

# FTSE Green Impact Bond Index Series

Integrate impact investing into your fixed income strategy

## Overview

Enabling global debt investors to participate in this rapidly growing market and generate a positive environmental impact.

The bond market, through Green, Social, Sustainability Bonds and Sustainability-Linked Bonds, can play a crucial role in attracting and directing private capital to finance improved social and environmental outcomes. Compared to traditional bonds, Impact Bonds have a greater transparency in their Use of Proceeds and projects impacts, providing a vehicle for investors who are looking for investments which yield environmental or social benefits.

The Green Bond market is growing exponentially with cumulative issuance passing US\$1 trillion since market inception in 2007. The social and sustainability impact bond market has also grown significantly in response to the COVID-19 pandemic.

Combining FTSE Russell's index construction expertise with data expertise from across the broader LSEG Group, FTSE Russell is developing a comprehensive range of green, social, and sustainability impact bond indexes to cover this rapidly growing market.

The FTSE Green Impact Bond Index is the first index to be launched in the series, with the green bond market being the largest and most well established segment, accounting for over 70% of the broader Impact Bond market.

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

## Features

**The FTSE Green Impact Bond Series provides global coverage of the rapidly growing green bond market**

- **Comprehensive:** Based on established FTSE indexes including FTSE WGBI and FTSE WorldBIG, the series includes debt from over 20 countries denominated in a variety of currencies.
- **Accessible and Replicable:** The FTSE Global Green Impact Bond Index covers 25% of issues but more than 60% of the CBI labelled green bond market weight to provide both a liquid solution and strong coverage of the global green bond market.
- **Rich content:** A comprehensive set of hedged and unhedged sub-indexes denominated in a variety of currencies is available.
- **Customized solutions:** The index is fully customizable based on a wide range of attributes including currency ratings, capping methodologies, or diversification requirements.

## Benchmarks are aligned to the Climate Bond Initiative (CBI) and International Capital Markets Association (ICMA) industry standards to prevent greenwashing.

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).

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

**1. 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.

- a. Renewable energy
- b. Energy efficiency
- c. Pollution prevention and control
- d. Environmentally sustainable management of living natural resources and land use
- e. Terrestrial and aquatic biodiversity conservation
- f. Clean transportation
- g. Sustainable water and wastewater management
- h. Climate change adaptation
- i. Eco-efficient and/or circular economy adapted products, production technologies and processes
- j. Green buildings

**2. Process for Project Evaluation and Selection:** GBP recommends that an issuer’s process for project evaluation and selection be supplemented by an external reviewer

**3. Management of Proceeds:** Issuers have to verify the internal tracking method and the allocation of funds from the Green Bond proceeds

**4. Reporting:** The annual report should include projects to which Green Bond proceeds have been allocated, amounts allocated, and their expected impact to the environment

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.

## The Index Series consists of the following:

- **FTSE Global Green Impact Bond Index:** A multi-sector benchmark of investment-grade and high-yield multi-currency green bonds, which is a superset of the other green impact bond indexes.
- **FTSE WorldBIG Green Impact Bond Index:** Covers EUR, USD, GBP-denominated investment-grade green bonds.
- **FTSE EuroBIG Green Impact Bond Index:** Covers Euro-denominated investment-grade green bonds.
- **FTSE USBIG Green Impact Bond Index:** Covers US Dollar-denominated investment-grade green bonds issued in the US bond market.

## A joined-up solution

The FTSE Green Impact Bond Index Series is constructed using Refinitiv's evaluated pricing. LSEG provides a joined-up solution including FTSE Russell indexes, Refinitiv evaluated pricing and reference data, and Yield Book analytics to support buy-side fixed income investing. Now market participants can use the same evaluated prices used in FTSE Russell index calculations for their portfolio valuations to deliver more accurate performance reporting, and to minimize tracking error.

Refinitiv has launched Sustainable Finance League Tables, which leverage their global deal and market volume analysis and applies sustainability criteria across both Use of Proceeds and company operations to determine the total new capital being raised on financial markets driving the sustainable economy.

## FTSE Global Green Impact Bond Index design criteria & methodology

<b>Universe</b>	Constituents are selected from various FTSE Fixed Income indexes, screened in accordance with the transparent and defined green bond criteria
<b>Weighting</b>	Market capitalization
<b>Green bond eligibility</b>	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
<b>Minimum Maturity</b>	At least one year
<b>Minimum Quality</b>	Minimum quality depends on the underlying index
<b>Pricing</b>	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)
<b>Rebalancing</b>	Once a month at the end of the month
<b>Calculation frequency</b>	Daily
<b>Settlement date</b>	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.
<b>Fixing date</b>	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.
<b>Base date</b>	December 31, 2013

## FTSE Green Impact Bond Index Series Overview

	WorldBIG Green Impact	EuroBIG Green Impact	USBIG Green Impact	Global Green Impact
<b>Base Date</b>	Dec 31st, 2013			
<b>Green Criteria</b>	by the Climate Bonds Initiative ("CBI") Green Bond Database			
<b>Currency</b>	EUR, GBP, USD	EUR	USD	AUD, CHF, CNH, CNY, EUR, GBP, JPY, USD
<b>Quality</b>	Investment Grade	Investment Grade	Investment Grade	Investment Grade, High Yield  No minimum S&P or Moody's rating requirements, non-rated bonds are included, defaulted bonds are excluded
<b>Amount Outstanding</b>	EUR 500 million GBP 300 million USD 500 million	EUR 500 million	USD 250 million	AUD 100 million CHF 100 million CNH 1 billion CNY 1 billion EUR 500 million GBP 200 million JPY 20 billion USD 250 million
<b>Minimum Maturity</b>	Standard Index: at least one year to maturity			
<b>Weighting</b>	Market Value weighed			
<b>July 2021 Constituents</b>	477	361	107	723
<b>Composition</b>	WorldBIG	EuroBIG	USBIG	Broad Fixed Income indexes

**For more information about our indexes, please visit [ftserussell.com](https://ftserussell.com).**

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FTSE Russell is a leading global index provider creating and managing a wide range of indexes, data and analytic solutions to meet client needs across asset classes, style and strategies. Covering 98% of the investable market, FTSE Russell indexes offer a true picture of global markets, combined with the specialist knowledge gained from developing local benchmarks around the world.

FTSE Russell index expertise and products are used extensively by institutional and retail investors globally. For over 30 years, leading asset owners, asset managers, ETF providers and investment banks have chosen FTSE Russell indexes to benchmark their investment performance and create investment funds, ETFs, structured products and index-based derivatives. FTSE Russell indexes also provide clients with tools for asset allocation, investment strategy analysis and risk management.

A core set of universal principles guides FTSE Russell index design and management: a transparent rules-based methodology is informed by independent committees of leading market participants. FTSE Russell is focused on index innovation and customer partnership applying the highest industry standards and embracing the IOSCO Principles. FTSE Russell is wholly owned by London Stock Exchange Group.

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