

FTSE4Good Nuclear Power Criteria

1. Background

Since the launch of the indices, the FTSE4Good Policy Committee has had an ongoing commitment to remove the negative activity screens employed by the FTSE4Good Index, and replace them with appropriate positive entry criteria which identify companies that meet internationally recognised environmental and social standards. This has already been achieved for companies involved in uranium mining and, is now being addressed for companies involved in nuclear power generation. The decision to prioritise nuclear power is supported by a market consultation on the FTSE4Good criteria which identified strong support for the replacement of this exclusion with positive criteria.

2. Introducing inclusion criteria for nuclear power companies

Mitigating and adapting to climate change while simultaneously meeting increasing energy demands is one of the biggest challenges facing economies around the world.

Low carbon energy technologies have a critical role to play in mitigating the risks of dangerous climate change. Nuclear power is one such technology, and is currently generating a notable portion of the world's electricity. Already approximately half of the companies in the Electricity, Gas and Multi-utilities sectors globally have diversified into nuclear power generation as part of their energy mix. There are concerns about nuclear power on grounds of safety, the problem of nuclear waste, and uncertainties about the economic cost of nuclear compared to other low carbon energy sources. The FTSE4Good Policy Committee shares these concerns. Nevertheless, in the face of the even greater risks associated with climate change, it currently seems reasonable to conclude that nuclear power has a legitimate role to play in power generation, if only for a transitional period before other technologies achieve the scale and reliability necessary to replace it.

The FTSE4Good Policy Committee, supported by feedback from the market consultation, has therefore determined that nuclear power generators should now become eligible for inclusion in the FTSE4Good indices. To be eligible for the FTSE4Good Index Series, companies generating electricity from nuclear power will have to demonstrate that they satisfy the stringent inclusion criteria regarding nuclear safety and waste which covers their policies, management systems, disclosure, and performance.

3. Principles

The nuclear power sector is a highly regulated industry both at the national and international level. In designing the criteria, the Policy Committee have considered how the FTSE4Good inclusion criteria might provide an additional test of management quality. As a result, the criteria have a particular focus on public disclosure. Although companies already report privately to nuclear authorities, public reporting on nuclear safety and waste is much less comprehensive. Therefore, the criteria requirements set out in this document aim to improve the transparency regarding companies' policy, systems and performance on nuclear safety and waste management. The requirements also set a performance threshold: companies involved in significant nuclear incidents (IAEA Level 2 or above) will not be eligible for the index.

Companies that are involved in generating nuclear power and are eligible for inclusion in the FTSE4Good Index Series will be required to meet the nuclear power criteria in full in addition to other relevant environmental and social inclusion criteria requirements.¹



¹ Nuclear fuel supply companies provide services and products to the companies that are involved in nuclear power generation, and will currently remain excluded from the index. Criteria for these companies will be phased in once the criteria for companies involved in nuclear power generation have been implemented.

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4. The Criteria

	Nuclear Safety	Nuclear Waste
Policy	<p>A public policy covering as a minimum the company's approach, aim, goal or intent for the following:</p> <ul style="list-style-type: none"> • Unplanned plant shut-downs • Incidents and events • Safety Assessments • Radiation Exposure • Commitment to Security • Risk Assessment 	<p>A public policy covering as a minimum the company's approach, aim, goal or intent for the following:</p> <ul style="list-style-type: none"> • Operational waste • Spent fuel • Decommissioning
Management	<p>A clear and comprehensive public description of the company's management system including procedures for training appropriate staff, monitoring, prevention, detection, results, follow-up, compliance, correction and prevention of recurrence for:</p> <ul style="list-style-type: none"> • Unplanned plant shut-downs • Incidents and events • Safety Assessments • Radiation Exposure • Commitment to Security • Risk Assessment 	<p>A clear and comprehensive public description of the company's management system including procedures for training appropriate staff, management, monitoring, treatment, storage, containment, disposal and handling of the following:</p> <ul style="list-style-type: none"> • Operational waste • Spent fuel • Decommissioning and waste
Reporting	<p>Public quantification of data that is comparable year-on-year to include as a minimum:</p> <ul style="list-style-type: none"> • Unplanned plant shut-downs: Number of shutdowns including e.g. WANO² Unplanned Automatic Scrams / 7,000 Hours Critical ("trip rate") • Incidents and events: Number, type and severity of incidents and events including category of incident on IAEA Nuclear Event Scale (maximum Level 2)³ • Radiation Exposure: Background radiation exposure of local community; and radiation exposure / employee including e.g. WANO² Collective Radiation Exposure Man-Sieverts per unit 	<p>Public quantification of data that is comparable year-on-year, to include as a minimum:</p> <ul style="list-style-type: none"> • Operational waste: Type and tonnes/volume of waste per year • Spent fuel: Type and tonnes/volume per year • Decommissioning and waste: Evaluation of success of decommissioning / rehabilitation of former sites; amount of waste created
Performance	<p>Any company with an event/incident greater than IAEA Level 2 in the IAEA (International Atomic Energy Authority) Nuclear Event Scale (or equivalent),³ will be ineligible for the FTSE4Good Index for 3 years.*</p>	

*The FTSE4Good Nuclear Power criteria are designed to assess companies on the peaceful use of nuclear fuel for power generation. Therefore any companies that are found to have supported the development or use of nuclear weapons, either directly or indirectly, will be excluded from the FTSE4Good Index. This would include evidence reported by the IAEA (or equivalent competent authority) of accounting discrepancies between amounts of radioactive material produced and used.

2 WANO: The World Association of Nuclear Operators (WANO) is an organisation created to improve safety at every nuclear power plant in the world. The WANO Performance Indicator Programme supports the exchange of operating experience information by collecting, trending and disseminating nuclear plant performance data in 11 key areas. WANO KPIs can be found at: http://www.wano.org.uk/PerformanceIndicators/PI_TriFold/PI_2007_TriFold.pdf

3 IAEA (International Atomic Energy Authority) Nuclear Event Scale. The IAEA is the world's center of cooperation in the nuclear field. It was set up as the world's "Atoms for Peace" organization in 1957 within the United Nations family. The Agency works with its Member States and multiple partners worldwide to promote safe, secure and peaceful nuclear technologies. The INES scale ranges from Level 0 (no safety significance) to Level 7 Major Accident.
INES Level 2: Incidents with significant failure in safety provisions but with sufficient defence in depth remaining to cope with additional failures; or an event resulting in a dose to a worker exceeding a statutory annual dose limit and/or an event which leads to the presence of significant quantities of radioactivity in the installation in areas not expected by design and which require corrective action.
<http://www.iaea.org/Publications/Factsheets/English/ines.pdf>

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