Two decades ago, at a time when Environmental, Social and Governance (ESG) investing was still a niche topic and even return-compromising for investment professionals, FTSE launched one of the first ESG indexes, the FTSE4Good Index Series, in anticipation of future developments.

The trend toward Sustainable Investment (SI) picked up speed with a number of sustainability initiatives, such as the Sustainable Investment Forums (e.g., UKSIF, Eurosif and US SIF) and the UN-backed Principles for Responsible Investment (PRI).

Next came the introduction of the world’s first country stewardship code, unveiled in the UK, by their Financial Reporting Council, encouraging investors to deepen their interaction and engagement with investee companies on strategic issues.

This period was also marked by a growing awareness of climate risks within the investment industry, and in 2008, FTSE and Impax Asset Management came together to create the FTSE Environmental Markets Index Series and the first green industrial taxonomy.

For many years, SI commitments and policies proliferated, but little changed in investment practices and actual asset allocation.

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For many years, SI commitments and policies proliferated, but little changed in investment practices and actual asset allocation.
The landscape changed beyond recognition, with financial institutions around the world—including pension funds, insurance companies, asset managers and banks—incorporating SI approaches into their investment philosophy and processes.

From 2015, ESG integration into passive strategies (index design, not only engagement and voting) took off too. However, the step change, which is evident now, has been in the actions being taken: re-allocating assets and using sustainability parameters in an integrated manner deep within the investment process.

Institutional investors now have access to improved data and more tools to help integrate SI into their investments than ever before.

Attention turns to fixed income as an asset class lagging in SI integration; in particular sovereign bonds, covered by the forward-looking index, FTSE Climate Risk-Adjusted World Government Bond Index.

Looking ahead, the industry will continue to promote transparency and disclosure in the portfolios of asset owners and their investment managers worldwide.

1. Principles for Responsible Investment, as of 2019
WHAT OUR SUSTAINABLE INVESTMENT SOLUTIONS MEAN FOR YOU

Are you looking to implement a sustainable investment view in an ever-changing world?

We bring transparency and precise control to SI investors with our broad range of data, analytics, ratings and indexes. Our solutions span asset classes covering thousands of corporates, and the main sovereign issuers globally—a world of investment influence and choice.

We are at the forefront of the transition to a sustainable and low-carbon economy. For over 20 years, our deep relationships throughout the investment value chain has enabled us to facilitate collaborative action from issuers to investors and policy makers. Next-generation sustainability and climate risk capabilities empower the advancement of SI strategies and risk management, to benchmark performance and to monitor stewardship. We work to gain valuable insights from your perspective, as the investor, which contributes to forward-thinking and SI innovation.

A strategic partner with a comprehensive and robust sustainable investment toolkit
AN INCLUSIVE APPROACH

Investors have exponentially diverse SI objectives. We offer a single source for SI across equities, fixed income, and real estate, and a team of 180 SI experts worldwide at the ready to support your investment strategies. This ensures that our products and offerings are:

<table>
<thead>
<tr>
<th>Relevant</th>
<th>Our research covers thousands of corporates and the main sovereign issuers globally, with granular indicators based on publicly available data, to make SI intelligence accessible and transparent.</th>
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<tbody>
<tr>
<td>Accurate</td>
<td>Our products are designed and maintained by experienced professionals with deep sustainability and industry knowledge.</td>
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<tr>
<td>Reliable</td>
<td>Complete integration with our flagship benchmarks, the time-tested examples of our rules-based methodologies, streamlines the creation of tailored solutions without sacrificing performance or replicability.</td>
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<tr>
<td>Forward-looking</td>
<td>More and more of our products include a forward-looking component to anticipate the coming trends and required efforts expected from the investment ecosystem to reach objectives. Working with you to be at the forefront as new facets of the SI market emerge.</td>
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<tr>
<td>Inclusive Perspective</td>
<td>In the rapidly evolving SI space an inclusive perspective is exceptionally important. We systematically engage with our clients, market participants and regulators to support the adoption of best practices, to understand specific sustainability needs and to stay tuned in to the latest market developments.</td>
</tr>
</tbody>
</table>
OUR SUSTAINABLE INVESTMENT PHILOSOPHY

The four cornerstones of our SI approach guide what we do and how we do it. Collectively they articulate our role in driving the transition to a sustainable and low-carbon economy.

**We empower** investors with next-generation sustainability and climate risk capabilities to advance their investment and stewardship strategies.

**INNOVATION**

We enable consistent SI integration across asset classes through benchmarks, data, analytics, and flexible custom capabilities to support the full range of client investment, stewardship, and risk management needs.

**INTEGRATION**

**We connect** up the investment chain, driving industry standards and enabling collaborative action among issuers, investors and policy makers.

**CONVENING THE MARKET**

**TRANSPARENCY**

We champion transparency to advance disclosure and data flows, enhancing the quality and accessibility of sustainability and climate information to the entire market.

**Driving the transition to a sustainable and low-carbon economy**
MEASURING SUSTAINABLE INVESTMENT RISK AND OPPORTUNITY

Our diverse SI solutions in multiple asset classes can be incorporated to focus on your specific investment objectives, such as ESG, climate change or exclusions.

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<tr>
<th></th>
<th>Climate</th>
<th>ESG</th>
<th>Exclusions</th>
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<tr>
<td><strong>DATA</strong></td>
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<tr>
<td><strong>Corporates</strong></td>
<td>• Green Revenues</td>
<td>• ESG Ratings</td>
<td>• Product involvement²</td>
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<td></td>
<td>• Fossil Fuel Reserves</td>
<td>• RI Consensus</td>
<td>• Controversial conduct²</td>
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<td>• CO₂ Emissions</td>
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<tr>
<td><strong>Sovereigns</strong></td>
<td>• Sovereign Climate KPIs</td>
<td>• ESG Factor-In</td>
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<td></td>
<td>• Sovereign Risk Monitor (credit)</td>
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<tr>
<td><strong>ANALYTICS</strong></td>
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<tr>
<td><strong>Sovereigns</strong></td>
<td>• Yield Book Climate</td>
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<td><strong>INDEXES</strong></td>
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<tr>
<td><strong>Corporates</strong></td>
<td>• Smart Sustainability</td>
<td>• FTSE4Good</td>
<td>• Global Choice including ex Controversies ex Controversial Weapons</td>
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<td></td>
<td>• Global Climate</td>
<td>• Blossom Japan</td>
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<td></td>
<td>• TPI Climate Transition</td>
<td>• ESG</td>
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<td>• Environmental Markets</td>
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<td>• Green Revenues</td>
<td>• Women on Boards Leadership</td>
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<td>• Divest-Invest</td>
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<td></td>
<td>• Chinese (Onshore CNY) Green Bond</td>
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<td><strong>Sovereigns</strong></td>
<td>• Climate World Government Bond</td>
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2. These data inputs are for index construction and not provided as a standalone data product
You need benchmarks, data, analytics and content to inform your investment process and address key emerging trends.

**ASSET ALLOCATION**

**Benchmarks across asset classes**
- to inform asset allocation, portfolio construction, risk management and performance analysis

**PORTFOLIO CONSTRUCTION**

**Benchmarks combining asset classes**
- ranging from simple composites to more sophisticated risk-weighted benchmarks to address multi-asset strategies

**PERFORMANCE ANALYSIS**

**Research and content**
- to inform, educate and innovate across the investment process

**RISK MANAGEMENT & ANALYSIS**

**Data, analytics and tools**
- to underpin our benchmarks, with sufficient quality, coverage and granularity to support sophisticated strategies
Indexes
• Basis of investable products
• Performance measurement
• Investment analytics
• Risk management
• Asset allocation
• Research

Data
• Uncover SI risks and opportunities
• Strengthen stewardship activities (i.e., voting and engagement)
• Integrate SI data into portfolio construction
• Portfolio analysis through an SI lens to inform future investment decisions
• Research to manage exposure to SI issues
• Understand alignment with international frameworks (e.g., TCFDs, SDGs, EU taxonomy for Sustainable Activities)

Analytics
• SI and climate insights to inform future investment decisions
• Analyze carbon footprinting of sovereign portfolios, current temperature trajectories and gap to 2º scenarios
• Enhance asset allocation in line with SI principles
• Uncover SI risks and opportunities
• Examine data and indexes to support investment decisions and manage risk
A WORLD OF INVESTMENT CHOICE FOR YOU

To support the expression of your unique investment view we provide a broad range of data, analytics, ratings and indexes with the depth and breadth of coverage and built-in flexibility you need.
Custom index solutions

Our index solutions can be customized to meet your individual needs across asset classes, styles, and strategies. Whether you are a custodian, buy-side, sell-side, asset owner, exchange, investment consultant, or ETF provider, we have a custom index solution that is right for you.

Contact us

- Explore **sustainable investment indexes** across equity and fixed-income asset classes, as well as across a wide range of styles and strategies
- Leverage **data models** to assess operational ESG risks and performance or measure the percentage of revenue from “Green” products
- Conduct **portfolio risk analysis** with transparency into climate, social and governance-aligned factors through Yield Book’s risk analytics for sovereign debt markets and Beyond Ratings’ market-leading ESG data

How to access our data and solutions

Empowering clients through:
- Third-party vendors such as FactSet, Refinitiv, Rimes
- FTSE Russell’s proprietary channels such as Sustainable Investment Data (SID) platform

Signatory of:

[Logo]

Members of:

[Logo]

Data partner for:

[Logo]
About us

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.

As a pioneer of sustainable investment solutions for 20 years, through direct client engagement, FTSE Russell has delivered a range of transparent data models and associated indexes, including the FTSE4Good Index Series. FTSE Russell also takes an active role in all the major regional sustainable investment industry associations and is a proud founding signatory of the PRI.

FTSE Russell is part of London Stock Exchange Group, which has been involved in the Sustainable Stock Exchanges initiative as a Partner Exchange. In June 2019, London Stock Exchange Group acquired Beyond Ratings, a highly regarded provider of ESG data solutions, climate change research and modelling across asset classes.

To learn more, visit ftserussell.com; email info@ftserussell.com; or call your regional Client Service Team office:

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