

Public minutes

FTSE Russell Sustainable Investment Advisory Committee

16 May 2024



**FTSE
RUSSELL**

An LSEG Business

Attendees

Members: fifteen (15); apologies – seven (7)

FTSE Russell: eight (8) including the Chair and Committee Secretary

Attendees were reminded of their obligations in relation to confidentiality of information, conflicts of interest and competition law. There were no declarations.

1. Statutory governance matters and committee information

1.1 Membership changes

1.1.1 FTSE Russell welcomed two new members to the advisory committee.

1.1.2 FTE Russell thanked five outgoing members for their contributions to the advisory committee.

1.2 Minutes

1.2.1 The minutes of the meeting held on Tuesday 12 September 2023 were approved as presented.

1.2.2 The public minutes of the meeting held on Tuesday 12 September 2023 were approved as presented.

1.3 Governance

1.3.1 Updates to the advisory committee Terms of Reference (presented for endorsement): the document accompanied the agenda and included reference to third-party or any other kind of recording of committee meetings no longer being permitted. The advisory committee endorsed the updated Terms of Reference.

1.4 Action points and matters arising

1.4.1 Sovereign transition alignment index methodology (previously known as 'net zero'): FTSE Russell informed the advisory committee that the topic will be discussed at the November 2024 meeting.

1.5 Key notices and updates

1.5.1 The methodology notices and research reports published since the last meeting were included in the meeting materials. There were no requests for clarification from the advisory committee.

2. Index methodology and policy

2.1 Approach to controversial conduct assessments (presented for discussion): controversy screens have been applied to the majority of FTSE Russell's Sustainable Investment (SI) indices since the market consultation and launch of the index 'baseline exclusions' overlay in 2023, which included controversies exclusions.

2.1.1 The controversy assessments used for exclusions are provided by third-party vendors. In most situations, these exclusions fulfil index / client requirements. However, in some situations this approach could be less effective e.g., when 'headline risk' emerges rapidly and the individual controversy datasets are not able to capture the risk in real time, if at all. FTSE Russell is exploring options for enhancing the way in which controversial companies or issuers are identified, and the potential removal of exposure to these companies or issuers from the SI indices.

2.1.2 A discussion took place, and the committee members provided their comments.

2.2 Financial Conduct Authority's (FCA) rules on Sustainability Disclosure Requirements (SDR) and Anti-Greenwashing, and the European Securities and Markets Authority's (ESMA) rule on funds' names (presented for discussion): an overview of the index implications of the FCA's rules on SDR and anti-greenwashing, and ESMA's rule on funds' names was provided. FTSE Russell noted that since the committee materials were circulated, ESMA published their final guidelines on funds' names.

2.2.1 A discussion took place, and the committee members provided their comments.

3. AOB

3.1 There was no other business.

4. Meeting dates: the next meeting date for 2024 was included in the agenda and duly noted.

4.1 2024: 04 November

Disclaimer

© 2024 London Stock Exchange Group plc and its applicable group undertakings ("LSEG"). LSEG includes (1) FTSE International Limited ("FTSE"), (2) Frank Russell Company ("Russell"), (3) FTSE Global Debt Capital Markets Inc. and FTSE Global Debt Capital Markets Limited (together, "FTSE Canada"), (4) FTSE Fixed Income Europe Limited ("FTSE FI Europe"), (5) FTSE Fixed Income LLC ("FTSE FI"), (6) FTSE (Beijing) Consulting Limited ("WOFE"), (7) Refinitiv Benchmark Services (UK) Limited ("RBSL"), (8) Refinitiv Limited ("RL") and (9) Beyond Ratings S.A.S. ("BR"). All rights reserved.

FTSE Russell® is a trading name of FTSE, Russell, FTSE Canada, FTSE FI, FTSE FI Europe, WOFE, RBSL, RL and BR. "FTSE®", "Russell®", "FTSE Russell®", "FTSE4Good®", "ICB®", "WMR™", "FR™", "Beyond Ratings®" and all other trademarks and service marks used herein (whether registered or unregistered) are trade marks and/or service marks owned or licensed by the applicable member of LSEG or their respective licensors and are owned, or used under licence, by FTSE, Russell, FTSE Canada, FTSE FI, FTSE FI Europe, WOFE, RBSL, RL or BR.

FTSE International Limited is authorised and regulated by the Financial Conduct Authority as a benchmark administrator. Refinitiv Benchmark Services (UK) Limited is authorised and regulated by the Financial Conduct Authority as a benchmark administrator.

All information is provided for information purposes only. Every effort is made to ensure that all information given in this publication is accurate, but no responsibility or liability can be accepted by any member of LSEG nor their respective directors, officers, employees, partners or licensors for any inaccuracies or for any loss from use of this publication or any of the information or data contained herein.

No member of LSEG nor their respective directors, officers, employees, partners or licensors provide investment advice and nothing in this document should be taken as constituting financial or investment advice. No member of LSEG nor their respective directors, officers, employees, partners or licensors make any representation regarding the advisability of investing in any asset or whether such investment creates any legal or compliance risks for the investor. A decision to invest in any such asset should not be made in reliance on any information herein. Indices and rates cannot be invested in directly. Inclusion of an asset in an index or rate is not a recommendation to buy, sell or hold that asset nor confirmation that any particular investor may lawfully buy, sell or hold the asset or an index or a rate containing the asset. The general information contained in this publication should not be acted upon without obtaining specific legal, tax, and investment advice from a licensed professional.

No part of this information may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission of the applicable member of LSEG. Use and distribution of LSEG index or rate data and the use of their data to create financial products require a licence from FTSE, Russell, FTSE Canada, FTSE FI, FTSE FI Europe, WOFE, RBSL, RL, BR and/or their respective licensors.



**FTSE
RUSSELL**
An LSEG Business