Tobacco Ex-Thermal Coal (10%) Index	x	x		x		x	x	x			
FTSE North America All Cap Choice Index		x		x	x	x	x	x	x	x	x
FTSE Developed Asia Pacific All Cap Choice Index		x		x	x	x	x	x	x	x	x
FTSE Developed Choice Index		x		x	x	x	x	x	x	x	x
FTSE All-Share Choice Capped Index		x		x	x	x	x	x	X	x	x

Section 5

Sustainable investment data inputs

5. Sustainable investment data inputs

5.1.1 The following Sustainable Investment datasets are used in the construction of indices in the FTSE Global Choice Index Series.

SI data inputs	Details	Used for selection, weighting or exclusion ⁵
Product related data- FTSE Russell	FTSE exclusion lists on the activities of companies with exposure to the products or services that are listed in Section 7 here: Guide to the Construction and Maintenance of FTSE Exclusion Lists .pdf	Exclusion
Product related data- Sustainalytics	Sustainalytics Product Involvement data identifies the nature and extent of a company's involvement in a range of product and business activities. More information can be found here: https://www.sustainalytics.com/investor-solutions/esg-research/esg-screening/esg-criteria https://connect.sustainalytics.com/controversial-weapon-radar	Exclusion
Conduct related data- Sustainalytics	Sustainalytics Global Standards Screening (GSS) assess companies' impact on stakeholders and the extent to which a company causes, contributes or is linked to violations of international norms and standards. More information can be found here: https://www.sustainalytics.com/investor-solutions/esg-research/esg-screening/global-compact-norms-based-screening	Exclusion
Conduct related data- RepRisk	The RepRisk Index (RRI) captures and quantifies a company's reputational risk exposure to ESG issues. More information can be found here: https://www.reprisk.com/news-research/resources/methodology	Exclusion
Minimum Set of Exclusions for Sustainable Investment Indices	The minimum set of exclusions will be applied to this Index Series with effect from December 2023. Details of the minimum exclusions can be found here: Guide to the Construction and Maintenance of FTSE Exclusion Lists .pdf.	Exclusion

5.1.2 Further information on SI data provided by FTSE Russell and third parties used in this index (index series) can be found in the following guide:

[Guide to FTSE and Third Party Sustainable Investment Data used in FTSE Russell Indices](#)

The Guide includes information on the data and standards used for these SI data inputs which may include estimated data.

⁵ Definitions

Selection – SI data is used to select or rank constituents, or calculate minimum scores or thresholds.

Weighting – SI data is used to calculate the weight of a constituent in an index.

Exclusion – SI data is used to exclude companies from the index.

5.2 Sustainable Investment Metrics

5.2.1 Please see the FTSE Russell [Sustainable Investment Metrics](#) website for the scores and values of the environmental, social and governance (ESG) factors listed in Annex II to Delegated Regulation (EU) 2020/1816 which are taken into account in the benchmark methodology for the benchmarks within this index series.

Further details on the metrics methodology and calculation are available using the following links:

[Sustainability and ESG Data | FTSE Russell](#)

[Sustainable Investment Disclosures Methodology Document](#)

Section 6

Periodic review of constituents

6. Periodic review of constituents

6.1 The FTSE Global Choice Index Series is reviewed quarterly in March, June, September, and December. At each quarterly review, the Product-Related Exclusion List (see Appendix A) and Conduct-Related Exclusion List (see Appendix B) are applied to the underlying eligible universes of relevant FTSE Global Choice Indices. Companies that are included in the relevant Exclusions Lists as at the Monday immediately preceding the review effective date are removed from the FTSE Global Choice Indices at the quarterly review. In exceptional circumstances, companies that are added to Exclusion Lists up until the Wednesday immediately preceding the review effective date are removed from the FTSE Global Choice Indices, see Rule 4.5 in the [Guide to the Construction and Maintenance of the FTSE Exclusion Lists](#) for further detail.

6.2 The FTSE Global Choice Index Series is weighted by free float adjusted market capitalisation. The free float adjustments are in line with the corresponding Underlying Index.

6.3 Capping

6.3.1 FTSE Australia 300 Choice Index

- A. At each review, constituents of the FTSE Australia 300 Choice Index are capped so that no industry in the index has an active weight less than -5% or greater than 5%;
- B. The calculation of the constituent capping factors (c) will be based on prices as at the close on the second Friday of the review month using shares in issue and investability weights as designated to take effect after close on the third Friday of the review month (i.e. taking effect on the review effective date);
- C. The calculation will take into account any corporate actions/events that take effect after close on the second Friday of the review month up to and including the review effective date if they have been announced and confirmed by the second Friday of the review month;
- D. Corporate actions/events announced after the second Friday of the review month that become effective up and including the review effective date will not result in any further capping adjustment;
- E. Any exclusions made in exceptional circumstances in the week of the effective review of the FTSE Australia 300 Choice Index will not result in any further capping adjustment;
- F. Each constituent in the capped industry will be treated equally therefore they will receive the same capping factor;
- G. Where an industry does not exist in the index but breaches the limit of -5% active weight from the underlying index, capping for the industry is not possible. The industry will receive 0% weight in the index, and may breach the -5% active exposure compared to the benchmark.

6.3.2 FTSE All-Share Choice Capped Index

- A. At each review, constituents of the FTSE All-Share Choice Capped Index are capped so that no constituent in the index has a weight of greater than 10%;
- B. The calculation of the constituent capping factors (c) will be based on prices as at the close on the second Friday of the review month using shares in issue and investability weights as designated to take effect at the open on the Monday after the third Friday of the review month (i.e. taking effect on the review effective date);
- C. The calculation will take into account any corporate actions/events that take effect after close on the second Friday of the review month up to and including the review effective date if they have been announced and confirmed by the second Friday of the review month;
- D. Corporate actions/events announced after the second Friday of the review month that become effective up to and including the review effective date will not result in any further capping adjustment;
- E. Any exclusions made in exceptional circumstances in the week of the effective review of the FTSE All-Share Choice Capped Index will not result in any further capping adjustment.

Section 7

Changes to constituent companies

7. Changes to constituent companies

7.1 Intra-review additions

7.1.1 If a constituent is added to an Underlying Index (see Rule 4.1), for example as a fast entrant, it will not automatically be added to the respective FTSE Global Choice Index. The treatment of fast entrants and other companies which have yet to be researched is set out in the guide to the construction and maintenance of FTSE Exclusion Lists which can be accessed using the following link:

[Guide to the Construction and Maintenance of FTSE Exclusion Lists.pdf](#)

7.2 Intra-review deletions

7.2.1 If a constituent is removed from an Underlying Index (see Rule 4.1), it will be removed from the respective FTSE Global Choice Index. The removal will be concurrent with its removal from its Underlying Index.

7.3 Intra-review exclusion changes

If the exclusion status of an existing constituent of an Underlying Index changes due to a corporate action or event, the consequent change to the membership of the FTSE Global Choice Index will be considered at the next index review. Further details on the treatment of events leading to intra-review exclusion status changes is set out in guide to the construction and maintenance of FTSE Exclusion Lists which can be accessed using the following link:

[Guide to the Construction and Maintenance of FTSE Exclusion Lists.pdf](#)

Section 8

Corporate actions and events

8. Corporate actions and events

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

[Corporate Actions and Events Guide for 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.

8.2 Takeovers, mergers and demergers/suspension of dealing

Please see the guide to the construction and maintenance of FTSE Exclusions Lists which can be accessed using the following link:

[Guide to the Construction and Maintenance of FTSE Exclusion Lists.pdf](#)

Section 9

Index calculation

9. Index calculation

9.1 Prices

9.1.1 The 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](#)

9.1.2 Exchange rates used in the end of day calculations are WM/Refinitiv Closing Spot Rates™, collected at 16:00 UK time (further information on the WM/Refinitiv Closing Spot Rates™ service is available from the WM Company).

9.2 Algorithm

9.2.1 For details on the algorithm and calculation methods used please refer to the FTSE Global Equity Index Series.

9.3 Calculation schedule

The index series is calculated Monday to Friday, when one or more of the constituent markets are open, however on 1 January, the indices may not be disseminated.

Appendix A

Product-related exclusions

Product-related exclusions

At each quarterly review, FTSE Russell will exclude companies from the relevant underlying eligible universe of FTSE Global Choice Indices that meet the criteria in Table 4.

Table 4: Product-Related exclusions

	Product involvement categories	Involvement threshold for exclusion
Non-Renewable Energy	Nuclear Power – Generation and Uranium Mining	
	Companies involved in the operation and supply of nuclear power generation, that harnesses the energy present within atomic nuclei or their components. Also, those engaged in development, processing, production and distribution of equipment and facilities that are specifically designed for and critical to the generation of nuclear power. This includes: <ul style="list-style-type: none"> • Nuclear power generation; • Nuclear power plant equipment, components, and construction; • Uranium mining; • Uranium processing and enrichment. 	Greater than 0% of revenues
	Fossil Fuel Reserves – Coal, Oil & Gas	
	Companies that own proved or probable reserves in coal, oil or gas	Greater than 50% ownership
	Oil & Gas – Production, supporting products and services	
	Companies classified in the following ICB Subsectors ⁶ : <ul style="list-style-type: none"> • 60101010 Oil: Crude Producers; • 60101020 Oil Refining and Marketing; • 60101030 Oil Equipment & Services; • 60101015 Offshore Drilling and Other Services; • 60101035 Pipelines; • 60101000 Integrated Oil and Gas. 	Not applicable
	Coal – Production, supporting products and services	
	Companies classified in the following ICB Subsector ⁶ : <ul style="list-style-type: none"> • 60101040 Coal 	Not applicable
Oil & Gas – Generation		
Companies generating electricity from oil and/or gas	Greater than 0% of revenues	
Thermal Coal – Generation		

⁶ The Industry Classification Benchmark (ICB) is a detailed and comprehensive structure for sector and industry analysis, facilitating the comparison of companies across four levels of classification and national boundaries. The classification system allocates companies to the Subsector whose definition closely describes the nature of its business as determined from the source of its revenue or the source of the majority of its revenue where available. Further detail and subsector definitions can be found on the ICB webpage: [Industry Classification Benchmark \(ICB\) | FTSE Russell](#) and in the ICB Ground Rules: [ICB_Rules_new.pdf \(ftserussell.com\)](#).

	Product involvement categories	Involvement threshold for exclusion
	Companies generating electricity from thermal coal	Greater than 0% of revenues
Thermal Coal Extraction & Power Generation (10%)	Companies involved in thermal coal extraction and/or generating electricity from thermal coal	Equal to or greater than 10% of revenues
Vice Products	Adult Entertainment	
	Companies producing adult entertainment and/or owning/operating adult entertainment establishments	Equal to or greater than 5% of revenues
	Companies distributing adult entertainment materials	Equal to or greater than 10% of revenues
	Alcohol	
	Companies manufacturing alcoholic beverages	Equal to or greater than 5% of revenues
	Companies supplying alcohol-related products/services to alcoholic beverage manufacturers	Equal to or greater than 10% of revenues
	Companies involved in distribution and/or retail sale of alcoholic beverages	Equal to or greater than 10% of revenues
	Cannabis	
	Companies classified in the following ICB Subsector ⁷ : <ul style="list-style-type: none"> • 20103020 Cannabis Producers 	Not applicable
	Gambling	
	Companies that own and/or operate a gambling establishment	Equal to or greater than 5% of revenues
	Companies manufacturing specialised equipment used exclusively for gambling.	Equal to or greater than 10% of revenues
	Companies providing supporting products/services to gambling operations.	Equal to or greater than 10% revenues
	Tobacco	
	Companies manufacturing tobacco products	Greater than 0% of revenues
	Companies supplying tobacco related products/services	Equal to or greater than 5% of revenues
Companies involved in distribution and/or retail sale of tobacco products	Equal to or greater than 5% of revenues	
Weapons	Chemical & Biological Weapons	
	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	Greater than 0% of revenues
	Cluster Munitions	
	Companies that produce cluster munitions as defined in the Convention on Cluster Munitions, or that produce specific and critical parts or services for cluster munitions	Greater than 0% of revenues
	Anti- Personnel Landmines	
	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	Greater than 0% of revenues

⁷ The Industry Classification Benchmark (ICB) is a detailed and comprehensive structure for sector and industry analysis, facilitating the comparison of companies across four levels of classification and national boundaries. The classification system allocates companies to the Subsector whose definition closely describes the nature of its business as determined from the source of its revenue or the source of the majority of its revenue where available. Further detail and subsector definitions can be found on the ICB webpage: [Industry Classification Benchmark \(ICB\) | FTSE Russell](#) and in the ICB Ground Rules: [ICB_Rules_new.pdf \(ftserussell.com\)](#).

Product involvement categories	Involvement threshold for exclusion
on their Destruction”, or that produce specific and critical parts or services for anti-personnel mines	
Nuclear Weapons	
Companies that produce nuclear weapons or their components. This includes companies that provide delivery systems (e.g. ballistic missile submarines) or critical services (e.g. maintenance or IT) that are directly related to and specifically designed for nuclear weapons	Greater than 0% of revenues
Conventional Military Weapons	
Companies manufacturing military weapons systems and/or integral, tailor-made components or these weapons	Greater than 0% of revenues
Companies providing tailor-made products and/or services that support military weapons	Equal to or greater than 5% of revenues
Companies providing non-weapons related tailor-made products and/or services related to the military or defense industry	Equal to or greater than 5% of revenues
Civilian Firearms	
Companies producing and selling assault weapons to civilian customers	Greater than 0% of revenues
Companies producing and selling small arms (non-assault weapons) to civilian customers	Greater than 0% of revenues
Companies producing and selling key components of small arms	Greater than 0% of revenues
Companies involved in the retail and/or distribution of assault weapons	Greater than 0% of revenues
Companies involved in the retail and/or distribution of small arms (non-assault weapons)	Greater than 0% of revenues

Appendix B

Conduct-related exclusions

At each quarterly review, FTSE Russell will exclude companies from the relevant underlying eligible universe of FTSE Global Choice Indices that meet the criteria in Table 5.

Table 5: Conduct-Related exclusions⁸

	Exclusions	Threshold
Controversies	Human Rights	
	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.	
	Labor	
	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.	
	Environment	All companies deemed to be non-compliant
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.		
	Anti-Corruption	
	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.	
Diversity	Diversity	
	For this criterion an "Excluded Company" will fail to meet two out of three diversity indicators: 1. Woman/women on the Board 2. Diversity policies 3. Diversity management systems	

⁸ Conduct-Related Exclusions utilise data sourced from Sustainalytics' Global Standards Screening (GSS) dataset. GSS provides an assessment as to whether a company is violating, or is at risk of violating, one or more of the UN Global Compact (UNGC) principles and related international norms and standards. In making its assessment, GSS analyses norms and standards that are enshrined in the UNGC, the Organization for Economic Co-operation and Development Guidelines for Multinational Enterprises (OECD MNE Guidelines) and the United Nations Guiding Principles on Business and Human Rights (UNGPs), as well as their underlying conventions and treaties.

Appendix C

Further information

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

[Glossary - Sustainable Investment.pdf](#)

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

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