Media Information

FTSE
THE INDEX COMPANY

Roll-Out of Countering Bribery Criteria and FTSE4Good Semi-Annual March 2012 Review

Sydney, Tokyo, Hong Kong, London, New York, 9 March 2012: FTSE Group ("FTSE"), the award-winning global index provider, today announces changes following the March FTSE4Good and ESG Ratings semi-annual Review; including the roll-out of new countering bribery criteria to be applied to the assessments of over 1200 companies. This is expected to lead to improvements as new research from Edinburgh University has uncovered that the engagement FTSE carries out with companies regarding new FTSE4Good criteria has led to hundreds of companies globally improving their environmental, social and governance practices.

Countering Bribery Criteria Roll-Out

The practice of bribery is a risk to long term investors. Although it can allow companies to secure lucrative contracts in the short term it can have disastrous consequences when these acts are uncovered, through litigation and impacts on intangible value such as brand and reputation. As new bribery regulations, such as the 2011 UK Bribery Act, are introduced around the world, and with increased global communication, the risks associated with bribery are increasing. FTSE is responding by providing investors with more detailed corporate bribery data through the FTSE ESG (Environmental Social and Governance) Ratings service and will also be incorporating this within the criteria assessments for the FTSE4Good Index Series.

Previously only those companies deemed to be facing the very greatest potential risk of bribery were being assessed, now the criteria will be rolled out to cover an additional 1200 companies that are defined as "medium risk" based on their industrial sector, countries of operation and public sector contracts. Of these, approximately 550 are in the FTSE4Good Index Series, and 130 companies will need to make improvements in order to maintain inclusion in the index. The criteria, set out in full on FTSE's website, consider how well companies are reducing the likelihood of bribery and draws on Transparency International's Business Principles for Countering Bribery[1].

Edinburgh University research on the impact of FTSE4Good on corporate practices

Established over a decade ago now in partnership with EIRIS, the FTSE4Good Index has a track record of regularly strengthening the eligibility criteria. These enhancements provide investors with a more detailed analysis of ESG investment risk but also act to stimulate change in corporate practices. FTSE's Responsible Investment Unit undertakes a direct engagement programme with companies facing potential deletion from the index series. Research from Edinburgh University has identified that this form of engagement has been highly effective at stimulating improvements in corporate practices. From an analysis of the responses of over a 1000 companies they found that the rate of improvement on ESG practices doubles when the company is in direct engagement with FTSE regarding FTSE4Good criteria.[2] It is expected that FTSE's engagement with companies on the countering bribery criteria will also have this impact.

24 additions, 13 deletions to the FTSE4Good Index Series

The March semi-annual review sees 24 new additions to the FTSE4Good Index Series from ten countries. This includes Siemens, a company which has faced up to the very costly and damaging bribery scandals of its past, through making considerable changes throughout its business to embed new governance and compliance systems. Another company that has made significant changes and is added is EDF.

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[1] Details of the new criteria can be found at the following link upon free registration http://www.ftse.com/analytics/ftse4good-esgratings/

[2] See Mackenzie et al (Nov 2011) at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1966474

As a result of stringent criteria for nuclear safety and waste disposal being introduced in 2010, companies involved in nuclear power generation are no longer excluded from the index series. EDF has become only the fifth company globally to meet the detailed industry-specific criteria. The largest number of additions at this review are from the USA, contributing seven of the companies. Representation of South Korea has also seen a significant increase with four companies joining the existing eleven. At the same time, 13 companies are being deleted from the index for no longer meeting the FTSE4Good criteria. More details on additions and deletions are available on FTSE's website (see notes section for more details). The changes to the index will be effective after the close of markets on 16 March 2012.

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If you are not a member of the press, please contact your local Client Services team.

Notes to Editors

For further information on the semi-annual review, including full additions and deletions please click here

About FTSE Group

FTSE Group ("FTSE") is a world-leader in the creation and management of indices. With offices in London, Beijing, Dubai, Milan, Mumbai, Hong Kong, New York, Paris, San Francisco, Sydney, Shanghai and Tokyo, FTSE works with investors in 77 countries globally. It calculates and manages a comprehensive range of equity, fixed income, real estate, currency, commodity and non market-cap indices, on both a standard and custom basis. The company has collaborative arrangements with a number of stock exchanges, trade bodies and asset class specialists around the world.

FTSE indices are used extensively by investors world-wide for investment analysis, performance measurement, asset allocation, portfolio hedging and for creating a wide range of index tracking funds.

FTSE is an independent company owned by the London Stock Exchange Group.

About FTSE4Good and the ESG (Environmental, Social and Governance) Ratings

The FTSE4Good Index Series has been designed to measure the performance of companies that meet globally recognised corporate responsibility standards, and to facilitate investment in those companies. Transparent management and criteria alongside the FTSE brand make FTSE4Good the index of choice for the creation of Responsible Investment products. The index series is now being complemented with the launch of the FTSE4Good ESG Ratings, to provide a broader range of ESG data and services.

The FTSE4Good indices are governed by an independent 'FTSE4Good Policy Committee' which meets in March and September for index reviews. This Committee directs the evolution and development of the criteria for the index series, and approves additions and deletions to the index at reviews in line with the inclusion criteria and index ground rules.

The ESG Ratings provide objective ESG risk and performance data that is based on clear and easy to apply methodologies. ESG Ratings offer an objective and flexible service integrating ESG considerations into investments and stewardship approaches. The FTSE4Good ESG Ratings can be used in a variety of ways, building a basis for active portfolio management, company engagement, customised indices, ESG risk analysis or research and analysis.

EIRIS – FTSE's Research Partner

EIRIS (Experts in Responsible Investment Solutions) is a leading global provider of independent research into the environmental, social, governance (ESG) performance of companies. As an independent not-for-profit organisation, EIRIS has over 27 years' experience promoting responsible investment and helping consumers, charities and advisers invest responsibly.