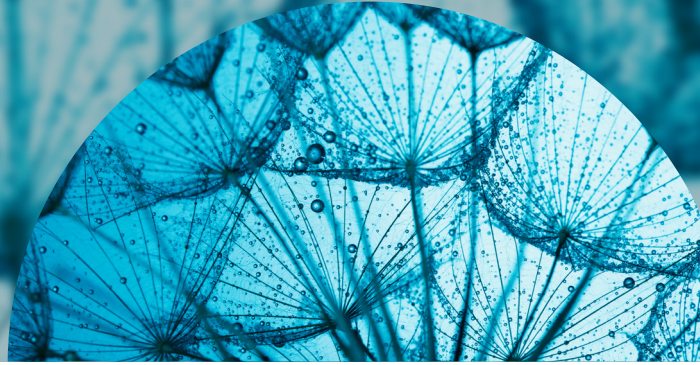


SOLUTION OVERVIEW

Keeping pace with sustainable investment regulation



The regulatory landscape for investors is constantly changing, there is no exception when it comes to regulation, or guidelines, affecting sustainable investment

Investors must become better-informed and investment strategies must evolve to meet regulatory demands. We work with regulators, policymakers, industry associations, and other key players within the sector to help shape the market and support our clients when incorporating sustainability into their future investment strategies.

Investors are seeking to address the challenges and find opportunities that regulation brings. Navigating ever-changing regulatory requirements is an essential part of this strategy.

As a committed financial services firm, we have greatly contributed to shaping sustainable investment via our expertise and connectivity with the investment community. We aim to align our indices with major regulatory developments, such as the EU's Sustainable Finance Disclosures Regulation (SFDR), EU Climate Benchmark criteria, EU Taxonomy, and green taxonomy.

Investors are also looking to follow sustainable standards like the UN Sustainable Development Goals. The global goals are a collection of 17 goals designed as a shared blueprint for peace and prosperity for people and the planet. The financial industry is taking the UN SDGs into consideration and creating strategies and products in line with the guidelines. Detailhandel has allocated more than 50% of their portfolio to SDG aligned indices, across asset classes and developed and emerging market regions.

* Harvard report

The largest regulatory challenges include:

– Regional differences

Climate regulations and policies are constantly shaping standards and vary from region to region and country to country. Jurisdictions are setting net zero and low-carbon transition goals, usually by a specific date, and companies must navigate this new reality. Our platform of sustainable investment indices covers virtually every investable region and market, including Global, Americas, EMEA and APAC across multiple universes of underlying indices, as well as multiple asset classes.

– Many regulations or guidelines are complex to navigate

Viewed globally, climate-related regulation is a fast-moving target. For instance, the UN's Climate Change Conference meets annually, influencing policy worldwide on climate-related issues. While securities regulators in individual jurisdictions move forward with new rule proposals, there is a wide range of opinion on the forms those rules should take, or even the necessity of new regulation*. FTSE Russell index solutions can help investors look ahead to meet regulatory requirements.



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**SUSTAINABLE
GROWTH**

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 as well as guidelines in the market.

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

FTSE Environmental Markets	Equity
Russell Green America	Equity
FTSE Green Impact Bond	Fixed Income

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

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

ALIGN
with regulatory objectives

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

FTSE EU Climate Benchmarks incl Paris Aligned Benchmarks and Climate Transition Benchmarks	Equity
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FTSE Russell ESG Indices

SELECT
investments

Build investment strategies based on your specific exclusions/inclusions needs

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

INTEGRATE
ESG in investment strategy

Include ESG criteria in your investment strategy

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

ALIGN
with regulatory objectives

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

FTSE Euro Credit SDG-Aligned Bond (custom)	Fixed Income
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How are we enabling and educating our clients?

- **SFDR** – A key pillar of the European Union’s Sustainable Finance Action Plan. It attempts to standardise the language and labels for sustainable investing products, promote transparency, and reduce “greenwashing.” Articles within the SFDR aim to tier and categorise related financial products.

FTSE Russell has created an SFDR framework for internal decision-making and to support conversations with sustainable investing index clients. The proposed approach is likely to evolve with additional EU guidance, and as any market consensus emerges.

- **EU Taxonomy** – The main goal of the EU Taxonomy is to enable investors and other market participants to understand more easily to what extent investment products are exposed to the green economy.

Providers of financial products, offered in the EU, that pursue sustainable investment or promote environmental characteristics must demonstrate how they have used the Taxonomy and the proportion of underlying investments that are Taxonomy-aligned. FTSE Russell Green Revenues data delivers a comprehensive solution for the investment community to help understand EU Taxonomy standards.

Key indices that put sustainable investment at the heart of the methodology include the FTSE EU Climate Benchmarks, FTSE Paris-aligned Benchmark, and FTSE Climate Transition Benchmark Index Series.

Our Green Revenues dataset is focused on helping you meet regulatory objectives and find opportunity, and this data is core to the above index methodologies.

As global investors continue to move towards actively transitioning their portfolios, we will continue to work with our clients to provide a range of solutions that captures the changes and opportunities arising from the sustainable investment landscape.

The future of investing is sustainable investing

Contact us for more details around how FTSE Russell can help you [invest sustainably and align with regulatory requirements](#), so you can turn talk into action

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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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