



FTSE4Good Index Series

## SEMI- ANNUAL REVIEW OF THE FTSE4GOOD INDICES

March 2004

This paper provides the details of the March 2004 FTSE4Good Semi-Annual Index Review. The FTSE4Good Policy Committee has approved all constituent changes.

### Overview

1. Inclusions
2. Deletions
  - 2.1 Environmental criteria deletions
  - 2.2 Social and stakeholder criteria deletions
  - 2.3 Human rights criteria deletions
  - 2.4 Exclusion criteria deletions
3. Appendix – List of newly included companies

### 1. INCLUSIONS

As a result of the review, a total of 75 companies are to be added to the FTSE4Good Index Series at the close of business on 19<sup>th</sup> March 2004. The table below shows the nationality of these 75 companies (see Appendix 1 for their names and sectors).

Country	No Companies
Australia	3
Belgium	1
Canada	1
France	2
Germany	1
Italy	1
Japan	37
New Zealand	2
Portugal	1
Sweden	4
UK	16
USA	6



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## 2. DELETIONS (REMOVALS FROM THE INDEX)

A total of 29 companies have been deleted from the FTSE4Good Index Series as a result of the review. 17 companies have been excluded due to not meeting the stricter environmental criteria, and nine companies for not meeting the stricter human rights criteria. Two companies (Hutchinson Whampoa and Avon Products) failed to meet both the human rights and environmental standards. One company (TransCanada) has been removed for not meeting the exclusion criteria.

### 2.1 Companies Not Meeting the New Environmental Criteria

In May 2002, the FTSE4Good Policy Committee approved changes to the FTSE4Good environmental criteria that companies would be required to meet to qualify for and remain a constituent of the index.

At the committee meeting in March 2003, the committee approved an environmental criteria roll-out plan to provide more time for engagement with non-compliant companies and to reduce the number of index deletions at any one review. The implementation deadlines are as follows<sup>1</sup>:

Company deadline	Committee review	Low Impact	Medium Impact	High Impact <sup>2</sup>
<b>1<sup>st</sup> Aug 03</b>	Sep 2003	No requirement	Companies must meet basic interim policy requirements.	Companies must meet medium impact policy / EMS requirements.
<b>26<sup>th</sup> Jan 04</b>	Mar 2004	No requirement	Companies must meet the environmental policy criteria in full.	Companies must meet all of the criteria in full. This includes environmental policy, management system, and reporting criteria.
<b>1<sup>st</sup> July 04</b>	Sept 2004	No requirement	Companies must meet the environmental management system criteria in full, thereby meeting all of the environmental criteria for the medium impact sectors.	
<b>1st Jan 05</b>	Mar 2005	Companies must meet the environmental policy criteria in full, thereby meeting all of the environmental criteria for the low impact sectors.		

An extensive global company engagement program has been underway to ensure that all affected companies are aware of the deadlines and fully aware of what steps they have to take.

At this review, the following companies have failed to meet the FTSE4Good Environmental Criteria requirements and have therefore been deleted from the Index Series. Medium-impact companies have been de-

<sup>1</sup> For the full criteria see <http://www.ftse.com/ftse4good/FTSE4GoodCriteria.pdf>

<sup>2</sup> Note these are the 24 companies who changed from low to high impact



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leted for not achieving the published environmental policy statement requirements. High-impact companies have been deleted either because they have not met the full environmental policy management system and reporting criteria.

**Deletions due to not meeting the Environmental Criteria requirements:**

Company	Country	Environmental Impact Rating	Sector
Fosters Group	Australia	High	Beverages
Interbrew	Belgium	High	Beverages
Finning International	Canada	Medium	Engineering & Machinery
National Bank of Canada	Canada	Medium	Banks
Power Corporation Canada	Canada	Medium	Speciality & Other Finance
Carlsberg	Denmark	High	Beverages
Danske Bank	Denmark	Medium	Banks
AMB Generali Holding	Germany	Medium	Insurance
Commerzbank	Germany	Medium	Banks
Banco BPI	Portugal	Medium	Banks
Banco Comercial Portugues	Portugal	Medium	Banks
The Rank Group	UK	Medium	Leisure & Hotels
American International Group	USA	Medium	Insurance
Applera Applied Biosystems Corporation	USA	Medium	Health
Goldman Sachs Group	USA	Medium	Speciality & Other Finance
Goodrich Corporation	USA	High	Aerospace & Defence
Lehman Bros	USA	Medium	Speciality & Other Finance
Hutchison Whampoa*	Hong Kong	Medium	Diversified Industrials
Avon Products*	USA	Medium	Personal Care & Household Products

\*Companies also excluded for not meeting the human rights criteria

**2.2 Companies Not Meeting the Social and Stakeholder Relations Criteria**

No current constituents have been removed at this review due to non-compliance with stakeholder relations criteria.



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### **2.3 Companies Not Meeting the New Human Rights Criteria**

In February 2003, the FTSE4Good Advisory Committee approved proposed changes to the FTSE4Good human rights criteria. The new criteria were announced with the support of Amnesty International in April of 2003.

The announcement stated that;

- From September 2003, all new entrants and current constituents in the Global Resource Sector (GRS) would be required to meet the full new human rights standards and that;
- Companies having a significant presence in countries where there are serious human rights concerns will also have to meet tougher criteria in two stages; policy criteria in March 2004, and systems criteria in September 2004. It also stated that any new company to gain entry into the index from March 2004 would be required to meet the new set of criteria.

Following this announcement, an extensive global company engagement program has been underway to ensure that all affected companies are aware of the requirement and fully aware of what steps they have to take.

At this review, the following companies have failed to meet the FTSE4Good Human Rights Criteria requirements:

#### **Deletions due to not meeting the Human Rights Criteria requirements:**

<b>Company</b>	<b>Country</b>	<b>Sector</b>
Anheuser-Busch Company	USA	Beverages
Avon Products*	USA	Personal Care & Household Products
Delphi Corporation	USA	Automobiles & Parts
Denso Corporation	Japan	Automobiles & Parts
ENI	Italy	Oil & Gas
Hutchison Whampoa*	Hong Kong	Diversified Industrials
Manulife Financial	Canada	Life Assurance
Nortel Networks	Canada	Information Technology Hardware
Omron Corporation	Japan	Electronic & Electrical Equipment
Skandia Forsakring	Sweden	Life Assurance
Terumo Corporation	Japan	Health

\*Companies also excluded for not meeting the environmental criteria

### **2.4 Companies Not Meeting the Exclusions Criteria**

TransCanada has been removed from the FTSE4Good Index Series as it has nuclear power interests.



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## APPENDIX 1

### NEW FTSE4GOOD INDEX CONSTITUENTS

Company	Country	Sector
Orica	Australia	Chemicals
Rinker Group	Australia	Construction & Building Materials
Brambles Industries (Australia)	Australia	Support Services
Solvay	Belgium	Chemicals
Canadian Pacific Railway	Canada	Transport
Wanadoo	France	Software & Computer Services
Arcelor	France	Steel & Other Metals
TUI	Germany	Leisure & Hotels
Fondiaria-SAI	Italy	Insurance
Asahi Kasei Corporation	Japan	Chemicals
Hitachi Chemical	Japan	Chemicals
JSR Corporation	Japan	Chemicals
Mitsubishi Gas Chemical	Japan	Chemicals
Nippon Sanso K.K.	Japan	Chemicals
Sumitomo Chemical	Japan	Chemicals
Teijin	Japan	Chemicals
Tokuyama Corporation	Japan	Chemicals
UBE Industries	Japan	Chemicals
Zeon Corporation	Japan	Chemicals
Taisei Corporation	Japan	Construction & Building Materials
Canon Sales	Japan	Electronic & Electrical Equipment
Fanuc	Japan	Electronic & Electrical Equipment
Furukawa Electric	Japan	Electronic & Electrical Equipment
Hitachi High-Technologies	Japan	Electronic & Electrical Equipment
Ricoh	Japan	Electronic & Electrical Equipment
Kurita Water Industries	Japan	Engineering & Machinery
Yaskawa Electric	Japan	Engineering & Machinery
Ajinomoto Company	Japan	Food Producers & Processors
Seiyu	Japan	General Retailers
Gunze	Japan	Household Goods & Textiles
Kokuyo	Japan	Household Goods & Textiles
Advantest Corporation	Japan	Information Technology Hardware
Hitachi Maxell	Japan	Information Technology Hardware
Nikon Corporation	Japan	Information Technology Hardware
Rohm	Japan	Information Technology Hardware
Seiko Epson	Japan	Information Technology Hardware
Aioi Insurance	Japan	Insurance
UniCharm	Japan	Personal Care & Household Products
Kyowa Hakko Kogyo	Japan	Pharmaceuticals & Biotechnology
Tanabe Seiyaku	Japan	Pharmaceuticals & Biotechnology
Yamanouchi Pharmaceutical	Japan	Pharmaceuticals & Biotechnology



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Company	Country	Sector
NTT Data Corporation	Japan	Software & Computer Services
Hitachi Capital Corporation	Japan	Speciality & Other Finance
JFE Holdings	Japan	Steel & Other Metals
Sumitomo Metal Industries	Japan	Steel & Other Metals
KDDI Corporation	Japan	Telecommunication Services
Contact Energy	New Zealand	Electricity
Telecom Corporation of New Zealand	New Zealand	Telecommunication Services
Portugal Telecom	Portugal	Telecommunication Services
Assa Abloy	Sweden	Engineering & Machinery
Atlas Copco	Sweden	Engineering & Machinery
Sandvik	Sweden	Engineering & Machinery
Eniro	Sweden	Media & Entertainment
Yule Catto & Co.	UK	Chemicals
Aggregate Industries	UK	Construction & Building Materials
International Power	UK	Electricity
Domnick Hunter Group	UK	Engineering & Machinery
FKI	UK	Engineering & Machinery
Chrysalis Group	UK	Media & Entertainment
Datamonitor	UK	Media & Entertainment
Incepta Group	UK	Media & Entertainment
Itouch	UK	Media & Entertainment
Vernalis	UK	Pharmaceuticals & Biotechnology
Warner Estate Holdings	UK	Real Estate
Axon Group	UK	Software & Computer Services
Brambles Industries (UK)	UK	Support Services
Danka Business Systems	UK	Support Services
Trifast	UK	Support Services
WSP Group	UK	Support Services
American Power Conversion	USA	Information Technology Hardware
NCR	USA	Information Technology Hardware
Tektronix	USA	Information Technology Hardware
Starbucks	USA	Leisure & Hotels
American Express	USA	Speciality & Other Finance
United Parcel Service	USA	Support Services