

FTSE Russell expands sustainable investment analysis in China and Japan

- Approx. 800 China A Share securities now included in sustainable investment analysis covering climate, screenings and ESG Ratings
- Expansion of small cap coverage increases Japan research universe to approx. 1300 securities
- Sustainable investment analysis now includes over 4300 securities across Asia-Pacific region

FTSE Russell, the global index and data provider, has today announced further expansion of its sustainable investment capabilities in Asia-Pacific. China A Share coverage in FTSE Russell's ESG Ratings and data model has expanded, with approximately 800 securities now included. This brings coverage across Chinese securities* to 1800. In addition, an increase in the number of rated small caps brings the ESG research universe of Japanese securities to approximately 1300. Across the Asia Pacific region, over 4300 securities** are now included in FTSE Russell's detailed sustainable investment analysis covering climate, screenings and ESG Ratings. The total coverage of securities globally now stands at 7200, enabling investor stewardship and ESG integration into active and passive strategies globally.

FTSE Russell's sustainable investment data models provide a broad range of measures that can be used in multiple approaches; from considering climate risks, providing ESG Ratings and supporting investment alignment with the UN's Sustainable Development Goals.

China A Shares are the growth drivers of the world's second-largest economy, covering stocks from financial services providers to technology innovators. Policy and operational developments by China in recent years have also been welcomed by market participants. Announced as part of the 2018 FTSE Equity Country Classification Review, China A Shares have been phased into the FTSE Global Equity Index Series (FTSE GEIS) as a Secondary Emerging market since June 2019, with Phase 1*** of completion set for March 2020.

Japan continues to be an important market for the Group and FTSE Russell has successfully launched a number of initiatives to meet the increasing demand from Japanese investors to incorporate sustainable investment into their portfolios. This includes the creation of the FTSE Blossom Japan Index, which uses FTSE Russell's innovative ESG Ratings data model. The index was selected by The Government Pension Investment Fund (GPIF) of Japan as a core ESG benchmark through its flagship fund.

Jessie Pak, Managing Director, Head of Information Services Asia Pacific, LSEG:

"We are delighted to expand our coverage in China and Japan, a mark of FTSE Russell's ongoing commitment to the Asia-Pacific markets. Market participants across the globe are increasingly looking to incorporate sustainable investment approaches into their investment philosophy and active and passive strategies. Our detailed, structured and transparent ESG Ratings and data model demonstrate a clear standard for market participants and companies to utilise in their ESG stewardship and engagement efforts."



Press Release



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Earlier this year, FTSE Russell announced that Australian small capitalisation securities would now be included in the FTSE Russell's ESG research universe, bringing the number of Australian securities covered to approximately 280.

FTSE Russell's ESG Ratings are comprised of an overall Rating that breaks down into underlying Pillar and Theme Exposures and Scores. The Pillars and Themes are built on over 300 individual indicator assessments that are applied to each company's unique circumstances. Eligible companies are each given an ESG Rating ranging from 0 to 5; with 5 being the highest rating. The ESG Ratings support alignment with the UN SDGs, with all 17 SDGs reflected in the 14 Themes under the ESG framework.

Further information can be found online at FTSE Russell's [ESG Ratings data page](#).

**Chinese share classes include A, B and H, which are all renminbi-denominated shares but traded in different currencies, depending on where they are listed. China companies incorporated and listed outside PRC are generally referred to as 'Red Chips', 'P Chips', 'S Chips' or 'N Shares'.*

*** All references to securities indicate equity securities.*

**** Phase 1 of China A Shares inclusion is based on 25% of each security's investability weight, implemented in three tranches.*

– Ends –

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About FTSE Russell:

FTSE Russell is a global index leader that provides innovative benchmarking, analytics and data solutions for investors worldwide. FTSE Russell calculates thousands of indexes that measure and benchmark markets and asset classes in more than 70 countries, covering 98% of the investable market globally.

FTSE Russell index expertise and products are used extensively by institutional and retail investors globally. Approximately \$15 trillion is benchmarked to FTSE Russell indexes. 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 ETFs, structured products and index-based derivatives.

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 applying the highest industry standards in index design and governance and embraces the IOSCO Principles. FTSE Russell is also focused on index innovation and customer partnerships as it seeks to enhance the breadth, depth and reach of its offering.

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