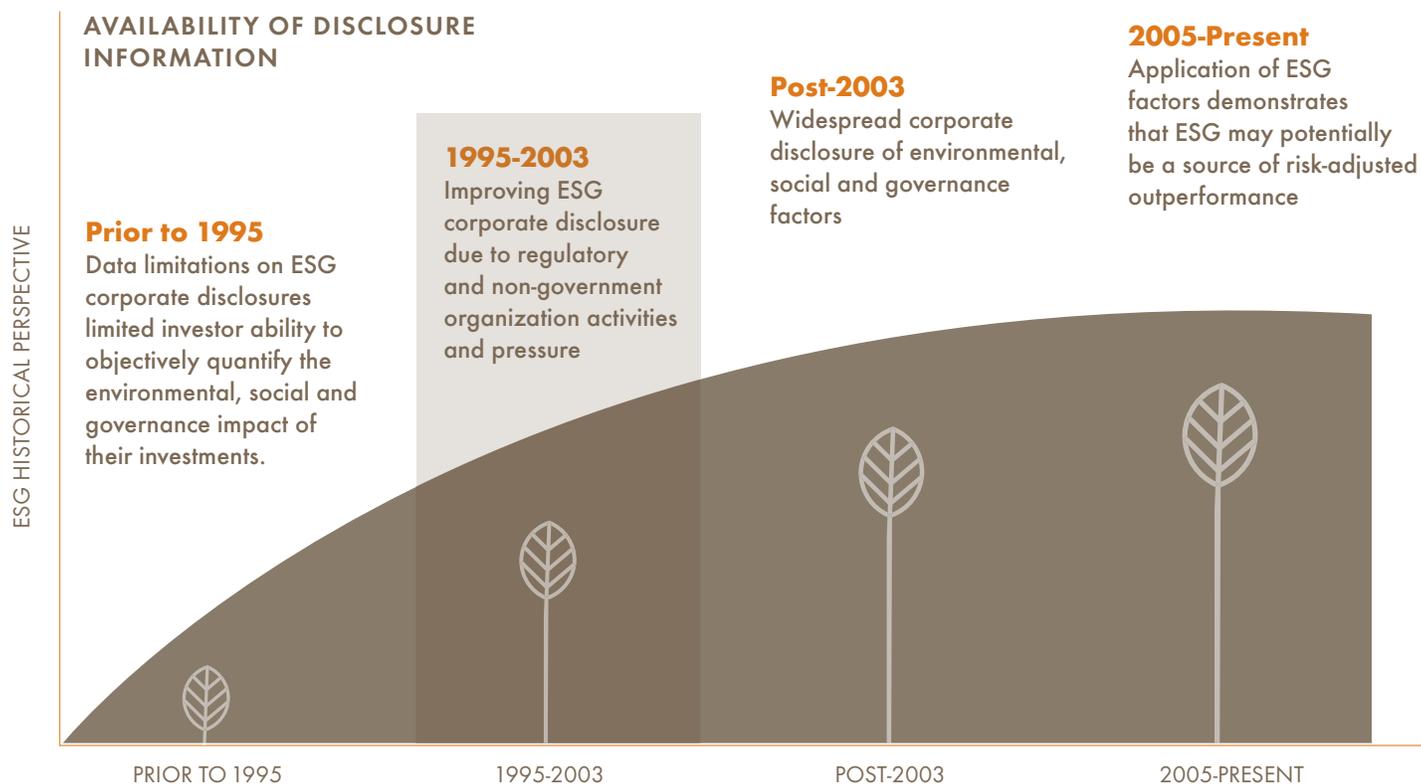


ESG

ALIGNING
VALUES WITH
PERFORMANCE

ESG Investing: Many Ways to Invest From Exclusion to Integration

Seven distinct approaches to Environmental, Social and Governance (ESG) investing have emerged over time. These approaches did not evolve in linear sequence but, rather, sprang from a mix of top-down (e.g., boards of directors embracing ESG principles) and bottom-up drivers (e.g., investors demanding ESG accountability from public corporations).



FOR ILLUSTRATIVE PURPOSES ONLY

VARIOUS APPROACHES TO ESG INVESTING



NEGATIVE/EXCLUSION
The exclusion from a fund or plan of certain sectors or companies based on specific ESG criteria



POSITIVE/BEST-IN-CLASS
Investment in sectors, companies or projects selected for positive ESG performance relative to industry peers



IMPACT INVESTING
Targeted investments, typically made in private markets, aimed at solving social or environmental problems



SUSTAINABILITY THEMED INVESTING
The selection of assets specifically related to sustainability in single- or multi-themed funds



CORPORATE ENGAGEMENT AND SHAREHOLDER ACTION
The use of shareholder power to influence corporate behavior, including through direct corporate engagement



NORMS-BASED SCREENINGS
Screening of investments against minimum standards of business practice based on international norms.



ESG INTEGRATION
The systematic and explicit inclusion by investment managers of ESG risks and opportunities into traditional financial analysis



CORE PERFORMANCE WITH A PRINCIPLED HEART

Tracking two new indices managed by STOXX and developed in partnership with FlexShares that evaluate companies by key environmental, social and governance (ESG) indicators that align with performance. Tilting the portfolios toward companies with higher aggregate ESG scores to seek enhanced risk-adjusted returns in your core portfolio investment.

The STOXX ESG Integration Process



Eligible securities are selected from the STOXX Global 1800 Index* for prospective inclusion in the U.S. fund (ESG) and the global fund (ESGG).



Utilizing a bottoms up approach, using publicly available data, evaluate Key Performance Indicators (KPIs) with potential representation within the three distinct categories of criteria: Environmental, Social and Governance.



An aggregate ESG score is determined for the eligible participants and the bottom 50% of companies are excluded from the index. The portfolio exposure is tilted in favor of the constituents with higher aggregate scores, seeking to optimize risk adjusted returns.

*The STOXX Global 1800 Index contains 600 European, 600 North American and 600 Asia/Pacific region stocks represented by the STOXX Europe 600 Index, the STOXX North America 600 Index and the STOXX Asia/Pacific 600 Index.



Disclosures

Before investing, carefully consider the FlexShares investment objectives, risks, charges and expenses. This and other information is in the prospectus, a copy of which may be obtained by visiting www.flexshares.com. Read the prospectus carefully before you invest. Foreside Fund Services, LLC, distributor.

An investment in FlexShares is subject to investment risk, including the possible loss of principal amount invested. Funds' returns may not match the returns of their respective Indexes. The Funds may invest in emerging and foreign markets, derivatives and concentrated sectors. In addition, the Funds may be subject to asset class risk, small cap stock risk, value investing risk, non-diversification risk, fluctuation of yield, income risk, interest rate/maturity risk, currency risk, passive investment risk, inflation protected security risk, market risk and manager risk. For a complete description of risks associated with each Fund please refer to the prospectus.

FlexShares STOXX US ESG Impact Index Fund (ESG) and the FlexShares STOXX Global ESG Impact Index Fund (ESGG) are passively managed and use a representative sampling strategy to track their underlying index respectively. Use of a representative sampling strategy creates tracking risk where the Fund's performance could vary substantially from the performance of the underlying index. The Funds are subject to environmental, social and governance (ESG) Investment Risk, which is the risk that because the methodology of the Underlying Indices selects and assigns weights to securities of issuers for non-financial reasons, the Funds may underperform the broader equity market or other funds that do not utilize ESG criteria when selecting investments. The Funds are also at increased risk of industry concentration, where it may be more than 25% invested in the assets of a single industry. For ESGG, investments in foreign market securities involve certain risks such as currency volatility, political and social instability and reduced market liquidity. The Funds may also invest in derivative instruments. Changes in the value of the derivative may not correlate with the underlying asset, rate or index and the Funds could lose more than the principal amount invested.