

FT Wilshire

FT Wilshire Climate Change Indexes

Benchmark Statement

March 2023

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Introduction

This Benchmark Statement is intended to meet the requirements of EU Benchmark Regulation (EU2016/1011) and the supplementary regulatory technical standards, and of the retained EU law in the UK (The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019).

The Statement is provided by Wilshire Indexes¹ as the registered administrator of the FT Wilshire US Large Cap Climate Change 1.5°C Target Index. Two companion indexes, the Hang Seng Climate Change 1.5°C Target Index and the Nikkei 225 Climate Change 1.5°C Target Index, follow essentially the same methodology but are administered by Hang Seng and Nikkei respectively.

FT Wilshire Climate Change Index Benchmark Statement should be read in conjunction with the index methodology and index policy documents published at [Wilshire.com](https://www.wilshire.com).

The statement will be updated whenever:

- The information contained in the statement ceases to be correct or sufficiently precise,
- There is a change in the type of the benchmark,
- There is a material change to the methodology used for determining the benchmark,
- There is a change to the requirements for the contents of a benchmark statement.

In addition, the statement will be reviewed at least every two years.

Description of the Benchmark

The FT Wilshire Climate Change Indexes are designed to achieve specific greenhouse gas (GHG) emission intensity improvements both in absolute terms and relative to their underlying benchmark indexes. This is achieved via a tilting methodology where an initial set of index weights are multiplied by positive scores to yield a new set of index weights with the required improvements in GHG intensity which satisfy a set of sector exposure constraints.

Total return and price only (capital appreciation) versions of the indexes are made available, along with variants calculated in, or hedged into, different currencies.

As at the date of publication, there are no significant benchmarks in the FT Wilshire Climate Change Indexes.

The total market capitalisation of the securities included in the FT Wilshire US Large Cap Index, which forms the underlying index universe of the FT Wilshire US Large Cap Climate Change 1.5°C Target Index is \$ 35,364,403,953,548.80 and the investable (free float adjusted) market capitalisation is \$ 33,660,639,200,598.10 as at the close of business on March 23 2023.

Input Data

Descriptions of the price input data and non-price data used to calculate the index weights of constituents are provided in the [Input Data Used in Equity Benchmarks Policy](#). No contributions are used in the determination of the indexes.

¹ Wilshire Indexes is the trading name of Wilshire OpCo UK Ltd

Details of reported carbon data and the modelling of un-reported carbon data are given in the document [Paris-Aligned Benchmarks - Carbon Emissions Model](#).

Use of Expert Judgement in Determining Input Data

There is relatively little need for discretion in determining the values of input data to be used in the calculation of the indexes in the FT Wilshire Climate Change Indexes, but occasionally expert judgement may be required, for example when determining which of a company's shareholders should be considered restricted when calculating its free float.

Errors in Input Data

If, subsequent to the calculation of an index in the FT Wilshire Climate Change Indexes, an error is found in the value of an item of input data, the error will be corrected in accordance with the [Error Correction Policy for Equity Indexes](#). This policy will also apply to instances where an item of input data has been queried by a user or other external stakeholder as per the [Queries and Complaints Policy](#) and the query has been upheld following investigation by the Wilshire Indexes Executive Committee.

Regulated Data Assessment

Because certain price input data, including the FX rates used to convert security prices and dividends into different currencies, is not sourced from venues as defined in Article (3)(1)(24)(a) of EU Benchmark Regulation (EU2016/1011), Wilshire Indexes does not consider that the indexes within the FT Wilshire 5000 Series constitute regulated data benchmarks.

Determination of the Benchmark

The procedures and timetable for selecting and rebalancing constituents of indexes in the FT Wilshire Climate Change Indexes are set out in the [FT Wilshire Climate Change Indexes methodology document](#) and [Equity Index Calculation and Corporate Action Guide](#). The methodology documentation is intended to be transparent and objective and is reviewed on at least an annual basis or whenever a change to the methodology has been approved, for example following a consultation on a proposed enhancement as per the [Benchmark Approval, Change and Cessation Policy](#).

The documentation is written to avoid the use of discretion when determining a benchmark in so far as is practical, but on occasion it may be necessary to use expert judgement, for example in determining the most appropriate method, and timing, for the implementation of a complex corporate event. Further details are provided in the [Policy for the Exercise of Expert Judgement](#).

Determination in times of stress

On rare occasions, the accurate determination of a benchmark may be impeded because prices for individual securities, or securities that trade on a certain market, may not be available. For an individual security, this can arise if the security is suspended from trading by a venue or a regulator. For a market, prices may not be available as a result of a physical event, for example weather or cyber related, or because market conditions are sufficiently volatile that limit breaches cause a market to shut for a period of time. The procedures that Wilshire will follow in such circumstances are set out in the [Equity Index Calculation and Corporate Action Guide](#).

Potential Limitations

US equity markets are generally liquid and robust, however, as noted in the previous section, exchanges may on occasions be forced to close as a result of external events or for technical reasons. In these situations, a number of securities may be suspended from trading. These securities will be held in the index at their last closing price. That price may not be representative of the price that could be achieved if the market were to re-open and, consequently, if the affected

securities represent a significant portion of the benchmark in question, the calculated value of the benchmark may not be an accurate representation of the underlying economic reality.

The procedures that Wilshire Indexes will follow in the event of a suspended security or market closure are set out in the [Equity Index Calculation and Corporate Action Guide](#).

Changes to a Benchmark

Enhancements to the methodology of a benchmark can be proposed in the light of experience by internal and external stakeholders. In addition, a change to a methodology may occasionally be required in response to unusual market or economic events.

The procedures to be followed in these circumstances are set out in the [Benchmark Approval, Change and Cessation Policy](#). The protocol will vary according to whether the proposed change is considered material or non-material. Material changes, for example a change to the types of eligible securities or a change to an index reconstitution schedule, will be put to a consultation of stakeholders which will be accompanied by suitable analysis to support the proposal. Non-material changes, for example a change to the way a particular type of corporate action is implemented, will be announced with notice through the publication of a Wilshire Indexes Index Notice and will allow for any adverse feedback to be assimilated ahead of implementation.

Cessation of a Benchmark

Users of Wilshire Indexes benchmarks should be aware that it may on occasion be necessary for Wilshire Indexes to terminate a benchmark. Termination may be required if a required data item is no longer available, or the market is judged to have become too illiquid to support the calculation of a representative benchmark, or because there is a perceived lack of use of a benchmark.

The procedures that Wilshire Indexes will follow in the event that a benchmark termination is proposed are set out in the [Benchmark Approval, Change and Cessation Policy](#).

Climate Change and ESG Disclosures

The FT Wilshire Large Cap Climate Change 1.5°C Target Index is constructed to comply with the requirements of an EU Paris-Aligned Benchmark as set out in the European Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020. As such, the FT Wilshire Large Cap Climate Change 1.5°C Target Index meets the GHG emission intensity reduction standards for an EU Paris-Aligned Benchmark and complies with the exclusion rules as set out in Article 12 of Regulation (EU) 2020/1818. No other ESG metrics are used in the determination of the benchmark.

The ESG disclosures required by Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 are provided below.

EXPLANATION OF HOW ESG FACTORS ARE REFLECTED IN THE BENCHMARK STATEMENT		
SECTION 1 – CONSIDERATION OF ESG FACTORS		
Item 1. Name of the benchmark administrator.		Wilshire UK OpCo
Item 2. Type of benchmark or family of benchmarks.		This is an equity benchmark, following the EU Paris-Aligned Benchmark standard
Item 3. Name of the benchmark or family of benchmarks.		FT Wilshire Climate Change 1.5°C Target Index
Item 4. Are there in the portfolio of the benchmark administrator any EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks, benchmarks that pursue ESG objectives or benchmarks that take into account ESG factors?		Yes
Item 5. Does the benchmark or family of benchmarks pursue ESG objectives?		Yes
Item 6. Where the response to Item 5 is positive, provide below the details (score) in relation to the ESG factors listed in Annex II for each family of benchmarks at aggregated level. The ESG factors shall be disclosed at an aggregated weighted average value at the level of the family of benchmarks.		
Details in relation to the ESG factors for the FT Wilshire Climate Change 1.5°C Target Index Family.		
(a)	Environmental factors:	
	Degree of exposure of the portfolio to the sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council as a percentage of the total weight in the portfolio	63.5%
	Greenhouse gas (GHG) intensity of the benchmark	92.36
	Percentage of GHG emissions reported versus estimated	Scope 1: Reported - 89.28%, modelled - 10.72%. Scope 2: Reported - 84.18%, modelled - 15.82%. Scope 3: Reported - 60.28%, modelled - 39.72%.
	Exposure of the benchmark portfolio to companies the activities of which fall under Divisions 05 to 09, 19 and 20 of Annex I to Regulation (EC) No 1893/2006	2.46%

	Exposure of the benchmark portfolio to activities included in the environmental goods and services sector, as defined in Article 2, point (5) of Regulation (EU) No 691/2011 of the European Parliament and of the Council	NA
(b)	Social factors:	
	International treaties and conventions, United Nations principles or, where applicable, national law used in order to determine what constitutes a 'controversial weapon'.	United Nations principles
	Weight of benchmark constituents in the controversial weapons sector.	0%
	Weight of benchmark constituents in the tobacco sector.	0%
	Number of benchmark constituents subject to social violations (absolute number and weight), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law.	0 constituents, 0%
	Exposure of the benchmark portfolio to companies without due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8.	NA
	Weighted average gender pay gap.	NA
	Weighted average ratio of female to male board members	NA
	Weighted average ratio of accidents, injuries, fatalities.	NA
	Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws.	NA
(c)	Governance factors:	
	Weighted average percentage of board members who are independent.	NA
	Weighted average percentage of female board members.	NA

Item 7. Where the response to Item 5 is positive, provide below the details (score) for each benchmark, in relation to the ESG factors listed in Annex II, depending on the relevant underlying asset concerned. Alternatively, all of this information may be provided in the form of a hyperlink to a website of the benchmark administrator included in the benchmark statement. The information on the website shall be easily available and accessible. Benchmark administrators shall ensure that information published on their website remains available for five years. The score of the ESG factors shall not be disclosed for each constituent of the benchmark, but shall be disclosed at an aggregated weighted average value of the benchmark.

Details in relation to the ESG factors for the FT Wilshire US Large Climate Change 1.5°C Target Index.

(a)	Environmental factors:	
	Degree of exposure of the portfolio to the sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council as a percentage of the total weight in the portfolio	63.5%
	Greenhouse gas (GHG) intensity of the benchmark	92.36
	Percentage of GHG emissions reported versus estimated	Scope 1: Reported - 89.28%, modelled - 10.72%. Scope 2: Reported - 84.18%, modelled - 15.82%. Scope 3: Reported - 60.28%, modelled - 39.72%.
	Exposure of the benchmark portfolio to companies the activities of which fall under Divisions 05 to 09, 19 and 20 of Annex I to Regulation (EC) No 1893/2006	0.024586614
	Exposure of the benchmark portfolio to activities included in the environmental goods and services sector, as defined in Article 2, point (5) of Regulation (EU) No 691/2011 of the European Parliament and of the Council	NA
(b)	Social factors:	NA
	International treaties and conventions, United Nations principles or, where applicable, national law used in order to determine what constitutes a 'controversial weapon'.	United Nations principles
	Weight of benchmark constituents in the controversial weapons sector.	0.00%
	Weight of benchmark constituents in the tobacco sector.	0.00%

	Number of benchmark constituents subject to social violations (absolute number and weight), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law.	0 constituents, 0%
	Exposure of the benchmark portfolio to companies without due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8.	NA
	Weighted average gender pay gap.	NA
	Weighted average ratio of female to male board members	NA
	Weighted average ratio of accidents, injuries, fatalities.	NA
	Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws.	NA
(c)	Governance factors:	
	Weighted average percentage of board members who are independent.	NA
	Weighted average percentage of female board members.	NA
Item 8. Data and standards used		
(a)	Description of data sources used to provide information on the ESG factors in the benchmark statement.	Exclusion lists are sourced externally. GHG emission data reported by companies are sourced externally and complemented by modelled estimates for GHG emission intensity based on Wilshire's proprietary modelling capabilities for scope 1, scope 2 and scope 3 GHG emissions. ISS is the main source for ESG exclusions and GHG emission data.
	<i>Describe how the data used to provide information on the ESG factors in the benchmark statement are sourced and whether, and to what extent, data are estimated or reported.</i>	
	Reference standards.	GHG Protocol

(b))	List the supporting standards used for the reporting under item 6 and/or item 7.	
SECTION 2 – ADDITIONAL DISCLOSURE REQUIREMENTS FOR EU CLIMATE TRANSITION AND EU PARIS-ALIGNED BENCHMARKS		
Item 9. Where a benchmark is labelled as 'EU Climate Transition Benchmark' or 'EU Paris-aligned Benchmark', benchmark administrators shall also disclose the following information:		
Details in relation to the FT Wilshire US Large Climate Change 1.5°C Target Index.		
(a)	forward-looking year-on-year decarbonisation trajectory;	7%
(b))	degree to which the IPCC decarbonisation trajectory (1,5 °C with no or limited overshoot) has been achieved on average per year since creation;	7%
(c)	overlap between those benchmarks and their investable universe, as defined in Article 1, point (e), of Commission Delegated Regulation (EU) 2020/1818 (1), using the active share at asset level.	Active share of 21.51% with respect to FT Wilshire US Large Cap
SECTION 3 – DISCLOSURE OF THE ALIGNMENT WITH THE OBJECTIVES OF THE PARIS AGREEMENT		
Item 10. By the date of application of this Regulation, for significant equity and bond benchmarks, EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks, benchmark administrators shall also disclose the following information. By 31 December 2021, benchmark administrators shall, for each benchmark or, where applicable, each family of benchmarks, disclose the following information:		
Details in relation to the FT Wilshire US Large Climate Change 1.5°C Target Index.		
(a)	Does the benchmark align with the target of reducing carbon emissions or the attainment of the objectives of the Paris Agreement;	Yes
(b))	the temperature scenario, in accordance with international standards, used for the alignment with the target of reducing GHG emissions or attaining of the objectives of the Paris Agreement;	1.5°C with no or limited overshoot; please see "The Special Report on Global Warming of 1.5°C" published by the Intergovernmental Panel on Climate Change (IPCC).

(c)	the name of the provider of the temperature scenario used for the alignment with the target of reducing GHG emissions or the attainment of the objectives of the Paris Agreement;	IPCC
(d)	the methodology used for the measurement of the alignment with the temperature scenario;	At this stage no specific ITR (Implied Temperature Rise) methodology is used or applied to the index. However, this may change over time if necessary, with no impact on the current index methodology.
(e)	the hyperlink to the website of the temperature scenario used.	https://www.ipcc.ch/sr15/
Date on which information has last been updated and reason for the update:		19th September 2022, semi-annual review
	<u>(1) Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (See page 17 of this Official Journal).</u>	