



A Guide to

Industry Classification Benchmark (Equity)

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FINANCIALS FINANCIAL SERVICES REAL ESTATE
INTEGRATED OIL & GAS BASIC MATERIALS RESOURCES
FORESTRY & PAPER INDUSTRIALS MATERIALS & CHEMICALS
CONSTRUCTION CONSUMER GOODS AUTOMOBILES
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SUPPLIES CONSUMER SERVICES RETAIL FOOD & BEVERAGE
APPAREL RETAILERS TELECOMMUNICATIONS FINANCIAL



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Securities

Subsectors

Sectors

Supersectors

Industries

COMPREHENSIVE UNIVERSE

FTSE

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1 INTRODUCTION

1.1 Overview

Industry Classification Benchmark (ICB) is a detailed and comprehensive structure for sector and industry analysis, facilitating the comparison of companies across four levels of classification and national boundaries. The classification system allocates companies to the subsector whose definition closely describes the nature of its business as determined from the source of its revenue or the source of the majority of its revenue.

1.2 FTSE

- 1.2.1 FTSE International Limited (FTSE) is responsible for maintaining the ICB, and for the line-of-business classification of all companies within the ICB.
- 1.2.2 ICB will maintain a record of all changes in the classification of companies and is responsible for ensuring the timely publication of all company classification changes.
- 1.2.3 ICB will maintain a schedule of corporate events, which occur between quarterly meetings that may affect the industrial classification of a company.

1.3 FTSE ICB Advisory Committee

- 1.3.1 The FTSE ICB Advisory Committee acts in coordination with FTSE on changes to the ICB structure and its relevance in the market.
- 1.3.2 The FTSE ICB Advisory Committee will meet quarterly to review recommendations by FTSE upon all issues concerning the ICB structure or classifications that are referred to it by FTSE according to the ICB rules. The meetings will normally be held in the months of February, May, August and November.

2 CLASSIFICATION OF COMPANIES

2.1 Object of the Industry Classification Benchmark

- 2.1.1 The primary purpose of the ICB is to provide a service to investors and other interested persons by grouping companies according to homogeneous Subsectors. Subsectors will be grouped into Sectors in such a way that general industrial and economic themes may be common to all companies in the Sector. The Sectors themselves will be aggregated into Supersectors, which will in turn be aggregated into Industries.

2.2 Structure of the Industry Classification Benchmark

- 2.2.1 ICB allocates each company to that Subsector whose definition most closely describes the nature of its business. The titles and definitions of all Subsectors of the ICB are available at www.icbenchmark.com.
- 2.2.2 The basic source of information used for the classification of a company shall be its audited accounts and directors' report. Where a company carries two or more classes of business that differ substantially from each other, ICB will base their decision on the accounting segmentation published in the audited accounts and directors' report. Interim statements will not normally be used. Changes in a company's business or structure will be considered under Rule 2.4.1.

2.3 New Listings

- 2.3.1 The Subsector classification of a newly listed company will initially be determined by ICB.
- 2.3.2 Where a company disputes the classification, ICB may at their discretion seek additional information from the company or from an authorised representative of the company to provide further evidence of the nature of the company's primary business operations, however all information must be publicly available.

2.4 Changes to Classification of a Company

- 2.4.1 Where a significant change takes place in a company's structure as a result of a corporate event (such as a merger or demerger), its ICB classification may be reassessed on the basis of financial data formally published by the company. No changes in ICB classification will be made on the basis of non-public information, promises of action, assertions or aspiration of directors, unless these can be substantiated by audited or independently authenticated formal company statements as defined under Rule 2.2.2.
- 2.4.2 Any adjustment resulting from a change in a company's classification under Rule 2.4.1 will be implemented at the same time as the corporate event is completed.
- 2.4.3 A company's classification may also be reviewed by ICB either at their discretion or at the request of the company or professional advisors acting on its behalf.
- 2.4.4 Any adjustment resulting from a change in a company's classification will be announced immediately and be implemented five trading days later and become effective on the next trading day after implementation.

3 CLASSIFICATION GUIDELINES

3.1 Basis of Decisions

- 3.1.1 ICB will at all times approach decisions affecting the industry classification of companies with reference to these guidelines.

3.2 Allocation of Companies to Subsectors

- 3.2.1 A company will be allocated to that Subsector of the ICB whose definition most closely coincides with the source of its revenue or the source of the majority of its revenue.
- 3.2.2 Segmental reporting normally discloses revenue before tax, minority interests, extraordinary items and interest earned or incurred. Unless there is audited evidence that any of these items is specifically attributable to a class of business for which revenue is disclosed, it will be disregarded in assessing the sources of revenue. Where any part of the company's business is to earn interest or incur interest, or interest expenses are central to the business, then such interest shall be taken into account in determining the company's business.
- 3.2.3 A company which has businesses in two or more Subsectors is allocated to that Subsector which provides the largest part of the revenue as indicated by the latest available report and accounts, subject to Rule 3.2.2.

A company engaged in businesses in three or more Subsectors, but within a specific industry, will normally be classified as General Mining, Diversified Industrials, Multi-utilities or Specialty Finance.

A company engaged in businesses in three or more Subsectors that are in two or more Industries, will normally be classified as a Diversified Industrials.

A company engaged in three or more classes of business within the Industrials Industry that differ substantially from each other, no one of which contributes 50% or more of revenue nor less than 10%, will normally be classified as Diversified Industrials. If there is a contribution of over 50% from any other one Industry group, the subsector of that Industry group with the highest revenue will be assigned to the company.

- 3.2.4 ICB will seek to maintain stability in the classification of companies by disregarding what they consider to be temporary fluctuations in the fortunes of individual businesses.
- 3.2.5 In exceptional circumstances, the classification may reflect other factors, when the FTSE ICB Advisory Committee considers that ignoring these factors may lead to a misleading classification.

3.3 Industry Sectors

- 3.3.1 ICB will normally seek to avoid the maintenance of Sectors or Subsectors containing a single company.

3.4 Changes to the Industry Classification Benchmark

- 3.4.1 Changes to the structure of the ICB will be evolutionary. Any changes to the ICB structure (Subsectors, Sectors, Supersectors or Industries) shall take place with a minimum of six months notice. These changes will be determined by ICB and will be based on long-term trends, rather than what they consider may be temporary fluctuations within individual industries.

4 INDUSTRY CLASSIFICATION PERIODIC REVIEWS

4.1 Periodic Reviews

- 4.1.1 All classifications of the companies will be reviewed on an annual basis.
- 4.1.2 Coverage: all companies in the ICB global universe will be reviewed when an annual report of the company is published.
- 4.1.3 Cut-Off Date for quarterly reviews: Last trading day of December, March, June and September.
- 4.1.4 Review Procedures: the industrial classification of each company will be determined by analysing the financial reports based on the rules under Section 3 of the Classification Guidelines.
- 4.1.5 Announcement and Implementation: periodic changes to the industry classification of a company will be announced on the day of the meeting of the FTSE ICB Advisory Committee and will be implemented after close of index calculation on the third Friday of March, June, September and December.
- 4.1.6 In exceptional cases FTSE in consultation with the FTSE ICB Advisory Committee can classify companies on the basis of either the immediate end use of the product or the industrial process used.

4.2 Classification Queries

- 4.2.1 Market participants who wish to query the classification of a company may request an ICB Classification Data Form by contacting icb@ftse.com.

5 CHALLENGE AND APPEALS PROCEDURE

5.1 Challenge against an ICB Classification

- 5.1.1 If a company (or professional advisor acting on behalf of the company) wishes to challenge its current classification in ICB, it should write to the Secretary of the FTSE ICB Advisory Committee stating its reasons for proposing a change of classification, having regard to the ICB classification rules and attaching any documentary evidence in support of its claim. The FTSE ICB Advisory Committee, in considering the claim, may only take account of publicly available information.
- 5.1.2 FTSE will review the Company's classification based on its own analysis and evidence provided by or on behalf of the company and will communicate its decision to the company in writing with an explanation, including relevant data, as to how it arrived at its conclusion.

5.2 FTSE ICB Advisory Committee Consideration against an ICB Classification

- 5.2.1 If, following a challenge to its classification, the company continues to disagree with FTSE's assigned classification, the company may request that its classification be considered by the FTSE ICB Advisory Committee, which meets on a quarterly basis. The FTSE ICB Advisory Committee will determine the Company's classification based on the analysis provided by FTSE, its own analysis and evidence provided by or on behalf of the company. After the quarterly meeting the Committee Secretary will communicate the Committee's decision to the company in writing with an explanation as to how it arrived at its conclusion.

5.3 Appeals against an ICB Classification

- 5.3.1 If, following the FTSE ICB Advisory Committee consideration, the company continues to disagree with its assigned classification, it may appeal to the FTSE Policy Group on two grounds:
 - a) that the FTSE ICB Advisory Committee acted outside the Industry Classification Benchmark rules; or
 - b) that the FTSE ICB Advisory Committee, when reaching their decision, failed to take into consideration a substantial and material fact of relevance or took into consideration an irrelevant fact.

Any appeal to the FTSE Policy Group must be made, in writing, within one month of the FTSE ICB Advisory Committee judgment being received and the decision of the FTSE Policy Group shall be final.

Requests should be made in writing (letter, fax, e-mail) to the following:

FTSE ICB Advisory Committee Secretary

FTSE

12th Floor, 10 Upper Bank Street

Canary Wharf

London E14 5NP

+44 (0)20 7866 1810

+44 (0)20 7866 8958 (fax)

icb@ftse.com

Appendix 1: Procedure for Reclassification Requests

1.0 Requests from Companies to be Reclassified

- 1.1 ICB will review all such requests and where either ICB believes a company should be reclassified; the change(s) will be implemented five trading days later and become effective on the next trading day after implementation.
- 1.2 Companies (or their professional advisors) may request that their classification is reviewed. Requests should be made in writing (letter, fax, e-mail) to the following:

FTSE Committee Secretary
FTSE
12th Floor
10 Upper Bank Street
Canary Wharf
London
E14 5NP
+44 (0)20 7866 1810
+44 (0)20 7866 8958 (fax)
icb@ftse.com

- 1.3 Companies should include a breakdown of their revenue by business activity based on publicly available information via an ICB Classification Data Form which may be requested by contacting icb@ftse.com.



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