The regulatory landscape for investors is constantly changing, there is no exception when it comes to regulation, or guidelines, affecting sustainable investment

Investors must become better-informed and investment strategies must evolve to meet regulatory demands. We work with regulators, policymakers, industry associations and other key players within the sector to help shape the market and support our clients when incorporating sustainability into their future investment strategies.

Investors are seeking to address the challenges and find opportunities that regulation brings. Navigating ever-changing regulatory requirements is an essential part of this strategy.

As a committed financial services firm, we have largely contributed to shaping sustainable investment via our expertise and connectivity with the investment community. We aim to align our indices with major regulatory developments, such as the EU’s Sustainable Finance Disclosures Regulation (SFDR), EU Climate Benchmark criteria, EU Taxonomy and green taxonomy. Investors are also looking to follow sustainable standards like the UN Sustainable Development Goals. The global goals are a collection of 17 goals designed as a shared blueprint for peace and prosperity for people and the planet. The financial industry is taking the UN SDGs into consideration and creating strategies and products in line with the guidelines. Detailhandel has allocated more than 50% of their portfolio to SDG aligned indices, across asset classes and developed and emerging market regions.

The largest regulatory challenges include:

- **Regional differences**
  Climate regulations and policies are constantly shaping standards and vary from region to region and country to country. Jurisdictions are setting net-zero and low-carbon transition goals, usually by a specific date, and companies must navigate this new reality. Our platform of sustainable investment indices covers virtually every investable region and market, including Global, Americas, EMEA and APAC across multiple universes of underlying indices, as well as multiple asset classes.

- **Many regulations or guidelines are complex to navigate**
  Viewed globally, climate-related regulation is a fast-moving target. For instance, the UN’s Climate Change Conference meets annually, influencing policy worldwide on climate-related issues. While securities regulators in individual jurisdictions move forward with new rule proposals, there is a wide range of opinion on the forms those rules should take, or even the necessity of new regulation*. FTSE Russell index solutions can help investors look ahead to meet regulatory requirements.

* Harvard report
World class indices

We define sustainable investment as investment approaches that take ESG and/or climate considerations into account, forming an umbrella term for topics that can be the source of both investment risks and opportunities. We simplify our sustainable investment index approach into two core frameworks to mirror our clients’ objectives and convictions, and align their investment strategy to regulatory requirements, as well as guidelines in the market.

**FTSE Russell Sustainable Investment index framework explained through the eyes of the investor objective**

### FTSE Russell Climate Indices

**ACCELERATE**

*to a green economy*

Build investment strategies with exposure to the green opportunities generated by climate challenges

- FTSE Environmental Markets Equity
- Russell Green America Equity
- FTSE Green Impact Bond Fixed Income
- FTSE ex Fossil Fuels Equity
- FTSE EPRA Nareit Green Equity
- FTSE Global Climate Equity
- FTSE Smart Sustainability Equity
- FTSE TPI Climate Transition Equity
- FTSE Climate Risk Adjusted Gov’t Bond Fixed Income
- FTSE EU Climate Benchmarks incl Paris Aligned Benchmarks and Climate Transition Benchmarks Equity

**TRANSITION**

*to a low carbon economy*

Seek exposure in your investment strategy to securities that might prevail in a low carbon economy, based on past and forward looking trends

- FTSE Global Choice Equity
- Russell US ESG Equity
- FTSE4Good Equity
- FTSE ESG Equity
- FTSE Blossom Japan Equity
- FTSE ESG Emerging Markets Equity
- FTSE Impact Bond Fixed Income
- FTSE ESG Low Carbon Select Equity
- FTSE Ping An China ESG Equity
- FTSE Women on Boards Leadership Equity
- FTSE ESG Gov’t Bond Fixed Income
- FTSE Climate Risk Adjusted Gov’t Bond Fixed Income

**ALIGN**

*with regulatory objectives*

Align your investment strategy with climate regulation, reporting, and policy developments

- FTSE Russell ESG Indices
- FTSE Women on Boards Leadership Equity
- FTSE Impact Bond Fixed Income
- FTSE4Good Equity
- FTSE ESG Equity
- FTSE Blossom Japan Equity
- FTSE ESG Emerging Markets Equity
- FTSE Ping An China ESG Equity
- FTSE Climate Risk Adjusted Gov’t Bond Fixed Income
- FTSE Gender Diversity Equity
- FTSE Climate Risk Adjusted Gov’t Bond Fixed Income
- FTSE EPRA Nareit Green Equity
- FTSE Global Climate Equity
- FTSE Smart Sustainability Equity
- FTSE TPI Climate Transition Equity
- FTSE Climate Risk Adjusted Gov’t Bond Fixed Income
- FTSE EU Climate Benchmarks incl Paris Aligned Benchmarks and Climate Transition Benchmarks Equity

**SELECT**

*investments*

Build investment strategies based on your specific exclusions/inclusions needs

- FTSE Global Choice Equity
- Russell US ESG Equity
- FTSE4Good Equity
- FTSE ESG Equity
- FTSE Blossom Japan Equity
- FTSE ESG Emerging Markets Equity
- FTSE Impact Bond Fixed Income
- FTSE ESG Low Carbon Select Equity
- FTSE Ping An China ESG Equity
- FTSE Women on Boards Leadership Equity
- FTSE ESG Gov’t Bond Fixed Income
- FTSE Climate Risk Adjusted Gov’t Bond Fixed Income
- FTSE Gender Diversity Equity
- FTSE Climate Risk Adjusted Gov’t Bond Fixed Income
- FTSE EPRA Nareit Green Equity
- FTSE Global Climate Equity
- FTSE Smart Sustainability Equity
- FTSE TPI Climate Transition Equity
- FTSE Climate Risk Adjusted Gov’t Bond Fixed Income
- FTSE EU Climate Benchmarks incl Paris Aligned Benchmarks and Climate Transition Benchmarks Equity

**INTEGRATE**

*ESG in investment strategy*

Include ESG criteria in your investment strategy

- FTSE Russell ESG Indices
- FTSE Women on Boards Leadership Equity
- FTSE Impact Bond Fixed Income
- FTSE4Good Equity
- FTSE ESG Equity
- FTSE Blossom Japan Equity
- FTSE ESG Emerging Markets Equity
- FTSE Ping An China ESG Equity
- FTSE Climate Risk Adjusted Gov’t Bond Fixed Income
- FTSE Gender Diversity Equity
- FTSE Climate Risk Adjusted Gov’t Bond Fixed Income
- FTSE EPRA Nareit Green Equity
- FTSE Global Climate Equity
- FTSE Smart Sustainability Equity
- FTSE TPI Climate Transition Equity
- FTSE Climate Risk Adjusted Gov’t Bond Fixed Income
- FTSE EU Climate Benchmarks incl Paris Aligned Benchmarks and Climate Transition Benchmarks Equity

**ALIGN**

*with regulatory objectives*

Align your investment strategy with regulations and policies that have ESG/sustainable objectives

- FTSE Russell ESG Indices
- FTSE Women on Boards Leadership Equity
- FTSE Impact Bond Fixed Income
- FTSE4Good Equity
- FTSE ESG Equity
- FTSE Blossom Japan Equity
- FTSE ESG Emerging Markets Equity
- FTSE Ping An China ESG Equity
- FTSE Climate Risk Adjusted Gov’t Bond Fixed Income
- FTSE Gender Diversity Equity
- FTSE Climate Risk Adjusted Gov’t Bond Fixed Income
- FTSE EPRA Nareit Green Equity
- FTSE Global Climate Equity
- FTSE Smart Sustainability Equity
- FTSE TPI Climate Transition Equity
- FTSE Climate Risk Adjusted Gov’t Bond Fixed Income
- FTSE EU Climate Benchmarks incl Paris Aligned Benchmarks and Climate Transition Benchmarks Equity
How are we enabling and educating our clients?

- **SFDR** – A key pillar of the European Union’s Sustainable Finance Action Plan. It attempts to standardize the language and labels for sustainable investing products, promote transparency and reduce “greenwashing.” Articles within the SFDR aim to tier and categorize related financial products.

  FTSE Russell has created an SFDR framework for internal decision-making and to support conversations with sustainable investing index clients. The proposed approach is likely to evolve with additional EU guidance, and as any market consensus emerges.

- **EU Taxonomy** – The main goal of the EU Taxonomy is to enable investors and other market participants to understand more easily to what extent investment products are exposed to the green economy.

  Providers of financial products, offered in the EU, that pursue sustainable investment or promote environmental characteristics must demonstrate how they have used the Taxonomy and the proportion of underlying investments that are Taxonomy-aligned. FTSE Russell Green Revenues data delivers a comprehensive solution for the investment community to help understand EU Taxonomy standards.

Key indices that put sustainable investment at the heart of the methodology include the FTSE EU Climate Benchmarks, FTSE Paris-aligned Benchmark and FTSE Climate Transition Benchmark Index Series.

Our Green Revenues dataset is focused on helping you meet regulatory objectives and find opportunity, and this data is core to the above index methodologies.

As global investors continue to move towards actively transitioning their portfolios, we will continue to work with our clients to provide a range of solutions that captures the changes and opportunities arising from the sustainable investment landscape.

The future of investing is sustainable investing

Contact us for more details around how FTSE Russell can help you invest sustainably and align with regulatory requirements so you can turn talk into action.

For more information about our indexes, please visit ftserussell.com.

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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 ftserussell.com.