

# Controversies and human rights in FTSE Russell indices – FAQs

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# FAQ

## 1. What is FTSE Russell’s approach to human rights and human rights due diligence?

London Stock Exchange Group (LSEG), which includes FTSE Russell, is committed to operating in accordance with the International Bill of Human Rights, comprising the Universal Declaration of Human Rights (UDHR), and takes into account the UN Framework and Guiding Principles on Business and Human Rights (the Guiding Principles) and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. The Group strongly supports these conventions, which promote freedom of association and equality and abolish forced labour and child labour.

LSEG monitors all current and emerging human rights-related regulation and as a UK headquartered business is committed to adhering to the UK Modern Slavery Act 2015.

We respect and promote human rights of our employees through our human resource policies and practices, of our suppliers through our supply chain management and through the provision of our products and services.

LSEG has several policies that promote the protection of human rights either directly or indirectly, which are consistent with relevant UDHR articles and the Guiding Principles. These policies include:

Policy	Policy summary
LSEG code of conduct	This code outlines the ethical principles governing all activities across LSEG. The policy is not intended to be a comprehensive description of all factors that may impact behaviour; rather it provides a framework to operate within. It covers in particular our human rights and anti-slavery commitments.
Sustainability Policy and Human Rights Statement	The Sustainability Policy, approved by the LSEG Board, includes human rights within its overarching commitments and is supported by a Human Rights Statement
Supplier Code of Conduct	This Code outlines LSEG’s expectation of suppliers to ensure adherence to our standards, including those related to human rights. Before entering into relationships with key suppliers our due diligence process establishes whether suppliers are adhering to the Code.
LSEG financial crime	This policy outlines the approach and arrangements that LSEG has in place to prevent the occurrence, facilitation or furthering of financial crime. It also sets out LSEG’s approach to compliance with applicable legislation, regulation and guidance.
LSEG enterprise-wide risk management framework	This policy outlines LSEG’s enterprise-wide risk management framework, which is designed to assist in the identification and assessment of risks facing the Group in order that they can be managed in an efficient manner and that informed decisions can be taken to manage threats and exploit opportunities.
LSEG Speak up	This policy outlines the whistleblowing arrangements in place to report any concerns regarding malpractice or misconduct within LSEG. LSEG encourages its staff to speak up should they witness improper, illegal or negligent behaviour by anyone in the workplace.

We regard all forms of modern slavery and human trafficking as a crime and a violation of fundamental human rights. We are committed to implementing and promoting practices which combat modern slavery in all its forms. LSEG operates in an industry where the risk of modern slavery and human trafficking is inherently low. However, we operate globally and acknowledge the risks of partnering with a broad spectrum of global suppliers and the possibility of modern slavery occurring deeper in those complex supply chains. Our Modern Slavery Act Statement can be found [here](#).

LSEG is a Living Wage Foundation-accredited employer in the UK and as such all UK colleagues are paid on or above the living wage. Our contracts with suppliers that have staff working on LSEG premises in the UK (including temporary and contract workers) include a clause mandating the payment of the Living Wage or London Living Wage as applicable.

As part of the supplier-onboarding process, a risk segmentation is carried out with a determination of low, medium or high risk based on a range of factors. Due diligence is conducted based on the segmentation to ensure the appropriate assessment is carried out. Suppliers are also monitored throughout the year via LSEG's World-Check RiskIntelligence database (World-Check). Specialist research analysts across the globe collate information from reliable and reputable sources. WorldCheck also assesses publicly available information to identify association with key words that could raise concern. Where this is the case, we investigate and address appropriately. We are consistently evolving our Third-Party Risk Management and Supplier Relationship Management functions to play a key role in building a stronger partnership with our suppliers

## 2. How are human rights issues assessed and taken into consideration in FTSE Russell ESG indices?

FTSE Russell [publishes](#) the index methodologies and ground rules for its ESG indices online. The ground rules for each of these index series explain which ESG data inputs are used. Regarding human rights, relevant data inputs can include environmental, social and governance (ESG) scores and UN Global Compact controversy exclusions.

For example, the FTSE Russell ESG scores include assessments of whether companies meet global standards such as the United Nations Global Compact Principles or the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises. This is part of the human rights and community pillar in the social pillar of the [FTSE Russell ESG scores](#).

As part of the regular reviews of FTSE Russell ESG indices, the current and prospective constituents' ESG scores are reviewed and updated, including their human rights and community score. Companies are given the opportunity to review the data inputs to the ESG score and provide any new public information. Companies are aware of what needs to be improved to achieve index eligibility, as the criteria for index inclusion are publicly available in published ground rules.

Public reporting on a company such as reporting of alleged human rights abuses is in some cases covered by third-party data providers and index ground rules are applied to this data. The ground rules of an index will explain whether it is updated on a quarterly, semi-annual or annual basis and so when new information such as regarding a controversy or human rights issue will be taken into account.

### 3. How do you respond to questions about constituent involvement?

If a company, index user or other stakeholder wants to raise a challenge or complaint about human rights or other ESG issues associated with a company, there is a published challenges and appeals process in the FTSE Russell [Guide to the Construction and Maintenance of FTSE Exclusion Lists.pdf](#). The reasons for proposing a change to the exclusion should be stated by having regard to the guide and attaching any publicly available documentary evidence in support of the claim.

### 4. How do you engage with third-party suppliers of ESG data?

We engage proactively with the third-party providers of ESG data used in FTSE Russell indices ([Guide to Third Party ESG Data used in FTSE Russell Indices.pdf](#)) to understand their approaches to controversies and human rights and how this impacts index methodologies.

### 5. How do you ensure that ESG index methodologies remain up to date and in line with best practice regarding controversies and human rights?

To ensure that FTSE Russell indices are constructed, maintained and operated to the highest standards, FTSE Russell employs a robust governance framework to approve new indices and changes to the methodologies of existing indices. The framework combines specialist decision-making bodies with members drawn from first-line executive management, an oversight committee with members drawn from second line (risk and compliance) and third line (audit) management, supported by a set of independent external advisory committees formed of market practitioners with specialist expertise on benchmark methodologies, input data and the underlying market.

The advisory committees help FTSE Russell to ensure that its indices reflect the underlying market and index methodologies (a set of strict rules by which all FTSE Russell indices are governed) evolve appropriately. For more information on the FTSE Russell Sustainable Investment Advisory Committee, please see [External Advisory Committees](#) and [FTSE Russell Governance Framework.pdf](#).

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**For more information about our Indices, please visit [lseg.com/en/ftse-russell](https://lseg.com/en/ftse-russell).**

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