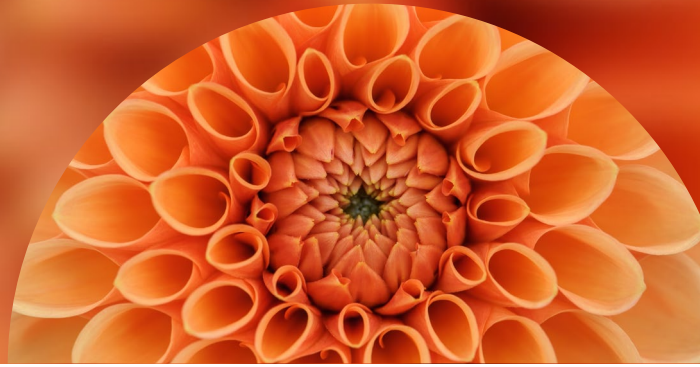


SOLUTION OVERVIEW

Climate-driven investing is heating up



From the Paris agreement to the net zero transition

As the effects of climate change flare up with each day's news, it is becoming clear that sustainable investment is the future of investment. The most obvious effects on the global climate and economy are hotter temperatures, drought, floods, wildfires and sea level rise, creating widespread human and business risk. But tomorrow's climate investment strategies do exist today.

In 2015, world leaders created the historic Paris Agreement during COP21 to tackle climate change and its negative impacts. As COPs continued, the focus has developed. During COP26, the focus was on the net zero transition, and COP27's output was focused around financing the transition.

Investors must meet the challenge of identifying companies and sectors at risk from climate change and to capitalise on the opportunities presented by the transition to a low-carbon economy.

Investment mandates

Asset owners and asset managers are increasingly realising the impact of climate change and the transition to a low-carbon economy present the greatest business risks and opportunities of our times. This new environment means investors are seeking to incorporate climate metrics into investment decision-making and stewardship. Institutional investors must align with climate related principles and goals.

Regulatory

Investors must align with external commitments brought on by climate regulations and policies that are constantly shaping standards. The regulatory environment is broad and complex, including such regulatory objectives as the EU Climate Benchmark criteria and green taxonomy. In addition, clients may seek to align with international objectives such as climate specific UN Sustainable Development Goals (SDGs) 6, 7, 12, 14 and 15.

Investor Initiatives

According to the FTSE Russell sustainable investment asset owner survey in 2023, 53% of asset owners consider climate/carbon as a priority focus. It's no surprise that a number of initiatives have been designed to help investors collaborate in their efforts to meet net zero targets. Collaborative investor initiatives provide the tools, frameworks and platforms to structure action on climate and enable investors to learn more and develop consensus on best practices.

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.



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**SUSTAINABLE
GROWTH**

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

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

ALIGN
with regulatory objectives

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

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 PAB & CTB	Equity
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FTSE Russell ESG Indices

SELECT
investments

Build investment strategies based on your specific exclusions/inclusions needs

INTEGRATE
ESG in investment strategy

Include ESG criteria in your investment strategy

ALIGN
with regulatory objectives

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

FTSE Global Choice	Equity
FTSE4Good	Equity
FTSE Blossom Japan	Equity
FTSE Impact Bond	Fixed Income
FTSE Ping An China ESG	Equity

Russell US ESG	Equity
FTSE ESG	Equity
FTSE ESG Emerging Markets	Equity
FTSE ESG Low Carbon Select	Equity
FTSE Women on Boards Leadership	Equity
FTSE ESG Gov't Bond	Fixed Income

FTSE Euro Credit SDG-Aligned Bond (custom)	Fixed Income
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Our comprehensive range of climate indices and data

We combine expert data capabilities to inform climate methodologies and drive innovation in the sustainable investment space through our indices, thought leadership, and research.

Key climate indices and datasets from FTSE Russell include:

- **The FTSE TPI Climate Transition Index** series combines FTSE Russell's expertise in climate data and sustainable investment index design with the Transition Pathway Initiative (TPI) analysis of how the world's largest and most carbon exposed/intensive public companies are managing the climate transition.
- **The FTSE Green Impact Bond Index** series provides a comprehensive measure of the global green bond market across various asset classes and credit sectors.
- **The FTSE EPRA Nareit Green Index** series provides investors with a useful tool for integrating climate risk into their listed real estate portfolio.
- **The FTSE Climate Risk-Adjusted World Government Bond Index** series offers a range of solutions that investors can integrate with their investment process.
- **The FTSE EU Climate Benchmarks Index** series reflects the performance of global, regional, and domestic equity market indices, where the weights of index constituents vary to account for risks and opportunities associated with the transition to a low carbon economy.
- **FTSE Russell's TPI Management Quality** data evaluates and tracks the quality of companies' governance/management of their greenhouse gas emissions and risks and opportunities related to the low-carbon transition.

Acting on the climate crisis takes partnership, and an open architecture and philosophy to make more possible. FTSE Russell partners with asset owners and sustainable investment initiatives globally.

- FTSE Russell is a data provider for TPI, an asset owner-led initiative in partnership with FTSE Russell and the Grantham Research Institute at the London School of Economics that assesses companies' preparedness for the transition to a low-carbon economy.
- The Church of England Pensions Board (£3 billion AUM) uses the FTSE TPI Climate Transition Index Series to lower the carbon intensity of its portfolio overall and integrate TPI insights into its passive equity portfolio.
- The FTSE JPX Net Zero Japan Index Series aims to reflect the Japanese companies that are transforming their business and management structures through efforts to transition to a low-carbon economy and are quick to seize opportunities.
- In 2021, the New York State Common Retirement Fund (\$255 billion AUM) became the first public pension fund in the US to adopt the climate transition TPI index as it seeks to invest in corporations that are preparing for the low-carbon transition.

The future of investing is sustainable investing

Partner with us to create your vital edge in sustainable investment.

Contact us for more details around how FTSE Russell can help you overcome climate related challenges and find opportunities by turning talk into action.

[Contact us](#)

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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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