

FTSE Sustainability Factor Target Tilt Index Series

v1.0



**FTSE
RUSSELL**

An LSEG Business

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Section 1S

Introduction

1. Introduction

- 1.1 This document sets out the Ground Rules for the construction and management of the FTSE Sustainability Factor Target Tilt Index Series. Copies of these Ground Rules are available from www.lseg.com/en/ftse-russell/.

The FTSE Sustainability Factor Target Tilt Index Series is designed to reflect the performance of stocks incorporating a tilting methodology that adjusts index weights according to a specific set of factor characteristics, climate and ESG data.

- 1.2 The FTSE Sustainability Factor Target Tilt Index Series takes account of ESG factors in the index design. Please see Section 5 for further details.

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.

- 1.3 These Ground Rules should be read in conjunction with the:

- FTSE Global Factor Index Series Ground Rules;
- FTSE ESG Index Series Ground Rules;
- FTSE Global Climate Index Series Ground Rules;
- FTSE TPI Climate Transition Index Series Ground Rules;
- FTSE Green Revenues Index Series Ground Rules;
- FTSE Russell Corporate Actions and Events Guide for Non-Market Cap Weighted Indices.

These are available at www.lseg.com/en/ftse-russell/.

- 1.4 Price, total return and net of tax indices will be calculated on an end of day basis.

1.5 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., FTSE Fixed Income LLC, FTSE (Beijing) Consulting Limited.

- 1.5.1 FTSE Russell hereby notifies users of the index 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 and therefore, any financial contracts or other financial instruments that reference the index or investment funds which use the index to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index.
- 1.6 Index users who choose to follow this index or to buy products that claim to follow this index 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 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 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 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;
- 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 Sustainability Factor Target Tilt Indices.

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. 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.

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

3.2 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)

3.3.1 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 the FTSE Russell 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 and 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 Sustainability Factor Target Tilt 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](#)

3.8 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 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](#)

3.10 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](#)

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

- 4.1.1 The eligible securities of each FTSE Sustainability Factor Target Tilt Index are the constituents of the corresponding underlying universe.
- 4.1.2 Securities that are members of the applicable exclusion list are not eligible for membership of the relevant FTSE Sustainability Factor Target Tilt Index.
- 4.2 Multiple lines**
 - 4.2.1 All lines of the same company that are eligible securities are eligible for inclusion in the index.
- 4.3 Exclusions**
 - 4.3.1 A summary of exclusions applied for each FTSE Sustainability Factor Target Tilt index is provided below, and more details on the exclusion definitions can be found in Appendix **AA**.

FTSE Sustainability Factor Target Tilt Index Series, v1.0, August 2025

Index name	Index type	Underlying universe	Minimum set of exclusions	Conducted-related	Product-related											Other
				Controversies*	Controversial Weapons	Conventional Military Weapons*	Nuclear Weapons*	Firearms*	Adult Entertainment*	Alcohol*	Gambling*	Tobacco*	Fossil Fuel Reserves (50%)*	Oil, Gas and Coal (ICB Subsectors)	Thermal Coal Extraction and Power Generation (25%)*	Company with Israel Headquarters*
Russell 1000 ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG Recovery Factor Index	Tilt	Russell 1000	X	X	X**	X	X	X				X	X	X		
Russell 1000 ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG Expansion Factor Index	Tilt	Russell 1000	X	X	X**	X	X	X				X	X	X		
Russell 1000 ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG Slowdown Factor Index	Tilt	Russell 1000	X	X	X**	X	X	X				X	X	X		
Russell 1000 ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG Contraction Factor Index	Tilt	Russell 1000	X	X	X**	X	X	X				X	X	X		
Russell 1000 ex Weapons ex Vice Products	Tilt	Russell 1000	X		X**	X	X	X	X	X	X	X				X ⁵

⁵ This exclusion is related to client compliance requirements.

FTSE Sustainability Factor Target Tilt Index Series, v1.0, August 2025

Index name	Index type	Underlying universe	Minimum set of exclusions	Conducted-related	Product-related											Other
				Controversies*	Controversial Weapons	Conventional Military Weapons*	Nuclear Weapons*	Firearms*	Adult Entertainment*	Alcohol*	Gambling*	Tobacco*	Fossil Fuel Reserves (50%)*	Oil, Gas and Coal (ICB Subsectors)	Thermal Coal Extraction and Power Generation (25%)*	Company with Israel Headquarters*
Recovery Factor Index																
Russell 1000 ex Weapons ex Vice Products Expansion Factor Index	Tilt	Russell 1000	X		X**	X	X	X	X	X	X	X				X ⁵
Russell 1000 ex Weapons ex Vice Products Slowdown Factor Index	Tilt	Russell 1000	X		X**	X	X	X	X	X	X	X				X ⁵
Russell 1000 ex Weapons ex Vice Products Contraction Factor Index	Tilt	Russell 1000	X		X**	X	X	X	X	X	X	X				X ⁵
FTSE Developed ex US ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG 2Size/2Val Index	Tilt	FTSE Developed ex US	X	X	X**	X	X	X				X	X	X		
FTSE Developed ex US ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG 2Mom/Size/Val Index	Tilt	FTSE Developed ex US	X	X	X**	X	X	X				X	X	X		
FTSE Developed ex US ex Fossil Fuel Reserves	Tilt	FTSE Developed ex US	X	X	X**	X	X	X				X	X	X		

FTSE Sustainability Factor Target Tilt Index Series, v1.0, August 2025

Index name	Index type	Underlying universe	Minimum set of exclusions	Conducted-related	Product-related											Other
				Controversies*	Controversial Weapons	Conventional Military Weapons*	Nuclear Weapons*	Firearms*	Adult Entertainment*	Alcohol*	Gambling*	Tobacco*	Fossil Fuel Reserves (50%)*	Oil, Gas and Coal (ICB Subsectors)	Thermal Coal Extraction and Power Generation (25%)*	Company with Israel Headquarters*
(>50%) ex Weapons ex Tobacco ex Controversies ESG 2Qual/2Vol Index																
FTSE Developed ex US ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG 2Mom/2Qual/2Vol Index	Tilt	FTSE Developed ex US	X	X	X**	X	X	X				X	X	X		

* These exclusions lists are updated and applied quarterly in March, June, September, and December:

** The Controversial Weapons exclusions lists are updated and applied quarterly in March, June, September, and December

Section 5

ESG data inputs

5. ESG data inputs

The following ESG datasets are used in the construction of indices in the FTSE Sustainability Factor Target Tilt Index Series.

ESG data inputs	Details	Used for selection, weighting or exclusion ⁶
FTSE ESG Scores	FTSE Russell's ESG Scores and data model allows investors to understand a company's exposure to, and management of, ESG issues in multiple dimensions. More information can be found here: Guide to FTSE and Third Party ESG Data used in FTSE Russell Indices	Weighting
Product related data – FTSE Russell	FTSE exclusion lists on the activities of companies with exposure to specific products or services. More information can be found in Section 7 here: Guide to the Construction and Maintenance of FTSE Exclusion Lists .pdf	Exclusion
Conduct related data – FTSE Russell	FTSE exclusion lists on the activities of companies that are directly or indirectly linked to controversial conduct and diversity. More information can be found in Section 7 here: Guide to the Construction and Maintenance of FTSE Exclusion Lists .pdf	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 and Guide to FTSE and Third Party ESG Data used in FTSE Russell Indices	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 ESG Indices	The minimum set of exclusions applied to this Index Series from September 2023. More information on the minimum exclusions can be found in Section 8 of the Guide to the Construction and Maintenance of FTSE Exclusion Lists .pdf . ⁷	Exclusion

⁶ 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.

⁷ Please note that the FTSE All-World ex CW Climate Balanced Factor (Sep) Index will incorporate the minimum set of exclusions at the delayed rebalance in October 2023

- 5.1.1 Further information on ESG 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 ESG Data used in FTSE Russell Indices](#)

This includes information on the data and standards used for these ESG data inputs. These data sets may include estimated data.

5.2 ESG Metrics

- 5.2.1 Please see the FTSE Russell [ESG 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.

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

[Sustainability and ESG Data](#)

Section 6

Periodic review of constituent companies

6. Periodic review of constituent companies

6.1 Review dates

6.2 FTSE Sustainability Factor Target Tilt Indices derived from FTSE underlying indices will be reviewed in March and/or September. The Index review will be implemented after the close of business on the third Friday of the review month.

6.3 FTSE Sustainability Factor Target Tilt **Indices derived from Russell underlying indices will be reviewed according to the Russell implementation dates in June or June and December.**

FTSE Sustainability Factor Target Tilt Indices	Index type	Review month(s)
Russell 1000 ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG Recovery Factor Index	Tilt	June and December
Russell 1000 ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG Expansion Factor Index	Tilt	June and December
Russell 1000 ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG Slowdown Factor Index	Tilt	June and December
Russell 1000 ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG Contraction Factor Index	Tilt	June and December
Russell 1000 ex Weapons ex Vice Products Recovery Factor Index	Tilt	June and December
Russell 1000 ex Weapons ex Vice Products Expansion Factor Index	Tilt	June and December
Russell 1000 ex Weapons ex Vice Products Slowdown Factor Index	Tilt	June and December
Russell 1000 ex Weapons ex Vice Products Contraction Factor Index	Tilt	June and December
FTSE Developed ex US ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG 2Size/2Val Index	Tilt	September
FTSE Developed ex US ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG 2Mom/Size/Val Index	Tilt	March and September
FTSE Developed ex US ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG 2Qual/2Vol Index	Tilt	September
FTSE Developed ex US ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG 2Mom/2Qual/2Vol Index	Tilt	March and September

6.3.1 For FTSE Sustainability Factor Target Tilt indices derived from a Russell underlying index, the June index review will be implemented on the same date as the Russell annual reconstitution in June. For details of the

implementation dates of Russell Index, please refer to the [Russell US Equity Indices construction and methodology](#).

6.4 Data dates

- 6.4.1 Index reviews will use Factor data as at the last business day of the month prior to the review month (the data cut-off date). The data cut-off dates for ESG data inputs are in the [Guide-to-FTSE-and-Third-Party-ESG-Data-used-in-FTSE-Russell-Indices.pdf](#)
- 6.4.2 Index reviews will use stock prices available as at the close of business on the Wednesday before the first Friday of the review month (price cut-off date) with the exception of the Russell annual reconstitution in June, when stock prices available at the close of business on the Wednesday before the second Friday of the review month will be used.
- 6.4.3 Index reviews will incorporate constituent changes associated with index reviews of the underlying universe.

Section 7

Index construction

7. Index construction

7.1 Tilt Index construction

7.1.1 The unconstrained periodic review weight of each constituent of the relevant Tilt Index is:

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

where:

$$v_i = w'_i \times \prod_{j=1}^K F_{i,j} \times \prod_{j=1}^N A_{i,j}$$

and

- w'_i is the weight of stock i in the underlying universe;
- N (K) are the number of Climate and or ESG (Factor) tilts respectively;
- $F_{i,j}$ is the j^{th} Factor tilt applied to stock i . See Rule 7.4.2 for details;
- $A_{i,j}$ is the j^{th} Climate and or ESG tilt applied to stock i . See Rules 7.4.3 and 7.4.4 for the details of possible tilts.

7.2 Factor, ESG, Climate and Green Revenue Tilts

7.2.1 The Table below summarises the alternative factor and sustainability tilts applied to each Tilt index:

Tilt Index	Factor Tilts					Sustainability Tilts			
	V	Q	S	M	LV	ESG Scores	Fossil Fuel Reserves	Operational Emissions	Green Revenue
Russell 1000 ex Fossil Fuels Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG Recovery Factor Index*	Target		Target		Target**	0.2	-	-	-
Russell 1000 ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG Expansion Factor Index*	Target		Target	Target		0.2	-	-	-

	Factor Tilts					Sustainability Tilts			
Tilt Index	V	Q	S	M	LV	ESG Scores	Fossil Fuel Reserves	Operational Emissions	Green Revenue
Russell 1000 ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG Slowdown Factor Index*		Target			Target	0.2	-	-	-
Russell 1000 ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG Contraction Factor Index*		Target		Target	Target	0.2	-	-	-
Russell 1000 ex Weapons ex Vice Products Recovery Factor Index*	Target		Target		Target**	-	-	-	-
Russell 1000 ex Weapons ex Vice Products Expansion Factor Index*	Target		Target	Target		-	-	-	-
Russell 1000 ex Weapons ex Vice Products Slowdown Factor Index*		Target			Target	-	-	-	-
Russell 1000 ex Weapons ex Vice Products Contraction Factor Index*		Target		Target	Target	-	-	-	-
FTSE Developed ex US ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG 2Mom/Size/Val Index	1	-	1	2	-	0.2	-	-	-
FTSE Developed ex US ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG 2Mom/2Qual/2Vol Index	-	2	-	2	2	0.2	-	-	-
FTSE Developed ex US ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG 2Size/2Val Index	2	-	2	-	-	0.2	-	-	-
FTSE Developed ex US ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex	-	2	-	-	2	0.2	-	-	-

	Factor Tilts					Sustainability Tilts			
Tilt Index	V	Q	S	M	LV	ESG Scores	Fossil Fuel Reserves	Operational Emissions	Green Revenue
Controversies ESG									
2Qual/2Vol Index									

* Variable tilt strengths based on an active risk target of 4% and equal factor risk contribution from target factors, and target 0% risk contribution from non-target factors. See [FTSE Global Factor Index Series Ground Rules](#) for details.

** Targets negative exposure to Volatility

Numbers denote the strength of the factor or sustainability tilt. The tilt strength follows the definition used in the FTSE Global Factor Index Series Ground Rules.

- 7.2.2 Factor tilts are defined through the application of factor S-scores. The definition of each factor and the calculation of S-scores can be found in the FTSE Global Factor Index Series Ground Rules.
- 7.2.3 ESG tilts are defined through the application of S-scores based on the overall ESG scores of the constituents with regional industry neutral adjustments. The ESG tilt follows the definition and methodology as detailed in FTSE ESG Index Series Ground Rules.
- 7.2.4 Fossil Fuel Reserves tilts, Operational Emissions tilts and Green Revenue tilts are based on the company fossil fuel reserve, operational carbon emission and the FTSE Green Revenues Factor respectively. These tilts follow the definitions and methodologies as detailed in FTSE Global Climate Index Series Ground Rules and the FTSE Green Revenues Index Series Ground Rules.

7.3 Narrowing

- 7.3.1 The FTSE Developed ex US ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG 2Size/2Val Index and FTSE Developed ex US ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG 2Qual/2Vol Index are narrowed with respect to the product of the factor S-scores and the ESG tilt:

$$P_i = \prod_{j=1}^K F_{i,j} \times \prod_{j=1}^N A_{i,j}$$

The narrowing methodology is detailed in the FTSE Global Factor Index Series Ground Rules.

7.4 Capacity, constraints and maximum stock weights

The maximum stock level capacity ratio and country and industry constraints are applied to the index as detailed in the FTSE Global Factor Index Series Ground Rules.

The table below shows the minimum stock weight thresholds that are applied to the final indices. Any stock weight that is less than the minimum weight threshold is treated as having a zero weight in the relevant index. Any resulting excess weight will be redistributed amongst the remaining constituents proportional to their index weights.

FTSE Sustainability Factor Target Tilt Index	Minimum weight
Russell 1000 ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG Recovery Factor Index	0.5bps
Russell 1000 ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG Expansion Factor Index	0.5bps
Russell 1000 ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG Slowdown Factor Index	0.5bps
Russell 1000 ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG Contraction Factor Index	0.5bps
Russell 1000 ex Weapons ex Vice Products Recovery Factor Index	0.5bps
Russell 1000 ex Weapons ex Vice Products Expansion Factor Index	0.5bps

FTSE Sustainability Factor Target Tilt Index	Minimum weight
Russell 1000 ex Weapons ex Vice Products Slowdown Factor Index	0.5bps
Russell 1000 ex Weapons ex Vice Products Contraction Factor Index	0.5bps
FTSE Developed ex US ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG 2Mom/Size/Val Index	2bps
FTSE Developed ex US ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG 2Mom/2Qual/2Vol Index	2bps
FTSE Developed ex US ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG 2Size/2Val Index	2bps
FTSE Developed ex US ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG 2Qual/2Vol Index	2bps

7.5 Capping

7.5.1 The following maximum stock (company level) weights are applied to each index in table below. Company level capping is applied at the reviews of each index as specified in Rule 6.2 using stock prices available at the price cut off date as specified in Rule 6.4.2.

Maximum stock weights

Factor Indices	Maximum weight
Russell 1000 ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG Recovery Factor Index [^]	+/-2%
Russell 1000 ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG Expansion Factor Index [^]	+/-2%
Russell 1000 ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG Slowdown Factor Index [^]	+/-2%
Russell 1000 ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG Contraction Factor Index [^]	+/-2%
Russell 1000 ex Weapons ex Vice Products Recovery Factor Index [^]	+/-2%
Russell 1000 ex Weapons ex Vice Products Expansion Factor Index [^]	+/-2%
Russell 1000 ex Weapons ex Vice Products Slowdown Factor Index [^]	+/-2%
Russell 1000 ex Weapons ex Vice Products Contraction Factor Index [^]	+/-2%
FTSE Developed ex US ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG 2Mom/Size/Val Index	5%
FTSE Developed ex US ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG2 Mom/2Qual/2Vol Index	5%
FTSE Developed ex US ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG 2Size/2Val Index	5%
FTSE Developed ex US ex Fossil Fuel Reserves (>50%) ex Weapons ex Tobacco ex Controversies ESG 2Mom/2Qual/2Vol Index	5%

[^] Relative weight of company level capping applied relative to the underlying at review & The sum of weights in companies representing 5% or more of the index weight cannot exceed 25% of the index weight.

7.6 Index back-histories

7.6.1 The annual Fossil Fuel Reserves, Operational Carbon Emissions and annual sales data prior to September 2016 are lagged by one year.

7.6.2 The availability of factor data prior to August 2014 is simulated through the application of a six month lag on fundamental data. All index reviews prior to this date that utilise fundamental data incorporate a lag of six months.

Section 8

Changes to constituent companies

8. Changes to constituent companies

8.1 Intra-review additions

- 8.1.1 Additions into the FTSE Sustainability Factor Target Tilt Indices will be considered for inclusion at the next periodic review.

8.2 Intra-review deletions

- 8.2.1 A constituent will be removed from the FTSE Sustainability Factor Target Tilt Indices if it is also removed from the relevant underlying index. The deletion will be concurrent with its deletion from the underlying index and its weight will be distributed pro-rata amongst the remaining constituents in the corresponding FTSE Sustainability Factor Target Tilt Index.
- 8.2.2 A constituent will be removed from the FTSE Sustainability Factor Target Tilt Indices if it is added to the relevant exclusion list. The deletion will be concurrent with its addition to the exclusion list.

Section 9

Corporate actions and events

9. Corporate actions and events

9.1 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 (with the exception of tender offers), the constituent's weighting in the relevant FTSE Sustainability Factor Target Tilt Index remains unchanged pre and post such an event.

9.2 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](#)

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 will provide notice advising of the timing of the change.

9.3 Suspension of dealing

Suspension of dealing rules can be found within the corporate actions and events guide for non-market cap weighted indices.

9.4 Takeovers, mergers and demergers

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

Section 10

Treatment of dividends

10. Treatment of dividends

10.1 Treatment of dividends

10.2 Declared dividends are used to calculate the FTSE Sustainability Factor Target Tilt Index Series. All dividends are applied as at the ex-div date.

10.3 For each of the rest of the FTSE Sustainability Factor Target TiltIndices, a net of tax total return index is 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 11

Indices algorithm and calculation method

11. Indices algorithm and calculation method

11.1 Prices

- 11.1.1 The FTSE Sustainability Factor Target Tilt 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](#)

11.2 Calculation frequency

- 11.2.1 The FTSE Sustainability Factor Target Tilt Index Series will be calculated on an end of day basis and displayed to eight decimal points.

11.3 Exchange rates

- 11.3.1 For FTSE Sustainability Factor Target Tilt indices, the WM/Refinitiv Closing Spot Rates™ collected at 16:00 London time, are used to calculate the end of day index values.

11.4 Index calculation

The FTSE Sustainability Factor Target Tilt Index Series are calculated using the algorithm described below:

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

Category	Definition	Involvement threshold for exclusion
Vice Products		
Adult Entertainment	Companies producing adult entertainment content, or that package or curate adult entertainment content for consumption (such as dedicated magazines, TV channels, websites, streaming services, or strip clubs). This includes: – movies; – print publications; – online content; – live entertainment.	Greater than 0% of revenues
Alcohol	Companies producing alcoholic beverages for human consumption, such as beer, cider, wine and spirits.	Greater than 0% of revenues
	This includes: – all companies that are classified in the ICB Subsector Brewers 45101010 and Distillers & Vintners 45101015; – companies that are not classified in ICB Subsector Brewers 45101010 and Distillers & Vintners 45101015, but that are identified as having any activity in these Subsectors.	Not applicable
Gambling	Companies involved in the provision of gambling operations including physical betting facilities – whether at casinos, betting shops, racetracks or sports stadiums – or other venues, or the production of online gambling content. The production of purpose-built gambling machines and equipment that are exclusively intended for use in gambling, including both hardware and software.	Greater than 0% of revenues
	This includes: – all companies that are classified in the ICB Subsector Casinos & Gambling 40501020; – companies that are not classified in ICB Subsector Casinos & Gambling 40501020, but that are identified as having any activity in this Subsector.	Not applicable
Tobacco	Companies producing tobacco products including cigarettes, roll your own tobacco, pipe tobacco, cigars, cigarillos, bidis, gutka, smokeless tobacco, and heated tobacco products (HTPs), as well as electronic cigarettes (or 'e-cigarettes') and electronic nicotine delivery systems (ENDS)	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

Category	Definition	Involvement threshold for exclusion
Non-Renewable Energy		
Fossil Fuel Reserves – Coal, Oil & Gas	Companies that own proved or probable reserves in coal, oil or gas	Greater than 50% ownership
Oil, Gas and Coal – Production, supporting products and services	Companies classified in the following ICB Subsectors ⁸ : <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; – 60101040 Coal. 	Not applicable
Weapons		
Controversial Weapons	Chemical & Biological Weapons Companies that produce 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, or that produce secondary products or services for chemical and biological 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 on their Destruction”, or that produce specific and critical parts or services for anti-personnel mines.	Greater than 0% of revenues
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 producing lethal military weapons, their components and ammunition, and those engaged in the commercial provision of personnel to serve in military roles often in combat zones. Note that this does not capture companies producing only non-lethal military equipment (such as protective equipment or communications systems) or hand-to-hand military combat weapons (such as knives). This includes: <ul style="list-style-type: none"> – munitions; – vehicles designed exclusively to carry military weapons (mounted or demountable) weapons delivery systems; including mounting and launching systems as well as targeting and guidance systems. 	Greater than 0% of revenues
Firearms	Companies that produce firearms and ammunition sale to the public (Note that retailers of firearms are not captured.) This includes: <ul style="list-style-type: none"> – handguns; – shotguns; – rifles; – semi-automatic weapons. 	Greater than 0% of revenues
Controversies*		
Anti-Corruption	Controversies related to Principle 10 of the UN Global Compact, which is derived from the United Nations Convention Against Corruption.	For large and mid-cap size:

⁸ 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 \(ftserussell.com\)](#).

Category	Definition	Involvement threshold for exclusion
	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	- Companies assigned non-compliant status
Environment	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.	
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.	

* For companies excluded, if their Sustainability Global Standards Screening assessment changes, the companies will be considered for removal from the exclusion list according to Rule 7.3.2 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](#)

Appendix B

Further information

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

[Glossary - ESG.pdf](#)

The FTSE Russell ESG Metrics website can be found using the following link:

[ESG Metrics](#)

For further information on the FTSE Sustainability Factor Target Tilt Index Series visit www.lseg.com/en/ftse-russell/ or e-mail info@ftserussell.com. Contact details can also be found on this website.

Website: www.lseg.com/en/ftse-russell/

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