

FTSE4Good Index Series

Impact of New Criteria
& Future Direction

2004-2005 REPORT

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1 FOREWORD

Mark Makepeace Chief Executive, FTSE Group

Corporate social responsibility continues to be a hotly contested topic worldwide, but investors and listed companies alike now take account of the growing pressure for corporate responsibility disclosure and practice.

Supported by an ever-increasing weight of assets linked to socially responsible investment (SRI) products, both SRI and mainstream asset managers are today using company engagement and active share ownership to influence change in corporate behaviour.

However, away from the AGMs and media headlines other types of organisations, such as index providers, also play a role in this process. FTSE Group (FTSE) is committed to pushing the corporate responsibility debate firmly into the spotlight and to providing tools and services to the corporate and investment community. Through work done on responsible investment indexing and FTSE's own engagement process, FTSE has managed to create an important role in the wider socially responsible landscape.

As the creator and calculator of the FTSE4Good Index Series, FTSE established an in-house engagement programme in 2002, dedicated to working directly with listed companies, and helping them to understand and reach the criteria set down for inclusion in the index. Drawing on the work of this innovative and unique programme, we're able

to publish this Impact of Criteria & Future Direction report, which provides a valuable snapshot of company behaviour in the key corporate responsibility areas of environment, human rights and stakeholder practice across developed markets.

Alongside the engagement programme, the work of the FTSE4Good Committees and Subcommittees on criteria development is another successful part of FTSE's contribution to the SRI community. A number of recent milestones achieved through this are detailed later in this report. In the final section the outline roadmap highlights the direction that FTSE's work in this area will be taking in the coming years.

I hope you'll find the report interesting and informative.

Sir Mervyn Pedelty

Chair, FTSE4Good Policy Committee

I am delighted to introduce the Impact of New Criteria & Future Direction Report, which aims to provide investors and other stakeholders with a detailed review of the progress made over the previous year.

The FTSE4Good Index Series was launched in July 2001, and the delivery of the first set of new criteria which was committed to, is now almost complete. The Policy Committee has overseen the introduction of tougher environmental criteria, new human rights criteria, explicit supply chain labour standards and the removal of the first sector exclusion for companies marketing breast milk substitutes, in addition to the introduction of a new FTSE4Good Japan Index. Work is currently well underway to develop criteria for bribery and corruption and uranium mining. This progress has all been underpinned by structural changes with the addition of a US Advisory Committee and a Criteria Development Subcommittee.

A comprehensive consultation process took place towards the end of 2004 to assist the Policy Committee in setting the agenda for the index's development over the next few years. Almost 250 stakeholders from 21 countries submitted detailed responses to the questionnaire, which informed the future roadmap.

This report charts the progress and impact of all these activities and allows us to evaluate our success in encouraging companies to both disclose more about their corporate responsibility practices and to meet the increasingly demanding FTSE4Good criteria. Progress has been very encouraging although we recognise that there is still much to do, and there are many challenges ahead with companies and investors, in developing the index as a widely used performance benchmark.

I would like to thank my colleagues on all of the FTSE4Good Committees for their commitment, input and support and I would also like to say a special 'thank you' to the team at FTSE who have contributed so much to the achievement of another year of significant development. I am looking forward to continuing to work with them all in meeting the opportunities and challenges ahead.

2 EXECUTIVE SUMMARY

2.1 Criteria Development and Implementation

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Total Numbers of Companies in

FTSE4Good – Trends 2001-2005

- Since launch, the number of companies in the index has increased from 700 to over 900, as the entry criteria have become increasingly tougher.
- This is a demonstration of both the improvement in Corporate Responsibility (CR) practice and disclosure by companies as well as the increasing value companies place in being included in the index.
- The Committee has approved over 100 deletions since launch in cases where companies no longer meet the selection criteria. These have been spread fairly evenly across regions.

Environmental Criteria Trends

- Initially over 450 companies in the index (over half the constituents at the time) did not meet the FTSE4Good new environmental criteria when it was first announced in 2002.
- Almost 200 of these companies have now met the requirements. Over 80 have been deleted for not meeting the relevant requirements by their deadlines and around 100 companies are still in discussion with FTSE and continue to face their deadline.

Human Rights Criteria Trends

- The updated human rights criteria of 2003 applies to two groups of companies; those in the global resource sector (up-stream oil and gas and mining companies who face the highest potential human rights risks) and those companies with a significant operations in countries with weak human rights frameworks.
- Overall, 58 companies moved to meet the criteria, 20 were deleted.

Marketing of Breast Milk Substitutes

- During 2004, the first exclusion was lifted from the index and replaced by new measurable criteria relating to companies involved in the marketing of breast milk substitutes.

Supply Chain

- In November 2004, the FTSE4Good Policy Committee approved the implementation of the Supply Chain Labour Standards criteria.
- These criteria are totally new to the index, and will be implemented over a period of two and a half years (November 2004 - January 2007).

Countering Bribery & Corruption

- FTSE is working with Transparency International to develop new criteria. Consultations on this are being held in 2005.

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2.2

The Way Forward

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The Policy Committee approved a programme of criteria prioritisation and development resulting from an extensive market consultation exercise conducted at the end of 2004. The areas that were tested for future development included climate change, governance of corporate responsibility, employee responsibility and customer responsibility.

The first priority area for development was climate change. Although covered to a certain extent in the current environmental criteria,

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there was significant support for the inclusion of more explicit climate change related criteria within the index selection process.

This will now be developed under the stewardship of the Criteria Development Subcommittee and will include examining issues such as emissions reductions (specifically emissions to air), energy efficiency and renewable energy, through relevant policies, management systems and reporting.

3 FTSE4GOOD INDEX SERIES

3.1 Background

FTSE Group (FTSE) created the FTSE4Good Index Series in 2001 as a means of meeting the need of socially responsible investors to evaluate the quality of companies' approach to Corporate Responsibility (CR), and to provide a benchmark tool for financial instruments.

From the outset FTSE and the FTSE4Good Policy Committee stated a commitment to:

- (i) increase the standards for index entry in line with emerging good practice standards, and thereby challenge companies to improve their CR practices for environment and human rights;
- (ii) remove the sector-based automatic exclusion policies once appropriate criteria could be developed, and;
- (iii) introduce new social and stakeholder criteria covering supply chain labour standards and bribery & corruption.

To date, all of these initial commitments have either been completed or are in the process of completion. This can be seen in the introduction of more demanding standards in all areas of the criteria, including the recent introduction of criteria on supply chain labour standards. Work being undertaken on criteria for countering bribery & corruption and for uranium mining will continue the momentum generated by progress to date.

Contributing to UNICEF

All licensing revenues from FTSE4Good are contributed to UNICEF. In addition to this, FTSE contributes 50 pence to UNICEF for each trading screen showing real-time FTSE4Good values. Since the launch of the series FTSE Group has contributed more than US\$2 million to UNICEF.

3.2

Governance of the FTSE4Good Index Series

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The management and the evolution of the FTSE4Good Index Series is placed under the direction of the FTSE4Good Policy Committee, an independent body of experts from the fields of corporate responsibility, fund management, academia and the business community. The FTSE4Good Policy Committee's role is to:

- act as an independent judge of the ability of constituent companies to meet the FTSE4Good Index Series criteria;
- oversee the consultation process undertaken to develop criteria;
- approve criteria revisions or new criteria.

To match the evolving nature of work on the FTSE4Good Index Series, other committees have been structured to assist on particular aspects. In recognition of the regional differences in awareness of and attitudes to CR, the Policy Committee was supplemented by the creation of the FTSE4Good US Advisory Committee in 2003. To assist in the specific task of identifying key areas for new criteria the Criteria Development Subcommittee was created in 2004. To assist in the work developing criteria for breast milk substitutes, an expert committee has been set up (more details of this can be found in Section 5.4).

FTSE would like to thank the Committee members for their time, commitment and expert input to the evolution of the FTSE4Good Index Series. A full list of the committee members can be found in [Appendix 5](#).

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3.3

EIRiS Research

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FTSE works in association with the Ethical Investment Research Service (EIRiS) and its network of international partners to research company corporate responsibility performance. FTSE4Good indices are reviewed semi-annually in September and March, by the FTSE4Good Policy Committee. The research process is undertaken around these dates, with the distribution of an extensive questionnaire in June and an update of the companies' Corporate Responsibility (CR) data in November of each year. EIRiS manages the research and analysis globally in order to cover the FTSE4Good Index eligible universe*, either directly or through a network of partner research organisations.

A variety of mechanisms are employed to access the most up-to-date relevant data:

- Scrutiny of annual reports;
- Research of company websites;
- Written questionnaires and liaison with companies where appropriate;
- Other publicly available material.

In addition, factsheets detailing the information held by EIRiS are distributed to companies on a regular basis for updating and review.

EIRiS' international research partners and providers include Centre for Australian Ethical Research (CAER, Australia), Ethifinance (France), Avanzi (Italy), Stock-at-Stake (Belgium), Institut für Markt-Umwelt-Gesellschaft (IMUG, Germany), and Fundacion Ecologia y Desarrollo (FED, Spain).

* The eligible universe for the FTSE4Good Index Series is the FTSE Developed Index and the FTSE All-Share Index.

3.4 Evolving Criteria

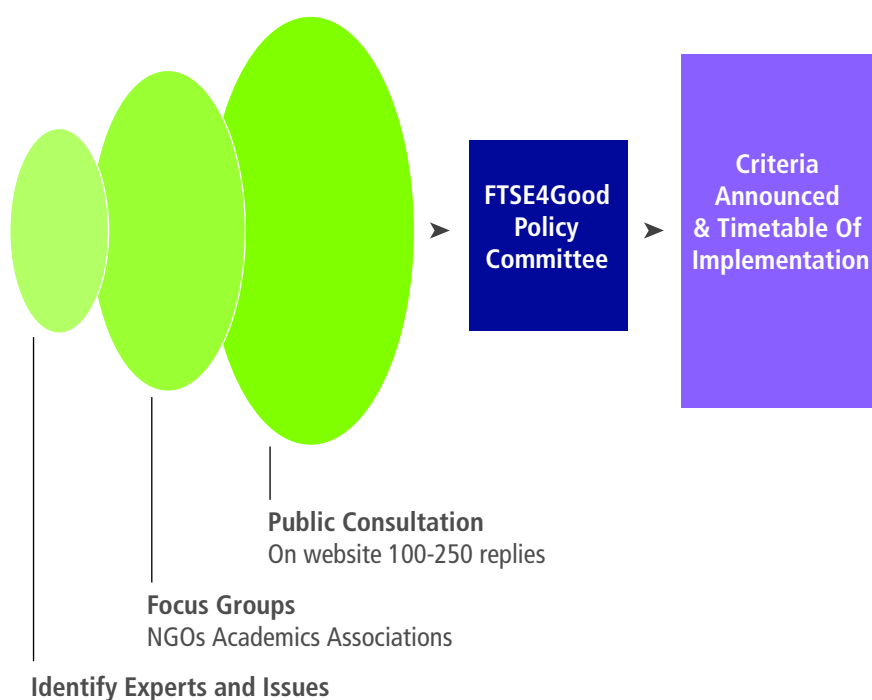
The FTSE4Good criteria have been designed to reflect a broad consensus on what constitutes good corporate responsibility practice globally. Using a market consultation process, the criteria are regularly revised to ensure that they reflect developments in corporate responsibility and trends in socially responsible investment.

Criteria Development Process

All new criteria for FTSE4Good are developed in a rigorous and demanding manner into which all key stakeholders are able to participate. This can be a lengthy process but allows FTSE to develop robust criteria that reflect good international corporate practice. The five stages of this process are laid out below and are overseen by the FTSE4Good Criteria Development Subcommittee.

1. Issues identified with experts
2. Focus groups to find or test potential criteria that could be used and to find areas of consensus that different stakeholders (e.g. investors, NGOs and companies) can all support
3. Market consultation on proposed criteria options
4. The results from the consultation and recommendations are given to the FTSE4Good Policy Committee which makes the final decisions and approves the final criteria
5. Criteria implementation is then carried out in a staged manner.

Stakeholder Consultation - A Unique Transparent Process



3.5

Criteria Development to Date

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This figure below is a timeline of new criteria introduction since the launch of the FTSE4Good Index Series in 2001.



3.6 Style of Criteria

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The FTSE4Good criteria have been designed to be challenging but achievable. This approach encourages all companies to try to meet them by addressing the social, ethical and environmental impacts of their business activities.

The model states that companies should:

- Understand how they affect the environment and the society in which they operate;
- Publish a clearly defined Policy which establishes broad goals and sets appropriate objectives and targets for improved performance;
- Establish Management Systems which define processes and structures at operating level to ensure that policies are implemented and risks are managed effectively;
- Set up appropriate Performance Monitoring mechanisms to enable them to continually measure and improve their CR performance;
- Report regularly to stakeholders on their understanding of their impacts, policies, management systems and performance;
- Consult with key stakeholders on the above.

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3.7 Engagement With Companies

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FTSE undertakes a wide-ranging global company communication and engagement programme that forms the cornerstone of the FTSE4Good Index Series. This undertaking aims to ensure companies affected by new criteria understand the requirements and

disclose relevant information to the research providers EIRIS (or their research partners). By introducing criteria in phased stages it also allows companies time to reach the standards necessary to remain in the index. Dialogue may take place with a variety of people within

a company, including Chairmen and Chief Executives, Directors, Investor Relations Officers, Company Secretaries, CR and HR Managers.

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4 INVESTOR BENEFITS

While the index series is firmly established and recognised by companies and NGOs as a benchmark of SRI performance, it's also a

valuable tool for the global investment community to use to navigate through the plethora of codes and standards which exist

all over the world as measures for a range of corporate responsibility.

4.1 Flexibility

The index series is derived from the globally recognised FTSE Global Equity Index Series, offering FTSE's world-famous hallmark of cutting-edge index design and calculation technology.

The FTSE4Good criteria is applied to the FTSE Developed Index Series*, which covers 48 markets and over 2,000 potential constituents, and results in a standalone SRI series containing four benchmark and five tradable indices, covering large and mid cap companies in developed markets**.

By using an established universe, FTSE has created an SRI index family, which provides a simple and low cost way to integrate an SRI screen into today's global portfolios.

The index series embodies best practice in both index methodology and SRI standards, and offers investors a reliable and accurate basis on which to create a wide range of SRI products, such as futures, options, warrants, as well as using a performance benchmark for fund managers.

To date, a range of products have been created all around the world including, the CIS UK FTSE4Good Tracker Trust, the Direct Line FTSE4Good UK Tracker Fund, Nomura Global 100 SRI fund in Japan, and Legal and General's FTSE4Good Global and UK Tracker Funds. A number of banks have also purchased licenses to offer structured products based on the FTSE4Good indices, including UBS, Credit Suisse First Boston and Nordea Bank.

* For the domestic UK series, small cap companies are also included

** To create the UK index the FTSE All-Share Index is used

"FTSE's work in developing the FTSE4Good Series has trailblazed a path through the complex codes and practices relating to CSR, resulting in an easy to use benchmark for socially responsible investors"

Chris Sutton, Chief Executive of iShares in Europe and Asia ex-Japan, Barclays Global Investors

4.2 Built-in Screening

Many investors are attracted to the concept of SRI, but don't have the time or in house expertise to research all companies in their portfolios and apply an SRI filter. By using the FTSE4Good Index Series, investors have the

additional security of knowing that all companies in the series are managing their social, ethical and environmental risks and are best placed to capitalise on the benefits of responsible business practice. These com-

panies have been examined by EIRIS and approved for inclusion in the index by a panel of world renowned SRI specialists (see Appendix 5).

"Today, it's imperative for companies to identify and manage their social, environmental and ethical risks. The FTSE4Good index is a valuable tool helping investors identify companies that are responding to the management challenge."

Elizabeth McGeeveran, Vice President, Governance & SRI, F&C Asset Management

4.3 Keeping in Step With Ongoing SRI Debate

Keeping in step with the continually evolving corporate responsibility landscape and the changing nature of extra-financial risks can be an expensive and time consuming undertaking. By using the FTSE4Good Index Series as an investment universe, investors can be

assured that companies in their portfolios are also evolving to meet new challenges as they arise. The extensive criteria development process ensures that FTSE4Good standards represent a widely accepted global perspective on what constitutes good practice

in corporate responsibility as it develops and changes. A broad range of stakeholders help shape the criteria, including NGOs, governmental bodies, consultants, academics, the corporate sector, and the investment community.

"What impresses me about the FTSE4Good Index Series is that as its criteria are developed and the hurdles raised, FTSE's engagement programme drives company reaction and performance forward, pushing the process away from a mere box ticking exercise towards a more meaningful part of the business planning process."

Simon Williams, Director of Corporate Affairs, Co-operative Financial Services

5 CRITERIA DEVELOPMENT, ENGAGEMENT & IMPLEMENTATION UP TO 2005

5.1

Total Numbers of Companies in FTSE4Good – Trends 2001-2005

After the first review of the FTSE4Good Index Series, there were just over 700 companies in the index. Despite the introduction of increasingly tougher inclusion criteria, there are now over 900 companies included. This experience provides demonstrable evidence of improvement in corporate responsibility practice and disclosure as well as the value companies place on inclusion in the index.

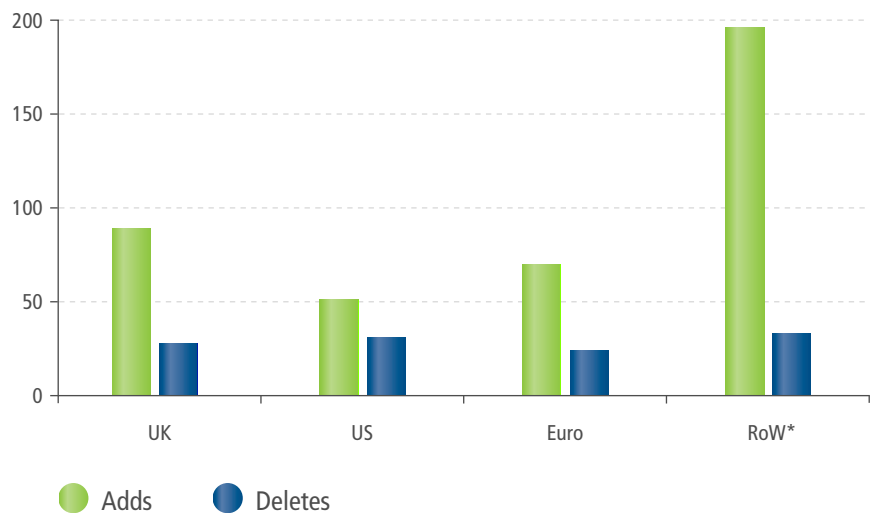
Since launch over 400 new companies have joined the index. Of these new additions, over 150 have been from Japan. This partly reflects the very low number of Japanese companies in the index in 2001, but also the increasing efforts of Japanese companies in meeting internationally accepted corporate responsibility norms. The full list of constituent companies can be found on the website at www.ftse.com/ftse4good and Appendix 1 lists all the companies entering the index at the last two reviews (September 2004 and March 2005).

There have been over 100 deletions since launch, due to companies no longer meeting the selection criteria. These have been spread fairly evenly across regions. Please see Appendix 2 for a list of all the companies that have been deleted from the index at the last two reviews (September 2004 and March 2005) on the basis of the selection criteria.

Number of Companies in the FTSE4Good Index Series



2001-2005 Additions & Criteria Deletions to FTSE4Good Index Series by Region



* Rest of World (RoW) as defined in the glossary

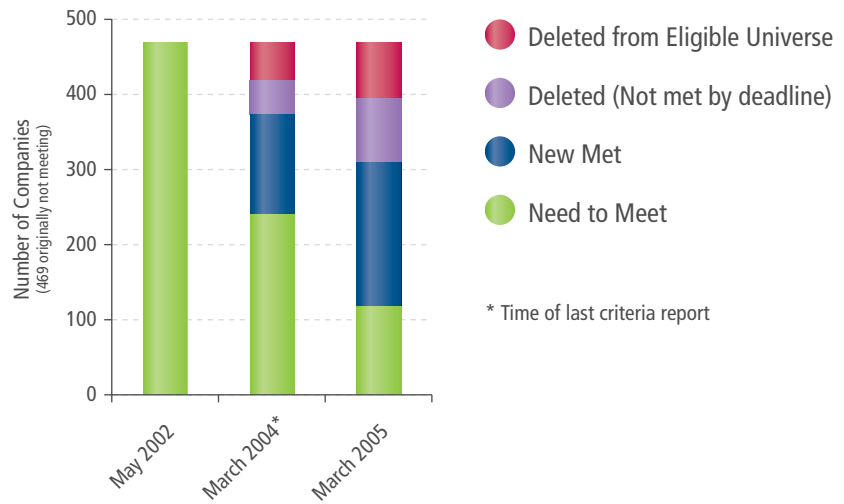
5.2 Environmental Criteria

Overall Figures

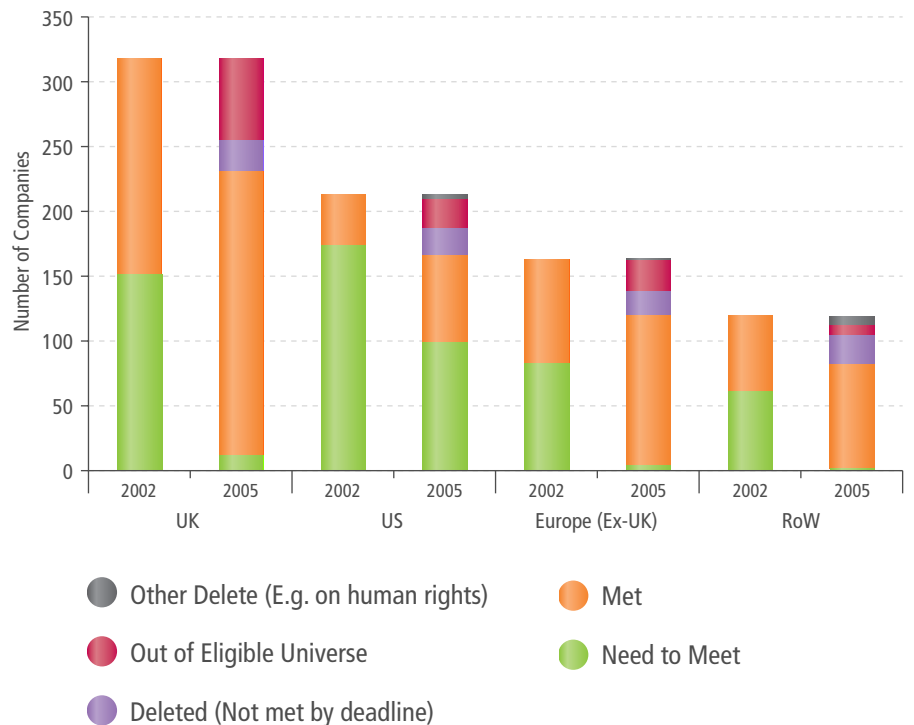
Over half of the companies in the index did not meet the new FTSE4Good environmental criteria when announced in 2002 (469 at that point). A series of deadlines were set to assist companies in reaching the required standard. Of these, 192 have now met the requirements, 85 have been deleted for not meeting the relevant requirements by their deadlines, 117 are still in the engagement process and 75 are no longer in the eligible universe of companies for FTSE4Good Index Series.

With the exception of the US, criteria implementation is now almost complete in all regions. The 300 new companies that have joined the index since this point have also met the criteria.

Progress on the FTSE4Good Environmental Criteria



Progress on Environmental Criteria Across Regions



5 CRITERIA DEVELOPMENT, ENGAGEMENT & IMPLEMENTATION UP TO 2005

Challenge of Environmental Criteria Implementation in the US

One area of focus for the FTSE4Good US Advisory Committee is the specific challenge of implementation of environmental criteria in the US.

FTSE encountered different reactions to the engagement programme between US

multinational companies* and US domestic companies. The multinationals were more likely to engage with FTSE and also to develop practices and disclosure based on international norms (on which the FTSE4Good criteria are based).

It is the philosophy of the index series that the criteria represent a global standard to which

companies in all regions need to aspire. The environmental criteria were implemented globally with more time permitted for US domestic companies, allowing time to assess how appropriate the criteria were for this market.

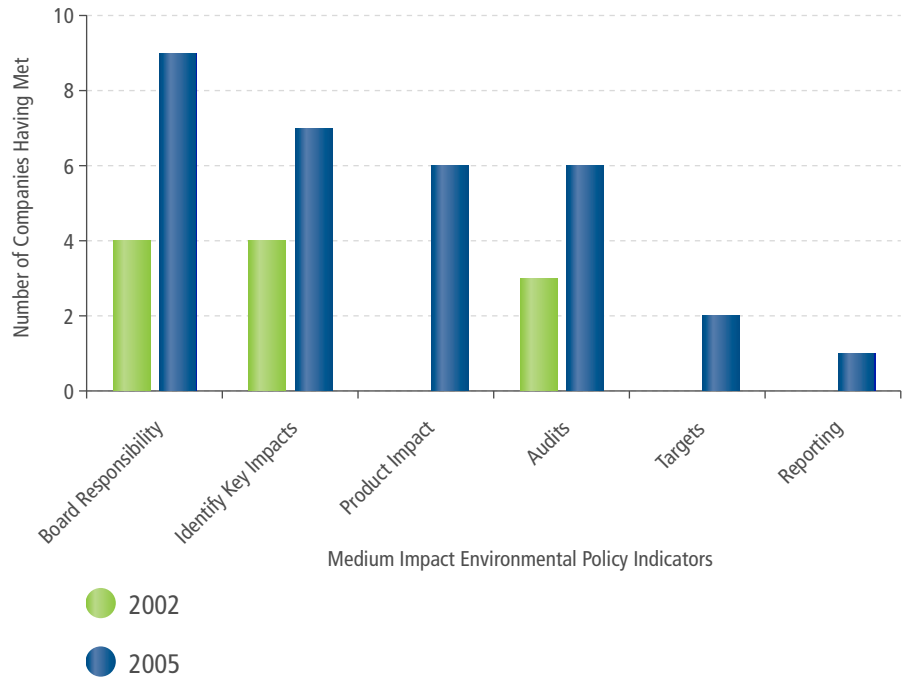
* The FTSE definition of a multinational is a company that earns more than 30% of its revenues from outside of its region.

Barriers to Implementation of Environmental Criteria by US Companies

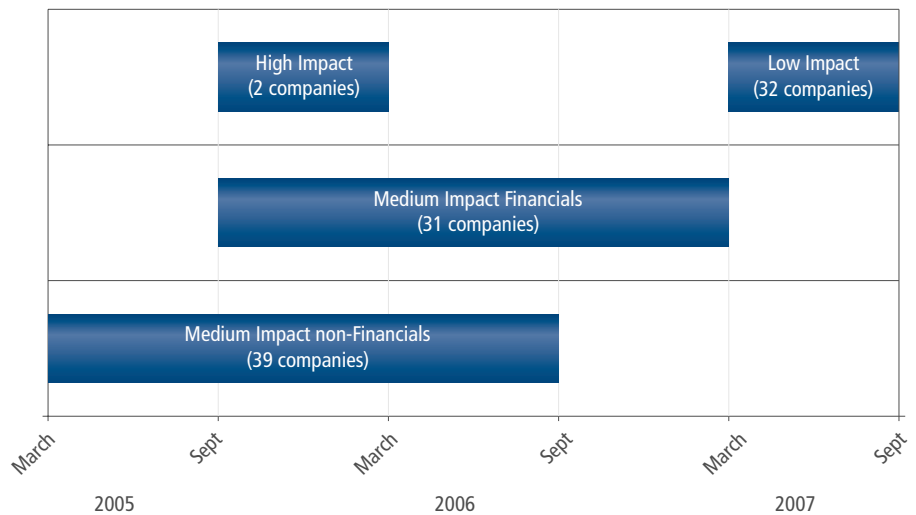
Disclosure Concerns	Many US companies are reluctant to make public environmental statements or disclose information relating to environmental matters due to real or apparent concerns over potential litigation.
Relevant Department	Many companies do not have an environmental or CR department. Simply making contact with a company representative who is prepared to discuss these issues poses significant difficulties.
International Norms	The US represents approximately 50% of listed company capitalisation globally and companies are focused on the practice of domestic peers rather than international corporate norms.
Compliance Management	US companies with the most significant direct impacts operate in a highly regulated framework operated by the EPA. As such companies have management systems to ensure compliance, rather than ISO14001 'continuous improvement' environmental management systems.
Indirect Impacts	There is a particular FTSE4Good criteria compliance problem for sectors with indirect impacts, for example through the investments/lending of financial services companies, and through the supply chain of retailers. These indirect impacts can be perceived as less relevant by US domestic companies.
Stakeholder Pressure	There is a perception that environmental NGO pressure on companies is weaker in the US.

Although a number of barriers have been identified (see table), over the period of engagement there is evidence that some US domestic companies are beginning to develop environmental policies and systems akin to their international peers (16 have met the criteria since 2002). The graph (right) shows how more domestic US medium impact companies (outside of the financial services sector) have more comprehensive public environmental policies in 2005 than they had in 2002.

**US Medium Impact Non-financial Companies
- Environmental Policy Indicators Met 2002-2004**



A timetable for compliance has now been set for US domestic companies. FTSE has communicated this to the companies and will be engaging with them in the run up to the various staged deadlines. These are summarised on the right.



5.3 Human Rights Criteria

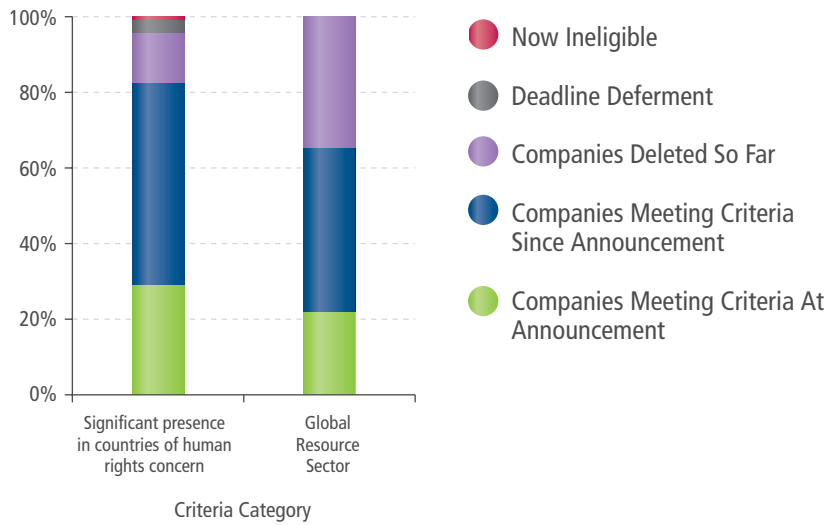
The tougher human rights criteria introduced in 2003 were aimed at two groups of companies:

- Those in the global resource sector (upstream oil and gas and mining companies who face the highest potential human rights risks);
- Those with significant operations in countries with weak human rights frameworks.

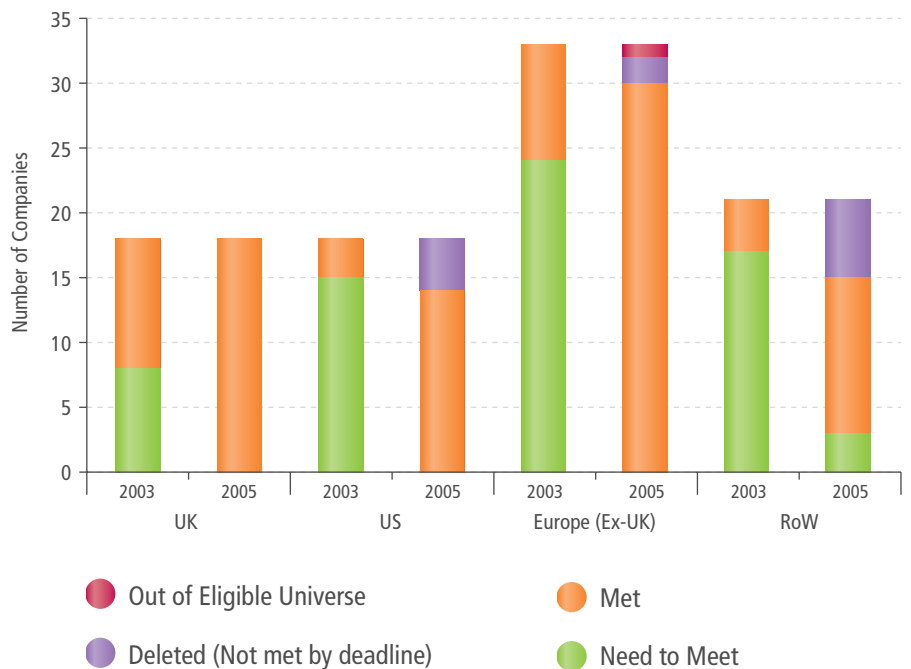
From the global resource sector, ten companies moved to meet the criteria and eight were deleted. From the second category 48 moved to meet the criteria and 12 were deleted (see Appendix 4 for the companies that met this criteria)

Progress in meeting these criteria has been good across regions, with the UK standing out positively as all affected companies met the criteria.

Progress in Implementing FTSE4Good Human Rights Criteria



Progress in FTSE4Good Human Rights Criteria by Region



5.4

FTSE4Good Breast Milk Substitutes Marketing Criteria

Introduction

In March 2004, FTSE announced the introduction of new criteria for companies involved in the marketing of breast milk substitutes as defined by the World Health Organisation (WHO). This replaced a previous FTSE4Good industry sector exclusion for those companies who were alleged to have breached the WHO Code and its subsequent Resolutions.

The criteria were introduced after a public consultation and subsequent approval by the FTSE4Good Policy Committee at its meeting in March 2004. The eight companies affected by this would be eligible to enter the FTSE4Good Index from the September 2004 index review.

Breast Milk Substitutes Expert Committee
At its meeting in March 2004, the FTSE4Good

Policy Committee approved the formation of a separate committee which would be asked to oversee companies' compliance against the index criteria. This committee reports to the Policy Committee and is listed in full in [Appendix 5](#).

Companies Affected by the Criteria

The companies eligible for the FTSE4Good Index, which are involved in the marketing of breast milk substitutes, are:

- Nestle
- Wyeth
- Novartis
- Royal Numico
- Meiji Diaries
- Heinz
- Bristol Myers Squibb
- Danone

Progress Made by Companies

Since the announcement of the criteria, FTSE has undertaken an extensive engagement programme with the eight companies in order to explain the criteria and the requirements on the companies.

There are many challenges for companies to overcome to meet the index criteria and although none of the companies so far have achieved this, the Expert Committee is extremely encouraged by the constructive dialogue and progress being made with a number of companies, and in particular, with Danone, Novartis and Royal Numico.

5.5

Supply Chain Labour Standards Criteria

Background

In November 2004, the FTSE4Good Policy Committee approved the implementation of the Supply Chain Labour Standards criteria, which were officially launched by UK Minister Nigel Griffiths. These were entirely new criteria, developed with the support of the ILO, and are to be implemented over a period of two and a half years (November 2004 - January 2007).

The key features of these new criteria were:

- Companies were identified as high risk based on the products they sold (agricultural and consumer goods), and whether those were sourced from high risk countries;
- Business exposure level was then assessed to identify companies with significant revenue from these products;
- These companies are then required to have an appropriate policy, management

system, and reporting;

- Other sectors such as Electronics, Telecommunications and Information Technology were acknowledged as emerging high risk and to be reviewed in due course.

At the time of the announcement, there were 62 companies identified as potentially high risk and these companies were brought into the engagement process.

5 CRITERIA DEVELOPMENT, ENGAGEMENT & IMPLEMENTATION UP TO 2005

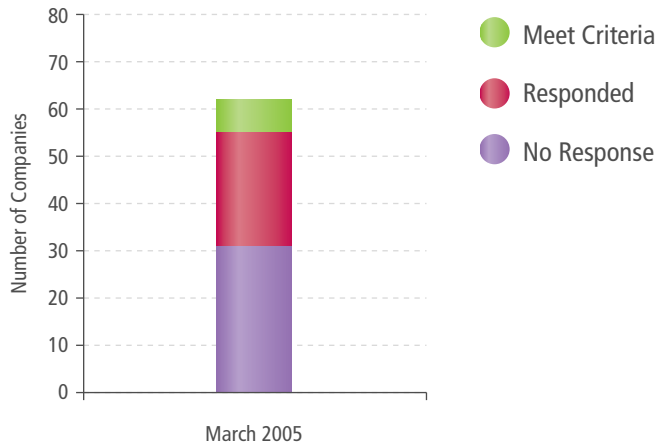
Initial Engagement

Progress to date on this programme is summarised below:

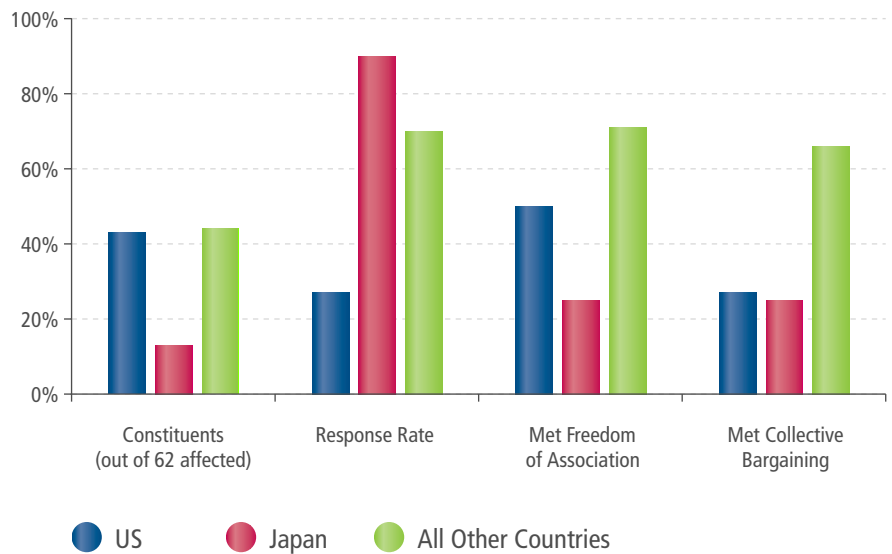
- Of the 62 high risk companies, seven are already confirmed as meeting the criteria;
- Many companies are still developing their approach to Supply Chain Labour Standards and as a result may not report this information publicly;
- The response rate to the initial contact has been 50%, although this is considerably lower in the US.

Regional differences in corporate responsibility practice means that some US and Japanese companies may have problems with recognizing employee rights with respect to Freedom of Association and Collective Bargaining. Currently 34 companies (half of the 62 high risk companies) do not meet this, however 24 of these companies are in dialogue with FTSE.

Supply Chain - Initial Engagement



Supply Chain - Initial Engagement



5.6 Countering Bribery and Corruption

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Countering Bribery and Corruption is the last outstanding criteria development commitment identified at the launch of the FTSE4Good Index Series.

FTSE Group is working with Transparency International, and using its global Business

Principles for Countering Bribery to develop new FTSE4Good criteria. Work has started on researching and drafting the proposed criteria to determine the policy, management system and disclosure requirements, as well as how to define high risk companies. The aim is that the FTSE4Good Bribery & Corruption criteria

should represent good practice, and need to identify higher risk companies.

Consultations will be held in 2005, and the 2005 EIRiS questionnaire is being modified to obtain relevant data.

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6 FUTURE DIRECTION

Conclusions from the FTSE4Good Roadmap Consultation 2004-2005

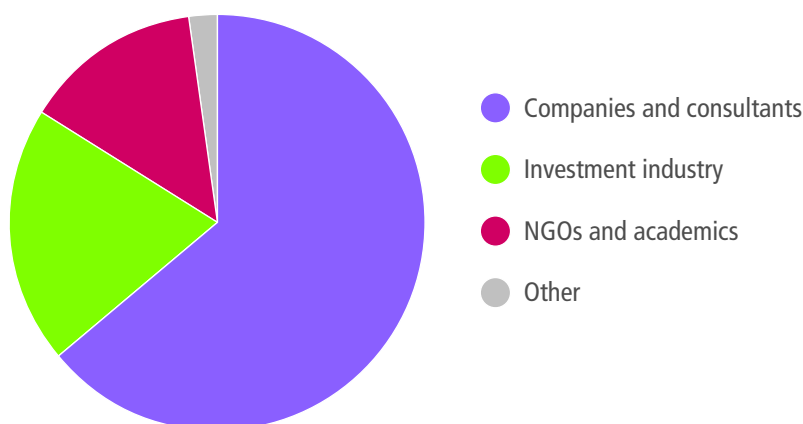
Now that the initial criteria amendments committed to at the launch of the index series (as mentioned above) are almost complete, a roadmap detailing the next tranche of developments has been created. This roadmap is aligned to the ongoing evolution of responsible investment.

A public consultation was held during December 2004 and January 2005 via FTSE's website to define this agenda.

This process resulted in the highest ever response rate for a FTSE4Good consultation with over 10,000 web site users reviewing the consultation paper information and almost 250 participants providing detailed submissions from 21 different countries.

The consultation focused on establishing priorities among the areas of new criteria development and for the continuing removal of industry sector exclusions.

Details of respondents' industry sectors are shown below:



6.1 Criteria Changes

The consultation tested a number of areas for future development that included climate change, governance of corporate responsibility, employee responsibility and customer responsibility. The results were analysed by splitting the respondents into the three categories defined in the breakdown given above.

Climate change was unanimously given as the highest priority for development. Despite this being covered in the current environmental criteria, the market sentiment was for more explicit and specific criteria. This will now be developed in 2006, under the stewardship of the FTSE4Good Criteria Development Subcommittee, and will include examination of issues such as emissions reductions (specifically emissions to air), energy efficiency,

	Investment	Companies / Consultant	NGO / Academic
Climate Change	1st	1st	1st
Governance of CR	2nd	2nd	2nd
Customer Responsibility	3rd	4th	3rd
Employee Responsibility	4th	3rd	4th

renewable energy, and relevant policies, management systems and reporting.

From the results, consensus can be seen around the fact that the second priority should be governance of corporate responsibility. Although 'traditional' corporate governance has risen to the fore in recent years, there is an

emerging view that the same principles of board controls and accountability should be applied to managing corporate responsibility risks and opportunities for business. This work is currently the subject of a research programme being developed jointly with Insight Investment and Business in the Community.

6.2 Industry Sector Exclusions

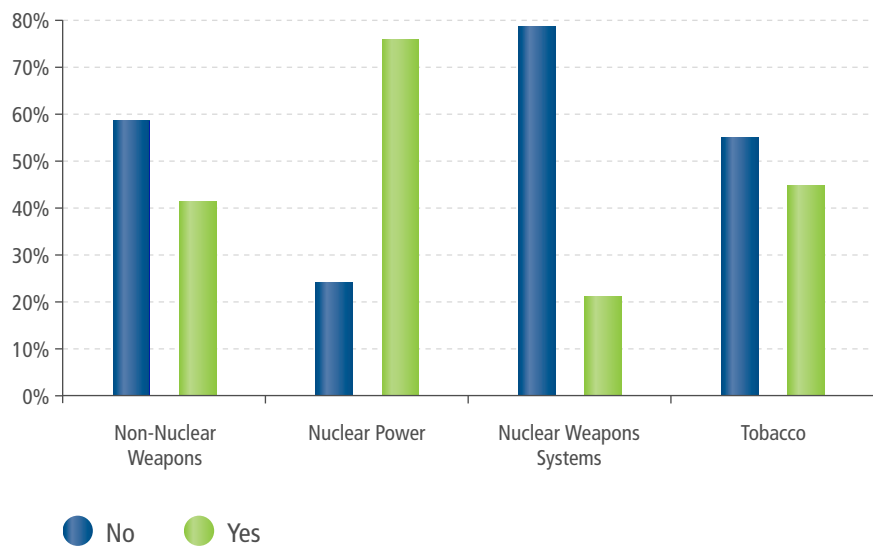
FTSE and the Policy Committee have worked towards removing industry exclusions and replacing them with specific criteria. This approach is possible where there has developed a consensus of opinion as to which issues should be captured in the criteria. The area was addressed in the consultation.

To continue the programme of removal of industry exclusions, the consultation proposed a number of areas for FTSE to approach next. The results of the responses are shown adjacent.

A strong opinion was expressed that nuclear power owners and operators should be addressed as the next priority area. This is in line with a higher level of public debate around whether nuclear power, as a low CO2 emitting energy source, can play a role in mitigating climate change. Also, there is an increasing debate as to whether nuclear power is an important element of a country's energy mix to achieve Kyoto driven emissions reduction targets. The Criteria Development Subcommittee will address the challenge of developing criteria for the nuclear power sector as a priority in 2006.

There was mixed consensus from the respondents around addressing non-nuclear weapons and tobacco manufacture.

Possible Removal of Industry Exclusion



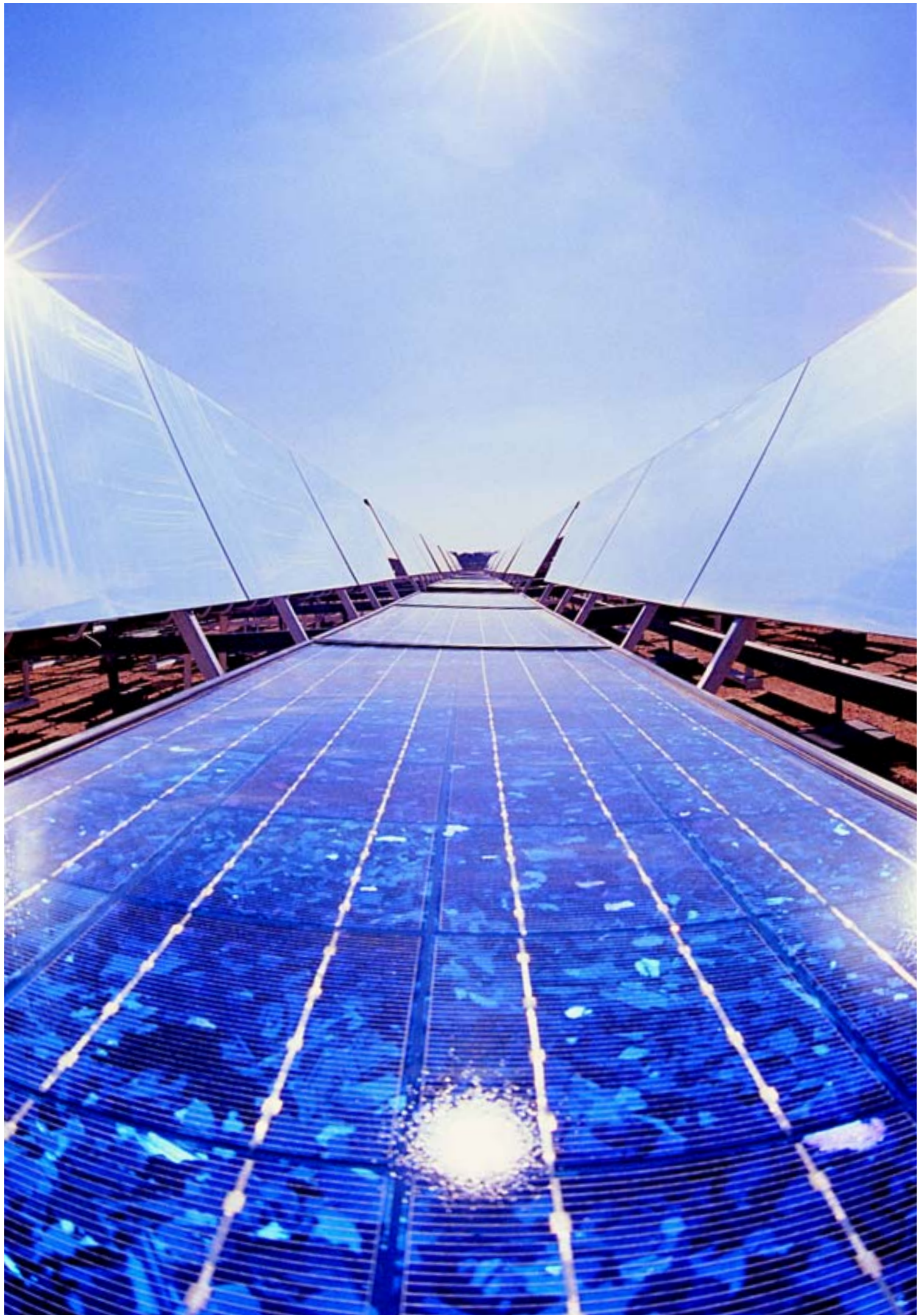
6.3 Timeline for Developments

Based on the findings of the consultation process the following roadmap has been drawn up and approved by the FTSE4Good Policy Committee to cover the next three to five years.

Year	New Criteria
2005	Bribery & Corruption Criteria* Uranium Mining Criteria*
2006	Climate Change Criteria Nuclear Power Criteria
2007	Governance of CR Criteria
2008	Review Employee and Customer CR Priorities**

* Already in development

** Including more detailed Health and Safety criteria



7 APPENDICES

Appendix 1

Companies that have joined the FTSE4Good Index Series at the September 2004 and March 2005 reviews.

Company	Country	Sector	
Transurban Group	Australia	Transport	Sept 04
BCE	Canada	Telecommunication Services	Sept 04
Carrefour	France	Food & Drug Retailers	Sept 04
Veolia Environnement	France	Water	Sept 04
Beiersdorf	Germany	Personal Care & Household Products	Sept 04
Asahi Nation Broadcasting	Japan	Media & Entertainment	Sept 04
C&S	Japan	Food & Drug Retailers	Sept 04
CSK Corporation	Japan	Software & Computer Services	Sept 04
Daido Steel Company	Japan	Steel & Other Metals	Sept 04
Daihatsu Motor	Japan	Automobiles & Parts	Sept 04
Daimaru	Japan	General Retailers	Sept 04
Dainippon Screen Manufacturing	Japan	Information Technology Hardware	Sept 04
Disco	Japan	Engineering & Machinery	Sept 04
Futaba	Japan	Electronic & Electrical Equipment	Sept 04
Hitachi Software Engineering	Japan	Software & Computer Services	Sept 04
Ibiden	Japan	Electronic & Electrical Equipment	Sept 04
Juroku Bank	Japan	Banks	Sept 04
Kansai Paint	Japan	Chemicals	Sept 04
Kose	Japan	Personal Care & Household Products	Sept 04
Mitsubishi Rayon	Japan	Chemicals	Sept 04
Mitsui & Company	Japan	Diversified Industrials	Sept 04
NEC Fielding	Japan	Software & Computer Services	Sept 04
NEC Soft	Japan	Software & Computer Services	Sept 04
NGK Insulators	Japan	Diversified Industrials	Sept 04
Nichicon	Japan	Electronic & Electrical Equipment	Sept 04
Nippon Television Network Corporation	Japan	Media & Entertainment	Sept 04
Nisshinbo Industries	Japan	Household Goods & Textiles	Sept 04
Noritsu Koki	Japan	Media & Entertainment	Sept 04
Obayashi	Japan	Construction & Building Materials	Sept 04
PanaHome	Japan	Construction & Building Materials	Sept 04
Q.P.	Japan	Food Producers & Processors	Sept 04
Rinnai	Japan	Household Goods & Textiles	Sept 04
Sapporo Breweries	Japan	Beverages	Sept 04
Sekisui House	Japan	Construction & Building Materials	Sept 04
Seven-Eleven Japan	Japan	Food & Drug Retailers	Sept 04
Shiga Bank	Japan	Banks	Sept 04
Shizuoka Bank	Japan	Banks	Sept 04
Showa Denko	Japan	Chemicals	Sept 04
Showa Shell Sekiyu K.K.	Japan	Oil & Gas	Sept 04
Stanley Electric	Japan	Automobiles & Parts	Sept 04
Sumitomo Forestry	Japan	Construction & Building Materials	Sept 04
Suzuken	Japan	Pharmaceuticals & Biotechnology	Sept 04
Taiyo Yuden	Japan	Electronic & Electrical Equipment	Sept 04
Toppan Forms	Japan	Media & Entertainment	Sept 04
Toshiba TEC	Japan	Electronic & Electrical Equipment	Sept 04
Toyo Seikan Kaisha	Japan	Support Services	Sept 04
Toyoda Gosei	Japan	Automobiles & Parts	Sept 04
Toyota Auto Body	Japan	Engineering & Machinery	Sept 04
Ushio	Japan	Electronic & Electrical Equipment	Sept 04
Yoshinoya D&C	Japan	Leisure & Hotels	Sept 04

Appendix 1 cont.

Company	Country	Sector	
SES Global	Luxemburg	Media & Entertainment	Sept 04
DSM	Netherlands	Chemicals	Sept 04
Kiwi Income Property Trust	New Zealand	Real Estate	Sept 04
Chartered Semiconductor Manufacturing	Singapore	Information Technology Hardware	Sept 04
Tele2	Sweden	Telecommunication Services	Sept 04
Holcim	Switzerland	Construction & Building Materials	Sept 04
AEA Technology	UK	Support Services	Sept 04
Autonomy Corporation	UK	Software & Computer Services	Sept 04
Cairn Energy	UK	Oil & Gas	Sept 04
Daily Mail & General Trust	UK	Media & Entertainment	Sept 04
DS Smith	UK	Forestry & Paper	Sept 04
Eidos	UK	Software & Computer Services	Sept 04
Fenner	UK	Engineering & Machinery	Sept 04
Filtronic	UK	Information Technology Hardware	Sept 04
Homeserve	UK	Support Services	Sept 04
Liberty International	UK	Real Estate	Sept 04
Marlborough Stirling	UK	Software & Computer Services	Sept 04
Mouchel Parkman	UK	Support Services	Sept 04
Northumbrian Water Group	UK	Utilities - Other	Sept 04
Spirent	UK	Information Technology Hardware	Sept 04
Taylor Woodrow	UK	Construction & Building Materials	Sept 04
The Laird Group	UK	Electronic & Electrical Equipment	Sept 04
TTP Communications	UK	Information Technology Hardware	Sept 04
Apple Computer	USA	Information Technology Hardware	Sept 04
Eastman Chemical	USA	Chemicals	Sept 04
Hospira	USA	Health	Sept 04
Liberty Media Intl Class A	USA	Media & Entertainment	Sept 04
MoneyGram International	USA	Speciality & Other Finance	Sept 04
Simon Property Group	USA	Real Estate	Sept 04
AWB	Australia	Food Producers & Processors	Mar 05
Boral	Australia	Construction & Building Materials	Mar 05
Fosters Group	Australia	Beverages	Mar 05
Incitec Pivot	Australia	Chemicals	Mar 05
Insurance Australia Group	Australia	Insurance	Mar 05
Paperlinx	Australia	Forestry & Paper	Mar 05
Potash Corporation of Saskatchewan	Canada	Chemicals	Mar 05
Air France-KLM	France	Transport	Mar 05
Autoroutes du Sud de la France	France	Transport	Mar 05
Dassault Systemes	France	Software & Computer Services	Mar 05
JC Decaux	France	Media & Entertainment	Mar 05
Klepierre	France	Real Estate	Mar 05
Unibail	France	Real Estate	Mar 05
Deutsche Postbank	Germany	Banks	Mar 05
Dr. Ing H.C.F. Porsche	Germany	Automobiles & Parts	Mar 05
Heidelberger Druckmaschinen	Germany	Engineering & Machinery	Mar 05
Puma AG Rudolf Dassler Sport	Germany	Household Goods & Textiles	Mar 05
Wella	Germany	Personal Care & Household Products	Mar 05
AEM	Italy	Utilities - Other	Mar 05
Aeon Credit Service	Japan	Speciality & Other Finance	Mar 05
Aeon Mall	Japan	Real Estate	Mar 05

7 APPENDICES

Appendix 1 cont.

Company	Country	Sector	
Aichi Steel	Japan	Steel & Other Metals	Mar 05
Askul Corporation	Japan	Chemicals	Mar 05
Chiyoda	Japan	Electronic & Electrical Equipment	Mar 05
Coca-Cola West Japan	Japan	Beverages	Mar 05
Daiwa House Industry	Japan	Construction & Building Materials	Mar 05
Dowa Mining	Japan	Steel & Other Metals	Mar 05
Hamamatsu Photo	Japan	Electronic & Electrical Equipment	Mar 05
Hyakugo Bank	Japan	Banks	Mar 05
JSAT	Japan	Media & Entertainment	Mar 05
Kobayashi Pharmaceutical	Japan	Pharmaceuticals & Biotechnology	Mar 05
Mazda Motor	Japan	Automobiles & Parts	Mar 05
NHK Spring Company	Japan	Automobiles & Parts	Mar 05
Otsuka	Japan	Software & Computer Services	Mar 05
Shinko Electric Industries	Japan	Information Technology Hardware	Mar 05
Sumisho Lease	Japan	Speciality & Other Finance	Mar 05
Sumitomo Rubber Industries	Japan	Automobiles & Parts	Mar 05
TIS	Japan	Software & Computer Services	Mar 05
Tokai Rika	Japan	Automobiles & Parts	Mar 05
Yokohama Rubber	Japan	Automobiles & Parts	Mar 05
Heineken Holding	Netherlands	Beverages	Mar 05
Gamesa Corporacion Tecnologica	Spain	Diversified Industrials	Mar 05
e2v technologies	UK	Electronic & Electrical Equipment	Mar 05
Management Consulting Group	UK	Support Services	Mar 05
Morgan Crucible Co.	UK	Engineering & Machinery	Mar 05
Nord Anglia Education	UK	Support Services	Mar 05
Northgate	UK	Transport	Mar 05
Surfcontrol	UK	Software & Computer Services	Mar 05
Virgin Mobile Holdings (UK)	UK	Telecommunication Services	Mar 05
Agere Systems	USA	Information Technology Hardware	Mar 05
American Standard Companies	USA	Construction & Building Materials	Mar 05
Bellsouth	USA	Telecommunication Services	Mar 05
Boston Properties	USA	Real Estate	Mar 05
EMC	USA	Information Technology Hardware	Mar 05
Equity Residential Properties Trust	USA	Real Estate	Mar 05
General Growth Properties	USA	Real Estate	Mar 05
MedImmune	USA	Pharmaceuticals & Biotechnology	Mar 05
Prologis Trust	USA	Real Estate	Mar 05
Public Storage	USA	Real Estate	Mar 05
Quest Diagnostics	USA	Health	Mar 05
Sabre Holdings	USA	Software & Computer Services	Mar 05

All current constituents can be found at www.ftse.com/ftse4good

Appendix 2

Companies that have been deleted from the FTSE4Good Index Series, due to no longer meeting the CR selection criteria, at the September and 2004 and March 2005 reviews.

(For companies deleted prior to the March 2004 review please see previous 2003-2004 report.)

Company	Country	Sector	Type of Delete
Acom	Japan	Speciality & Other Finance	Environmental
Aflac	USA	Life Assurance	Environmental
Altera	USA	Information Technology Hardware	Environmental
AOL Time Warner	USA	Media & Entertainment	Human rights
Ashtead Group	UK	Support Services	Stakeholder
Assicurazioni Generali	Italy	Insurance	Environmental
Benetton	Italy	Household Goods & Textiles	Environmental
Blacks Leisure Group	UK	General Retailers	Environmental
BlueScope Steel	Australia	Steel & Other Metals	Human rights (changed status)
Brascan	Canada	Real Estate	Environmental
Brewin Dolphin Holdings	UK	Speciality & Other Finance	Environmental
BSS Group	UK	Construction & Building Materials	Environmental
Cadence Design Systems	USA	Software & Computer Services	Environmental
Canadian Tire	Canada	General Retailers	Environmental
Capitalia	Italy	Banks	Environmental
Restaurant Group	UK	Leisure, Entertainment & Hotels	Environmental
Close Brothers Group	UK	Speciality & Other Finance	Environmental
Costco Wholesale	USA	General Retailers	Environmental
CVS	USA	Food & Drug Retailers	Environmental
Davis Service Group	UK	Support Services	Environmental
E W Scripps	USA	Media & Photography	Environmental
Electronic Data Systems	USA	Software & Computer Services	Environmental
Emblaze Systems	UK	Software & Computer Services	Environmental
Enodis	UK	Engineering & Machinery	Environmental
Great-West Lifeco	Canada	Life Assurance	Environmental
House of Fraser	UK	General Retailers	Environmental
JS Group	Japan	Construction & Building Materials	Human rights (changed status)
Kohl's	USA	General Retailers	Environmental
Luminar	UK	Leisure, Entertainment & Hotels	Environmental
Matalan	UK	General Retailers	Environmental
May Department Stores	USA	General Retailers	Environmental
Mediaset	Italy	Media & Photography	Environmental
Meiji Dairies	Japan	Food Producers & Processors	Breast Milk Substitutes
Mothercare	UK	General Retailers	Environmental
N.Brown Group	UK	General Retailers	Environmental
News Corporation	Australia	Media & Photography	Environmental
Oxford Instruments	UK	Electronic & Electrical Equipment	Environmental
Petro-Canada	Canada	Oil and Gas	Human Rights
Photo-Me International	UK	Media & Photography	Environmental
Shaw Communications	Canada	Media & Photography	Environmental
The Maiden Group	UK	Media & Photography	Environmental
The Peacock Group	UK	General Retailers	Environmental
Toronto-Dominion	Canada	Banks	Environmental
Toys 'R' Us	USA	General Retailers	Environmental
Washington Post	USA	Media & Photography	Environmental
Wembley	UK	Leisure, Entertainment & Hotels	Environmental
Woolworths (Australia)	Australia	Food & Drug Retailers	Environmental

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Appendix 3

Companies responding to meet the environmental criteria in full between March 2004 and March 2005

Company	Country	Sector	Impact
Aberdeen Asset Management	UK	Speciality & Other Finance	Medium
Alliance & Leicester	UK	Banks	Medium
Signet Group	UK	General Retailers	Medium
London Merchant Securities	UK	Real Estate	Medium
Bespak	UK	Health	Medium
BTG	UK	Support Services	Low
AMVESCAP	UK	Speciality & Other Finance	Medium
Aggreko	UK	Support Services	Medium
J D Wetherspoon	UK	Leisure & Hotels	Medium
Care UK	UK	Health	Low
Taylor Nelson Sofres	UK	Media & Entertainment	Low
Arriva	UK	Transport	Medium
Man Group	UK	Speciality & Other Finance	Medium
Holidaybreak	UK	Leisure & Hotels	Medium
Findel	UK	General Retailers	Medium
Halma	UK	Engineering & Machinery	Medium
Spirent	UK	Information Technology Hardware	Medium
Jardine Lloyd Thompson	UK	Insurance	Low
London Scottish Bank	UK	Speciality & Other Finance	Medium
Millennium & Copthorne Hotels	UK	Leisure & Hotels	Medium
The Future Network	UK	Media & Entertainment	Medium
Regent Inns	UK	Leisure & Hotels	Medium
Old Mutual	UK	Life Assurance	Medium
Rotork	UK	Engineering & Machinery	Medium
RoyalBlue Group	UK	Software & Computer Services	Low
Senior	UK	Engineering & Machinery	Medium
The Sage Group	UK	Software & Computer Services	Low
Vitec Group	UK	Engineering & Machinery	Medium
Bank of Montreal (BMO)	Canada	Banks	Medium
Bank of Nova Scotia	Canada	Banks	Medium
Becton Dickinson	USA	Health	Medium
Boston Scientific	USA	Health	Medium
BC Gas	Canada	Utilities - Other	Medium
Rogers Communications	Canada	Media & Entertainment	Low
Coca-Cola	USA	Beverages	High
Magna International	Canada	Automobiles & Parts	Medium
Sun Life Financial	Canada	Life Assurance	Medium
Medtronic	USA	Health	Medium
Royal Bank of Canada	Canada	Banks	Medium
The Thomson Corporation	Canada	Media & Entertainment	Medium
Sprint Fon Group	USA	Telecommunication Services	Low
Cooper Industries	USA	Electronic & Electrical Equipment	Medium
Bank of Ireland	Ireland	Banks	Medium
Vanco	UK	Telecommunication Services	Low
Next	UK	General Retailers	Medium
Banca Fideuram	Italy	Speciality & Other Finance	Medium
Cap Gemini Ernst & Young	France	Software & Computer Services	Low
Alpha Bank	Greece	Banks	Medium
Dnb Holding	Norway	Banks	Medium
KBC Holdings	Belgium	Banks	Medium

Appendix 3 cont.

Company	Country	Sector	Impact
National Bank of Greece	Greece	Banks	Medium
Pernod-Ricard	France	Beverages	High
SEB - Skandinaviska Enskilda Banken	Sweden	Banks	Medium
SAP	Germany	Software & Computer Services	Low
Nordea	Sweden	Banks	Medium
Bankinter	Spain	Banks	Medium
Banca Nazionale del Lavoro	Italy	Banks	Medium
EFG Eurobank Ergasias	Greece	Banks	Medium
Svenska Handelsbanken	Sweden	Banks	Medium
Television Francaise 1 (TF1)	France	Media & Entertainment	Low
ANZ Bank	Australia	Banks	Medium
Benesse	Japan	Support Services	Low
Fosters Group	Australia	Beverages	High
Hang Seng Bank	Hong Kong	Banks	Medium
National Australia Bank	Australia	Banks	Medium
AMP	Australia	Life Assurance	Medium
Southcorp Holdings	Australia	Beverages	High
Sky City Entertainment Group	New Zealand	Leisure & Hotels	Low
Takefuji	Japan	Speciality & Other Finance	Low
AXA	France	Insurance	Medium
Adecco	Switzerland	Support Services	Low

Appendix 4

Companies responding to meet the human rights criteria in full

Company	Country	Sector	GRS or SPCC ¹
Johnson & Johnson	USA	Pharmaceuticals & Biotechnology	SPCC
Coca-Cola	USA	Beverages	SPCC
Yamaha	Japan	Household Goods & Textiles	SPCC
Valeo	France	Automobiles & Parts	SPCC
L Oreal	France	Personal Care & Household Products	SPCC
Pirelli & Co	Italy	Diversified Industrials	SPCC
Sodexo Alliance	France	Support Services	SPCC
Eastman Kodak	USA	Media & Entertainment	SPCC
Ciba Specialty Chemicals Holding	Switzerland	Chemicals	SPCC
Pinault-Printemps-Redoute (PPR)	France	General Retailers	SPCC
Matsushita Electric Industries	Japan	Electronic & Electrical Equipment	SPCC
Invensys	UK	Electronic & Electrical Equipment	SPCC
France Telecom	France	Telecommunication Services	SPCC
Whirlpool	USA	Household Goods & Textiles	SPCC
STMicroelectronics	France	Information Technology Hardware	SPCC
Lucent Technologies	USA	Information Technology Hardware	SPCC
PCCW	Hong Kong	Telecommunication Services	SPCC
Heineken Holding	Netherlands	Beverages	SPCC
Sharp Corporation	Japan	Electronic & Electrical Equipment	SPCC
Volkswagen	Germany	Automobiles & Parts	SPCC
BASF	Germany	Chemicals	SPCC
Gillette	USA	Personal Care & Household Products	SPCC
Procter & Gamble	USA	Personal Care & Household Products	SPCC
ABB	Switzerland	Electronic & Electrical Equipment	SPCC
ABN-Amro Holding	Netherlands	Banks	SPCC
Accor	France	Leisure & Hotels	SPCC
Alcatel	France	Information Technology Hardware	SPCC
Assurances Generales de France	France	Insurance	SPCC
Barclays	UK	Banks	SPCC
Citigroup	USA	Banks	SPCC
Degussa	Germany	Chemicals	SPCC
Du Pont de Nemours	USA	Chemicals	SPCC
Ford Motor	USA	Automobiles & Parts	SPCC
Fujitsu	Japan	Information Technology Hardware	SPCC
GlaxoSmithKline	UK	Pharmaceuticals & Biotechnology	SPCC
Imperial Chemical Industries	UK	Chemicals	SPCC
ING Groep	Netherlands	Insurance	SPCC
ISS	Denmark	Support Services	SPCC
Ito Yokado Company	Japan	General Retailers	SPCC
Kimberly-Clark	USA	Personal Care & Household Products	SPCC
Kingfisher	UK	General Retailers	SPCC
Lloyds TSB Group	UK	Banks	SPCC
Marubeni Corporation	Japan	Diversified Industrials	SPCC
Metso Corporation	Finland	Engineering & Machinery	SPCC
Reckitt Benckiser	UK	Personal Care & Household Products	SPCC
Rexam	UK	Support Services	SPCC
Societe Generale	France	Banks	SPCC
Sony Corporation	Japan	Household Goods & Textiles	SPCC
Cosmo Oil	Japan	Oil & Gas	GRS
Mitsubishi Corporation	Japan	Diversified Industrials	GRS

Appendix 4 cont.

Company	Country	Sector	GRS or SPCC
Norsk Hydro	Noway	Oil & Gas	GRS
Repsol-YPF	Spain	Oil & Gas	GRS
Statoil	Noway	Oil & Gas	GRS
Total Fina Elf	France	Oil & Gas	GRS
BG Group	UK	Oil & Gas	GRS
Cairn Energy	UK	Oil & Gas	GRS
Expro International Group	UK	Oil & Gas	GRS
Lonmin	UK	Mining	GRS

¹GRS = Global Resource Sector SPCC=Significant Presence in Countries of Concern

Appendix 5 Committee Members

FTSE4Good Policy Committee

CHAIR	Sir Mervyn Pedelty , former Chief Executive, Co-operative Financial Services
DEPUTY CHAIR	Dr. Craig MacKenzie , Head of Investor Responsibility, Insight Investment
Andy Banks	- Legal and General Investment Management
Emma Howard Boyd	- Jupiter Asset Management
Thomas Donaldson	- Wharton Business School
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Chris Sutton	- Barclays Global Investors
Simon Williams	- Co-operative Financial Services
Yve Newbold	- UK Chair, Institute of Global Ethics
Tom Delgaauw	- Chairman, AccountAbility
David Bull	- UNICEF
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FTSE4Good US Advisory Committee

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Joan Deneher	- TiAA-CREF
Joyce Haboucha	- Rockefeller & Co
Gavin Power	- UN, Office of the Global Compact
Adam Greene	- USCIB

FTSE4Good Criteria Development Sub-Committee

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DEPUTY CHAIR	Simon Williams , Co-operative Financial Services
Emma Hunt	- Forum for the Future
Myles Packman	- DrKW
Peter Webster	- Eiris
Tom Delgaauw	- Chairman, AccountAbility
Geoff Lane	- PwC
Caroline Cook	- BitC

Breast Milk Substitutes Expert Committee

CHAIR	Reg Green , Head of Health and Safety, International Chemical Engineering and Mineworkers Union
Bob Wenlock	- former Nutrition Adviser, UK Dept Health
Yve Newbold	- UK Chair, Institute for Global Ethics
David Shirley	- KPMG

Collective Bargaining

Recognition of the right to collective bargaining refers to recognition of the right for workers' organisations to negotiate with employers or employers' organisations on behalf of their members to determine working conditions and terms of employment.

[Source: ETI]

Developed Europe ex UK (a FTSE regional definition)

For the purposes of this FTSE4Good Report only, these are all developed countries in the FTSE4Good Europe Indices excluding the UK.

Freedom of Association

Recognition of the right of all workers to join or form a trade union of their own choosing and carry out trade union activities without interference from their employer or from public authorities.

[Source: <http://www.ethicaltrade.org/Z/ethtrd/gloss/index.shtml>]

FTSE4Good Eligible Universe

The eligible universe for the FTSE4Good Index Series is the FTSE Developed Index and the FTSE All-Share Index.

Global Resource Sector (a FTSE term)

GRS is the FTSE definition for the FTSE4Good criteria on Human Rights which identifies the group of companies defined as having the highest human rights impact, and are companies with global involvement in oil, gas and mining including upstream operations (see FTSE4Good criteria on Human Rights for more information).

ILO

The International Labour Organization is the UN specialised agency which seeks the promotion of social justice and internationally recognized human and labour rights. The ILO formulates international labour standards in the form of Conventions setting minimum standards of basic labour rights in: freedom of association/collective bargaining, forced labour, child labour, equality and discrimination, and other standards regulating conditions across the entire spectrum of work related issues.

[Source: <http://www.ilo.org/public/english/about/index.htm>]

ISO 14001

The ISO (ISO International Organisation for Standardisation) has developed a series of international standards on environmental management (14000). It provides a framework for the development of an environmental management system and the supporting audit programme. ISO 14001 specifies a framework of control for an Environmental Management System against which an organisation can be certified by a third party.

[Source: <http://www.iso14000-iso14001-environmental-management.com/iso14000.htm>]

Kyoto

The Kyoto Protocol is an international agreement standing on its own, and requiring separate ratification by governments, but linked to the United Nations Framework Convention on Climate Change. The Kyoto Protocol, is an international and legally binding agreement to reduce greenhouse gases emissions worldwide, entered into force on 16 February 2005.

[Source: <http://unfccc.int/2860.php>]

Multinational

The FTSE definition of a multinational is a company that earns more than 30% of its revenues from outside of its region.

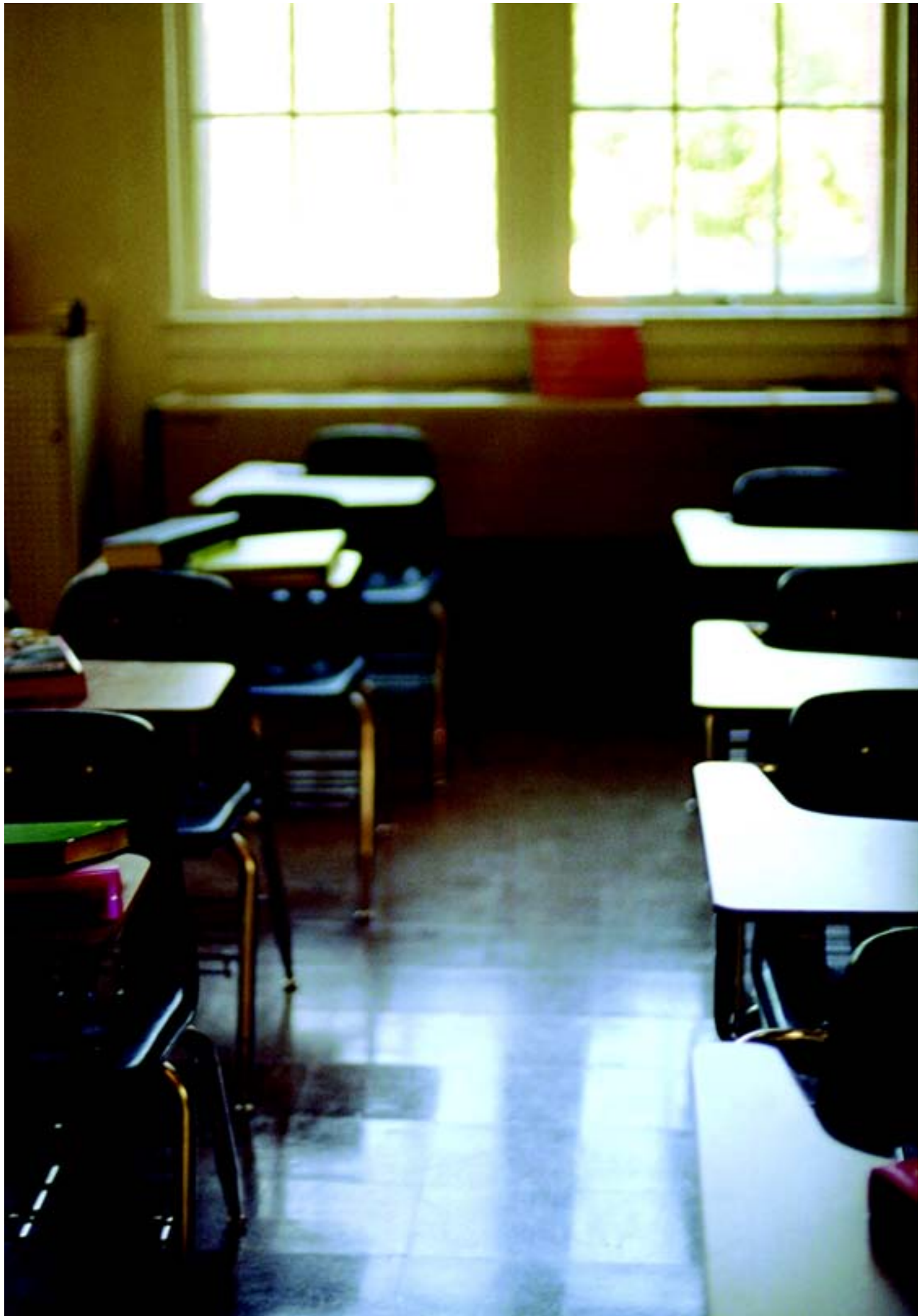
Rest of World (a FTSE regional definition)

For the purposes of this FTSE4Good Report only, these are the following countries: Australia, Canada, Hong Kong, Japan, New Zealand and Singapore.

WHO

The World Health Organisation is the United Nations specialized agency for health. It was established on 7 April 1948. WHO's objective, as set out in its constitution is the attainment by all peoples of the highest possible levels of health. Health is defined in WHO's constitution as a state of complete physical, mental and social well-being, not merely the absence of disease or infirmity.

[Source: <http://www.who.int/about/en/>]



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7E	59160	7716692547		4949450114	65406
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