

## GPIF selects new Japanese equity ESG index: FTSE Blossom Japan Sector Relative Index

- FTSE Russell launches new FTSE Blossom Japan Sector Relative Index, part of the expanded FTSE Blossom Japan Index Series
- Government Pension Investment Fund (GPIF) of Japan, world’s largest pension fund, selects FTSE Blossom Japan Sector Relative Index for its latest ESG passive fund
- New index facilitates ESG integration into the Japanese market as investor demand for ESG reaches nearly universal adoption

FTSE Russell, a leading global index, data and analytics provider, today announces the Government Pension Investment Fund (GPIF) of Japan has selected its newly created FTSE Blossom Japan Sector Relative Index, for its latest ESG passive fund. GPIF is the largest pension fund in the world with about \$1.73 trillion in assets (as of end of December 2021)\*.

The move builds on GPIF’s selection of the FTSE Blossom Japan Index in 2017, which has grown to US\$13.5 billion passive funds tracking it (as of end of March 2021). GPIF has already allocated \$6.2 billion of assets to the new passive fund tracking the FTSE Blossom Japan Sector Relative Index, including new allocations as well as allocations from passive investments tracking other ESG indices.

The new FTSE Blossom Japan Sector Relative Index selects companies with higher ESG Ratings within each sector, therefore allowing a narrower assessment than traditional industries. The index facilitates ESG integration into the Japanese market by supporting improved ESG outcomes, driving better corporate sustainability performance and practices using FTSE ESG Ratings.

Investor demand for ESG has reached nearly universal adoption. FTSE Russell’s 2021 survey examining how sustainable investment is perceived, considered and used by asset owners around the world, highlighted that over 84% of asset owners globally say they are implementing or evaluating sustainable investment considerations in 2021, up from a little over half (53%) in 2018.

FTSE Russell continues to respond by developing indexes to guide the next phase of integration and stewardship of ESG considerations into investment approaches.

### Key index highlights:

- **Applies new ESG Sector Relative selection method**  
Selects companies with higher ESG Ratings within each sector and minimises sector bias through sector-neutral weighting to give a closer reflection of the Japanese equities market and to reduce tracking error



- **Improves company engagement**  
Increases transparency and disclosure in the capital markets to improve company engagement and investment stewardship practices
- **Supports climate transition to low carbon economy**  
Excludes high carbon intensity companies, while considering the quality of companies' management of climate risks and opportunities with Transition Pathway Initiative's Management Quality Score and support climate transition efforts.

The FTSE Blossom Japan Sector Relative Index, part of the expanded FTSE Blossom Japan Index Series, is constructed using FTSE Russell's ESG Ratings data model which draws on existing international ESG standards and supports alignment with the UN Sustainable Development Goals. The index can be used to assist in the integration of ESG considerations into a diversified strategy. The index does not deviate significantly from the index characteristics of its traditional market capitalisation weighted benchmark. To minimise sector bias, the index has been designed using a sector-neutral weighting approach to match the weights in the underlying FTSE Japan All Cap Index.

FTSE Russell was selected by GPIF following its Index Posting process.

**Arne Staal, Chief Executive, FTSE Russell said:** "We are delighted to collaborate again with GPIF to promote strong stewardship practices and market standards. As sustainable investing continues to be embraced in the Japanese market, the FTSE Blossom Japan Sector Relative Index provides a new and powerful tool to increase corporate ESG transparency and performance."

Further information can be found online at the [FTSE Blossom Japan Index Series page](#).

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## Notes to editors:

\*<http://www.gpif.go.jp/en/>

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FTSE Russell index expertise and products are used extensively by institutional and retail investors globally. For over 30 years, leading asset owners, asset managers, ETF providers and investment banks have chosen FTSE Russell indexes to benchmark their investment performance and create investment funds, ETFs, structured products and index-based derivatives. FTSE Russell indexes also provide clients with tools for asset allocation, investment strategy analysis and risk management.

# Press Release



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