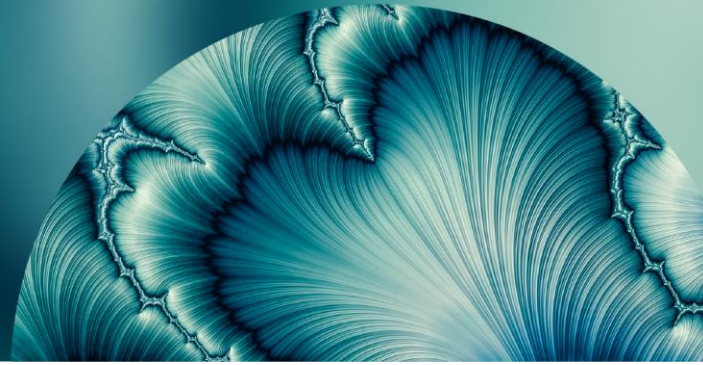


Investing for Asia's low-carbon transition



“We chose the FTSE Asia Pacific Low Carbon Select index for our new ESG ETF to help our clients benefit from the growing trend in the Asia-Pacific region towards low-carbon investments. Governments are playing a significant role in driving this trend and we see a lot of companies increasing their low-carbon expenditures.”

Chen Wang, Head of Product and Client Strategy, CSOP Asset Management



About the client

Profile

CSOP was founded in Hong Kong in 2008. The firm now employs over 100 professionals and had over \$13.5bn in assets under management as of 31 March 2023. CSOP is an ETF leader in the Asian market, known for its innovative and sizeable ETF products.

Objectives

CSOP's objective was to launch an equity ETF designed to help investors capture the Asia-Pacific economic growth opportunity, as well as benefiting from the accelerating trend towards a low-carbon future.

Solution

The FTSE Asia Pacific Low Carbon Select index aims to shift the stock and sector weights of the starting index away from more energy-intensive industrial and manufacturing businesses and towards the technology, service and consumer-focused businesses that are likely to benefit from the low-carbon transition.



**FTSE
RUSSELL**

An LSEG Business

Client profile

CSOP Asset Management Limited (“CSOP”) was founded in Hong Kong in 2008, the first offshore entity to be set up by a regulated mainland Chinese asset manager. In 2018, CSOP extended its business to Singapore. The firm now employs more than 100 professionals in Hong Kong and Singapore. As of 31 March 2023, CSOP had over \$13.5bn in assets under management.¹

As well as managing active funds, CSOP is an ETF leader in the Asian market, known for its innovative and sizeable ETF products in diverse asset classes and product categories. CSOP has worked with FTSE Russell for over a decade and launched the pioneering CSOP FTSE China A50 ETF in 2012, the first physically replicated ETF to track the largest 50 Chinese domestic shares (“A shares”).

In 2019, CSOP officially became a signatory of UN Principles for Responsible Investment (UNPRI), committing the firm to incorporate responsible investments into its investment decisions. In 2021, CSOP became a public supporter of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Client objectives

Since 2020 and despite the disruption associated with the coronavirus pandemic, the Asia-Pacific region has demonstrated the highest and most resilient growth rates in the world, reflecting the huge capacity of local markets, powerful trade networks, technological innovations and the efficiencies of regional (rather than global) supply chains.²

CSOP's objective was to launch an equity ETF designed to help investors capture the Asia-Pacific economic growth opportunity, as well as benefiting from the accelerating trend towards a low-carbon future.

There are several factors supporting this trend:

- Amongst global regions, Asia-Pacific is considered the most vulnerable to climate change from an economic perspective³
- Government policy is a big driver for the low-carbon transition⁴
- Companies are growing their low-carbon expenditures in response, potentially generating the largest-ever capital investment cycle⁵
- The region's pension and sovereign wealth funds are turning to low-carbon investment⁶

¹ Source: CSOP Asset Management

² Source: IMF "REGIONAL ECONOMIC OUTLOOK ASIA AND PACIFIC - Navigating the Pandemic: A Multispeed Recovery in Asia", Oct 2020.

³ Source: Asian Development Bank "A Region at Risk: The Human Dimensions of Climate Change in Asia and the Pacific". July 2017

⁴ Sources: 1. Singapore's Long-Term Low-Emissions Development Strategy, NCCS Singapore / 2. APEC "APEC POLICY GUIDANCE TO DEVELOP AND IMPLEMENT CLEAN AND LOWCARBON HYDROGEN POLICY FRAMEWORKS IN THE ASIA-PACIFIC"

⁵ Source: McKinsey "Emissions reduction goals and opportunities in the Asia-Pacific region". May 2022

⁶ Source: AustralianSuper "AustralianSuper portfolio to be net zero by 2050". November 2020.

Drivers of APAC low-carbon investment demand



The Asia Pacific Region is Prone to Climate Change

McKinsey expects Asia makes up more than two-thirds of the annual global GDP loss from climate impact.*



Government Policy is A Big Driver for Low Carbon

Japan, New Zealand, South Korea have set net -zero emissions targets by 2050 in law, and Australia, Singapore have targeted 2050 to realize carbon neutrality in policy document.^



Companies Expanding Expenditure for Carbon Neutrality

Net zero in 2050 require global capital spending of ~US\$275 trillion, the biggest capital cycle the world has ever seen.#



Pension and Sovereign Wealth Funds Turning to Low Carbon Investment

For example, Australian Superannuation Fund strives to reduce carbon emissions in the fund's investment portfolio by 45% by 2030.

* Source: McKinsey Global Institute "Climate risk and response in Asia". November 2020.

^ Source: Energy & Climate Intelligence Unit. United Nations.

Source: McKinsey "The net-zero transition: What it would cost, what is could bring". January 2022.

Solutions

In 2022, CSOP teamed up with FTSE Russell to launch the CSOP CGS-CIMB FTSE Asia Pacific Low Carbon Index ETF. Listed in Singapore, the ETF aims to replicate (before fees) the performance of the FTSE Asia Pacific Low Carbon Select index.

Drawing from the constituent list of the FTSE Asia Pacific index, FTSE Russell's principal regional equity benchmark, the FTSE Asia Pacific Low Carbon Select index is built using transparent, easy-to-understand steps.

First, we exclude companies involved in thermal coal and other specified business activities (controversial weapons and tobacco), as well as companies deemed non-compliant with the Environmental Principles 7, 8 and 9 of the United Nations Global Compact (UNGC) (Details in the chart below).

Then, we set the index constituents' weights based on a scoring system for fossil fuel reserves and operational carbon emissions: for companies with fossil fuel reserves, we progressively underweight those with higher reserve intensity; and we progressively underweight those companies with a higher carbon emissions intensity.

The index rules aim to shift the stock and sector weights of the starting index away from more energy-intensive industrial and manufacturing businesses and towards the technology (14% weighting) and consumer-focused businesses (17% weighting) that are likely to benefit from the low-carbon transition.

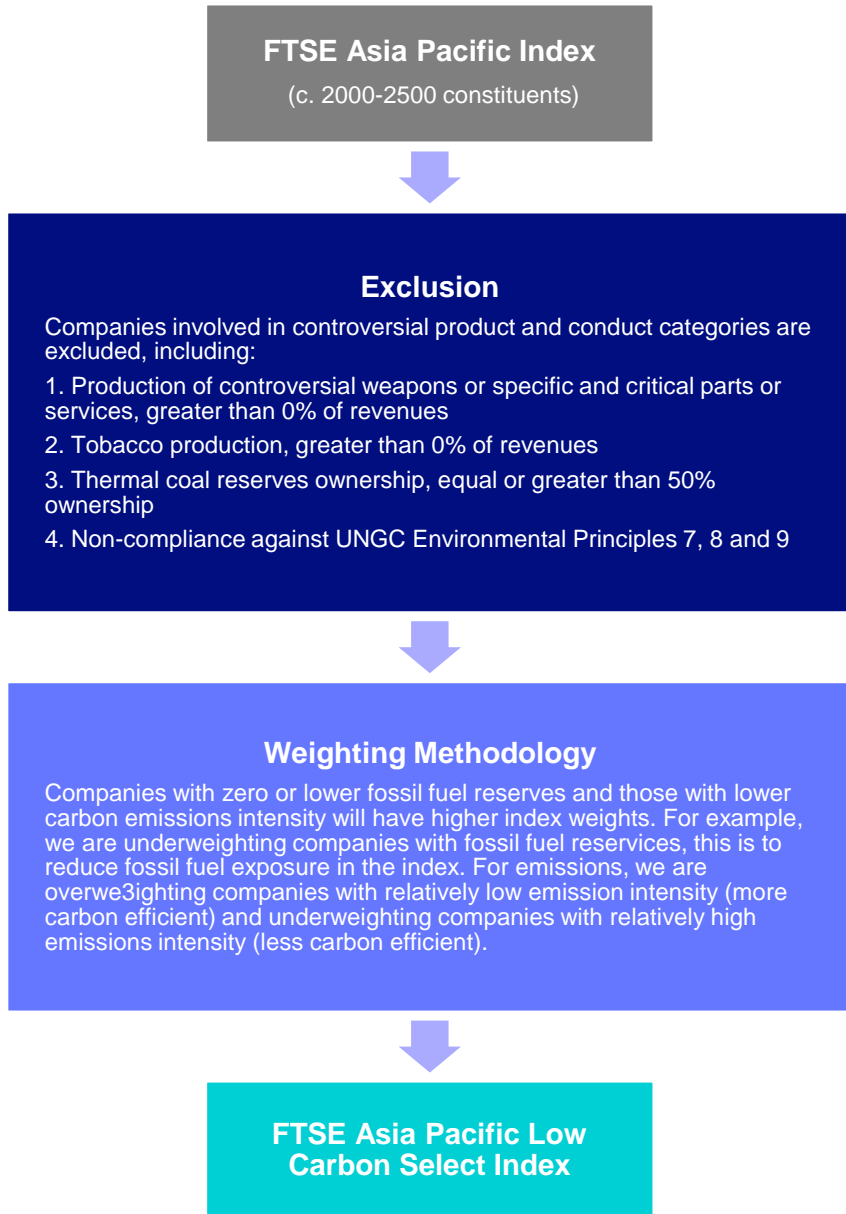
To ensure diversification, the weight of any individual company is capped at 10 percent and the aggregate weight of China A shares is capped at 20 percent.

The FTSE Asia Pacific Low Carbon Select index offers exposure to around 200 stocks in 11 developed and emerging Asia-Pacific equity markets.

The index excludes companies involved in controversial product and conduct categories and then allocates higher weights to companies with zero or lower fossil fuel reserves and lower carbon emissions intensity.

The result of this construction approach is a low-carbon index offering exposure to around 200 stocks in 11 developed and emerging Asia-Pacific economies, with 40% of the total exposure attributed to Japan.

How the FTSE Asia Pacific Low Carbon Select index is built



Additional information

Further information on our range of products and services is available at [lseg.com/en/ftse-russell](https://www.ftserussell.com/en/ftse-russell)

ABOUT FTSE RUSSELL

FTSE Russell is a leading global provider of index and benchmark solutions, spanning diverse asset classes and investment objectives. As a trusted investment partner we help investors make better-informed investment decisions, manage risk, and seize opportunities.

Market participants look to us for our expertise in developing and managing global index solutions across asset classes. Asset owners, asset managers, ETF providers and investment banks choose FTSE Russell solutions to benchmark their investment performance and create investment funds, ETFs, structured products, and index-based derivatives. Our clients use our solutions for asset allocation, investment strategy analysis and risk management, and value us for our robust governance process and operational integrity.

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.

CONTACT US

To learn more, visit [lseg.com/ftse-russell](https://www.lseg.com/ftse-russell); email info@ftserussell.com; or call your regional Client Service team office:

EMEA +44 (0) 20 7866 1810

Asia-Pacific

North America +1 877 503 6437

Hong Kong +852 2164 3333

Tokyo +81 3 6441 1430

Sydney +61 (0) 2 7228 5659

Disclaimer

© [2025] 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®", "Refinitiv", "Beyond Ratings®", "WMR™", "FR™" and all other trademarks and service marks used herein (whether registered or unregistered) are trademarks 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. All information and data contained in this publication is obtained by LSEG, from sources believed by it to be accurate and reliable. Because of the possibility of human and mechanical inaccuracy as well as other factors, however, such information and data is provided "as is" without warranty of any kind. No member of LSEG nor their respective directors, officers, employees, partners or licensors make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to the accuracy, timeliness, completeness, merchantability of any information or LSEG Products, or of results to be obtained from the use of LSEG products, including but not limited to indices, rates, data and analytics, or the fitness or suitability of the LSEG products for any particular purpose to which they might be put. The user of the information assumes the entire risk of any use it may make or permit to be made of the information.

No responsibility or liability can be accepted by any member of LSEG nor their respective directors, officers, employees, partners or licensors for (a) any loss or damage in whole or in part caused by, resulting from, or relating to any inaccuracy (negligent or otherwise) or other circumstance involved in procuring, collecting, compiling, interpreting, analysing, editing, transcribing, transmitting, communicating or delivering any such information or data or from use of this document or links to this document or (b) any direct, indirect, special, consequential or incidental damages whatsoever, even if any member of LSEG is advised in advance of the possibility of such damages, resulting from the use of, or inability to use, such information.

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 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.

Past performance is no guarantee of future results. Charts and graphs are provided for illustrative purposes only. Index and/or rate returns shown may not represent the results of the actual trading of investable assets. Certain returns shown may reflect back-tested performance. All performance presented prior to the index or rate inception date is back-tested performance. Back-tested performance is not actual performance, but is hypothetical. The back-test calculations are based on the same methodology that was in effect when the index or rate was officially launched. However, back-tested data may reflect the application of the index or rate methodology with the benefit of hindsight, and the historic calculations of an index or rate may change from month to month based on revisions to the underlying economic data used in the calculation of the index or rate.

This document may contain forward-looking assessments. These are based upon a number of assumptions concerning future conditions that ultimately may prove to be inaccurate. Such forward-looking assessments are subject to risks and uncertainties and may be affected by various factors that may cause actual results to differ materially. No member of LSEG nor their licensors assume any duty to and do not undertake to update forward-looking assessments.

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 data requires a licence from LSEG and/or its licensors.



**FTSE
RUSSELL**
An LSEG Business