SOLUTION OVERVIEW

# FTSE Developed ex Australia Choice Index and FTSE Australia 300 Choice Index

Aligning investment choices with values

## Overview

**Investors are increasingly seeking to invest in companies that align with their values. One approach to accomplishing this objective is to remove certain companies from a portfolio based on the impact of their products and conduct on society and the environment.**

The FTSE Developed ex Australia Choice Index and FTSE Australia 300 Choice Index which are part of the FTSE Global Choice Index Series, are market capitalisation weighted indexes that remove companies based on the following three product screens and one conduct screen:

- Non-Renewable Energy
- Vice Products
- Weapons
- Controversies

## Features

- Consists of eligible securities in the underlying FTSE Developed ex Australia Index or FTSE Australia 300 Index
- Company screening based on fundamental research about a company's business lines and product involvement
- Transparent, rules-based method for applying values-based exclusions to a broad index

## Benefits

The two indexes help align investment objectives with values by screening out companies with exposure to products and conduct that may have a negative impact on the environment or society.

## Definitions

The indexes apply negative screens across four categories:

| Product categories | | | Conduct category |
|---|---|---|---|
| **Non-Renewable Energy**<br>– Fossil Fuels<br>– Nuclear Power | **Vice Products**<br>– Adult Entertainment<br>– Alcohol<br>– Gambling<br>– Tobacco | **Weapons**<br>– Chemical & Biological Weapons<br>– Cluster Munitions<br>– Anti-Personnel Landmines<br>– Nuclear Weapons<br>– Conventional Military Weapons<br>– Firearms | **Controversies**<br>– Anti-Corruption<br>– Environment<br>– Human Rights<br>– Labor |

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## Index construction process

### Starting universe

Start with the market capitalisation weighted index. Companies in the underlying index universe are researched annually for eligibility against the screens based on publicly reported information.

### Screening

Exclude companies based on the prohibited product and conduct screens.

### Capping of Industry

The FTSE Australia 300 Choice Index applies an additional step of a 5% capping limit per industry. The FTSE Developed ex Australia Choice Index does not apply a capping limit per industry.

### Publish and Review Index

The index is reviewed quarterly in March, June, September, and December.

## Supporting the sustainable investment market

FTSE Russell brings two decades of experience in ESG data and benchmarks, and provides data analytics, scores and indexes covering thousands of companies worldwide.

As an index provider, FTSE Russell plays an active role in the major regional sustainable investment industry associations. Ahead of its launch, along with other pioneers in the industry, FTSE Russell also helped develop the United Nations-backed Principles for Responsible Investment (PRI) and became a founding signatory and the first index provider member.

FTSE Russell is part of London Stock Exchange Group (LSEG), which is a member of the Sustainable Stock Exchanges Initiative and chaired its working group to develop Model Guidance on ESG Reporting for exchanges globally. This resulted in LSEG publishing its own Guidance in February 2017.

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