



# FTSE Global Choice Index Series

## Screening definitions

The FTSE Global Choice Index Series is a market capitalization weighted index series with a rules-based methodology for defining how the products and conduct of a company impact society and the environment. The result is a framework for applying robust and customizable values-based exclusions to a broad market index.

The FTSE Global Choice Index Series includes negative screens in three product categories and two conduct categories:

- The product-related screening criteria covers: Non-Renewable Energy (Fossil Fuels and Nuclear Power), Vice Products (Adult Entertainment, Alcohol, Gambling and Tobacco), and Weapons (Controversial Weapons, Conventional Military Weapons and Civilian Firearms)
- The conduct-related screening criteria covers: Controversies (based on the UN Global Compact Principles) and Diversity practices

### Company Products



#### Non-Renewable Energy

##### Fossil Fuels - Coal, Oil & Gas

Companies that own fossil fuel reserves.

A company is Excluded if it either has: revenues arising from Bituminous Coal and Lignite Surface Mining (SIC code: 1221), Bituminous Coal Underground Mining (SIC code: 1222), Anthracite Mining (SIC code: 1231), Crude Petroleum and Natural Gas (SIC code: 1311) and Natural Gas Liquids (SIC code: 1321) based on the companies' most recent published Annual Report and Accounts; or proved & probable reserves in coal, oil or gas based on the companies' most recent published Annual Report and Accounts.

##### Nuclear Power - Generation and Uranium Mining

Companies that generate revenues from nuclear power production.

This includes:

- nuclear power generation
- nuclear power plant equipment, components and construction
- uranium mining
- uranium processing and enrichment



## Vice Products

<b>Adult Entertainment</b>	Companies that produce adult entertainment.  This includes: <ul style="list-style-type: none"><li>• movies</li><li>• print publications</li><li>• online content</li><li>• live entertainment</li></ul>
<b>Alcohol</b>	Companies that produce alcoholic beverages.  This includes: <ul style="list-style-type: none"><li>• all companies that are classified in the Industry Classification Benchmark (ICB) Subsectors Brewers (3533) and Distillers &amp; Vintners (3535)</li><li>• companies that are not classified in ICB Subsectors Brewers (3533) and Distillers &amp; Vintners (3535), but that are identified as having activity in these Subsectors</li></ul>
<b>Gambling</b>	Companies that provide gambling services.  This includes: <ul style="list-style-type: none"><li>• all companies that are classified in the Industry Classification Benchmark (ICB) Subsector Gambling (5752)</li><li>• companies that are not classified in ICB Subsector Gambling (5752), but that are identified as having activity in this Subsector</li></ul>
<b>Tobacco</b>	Companies that produce tobacco products.  This includes: <ul style="list-style-type: none"><li>• all companies that are classified in the Industry Classification Benchmark (ICB) Subsectors Tobacco (3785)</li><li>• companies that are not classified in ICB Subsector Tobacco (3785), but that are identified as having activity in this Subsector</li></ul>



## Weapons

<b>Controversial Weapons - Nuclear Weapons</b>	Companies that produce nuclear weapons systems, or that produce specific and critical parts or services for nuclear weapons systems.
<b>Controversial Weapons - Chemical &amp; Biological Weapons</b>	Companies that produce chemical or biological weapons, or that produce specific and critical parts or services for chemical or biological weapons.
<b>Controversial Weapons - Cluster Munitions</b>	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.
<b>Controversial Weapons - Anti-Personnel Landmines</b>	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.
<b>Conventional Military Weapons</b>	Companies that produce other weapons for military use.  This includes: <ul style="list-style-type: none"><li>• munitions</li><li>• vehicles designed to carry military weapons (mounted or demountable)</li><li>• weapons delivery systems; including mounting and launching systems as well as targeting and guidance systems</li></ul>

<b>Firearms</b>	<p>Companies that produce firearms or ammunition for non-military use.</p> <p>This includes:</p> <ul style="list-style-type: none"> <li>• handguns</li> <li>• shotguns</li> <li>• rifles</li> <li>• semi-automatic weapons</li> </ul>
-----------------	---

## Company Conduct

### Controversies

<b>Anti-Corruption</b>	<p>Controversies related to Principle 10 of the UN Global Compact, which is derived from the United Nations Convention Against Corruption.</p> <p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.</p>
<b>Environment</b>	<p>Controversies related to Principles 7, 8, and 9 of the UN Global Compact, which is derived from the Rio Declaration on Environment and Development.</p> <p>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.</p>
<b>Human Rights</b>	<p>Controversies related to Principles 1 and 2 of the UN Global Compact, which is derived from the Universal Declaration of Human Rights.</p> <p>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.</p>
<b>Labor</b>	<p>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.</p> <p>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.</p>

### Diversity

<b>Diversity</b>	Companies are assessed on Board diversity and equal opportunities practices.
------------------	--

## **For more information about our indexes, please visit [ftserussell.com](http://ftserussell.com).**

---

© 2018 London Stock Exchange Group plc and its applicable group undertakings (the "LSE Group"). The LSE Group includes (1) FTSE International Limited ("FTSE"), (2) Frank Russell Company ("Russell"), (3) FTSE Global Debt Capital Markets Inc. and FTSE Global Debt Capital Markets Limited (together, "FTSE GDCM"), (4) MTSNext Limited ("MTSNext"), (5) Mergent, Inc. ("Mergent"), (6) FTSE Fixed Income LLC ("FTSE FI") and (7) The Yield Book Inc ("YB"). All rights reserved.

FTSE Russell® is a trading name of FTSE, Russell, FTSE GDCM, MTS Next Limited, Mergent, FTSE FI and YB. "FTSE®", "Russell®", "FTSE Russell®", "MTS®", "FTSE4Good®", "ICB®", "Mergent®", "WorldBIG®", "USBIG®", "EuroBIG®", "AusBIG®", "The Yield Book®", and all other trademarks and service marks used herein (whether registered or unregistered) are trademarks and/or service marks owned or licensed by the applicable member of the LSE Group or their respective licensors and are owned, or used under licence, by FTSE, Russell, MTSNext, FTSE GDCM, Mergent, FTSE FI or YB. "TMX®" is a registered trademark of TSX Inc. FTSE International Limited is authorised and regulated by the Financial Conduct Authority as a benchmark administrator.

All information is provided for information purposes only. All information and data contained in this publication is obtained by the LSE Group, from sources believed by it to be accurate and reliable. Because of the possibility of human and mechanical error as well as other factors, however, such information and data is provided "as is" without warranty of any kind. No member of the LSE Group nor their respective directors, officers, employees, partners or licensors make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to the accuracy, timeliness, completeness, merchantability of any information or of results to be obtained from the use of the FTSE Russell Products or the fitness or suitability of the FTSE Russell Products for any particular purpose to which it might be put. Any representation of historical data accessible through FTSE Russell Products is provided for information purposes only and is not a reliable indicator of future performance.

No responsibility or liability can be accepted by any member of the LSE Group nor their respective directors, officers, employees, partners or licensors for (a) any loss or damage in whole or in part caused by, resulting from, or relating to any error (negligent or otherwise) or other circumstance involved in procuring, collecting, compiling, interpreting, analysing, editing, transcribing, transmitting, communicating or delivering any such information or data or from use of this document or links to this document or (b) any direct, indirect, special, consequential or incidental damages whatsoever, even if any member of the LSE Group is advised in advance of the possibility of such damages, resulting from the use of, or inability to use, such information.

No member of the LSE Group nor their respective directors, officers, employees, partners or licensors provide investment advice and nothing contained in this document or accessible through FTSE Russell Products, including statistical data and industry reports, should be taken as constituting financial or investment advice or a financial promotion.

No part of this information may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission of the applicable member of the LSE Group. Use and distribution of the LSE Group data requires a licence from FTSE, Russell, FTSE GDCM, MTSNext, Mergent, FTSE FI, YB and/or their respective licensors.

## About FTSE Russell

FTSE Russell is a leading global index provider creating and managing a wide range of indexes, data and analytic solutions to meet client needs across asset classes, style and strategies. Covering 98% of the investable market, FTSE Russell indexes offer a true picture of global markets, combined with the specialist knowledge gained from developing local benchmarks around the world.

FTSE Russell index expertise and products are used extensively by institutional and retail investors globally. For over 30 years, leading asset owners, asset managers, ETF providers and investment banks have chosen FTSE Russell indexes to benchmark their investment performance and create investment funds, ETFs, structured products and index-based derivatives. FTSE Russell indexes also provide clients with tools for asset allocation, investment strategy analysis and risk management.

A core set of universal principles guides FTSE Russell index design and management: a transparent rules-based methodology is informed by independent committees of leading market participants. FTSE Russell is focused on index innovation and customer partnership applying the highest industry standards and embracing the IOSCO Principles. FTSE Russell is wholly owned by London Stock Exchange Group.

For more information, visit [www.ftserussell.com](http://www.ftserussell.com).

To learn more, visit [ftserussell.com](http://ftserussell.com); email [info@ftserussell.com](mailto:info@ftserussell.com); or call your regional Client Service Team office:

### EMEA

+44 (0) 20 7866 1810

### North America

+1 877 503 6437

### Asia-Pacific

Hong Kong +852 2164 3333

Tokyo +81 3 4563 6346

Sydney +61 (0) 2 8823 3521