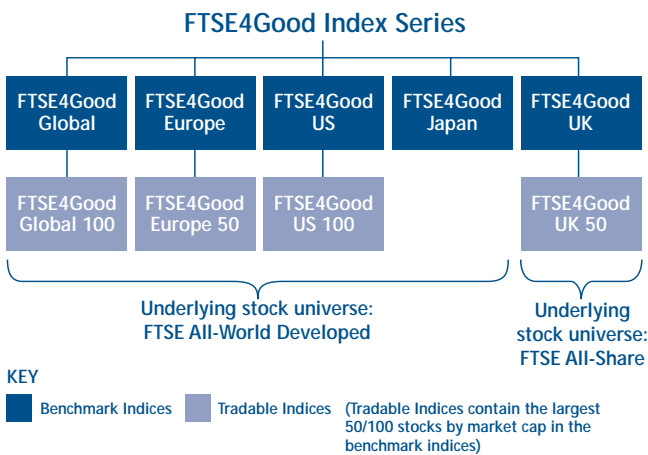


# FTSE4Good Japan

FTSE4Good Japan is the fifth index in the successful FTSE4Good Index Series. The index, enables investors to identify Japanese companies within the FTSE Global Equity Index Series which meet a set of internationally supported standards of corporate social responsibility (“CSR”). These companies are working towards environmental sustainability, developing positive relationships with stakeholders and upholding and supporting universal human rights.



## Engaging with Companies

By choosing to invest in a socially responsible investment product, investors are looking to encourage a positive change in the environmental and social performance of companies around the world. Through the FTSE4Good Engagement Programme, FTSE Group actively encourages businesses to improve their CSR practice to meet the increasingly challenging FTSE4Good criteria. To date, the FTSE4Good Engagement Programme has been successful in encouraging a marked improvement in the disclosure of human rights and environmental policies, as well as CSR management systems and process. To learn more about the successes of the FTSE4Good Engagement Programme, visit our web pages at [www.ftse.com/ftse4good](http://www.ftse.com/ftse4good) and download the Criteria Development and Company Engagement Programme Report.

“FTSE Group is committed to supporting institutions to meet standards of corporate social responsibility worldwide. There has been a great effort from Japanese companies to meet the FTSE4Good criteria. In addition, rising demand for SRI products has led to the creation of the new FTSE4Good Japan Index within the FTSE4Good series.”

**Mark Makepeace,**  
Chief Executive, FTSE Group

## The FTSE4Good Japan Investment Advantage:

- A transparent standard for global Socially Responsible Investment (“SRI”)
- Best practice index methodology including free float, cap weighting and liquidity screening
- Active engagement programme to support companies that are striving to meet the evolving selection criteria keeps index turnover to a minimum
- A risk management tool for investors, FTSE4Good constituents are doing more to manage their social, ethical and environmental risks
- Capitalising on the CSR advantage, FTSE4Good constituents are best placed to capitalise on the benefits of good practice CSR such as cost savings from eco-efficiencies and improvements to the company’s reputation and brand value



## FTSE4Good Japan Features:

- Evolving inclusion criteria to reflect changes in accepted global corporate responsibility standards over time
- Companies with higher social and environmental impacts have to meet stricter criteria
- Companies use the criteria as a benchmark for their own CSR policies and standards
- Innovative fund raising model to support UNICEF

## Objective, Challenging and Evolving

To be included in the index, Japanese companies need to be constituent members of the FTSE Developed Index, and then meet the FTSE4Good criteria that cover the following areas:

- Working towards environmental sustainability
- Developing positive relationships with stakeholders
- Upholding and supporting universal human rights

In line with mainstream global SRI thinking, a small number of sector exclusions (see diagram opposite) have been applied. However, as specific criteria are developed for those industries, these exclusions will be removed.

The inclusion criteria have been designed to encourage a progressive change in Japanese corporate behaviour. The standards are set at challenging but achievable levels to encourage Japanese companies to strive to improve their corporate social responsibility practice. Japanese companies that fail to meet the evolving inclusion criteria are removed from the index. This provides Japanese constituents with a powerful incentive to continue to raise their CSR standards in line with global best practice.

## Creating the Criteria



## FTSE4Good supporting UNICEF

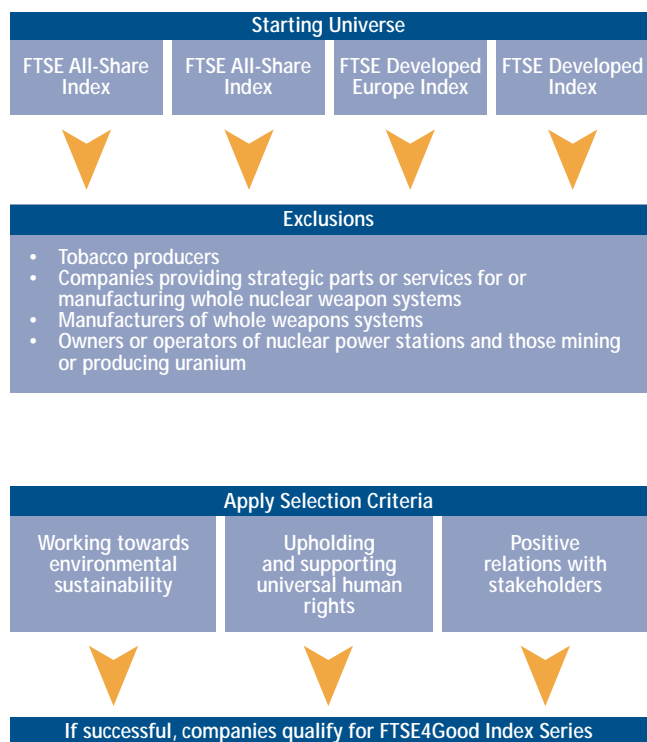
FTSE Group and UNICEF have a relationship reaching back to 1997. In an innovative fund raising model FTSE Group contributes licensing revenues from the FTSE4Good Index Series to UNICEF. The money raised has funded UNICEF programmes around the world including initiatives such as bringing safe water supplies to rural communities in southern Vietnam and helping to install new water points for schools and health centres, as well as facilities caring for orphans in



Zambia. In 2004, FTSE will support UNICEF's End Child Exploitation campaign to help the millions of children around the world exploited by adults in the forms of commercial sexual exploitation, trafficking, dangerous labour, and armed conflict.

## Setting the Standards

FTSE4Good Japan index selection criteria reflect a global standard in corporate social responsibility.



## Independent Adjudication

To avoid any possible conflicts of interest, the FTSE4Good Advisory Committee acts independently of FTSE Group. It is made up of experts in the fields of corporate responsibility, fund management, academia and SRI. This body oversees the development of the FTSE4Good criteria and approves constituent changes to the index at the bi-annual reviews.

The FTSE4Good selection criteria and the Ground Rules of the index including the management and review process are available from [www.ftse.com/ftse4good](http://www.ftse.com/ftse4good).

## Independent Research

FTSE Group works in association with the Ethical Investment Research Service (EIRIS), and its network of international partners to research company corporate responsibility performance. EIRIS is a leading independent provider of research into the social, environmental and ethical performance of companies. In Japan EIRIS works with the CSR specialists The Good Bankers Company Ltd.

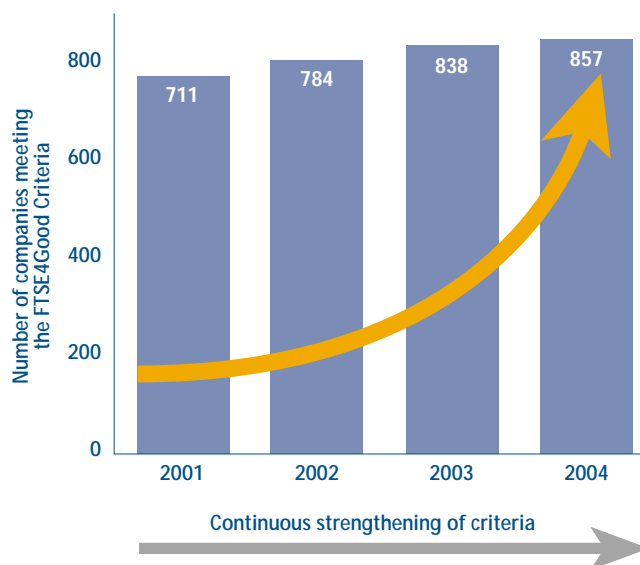
EIRIS' other international research partners or providers include:

- Investor Responsibility Research Center (IRRC, USA)
- Ethiscan Canada Ltd (Canada)
- Centre for Australian Ethical Research (CAER, Australia)
- Observatoire de L'Ethique (ODE, France) Avanzi (Italy)
- Stock-at-Stake (Belgium)
- Institut für Markt-Umwelt-Gesellschaft (IMUG, Germany)
- Fundacion Ecologia y Desarrollo (FED, Spain)

A variety of mechanisms are employed to access the most up-to-date and relevant data:

- Scrutiny of Japanese companies' annual reports
- Research of Japanese company websites
- Written questionnaires
- Other publicly available material

In addition, factsheets detailing the information held by EIRIS are distributed to Japanese companies on a regular basis for updating and review.



## Opportunity for Investment Products – Retail and Institutional

The nature of the FTSE4Good Japan index makes it an ideal basis for retail SRI products and for fulfilling institutional mandates. As with all FTSE indices, FTSE4Good has transparency, clarity, independence, technical excellence and credibility built into its design.

A full range of data services supporting FTSE4Good products are available.

### Licences for Financial Products on FTSE4Good indices

For funds tracking the performance of a FTSE index, a licence with FTSE Group is required to use the FTSE4Good indices and to refer to the name of the FTSE4Good indices in marketing literature and other documents.

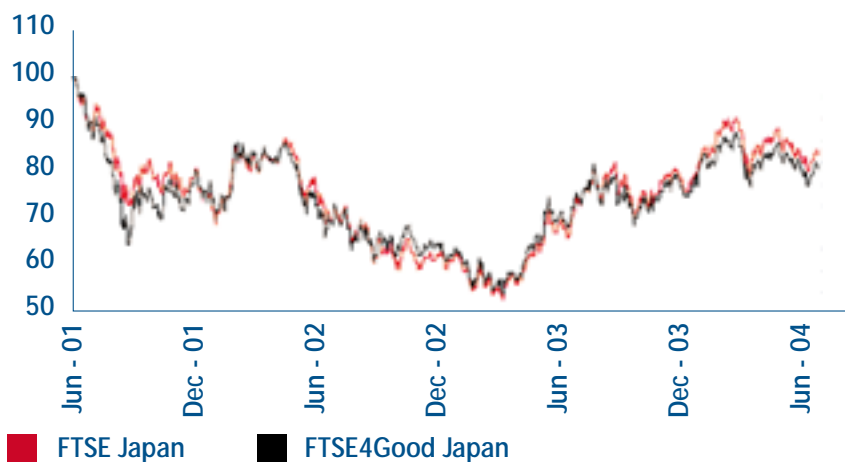
For other index related products, a licence is required to launch any product whose performance is linked to the value of a FTSE index.

### Website

You can find more information on the website at [www.ftse.com/ftse4good](http://www.ftse.com/ftse4good) which includes performance data, news items and downloadable versions of a wide range of supporting documents including details of FTSE4GoodCriteria, Constituent Lists and the Engagement Programme.



## FTSE4Good Japan Performance



### Contact Us:

For more information please visit [www.ftse.com/ftse4good](http://www.ftse.com/ftse4good), email [info@ftse.com](mailto:info@ftse.com) or contact your local FTSE Group sales representatives:

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