

# Integration Approach to ESG

FLEXSHARES EXCHANGE TRADED FUNDS

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Today's investors, especially in the younger generation, are more concerned than ever about the social impact of their investments. That's why FlexShares has developed a suite of funds that invest in companies that are making a positive impact on the environment, social issues, and governance, all while utilizing the latest data analysis techniques, which seek to identify organizations that exhibit positive risk versus return. Now, investors can feel confident that their money is being put to good use without having to sacrifice potential returns.

We build our funds to track the recently developed stocks ESG-based indices. First, we identify companies that fit within the total ESG framework, taking a wider look at all three categories. Then we look for key performance indicators, or KPIs, using publicly available data in a bottom up approach. Stocks research found KPIs in each of the environmental, social, and governance buckets that were most influential in determining risk and return. These value impacting KPIs serve as the backbone of stocks proprietary ESG index methodology, allowing stocks to seek out KPIs that exhibit a material impact on the riskiness of a firm both for today and tomorrow.

Many investors have focused on the environmental aspect of ESG. Our funds, however, put equal focus on both the social side, companies that prioritize workplace safety, labor relations, community development, and human rights, and on governance, investing in companies that are taking the lead in responsible executive compensation, board diversity and independence, and anti-corruption measures. This is called the integration approach to ESG investing. By integrating these criteria into our funds through a scalable and quantitative process, our funds are designed to have targeted exposure to all

three areas, while also focusing on companies that exhibit positive risk and return versus a typical market weighted approach.

So whether you're looking to invest in US companies or in companies in the worldwide market, our environmental, social, and governance funds might be just what are looking for. And that's great news for you and me the earth. To learn more, visit us at [flexshares.com](http://flexshares.com).

**FlexShares-- built by investors for investors.**

*Before investing consider the Fund's investment objectives, risks, charges and expenses. Go to [flexshares.com](http://flexshares.com) for a prospectus containing this information. Read it carefully. Foreside Fund Services, LLC, distributor.*

All investments involve risk, including possible loss of principal. Funds' returns may not match returns of their respective indexes. Risks include fluctuation of yield, income, interest rate, non-diversification, asset class and market.

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