

CORPORATIONS JOIN FTSE4GOOD

Before corporate social responsibility became a catchphrase, the FTSE Group recognized that humanitarian principles and rising profits are not mutually exclusive. The index company, owned by the Financial Times and London Stock Exchange, made donations to UNICEF in lieu of holiday cards to its clients in 1996. The following year, UNICEF and the company teamed up to promote a fund-raising bond in Europe. The 'Zero Value Perpetual Coupon' raised in excess of \$670,000 for UNICEF projects in Latin America and the Caribbean.

But the *crème de la crème* of corporate responsibility emerged in 2001, when FTSE introduced the first global index series of ethical stocks, FTSE4Good. The launch of the new index series took principled business practices to the next level by establishing criteria that had to be met to earn a FTSE4Good designation. Responsible businesses are today defined as those that work towards environmental sustainability, develop positive relationships with stakeholders, uphold and support universal human rights, ensure good supply-chain labour standards, and repudiate bribery and corruption.

In addition to monitoring the practices of other corporations, FTSE recognized its own role in modelling ethical business standards and invited UNICEF to become the formal beneficiary of the index. The company contributes all licensing fees from FTSE4Good to UNICEF, as well as 50 pence every time investors access the FTSE4Good Index Series through a data vendor.

From inception of the index to the end of 2006, FTSE4Good raised a total of \$2.5 million for UNICEF. Contributions have funded water projects in Viet Nam and in Zambia, where 25 boreholes were built that serve nine schools and the surrounding communities of about 6,000 people, including an estimated 2,000 children. Currently, the company is supporting a two-year project in Guinea that is helping to protect more than 200,000 children and young women who are vulnerable to trafficking.

FTSE employees are encouraged to participate in UNICEF activities. Each year, they vote on which project to support among several presented to them by UNICEF. Many employees have visited UNICEF programmes in the field. Through the United Kingdom Committee for UNICEF, FTSE staff had an email dialogue with a girl from Guinea who had been displaced by war as a young child. Recently, a UNICEF Programme Officer from Guinea visited the FTSE office in London to give an update on the anti-trafficking project and the children it serves.

Today, about 40 per cent of eligible companies worldwide meet the FTSE4Good criteria, demonstrating that the requirements to be a good corporate citizen are challenging but achievable. The FTSE Group helps guide corporations to reach the designation through its Responsible Investment Unit, which engages with firms affected by the introduction of new standards to help them understand the changes and the requirements for compliance.

Mark Makepeace, FTSE Chief Executive and UNICEF Honorary Fellow, has been instrumental in encouraging other corporations to get involved with UNICEF. Makepeace joined other corporate chief executive officers on a recent UNICEF trip to Zambia, where he was able to network with his colleagues and discuss the importance of sustainable development for businesses.

"Working with UNICEF is an important part of FTSE's culture," said Makepeace. "All of our employees are involved not only in raising funds, but also in understanding and supporting its goals. FTSE encourages companies around the world to support UNICEF's campaigns, such as the dire need to address the disastrous effects of HIV/AIDS on children in southern Africa. We hope to encourage the business world to support the wonderful work being done by UNICEF."