

Ground Rules



/

FTSE Green Impact Bond Index Series

v1.0



Contents

1.0 Introduction.....4

2.0 Management Responsibilities6

3.0 FTSE Russell Index Policies7

4.0 Composition and Design Criteria9

Appendix A: Further Information14



Section 1

Introduction

1.0 Introduction

1.1 FTSE Green Impact Bond Index Series

1.1.1 The FTSE Green Impact Bond Index Series includes green bonds that are included in FTSE Fixed income indices. A bond is labelled as a green bond if its proceeds are specifically earmarked for projects that have environmental and/or climate benefit and has been labelled as “green” by the Climate Bonds Initiative (CBI) and aligned with International Capital Markets Association’s (ICMA) Green Bond Principles (GBP).

1.2 The Index Series consists of the following:

- FTSE Global Green Impact Bond Index
- FTSE WorldBIG Green Impact Bond Index
- FTSE EuroBIG Impact Bond Index
- FTSE USBIG Green Impact Bond Index

The Green Impact Bond Index Series covers a broad array of asset classes and will have sub-indices available in any combination of currency, maturity and rating

1.3 The ICMA’s GBP have four core components to ensure the transparency and governance of the green bond issuances.

a) **Use of Proceeds:** GBP defines below 10 categories for green bond’s environmental objectives such as climate change mitigation, climate change adaptation, biodiversity, natural resource conservation and Pollution prevention and control.

- i. Renewable energy
- ii. Energy efficiency
- iii. Pollution prevention and control
- iv. Environmentally sustainable management of living natural resources and land use
- v. Terrestrial and aquatic biodiversity conservation
- vi. Clean transportation

- vii. Sustainable water and wastewater management
- viii. Climate change adaptation
- ix. Eco-efficient and/or circular economy adapted products, production technologies and processes
- x. Green buildings

- b) **Process for Project Evaluation and Selection:** GBP recommends that an issuer's process for project evaluation and selection be supplemented by an external reviewer
- c) **Management of Proceeds:** Issuers have to verify the internal tracking method and the allocation of funds from the Green Bond proceeds
- d) **Reporting:** The annual report should include projects to which Green Bond proceeds have been allocated, amounts allocated, and their expected impact to the environment

1.3.1 CBI is an independent external reviewer who assesses alignment with all four core components of the GBP. CBI assists investors to understand how a bond's use of proceeds will facilitate the transition to a low carbon economy.

1.4 FTSE Russell

FTSE Russell is a trading name of FTSE International Limited, Frank Russell Company, FTSE Global Debt Capital Markets Limited (and its subsidiaries FTSE Global Debt Capital Markets Inc. and MTSNext Limited), Mergent, Inc., FTSE Fixed Income LLC, The Yield Book Inc. and Beyond Ratings

1.4.1 FTSE Russell hereby notifies users of the index that it is possible that factors, including external factors beyond the control of FTSE Russell, may necessitate changes to, or the cessation, of the index and therefore, any financial contracts or other financial instruments that reference the index or investment funds which use the index to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index.

1.4.2 Index users who choose to follow this index or to buy products that claim to follow this index should assess the merits of the index's rules-based methodology and take independent investment advice before investing their own or client funds. No liability whether as a result of negligence or otherwise is accepted by FTSE Russell or any members of the FTSE Russell Policy Advisory Board or FTSE Russell Asia Pacific Regional Equity Advisory Committee (or any person concerned with the preparation or publication of these Ground Rules) for any losses, damages, claims and expenses suffered by any person as a result of:

- any reliance on these Ground Rules, and/or
- any errors or inaccuracies in these Ground Rules, and/or
- any non-application or misapplication of the policies or procedures described in these Ground Rules, and/or
- any errors or inaccuracies in the compilation of the Index or any constituent data.



Section 2

Management Responsibilities

2.0 Management Responsibilities

2.1 FTSE Fixed Income LLC (FTSE)

2.1.1 FTSE is the benchmark administrator of the index series.¹

2.1.2 FTSE is responsible for the daily calculation, production and operation of the index series and will:

- maintain records of all the constituents;
- be responsible for the addition and deletion of bonds and changes of nominal amounts, in accordance with the Ground Rules.
- disseminate the indices.

2.2 Amendments to these Ground Rules

2.2.1 These Ground Rules shall be subject to regular review (at least once a year) by FTSE Russell to ensure that they best reflect the aim of the index series. Any proposals for significant amendments to these Ground Rules will be subject to consultation with FTSE Russell advisory committees and other stakeholders if appropriate. The feedback from these consultations will be considered by the FTSE Russell Product Governance Board before approval is granted.

2.2.2 As provided for in the Statement of Principles for FTSE Russell Fixed Income Indices, where FTSE Russell determines that the Ground Rules are silent or do not specifically and unambiguously apply to the subject matter of any decision, any decision shall be based as far as practical on the Statement of Principles. After making any such determination, FTSE Russell shall advise the market of its decision at the earliest opportunity. Any such treatment will not be considered as an exception or change to the Ground Rules, or to set a precedent for future action, but FTSE Russell will consider whether the Ground Rules should subsequently be updated to provide greater clarity.

¹ The term administrator is used in this document in the same sense as it is defined in Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the European Benchmark Regulation) and [The Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019](#) (the UK Benchmark Regulation). FTSE Fixed Income LLC administers the Index Series in line with the third country transitional provisions contained within Article 51(5) of the European Benchmark Regulation and the third country transitional provisions as amended by Article 42(5) of the UK Benchmark Regulation.



Section 3

FTSE Russell Index Policies

3.0 FTSE Russell Index Policies

These Ground Rules should be read in conjunction with the following policy documents which can be accessed using the links below or by contacting info@ftserussell.com. These policies are reviewed annually and any changes are approved by the FTSE Russell Product Governance Board.

3.1 Statement of Principles for FTSE Fixed Income Indices (the Statement of Principles)

Indices need to keep abreast of changing markets and the Ground Rules cannot anticipate every eventuality. Where the Ground Rules do not fully cover a specific event or development, FTSE Russell will determine the appropriate treatment by reference to the Statement of Principles for FTSE Fixed Income Indices which summarises the ethos underlying FTSE Russell's approach to index construction. The Statement of Principles is reviewed annually and any changes proposed by FTSE Russell are presented to the FTSE Russell Policy Advisory Board for discussion before approval by the FTSE Russell Product Governance Board.

The Statement of Principles for Fixed Income Indices can be accessed using the following link: [Statement of Principles Fixed Income Indices.pdf](#)

3.2 Queries and Complaints

FTSE Russell's complaints procedure can be accessed using the following link:

[Benchmark Determination Complaints Handling Policy.pdf](#)

3.3 Recalculation Policy and Guidelines

The Recalculation Policy and Guidelines for Fixed Income Indices document is available from the FTSE Russell website using the link below or by contacting info@ftserussell.com.

[Fixed Income Recalculation Policy and Guidelines.pdf](#)

3.4 Policy for Benchmark Methodology Changes

Details of FTSE Russell's policy for making benchmark methodology changes can be accessed using the following link:

[Policy for Benchmark Methodology Changes.pdf](#)

3.5 FTSE Russell Governance Framework

To oversee its indices, FTSE Russell employs a governance framework that encompasses product, service and technology governance. The framework incorporates the London Stock Exchange Group's three lines of defence risk management framework and is designed to meet the requirements of the IOSCO Principles for Financial Benchmarks², the European benchmark regulation³ and the UK benchmark regulation⁴. The FTSE Russell Governance Framework can be accessed using the following link:

[FTSE_Russell_Governance_Framework.pdf](#)

² IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013

³ Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds

⁴ [The Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019](#) (the UK Benchmark Regulation).



Section 4

Composition and Design Criteria

4.0 Composition and Design Criteria

4.1 FTSE Global Green Impact Bond Index

4.1.1 The FTSE Global Green Impact Bond Index (Global Green Impact) measures the performance of both investment-grade and high-yield multi-currency green debt issued by government, government-sponsored, supranational, collateralized, and corporations. The Global Green Impact provides a comprehensive measure of the Global green bond market across various asset classes and credit sectors.

4.1.2 The FTSE Global Green Impact Bond Index constituents are selected from the constituents of the FTSE Fixed Income indices listed in Figure 2, screened in accordance with the transparent and defined green bond criteria.

Figure 1. FTSE Global Green Impact Bond Index design criteria & methodology

Weighting	Market capitalization
Green bond eligibility	A bond is labelled as “green” by the Climate Bonds Initiative (CBI) and its proceeds are specifically earmarked for projects that have environmental and/or climate benefit
Minimum Maturity	At least one year
Minimum Quality	Minimum quality depends on the underlying index
Pricing	Refinitiv pricing except for: Israel (provided by Tel Aviv Stock Exchange) Mexico (provided by Proveedor Integral de Precios S.A. de C.V.) Poland (provided by BondSpot) Singapore (provided by the Monetary Authority of Singapore) US Dollar High-Yield Corporate (IDC) Chinese Yuan (offshore) Corporate (IDC)
Rebalancing	Once a month at the end of the month
Calculation frequency	Daily

Settlement date	Monthly – Settlement is on the last calendar day of the month. Daily – Same day settlement except if the last business day of the month is not the last calendar day of the month; then, settlement is on the last calendar day of the month.
Fixing date	Each month, the upcoming month's index constituents are “fixed” on the profile fixing date. Each year's scheduled fixing dates are published on the website.
Base date	December 31, 2013

Figure 2. Universe of Global Green Impact Bond Index

Currency	Quality	Index Name
Multi-currency	IG	FTSE World Government Bond Index (WGBI)
	IG	FTSE World Broad Investment-Grade Bond Index (WorldBIG)
	HY	FTSE Pan-European High-Yield Market Index
	IG+HY	FTSE Emerging Markets Government Bond Index (EMGBI)
Euro	IG	FTSE Euro Broad Investment-Grade Bond Index (EuroBIG)
US Dollar	IG	FTSE US Broad Investment-Grade Bond Index (USBIG)
	IG	FTSE Eurodollar Bond Index
	IG+HY	FTSE IdealRatings Broad USD Sukuk Index
	IG+HY	FTSE Asian Broad Bond Index (ABBI)
	IG+HY	FTSE Emerging Markets US Dollar Government Bond Index (EMUSDGBI)
	IG+HY	FTSE Emerging Markets Broad Bond Index (EMUSDBBI)
	IG+HY	FTSE Middle East and North Africa Broad Bond Index (MENABBI)
	HY	FTSE US High-Yield Market Index (HYM)
UK Sterling	IG	FTSE Eurosterling Bond Index
Japanese Yen	IG+HY+NR	FTSE Japanese Broad Bond Index (JPBBI)
	IG	FTSE Euroyen Bond Index
Chinese Yuen	IG+HY+NR	FTSE Chinese (Onshore CNY) Internationally-Aligned Green Bond Index (CNYGRBI -IA)
	IG+HY+NR	FTSE Dim Sum (Offshore CNY) Bond Index
Australian Dollar	IG	FTSE Australian Broad Investment-Grade Bond Index (AusBIG®)

For full details on the design criteria and calculation assumptions for the FTSE fixed income indices in Figure 2, please refer to the [FTSE Fixed Income Index Guide](#).

4.2 FTSE WorldBIG Green Impact Bond Index

- 4.2.1 The FTSE WorldBIG Green Impact Bond Index (WorldBIG Green Impact) constituents are selected from the FTSE World Broad Investment-Grade Bond Index (WorldBIG), screened in accordance with the transparent and defined green bond criteria.
- 4.2.2 The WorldBIG Green Impact is a multi-sector green bond benchmark of investment-grade, multi-currency debt issued by government, government-sponsored/supranational, collateralized, and corporations.

To be eligible for the FTSE WorldBIG, markets must satisfy minimum market size, credit rating and market accessibility level criteria. These criteria are assessed on an annual basis each September, and markets that no longer meet the minimum credit quality are removed from the index at the next month's profile. Securities must also meet minimum amount outstanding requirements, have a fixed-rate, and at least one year to maturity

For full details on the design criteria and calculation assumptions for the FTSE WorldBIG please refer to the [FTSE Fixed Income Index Guide](#).

Figure 3. FTSE WorldBIG Green Impact Bond Index design criteria & methodology

Weighting	Market capitalization
Universe	All green bonds in the World Broad Investment-Grade Bond Index
Green bond eligibility	A bond is labelled as “green” by the Climate Bonds Initiative (CBI) and its proceeds are specifically earmarked for projects that have environmental and/or climate benefit
Minimum maturity	At least one year
Minimum quality	BBB- by S&P or Baa3 by Moody's
Pricing	<p>Pricing for the WGBI portion of the index: Refinitiv pricing except for: Israel (provided by Tel Aviv Stock Exchange)³⁶ Mexico (provided by Proveedor Integral de Precios S.A. de C.V.) Poland (provided by BondSpot) Singapore (provided by the Monetary Authority of Singapore)</p> <p>For the non-WGBI portion of the index: Refinitiv</p>
Rebalancing	Once a month at the end of the month
Calculation frequency	Daily
Settlement date	Monthly – Settlement is on the last calendar day of the month. Daily – Same day settlement except if the last business day of the month is not the last calendar day of the month; then, settlement is on the last calendar day of the month.
Fixing date	Each month, the upcoming month's index constituents are “fixed” on the profile fixing date. Each year's scheduled fixing dates are published on the website.
Base date	December 31, 2013

4.3 FTSE EuroBIG Green Impact Bond Index

4.3.1 The FTSE EuroBIG Green Impact Bond Index (EuroBIG Green Impact) constituents are selected from the FTSE Euro Broad Investment-Grade Bond Index (EuroBIG), screened in accordance with the transparent and defined green bond criteria.

4.3.2 The EuroBIG Green Impact is a multi-sector green bond benchmark of investment-grade, Euro-denominated debt issued by government, government-sponsored, collateralized, and corporations.

For full details on the design criteria and calculation assumptions for the FTSE EuroBIG please refer to the [FTSE Fixed Income Index Guide](#).

Figure 4. FTSE EuroBIG Green Impact Bond Index design criteria & methodology

Weighting	Market capitalization
Universe	All green bonds in the Euro Broad Investment-Grade Bond Index
Green bond eligibility	A bond is labelled as “green” by the Climate Bonds Initiative (CBI) and its proceeds are specifically earmarked for projects that have environmental and/or climate benefit
Minimum maturity	At least one year
Minimum quality	BBB- by S&P or Baa3 by Moody’s
Pricing	Refinitiv
Rebalancing	Once a month at the end of the month
Calculation frequency	Daily
Settlement date	Monthly – Settlement is on the last calendar day of the month. Daily – Same day settlement except if the last business day of the month is not the last calendar day of the month; then, settlement is on the last calendar day of the month.
Fixing date	Each month, the upcoming month’s index constituents are “fixed” on the profile fixing date. Each year’s scheduled fixing dates are published on the website.
Base date	December 31, 2013

4.4 FTSE USBIG Green Impact Bond Index

- 4.4.1 The FTSE USBIG Green Impact Bond Index (USBIG Green Impact) constituents are selected from the FTSE US Broad Investment-Grade Bond Index (USBIG), screened in accordance with the transparent and defined green bond criteria.
- 4.4.2 The USBIG Green Impact is a multi-sector green bond benchmark of investment-grade, US Dollar denominated debt issued by US Treasury, government-sponsored, and corporations.

For full details on the design criteria and calculation assumptions for the FTSE USBIG please refer to the [FTSE Fixed Income Index Guide](#).

Figure 5. FTSE USBIG Green Impact Bond Index design criteria & methodology

Weighting	Market capitalization
Universe	All green bonds in the US Broad Investment-Grade Bond Index
Green bond eligibility	A bond is labelled as “green” by the Climate Bonds Initiative (CBI) and its proceeds are specifically earmarked for projects that have environmental and/or climate benefit
Minimum Maturity	At least one year
Minimum Quality	BBB- by S&P or Baa3 by Moody’s
Pricing	Refinitiv
Rebalancing	Once a month at the end of the month
Calculation frequency	Daily

Settlement date	Monthly – Settlement is on the last calendar day of the month. Daily – Same day settlement except if the last business day of the month is not the last calendar day of the month; then, settlement is on the last calendar day of the month.
Fixing date	Each month, the upcoming month's index constituents are “fixed” on the profile fixing date. Each year's scheduled fixing dates are published on the website.
Base date	December 31, 2013

4.5 Exchange rates

4.5.1 The closing Refinitiv (the WM/Refinitiv FX Rates) Spot Rates and Refinitiv (the WM/Refinitiv FX Rates) Forward Rates are used. Refinitiv takes several snapshots at regular intervals centered on the fixing time of 4:00 p.m. London time and selects the median rate for each currency. All rates are mid-market quotations and appear on Refinitiv (see WMRSPOT01).

4.6 Data availability and accessibility

4.6.1 Index information, including index profiles, analytics and returns, and historical data, for the FTSE Green Impact Bond Index Series is available on <https://www.ftserussell.com/index>. FTSE Russell also makes data for its indices available through a number of data and analytic vendors.

4.7 Chronological summary of events

FTSE Green Impact Bond Index Event Summary

Year	Highlight
2021	July: FTSE Global Green Impact Bond Index is introduced in July 2021 with over 7 years of history. Since the index's base date (December 31, 2013) the following events marked its history:
2016	July: FTSE Chinese (Onshore CNY) Internationally-Aligned Green Bond Index joins the index.



Appendix A: Further Information

A Glossary of Terms used in FTSE Russell's Ground Rule documents can be found using the following link:
[Fixed Income Glossary of Terms.pdf](#)

For contact details please visit the FTSE Russell website or contact FTSE Russell client services at
info@ftserussell.com.

Website: www.ftserussell.com

© 2021 London Stock Exchange Group plc and its applicable group undertakings (the "LSE Group"). The LSE Group 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) MTSNext Limited ("MTSNext"), (5) Mergent, Inc. ("Mergent"), (6) FTSE Fixed Income LLC ("FTSE FI"), (7) The Yield Book Inc ("YB"), and (8) Beyond Ratings S.A.S. ("BR"). All rights reserved.

The FTSE Green Impact Bond Index Series is calculated by or on behalf of FTSE Fixed Income LLC or its affiliate, agent or partner.

FTSE Russell® is a trading name of FTSE, Russell, FTSE Canada, MTSNext, Mergent, FTSE FI, YB and BR. "FTSE®", "Russell®", "FTSE Russell®", "MTS®", "FTSE4Good®", "ICB®", "Mergent®", "The Yield Book®", "Beyond Ratings®", and all other trademarks and service marks used herein (whether registered or unregistered) are trade marks and/or service marks owned or licensed by the applicable member of the LSE Group or their respective licensors and are owned, or used under licence, by FTSE, Russell, MTSNext, FTSE Canada, Mergent, FTSE FI, YB, or BR.

All information is provided for information purposes only. Every effort is made to ensure that all information given in this publication is accurate, but no responsibility or liability can be accepted by any member of the LSE Group nor their respective directors, officers, employees, partners or licensors for any errors or for any loss from use of this publication or any of the information or data contained herein.

No member of the LSE Group nor their respective directors, officers, employees, partners or licensors make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the FTSE Green Impact Bond Index Series or the fitness or suitability of the Index for any particular purpose to which it might be put.

No member of the LSE Group 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 the LSE Group nor their respective directors, officers, employees, partners or licensors make any representation regarding the advisability of investing in any asset. A decision to invest in any such asset should not be made in reliance on any information herein. Indices cannot be invested in directly. Inclusion of an asset in an index is not a recommendation to buy, sell or hold that 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.

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 the LSE Group. Use and distribution of the LSE Group index data and the use of their data to create financial products require a licence with FTSE, Russell, FTSE Canada, MTSNext, Mergent, FTSE FI, YB, BR, and/or their respective licensors.