



FTSE4Good Index Series

Add Values to Your Investment

FTSE4GOOD INDEX SERIES

The FTSE4Good Index Series provides investors with the opportunity to gain exposure to companies that meet globally recognised corporate responsibility standards. The indices have been designed to identify and measure the performance of companies that are working towards environmental sustainability, developing positive relationships with stakeholders and up-holding and supporting universal human rights.

Add Values to Your Investment

New Challenges

A broad range of stakeholders are challenging the corporate sector to be more accountable for the ethical, environmental and social impacts of their business operations. They are asking that companies develop a better understanding of their impacts, that they measure these impacts, manage them, and report on their progress. These stakeholders include company employees, shareholders, local communities, customers, governments and business partners.

Profiting from Values

As companies respond to these challenges, many are finding that better corporate responsibility practice is yielding a number of business benefits.

These benefits range from cost savings from eco-efficiencies to attracting and retaining the best staff. In a world where intangible assets are becoming more important to businesses, risk management that factors in non-commercial considerations, and the development of strong stakeholder relations are vital to protect brand value and secure a "licence to operate".

Investors are recognising that the long-term impacts of good corporate responsibility practice can enhance shareholder value. As a result, investors are requesting that companies improve their disclosure and management of non-financial risks. Demand for socially responsible investment (SRI) is growing with investors looking for sustained profit from sustainable business practice.

There are now more than 60 retail SRI fund in the UK with the estimated value of these funds standing at around £4bn in 2001, representing an increase of over 2,000% since 1989*. In the US, the Social Investment Forum has announced that the amount of SRI assets under management has passed the US \$2 trillion mark with demand standing strong in difficult market conditions. *Source: Ethical Investment Research Service (EIRIS).

FTSE4Good Index Series

In response to the growing demand for SRI, FTSE launched the FTSE4Good Index Series. The series has quickly become an essential tool for investors wishing to identify and invest in companies that exhibit good corporate responsibility practice.

FTSE4Good Index Series	
TRADABLE INDEX	BENCHMARK INDEX
FTSE4Good UK 50 Index	FTSE4Good UK Index
FTSE4Good Europe 50 Index	FTSE4Good Europe Index
FTSE4Good US 100 Index	FTSE4Good US Index
FTSE4Good Global 100 Index	FTSE4Good Global Index



FTSE4Good Benefits...

... Investors

FTSE4Good provides investors with a transparent global standard to identify and invest in socially responsible companies, and measure their performance.

FTSE4Good inclusion criteria have been designed to reflect the broad socially responsible investment issues of today. Whether you are a private or institutional investor, the FTSE4Good Index Series provides you with the unique opportunity to benefit from the positive performance of companies embracing social responsibility, whilst encouraging them to become more responsible.

... Companies

FTSE4Good provides your company with a transparent and achievable global corporate responsibility standard to aspire to and exceed.

The inclusion criteria are regularly reviewed to ensure that they reflect a broad market consensus on corporate responsibility best practice as it evolves. FTSE4Good therefore provides the ideal yardstick from which to measure your progress and achievements.

Meeting the required standards and being a constituent member of FTSE4Good sends out a clear message to your employees, shareholders, business partners and customers about your company's commitment to corporate responsibility.

The visibility and reputation of FTSE4Good provides you with a powerful vehicle to communicate these achievements.

... Asset Managers

Socially Responsible Investment represents an exciting and rewarding business opportunity for asset managers. FTSE4Good can help you tap into this growing market through the development of index-linked financial instruments such as mutual or tracker funds, exchange traded funds and other listed or OTC derivative products.

FTSE's market leading index methodology means that FTSE4Good is the natural choice for asset managers. FTSE4Good indices are calculated in real-time and are available via major vendors. Our free-float cap weighting, liquidity-screened stock selection and corporate actions maintenance are world-class.

... You

Environmental instability, human rights and social tensions from unequal economic development affect all of us now, and will have an increasing impact on future generations.

FTSE engages with companies to focus their attention on corporate responsibility issues. We challenge them to develop a better understanding of how their operations affect the environment and communities in which they operate. We ask them to monitor this impact and be more transparent and accountable for their behaviour. We help to set targets for companies so that they can improve their social and environmental performance in line with the broad expectations of their stakeholders, and we keep raising the standards.



Objective, Challenging and Evolving Selection Criteria

Setting the Standards

FTSE4Good selection criteria have been designed to reflect a broad consensus on corporate responsibility best practice, and mainstream socially responsible investment thinking. To be eligible, companies must meet three prescribed standards:

- Working towards environmental sustainability
- Developing positive relationships with stakeholders
- Upholding and supporting universal human rights

In line with mainstream global SRI thinking, a small number of sector exclusions have been applied. However, as specific criteria are developed for these industries, these exclusions will be removed.

A Driver for Change

The inclusion criteria have been designed to encourage the maximum amount of change in corporate behaviour. Whilst the standards are aspirational to reflect best corporate responsibility practice, they are set at a level to be challenging yet achievable to encourage companies to improve their corporate responsibility standards from the outset.

Objective, Transparent and Evolutionary

The inclusion criteria originate from globally recognised codes of conduct such as the UN Global Compact and the Universal Declaration of Human Rights. To remain consistent with market expectations and the changing views of corporate responsibility, the inclusion criteria are revised regularly. Therefore, in order to remain an index constituent, FTSE4Good challenges companies to continually raise their corporate responsibility standards to keep apace.

Criteria revisions are developed through a global market consultation process before being approved by the FTSE4Good Advisory Committee. This committee acts independently from FTSE and is made up of experts in the fields of corporate responsibility, fund management, academia and SRI.

The global development of corporate responsibility has not been uniform. There are regional differences in awareness levels, the pertinence of particular issues and in the legislative environment. To reflect these differences, FTSE has set up an advisory committee in the US and plans to develop further regional committees in the near future.

Independently Defined

As well as acting as an independent judge of the validity of the selection criteria, the FTSE4Good Advisory Committee is also responsible for determining whether each constituent meets these criteria.

The selection criteria and the Ground Rules that spell out the practical management and review process are freely available and published on www.ftse.com/ftse4good, making FTSE4Good a transparent and predictable investment tool.

Independently Researched

FTSE works in association with the Ethical Investment Research Service (EIRiS), and its network of international partners to research company corporate responsibility performance. EIRiS is a leading independent provider of research into the social, environmental and ethical performance of companies.

EIRiS' international research partners or providers include Investor Responsibility Research Center (IRRC, USA), EthicsScan Canada Ltd (Canada), Centre for Australian Ethical Research (CAER, Australia), The Good Bankers

Co. Ltd. (Japan), Observatoire de L'Ethique (ODE, France), Avanzi (Italy), Stock-at-Stake (Belgium), Institut für Markt-Umwelt-Gesellschaft (IMUG, Germany), and Fundacion Ecologia y Desarrollo (FED, Spain).

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
- Telephone questionnaires in relevant languages

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

Active Engagement with Companies

FTSE undertakes an active engagement programme with constituents and companies in the eligible universe. We support corporate responsibility improvements by assisting companies to develop an understanding of the key issues through our environmental, human rights and stakeholder criteria, and by providing a clear framework for change.

Since FTSE launched the FTSE4Good Index Series, the response from companies has been excellent. Constituent companies of FTSE4Good recognise the reputation enhancing benefits of being a constituent, whilst the evolving selection criteria provide them with a clear corporate responsibility benchmark.

Raising Money for UNICEF

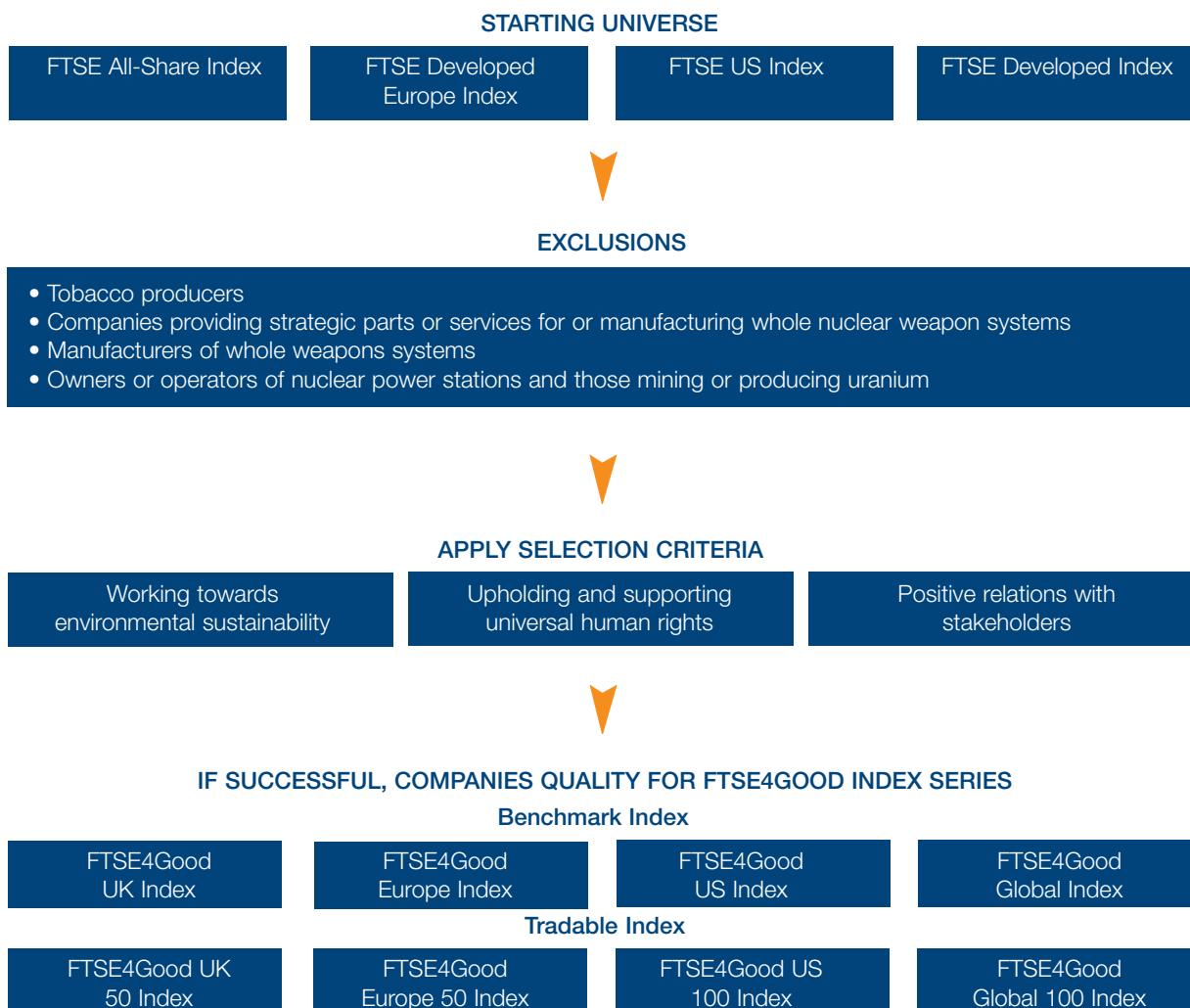
FTSE has been supporting UNICEF for a number of years. All FTSE4Good fund licensing revenues go to UNICEF to help children around the world. To find out about how our money is used, visit our website at www.ftse.com/ftse4good.

Objective, Challenging and Evolving Selection Criteria

Selection Criteria Development Process



Constituent Selection Process





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