

FTSE Blossom Japan Index Series

Information for researched companies



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FTSE Blossom Japan Index Series

1. About the FTSE Blossom Japan Index

1.1 What is the FTSE Blossom Japan Index?

The FTSE Blossom Japan Index is designed as an industry neutral benchmark that reflects the performance of companies demonstrating strong environmental, social and governance practices (ESG) in Japan.

1.2 What is the main difference between FTSE4Good Index Series and the FTSE Blossom Japan Index?

The ESG threshold applied to both indexes is the same, meaning that there is a very high level of overlap between the index constituents. However, there are important differences:

- The FTSE4Good Japan Index Series is a market cap weighted index which has additional sector/product screens – e.g., tobacco.
- The FTSE Blossom Japan Index is an industry neutral index (meaning the weights of the companies can be varied to achieve equivalent industry weights to the FTSE Japan All Cap Index) and to improve the industry neutrality it does not apply any sector/product screens.

For further details, please go to the respective ground rules of the indexes:

[FTSE Blossom Japan Index \(within Section 4 Eligible Securities\)](#)

[FTSE4Good Index Series](#) (within Section 6 Eligibility Criteria)

1.3 Who is eligible (the research universe) for the FTSE Blossom Japan Index?

Companies included in the FTSE Japan All Cap Index are eligible for inclusion in the FTSE Blossom Japan Index. This represents companies that are defined by the FTSE Global Equity Index Series as large, mid, and small size by market capitalization.

The inclusion methodology for the parent index, the FTSE Japan All Cap Index, can be found within the FTSE Global Equity Index Series Ground Rules at the following link:

[FTSE Global Equity Index Series](#)

The inclusion methodology for the FTSE Blossom Japan Index can be found within the FTSE Blossom Japan Index Ground Rules at the following link:

[FTSE Blossom Japan Index](#)

For further information please contact FTSE Russell directly at ESG-Japan-co@ftserussell.com.

1.4 What is the inclusion criteria of the FTSE Blossom Japan Index?

Please refer to [the Ground Rules](#) (Section 4.0)

1.5 How is the FTSE Blossom Japan Index being used?

The FTSE Blossom Japan Index is an index that provides a performance benchmark and tool for the creation of index-tracking investments, financial instruments, or fund products focused on sustainable investment.

The Japanese Government Pension Investment Fund (GPIF) has selected this index as one of its ESG Indexes since 2017.

1.6 How does the index respond to ESG related controversies?

As laid out in [the Ground Rules](#) for the FTSE Blossom Japan Index (Section 4.4).

1.7 Where can I see the constituents of the Index?

A snapshot of the parent index constituents (FTSE Japan All Cap Index) will be made available on the FTSE Russell webpage under the index page for the [FTSE Blossom Japan Index](#). 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 FTSE Russell. Use and distribution of the index data and the use of the data to create financial products require a license from FTSE Russell.

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1.8 Is the FTSE Russell ESG Scores data also used as the basis for the FTSE Blossom Japan Index?

Yes, the FTSE Blossom Japan Index uses the ESG Scores and applies specific thresholds to identify companies for inclusion in the indexes. In order to gain admission into the index, a company is currently required to obtain an overall ESG Score of 3.3 or above.

1.9 My company has an ESG Score of 3.3 and above. Why is it not in the FTSE Blossom Japan Index?

There can be a number of reasons why the company is not included in the FTSE Blossom Japan Index:

Companies with High Exposure and Low Score

From the ground rules for FTSE Blossom Japan Index:

4.5 Companies with a Low Score in a Theme Assessed as High Exposure

4.5.1 Companies that have a score of zero or one in any applicable High Exposure Theme will not be added to the FTSE Blossom Japan Index.

Companies not meeting the climate requirements

From the ground rules for FTSE Blossom Japan Index:

4.6 Climate requirements

4.6.1 Minimum Climate Change Score Thresholds apply in assessing eligibility for ongoing and new inclusion in the FTSE Blossom Japan Index. Thresholds are determined according to whether the company has been assigned a Primary Impact or Secondary Impact ICB classification. Primary and Secondary ICB Subsectors are listed in Appendix B.

Primary Impact Subsectors: Climate Change Score of 3 required

Secondary Impact Subsectors: Climate Change Score of 2 required

Companies with significant controversies

From the ground rules for FTSE Blossom Japan Index:

4.4.1 Companies identified as having significant controversies are placed on a watchlist and are not eligible for addition to the FTSE Blossom Japan Index.

1.10 Why are there some companies with a score below the inclusion threshold that remain in the FTSE Blossom Japan Index?

Please refer to [the Ground Rules](#) (4.2.3 & 4.2.4).

1.11 Will the inclusion/deletion threshold for the FTSE Blossom Japan Index ever change?

The index aims to reflect the constantly evolving corporate ESG practices and expectations of investors and the wider stakeholder community. Therefore, both the inclusion and deletion thresholds may change over time. This will be governed by the Ground Rules of the index, reflecting advice from the FTSE Russell ESG Advisory Committee.

1.12 How can I improve my company’s ESG Scores and be included in the Index?

FTSE Russell’s ESG Scores are based on publicly available information, so good public disclosure on ESG issues is the first stage of getting recognition for what you are already doing, and therefore improving your ESG Score.

The second is to improve practices and performance across ESG issues that are most relevant for your company, and particularly those Themes where the Exposure levels are medium or high.

More information on the ESG assessment methodology can be found on FTSE Russell’s website, or please contact FTSE Russell directly at ESG-Japan-Co@ftserussell.com.

2. About the FTSE Blossom Japan Sector Relative Index

2.1 What is the FTSE Blossom Japan Sector Relative Index?

The FTSE Blossom Japan Sector Relative Index is designed as a sector neutral benchmark that reflects the performance of companies demonstrating strong environmental, social and governance practices (ESG) in Japan.

2.2 What is the main difference between FTSE Blossom Japan Index and FTSE Blossom Japan Sector Relative Index?

- The FTSE Blossom Japan Sector Relative Index is designed as a sector neutral benchmark. The ICB sector is more detailed than the ICB industry used in FTSE Blossom Japan Index
- Companies in the top 50% with an ESG score of 2.0 or above in each sector are added to the FTSE Blossom Japan Sector Relative Index
- Companies with the top 10% GHG emissions in benchmark universe (FTSE Japan All Cap Index) and TPI Management Quality Score below 3.0 are excluded from the FTSE Blossom Japan Sector Relative Index.

For further details, please go to the respective Ground Rules of the indexes:

[FTSE Blossom Japan Index](#)

[FTSE Blossom Japan Sector Relative Index](#)

2.3 Who is eligible (the research universe) for FTSE Blossom Japan Sector Relative Index?

Companies included in the FTSE Japan All Cap Index are eligible for inclusion in the FTSE Blossom Japan Sector Relative Index. This represents companies that are defined by the FTSE Global Equity Index Series as large, mid, and small size by market capitalization.

The inclusion methodology for the parent index, the FTSE Japan All Cap Index, can be found within the FTSE Global Equity Index Series Ground Rules at the following link:

[FTSE Global Equity Index Series](#)

The inclusion methodology for the FTSE Blossom Japan Sector Relative Index can be found within the FTSE Blossom Japan Sector Relative Index Ground Rules at the following link:

[FTSE Blossom Japan Sector Relative Index](#)

For further information, please contact FTSE Russell directly at ESG-Japan-co@ftserussell.com.

2.4 What is the inclusion criteria of the FTSE Blossom Japan Sector Relative Index?

Please refer to [the Ground Rules](#) (Section 4.0)

2.5 How is the FTSE Blossom Japan Sector Relative Index being used?

The FTSE Blossom Japan Sector Relative Index is an index which provides a performance benchmark and tool for the creation of index-tracking investments, financial instruments or fund products focused on sustainable investment

The Japanese Government Pension Investment Fund (GPIF) has selected this index as one of its ESG Indexes since 2022.

2.6 How does the index respond to ESG related controversies?

As laid out in the [Ground Rules](#) for the FTSE Blossom Japan Sector Relative Index (Section 5.2):

2.7 Where can I see the constituents of the Index?

A snapshot of the parent index constituents (FTSE Japan All Cap Index) will be made available on the FTSE Russell webpage under the index page for the [FTSE Blossom Japan Sector Relative Index](#). 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 FTSE Russell. Use and distribution of the index data and the use of the data to create financial products require a license from FTSE Russell.

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2.8 Is the FTSE Russell ESG Scores data also used as the basis for the FTSE Blossom Japan Sector Relative Index?

Yes, the FTSE Blossom Japan Sector Relative Index uses the ESG Scores and applies specific thresholds to identify companies for inclusion in the indexes. In order to gain inclusion into the index, a company is currently required to obtain an overall ESG Score below 2.0.

2.9 Why is my company not in the FTSE Blossom Japan Sector Relative Index?

There can be a number of reasons why the company is not included in the FTSE Blossom Japan Sector Relative Index:

- **ESG score is below 2.0**
- **Not included in the top 50% or better ESG score in each sector**
- **The company is in the top 10% GHG intensity of the base index (FTSE Japan All Cap Index) and the TPI Management Quality Score is below 3.0**

Please refer to [the Ground Rules](#) (6.2).

2.10 What is the sector relative buffer in review for inclusion and exclusion applied to the FTSE Blossom Japan Sector Relative Index?

Please refer to [the Ground Rules](#) (6.2.4).

2.11 What is TPI Management Quality score?

Please refer to the [Ground Rules](#) (5.4).

For further details, please go to [TPI methodology](#).

2.12 How can I improve my company's ESG Scores and be included in the Index?

FTSE Russell's ESG Scores are based on publicly available information, so good public disclosure on ESG issues is the first stage of getting recognition for what you are already doing, therefore improving your ESG Score.

The second is to improve practices and performance across ESG issues that are most relevant for your company, and particularly those themes where the Exposure levels are medium or high.

More information on the ESG assessment methodology can be found on FTSE Russell's website, or please contact FTSE Russell directly at ESG-Japan-Co@ftserussell.com.

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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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