



## **Media Information**

### **FTSE and Institutional Shareholder Services create new corporate governance indexes for global investors**

**Rockville MD/London, 26 February 2004:** - The growing number of investors wishing to measure and analyse non-financial risk will soon be able to use an innovative new tool from FTSE Group, the global index provider, and Institutional Shareholder Services (ISS), the premier corporate governance ratings agency. The two companies announced today that they will collaborate to create an objective and transparent set of global corporate governance indexes. The collaboration will allow investors to identify corporate governance risks more easily across a global portfolio and provide standard and customised benchmarks, which reduce investors' exposure to companies with poorer corporate governance performance.

This initiative, which will be launched in phases beginning in Summer 2004, and has been developed in response to the growing concern among institutional investors about the management of risks associated with poor corporate governance when investing in global equities.

FTSE and ISS have identified a set of globally accepted corporate governance principles, which will be applied to rate over 7,000 companies within the FTSE Global Equity Index Series. These ratings will enable investors around the world to compare the companies within global portfolios using a single, integrated index.

The design and methodology of the new index will draw on ISS' experience in developing the successful Corporate Governance Quotient (CGQ) database and ratings system, which ranks the corporate governance practices of 7500 companies worldwide. ISS's CGQ is used by institutional investors as a governance-based risk assessment tool.

"Investors will now have the option of deciding how to manage corporate governance risks within their benchmarks. The FTSE/ISS corporate governance co-operation will allow investors to assess their risks and to adjust their benchmark, choosing either to adopt the standard FTSE/ISS model or by using a customised benchmark from FTSE," said Mark Makepeace, Chief Executive, FTSE Group.

Jamie Heard, Vice-Chairman of ISS said "Our collaboration with FTSE Group is very exciting as both organisations are innovators and thought leaders in their respective fields. With this joint initiative we will provide a standard in the assessment of corporate governance risks globally and create a useful set of measurements for the worldwide asset management community."

The FTSE/ISS global corporate governance indices will be launched in phases beginning in Summer 2004. The first set of products will cover the developed markets within FTSE Global Equity Index Series, and the FTSE All-Share index.

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## **About FTSE**

FTSE Group is a world-leader in the creation and management of indices. With offices in London, Frankfurt, Hong Kong, Madrid, Paris, New York, San Francisco and Tokyo, FTSE Group services clients in 77 countries worldwide. It calculates and manages the FTSE Global Equity Index series, which includes world-recognised indices ranging from the FTSE All-World Index, the FTSE4Good series and the recently launched Global Small Cap Index Series, as well as domestic indices such as the prestigious FTSE 100. The company has collaborative arrangements with the AMEX, Athens, Cyprus, Euronext, Johannesburg, London, Luxembourg, and Madrid exchanges, as well as with Nikkei of Japan (Nihon Keizai Shimbun, Inc) and Xinhua Financial Network of China.

FTSE indices are used extensively by investors world-wide for investment analysis, performance measurement, asset allocation, portfolio hedging and for creating a wide range of index tracking funds. Independent committees of senior fund managers, derivatives experts, actuaries and other experienced practitioners review all changes to the indices to ensure that they are made objectively and without bias. Real-time FTSE indices are calculated on systems managed by Reuters. Prices and FX rates used are supplied by Reuters.

## **About ISS**

Institutional Shareholder Services, Inc. (ISS) is the world's leading provider of proxy voting and corporate governance services. ISS serves more than 950 institutional and corporate clients worldwide with its core business — analyzing proxies and issuing informed research and objective vote recommendations for more than 10,000 U.S. and 12,000 non-U.S. shareholder meetings each year.

**ISS's core businesses include global proxy services and database and research tools for institutional investors. With more than 15 years of experience and a respected team of domestic and international research analysts, ISS is considered to be the world's authority on proxy issues and corporate governance. Our research and proxy voting policies are designed on the premise that good corporate governance ultimately results in increased shareholder value.**