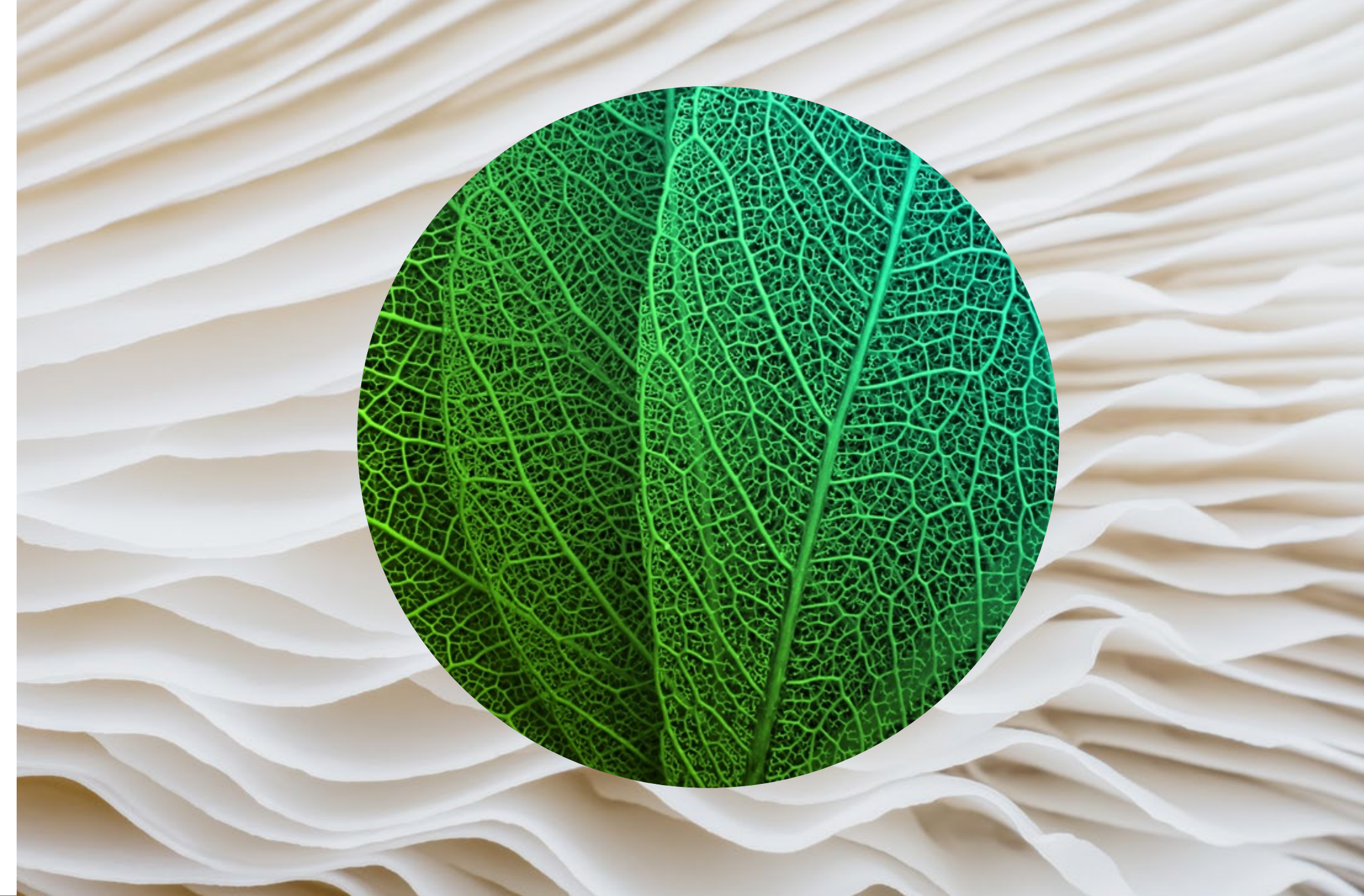




**FTSE
RUSSELL**
An LSEG Business

FTSE Russell for wealth advisors
Know your index



FTSE4Good Index Series

Who is this for?

Investors seeking
companies that
demonstrate good
ESG practices

What does the index do?

ENCOURAGES POSITIVE CHANGE

in corporate behaviour
through a transparent ESG
scoring system

SUPPORTS VERSIONS

of leading FTSE Russell indices,
including series of developed
and emerging indices

FTSE4Good Index Series

Think of our index data as being something like a computer chip: It powers what happens inside the investment products you buy. So it's important to distinguish between the index data and the investment products. **Launched in 2001, this series is a pioneer in environmental, social and governance (ESG) investing.**

WHAT WE DO

We collect information on shares and bonds, as well as other financial market data. We then cleanse and organise it into groups of securities that have a stated objective. We call these groups of securities an index (or a benchmark, for indices that are broad and widely used in performance measurement).

OUR DIFFERENCE

It helps investors select companies that demonstrate good ESG practices and incentivises improvements in those practices. There are many FTSE4Good versions of indices within our flagship global equity

Benchmark, the FTSE Global Equity Index Series (FTSE GEIS). Read more about the global family of indices and its history [on our website here](#).

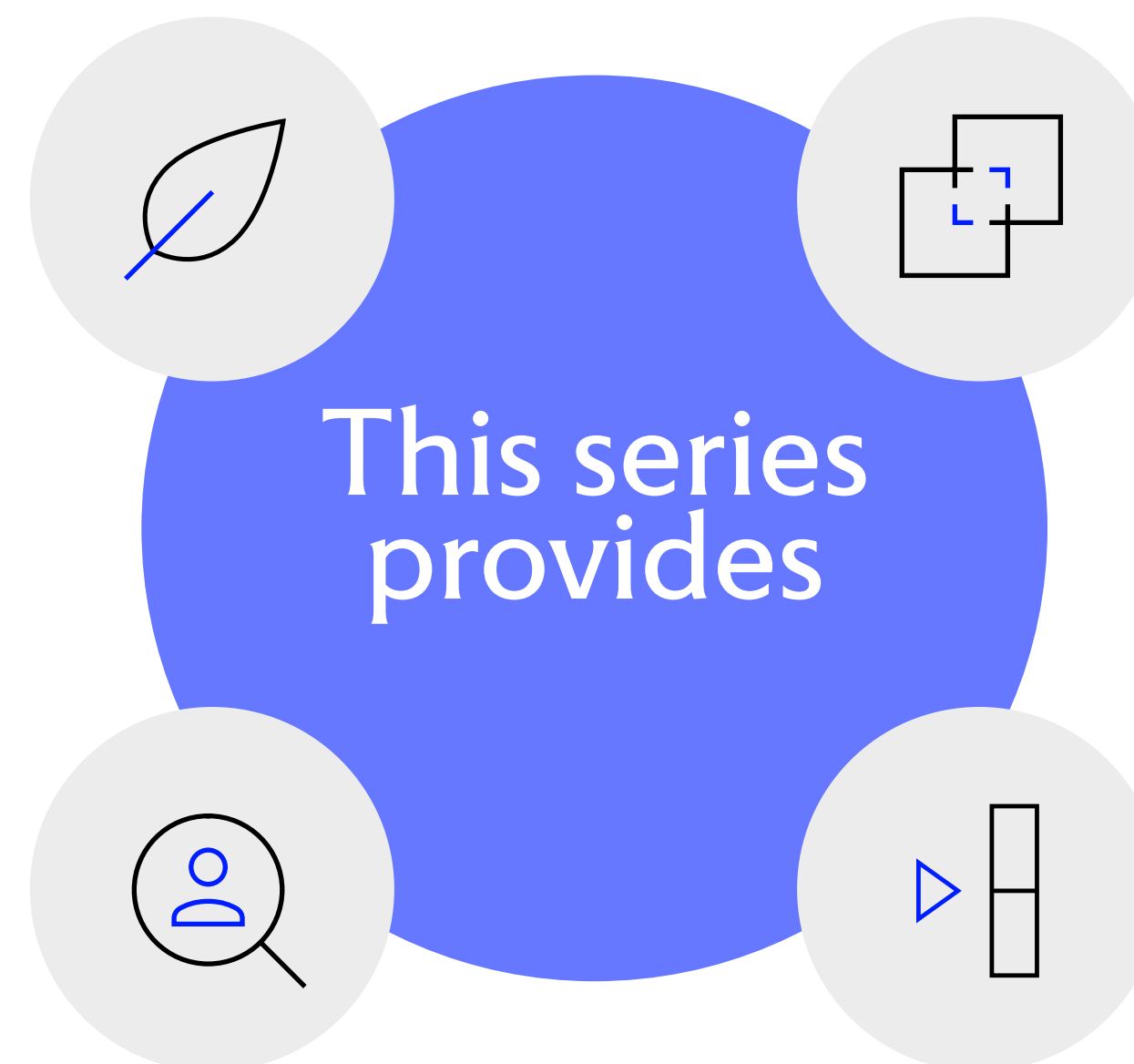
By operating in this way's length from product providers, and with a multi-decade track record in calculating indices fairly and objectively, we help give confidence to investors and traders from around the world.

A tool for the creation of index-tracking investments, financial instruments or funds focused on **sustainable investment**

A way to **identify companies** with specific environmental and social practices

Transparent and evolving **global ESG standards**, against which companies can assess their progress and achievement

Benchmarks to track the performance of sustainable investment portfolios



Five reasons to consider this index series

Think of our index data as being something like a computer chip: It powers what happens inside the investment products you buy. So it's important to distinguish between the index (data) and the investment product itself.

1. Comprehensive

We collect information on shares and bonds, as well as other financial market data. We then cleanse and organise it into groups of securities that have a stated objective. We call these groups of securities an index (or a benchmark, for indices that are broad and widely used in performance measurement).

Includes more than 15 benchmarks based on the ESG scores of over 7,200 securities in nearly 50 developed and emerging markets.

How we design and calculate financial market indices then becomes our intellectual property (IP). We provide the IP for thousands of indices covering global equity and fixed income markets in different ways. But we don't use this IP to manage assets ourselves, nor do we offer any investment products. We work with asset managers and other investors who use the IP in their ETFs, mutual funds, and structured products.

By operating at arm's length from product providers, and with a multi-decade track record in calculating indices fairly and objectively, we help give confidence to investors and traders from around the world.

2. Impactful

Companies must attain a minimum ESG score to enter the index. Those involved in controversial business activities are excluded. We engage with companies that no longer meet the index standards, giving them a grace period to improve their scores; otherwise, they are deleted from the index series.

3.

Aligned with global standards

Our ESG model includes companies aligned with the United Nations' Sustainable Development Goals (SDGs). All 17 SDGs are reflected in the 14 ESG themes used for company assessment.

4.

Objective and transparent

Subjectivity is minimised with clearly defined rules. Index and score methodologies are available to index users so they can determine how each company is assessed. ESG scores are based on publicly available data.

5.

Investable

Constituents come from the FTSE GEIS. Each constituent is screened to ensure it offers a minimum percentage of voting rights to unrestricted shareholders, has a minimum free float of shares for trading, and passes a semi-annual liquidity test. These screens help ensure the suitability of the index for use as a benchmark or in investment products like ETFs.

How we build and maintain this series

Define starting universe

We collect information on shares and bonds, as well as other financial market data. We then cleanse and organise it into groups of securities that have a stated objective. We call these groups of securities an index (or a benchmark, for indices that are broad and widely used in performance measurement).

How we design and calculate financial market indices then becomes a property (IP). We provide the IP for thousands of indices that cover the global and fixed income markets in different ways.

But we don't use this IP to manage assets ourselves, nor do we offer our own products. We work with asset managers and other product providers who use our indices in their ETFs, mutual funds, and structured products.

By operating at arm's length from product providers, and with a long track record in calculating indices fairly and objectively, we help give confidence to investors and traders from around the world.

The starting universe consists of the shares in the FTSE Global Equity Index Series (FTSE GEIS)

Select top ESG performers

Companies must have an overall ESG Score of 3.3 out of 5.0 (2.5 out of 5.0 in emerging markets). Only companies demonstrating strong management of ESG risks are included. Since June 2021, a minimum climate-change score has been required for inclusion, as well.

Apply exclusions

Companies involved in the following business activities are excluded: tobacco; weapons systems; controversial weapons (cluster munitions, anti-personnel mines, depleted uranium, chemical/biological weapons and nuclear weapons); and coal. Companies involved in significant controversies are not eligible. In extreme cases, constituents will be deleted.

Publish index

After applying the exclusions, the index is published.

Semi-annual maintenance

We review the index series semi-annually in **June** and **December**.

Any company with a score that falls below the minimum threshold is allowed a 12-month grace period to improve its score before the company is removed from the index. This methodology incentivises improvements in corporate practices and could help reduce index turnover providing the company improves its ESG score and meets the standard requirements to stay in the index.

A true picture of the market

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By operating at arm's length from product providers, and with a multi-decade track record in calculating indices fairly and objectively, we help give confidence to investors and traders from around the world.

We measure the markets in your universe



UNIVERSE OF MARKET DATA

Data about securities exists. FTSE Russell is an expert at collecting, cleansing, and organising that data into useful indices.

FTSE RUSSELL IP

Our unique value is in how we measure the world's investment themes (markets, asset classes, sectors, etc.) to create and maintain an increasing number of available indices.

THE POWER OF CHOICE

With an incredible number of different market slices available, we can help you find the index that fits your product approach. Or we can build a custom index to meet your goals.

CREATE INVESTABLE PRODUCTS

Put our flexibility to work. If your US small cap equity mandate does not allow it to hold REITs, we can remove them from an index to create a better measurement for that investment vehicle.

MARKET CONFIDENCE

Not all benchmarks are created equal. Products built on FTSE Russell indices can offer peace of mind that your data is being measured in an objective and reliable way.

About FTSE Russell

FTSE Russell is a leading global provider of index and benchmark solutions, spanning diverse asset classes and investment objectives. As a trusted investment partner we help investors make better-informed investment decisions, manage risk, and seize opportunities.

Market participants look to us for our expertise in developing and managing global index solutions across asset classes. Asset owners, asset managers, ETF providers and investment banks choose FTSE Russell solutions to benchmark their investment performance and create investment funds, ETFs, structured products, and index-based derivatives. Our clients use our solutions for asset allocation, investment strategy analysis and risk management, and value us for our robust governance process and operational integrity.

For over 35 years we have been at the forefront of driving change for the investor, always innovating to shape the next generation of benchmarks and investment solutions that open up new opportunities for the global investment community.

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